ORTHOMETRIX, INC.

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED SEPTEMBER 30, 2014 AND 2013

Orthometrix, Inc.
Balance Sheets

	September 30, 2014 (unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash	$ 397,425	$ 14,453
Accounts receivable	58,736	5,414
Inventory	95,940	73,296
Prepaid expenses	3,495	15,498
Due from Andante Medical Devices Inc.	243,864	106,138
Total Current Assets	799,460	214,799
PROPERTY AND EQUIPMENT, Net	2,580	2,669
TOTAL ASSETS	$ 802,040	$ 217,468
LIABILITIES AND STOCKHOLDER'S DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 246,715	$ 239,328
Accrued expenses	-	125,552
Customer deposit	21,909	-
Unearned service revenue	125,650	8,125
Total current liabilities	394,274	373,005
OTHER LIABILITIES:		
Notes payable - related parties	596,294	630,938
Accrued interest on notes payable - related parties	1,082,134	1,029,323
Deferred Compensation	1,292,860	1,126,583
Total other liabilities	2,971,288	2,786,844
STOCKHOLDERS' DEFICIT		
Common stock - par value $.0005 per share, 75,000,000 shares authorized, and 53,211,864 shares issued and outstanding	26,605	26,502
Preferred stock - par value $.0005 per share, 1,000,000 shares authorized	-	
Additional paid-in capital	44,307,159	44,306,324
Accumulated deficit	(46,897,286)	(47,275,207)
TOTAL STOCKHOLDERS' DEFICIT	(2,563,522)	(2,942,381)
TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT	$ 802,040	$ 217,468

Orthometrix, Inc.
Statements of Operations
(Unaudited)

	For the Nine Months Ended September 30, 2014	For the Nine Months Ended September 30, 2013
REVENUE	$ 1,382,745	$ 952,325
COST OF GOODS SOLD	379,105	298,853
GROSS PROFIT	1,003,640	653,472
SELLING AND MARKETING EXPENSE	195,489	126,697
GENERAL AND ADMINISTRATIVE EXPENSES	384,277	278,593
OPERATING INCOME	423,874	248,182
OTHER INCOME (EXPENSES):		
Interest expense	(52,813)	(54,230)
Income taxes	(1,075)	(1,025)
Interest income	7,935	83
TOTAL OTHER EXPENSES	(45,953)	(55,172)
INCOME BEFORE INCOME TAXES	377,921	193,010
INCOME TAXES	-	-
NET INCOME	$ 377,921	$ 193,010
Weighted average shares		
Basic	53,204,318	53,006,864
Diluted	55,256,974	54,921,534
Income per share		
Basic	$ 0.0071	$ 0.0036
Diluted	$ 0.0068	$ 0.0035

Orthometrix, Inc.
Statements of Operations
(Unaudited)

	For the Three Months Ended September 30, 2014	For the Three Months Ended September 30, 2013
REVENUE	$ 395,673	$ 600,481
COST OF GOODS SOLD	110,258	200,453
GROSS PROFIT	285,415	400,028
SELLING AND MARKETING EXPENSE	70,828	48,102
GENERAL AND ADMINISTRATIVE EXPENSES	119,877	90,016
OPERATING INCOME	94,710	261,910
OTHER INCOME (EXPENSES):		
Interest expense	(16,008)	(18,142)
Interest income	3,261	70
TOTAL OTHER EXPENSES	(12,747)	(18,072)
INCOME BEFORE INCOME TAXES	$ 81,963	$ 243,838
INCOME TAXES	-	-
NET INCOME	81,963	243,838
Weighted average shares		
Basic	53,211,864	53,589,357
Diluted	55,231,375	55,570,401
Income per share		
Basic	$ 0.0015	$ 0.0046
Diluted	$ 0.0015	$ 0.0044

Orthometrix, Inc.
Statements of Changes in Stockholders' Deficit
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated	
	Shares	**Amount**	**Capital**	**Deficit**	**Total**
Balance as of December 31, 2012	53,006,864	$ 26,502	$ 44,305,999	$ (47,333,216)	$ (3,000,715)
Stock options and warrants issued as compensation	-	-	243	-	243
Net loss	-	-	-	193,010	193,010
Balance as of September 30, 2013	53,006,864	$ 26,502	$ 44,306,242	$ (47,140,206)	$ (2,807,462)
Balance as of December 31, 2013	53,006,864	$ 26,502	$ 44,306,324	$ (47,275,207)	$ (2,942,381)
Stock options and warrants issued as compensation	-	-	412	-	412
Stock options exercised	205,000	103	423	-	526
Net income	-	-	-	377,921	377,921
Balance as of September 30, 2014	53,211,864	$ 26,605	$ 44,307,159	$ (46,897,286)	$ (2,563,522)

Orthometrix, Inc.
Statement of Cash Flows
(Unaudited)

	For the Nine Months Ended September 30,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 377,921	$ 193,010
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock options issued as compensation	412	243
Depreciation expense	839	801
Changes in assets and liabilities:		
Accounts receivable	(53,322)	(245,283)
Inventories	(22,644)	(41,998)
Prepaid expenses and other assets	12,003	(16,818)
Receivable from related party	(107,726)	-
Accounts payable	7,387	60,285
Unearned service revenue	117,525	10,107
Accrued expenses - related parties	(125,552)	-
Accrued interest payable	52,811	54,230
Deferred compensation	166,277	163,526
Customer deposits	21,909	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	447,840	178,103
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of property and equipment	(750)	-
Cash used in investing activities	(750)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Receivable - Related Party	(30,000)	-
Notes Payable - Related Parties	(34,644)	(200,000)
Exercise of stock options	526	-
NET CASH USED IN FINANCING ACTIVITIES	(64,118)	(200,000)
NET INCREASE (DECREASE) IN CASH	382,972	(21,897)
Cash at beginning of year	14,453	64,347
Cash at end of the period	$ 397,425	$ 42,450
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 1,075	$ 1,025