

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

FORM 10-QSB/A

(Mark One)

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

For the quarterly period ended December 31, 2007

OR

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

For the transition period from _____ to _____

Commission File Number 0-23153

REMOTEMDX, INC.

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

Utah

(State or other jurisdiction of incorporation or organization)

87-0543981

(IRS Employer Identification No.)

**150 West Civic Center Drive
Suite 400**

Sandy, Utah 84070

(Address of principal executive offices) (Zip Code)

(801) 451-6141

(Issuer's telephone number, including area code)

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 such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

On February 1, 2008, the issuer had a total of 131,521,046 shares of common stock issued and outstanding. The issuer also had a total of 19 shares of Series A Preferred Stock outstanding, convertible at any time at the option of the holders thereof into common stock at the rate of 370 shares of common stock for each share of Series A Preferred Stock, or a total of 7,178 shares, and 10,999 shares of Series B Preferred Stock outstanding, convertible at any time at the option of the holders thereof into approximately 113,783 shares of common stock.

Transitional Small Business Disclosure Format (Check One): Yes No

TABLE OF CONTENTS

	<u>Page No.</u>
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Unaudited Condensed Consolidated Balance Sheet as of December 31, 2007 (As Restated)	4
Unaudited Condensed Consolidated Statements of Operations for the three months ended December 31, 2007 and 2006 (As Restated)	5
Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended December 31, 2007 and 2006 (As Restated)	6
Unaudited Notes to Condensed Consolidated Financial Statements (As Restated)	8
Item 2. Management's Discussion and Analysis or Plan of Operation	19
Item 3. Controls and Procedures	25
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	26
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	26
Item 6. Exhibits and Reports on Form 8-K	27
Signatures	30
Certifications	

Explanatory Note – Restatement of Condensed Consolidated Financial Statements

The Company is restating its condensed consolidated financial statements as of and for the three months ended December 31, 2007 and 2006 for the following reasons:

- 1) The Company reviewed its existing contracts for compliance with its revenue recognition policies. After reviewing its existing contracts, the Company determined that \$1,300,000 of revenues (with its associated cost of revenues of \$952,341) previously recorded for the year ended September 30, 2007 did not meet the requirements of SAB 104 and EITF 00-21. Of the \$1,300,000 of deferred revenue as of September 30, 2007, \$33,333 (with its associated cost of revenues of \$22,894) was recognized during the three months ended December 31, 2007.

The Company reviewed its existing contracts for compliance with its revenue recognition policies. After reviewing its existing contracts, the Company determined that \$400,000 of revenues previously recorded for the three months ended December 31, 2006 did not meet the requirements of SAB 104 and EITF 00-21. The associated cost of revenues of \$274,728 was also deferred as of December 31, 2006.

- 2) For the three months ended December 31, 2007, the Company reported amortization expense of \$211,181 and communication expense of \$438,832 related to non-billable units as selling, general and administrative expenses. A non-billable unit is a TrackerPAL device that did not generate any monitoring service revenue for the period. Upon further review, the Company was unable to identify any accounting pronouncements specifying the appropriate classification of these expenses in the statement of operations. Therefore, the Company looked to general practices of similar companies and determined to reclassify these expenses to cost of revenues. The Company believes this reclassification is appropriate because the non-billable units do not directly meet the definition of research and development assets, they are not promotional assets, and they are not used by the Company for internal purposes.

The effects of these restatements as of and for the three months ended December 31, 2007 and 2006 are as follows:

	Previously Reported	As Restated
<i>Balance Sheet Items - 2007:</i>		
Monitoring equipment, net of accumulated depreciation	\$ 2,119,798	\$ 3,049,245
Total assets	21,988,109	22,917,556
Deferred revenue	34,894	1,301,560
Total current liabilities	11,062,996	12,329,662
Accumulated deficit	(135,101,671)	(135,438,890)
Total stockholders' equity	3,932,491	3,595,272
Total liabilities and stockholders' equity	21,988,109	22,917,556
<i>Statement of Operations Items - 2007:</i>		
Revenues	3,605,545	3,638,878
Cost of revenues	2,184,100	2,857,007
Selling, general and administrative expenses	4,967,242	4,317,229
Net loss	(2,352,383)	(2,341,944)
Net loss attributable to common stockholders	(2,519,520)	(2,509,081)
Net loss per common share – basic and diluted	(0.02)	(0.02)
<i>Statement of Operations Items - 2006:</i>		
Revenues	988,237	588,237
Cost of revenues	2,205,393	1,930,665
Net loss	(7,813,649)	(7,938,921)
Net loss attributable to common stockholders	(8,051,505)	(8,176,777)
Net loss per common share – basic and diluted	(0.10)	(0.10)

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

REMOTEMDX, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
(As Restated)

	<u>December 31,</u> <u>2007</u>
Assets	
Current assets:	
Cash	\$ 7,713,104
Accounts receivable, net of allowance for doubtful accounts of \$303,068	6,170,561
Inventories (note 2)	47,059
Receivables	622,927
Prepaid expenses	217,114
Total current assets	<u>14,770,765</u>
Property and equipment, net of accumulated depreciation and amortization of \$1,680,958 (note 3)	2,050,433
Monitoring equipment, net of accumulated depreciation and amortization of \$2,977,486 (note 4)	3,049,245
Goodwill and other intangible assets (note 5)	2,989,754
Other assets	57,359
Total assets	<u>\$ 22,917,556</u>
Liabilities and Stockholders' Equity	
Current liabilities:	
Bank line of credit (note 6)	\$ 3,670,451
Accounts payable	2,690,536
Accrued liabilities (note 7)	835,134
Dividends payable	289,948
Deferred revenue	1,301,560
Current portion of long-term debt (note 8)	3,542,033
Total current liabilities	<u>12,329,662</u>
Related-party line of credit (note 9)	8,053
Long-term debt, net of current portion (note 8)	629,518
Total liabilities	<u>12,967,233</u>
Minority interest (note 10)	2,765,051
SecureAlert Series A Preferred Stock	<u>3,590,000</u>
Stockholders' equity:	
Preferred stock:	
Series A, 10% dividend, convertible, non-voting, \$0.0001 par value: 40,000 shares designated; 19 shares outstanding (aggregate liquidation preference of \$450)	1
Series B, convertible, \$0.0001 par value: 2,000,000 shares designated; 10,999 shares outstanding (aggregate liquidation preference of \$32,997)	1
Series C, convertible, \$0.0001 par value: 7,357,144 shares designated; no shares outstanding (aggregate liquidation preference of \$0)	-
Common stock, \$0.0001 par value: 175,000,000 shares authorized, 130,515,291 shares outstanding	13,052
Additional paid-in capital	145,096,450
Deferred compensation	(6,075,342)
Accumulated deficit	(135,438,890)
Total stockholders' equity	<u>3,595,272</u>
Total liabilities and stockholders' equity	<u>\$ 22,917,556</u>

See accompanying notes to unaudited condensed consolidated financial statements.

REMOTEMDX, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(As Restated)

	Three Months Ended December 31,	
	2007	2006
Revenues:		
Products	\$ 1,238,971	\$ 152,854
Monitoring services	2,399,907	435,383
Total revenues	3,638,878	588,237
Cost of revenues:		
Products	693,043	93,484
Monitoring services	2,163,964	1,837,181
Total cost of revenues	2,857,007	1,930,665
Gross margin (deficit)	781,871	(1,342,428)
Operating expenses:		
Selling, general and administrative expenses (including \$2,019,945 and \$1,660,636 of compensation expense paid in stock or stock option / warrants, respectively)	4,317,229	5,196,926
Research and development expenses	1,040,447	1,219,659
Loss from operations	(4,575,805)	(7,759,013)
Other income (expense):		
Gain on sale of intellectual property	2,400,000	-
Gain on revalued registration rights	-	52,500
Minority interest allocation	165,580	-
Interest income	33,189	51,521
Interest expense	(375,510)	(284,285)
Other income	10,602	356
Net loss	(2,341,944)	(7,938,921)
Dividends on Series A and C preferred stock	(167,137)	(237,856)
Net loss attributable to common stockholders	\$ (2,509,081)	\$ (8,176,777)
Net loss per common share – basic and diluted	\$ (0.02)	\$ (0.10)
Weighted average common shares outstanding – basic and diluted	129,617,000	83,018,000

See accompanying notes to unaudited condensed consolidated financial statements.

REMOTEMDX, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(As Restated)

	Three Months Ended	
	December 31,	
	2007	2006
Cash flows from operating activities:		
Net loss	\$ (2,341,944)	\$ (7,938,921)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	441,165	471,676
Common stock issued for services	621,085	557,550
Amortization of deferred financing and consulting costs	1,393,656	205,320
Gain on registration rights liability	-	(52,500)
Stock options vested during the period and/or issued for services	183,610	982,567
Increase in related-party line of credit for services	204,509	150,639
Minority interest expense, net	(165,582)	-
Changes in operating assets and liabilities:		
Accounts receivable, net	(638,080)	(633,604)
Interest receivable	(9,068)	15,604
Inventories and monitoring equipment	27,194	(390,122)
Prepaid expenses and other assets	102,134	2,095,248
Accounts payable	(799,393)	3,586,883
Accrued liabilities	(261,826)	1,116,701
Deferred revenue	(42,199)	385,681
Net cash (used in) provided by operating activities	(1,284,739)	552,722
Cash flows from investing activities:		
Purchase of property and equipment	(43,313)	-
Purchase of monitoring equipment	-	(7,148,146)
Net cash used in investing activities	(43,313)	(7,148,146)
Cash flows from financing activities:		
Payment of accrued SecureAlert Series A Preferred Stock dividends	-	(20,877)
Payments on related-party line of credit	(436,219)	(128,839)
Payments on bank line of credit	(188,534)	(26,796)
Payments on notes payable	(78,644)	-
Cash acquired through acquisitions	160,898	-
Proceeds from sale of common stock	-	6,000,000
Proceeds from issuance of subsidiary stock	1,575,000	-
Proceeds from exercise of warrants	2,452,380	75,000
Net cash provided by financing activities	3,484,881	5,898,488
Net increase (decrease) in cash	2,156,829	(696,936)
Cash, beginning of period	5,556,275	5,872,529
Cash, end of period	\$ 7,713,104	\$ 5,175,593

See accompanying notes to unaudited condensed consolidated financial statements.

REMOTEMDX, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(As Restated)

	Three Months Ended	
	December 31,	
	2007	2006
Cash paid for interest	\$ 197,104	\$ 196,834
Supplemental schedule of non-cash investing and financing activities:		
Notes payable issued in acquisition of Midwest Monitoring & Surveillance, Inc.	1,800,000	-
Note payable issued in acquisition of Court Programs, Inc., Court Programs of Florida, Inc., and Court Programs of Northern Florida, Inc.	1,147,500	-
Issuance of shares of common stock in exchange for shares of Series A preferred stock	-	1
Issuance of shares of common stock in exchange for shares of Series B preferred stock	1	4
Issuance of Preferred Series A for stock dividends	-	237,856
Exercise of options for receivable	-	1,580,464
SecureAlert Series A dividends	167,035	91,542
Penalty shares issued for accrued liability	-	291,000

See accompanying notes to unaudited condensed consolidated financial statements.

REMOTEMDX, INC. AND SUBSIDIARIES
UNAUDITED NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(As Restated)

(1) BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements of RemoteMDx, Inc. (“RemoteMDx”) and subsidiaries (collectively, the “Company”) have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) that, in the opinion of management, are necessary to present fairly the results of operations of the Company for the periods presented. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Form 10-KSB/A for the year ended September 30, 2007, as amended and restated. The results of operations for the three months ended December 31, 2007 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2008.

Going Concern

The Company has a history of recurring net losses, negative cash flows from operating activities in 2007, and an accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. In order for the Company to achieve successful operations, the Company must generate positive cash flows from operating activities and obtain the necessary funding to meet its projected capital investment requirements.

Management's plans with respect to this uncertainty include raising additional capital from the exercise of options, sale of Volu-Sol Reagents Corporation (“Volu-Sol”) common stock, and expanding its market for its tracking products. There can be no assurance that revenues will increase rapidly enough to deliver profitable operating results and pay the Company's debts as they come due. Likewise, there can be no assurance that the Company will be successful in raising additional capital from the sale of equity or debt securities. If the Company is unable to increase cash flows from operating activities or obtain additional financing, it will be unable to continue the development of its business and may have to cease operations.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of RemoteMDx and its subsidiaries. All significant inter-company transactions have been eliminated in consolidation.

Stock-Based Compensation

For the three months ended December 31, 2007, no stock options were granted to employees. The Company granted stock options for the purchase of 150,000 shares of common stock to employees during the three months ended December 31, 2006. The weighted average fair value of stock options at the date of grant during the three months ended December 31, 2007 and 2006 was \$0 and \$0.69, respectively.

The expected life of stock options represents the period of time that the stock options granted are expected to be outstanding based on historical exercise trends. The expected volatility is based on the historical price volatility of common stock. The risk-free interest rate represents the U.S. Treasury bill rate for the expected life of the related stock options. The dividend yield represents the Company's anticipated cash dividends over the expected life of the stock options.

The following are the weighted-average assumptions used for options granted during the three months ended December 31, 2006:

	<u>December 31, 2006</u>
Risk free interest rate	4.69%
Expected life	5 Years
Dividend yield	n/a
Volatility	145%

A summary of employee stock option activity for the three months ended December 31, 2007, is presented below:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at September 30, 2007	3,295,000	\$ 0.64		
Granted	-	-		
Exercised	(950,000)	0.63		
Forfeited	-	-		
Expired	-	-		
Outstanding at December 31, 2007	<u>2,345,000</u>	\$ 0.65	3.80 Years	6,714,500
Exercisable at December 31, 2007	<u>190,000</u>	\$ 1.04	3.91 Years	469,749

A summary of the status of the Company's non-vested stock options as of and for the three months ended December 31, 2007, is presented below:

	Non-Vested Options	Weighted Average Grant Date Fair Value
Non-vested at September 30, 2007	2,155,000	\$ 0.61
Granted	-	-
Vested	-	-
Forfeited	-	-
Non-vested at December 31, 2007	<u>2,155,000</u>	\$ 0.61

As of December 31, 2007, there was approximately \$1,268,000 of unrecognized compensation cost related to stock options that will be recognized over approximately the next two years.

A summary of stock option activity for the three months ended December 31, 2006, is presented below:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at September 30, 2006	3,607,500	\$ 0.63		
Granted	150,000	1.85		
Exercised	(225,000)	0.58		
Forfeited	-	-		
Expired	-	-		
Outstanding at December 31, 2006	<u>3,532,500</u>	\$ 0.69	4.12 Years	3,261,475
Exercisable at December 31, 2006	<u>1,327,500</u>	\$ 1.22	4.11 Years	1,094,325

A summary of the status of the Company's non-vested stock options as of and for the three months ended December 31, 2006, is presented below:

	Non-Vested Options	Weighted Average Grant Date Fair Value
Non-vested at September 30, 2006	3,095,001	\$ 0.56
Granted	-	-
Vested	(890,000)	0.56
Forfeited	-	-
Non-vested at December 31, 2006	<u>2,205,001</u>	\$ 0.56

As of December 31, 2006, there was \$1,225,545 of unrecognized compensation cost related to stock options that will be recognized over approximately the next two years.

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable. The Company evaluates, at each balance sheet date, whether events and circumstances have occurred which indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows of the related asset or group of assets over the estimated remaining life in measuring whether the assets are recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the estimated fair value of the asset. Impairment of long-lived assets is assessed at the lowest levels for which there are identifiable cash flows that are independent of other groups of assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less the estimated costs to sell.

Net Loss Per Common Share

Basic net loss per common share ("Basic EPS") is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted net loss per common share ("Diluted EPS") is computed by dividing net loss by the sum of the weighted-average number of common shares outstanding and the weighted-average dilutive common share equivalents then outstanding. The computation of Diluted EPS does not assume exercise or conversion of securities that would have an anti-dilutive effect.

Common share equivalents consist of shares issuable upon the exercise of common stock options and warrants, the conversion of the convertible debentures and related accrued interest, and shares issuable upon conversion of

preferred stock. As of December 31, 2007 and 2006, there were 16,184,404 and 46,882,148 outstanding common share equivalents, respectively, that were not included in the computation of diluted net loss per common share as their effect would be anti-dilutive. The common share equivalents outstanding at December 31, 2007 consisted of 7,178 shares of common stock underlying Series A Preferred Stock, 113,783 shares of common stock underlying Series B Preferred Stock, and 16,063,443 shares underlying options and warrants. Of the 16,063,443 shares underlying options and warrants, 11,307,030 shares underlie options and warrants which have vested and 4,756,413 shares underlie options and warrants which have not yet vested.

Revenue Recognition

The Company's revenue has historically been from three sources: (i) monitoring services; (ii) monitoring device and other product sales; and (iii) medical diagnostic stains sales.

Monitoring Services

Monitoring services include two components: a) contracts in which the Company provides monitoring services and leases devices to distributors or end users in which the Company retains ownership of the leased devices; and b) monitoring services purchased by distributors or end users who have previously purchased devices and have opted to use the Company's monitoring services.

The Company leases its devices under one-year contracts with customers that opt to use the Company's monitoring services. However, these contracts may be cancelled by either party at anytime with 30 days notice. Under the Company's standard leasing contract, the leased device becomes billable on the date of activation or 21 days from the date the device is assigned to the lessee, and remains billable until the device is returned to the Company. The Company recognizes revenue on leased devices at the end of each month that monitoring services have been provided. In those circumstances in which the Company receives payment in advance, the Company records these payments as deferred revenue.

Monitoring Device Product Sales

Although not the focus of the Company's business model, the Company sells its monitoring devices in certain situations. In addition, the Company sells home security and Personal Emergency Response Systems. The Company recognizes product sales revenue when persuasive evidence of an arrangement with the customer exists, title passes to the customer and the customer cannot return the devices, prices are fixed or determinable (including sales not being made outside the normal payment terms) and collection is reasonably assured.

When purchasing products (such as TrackerPAL devices) from the Company, customers may, but are not required to, enter into monitoring service contracts. The Company recognizes revenue on monitoring services for customers that have previously purchased devices at the end of each month that monitoring services have been provided.

Multiple Element Arrangements

The majority of the Company's revenue transactions do not have multiple elements. On occasion, the Company has revenue transactions that have multiple elements (such as product sales and monitoring services). For revenue arrangements that have multiple elements, the Company considers whether: (i) the delivered devices have standalone value to the customer; (ii) there is objective and reliable evidence of the fair value of the undelivered monitoring services, which is generally determined by surveying the price of competitors' comparable monitoring services; and (iii) the customer does not have a general right of return. Based on these criteria, the Company recognizes revenue from the sale of devices separately from the monitoring services to be provided to the customer. In accordance with EITF 00-21, if the fair value of the undelivered element exists, but the fair value does not exist for one or more delivered elements, then revenue is recognized using the residual method. Under the residual method as applied to these particular transactions, the fair value of the undelivered element (the monitoring services) is deferred and the remaining portion of the arrangement (the sale of the device) is recognized as revenue when the device is delivered and all other revenue recognition criteria are met.

Medical Diagnostic Stain Sales

The Company recognizes medical diagnostic stains revenue when persuasive evidence of an arrangement with the customer exists, title passes to the customer and the customer cannot return the products, prices are fixed or determinable (including sales not being made outside the normal payment terms) and collection is reasonably assured.

Other Matters

The Company considers an arrangement with payment terms longer than the Company's normal terms not to be fixed or determinable, and revenue is recognized when the fee becomes due. Normal payment terms for the sale of monitoring services are 30 days, and normal payment terms for device sales are between 120 and 180 days. The Company sells its devices and services directly to end users and to distributors. Distributors do not have general rights of return. Distributors have no price protection or stock protection rights with respect to devices sold to them by the Company. Generally, title and risk of loss pass to the buyer upon delivery of the devices.

The Company estimates its product returns based on historical experience and maintains an allowance for estimated returns, which is recorded as a reduction to accounts receivable and revenue.

Shipping and handling fees are included in revenues. The related freight costs and supplies directly associated with shipping products to customers are included as a component of cost of revenues.

(2) **INVENTORIES**

Substantially all items included in inventory are finished goods and consisted of reagents stains, net of reserve for obsolescence of \$61,966, as of December 31, 2007.

(3) **PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2007, was as follows:

Property and equipment	\$ 3,731,391
Less: accumulated depreciation	<u>(1,680,958)</u>
Total	<u>\$ 2,050,433</u>

During the three months ended December 31, 2007, the Company purchased \$43,313 of property and equipment. Depreciation expense for the three months ended December 31, 2007 and 2006 was \$144,410 and \$99,186, respectively.

(4) **MONITORING EQUIPMENT**

Monitoring equipment as of December 31, 2007, was as follows:

Monitoring equipment	\$ 6,026,731
Less: accumulated depreciation	<u>(2,977,486)</u>
Total	<u>\$ 3,049,245</u>

Net monitoring equipment of \$3,049,245 includes \$929,447 of equipment, net of amortization, previously sold to customers that has been deferred and will be recognized in future periods. The Company has not depreciated the equipment since the date the devices have been sold.

The Company began leasing monitoring equipment to agencies for offender tracking in April 2006 under operating lease arrangements. The monitoring equipment is depreciated using the straight-line method over the estimated useful lives of the related assets of three years, and is included in cost of revenues. Depreciation expense in connection with monitoring equipment for the three months ended December 31, 2007 and 2006 was \$290,897 and \$372,490, respectively.

(5) **GOODWILL AND OTHER INTANGIBLE ASSETS**

Midwest Monitoring & Surveillance

Effective December 1, 2007, the Company purchased 51% ownership, including voting interest, of Midwest Monitoring & Surveillance (“Midwest”) for \$1,800,000 in notes payable and up to 438,000 shares of the Company’s common stock. Midwest provides electronic monitoring for individuals on parole. The primary reason for the acquisition of Midwest was the expansion of Company’s technology and name recognition throughout the midwest, central and eastern United States. The total consideration for the purchase of Midwest was \$4,382,643 comprised of notes payable of \$1,800,000, shares of common stock valued at \$1,752,000 (438,000 shares valued at \$4.00 per share), transaction costs of \$31,497, and long-term liabilities assumed of \$799,146.

The RemoteMDx shares issued as part of the consideration for the Midwest shares were placed in escrow subsequent to December 31, 2007, and were subsequently released by the Company in March 2008.

Court Programs

Effective December 1, 2007, the Company purchased 51% ownership, including voting interest, of Court Programs, Inc., a Mississippi corporation, Court Programs of Northern Florida, Inc., a Florida corporation, and Court Programs of Florida, Inc., a Florida corporation (collectively, “Court Programs”) for \$300,000 in a note payable and up to 212,000 shares of the Company’s common stock. Court Programs is a distributor of electronic monitoring devices to courts providing a solution to monitor individuals on parole. The primary reasons to acquire Court Programs are to expand the Company’s technology and increase the Company’s name recognition throughout the eastern United States. The total consideration for the purchase of Court Programs was \$1,433,184 delineated as follows: note payable of \$300,000, shares of common stock valued at \$848,000 (212,000 shares valued at \$4.00 per share), transaction costs of \$45,324, and long-term liabilities assumed of \$239,860.

The RemoteMDx shares to be issued as part of the consideration for the Court Programs shares were placed in escrow subsequent to December 31, 2007, and were subsequently released by the Company in March 2008.

In connection with the acquisitions of Midwest and Court Programs, the Company recorded goodwill and other intangible assets. The table below shows the allocation of the goodwill and other intangibles for each company:

Goodwill and other intangibles assets

Goodwill		
Midwest	\$	78,585
Court Programs		587,386
Other intangible assets		
Midwest		1,699,275
Court Programs		624,508
Total goodwill and other intangible assets	\$	<u>2,989,754</u>

The Company has not yet completed the purchase price allocations related to the acquisitions of Midwest and Court Programs. However, the Company has identified the following categories of intangible assets that pertain to the acquisitions: trade name, non-compete agreements, customer relationships and goodwill.

Supplemental Pro Forma Results of Operations

The following table presents the pro forma results of operations for the three months ended December 31, 2007, and 2006 as though the Midwest and Court Programs acquisitions had been completed as of the beginning of the period presented:

	Three Months Ended December 31,	
	2007	2006
Revenues:		
Products	\$ 1,238,971	\$ 152,854
Monitoring services	3,317,846	1,694,084
Total revenues	<u>4,556,817</u>	<u>1,846,938</u>
Cost of revenues:		
Products	693,043	93,484
Monitoring services	2,654,527	2,791,922
Total cost of revenues	<u>3,347,570</u>	<u>2,885,406</u>
Gross margin (deficit)	1,209,247	(1,038,468)
Operating expenses:		
Selling, general and administrative expenses	4,769,128	5,796,809
Research and development expenses	1,040,447	1,219,659
Loss from operations	<u>(4,600,328)</u>	<u>(8,054,936)</u>
Other income (expense):		
Gain on sale of intellectual property	2,400,000	-
Gain on revalued registration rights	-	52,500
Minority interest allocation	165,580	-
Other income	10,602	356
Interest income	33,189	51,521
Interest expense	(391,665)	(315,636)
Net loss	<u>(2,382,622)</u>	<u>(8,266,195)</u>
Dividends on Series A and C preferred stock	(167,137)	(237,856)
Net loss attributable to common stockholders	<u>\$ (2,549,759)</u>	<u>\$ (8,504,051)</u>
Net loss per common share – basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.10)</u>
Weighted average common shares outstanding – basic and diluted	<u>130,267,000</u>	<u>83,018,000</u>

(6) BANK LINE OF CREDIT

As of December 31, 2007, the Company's outstanding balance under a line of credit with a bank was \$3,670,451. The interest rate is 7.50% and the line of credit matures on March 1, 2008. The line of credit is secured by letters of credit totaling \$4,000,000 and SecureAlert's assets excluding TrackerPAL products. This line of credit can be expanded up to \$10,000,000 under certain terms and conditions. The letters of credit were provided as collateral by four entities. The entities received a total of 400,000 shares of the Company's common stock and were reimbursed \$40,000 in cash for expenses related to establishing the letters of credit in the year ended September 30, 2006.

In addition, the Company pays monthly interest payments at an 11% annual interest rate on the line of credit to the entities that provided the letters of credit.

(7) **ACCRUED LIABILITIES**

Accrued liabilities consisted of the following as of December 31, 2007:

Accrued payroll, taxes and employee benefits	\$	243,581
Accrued consulting costs		126,500
Accrued communication costs		113,935
Accrued interest		83,420
Accrued engineering costs		68,460
Accrued bonuses and directors fees		55,000
Accrued rental expenses		55,000
Accrued monitoring center costs		32,170
Accrued professional expenses		22,377
Accrued commissions		15,000
Other accrued expenses		19,691
Total	\$	<u>835,134</u>

(8) **DEBT OBLIGATIONS**

Debt obligations as of December 31, 2007 consisted of the following:

Notes payable due to three individuals for the acquisition of Midwest. The notes are due January 20, 2008. Subsequent to December 31, 2007, the Company paid off these notes.	\$	1,800,000
Note payable due to an individual for the acquisition of Court Programs. The note is due January 20, 2008. Subsequent to December 31, 2007, the Company paid off this note.		1,147,500
Notes payable to a financial institution bearing interest at 9%. The notes mature in June 2011 and June 2016. The notes are secured by property.		305,845
Note payable due to the Small Business Association ("SBA"). The note bears interest at 4.17% and matures on April 6, 2037.		233,081
Notes payable for monitoring equipment. The notes bear interest at 10% and mature December 2008 and January 2009. The notes are secured by the monitoring equipment.		215,928
Unsecured notes payable to former SecureAlert stockholders, with interest at 5%, payable in installments of \$80,000 per month until paid in full. These notes are currently in default, although these notes are subject to an offset provision which has never been provided to the Company.		169,676
Automobile loans with several financial institutions secured by the vehicles. Interest rates range between 4.65% and 15.96%, due between November 2008 and November 2011.		114,272
Notes payable to three stockholders of Midwest. Notes bear interest at rates ranging between 5% and 10% maturing on February 2013.		104,523
Unsecured revolving line of credit with a bank, with interest at 14.24%.		43,010
Unsecured revolving line of credit with a bank, with interest at 8.85%.		<u>37,716</u>
Total debt obligations		4,171,551
Less current portion		<u>3,542,033</u>
Long-term portion	\$	<u>629,518</u>

(9) RELATED-PARTY LINE OF CREDIT AND NOTE

As of December 31, 2007, the Company owed \$8,053 to ADP Management, an entity owned and controlled by Mr. Derrick and Mr. Dalton (“Derrick” and “Dalton”), under a line of credit agreement. Outstanding amounts on the line of credit accrue interest at 11.0% and are due on August 31, 2009. During the three months ended December 31, 2007, the net decrease in the related-party line of credit was \$231,710. The decrease consisted of net cash repayments during the three months ended December 31, 2007, of \$436,219 and an increase of \$204,509 related to monthly management fees and reimbursable expenses owed to ADP Management. Derrick’s and Dalton’s respective salaries are paid to ADP Management which in turn pays Derrick and Dalton. If the Company is unable to pay the management fee and reimbursable expenses in cash, the related-party line of credit is increased for the amount owed to ADP Management.

(10) MINORITY INTEREST

Volu-Sol Reagents

In January 2007, Derrick and Dalton exercised their previously granted right (this right was granted in February 2006) to purchase from RemoteMDx 2,500,000 shares of Volu-Sol Reagents common stock for cash proceeds of \$400,000, or \$0.16 per share. Prior to the sale, RemoteMDx owned 100% of Volu-Sol Reagents common stock. The sale decreased RemoteMDx’s ownership to 70%. During the year ended September 30, 2007, Volu-Sol Reagents negotiated a non-exclusive license agreement with RemoteMDx. Additionally, Volu-Sol issued 3,375,000 shares of common stock, with a three year anti-dilution provision, for net cash proceeds of \$1,150,000, or \$0.34 per share, to various investors. These transactions decreased RemoteMDx’s ownership of Volu-Sol Reagent’s to 50%.

During the three months ended December 31, 2007, Volu-Sol issued 3,937,500 shares of Volu-Sol Reagents common stock for cash proceeds of \$1,575,000. In addition, Volu-Sol issued 875,000 shares of its common stock for services. As of December 31, 2007, Volu-Sol Reagents had a total of 16,520,833 shares outstanding. RemoteMDx had voting control for 50.82% of the outstanding shares of Volu-Sol as of December 31, 2007 and has therefore included Volu-Sol Reagents in the accompanying consolidated financial statements.

Subsequent to December 31, 2007, RemoteMDx sold 3,000,000 shares of Volu-Sol common stock for \$2,400,000 in cash or \$0.80 per share and 1,670,000 warrants with an exercise price of \$3.30 per share.

Midwest

Effective December 1, 2007, the Company acquired 51% ownership of Midwest for \$1,800,000 in notes payable, subsequently paid off in cash, and 438,000 shares of RemoteMDx common stock.

Court Programs

Effective December 1, 2007, the Company acquired 51% ownership of Court Programs for \$300,000 in a note payable, subsequently paid off in cash, and 212,000 shares of RemoteMDx common stock.

The schedule below shows the allocation of the minority interest among the entities:

Minority Interest	
Volu-Sol Reagents	\$ 2,789,945
Midwest	58,321
Court Programs	(83,215)
Total	<u>\$ 2,765,051</u>

(11) PREFERRED STOCK

Series A 10% Convertible Non-Voting Preferred Stock

Each share of Series A Preferred Stock is convertible into 370 shares of common stock. During the three months ended December 31, 2007, no shares of Series A Preferred Stock were converted into common stock. As of December 31, 2007, there were 19 shares of Series A Preferred Stock outstanding, which represent 7,178 common stock equivalents at a conversion rate of 370 for 1. Subsequent to December 31, 2007, and as of the date of this Report, no additional shares of Series A Preferred Stock had been converted into shares of common stock.

The holders of the Series A Preferred Stock are entitled to dividends at the rate of 10% per year on the stated value of the Series A Preferred Stock (or \$200 per share), payable in cash or in additional shares of Series A Preferred Stock at the discretion of the board of directors. Dividends are fully cumulative and accrue from the date of original issuance. During the three months ended December 31, 2007 and 2006, the Company recorded \$102 and \$50,440, respectively, in dividends on Series A Preferred Stock.

The Company may, at its option, redeem up to two-thirds of the total number of shares of Series A Preferred Stock at a redemption price of 133% of the stated value of Series A Preferred Stock; however, the Company may designate a different and lower redemption price for all shares of Series A Preferred Stock called for redemption by the Company. Through December 31, 2007, the Company had not exercised its option to redeem shares of Series A Preferred Stock.

Series B Convertible Preferred Stock

During the three months ended December 31, 2007, a total of 2,000 shares of Series B Convertible Preferred Stock were converted into 15,000 shares of common stock. As of December 31, 2006, there were 10,999 shares of Series B Preferred Stock outstanding, convertible into approximately 113,783 common shares. Subsequent to December 31, 2007, through the date of this Report, no additional shares of Series B Convertible Preferred Stock had been converted into shares of common stock.

SecureAlert, Inc. Preferred Stock

As of December 31, 2007, there were 3,590,000 shares of SecureAlert Series A Preferred Stock outstanding. The holders of shares of Series A Preferred Stock are entitled to receive quarterly dividends out of any of SecureAlert's assets legally available therefore, prior and in preference to any declaration or payment of any dividend on the Common Stock of SecureAlert, at the rate of \$1.54 per day times the number of SecureAlert's parolee contracts calculated in days during the quarter. For example, if there were an average of 10,000 parolee contracts outstanding during the quarter, the total dividend would be \$1,386,000 ($\$1.54 \times 90 \text{ days} \times 10,000 \text{ contracts}$) or \$.386 per share of Series A Preferred Stock. In no case will a dividend be paid if the gross revenue per contract per day to SecureAlert averages less than \$4.50. Dividends will be paid in cash to the holders of record of shares of Series A Preferred Stock as they appear on the books and records of SecureAlert on such record dates not less than ten (10) days nor more than sixty (60) days preceding the payment dates thereof, as may be fixed by the Board of Directors of SecureAlert. As a group, all SecureAlert Series A Preferred Stock were convertible at the holders' option at any time into an aggregate of 20% ownership of the common shares of SecureAlert, Inc. During the three months ended December 31, 2007, no shares of SecureAlert Series A Preferred Stock had been converted into shares of SecureAlert common stock.

On March 24, 2008, SecureAlert redeemed all outstanding shares of SecureAlert Series A in exchange for 7,434,248 shares of RemoteMDx common stock. The former SecureAlert Series A stockholders are entitled receive to contingency payments through March 23, 2011 based on a percentage of revenues from the Company's monitoring services. The amount of the contingency payments is determined based on a formula discussed in the Designation of Rights and Preferences set forth in the Articles of Incorporation of SecureAlert, Inc., as amended. Subsequent to December 31, 2007, RemoteMDx issued 289,948 shares of common stock as consideration for dividends due to the former SecureAlert Series A stockholders through December 31, 2007.

(12) COMMON STOCK

During the three months ended December 31, 2007, the Company issued 3,175,206 shares of common stock as follows:

- 130,000 shares were issued for services performed for a value of \$621,085.
- 15,000 shares were issued from Series B Preferred Stock conversions.
- 2,854,453 shares were issued from the exercise of warrants.
- 175,753 shares were issued for dividends on SecureAlert Series A Preferred stock.

Common Stock Options and Warrants

As of December 31, 2007, 11,307,030 of the 16,063,443 outstanding options and warrants were vested with a weighted average exercise price of \$1.68 per share. During the three months ended December 31, 2007, 50,000 warrants were issued with an exercise price of \$4.05 per share and vested immediately. During the three months ended December 31, 2007, various warrant holders exercised 2,854,453 warrants resulting in cash proceeds to the Company of \$2,044,881.

(13) SEGMENT INFORMATION

The Company is organized into two business segments based primarily on the nature of the Company's products. The Reagents segment is engaged in the business of manufacturing and marketing medical diagnostic stains, solutions and related equipment to hospitals and medical testing labs. The electronic monitoring segment (comprising the SecureAlert, Midwest, and Court Programs subsidiaries) is engaged in the business of developing, distributing and monitoring offender tracking devices. Other (unallocated) loss consists of research and development, selling, general and administrative expenses related to the Company's corporate activities, including remote health monitoring and market and business development activities.

The following table reflects certain financial information relating to each reportable segment for three months ended December 31, 2007 and 2006:

	Three Months Ended December 31,	
	2007	2006
Sales to external customers:		
Electronic monitoring	\$ 3,469,286	\$ 435,383
Reagents	169,592	152,854
	<u>\$ 3,638,878</u>	<u>\$ 588,237</u>
Loss from operations:		
Electronic monitoring	\$ (2,133,865)	\$ (4,825,688)
Reagents	(284,246)	(66,722)
Other (unallocated)	(2,157,694)	(2,866,603)
	<u>\$ (4,575,805)</u>	<u>\$ (7,759,013)</u>
Identifiable assets:	As of December 31, 2007	
Electronic monitoring	\$ 14,892,645	
Reagents	2,494,825	
Other (unallocated)	5,530,086	
Total assets	<u>\$ 22,917,556</u>	

(14) SUBSEQUENT EVENTS

Subsequent to December 31, 2007, the Company entered into the following transactions:

- 1) Issued 212,000 shares of common stock and paid cash of \$300,000 as payment in full on the note payable in connection with the acquisition of Court Programs.
- 2) Issued 438,000 shares of common stock and paid cash of \$1,800,000 as payment in full on the \$1,800,000 notes payable in connection with the acquisition of Midwest.
- 3) Issued 345,755 shares of common stock for services rendered.
- 4) Issued 10,000 shares upon the exercise of options for cash proceeds of \$6,000.
- 5) Sold 3,000,000 shares of Volu-Sol common stock for \$2,400,000 in cash.

(15) COMMITMENTS AND CONTINGENCIES

Onyx Consulting Group, LLC v. RemoteMDx, Inc. The dispute arises out of an agreement between Onyx and the Company pursuant to which Onyx agreed to provide investor relations related services to the Company. On October 9, 2007, Onyx served its Statement of Claim, in which it asserted a claim for breach of contract, seeking as damages the value of 750,000 shares of restricted RemoteMDx common stock it claims it is due under the agreement. An arbitrator has been appointed but discovery has not yet commenced. The arbitration hearing is scheduled for April 2008. The Company has asserted counterclaims against Onyx for breach of contract and rescission. On May 19, 2008, the Company settled this matter by issuing 325,000 restricted shares of the Company's common stock to Onyx.

Strategic Growth International, Inc. v. RemoteMDx, Inc., This action was filed in response to an action previously filed by the Company against SGI in Utah. The action arises out of a contract between SGI and the Company for certain investor relations related services to be performed by SGI. The SGI Defendants' Complaint alleges a single claim for Breach of Contract and seeks recovery of: 1) the balance they claim remains due under the contract (approximately \$80,000); 2) the value of options to purchase 500,000 shares of restricted RemoteMDx common stock at \$0.50 per share; and 3) the value of one million shares of restricted RemoteMDx common stock. In its Answer and Counterclaims, the Company denied the SGI Defendants' allegations and asserted counterclaims for: (1) breach of contract; (2) rescission; and (3) declaratory judgment. On October 29, 2007, with the approval of the court, the Company amended its Answer and Counterclaims to assert an additional claim against SGI for fraudulent inducement. The Company seeks rescission of its contract with SGI and the return of amounts the Company paid SGI under the contract. Discovery is ongoing and a final pretrial conference is set for March 2008. The Company intends to vigorously defend itself against the SGI Defendants' claim and to prosecute its counterclaims against the SGI Defendants. The Company has not accrued any potential loss as the probability of incurring such losses is deemed remote by management, after consultation with legal counsel.

Item 2. Management's Discussion and Analysis or Plan of Operation

Special Note Regarding Forward-looking Information

Certain statements in this Item 2, "Management's Discussion and Analysis or Plan of Operation," are "forward-looking statements" within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act"). For this purpose, any statements contained or incorporated in this report that are not statements of historical fact may be deemed to be forward-looking statements. The words "believes," "will," "plans," "anticipates," "expects" and similar expressions are intended to identify forward-looking statements. A number of important factors could cause the actual results of the Company to differ materially from those anticipated by forward-looking statements. These factors include those set forth under the caption "Risk Factors" in Item 6 - "Management's Discussion and Analysis or Plan of Operation" in the Company's Annual Report on Form 10-KSB/A for the year ended September 30, 2007, as amended. The Company disclaims any obligation or intention to update any forward-looking statement.

General

RemoteMDx, Inc. ("RemoteMDx" or the "Company") markets, monitors and sells the TrackerPAL device. The TrackerPAL is used to monitor convicted offenders that are on probation or parole, in the criminal justice system. The TrackerPAL device utilizes GPS and cellular technologies in conjunction with a monitoring center that is staffed 365 days a year. The Company believes that its technologies and services will benefit the law enforcement officials and allow them to respond immediately to a problem involving one of their offenders. The parole and probation market

consists of approximately 4.9 million adults in the criminal justice system at any given time. The TrackerPAL is targeted to meet the needs of this market.

Our Strategy

Our goal is to establish the Company as a significant marketer and distributor of leading technology and services we have developed for the parolee and probation market.

Critical Accounting Policies

In Note 2 to the audited financial statements for the fiscal year ended September 30, 2007 included in the Company's Form 10-KSB/A, as amended, the Company discusses those accounting policies that are considered to be significant in determining the results of operations and its financial position. The Company believes the accounting principles utilized by it conform to accounting principles generally accepted in the United States of America.

The preparation of consolidated financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, we evaluate our estimates, including those related to bad debts, inventories, intangible assets, warranty obligations, product liability, revenue, and income taxes. We base our estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

With respect to revenue recognition, impairment of long-lived assets, and accounting for stock-based compensation, the Company applies the following critical accounting policies in the preparation of its financial statements:

Revenue Recognition

The Company's revenue has historically been from three sources: (i) monitoring services; (ii) monitoring device and other product sales; and (iii) sales of medical diagnostic stains.

Monitoring Services

Monitoring services include two components: (a) lease contracts in which the Company provides monitoring services and leases devices to distributors or end users and the Company retains ownership of the leased device; and (b) monitoring services purchased by distributors or end users who have previously purchased monitoring devices and opt to use the Company's monitoring services.

The Company typically leases its devices under one-year contracts with customers that opt to use the Company's monitoring services. However, these contracts may be cancelled by either party at anytime with 30 days notice. Under the Company's standard leasing contract, the leased device becomes billable on the date of activation or 21 days from the date the device is assigned to the lessee, and remains billable until the device is returned to the Company. The Company recognizes revenue on leased devices at the end of each month that monitoring services have been provided. In those circumstances in which the Company receives payment in advance, the Company records these payments as deferred revenue.

Monitoring Device Product Sales

Although not the focus of the Company's business model, the Company sells its monitoring devices in certain situations. In addition, the Company sells home security and PERS units. The Company recognizes product sales revenue when persuasive evidence of an arrangement with the customer exists, title passes to the customer and the customer cannot return the devices, prices are fixed or determinable (including sales not being made outside the normal payment terms) and collection is reasonably assured.

When purchasing products (such as TrackerPAL devices) from the Company, customers may, but are not required to, enter into monitoring service contracts with the Company. The Company recognizes revenue on monitoring services for customers that have previously purchased devices at the end of each month that monitoring services have been provided.

Multiple Element Arrangements

The majority of the Company's revenue transactions do not have multiple elements. On occasion, the Company has revenue transactions that have multiple elements (such as product sales and monitoring services). For revenue arrangements that have multiple elements, the Company considers whether: (i) the delivered devices have standalone value to the customer; (ii) there is objective and reliable evidence of the fair value of the undelivered monitoring

services, which is generally determined by surveying the price of competitors' comparable monitoring services; and (iii) the customer does not have a general right of return. Based on these criteria, the Company recognizes revenue from the sale of devices separately from the monitoring services to be provided to the customer. In accordance with EITF 00-21, if the fair value of the undelivered element exists, but the fair value does not exist for one or more delivered elements, then revenue is recognized using the residual method. Under the residual method as applied to these particular transactions, the fair value of the undelivered element (the monitoring services) is deferred and the remaining portion of the arrangement (the sale of the device) is recognized as revenue when the device is delivered and all other revenue recognition criteria are met.

Medical Diagnostic Stain Sales

The Company recognizes medical diagnostic stains revenue when persuasive evidence of an arrangement with the customer exists, title passes to the customer and the customer cannot return the products, prices are fixed or determinable (including sales not being made outside the normal payment terms) and collection is reasonably assured.

Other Matters

The Company considers an arrangement with payment terms longer than the Company's normal terms not to be fixed or determinable, and revenue is recognized when the fee becomes due. Normal payment terms for the sale of monitoring services are 30 days, and normal payment terms for device sales are between 120 and 180 days. The Company sells its devices and services directly to end users and to distributors. Distributors do not have general rights of return. Also, distributors have no price protection or stock protection rights with respect to devices sold to them by the Company. Generally, title and risk of loss pass to the buyer upon delivery of the devices.

The Company estimates its product returns based on historical experience and maintains an allowance for estimated returns, which is recorded as a reduction to accounts receivable and revenue.

Shipping and handling fees are included as part of net revenues. The related freight costs and supplies directly associated with shipping products to customers are included as a component of cost of revenues.

Impairment of Long-lived Assets

The Company reviews its long-lived assets for impairment when events or changes in circumstances indicate that the book value of an asset may not be recoverable. The Company evaluates, at each balance sheet date, whether events and circumstances have occurred which indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows of the related asset or group of assets over the estimated remaining life in measuring whether the assets are recoverable. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount exceeds the estimated fair value of the asset. Impairment of long-lived assets is assessed at the lowest levels for which there are identifiable cash flows that are independent of other groups of assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less the estimated costs to sell. In addition, depreciation of the asset ceases. During the three months ended December 31, 2007 and 2006, no impairment of long-lived assets was recorded.

Accounting for Stock-based Compensation

For the three months ended December 31, 2007, no stock options were granted to employees. The Company granted 150,000 stock options to employees during the three months ended December 31, 2006. The weighted average fair value of stock options at the date of grant during the three months ended December 31, 2007 and 2006 was \$0 and \$0.69, respectively.

The expected life of stock options represents the period of time that the stock options granted are expected to be outstanding based on historical exercise trends. The expected volatility is based on the historical price volatility of common stock. The risk-free interest rate represents the U.S. Treasury bill rate for the expected life of the related stock options. The dividend yield represents the Company's anticipated cash dividend over the expected life of the stock options.

The following are the weighted-average assumptions used for options granted during the three months ended December 31, 2006:

December 31, 2006

Risk free interest rate	4.69%
Expected life	5 Years
Dividend yield	n/a
Volatility	145%

A summary of employee stock option activity for the three months ended December 31, 2007, is presented below:

	Shares Under Option	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at September 30, 2007	3,295,000	\$ 0.64		
Granted	-	-		
Exercised	(950,000)	0.63		
Forfeited	-	-		
Expired	-	-		
Outstanding at December 31, 2007	<u>2,345,000</u>	\$ 0.65	3.80 Years	6,714,500
Exercisable at December 31, 2007	<u>190,000</u>	\$ 1.04	3.91 Years	469,749

A summary of the status of the Company's non-vested stock options as of and for the three months ended December 31, 2007, is presented below:

	Non-Vested Options	Weighted Average Grant Date Fair Value
Non-vested at September 30, 2007	2,155,000	\$ 0.61
Granted	-	-
Vested	-	-
Forfeited	-	-
Non-vested at December 31, 2007	<u>2,155,000</u>	\$ 0.61

As of December 31, 2007, there was approximately \$1,268,000 of unrecognized compensation cost related to stock options that will be recognized over approximately the next two years.

Three months ended December 31, 2007, compared to three months ended December 31, 2006

Revenues

For the three months ended December 31, 2007, the Company had revenues of \$3,638,878 compared to \$588,237 for the three months ended December 31, 2006, an increase of \$3,050,641. The increase in revenues resulted primarily from the sale and monitoring of offender tracking devices.

During the year ended September 30, 2007, the Company delivered TrackerPAL devices to distributors with a sales value of \$1,300,000 that did not meet the requirements of EITF 00-21 and SAB 104 for revenue recognition. During

the three months ended December 31, 2007, \$33,333 of the \$1,300,000 was recognized as revenue and the remaining \$1,266,667 is deferred and will be recognized in future periods.

SecureAlert had revenues of \$2,908,390 during the three months ended December 31, 2007, compared to revenues of \$435,383 for the three months ended December 31, 2006. These revenues in the three months ended December 31, 2007 consisted of \$1,033,333 from the sale of offender tracking devices, \$1,855,149 from the monitoring of offender tracking devices, and \$19,908 from home and personal security systems. Electronic Monitoring Services and QuestGuard were significant customers of SecureAlert, accounting for 36% and 29%, respectively, of SecureAlert revenues for the three months ended December 31, 2007. No other SecureAlert customer accounted for 10% or more of its revenues.

Reagents had revenues for the three months ended December 31, 2007 of \$169,592, compared to \$152,854 during the three months ended December 31, 2006. The increase in revenues of \$16,738 resulted primarily from hematology product sales. Although revenues increased for the three months ended December 31, 2007 compared to the same period in 2006, the Company anticipates that Reagents' revenues will decrease in the future as a percentage of total revenues. The following are significant customers of Reagents accounting for more than 10% of Reagents' revenues during the period: Thermo Fisher Scientific (previously known as Fisher Scientific) accounted for 25%, Cardinal Health Medical accounted for 14%, and Esbe Scientific accounted for 11%. No other Reagents customer accounted for 10% or more of Reagent's revenues.

On December 1, 2007, the Company acquired Midwest. For the month ended December 31, 2007, Midwest had revenues of \$351,583. These revenues consisted of \$311,631 from the monitoring of offender tracking devices, \$36,046 from the sale of equipment, and \$3,906 from other miscellaneous sales.

On December 1, 2007, the Company acquired Court Programs. For the month ended December 31, 2007, Court Programs had revenues of \$209,313 from the monitoring of offender tracking devices and parolee services.

Cost of Revenues

For the three months ended December 31, 2007, cost of revenues was \$2,857,007 compared to \$1,930,665 during the three months ended December 31, 2006, an increase of \$926,342. Cost of revenues increased due to an increase in revenues for the same period. SecureAlert's cost of revenues totaled \$2,431,258, or 84%, of SecureAlert's revenues during the three months ended December 31, 2007, compared to \$1,837,181, or 422%, of SecureAlert's revenues during the three months ended December 31, 2006. SecureAlert's cost of revenues for the December 31, 2007 of \$2,431,258 was comprised of the following: device costs of \$693,043, commissions of \$120,176, communication costs of \$702,132, location costs of \$11,441, monitoring center costs of \$456,318, amortization of \$270,979, personal emergency response costs of \$3,626, and other TrackerPAL costs of \$173,543. SecureAlert's cost of revenues for the three months ended December 31, 2006 of \$1,837,181 was comprised of the following: communication costs of \$894,847, monitoring center costs of \$412,438, amortization of \$442,788, personal emergency response costs of \$80,600, and other TrackerPAL costs of \$6,508.

Midwest's cost of revenues totaled \$173,915 for the one month ended December 31, 2007. Court Programs cost of revenues totaled \$137,613 for the one month ended December 31, 2007.

Reagents' cost of revenues was \$114,221, or 67%, of Reagent's revenues during the three months ended December 31, 2007, compared to \$93,484, or 61%, of Reagent's revenues for the same period during the prior fiscal year. The increase as a percentage of revenues was primarily due to an increase in material, shipping and labor costs.

As indicated above, \$1,300,000 of device deliveries did not meet the requirements of EITF 00-21 and SAB104 for revenue recognition. The corresponding cost of revenues is \$952,341. During the three months ended December 31, 2007, \$22,894 of the \$952,341 was recognized as cost of revenues and the remaining \$929,447 is deferred and will be recognized in future periods.

Research and Development Expenses

During the three months ended December 31, 2007 and 2006, research and development expense was \$1,040,447 and \$1,219,659, respectively, and consisted primarily of expenses associated with the development of SecureAlert's TrackerPAL device and related services.

Selling, General and Administrative Expenses

During the three months ended December 31, 2007, selling, general and administrative expenses were \$4,317,229 compared to \$5,196,926 during the three months ended December 31, 2006. The decrease of \$879,697 relates primarily to a decrease in the following expenses: bad debt of \$13,684, commissions of \$26,867, consulting of \$770,998, investment relations and banking fees of \$154,282, equipment lease of \$13,898, legal and professional fees of \$228,199, outside services of \$184,883, overhead allocation of \$67,000, rent of \$13,136, supplies of \$31,111, and other decreases in selling, general and administrative expenses of \$184,626. Furthermore, the decrease of \$879,697 in selling, general and administrative expenses was offset, in part, by increases in the following expenses: advertising of \$32,224, amortization of \$2,387, automobile expense of \$22,749, board of directors fees of \$10,000, depreciation of \$45,224, insurance of \$25,064, payroll and taxes of \$201,318, rent of \$27,271, repairs and maintenance of \$11,948, telephone of \$41,309, travel of \$359,942 and other increases in selling, general and administrative expenses of \$29,551. The decrease in consulting of \$770,998 relates primarily a decrease in public relations expense for the three months ended December 31, 2007 compared to the three months ended December 31, 2006.

Interest Income and Expense

During the three months ended December 31, 2007, interest expense totaled \$375,510 compared to \$284,285 paid in the three months ended December 31, 2006. This amount consists primarily of non-cash interest expense of \$178,406 related to unamortized financing costs associated with shares of common stock issued for prepaid interest. The increase of \$91,225 is due primarily from the issuance of common stock to extend the Company's related-party line of credit.

Liquidity and Capital Resources

The Company is presently unable to finance its business solely from cash flows from operating activities. During the three months ended December 31, 2007, the Company financed its business primarily from the sale and issuance of common stock of the Company's subsidiary Volu-Sol and the exercise of warrants for the purchase of common stock of the Company for net proceeds of \$4,027,380.

As of December 31, 2007, the Company had unrestricted cash of \$7,713,104 and working capital of \$2,441,103, compared to unrestricted cash of \$5,556,275 and working capital of \$1,296,985 as of September 30, 2007.

During the three months ended December 31, 2007, the Company's operating activities used cash of \$1,284,739, compared to \$552,722 of cash provided during the three months ended December 31, 2006.

The Company used cash of \$43,313 for investing activities during the three months ended December 31, 2007.

The Company's financing activities during the three months ended December 31, 2007, provided cash of \$3,484,881 compared to \$5,898,488 during the three months ended December 31, 2006. During the three months ended December 31, 2007, the Company had net proceeds of \$1,575,000 from the sale of equity securities by the Company's subsidiary Volu-Sol, \$2,452,380 from the exercise of warrants, and \$160,898 of cash acquired through the purchase of Midwest and Court Programs. Cash decreased due to \$188,534 in payments on the bank line of credit, \$436,219 in net payments on the related-party line of credit, and \$78,644 in payments on notes payable. Cash provided by financing activities was used to fund operating activities and purchase monitoring equipment.

The Company incurred a net loss of \$2,341,944 for the three months ended December 31, 2007. As of December 31, 2007, the Company had stockholders' equity of \$3,595,272 and an accumulated deficit of \$135,438,890. These factors, as well as the risk factors set out in the Company's annual report on Form 10-KSB/A for the year ended September 30, 2007, as amended, raise substantial doubt about the Company's ability to continue as a going concern. The unaudited condensed consolidated financial statements included in this report do not include any adjustments that might result from the outcome of this uncertainty. The Company's plans with respect to this uncertainty, are to focus on the lease of the TrackerPAL product and increasing its monitoring services revenues. There can be no assurance that revenues will increase rapidly enough to deliver profitable operating results and pay the Company's debts as they come due. Likewise, there can be no assurance that the debt holders will be willing to convert the debt obligations to equity securities or that the Company will be successful in raising additional capital from the sale of equity or debt securities. If the Company is unable to increase cash flows from operating activities or obtain additional financing, it will be unable to continue the development of its business and may have to cease operations.

Recent Developments

Subsequent to December 31, 2007, the Company entered into the following transactions:

- 1) Issued 212,000 shares of common stock and paid off the \$300,000 note payable in connection with the acquisition of Court Programs.
- 2) Issued 438,000 shares of common stock and paid off the \$1,800,000 notes payable in connection with the acquisition of Midwest.
- 3) Issued 345,755 shares of common stock for services rendered.
- 4) Issued 10,000 shares upon the exercise of options for cash proceeds of \$6,000.
- 5) Sold 3,000,000 shares of Volu-Sol for \$2,400,000 in cash.

Item 3. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the required time periods, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we conducted an evaluation, under the supervision of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of September 30, 2007. In our evaluation, we identified deficiencies that existed in the tracking of leased equipment, revenue recognition, expense classification, and design and operation of our internal control over financial reporting that we and our independent registered public accounting firm considered to be “material weaknesses.” A material weakness is a significant deficiency or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the annual or interim financial information will not be prevented or detected.

The deficiencies in our internal control over financial reporting relate to the failure to properly disclose equity transactions, tracking of leased equipment, revenue recognition and classification of expenses. The deficiencies were detected in the evaluation process and the transactions have been appropriately recorded and disclosed in this Form 10-QSB/A. We are in the process of improving our internal control over financial reporting in an effort to resolve these deficiencies through improved supervision and training of our staff, but additional effort is needed to fully remedy these deficiencies. Our management, audit committee, and directors will continue to work with our auditors and outside advisors to ensure that our controls and procedures are adequate and effective.

Based on the matters identified above, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective. These deficiencies have been disclosed to our audit committee.

Changes in Internal Control over Financial Reporting. Other than as described above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rules 13a-15 or 15d-15 that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls. A system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the system will meet its objectives. The design of a control system is based, in part, upon the benefits of the control system relative to its costs. Control systems can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. In addition, over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. In addition, the design of any control system is based in part upon assumptions about the likelihood of future events.

Section 404 Assessment. Section 404 of the Sarbanes-Oxley Act of 2002 requires management’s annual review and evaluation of our internal controls and an attestation of the effectiveness of these controls by our independent registered public accounting firm beginning with our Form 10-K for the fiscal year ending on September 30, 2008. We plan to dedicate significant resources, including management time and effort, in connection with our Section 404

assessment. The evaluation of our internal controls will be conducted under the direction of our senior management. We will continue to work to improve our controls and procedures, and to educate and train our employees on our existing controls and procedures in connection with our efforts to maintain an effective controls infrastructure at our Company.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Onyx Consulting Group, LLC v. RemoteMDx, Inc. The dispute arises out of an agreement between Onyx and the Company pursuant to which Onyx agreed to provide investor relations related services to the Company. On October 9, 2007, Onyx served its Statement of Claim, in which it asserted a claim for breach of contract, seeking as damages the value of 750,000 shares of restricted RemoteMDx common stock it claims it is due under the agreement. An arbitrator has been appointed but discovery has not yet commenced. The arbitration hearing is scheduled for April 2008. The Company has asserted counterclaims against Onyx for breach of contract and rescission. On May 19, 2008, the Company settled this matter by issuing 325,000 restricted shares of RemoteMDx common stock to Onyx.

Strategic Growth International, Inc. v. RemoteMDx, Inc., This action was filed in response to an action previously filed by the Company against SGI in Utah. The action arises out of a contract between SGI and the Company for certain investor relations related services to be performed by SGI. The SGI Complaint alleges a single claim for breach of contract and seeks recovery of: 1) the balance SGI claims remains due under the contract (approximately \$80,000); 2) the value of options to purchase 500,000 shares of restricted common stock of the Company at \$0.50 per share; and 3) the value of one million shares of restricted common stock of the Company. In its Answer and Counterclaims, the Company denied SGI's allegations and asserted counterclaims for: (1) breach of contract; (2) rescission; and (3) declaratory judgment. On October 29, 2007, with the approval of the court, the Company amended its Answer and Counterclaims to assert an additional claim against SGI for fraudulent inducement. The Company seeks rescission of its contract with SGI and the return of amounts the Company paid SGI under the contract. Discovery is ongoing and a final pretrial conference is set for March 2008. The Company intends to vigorously defend itself against SGI's claims and to prosecute its counterclaims against SGI. The Company has not accrued any potential loss as the probability of incurring such losses is deemed remote by management, after consultation with legal counsel.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended December 31, 2007, the Company issued 3,175,206 shares of common stock as follows:

- 130,000 shares were issued for services performed for a value of \$621,085. These shares were issued without registration under the Securities Act of 1933, as amended ("Securities Act"), in reliance on Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder. In each case, the shares were issued pursuant to privately negotiated transactions with individuals or entities who had provided service to the Company; there was no public offering of the securities, no general solicitation or advertising was made or done in connection with the issuances, and the shares were issued in paper certificate form with appropriate restrictive legends prominently affixed on the certificates.
- 15,000 shares upon Series B Preferred Stock conversions. These shares were issued without registration under the Securities Act in reliance on Sections 3(a)(9) and 4(2) of the Securities Act and the rules and regulations promulgated thereunder. The recipients of the common stock were accredited investors and were already security holders of the Company. The common shares were issued pursuant to the terms of the rights and preferences of the preferred class of securities that were converted, and there was no public offering of securities. Additionally, no general solicitation or general advertising was made or done in connection with the issuances, and no cash consideration was paid in connection with the conversion of the preferred stock.
- 2,854,453 shares upon the exercise of warrants. These shares were issued without registration under the Securities Act in reliance on Section 4(2) of the Securities Act and the rules and regulations promulgated thereunder. There was no public offering of securities in connection with these issuances. Additionally, no general solicitation or advertising was done in connection with the issuance, and the shares issued

upon exercise of the warrants were issued in paper certificate form, with appropriate restrictive legends prominently affixed on the certificates.

- 175,753 shares were issued for dividends on SecureAlert Series A Preferred stock. These shares were issued without registration under the Securities Act in reliance on Sections 3(a)(9) and 4(2) of the Securities Act and the rules and regulations promulgated thereunder. The recipients of the common stock were accredited investors and were already security holders of the Company. The common shares were issued pursuant to the terms of the rights and preferences of the preferred class of securities that were converted, and there was no public offering of securities. Additionally, no general solicitation or general advertising was made or done in connection with the issuances, and no cash consideration was paid in connection with the conversion of the preferred stock.

Item 6. Exhibits and Reports on Form 8-K

(a) *Exhibits Required by Item 601 of Regulation S-B*

<u>Exhibit Number</u>	<u>Title of Document</u>
3.01	Articles of Incorporation (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
3.01(1)	Amendment to Articles of Incorporation for Change of Name (previously filed as Exhibit on Form 10-KSB for the year ended September 30, 2001)
3.01(2)	Amendment to Articles of Incorporation Amending Rights and Preferences of Series A Preferred Stock (previously filed as Exhibit on Form 10-KSB for the year ended September 30, 2001)
3.01(3)	Amendment to Articles of Incorporation Adopting Designation of Rights and Preferences of Series B Preferred Stock (previously filed as Exhibit on Form 10-QSB for the six months ended March 31, 2002)
3.01(4)	Certificate of Amendment to the Designation of Rights and Preferences Related to Series A 10% Cumulative Convertible Preferred Stock of RemoteMDx, Inc. (incorporated by reference to the Company's annual report on Form 10-KSB for the year ended September 30, 2001)
3.01(5)	Certificate of Amendment to the Designation of Rights and Preferences Related to Series C 8% Convertible Preferred Stock of RemoteMDx, Inc. (incorporated by reference to the Company's Current Report on Form 8-K, filed with the Commission on March 24, 2006)
3.01(6)	Articles of Amendment to Articles of Incorporation filed July 12, 2006 (previously filed as exhibits to the Company's current report on Form 8-K filed July 18, 2006, and incorporated herein by reference).
3.02	Bylaws (incorporated by reference to the Company's Registration Statement on Form 10-SB, effective December 1, 1997)
3.03	Articles of Amendment to the Fourth Amended and Restated Designation of Right and Preferences of Series A 10% Convertible Non-Voting Preferred Stock of RemoteMDx, Inc. (previously filed as Exhibit on Form 10-QSB for the nine months ended June 30, 2007, filed in August 2007).
3.04	Articles of Amendment to the Designation of Right and Preferences of Series A Convertible Redeemable Non-Voting Preferred Stock of SecureAlert, Inc. (previously filed as Exhibit on Form 10-QSB for the nine months ended June 30, 2007, filed in August 2007).

- 4.01 2006 Equity Incentive Award Plan (previously filed in August 2006 the Form 10-QSB for the nine months ended June 30, 2006)
- 10.01 Distribution and Separation Agreement (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
- 10.02 1997 Stock Incentive Plan of the Company, (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
- 10.03 1997 Transition Plan (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997).
- 10.04 Securities Purchase Agreement for \$1,200,000 of Series A Preferred Stock (incorporated by reference to the Company's Registration Statement and Amendments thereto on Form 10-SB, effective December 1, 1997)
- 10.05 Loan Agreement (as amended) dated June 2001 between ADP Management and the Company (incorporated by reference to the Company's annual report on Form 10-KSB for the year ended September 30, 2001)
- 10.06 Loan Agreement (as amended and extended) dated March 5, 2002 between ADP Management and the Company, effective December 31, 2001 (filed as an exhibit to the Company's quarterly report on Form 10-QSB for the quarter ended December 31, 2001)
- 10.07 Agreement with ADP Management, Derrick and Dalton (April 2003) (previously filed as Exhibit on Form 10-QSB for the six months ended March 31, 2003)
- 10.08 Security Agreement between Citizen National Bank and the Company (previously filed on Form 8-K in July 2006).
- 10.09 Promissory Note between Citizen National Bank and the Company (previously filed on Form 8-K in July 2006).
- 10.10 Common Stock Purchase Agreement dated as of August 4, 2006 (previously filed as an exhibit to the Company's current report on Form 8-K filed August 7, 2006 and incorporated herein by reference).
- 10.11 Change in Terms Agreement between Citizen National Bank and the Company (previously filed as Exhibit on Form 10-KSB for the year ended September 30, 2006)
- 10.12 Securities Purchase Agreement between the Company and VATAS Holding GmbH, a German limited liability company (previously filed on Form 8-K in November 2006).
- 10.13 Common Stock Purchase Warrant between the Company and VATAS Holding GmbH dated November 9, 2006 (previously filed as Exhibit on Form 10-QSB for the three months ended December 31, 2006, filed in February 2007).
- 10.14 Settlement Agreement and Mutual Release between the Company and Michael Sibbett and HGR Enterprises, LLC, dated as of February 1, 2007 (previously filed as Exhibit on Form 10-QSB for the three months ended December 31, 2006, filed in February 2007).
- 10.15 Distributor Sales, Service and License Agreement between the Company and Seguridad Satelital Vehicular S.A. de C.V., dated as of February 5, 2007 (previously filed as Exhibit on Form 10-QSB for the three months ended December 31, 2006, filed in February 2007).
- 10.16 Distributor Agreement between the Company and QuestGuard, dated as May 31, 2007. Portions of this exhibit were redacted pursuant to a request for confidential treatment filed

with the Securities and Exchange Commission (previously filed as Exhibit on Form 10-QSB for the nine months ended June 30, 2007, filed in August 2007).

- 10.17 Stock Purchase Agreement between the Company and Midwest Monitoring & Surveillance, Inc., dated effective December 1, 2007 (previously filed as Exhibit on Form 10-KSB for the year ended September 30, 2007, filed in January 2008).
- 10.18 Stock Purchase Agreement between the Company and Court Programs, Inc., Court Programs of Florida Inc., and Court Programs of Northern Florida, Inc., dated effective December 1, 2007 (previously filed as Exhibit on Form 10-KSB for the year ended September 30, 2007, filed in January 2008).
- 10.19 Sub-Sublease Agreement between the Company and Cadence Design Systems, Inc., a Delaware corporation, dated March 10, 2005 (previously filed as Exhibit on Form 10-KSB/A for the year ended September 30, 2007, filed in April 2008).
- 10.20 Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated September 14, 2007 (previously filed as Exhibit on Form 10-KSB/A for the year ended September 30, 2007, filed in April 2008).
- 10.21 Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated September 14, 2007 (previously filed as Exhibit on Form 10-KSB/A for the year ended September 30, 2007, filed in April 2008).
- 10.22 Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated September 14, 2007 (previously filed as Exhibit on Form 10-KSB/A for the year ended September 30, 2007, filed in April 2008).
- 10.23 Patent Assignment Agreement between Futuristic Medical Devices, LLC, dated December 20, 2007 (previously filed as Exhibit on Form 10-KSB/A for the year ended September 30, 2007, filed in April 2008).
- 10.24 Stock Purchase Agreement (sale of Volu-Sol Reagents Corporation shares to Futuristic Medical, LLC), dated January 15, 2008, including voting agreement (previously filed as Exhibit on Form 10-KSB/A for the year ended September 30, 2007, filed in April 2008).
- 14 Code of Business Conduct and Ethics (previously filed as Exhibit on Form 10-KSB for the year ended September 30, 2007, filed in January 2008).
- 31.1 Certification of President and Chief Executive Officer under Section 302 of Sarbanes-Oxley Act of 2002
- 31.2 Certification of Chief Financial Officer under Section 302 of Sarbanes-Oxley Act of 2002
- 32 Certification under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. section 1350)

SIGNATURES

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

REMOTEMDX, INC.

Date: June 18, 2008

By: /s/ David G. Derrick
David G. Derrick,
Chief Executive Officer

Date: June 18, 2008

By: /s/ Michael G. Acton
Michael G. Acton,
Principal Accounting Officer

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, David G. Derrick, certify that:

1. I have reviewed this quarterly report on Form 10-QSB/A of RemoteMDx, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Omitted pursuant to SEC Release No.'s 33-8293, 34-47986, 33-8618, and 33-8760;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 18, 2008

/s/ David G. Derrick
David G. Derrick
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Michael G. Acton, certify that:

1. I have reviewed this quarterly report on Form 10-QSB/A of RemoteMDx, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Omitted pursuant to SEC Release No.'s 33-8293, 34-47986, 33-8618, and 33-8760;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 18, 2008

/s/ Michael G. Acton
Michael G. Acton
Chief Financial Officer (Principal Accounting Officer)

EXHIBIT 32

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of RemoteMDx, Inc. on Form 10-QSB/A for the period ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), David G. Derrick, Chief Executive Officer and Michael G. Acton, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David G. Derrick
David G. Derrick
Chief Executive Officer
RemoteMDx, Inc.

/s/ Michael G. Acton
Michael G. Acton
Chief Financial Officer (Principal Accounting Officer)

Dated: June 18, 2008