

FORM 5

QUARTERLY LISTING STATEMENT

Name of CNSX Issuer: **Biosign Technologies Inc.** (the “Issuer”).

Trading Symbol: **BIO**

SCHEDULE A: FINANCIAL STATEMENTS

Refer to Appendix A attached

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

Refer to the Unaudited Interim Financial Statements which are attached in Appendix A.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

Refer to the Unaudited Interim Financial Statements which are attached in Appendix A.

- (b) summary of options granted during the period,

Refer to the Unaudited Interim Financial Statements which are attached in Appendix A.

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

The Company has only one class of share capital issued and outstanding, the number of common shares authorized is unlimited.

The holders of common shares are entitled to dividends as and when declared by the Directors of the Issuer. They are also entitled to one vote per share on all matters at all meetings of the shareholders of the Issuer and, upon liquidation, are entitled to receive such assets of the Issuer as are distributable pro rata to the holders of the common shares. There are no pre-emptive rights or conversion rights attached to the common shares. There are also no redemption or purchase for cancellation or surrender provisions, sinking or purchase fund provisions, or any provisions as to modification, amendment or variation of any such rights or provisions attached to the common shares.

- (b) number and recorded value for shares issued and outstanding,

Refer to the Unaudited Interim Financial Statements which are attached in Appendix A.

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Refer to the Unaudited Interim Financial Statements which are attached in Appendix A.

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Refer to the Unaudited Interim Financial Statements which are attached in Appendix A.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Directors:

Tony LaVista
Radu Leca
David Silver (Chairman)
Alfonse D'Amato¹
Mouane Sengsavang

Officers:

Name	Position
Radu Leca	Chief Executive Officer
Peter Tassiopoulos	Chief Operating Officer
Christian Sleight	Chief Technology Officer
Eva Leca	Vice President, Research & Corporate Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Refer to attached documents.

¹ As of July 2010

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: **August 31, 2010**



Radu Leca

President and Chief Executive Officer

<i>Issuer Details</i>		
Name of Issuer	For Quarter Ended	Date of Report
Biosign Technologies Inc.	June 30, 2010	August 31, 2010
Issuer Address		
175 Commerce Valley Drive West, Suite 230		
City/Province/Postal Code	Issuer Fax No.	Issuer Telephone No.
Thornhill, Ontario, L3T 7P6	(905) 886-8996	(416) 218-9800
Contact Name	Contact Position	Contact Telephone No.
Radu Leca	CEO	(416) 218-9800
Contact Email Address	Web Site Address	
radul@biosign.com	www.biosign.com	

APPENDIX A – Management Discussion and Analysis and Unaudited Financial Statements



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010**

Management Discussion and Analysis of Financial Condition and Results of Operations For Three and Six Months Ended June 2010

Forward Looking Information

This MD&A and other written reports and releases and oral statements made from time to time by us may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue” or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management’s future outlook and anticipated events or results, and may include statements or information regarding the future financial position, business strategy and strategic goals, research and development activities, projected costs and capital expenditures, financial results, research and development outcomes, taxes and plans and objectives of or involving Biosign. Particularly, information regarding future sales and marketing activities, future revenues and research and development activities, expectations for regulatory approval and commercial launch of products is forward-looking information. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward looking-information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. These factors include risks relating to the transition from research and development activities to commercial activities, market acceptance and adoption of products, dependence on key suppliers, regulatory and clinical risks, risks relating to the protection of intellectual property, risks inherent in the conduct of research and development activities, potential product liability, competition and the risks posed by potential technological advances, and risks relating to fluctuations in the exchange rate between the US dollar and the Canadian dollar.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While Biosign may elect to, Biosign is under no obligation and does not undertake to update this information at any particular time.

Continuing Operations

During the quarter, the company announced the successful closing of a brokered private placement (“offering”) for gross proceeds of \$2,000,000 through the issuance of 3,077,000 units at a price of \$0.65 per unit. Each unit is comprised of one common share and one half a common share purchase warrant.

Each whole warrant will entitle the holder to purchase one common share of the company at a price of \$0.95 for a 24 month period from the closing date.

This disclosure is not an offer to sell, nor a solicitation of an offer to buy the Company’s securities. While the Company is striving to achieve the above plans, there is no assurance that such funding will be available or obtained on favourable terms.

As the outcome of these matters cannot be predicted at this time there is some uncertainty regarding the Company’s ability to continue as a going concern. This MD&A and the related financial statements have been prepared on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future. This MD&A and the related financial statements do not reflect adjustments in the carrying values of the Company’s assets and liabilities, expenses, and the balance sheet classification used, that would be necessary should the Company be unable to continue its operations. Such adjustments could be material.

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Biosign Technologies Inc.

175 Commerce Valley Drive West, Suite 230

Thornhill, ON, L3T 7P6

Canada

Directors

Tony LaVista	Royal Bank (Retired)
Radu Leca	Biosign Technologies Inc.
David Silver (Chairman)	Johns Hopkins Applied Physics Laboratory
Alfonse D'Amato (July 2010)	Former United States Senator
Mouane Sengsavang	Buttonwood Law Corporation

Officers

Radu Leca	Chief Executive Officer
Peter Tassiopoulos	Chief Operating Officer
Christian Sleight	Chief Technology Officer
Eva Leca	Vice President, Research & Corporate Secretary

Certification

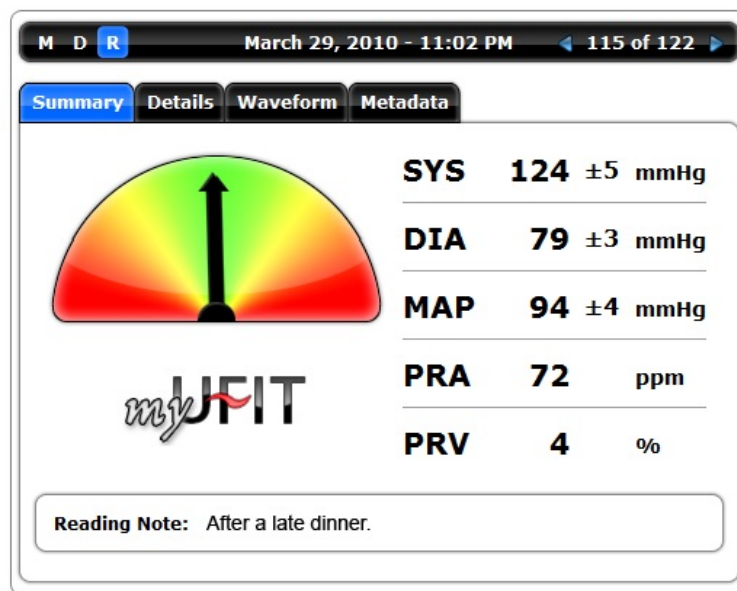
Quality Management	ISO 9001:2000 (organization)
Quality Management	ISO 13485 (medical devices)
Quality Advisor	Orion Canada
Quality Auditor	SGS

Auditors & Legal (Collins Barrow LLP & Goodmans LLP)

Transfer Agents (Computershare Trust Company of Canada)

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General Developments



1. The company successfully closed a brokered financing on April 22, 2010 for 3,077,000 units at \$0.65 per unit for gross proceeds of \$2,000,000.
2. The Issuer has advanced its negotiations on several reseller, distributor, and master distributor agreements and continued to work with third party payers to establish reimbursement rates for UFIT. Biosign and *BioAnalytics Inc.* signed an exclusive Reseller Agreement to sell Biosign products in the dental market segment in Canada.
3. Biosign and *AIM Autosport* entered into a multi-year technical partnership for enhancing driver performance and safety in the motor sport industry.
4. At June 28, 2010 Biosign acquired Cloud Diagnostics LLP. Cloud transferred to Biosign intellectual property, including a fully paid-up, perpetual, global, royalty-free, assignable source-code license to its enterprise-level ecommerce platform, which is capable of handling end-user purchase and activation transactions from multiple countries, in multiple languages and currencies; and two portfolios of key internet domain names, totalling over 355 uniform resource locators, including mission-critical marketing search terms.

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The purchase price was satisfied by the issuance of 3,242,308 common shares of Biosign and 484,615 warrants to acquire additional common shares of Biosign. Biosign acquired free working capital of US\$575,000 as part of the acquisition.

5. Biosign announced that it had entered into an agreement with *Barrie Athletic Club* to utilize UFIT® monitors in assessing and refining the health and fitness programs at the Club.



6. Main development areas spent over the past quarter continue to include:
 - a) UFIT GUI (Desktop Application).
 - b) BDS (Server Application).
 - c) UFIT Website (Website Portal).
 - d) HU21010 (Blood Pressure Meter).
 - e) GEM (Blood Glucose Meter).

Nature of Operations

Biosign provides biomedical systems. Key applications include intelligent systems for noninvasive monitoring of common health risks associated with blood pressure, glucose, and medication. The core technology combines measurement, analysis, and rapid knowledge formation to support health monitoring across global markets. The UFIT® medical device technology powers quality data collection and analytics for clinical diagnostics, self-care, wellness, disease state evaluation & management, and remote patient monitoring.

**Industry & Market
Background**

With UFIT, we address key issues confronting our industry:

Meters are stand-alone devices; such devices are costly to manufacture, distribute, maintain, and recall; because their functionality cannot be upgraded or changed in the field, innovation is tied to the product life cycle, effectively blocking the release of novel features as they become available. In contrast, UFIT functionality may be corrected, updated, upgraded and new functionality added without the

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need to change the hardware

Meters are not controlled by monitors; measurement data is of little value by itself, especially when the feature varies swiftly, as it is the case with blood pressure or heart rate. It is generally agreed that measurements must be made in standard conditions and considered historically. Charting and trending are impossible, however, without respecting a certain sequence for data acquisition. UFIT uses software monitoring capabilities to schedule measurement activity according to metrological principles.

Information generation, processing, and communication are not seamlessly integrated to provide the kind of data quality assurance modern health care demands to perform excellently. Biosign addresses this issue by tightly integrating measurement, computation and communications technologies to assure data quality in terms of objectivity, utility, and integrity.

The above issues constitute serious hurdles in meeting the demand for self-monitoring systems. This demand is now growing rapidly, driven by the rapid shift from acute care, which relies mostly on professionals, toward chronic care, which rests largely on individual effort.

Chronic disease accounts for approximately 75% of the annual health care dollars spent in North America annually. Of the chronic diseases, hypertension and other cardiovascular disorders along with diabetes make up a significant majority. Strategies for the treatment of these diseases do not provide for long-term outpatient monitoring after establishing the diagnosis and the initial treatment. This makes it difficult to monitor the safety and effectiveness of treatment. This is costly, in both dollars and in human terms as patients sometimes struggle to get the correct medication and the correct dosage. Biosign's UFIT® health monitor addresses this problem directly by providing online self-monitoring, analysis, and reporting services to anyone able to browse the Internet.

Characteristically, our services rely on measurements that people can take non-invasively at home, work, or some point-of-care. Results are communicated quickly and accurately while records are maintained for future analysis.

Management believes that the most appropriate markets for our products and services are (1) pre-market and

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postmarket health product studies (e.g., drug trials, postmarket surveillance) and (2) self and remote monitoring.

**Strategy for
Commercialization**

Management is pursuing various strategic avenues to enable commercialization of its novel products and services:

- Business-to-business (clinical research and pharmaceutical organizations as well as public/private wellness programs);
- Business-to-consumer (utilizing clinician practices as a point of sale to consumers);
- Commercialize UFIT® CHARM (Cardio-Hemodynamic Adverse Response to Medication) services directly to individuals and indirectly through health-oriented organizations, regulators, and employers;
- Seek partners for marketing, distribution, billing and collections; and
- Establish collaboration networks with medical and health record providers to ensure seamless integration with existing solutions.
- By drawing on the core competencies of our partners, we anticipate larger commercialization opportunities and reduced time-to-market.
- Some aspects of commercializing may involve marketing directly to research companies, pharmaceutical companies and the general public as Biosign expands its UFIT® health monitoring

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service.

- Commercialization of Biosign’s health monitoring services related to Clinical Research Organization’s will be through direct contact with the organizations. Biosign is in the process of developing a plan to address the specific need for rapid assessment of cardiovascular risk.
- Commercialization of our Adverse Reaction Monitoring services will be through direct marketing to individuals and through intermediaries such as pharmacies, doctors and pharmaceutical companies. The Company is currently negotiating with partners who may assist in marketing, distribution, billing and collections. Our marketing plan will be launched as soon as these negotiations conclude positively.

Industry Trends

There are at least 970 million people affected by hypertension worldwide which is estimated to increase to 1.56 billion individuals by 2025¹. If this prediction is accurate then the total number of people with high blood pressure would increase by 60% in only 25 years.² An online edition is dedicated to this subject by the journal Nature. Titled “Hypertension Affects Everyone”, the edition features sixteen articles from three highly distinguished journals, including: the American Journal of Hypertension, Hypertension Research and Journal of Human Hypertension. The featured articles explore the causes of hypertension and how it affects children, adolescents, adults and the elderly. The Issuer believes that the current trends in blood pressure monitoring are most favorable.

Big changes expected in blood glucose monitoring

Noninvasive glucometry is the “holy grail” of the Issuer’s industry. The first release of UFIT glucometer as a noninvasive, painless, and affordable alternative to

¹ World Heart Federation. 2009. Cardiovascular disease risk factors – hypertension.

² Kearney PM, Whelton M, Reynolds K, et al. Global burden of hypertension: analysis of worldwide data. Lancet 2005; 365:217-223.

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measuring blood glucose is likely to burden the Issuer with calls for demonstrating levels of performance novel technologies cannot usually achieve. The burden is compounded by the uncertainty surrounding the accuracy and the utility of glucometry in general.

Several groups are now demanding a higher standard for glucometers, calling for an error rate of 5% or less. Hospitals are being asked to stop using glucometers, particularly in intensive care units. The new guidelines issued by the National Academy of Clinical Biochemistry recommend the use of haemoglobin A1c (HbA1c) to diagnose diabetes, replacing the glucose gold standard test.

The American Association of Clinical Endocrinologists (Jacksonville, Florida) has formally opened the accuracy issue with the FDA, recommending a reform of the International Standard Organization (ISO) requirements for glucose meters.

The accuracy concerns are exacerbated by studies showing poor agreement among glucometers. As glucometer results can vary significantly, standardization appears necessary to minimize variability and to improve patient care.³

Ontario EMR adoption program

The Ontario Medical Association (OMA) has successfully negotiated \$236-million in funding with the government of Ontario to advance the adoption of electronic medical records (EMR).

Overall, the demand for EMR is expected to increase sharply in Canada and the US even without government incentives. IBM, DELL, Microsoft, and Google are well-engaged in these markets.

Pharmaceutical companies are increasingly using systems that send adverse event data straight to the National Institutes of Health. Gathering and analyzing data on adverse events, however, is currently a very complex and laborious process.

Closing the data gap in medicine

The term “integrative medicine” is defined as "medicine

³ Kimberly, M. M. and H. W. Vesper (2006). "Variability among five over-the-counter blood glucose monitors." *Clinica Chimica Acta* 364(1-2): 292-297.

⁴ BMJ 2009;339:b3335

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that reaffirms the importance of the relationship between practitioner and patient, focuses on the whole person, is informed by evidence, and makes use of all appropriate therapeutic approaches, healthcare professionals and disciplines (conventional and complementary) to achieve optimal health and healing" (www.imconsortium.org). The trend toward integrative medicine is relevant to the Issuer's business as its flagship product (UFIT®) is particularly suitable for evaluating, managing, and preventing chronic health problems, which account for 78% of health expenditure. In a recent editorial, the case for using real-life data is made as follows: "We will not be serving the best interests of evidence informed choice simply by undertaking more, and expensive, placebo controlled trials with non-typical patients and artificially standardised interventions, and ever more systematic reviews of existing heterogeneous, underpowered, and low quality studies. Rather, we should work towards closing the evidence gap by broadening the range of evidence we use to evaluate the complex interventions that are characteristic of, although not exclusive to integrative medicine"⁴

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Income Statement and Balance Sheet Items

Income Statement Items	Three Months Ended June 30, 2010 (unaudited)	Six Months Ended June 30, 2010 (unaudited)
Revenues	Nil	Nil
Operating expenses	\$568,272	\$1,121,821
Other income/(expense)	\$60,645	\$60,657
Net Loss and Comprehensive Loss	(\$507,627)	(\$1,061,164)
Weighted average number of shares outstanding, 000's	72,003	70,712
Loss per common share	(\$0.01)	(\$0.01)
Balance Sheet Items	As at June 30, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Cash and cash equivalents	\$1,749,269	\$906,018
Other current assets	\$314,384	\$64,630
Intangible	\$1,999,165	\$173,583
Property & Equipment	\$38,502	\$35,234
Total Assets	\$4,101,320	\$1,179,465
Liabilities		
Current liabilities	\$131,313	\$153,072
Shareholder's Equity		
Share Capital	\$14,846,091	\$11,867,024
Other Equity	\$3,620,238	\$2,594,527
Retained Deficit	\$(14,496,322)	(\$13,435,158)
Total Liabilities and Shareholders Equity	\$4,101,320	\$1,179,465

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Quarterly Overview

	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
Revenue	Nil	Nil	\$2,592	Nil
Operating Expenses	\$568,272	\$553,549	\$1,252,603	\$463,611
Other (expense)/income	\$60,645	(\$12)	(\$1,492)	(\$1,492)
Net loss and Comprehensive Loss	(\$507,627)	(\$553,537)	(\$1,253,593)	(\$464,459)
Loss per common share, basic and fully diluted	(\$0.01)	(\$0.01)	(\$0.02)	(\$0.01)

	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008
Revenue	Nil	Nil	Nil	Nil
Operating Expenses	\$349,508	\$462,340	\$338,407	\$448,305
Other expense/(income)	(\$6,296)	(\$1,435)	(\$7,900)	(\$6,486)
Net loss and Comprehensive Loss	(\$349,213)	(\$460,905)	(\$330,506)	(\$441,819)
Loss per common share, basic and fully diluted	(\$0.02)	(\$0.02)	(\$0.02)	(\$0.01)

Three Months Ended June 30, 2010, Compared to Three Months Ended June 30, 2009.

Net loss

The net loss during the three months ended June 30, 2010 is \$507,627 compared to a net loss of \$349,213 during the same period in the prior year. The overall increase of expenditures is attributable to an increase of hiring new employees, salaries and benefits, and professional fees.

Research

As expected, the Company has continued to heavily invest in numerous product and research development areas (i.e. database, website, instrumentation and hardware capabilities.) The core research and development areas of the company are as follows:

1. UFIT GUI (Desktop Application).
2. BDS (Server Application).
3. UFIT Website (Website Portal).
4. HU21010 (Blood Pressure Meter).
5. GEM (Blood Glucose Meter).

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Director Fees

Directors have not been paid during this period.

Related Party Transactions

During the three and six months ended June 30, 2010, party transactions are as follows:

Date Security Issued	Security Issued	Type	Details of Issuance	Use of Proceeds
February 25, 2010	167,500	Exercised Warrants	N/A	Working Capital
April 22, 2010	3,077,000	Brokered Private Placement	N/A	Working Capital
June 28, 2010	3,242,308	Acquisition	N/A	Working Capital
April – June, 2010	107,000	Exercised Warrants	N/A	Working Capital

Going concern assumption

These financial statements have been prepared using Canadian generally accepted accounting principles (“GAAP”) that are applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Management is considering all financing alternatives and seeks to raise additional funds for operations until it achieves, and maintains, profitable operations to continue development and marketing of its technologies. This disclosure is not an offer to sell, nor a solicitation of an offer to buy the Company’s securities. While the Company is striving to achieve its plans, there is no assurance that future funding will be available or obtained on favorable terms.

As the outcome of these matters cannot be predicted at this time there is some uncertainty regarding the company's ability to continue as a going concern. These financial statements do not reflect adjustments in the carrying values of the company's assets and liabilities and expenses, and the balance sheet classification used, that should be necessary should the company be unable to continue its operations. Such adjustments could be material.

Changes in Accounting Policies

Intangible assets

Effective January 1, 2009, the Company adopted CICA Handbook Section 3064, “Goodwill and Intangible Assets”. This Section replaces Section 3062, “Goodwill and Other Intangible Assets and Section 3450, “Research and Development Costs”. Section 3064 establishes standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Also issued were amendments to CICA Handbook Section 1000, Financial Statement Concepts. The Section has been amended to clarify the criteria for the recognition of an asset, specifically as it relates to the use of the matching principle. Accordingly, certain items that may have been previously recognized as

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assets may not be able to be reflected as such under the new recommendations. This Section also addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The adoption of these new standards did not have any impact on the financial position or earnings of the Company.

Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash in the bank, and highly liquid investments with maturities of less than three months or less at the time of the purchase.

Property and equipment

Property and equipment are recorded at acquisition cost. Amortization is provided at the following rates which are formulated to charge operations with the cost of the property and equipment over their estimated useful lives as follows:

Computer hardware and software	3 years straight line
Furniture and fixtures	3 years straight line
Moulds	3 years straight line

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than the Canadian dollar ("CDN dollar") have been translated into CDN dollars at the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Transactions denominated in a currency other than the CDN dollar are translated at the exchange rates prevailing at the transaction dates. Exchange gains and losses are included in net income (loss) for the year.

Research and development

Research costs are expensed as incurred. Development costs that meet specific criteria related to technical, market and financial feasibility are deferred and amortized over their useful lives.

Investment tax credits

The company accrues investment tax credits for qualifying research and development costs when there is reasonable assurance that the amounts are recoverable. The company accounts for the investment tax credits relating to research and development expenses as a deduction in the statement of loss and deficit and those relating to capital expenditures as a reduction of the cost of the assets acquired.

Income taxes

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The Company follows the asset and liability method of accounting for income taxes. Under the asset and liability method, the change in the net future tax asset or liability is to be included in income. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. Future tax assets are recorded only if they are likely to be realized.

Stock-based compensation plan

The Company from time to time issues stock options to employees, directors, officers and consultants as described in Note 8. The Company has adopted the recommendations of Section 3870 of The Canadian Institute of Chartered Accountants' Handbook, "Stock-Based Compensation and Other Stock-Based Payments". Options granted are valued at the grant date using the Black-Scholes option pricing model and the value of the options is expensed at the earlier of when goods have been received or services performed, or over the vesting period.

The Black-Scholes option pricing model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options that are fully transferable and have no vesting restrictions. This model requires the use of highly subjective assumptions, including future stock price volatility and expected time until exercise. Because the Company's outstanding stock options have characteristics that are significantly different from those of traded options, and because changes in any of these assumptions can materially affect the fair value estimate, in management's opinion, the existing models may not provide a reliable single measure of the fair value of its stock options.

Impairment of long lived assets

Long lived assets comprise property and equipment and intangibles with finite lives. The Company recognizes an impairment loss for a long lived asset when events or changes in circumstances cause its carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. An impairment loss is measured as the excess of the carrying value of the asset over its fair value. The Company did not record any impairment charges for quarter ended March 31, 2010.

Comprehensive Income (Loss)

Other comprehensive income/loss consists of changes to unrealized gains and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period.

Comprehensive income/loss measures net loss for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income.

The Company has not presented a statement of accumulated other comprehensive income as it has no other comprehensive income (loss).

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Financial Instruments

The Company classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables or other liabilities. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in net income (loss). Financial instruments of the Company consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying amount due to their immediate or short-term maturity.

The company has made the following classifications:

- Cash and cash equivalents are classified as held-for-trading and are measured at fair value.
- Amounts receivable are classified as loans and receivables measured at amortized cost using the effective interest method; and
- Accounts payable and accrued liabilities are classified as other liabilities measured at amortized cost using the effective interest method.

Transaction costs with respect to instruments not classified as held-for-trading are recognized as an adjustment to the cost of the underlying instruments, when they are recognized, and amortized using the effective interest method. Transaction costs with respect to instruments classified as held-for-trading are expensed as incurred.

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Management estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

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Key areas where management has made estimates and assumptions include: fair value of financial instruments; the useful lives of property and equipment and intangibles for amortization purposes; valuation of stock options and warrants, and valuation allowance on future income taxes.

Future accounting pronouncements

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

The Canadian Institute of Chartered Accountants has recently issued CICA Handbook section 1582, Business Combinations, section 1601, Consolidated Financial Statements, and section 1602, Non-Controlling Interests. These new sections replace the currently existing standards in CICA Handbook section 1581, Business Combinations, and section 1600, Consolidated Financial Statements. These new standards are effective for fiscal periods beginning on or after January 1, 2011, however, early adoption is permitted. Once adopted, these standards will be harmonized with international financial reporting standards.

Section 1582 amends the standards for measurement, presentation and disclosure of a business combination. A number of changes are specified, including an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses.

These standards will require a change in the measurement and presentation of non-controlling interest. As a result of these changes, net earnings will include 100% of the subsidiary's results and non-controlling interest will be presented as part of shareholders' equity on the balance sheet.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

International Financial Reporting Standards

In February 2008 the Canadian Accounting Standards Board confirmed the changeover from Canadian GAAP to International Financial Reporting Standards (IFRS) as the basis for financial reporting by all publicly accountable enterprises by January 1, 2011. Commencing in fiscal 2010, the company will need to prepare accounts in accordance with Canadian GAAP and IFRS in order to have comparative financial statements upon full implementation of IFRS in 2011. The company is currently evaluating the accounting policy differences between Canadian GAAP and IFRS. The financial reporting impact of the transition to IFRS has not yet been fully determined.

Risks Related to the Company's Business and Operations

**Management Discussion and Analysis of
Financial Condition and Results of Operations
For Three and Six Months Ended June 2010**

- The success of the Company depends on the commercialization of its technology. The technology is in various stages of commercial development and there is no assurance that there will be market acceptance of any of Biosign's products.
- The Company depends on strategic collaborators for the development, regulatory approval, testing, manufacturing and the potential commercialization of its products. The Company would be negatively affected if it is not able to initiate or maintain these relationships.
- Failure to protect intellectual property, or infringement on the intellectual property rights of others, may impede the Company's ability to operate freely.
- The Company in some instances is dependent on the successful outcome of clinical testing and/or trials, delays in clinical testing and/or trials will cause the Company to incur additional costs which could adversely affect the Company's liquidity and financial results.
- The Company is required to comply with regulations that are administered by regulatory authorities in the Canada, Europe, the United States and other countries. Future changes in regulations, enforcement, or administrative interpretations could adversely affect Biosign's business, financial condition and results of operations.
- Competitive products and technologies may reduce demand for the Company's products and technologies as competition from pharmaceutical companies, medical device companies, biotechnology companies and academic and research institutions is expected to increase.

- The Company's industry is characterized by rapid change and a failure by the Company to react to these changes could have a material adverse effect on its business.
- The Company is reliant on key employees.
- The Company expects that a significant portion of any potential future revenues will be derived from foreign markets. Operations in foreign markets are subject to certain risks, including political instability, shipping delays, changes in foreign regulations and laws governing the sale of medical devices, fluctuations in foreign currency exchange rates and various trade restrictions.
- The Company's insurance may not be sufficient, exposing the Company to potential loss from litigation.

Risks Relating to the Company's Common Shares

- The Company has not paid, and does not intend to pay any cash dividends on its common shares and therefore its shareholders may not be able to receive a return on their shares unless they sell them.
- The market price and trading volume of the Company's common shares may be volatile.
- The Company's financial results will fluctuate from period to period and therefore should not be relied upon as an indication of future financial performance. Such fluctuations in quarterly

**Management Discussion and Analysis of
Financial Condition and Results of Operations
For Three and Six Months Ended June 2010**

results or other factors beyond the Company's control could affect the market price of its common stock. These factors include changes in earnings estimates by analysts, market conditions in our industry, announcements by competitors, changes in medtech and pharmaceutical and biotechnology industries, and general economic conditions. Any effect on its common stock could be unrelated to longer-term operating performance.

BIOSIGN TECHNOLOGIES INC.

FINANCIAL STATEMENTS

JUNE 30, 2010

(Unaudited)

The accompanying unaudited Interim Financial Statements of Biosign Technologies Inc. for the six months ended June 30, 2010 have been prepared by management and have been approved by the Audit Committee of the Company.

The Company's independent auditor has not performed a review of these Interim Financial Statements for the six months ended June 30, 2010 in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BIOSIGN TECHNOLOGIES INC.

FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

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BIOSIGN TECHNOLOGIES INC.

BALANCE SHEETS

AS AT JUNE 30, 2010 AND DECEMBER 31, 2009

	<u>2010</u>	<u>2009</u>
	(Unaudited)	(Audited)
	\$	\$
Assets		
Current		
Cash and cash equivalents	1,749,269	906,018
Amounts receivable	-	38,590
Prepaid and sundry	<u>314,384</u>	<u>26,040</u>
	<u>2,063,653</u>	<u>970,648</u>
Non-current		
Property and equipment (note 5)	38,502	35,234
Intangible (note 4)	<u>1,999,165</u>	<u>173,583</u>
	<u>2,037,667</u>	<u>208,817</u>
	<u>4,101,320</u>	<u>1,179,465</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	131,313	153,072
Shareholders' Equity		
Capital stock (note 6)	14,846,091	11,867,024
Other Equity (note 6)	3,620,238	2,594,527
Deficit	<u>(14,496,322)</u>	<u>(13,435,158)</u>
	<u>3,970,007</u>	<u>1,026,393</u>
	4,101,320	1,179,465

Going Concern (note 1)

Commitments (note 8)

Significant Events (note 12)

APPROVED ON BEHALF OF THE BOARD:



Tony LaVista, Director



Radu Leca, Director

See accompanying notes.

BIOSIGN TECHNOLOGIES INC.

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010

(UNAUDITED)

	Three months ended June 30, 2010	Six months ended June 30, 2010
	\$	\$
Operating expenses		
Salaries and benefits	182,691	353,921
Consulting and other professional fees	89,552	257,146
Research and development	3,537	101,521
Advertising and promotion	20,000	20,000
Occupancy cost	28,491	49,946
Amortization of intangibles	153,851	175,549
Office and general	8,221	35,437
Insurance	10,080	12,390
Investor relations, exchange and securities commission filing fees	23,849	36,686
Professional fees - legal and audit	15,674	26,017
Travel and entertainment	17,847	25,939
Telecommunications	8,712	16,876
Amortization of property and equipment	<u>5,767</u>	<u>10,393</u>
	<u>568,272</u>	<u>1,121,821</u>
Loss from operations	<u>(568,272)</u>	<u>(1,121,821)</u>
Other Income (expense)		
Interest income	(6)	6
Other income	60,648	60,648
Foreign exchange gain (loss)	<u>3</u>	<u>3</u>
	<u>60,645</u>	<u>60,657</u>
Net loss and comprehensive loss, for the period	(507,627)	(1,061,164)
Deficit, beginning of period	<u>(13,988,695)</u>	<u>(13,435,158)</u>
Deficit, end of period	<u>(14,496,322)</u>	<u>(14,496,322)</u>
Loss per share		
Basic and diluted	<u>(\$0.01)</u>	<u>(\$0.01)</u>
Weighted Average number of shares outstanding		
Basic and diluted (000's)	<u>72,003</u>	<u>70,712</u>

See accompanying notes.

BIOSIGN TECHNOLOGIES INC.

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009

(UNAUDITED)

	Three months Ended June 30, 2009	Six months ended June 30, 2009
	\$	\$
Operating expenses		
Salaries and benefits	243,820	594,512
Consulting and other professional fees	14,195	58,760
Research and development	-	5,492
Occupancy cost	35,790	66,854
Office and general	5,949	20,704
Insurance	21,212	21,212
Investor relations, exchange and securities commission filing fees	6,969	9,804
Professional fees - legal and audit	13,040	13,040
Travel and entertainment	2,617	12,540
Telecommunications	2,272	5,678
Amortization of property and equipment	3,644	5,617
	<u>349,508</u>	<u>814,213</u>
Loss from operations	<u>(349,508)</u>	<u>(814,213)</u>
Other Income (expense)		
Interest income	295	1,731
Foreign exchange gain (loss)	-	2,365
	<u>295</u>	<u>4,096</u>
Net loss and comprehensive loss, for the period	(349,213)	(810,117)
Deficit, beginning of period	<u>(11,636,801)</u>	<u>(11,175,897)</u>
Deficit, end of period	<u>(11,986,014)</u>	<u>(11,986,014)</u>
Loss per share		
Basic and diluted	<u>(\$0.01)</u>	<u>(\$0.01)</u>
Weighted Average number of shares outstanding		
Basic and diluted (000's)	<u>61,859</u>	<u>61,859</u>

See accompanying notes.

BIOSIGN TECHNOLOGIES INC.

STATEMENTS OF CASH FLOWS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010

(UNAUDITED)

	Three months Ended <u>June 30, 2010</u>	Six months ended <u>June 30, 2010</u>
	\$	\$
Operating activities		
Net loss	(507,627)	(1,061,164)
Add: charges to income not involving cash		
Amortization of property and equipment	5,767	10,393
Amortization of intangibles	<u>153,851</u>	<u>175,549</u>
	(348,009)	(527,213)
Net change in non-cash working capital balances consists of:		
Amounts receivable	-	38,590
Prepaid and sundry	(260,682)	(288,344)
Accounts payable and accrued liabilities	<u>(63,513)</u>	<u>(21,759)</u>
Cash applied in operating activities	<u>(672,204)</u>	<u>(1,146,737)</u>
Investing activities		
Acquisition of assets	<u>(1,836,150)</u>	<u>(2,014,790)</u>
Cash provided by investing activities	<u>(1,836,150)</u>	<u>(2,014,790)</u>
Financing activities		
Issue of common stock for cash net of fees	<u>3,939,653</u>	<u>4,004,778</u>
Cash generated by financing activities	<u>3,939,653</u>	<u>4,004,778</u>
Increase/ (Decrease) in cash, during the period	1,431,299	843,251
Cash and cash equivalents, beginning of period	<u>317,970</u>	<u>906,018</u>
Cash and cash equivalents, end of period	<u><u>1,749,269</u></u>	<u><u>1,749,269</u></u>
Supplemental cash flow information:		
Interest paid	\$ 6	\$ -
Interest received	\$ -	\$ 6

See accompanying notes.

BIOSIGN TECHNOLOGIES INC.

STATEMENTS OF CASH FLOWS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009

(UNAUDITED)

	Three months Ended <u>June 30, 2009</u>	Six months ended <u>June 30, 2009</u>
	\$	\$
Operating activities		
Net loss	(349,213)	(810,117)
Add: charges to income not involving cash		
Amortization of property and equipment	3,644	5,617
	<hr/>	<hr/>
	(345,569)	(804,500)
 Net change in non-cash working capital balances consists of:		
Amounts receivable	(30,958)	13,341
Prepaid and sundry	96,387	96,899
Accounts payable and accrued liabilities	<u>(169,981)</u>	<u>(56,545)</u>
Cash applied in operating activities	<u>(450,121)</u>	<u>(750,805)</u>
Investing activities		
Acquisition of assets	<u>(13,729)</u>	<u>(13,729)</u>
Cash provided by investing activities	<u>(13,729)</u>	<u>(13,729)</u>
Financing activities		
Convertible loan repayments	-	(391,939)
Issue of common stock for cash net of fees	<u>-</u>	<u>-</u>
Cash generated by financing activities	<u>-</u>	<u>(391,939)</u>
Increase/ (Decrease) in cash, during the period	(463,850)	(1,156,473)
Cash and cash equivalents, beginning of period	<u>794,899</u>	<u>1,487,522</u>
Cash and cash equivalents, end of period	<u><u>331,049</u></u>	<u><u>331,049</u></u>
 Supplemental cash flow information:		
Interest paid	\$ -	\$ -
Interest received	\$ 295	\$ 1,731

See accompanying notes.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

1. Nature of operations and going concern assumption

Nature of operations

Biosign Technologies Inc. (the "Company" or "Biosign") is a public company traded on the Canadian National Stock Exchange ("CNSX") under the symbol BIO and was formed via an amalgamation under the Business Corporations Act (Ontario) on July 14, 2006. The predecessor operating company was Biosign Technologies Inc. which was incorporated under the Business Corporations Act (Ontario) on March 11, 2004. As of August 2010, the Company is in the process of completing its listing process on the TSX Venture Exchange, and has submitted a listing application in this regard.

The Company develops technologies, products and initiatives to address critical problems in global health care. Biosign is committed to becoming the "world's health monitor" with a robust, integrated and portable system that provides valuable information to stakeholders. Biosign's breakthrough technology and continued innovation serve the Company's mission to make health care safe, simple, and sensible.

Going concern assumption

These financial statements have been prepared using Canadian generally accepted accounting principles ("GAAP") that are applicable to a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has yet to generate significant revenues or reach profitable operations. During the six month period ended June 30, 2010, 274,500 warrants were exercised for \$163,377. On April 22, 2010, the company arranged additional financing of \$2,000,050 as described in Note 6.

Management believes that this funding provides sufficient capital to operate through the year 2010 and until the later part of 2011. Management is considering all financing alternatives and seeks to raise additional funds for operations until it achieves, and maintains, profitable operations to continue development and marketing of its technologies. This disclosure is not an offer to sell, nor a solicitation of an offer to buy the Company's securities. While the Company is striving to achieve its plans, there is no assurance that future funding will be available or obtained on favorable terms.

As the outcome of these matters cannot be predicted at this time there is some uncertainty regarding the Company's ability to continue as a going concern. These financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities and expenses, and the balance sheet classification used, that should be necessary should the Company be unable to continue its operations. Such adjustments could be material.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

2. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents include cash in the bank, and highly liquid investments with maturities of less than three months or less at the time of the purchase.

Property and equipment

Property and equipment are recorded at acquisition cost. Amortization is provided at the following rates which are formulated to charge operations with the cost of the property and equipment over their estimated useful lives as follows:

Computer hardware and software	3 years straight line
Furniture and fixtures	3 years straight line
Moulds	3 years straight line

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than the Canadian dollar ("CDN dollar") have been translated into CDN dollars at the exchange rate prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Transactions denominated in a currency other than the CDN dollar are translated at the exchange rates prevailing at the transaction dates. Exchange gains and losses are included in net income (loss) for the period.

Research and development

Research costs are expensed as incurred. Development costs that meet specific criteria related to technical, market and financial feasibility are deferred and amortized over their useful lives.

Investment tax credits

The Company accrues investment tax credits for qualifying research and development costs when there is reasonable assurance that the amounts are recoverable. The Company accounts for the investment tax credits relating to research and development expenses as a deduction in the statement of loss, comprehensive loss and deficit and those relating to capital expenditures as a reduction of the cost of the assets acquired.

Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under the asset and liability method, the change in the net future tax asset or liability is to be included in income. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. Future tax assets are recorded only if they are likely to be realized.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

2. Summary of significant accounting policies (continued)

Stock-based compensation plan

The Company from time to time issues stock options to employees, directors, officers and consultants as described in Note 7. The Company has adopted the recommendations of Section 3870 of The Canadian Institute of Chartered Accountants' Handbook, "Stock-Based Compensation and Other Stock-Based Payments". Options granted are valued at the grant date using the Black-Scholes option pricing model and the value of the options is expensed at the earlier of when goods have been received or services performed, or over the vesting period.

The Black-Scholes option pricing model used by the Company to determine fair values was developed for use in estimating the fair value of freely traded options that are fully transferable and have no vesting restrictions. This model requires the use of highly subjective assumptions, including future stock price volatility and expected time until exercise. Because the Company's outstanding stock options have characteristics that are significantly different from those of traded options, and because changes in any of these assumptions can materially affect the fair value estimate, in management's opinion, the existing models may not provide a reliable single measure of the fair value of its stock options.

Impairment of long lived assets

Long lived assets comprise property and equipment and intangibles with finite lives. The Company recognizes an impairment loss for a long lived asset when events or changes in circumstances cause its carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. An impairment loss is measured as the excess of the carrying value of the asset over its fair value. The Company did not record any impairment charges for the six month period ended June 30, 2010.

Comprehensive Income (Loss)

Other comprehensive income (loss) consists of changes to unrealized gains and losses on available-for-sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period.

Comprehensive income (loss) measures net loss for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income.

The Company has not presented a statement of accumulated other comprehensive income as it has no other comprehensive income (loss).

Financial Instruments

The Company classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables or other liabilities. Financial assets held-to-maturity, loans and receivables and financial liabilities other than those held-for-trading, are measured at amortized cost using the effective interest method. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss). Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in net income (loss).

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

2. Summary of significant accounting policies (continued)

Financial Instruments (continued)

Financial instruments of the Company consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The fair value of these instruments approximates their carrying amount due to their immediate or short-term maturity.

The Company has made the following classifications:

- Cash and cash equivalents are classified as held-for-trading and are measured at fair value.
- Amounts receivable are classified as loans and receivables measured at amortized cost using the effective interest method; and
- Accounts payable and accrued liabilities are classified as other liabilities measured at amortized cost using the effective interest method.

Transaction costs with respect to instruments not classified as held-for-trading are recognized as an adjustment to the cost of the underlying instruments, when they are recognized, and amortized using the effective interest method. Transaction costs with respect to instruments classified as held-for-trading are expensed as incurred.

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Management estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Key areas where management has made estimates and assumptions include: fair value of financial instruments; the useful lives of property and equipment and intangibles for amortization purposes; valuation of stock options and warrants, and valuation allowance on future income taxes.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

3. Future accounting pronouncements

Business Combinations, Non-controlling Interest and Consolidated Financial Statements

The Canadian Institute of Chartered Accountants has recently issued CICA Handbook section 1582, Business Combinations, section 1601, Consolidated Financial Statements, and section 1602, Non-Controlling Interests. These new sections replace the currently existing standards in CICA Handbook section 1581, Business Combinations, and section 1600, Consolidated Financial Statements. These new standards are effective for fiscal periods beginning on or after January 1, 2011, however, early adoption is permitted. Once adopted, these standards will be harmonized with International Financial Reporting Standards.

Section 1582 amends the standards for measurement, presentation and disclosure of a business combination. A number of changes are specified, including an expanded definition of a business, a requirement to measure all business acquisitions at fair value, a requirement to measure non-controlling interests at fair value, and a requirement to recognize acquisition-related costs as expenses.

These standards will require a change in the measurement and presentation of non-controlling interest. As a result of these changes, net earnings will include 100% of the subsidiary's results and non-controlling interest will be presented as part of shareholders' equity on the balance sheet.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

International Financial Reporting Standards

In February 2008 the Canadian Accounting Standards Board confirmed the changeover from Canadian GAAP to International Financial Reporting Standards (IFRS) as the basis for financial reporting by all publicly accountable enterprises by January 1, 2011. Commencing in fiscal 2010, the Company will need to prepare accounts in accordance with Canadian GAAP and IFRS in order to have comparative financial statements upon full implementation of IFRS in 2011. The company is currently evaluating the accounting policy differences between Canadian GAAP and IFRS. The Company will adopt these recommendations in the subsequent periods.

4. Intangible

The intangible asset represents costs with respect to the development of its UFIT® web interface for end users. The costs were incurred in 2008 and are amortized beginning in 2009, straight line over their useful life which is estimated at three years. Amortization was recorded for the period ending June 30, 2010. In management's estimate there is no impairment in the value of these costs.

At June 30, 2010 Biosign has incurred costs with respect to the development of the database of its UFIT® web interface for end users of \$415,300. In management's estimate there is no impairment in the value of these costs.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

4. Intangible (continued)

At June 28, 2010 Biosign acquired Cloud Diagnostics LLP. (Cloud). Cloud transferred to Biosign (a) intellectual property, including a fully paid-up, perpetual, global, royalty-free, assignable source-code license to its enterprise-level ecommerce platform, which is capable of handling end-user purchase and activation transactions from multiple countries, in multiple languages and currencies; and (b) two portfolios of key internet domain names, totaling over 355 uniform resource locators, including mission-critical marketing search terms. The value assigned to this asset is \$1,585,831 and its being amortized beginning in 2010, straight line over its useful life which is estimated at three years. Amortization was recorded for the period ending June 30, 2010. In management's estimate there is no impairment in the value of these costs.

	<u>June 30, 2010</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Intangible	260,374	130,185	130,189
Intangible II	415,300	-	415,300
Intangible III	<u>1,585,831</u>	<u>132,155</u>	<u>1,453,676</u>
Total	<u>2,261,505</u>	<u>262,340</u>	<u>1,999,165</u>

	<u>December 31, 2009</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Intangible	<u>260,374</u>	<u>86,791</u>	<u>173,583</u>

5. Property and Equipment

Property and equipment as at June 30, 2010 consisted of the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Computer hardware and software	120,980	88,858	32,122
Furniture and fixtures	14,905	14,905	-
Moulds	<u>12,759</u>	<u>6,379</u>	<u>6,380</u>
	<u>148,644</u>	<u>110,142</u>	<u>38,502</u>

Property and equipment as at December 31, 2009 consisted of the following

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Computer hardware and software	107,319	80,591	26,728
Furniture and fixtures	14,905	14,905	-
Moulds	<u>12,759</u>	<u>4,253</u>	<u>8,506</u>
	<u>134,983</u>	<u>99,749</u>	<u>35,234</u>

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

6. Shareholders' Equity

Capital stock consists of:

Authorized – An unlimited number of common shares

Issued and paid

	Number	Amount
		\$
Balance at December 31, 2007	57,541,640	9,811,477
Issued August, for cash (less fees of \$54,655)	1,500,000	470,345
Issued November, for cash (less fees of \$24,470)	767,142	244,030
Issued December, for cash (less fees of \$25,910)	1,620,000	379,090
Issued subsequent to December 31, 2008 on conversion of loan December, 2008	410,000	102,500
Issued subsequent to December 31, 2008 for cash received in December 2008	20,000	7,000
Less: fair value of warrants		<u>(362,884)</u>
Balance at December 31, 2008	61,858,782	10,651,558
Issued for cash in private placement (less fees of \$22,875)	6,488,500	1,274,825
Issued for cash on exercise of warrants	999,500	572,584
Less: Fair value of warrants	<u>-</u>	<u>(631,943)</u>
Balance at December 31, 2009	69,346,782	11,867,024
Issued for cash on exercise of warrants (i)	167,500	<u>65,125</u>
Balance at March 31, 2010	69,514,282	11,932,149
Issued for cash in private placement (less fees of 246,239)(iii)	3,077,000	1,753,811
Issued for purchase of assets	3,242,308	2,180,841
Issued for cash on exercise of warrants (ii)	107,000	41,250
Less: Fair value of warrants	<u>-</u>	<u>(1,061,960)</u>
Balance at June 30, 2010	<u>75,940,590</u>	<u>14,846,091</u>

During the six month ended June 30, 2010:

- (i) Of the 3,244,250 warrants issued in 2009 with a value of \$580,743, 130,000 of these warrants were exercised for cash proceeds of \$52,000. The fair value assigned to these exercised warrants is \$23,271 and of the 75,000 warrants issued in 2008 with a value of \$35,220, 37,500 of these warrants were exercised for cash proceeds of \$13,125. The fair value assigned to these exercised warrants is \$17,610.
- (ii) Of the 3,244,250 warrants issued in 2009 with a value of 580,743, 30,000 of these warrants were exercised for cash proceeds of \$12,000. The fair value assigned to these exercised warrants is \$5,371, of the 410,000 warrants issued in 2009 with a value of \$51,200, 40,000 of these warrants were exercised for cash proceeds of \$20,000. The fair value assigned to these exercised warrants is \$4,710 and of the 74,000 warrants issue in 2008 with a value of 12,080, 37,000 of these warrants were exercised for cash proceeds of \$9,250. The fair value assigned to these exercised warrants is \$6,040.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

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(UNAUDITED)

6. Shareholders' Equity (continued)

- (iii) On April 22, 2010, the company announced the successful closing of a brokered private placement ("offering") for gross proceeds of \$2,000,050 through the issuance of 3,077,000 units at a price of \$0.65 per unit. Each unit is comprised of one common share and one half a common share purchase warrant. Each whole warrant will entitle the holder to purchase one common share of the company at a price of \$0.95 for a 24 month period from the closing date.

The company has paid a cash commission of 8% of the gross proceeds to the Agents involved in the offering. The Agents also received compensation warrants to acquire common shares of the company equal to 8% of the number of common shares sold under the offering. Each of these warrants is exercisable at \$0.65 per common share for a period of 18 months from the date of closing. The company will also reimburse one of the Agents for reasonable fees and expenses incurred in connection with the offering.

Escrow

Pursuant to an escrow agreement dated July 17, 2006 the common shares held by insiders and some other shareholders of the Company are subject to an escrow period during which the shares may not be transferred, assigned or otherwise dealt with without the consent of the relevant regulatory body having jurisdiction thereon. As of June 30, 2010 there are no common shares held in escrow. The escrowed shares are subject to time-based release criteria as detailed below:

Total common shares subject to escrow	40,511,667
- Released August 21, 2006 (10%)	4,051,166
- Released February 21, 2007 (15%)	6,076,749
- Released August 21, 2007 (15%)	6,076,749
- Released February 21, 2008 (15%)	6,076,749
- Released August 21, 2008 (15%)	6,076,749
- Released February 21, 2009 (15%)	6,076,749
- Released August 21, 2009 (15%)	<u>6,076,756</u>
Common shares held in escrow at December 31, 2009 and June 30, 2010	Nil

Other Equity

	\$
Balance at December 31, 2007	1,199,928
Stock based compensation	329,085
Fair value of warrants issued	<u>362,884</u>
Balance at December 31, 2008	1,891,897
Fair value of warrants issued	631,943
Fair value of warrants exercised	(178,334)
Stock based compensation	<u>249,021</u>
Balance at December 31, 2009	2,594,527
Fair value of warrants exercised	<u>(40,881)</u>
Balance at March 31, 2010	2,553,646
Fair value of warrants exercised	(16,121)

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

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6. Shareholders' Equity (continued)

Other Equity (continued)

Fair value of warrants issued	<u>1,082,713</u>
Balance at June 30, 2010	<u><u>3,620,238</u></u>

Stock Options

The Company has established a stock option plan for its officers, directors, employees and consultants whereby options to a maximum of 10% of the issued and outstanding common shares of the Company may be granted subject to certain terms and conditions. Options granted under the plan will have an exercise price of not less than the greater of the closing price of the Company's shares as reported by on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

Options granted under the plan will generally vest over a three year period and may be exercised in whole or in part at any time as follows: 33% on or after the first anniversary of the grant date, 67% on or after the second anniversary of the grant date, and 100% on or after the third anniversary of the grant date. Options will have a maximum expiry date which is on the tenth anniversary of the grant date. Any option not exercised prior to the expiry date will become null and void. No options were granted in the six months period ended June 30, 2010.

Changes in the number of stock options, with their weighted average exercise price, are summarized below:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Balance – December 31, 2007	3,637,000	\$ 1.09
Cancelled – March 1, 2008	(300,000)	2.03
Cancelled – May 8, 2008	(150,000)	1.20
Cancelled – June 4, 2008	(180,000)	1.00
Cancelled – June 20, 2008	(600,000)	1.00
Cancelled – September 30, 2008	(30,000)	1.00
Cancelled – September 30, 2008	(50,000)	1.00
Cancelled – September 30, 2008	(25,000)	1.00
Cancelled – November 24, 2008	<u>(150,000)</u>	<u>1.00</u>
Balance – December 31, 2008	2,152,000	1.00
Granted	200,000	0.18
Forfeited	(110,000)	1.00
Expired	<u>(425,000)</u>	<u>1.00</u>
Balance – December 31, 2009 and June 30, 2010	<u><u>1,817,000</u></u>	<u><u>\$ 0.91</u></u>

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

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(UNAUDITED)

6. Shareholders' Equity (continued)

Stock Options (continued)

The following table summarizes information about the stock options outstanding at June 30, 2010:

<u>Exercise Price</u>	<u>Number of Options</u>		<u>Remaining Contractual Life</u>
	<u>Outstanding</u>	<u>Vested</u>	
\$1.00	1,617,000	1,586,333	5.1 years
\$0.18	200,000	200,000	9.1 years
<u>\$0.91</u>	<u>1,817,000</u>	<u>1,786,333</u>	<u>5.5 years</u>

The fair value of stock options granted is determined using the Black-Scholes stock option pricing model and is expensed at the earlier of when goods have been received or services performed, or over the vesting period. The Company used the following weighted average assumptions for the purposes of recording stock option expense in the year 2009:

Dividend yield	0%
Expected volatility	244%
Risk-free interest rate	1.2%
Expected life (years)	2.00
Weighted average grant date fair value	\$0.165

Warrants

In 2008, 2009 and 2010, the Company issued warrants pursuant to its private placement offerings. The non-transferable warrants entitle the holder, on exercise to purchase one common share of the Company.

	<u>Number</u>	<u>Amount</u>
Balance – December 31, 2007	-	\$ -
Issued	4,056,142	362,884
Balance – December 31, 2008	4,056,142	362,884
Issued	3,654,250	631,943
Exercised	(999,500)	(178,334)
Balance – December 31, 2009	6,710,892	816,493
Exercised	(167,500)	(40,881)
Expired	(1,500,000)	-
Balance – March 31, 2010	5,043,392	\$ 775,612
Issued	1,784,660	1,082,713
Exercised	(107,000)	(16,121)
Expired	(787,142)	-
Balance – June 30, 2010	5,993,910	\$ 1,842,204

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

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(UNAUDITED)

6. Shareholders' Equity (continued)

Warrants (continued)

The following table summarizes information about the warrants outstanding at June 30, 2010:

<u>Exercise Price</u>	<u>Outstanding</u>	<u>Remaining Contractual Life</u>
\$0.35	37,500	0.15 years
\$0.50	1,620,000	0.47 years
\$0.50	370,000	0.51 years
\$0.40	2,151,750	1.28 years
\$0.65	246,160	1.31 years
\$0.95	1,538,500	1.81 years
<u>\$0.94</u>	<u>5,933,910</u>	<u>1.23 years</u>

The fair value of the warrants issued during the period is determined using the Black-Scholes stock option pricing model and was treated as a reduction in capital stock and an increase in other equity. The Company used the following weighted average assumptions for determining the fair value of the warrants:

	<u>2010</u>	<u>2009</u>
Dividend yield	0%	0%
Expected volatility	268%	249%
Risk-free interest rate	1.89%	1.31%
Expected life (years)	2.00	2.00
Weighted average grant date fair value	<u>\$0.606</u>	<u>\$0.173</u>

7. Related Party Transactions

Each independent director of the Company is entitled to an annual fee, prorated for the number of months the director was a member of the board, of \$20,000 for being a member of the Board of Directors, \$10,000 for being a member of the Audit Committee, and \$5,000 for being a member of the Compensation Committee. In addition, the directors were reimbursed for any out-of-pocket expenses reasonably incurred while performing their duties. For the period after February 2008, the directors have agreed to waive their fees.

In 2009, each independent director was granted 60,000 stock options per year of service, prorated at 5,000 options per month to cover months of service since 1 April 2008 through 30 September 2009. A total of 200,000 options were granted. See Note 7.

For the six month period ending June 30, 2010 no director fees were recorded.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

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(UNAUDITED)

8. Commitments

The Company is contractually committed to a premises lease with a third party landlord until May 31, 2011. Base rental is due in the amount of approximately \$6,197.75 per month for a total commitment of \$74,373.

9. Income Tax

The Company's future tax asset, based on an expected enacted combined federal and provincial rate of 25% is as follows:

	<u>June 30, 2010</u>	<u>Dec. 31, 2009</u>
	\$	\$
Non capital losses for tax purposes, carried forward	11,437,000	10,542,000
Scientific research and experimental development expenses	648,000	648,000
Timing differences between the book and tax values of assets and liabilities	<u>354,000</u>	<u>354,000</u>
	<u>12,439,000</u>	<u>11,544,000</u>
Future tax asset	3,109,750	2,886,000
Tax credits	62,550	125,100
Valuation allowance	<u>(3,172,300)</u>	<u>(3,011,100)</u>
Net future tax asset	<u>-</u>	<u>-</u>

At June 30, 2010 the Company has non capital losses available to be carried forward of approximately \$11,517,000 to reduce future years' taxable income. These losses expire as follows:

2013	\$ 858,000
2014	1,460,000
2015	996,000
2016	684,000
2017	2,575,000
2018	1,986,000
2019	1,983,000
2020	<u>895,000</u>

\$11,517,000

The cumulative deferred scientific research and experimental development expenses total approximately \$648,000 and these expenses may be carried forward indefinitely. The Company had accumulated federal scientific research and experimental development tax credits amounting to approximately \$125,100 that expire in 2016. These credits may be used to reduce federal income tax payable in future years.

For financial reporting purposes no net future tax asset has been recognized in respect of this carry forward as the likelihood of future taxable income cannot be reasonably assessed.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

9. Income Tax (continued)

Reconciliation between the Company's statutory and effective tax rates is presented below:

	<u>2010</u>	<u>2009</u>
	%	%
Statutory tax rate	31.0	36.12
Impact of expenses not deductible for tax purposes	(0.1)	(9.76)
Change in rates and other	(13.0)	-
Change in valuation allowance	(17.9)	(26.36)
Unrecognized benefit of current period's tax losses	<u>-</u>	<u>-</u>

10. Financial Instruments

The Company has policies relating to the identification, measurement, monitoring, mitigating and controlling of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The following sections describe how the company mitigates each of these risks.

Credit Risk

Credit risk refers to the risk of financial loss from the failure of a counterparty/debtor to honour its obligation to the entity. Amounts receivable consists of payments made in advance for services to be rendered at a future date which has been rendered in the 60 days after period end.

Liquidity Risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages this risk by approximately matching asset and liability cash flows. Liquidity risk is not significant as the company has \$1,749,269 of cash available to settle its \$131,313 of liabilities which are due within a year.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risks: currency risk, interest rate risk and price risk.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. As the majority of the Company's instruments are demonstrated in Canadian dollars, the Company does not have significant exposure to currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changing interest rates. The convertible loan had an annual interest rate of 6%. However, this loan was repaid January 2, 2009; therefore, the Company is not exposed to significant interest rate risk.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

JUNE 30, 2010

(UNAUDITED)

10. Financial Instruments (continued)

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not have any investments in marketable securities, therefore is not exposed to price risk.

The fair value of cash and cash equivalents constitute Level 2 measurements within the fair value hierarchy.

11. Capital Disclosures

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, to continue to provide returns for shareholders and benefits for other stakeholders, and;
- To provide an adequate return to shareholders commensurate with the level of risk associated with a development stage company.

The Company sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the number of shares issued, sell assets, enter into mergers and acquisitions, acquire debt or enter into some other form of financing facility.

Capital comprises all components of equity (i.e. common shares, contributed surplus, and deficit accumulated during development stage) other than amounts in accumulated other comprehensive income relating to cash flow hedges.

The Company does not have any externally imposed capital requirements.

12. Significant Event

On June 28, 2010, Biosign signed an Asset Purchase Agreement under which Biosign will acquire substantially all of the assets of Cloud.

Under the terms of the Asset Purchase Agreement, Cloud transferred to Biosign (a) intellectual property, including a fully paid-up, perpetual, global, royalty-free, assignable source-code license to its enterprise-level ecommerce platform, which is capable of handling end-user purchase and activation transactions from multiple countries, in multiple languages and currencies; (b) two portfolios of key internet domain names, totaling over 355 uniform resource locators, including mission-critical marketing search terms; and (c) free working capital of US\$575,000. The purchase price was satisfied by the issuance of 3,242,308 common shares of Biosign and 484,615 warrants to acquire additional common shares of Biosign. Each warrant entitles the holder to acquire one additional share at an exercise price of \$1.05 per share for a period of 24 months. The shares are restricted from resale until October 27th, 2010. Biosign has not assumed any liabilities of Cloud.

BIOSIGN TECHNOLOGIES INC.

NOTES TO INTERIM FINANCIAL STATEMENTS

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13. Comparative figures

Certain comparative figures have been reclassified to conform to the current period's financial statement presentation.