

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

FORM 10-QSB

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from _____ to _____

000-49600

(Commission file number)

SIGNATURE LEISURE, INC.

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

Colorado

(State or other jurisdiction
of incorporation or organization)

50-0012982

(IRS Employer
Identification No.)

**1111 N. Orlando Avenue
Winter Park, Florida 32789**

(Address of principal executive offices)

(407) 599-2886

(Issuer's telephone number)

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

☒ Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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.

The number of shares outstanding of each of the issuer's classes of common equity as of
June 30, 2004 - 46,565,190 shares of common stock
 0 shares of preferred stock

The common stock of Signature Leisure, Inc. is traded on the NASDAQ Bulletin Board under the symbol "SGLI".

Transitional Small Business Disclosure Format (check one): Yes ☐ No ☒

Signature Leisure, Inc.

Index

	<u>Page Number</u>
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	3
Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations	9
Item 3. Controls and Procedures	10
Part II. OTHER INFORMATION	
Item 1. Legal Proceedings	11
Item 2. Change in Securities and Use of Proceeds	11
Item 3. Defaults Upon Senior Securities	11
Item 4. Submission of Matters to a Vote of Security Holders	11
Item 5. Other Information	11
Item 6. Exhibits and Reports on Form 8-K	12
SIGNATURES	12

SIGNATURE LEISURE, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

	<u>Page Number</u>
Condensed Balance Sheet as of June 30, 2004 (unaudited)	4
Condensed Statements of Operations, for the three and six months ended June 30, 2004 and 2003 (unaudited)	5
Condensed Statements of Cash Flows, for the six months ended June 30, 2004 and 2003 (unaudited)	6
Notes to Condensed Financial Statements (unaudited)	7

SIGNATURE LEISURE, INC.
CONDENSED BALANCE SHEET
(Unaudited)
June 30, 2004

Assets

Current assets:	
Cash	\$ 17,204
Inventory, at cost	<u>98,139</u>
Total current assets	<u><u>115,343</u></u>

Liabilities and Shareholders' Deficit

Current Liabilities	
Accounts payable	\$ 12,776
Indebtedness to related parties (Note 2)	38,774
Accrued salaries (Note 2)	250,000
Lines of credit (Note 3)	<u>81,532</u>
Total current liabilities	<u><u>383,082</u></u>
Shareholders' deficit (Note 5)	
Preferred stock, \$.001 par value, 10,000,000 shares authorized; -0- shares issued and outstanding	-
Common Stock, \$.001 par value, 50,000,000 shares authorized; 46,565,190 shares issued and outstanding	4,657
Additional paid-in capital	1,605,168
Outstanding stock options – 600,000	125,000
Retained loss	<u>(2,002,564)</u>
Total shareholders' deficit	<u><u>(267,739)</u></u>
	<u><u>\$ 115,343</u></u>

See accompanying notes to condensed financial statements.

SIGNATURE LEISURE, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	For The Three Months Ended June 30,		For The Six Months Ended June 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Sales	\$ 115,275	\$ -	\$ 176,047	\$ -
Cost of sales	<u>120,959</u>	<u>-</u>	<u>186,641</u>	<u>-</u>
Gross profit (deficit)	(5,684)	-	(10,594)	-
Operating expenses:				
Stock-based compensation (Note 5):				
Consulting services	34,620	421,055	324,100	431,855
Contributed rent and services (Note 2)	-	70,555	-	139,860
General and administrative	<u>112,188</u>	<u>11,420</u>	<u>223,829</u>	<u>15,588</u>
Operating expenses	<u>146,808</u>	<u>503,030</u>	<u>547,929</u>	<u>587,303</u>
Operating loss	(152,492)	(503,030)	(558,523)	(587,303)
Interest expense:				
Related party (Note 2)	(564)	-	(564)	-
Other	<u>(467)</u>	<u>-</u>	<u>(565)</u>	<u>-</u>
Loss before income taxes	(153,523)	(503,030)	(559,652)	(587,303)
Provision for income taxes (Note 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net loss	<u>\$ (153,523)</u>	<u>\$ (503,030)</u>	<u>\$ (559,652)</u>	<u>\$ (587,303)</u>
Weighted average loss per share:				
Basic and diluted	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
Weighted average number of shares of common stock outstanding	<u>46,565,190</u>	<u>34,492,060</u>	<u>45,012,523</u>	<u>32,954,874</u>

See accompanying notes to condensed financial statements.

SIGNATURE LEISURE, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Six Months Ended	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Net cash used in operating activities	\$ <u>(122,519)</u>	\$ <u>(33,190)</u>
Cash Flows from Financing Operations:		
Proceeds from sale of common stock	-	250,000
Payments for offering costs	-	(22,500)
Proceeds from related party advances (Note 2)	10,000	13,369
Proceeds from note issued to related party (Note 2)	<u>28,210</u>	<u>-</u>
Net cash provided by financing activities	<u>38,210</u>	<u>240,869</u>
Net change in cash	(84,309)	207,679
Cash at beginning of period	<u>101,513</u>	<u>14,303</u>
Cash at end of period	<u>\$ 17,204</u>	<u>\$ 221,982</u>
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ <u>565</u>	\$ <u>-</u>
Income Taxes	\$ <u>-</u>	\$ <u>-</u>

See accompanying notes to condensed financial statements.

SIGNATURE LEISURE, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 1: Basis of presentation

The interim financial statements presented herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2003, notes and accounting policies thereto included in the Company's Annual Report on Form 10-KSB as filed with the SEC.

In the opinion of management, all adjustments (consisting only of normal recurring adjustments) which are necessary to provide a fair presentation of operating results for the interim period presented have been made. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the year.

Interim financial data presented herein are unaudited.

Note 2: Related Party

Commencing July 1, 2003, the Company began accruing salary for its president based on an employment agreement executed during the three months ended September 30, 2003. As of June 30, 2004, accrued salaries totaled \$250,000.

During the six months ended June 30, 2004, the president advanced the Company \$10,000 for working capital. The advance does not carry an interest rate and is due on demand. The \$10,000 advance is included in the accompanying unaudited condensed financial statements as Indebtedness to related parties.

During the six months ended June 30, 2004, a shareholder loaned the Company \$28,210 in exchange for a promissory note. The note carries an eight percent interest rate and matures on December 31, 2004. Accrued interest expense on the note totaled \$564 at June 30, 2004. The principal and accrued interest balances of \$28,774 are included in the accompanying unaudited condensed financial statements as Indebtedness to related parties.

Officers contributed office space to the Company for the six months ended June 30, 2003. The office space was valued at \$2,685 per month based on the market rate in the local area and is included in the accompanying unaudited condensed financial statements as contributed rent expense with a corresponding credit to additional paid-in capital.

Officers contributed time and effort to the Company valued at \$123,750 for the six months ended June 30, 2003. The time and effort was valued by the officers at \$125 per hour based on the level of services performed and is included in the accompanying unaudited condensed financial statements as contributed services with a corresponding credit to additional paid-in capital.

Note 3: Lines of Credit

The Company has two \$50,000 lines of credit of which \$18,468 was unused at June 30, 2004. One credit line carries a 4.50% interest rate and the second carries a variable interest rate equal to 3.00% over the prime rate. Advances under the credit lines are payable within 30 days of disbursement.

SIGNATURE LEISURE, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Note 4: Income Tax

The Company records its income taxes in accordance with Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes". The Company incurred net operating losses during all periods presented resulting in a deferred tax asset, which was fully allowed for; therefore, the net benefit and expense resulted in \$-0- income taxes.

Note 5: Shareholders' Equity

Following is a schedule of changes in shareholders' equity for the six months ended June 30, 2004:

	<u>Common stock</u>		<u>Additional</u>	<u>Outstanding</u>	<u>Retained</u>	
	<u>Shares</u>	<u>Par Value</u>	<u>Paid-In</u>	<u>Stock</u>	<u>Loss</u>	<u>Total</u>
			<u>Capital</u>	<u>Options</u>		
Balance, January 1, 2004.....	38,465,190	\$ 3,847	\$ 1,281,878	\$ 125,000	\$ (1,442,912)	\$ (32,187)
Common stock issued to unrelated third parties in exchange for consulting services.....	8,100,000	810	323,290	-	-	324,100
Net loss for the six months ended June 30, 2004.....	-	-	-	-	(559,652)	(559,652)
Balance, June 30, 2004	<u>46,565,190</u>	<u>\$ 4,657</u>	<u>\$ 1,605,168</u>	<u>\$ 125,000</u>	<u>\$ (2,002,564)</u>	<u>\$ (267,739)</u>

During the six months ended June 30, 2004, the Company issued 8,100,000 shares of its common stock to consultants in exchange for business consulting services. The shares issued were valued based on the traded market value of the Company's common stock on the transaction dates, ranging from \$.015 to \$.065 per share. Stock-based compensation expense of \$324,100 was recognized in the accompanying condensed financial statements for the six months ended June 30, 2004.

SIGNATURE LEISURE, INC.

Item 2. Management's Discussion and Analysis of Financial Condition and Plan of Operations

This statement may include projections of future results and “forward looking statements” as that term is defined in Section 27A of the Securities Act of 1933 as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934 as amended (the “Exchange Act”). All statements that are included in this Quarterly Report, other than statements of historical fact, are forward looking statements. Although management believes that the expectations reflected in these forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct.

Financial Summary

Results of Operations for the Three-Months Ended June 30, 2004

The net loss from operations of \$152,492 for the three-months ended June 30, 2004 was comprised of stock-based compensation for business consulting services of \$34,620 and general and administrative expenses of \$112,188. Sales for the period totaled \$115,275, cost of sales totaled \$120,959 and, therefore, a deficit from sales of \$5,684 was realized.

Results of Operations for the Three-Months Ended June 30, 2003

The net loss from operations of \$503,030 for the three-months ended June 30, 2003 was comprised of stock-based compensation for consulting services of \$421,055; contributed rent and services of \$70,555; and general and administrative expenses of \$11,420. Revenues for the period were \$-0-.

Results of Operations for the Six-Months Ended June 30, 2004

The net loss from operations of \$558,523 for the six-months ended June 30, 2004 was primarily comprised of stock-based compensation for business consulting services of \$324,100 and general and administrative expenses of \$223,829. Sales for the period totaled \$176,047 and cost of sales totaled \$186,641, resulting in a deficit from sales of \$10,594.

Results of Operations for the Six-Months Ended June 30, 2003

The net loss from operations of \$587,303 for the six-months ended June 30, 2003 was comprised of stock-based compensation for consulting services of \$431,855; contributed rent and services of \$139,860; and general and administrative expenses of \$15,588. Revenues for the period were \$-0-.

Liquidity and Capital Resources

For the Six-Months ended June 30, 2004.

During the six-month period ended June 30, 2004, the Company's cash position decreased by \$84,309. Primary factor contributing to this decrease was cash used in the Company's operations.

For the Six-Months ended June 30, 2003.

During the six-month period ended June 30, 2003, the Company's cash position increased by \$207,679. The primary factor for this increase was proceeds from the sale of the Company's common stock.

SIGNATURE LEISURE, INC.

Management Plan of Operations

Signature Leisure, Inc., since the Company's inception, has had insufficient revenues to support operations. Revenue from sales was generally sufficient to cover the costs of goods and selling expenses, but never developed to a sufficient level to support the officers' salaries and marketing expenses.

On January 20, 2003, the Board of Directors determined to alter the business direction from retail sales of matted and framed photographs to providing services, sales and marketing in the hair salon, spa and modeling industries.

Due to the difficulty the Company had trying to complete agreements for spa operations; management began considering other opportunities to establish revenue for the Company.

In January 2004 Signature Leisure received a license from the State of Florida's Department of Highway Safety and Motor Vehicles to operate as an independent dealer in motor vehicles. Signature Leisure has registered with the State of Florida to enable the use of the name "Signature Auto" to conduct business operations within the State of Florida.

In February 2004 Signature Leisure completed the registration process to become buyers and sellers of vehicles at five Central Florida vehicle auction facilities.

Signature Leisure, Inc., d.b.a. Signature Auto is presently operating a pre-owned automobile dealership at 1111 N. Orlando Avenue, Winter Park, Florida 32789.

Pre-Owned Auto Sales in the current quarter were approximately 12 vehicles. This is the first full quarter for auto sales operations. Results were a slight loss on the sales impacted by strong incentives on competing new car sales throughout the industry.

Management intends to focus on the operations of auto sales to develop sales to a volume level capable of sustaining operations. Sales of approximately 20 to 25 vehicles per month should be sufficient to maintain the operations of the auto dealership.

The current facilities will accommodate approximately 35 vehicles with office and showroom space. Our current flooring plan is not sufficient to fully stock the facility. The flooring plan will be expanded as sales develop increasing the available inventory.

The recent Hurricane has severely damaged the Auto sales facility. Operations are currently suspended until the facility can be repaired or a new location can be located. Our inventory at the facility was down to three vehicles at the time of the storm and sustained no significant damage. This suspension is expected to have a negative impact third quarter operations.

Management believes that cash reserves may not be sufficient to maintain operations thru the third quarter. Due to the suspension of sales and limited initial development during this period, Signature Leisure will require additional funding to maintain operations. Financing could come from additional equity financing or loans from officers but no commitment to provide additional funding from any source is current in place.

Item 3. Controls and Procedures

Signature Leisure, Inc. management, including the Principal Executive Officer and Principal Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures pursuant to Exchange Act Rule 13a-14(c) and 15d-14(c). This evaluation was conducted within 90 days prior to the filing of this report. Based on that evaluation, the Principal Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this annual report has been made known to them in a timely fashion. There have been no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date the Principal Executive Officer and Principal Financial Officer completed their evaluation.

SIGNATURE LEISURE, INC.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

No legal proceedings were initiated or served on the Company in the period.

Item 2. Change in Securities and Use of Proceeds

The following Equity Securities issued or sold during the period covered by this report were not registered under the Securities Act:

During the three months ended June 30, 2004, the Company issued 2,308,000 shares of its common stock to consultants in exchange for business consulting services. The shares issued were valued based on the traded market value of the Company's common stock on the transaction dates, ranging from \$.015 to \$.065 per share. Stock-based compensation expense of \$34,620 was recognized in the accompanying condensed financial statements for the three months ended June 30, 2004. The transactions were a private offering exempt from registration under Section 4(2) of the Securities Act. The issuances of stock were to individuals or entities acting as consultants and/or otherwise providing services to the company.

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

Signature Leisure, Inc. conducted an Annual Meeting of Shareholders on June 22, 2004; and discloses herein final voting results as pertaining to the matters voted upon at the annual meeting.

56.94% (26,516,984 of 46,565,190) of the shares outstanding as of the record date were voted.

Proposal One – Elections of Director:

	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Stephen W. Carnes	25,571,314	705,855	239,815

Proposal Two – Approval of Independent Public Accountant:

	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Cordovano and Honeck, P.C.	26,182,849	111,820	222,315

Proposal Three – Approval of Officer Compensation Agreement:

	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Approve Agreement	24,672,400	1,501,207	343,377

Proposal Four – Approval of an amendment to the Articles of Incorporation to increase the number of authorized Common Shares from 50,000,000 to 500,000,000:

	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Increase Common shares authorized			
From 50,000,000 to 500,000,000	24,384,597	1,850,110	282,277

Proposal Five – Consideration of other Matters which may come before the meeting:

	<u>YES</u>	<u>NO</u>	<u>ABSTAIN</u>
Consideration of other matters	25,608,732	294,170	614,082

*No other matters were voted upon at the meeting

Item 5. Other Information

None

SIGNATURE LEISURE, INC.

Item 6. Exhibits and Reports on Form 8-K

Reports on Form 8-K

None during the reporting period ended June 30, 2004.

Exhibits

Signature Leisure, Inc. includes herewith the following exhibits.

- 3.1 Article of Amendment to Articles of Incorporation as filed with the Colorado Secretary of State on July 14, 2004
- 31.1 Certification of Principal Executive Officer pursuant to Section 302
- 32.1 Certification of Principal Executive Officer pursuant to Section 1350

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Signature Leisure, Inc.

By: /s/ Stephen W. Carnes, President
Stephen W. Carnes, President,
Chief Executive Officer and Principal Accounting Officer

Date: August 18, 2004