OTCMarkets

OTC Pink® Basic Disclosure Guidelines

Federal securities laws, such as Rules 10b-5 and 15c2-11 of the Securities Exchange Act of 1934 ("Exchange Act") as well as Rule 144 of the Securities Act of 1933 ("Securities Act"), and state Blue Sky laws, require issuers to provide *adequate current information* to the public markets. With a view to encouraging compliance with these laws, OTC Markets Group has created these OTC Pink Basic Disclosure Guidelines. We use the basic disclosure information provided by OTC Pink companies under these guidelines to designate the appropriate tier in the OTC Pink marketplace: Current, Limited or No Information. OTC Markets Group may require companies with securities designated as Caveat Emptor to make additional disclosures in order to qualify for OTC Pink Current Information tier.

Qualifications for the OTC Pink - Current Information Tier

Companies that make the information described below publicly available on a timely basis (90 days after fiscal year end for Annual Reports; 45 days after each fiscal quarter end for Quarterly Reports) qualify for the Current Information Tier. Financial reports must be prepared according to U.S. GAAP or IFRS, but are *not required to be audited* to qualify for the OTC Pink Current Information tier.

Initial Qualification:

1. Subscribe to the OTC Disclosure & News Service on www.OTCIQ.com to publish your financial reports and material news.

2. Create the following documents, save them in PDF format and upload them via www.OTCIQ.com:
   - Annual Financial statements (Document must Include: Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements) for the previous two fiscal years. If these reports are audited, please attach the audit letter from the PCAOB registered audit firm. Each year's Annual Financial statements should be posted separately under the report type "Annual Report" in OTCIQ.
   - Any subsequent Quarterly Reports since the most recent Annual Report.
   - The most recent fiscal period end report should also include information in accordance with these OTC Pink Basic Disclosure Guidelines; use the fillable form beginning on page 3.

3. If financial reports are not audited by a PCAOB registered audit firm:
   - Submit a signed Attorney Letter Agreement (first two pages of the Attorney Letter Guidelines).
   - After following the appropriate procedures with a qualified attorney, upload an Attorney Letter complying with Attorney Letter Guidelines through your otciq.com account.

Ongoing Qualification:

1. **For each Fiscal Quarter End**, upload a Quarterly Report via www.OTCIQ.com within **45** days of the quarter end. (A separate quarterly report is not required for the 4th quarter.) The Quarterly Report should include:
   - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
   - Quarterly financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements).
   - No Audit Letter or Attorney Letter is required.

2. **For each Fiscal Year End**, upload an Annual Report within **90 days** of the fiscal year end. The Annual Report should include:
   - Information in accordance with these OTC Pink Basic Disclosure Guidelines -- use the fillable form beginning on page 3.
   - Annual financial statements (Balance Sheet, Income Statement, Statement of Cash Flows, Notes to Financial Statements, and Audit Letter, if the financial statements are audited).

3. If financial reports are not audited by a PCAOB registered audit firm, upload an Attorney Letter via www.OTCIQ.com complying with the Attorney Letter Guidelines within **120 days** of the fiscal year end.

Qualifications for the OTC Pink - Limited Information Tier

Companies that make the information described below publicly available within the prior 6 months qualify for the Limited Information Tier.

1. Subscribe to the OTC Disclosure & News Service on www.OTCIQ.com to publish your financial reports and material news.
2. Create a Quarterly Report or Annual Report for a fiscal period ended within the previous 6 months, save it in PDF format and upload it via www.OTCIQ.com. The Quarterly Report or Annual Report includes:
    - Balance Sheet, Income Statement, and Total Number of Issued and Outstanding Shares. Financial statements must be prepared in accordance with US GAAP, but are not required to be audited. (Please note that Cash Flow Statements are not required to qualify for the Limited Information tier; however, unless the financial statements include a Cash Flow Statement, no financial data will be included in the OTC Financials Data Service, which distributes company financial data to online investor portals and makes the data available on your company's Financials tab on www.otcmarkets.com)
    - A company in the Limited Information tier, may, but is not required to, include information in accordance with these OTC Pink Basic Disclosure Guidelines using the fillable form beginning on page 3.

Current Reporting of Material Corporate Events

OTC Markets Group encourages companies to make public disclosure available regarding corporate events that may be material to the issuer and its securities. Persons with knowledge of such events would be considered to be in possession of material nonpublic information and may not buy or sell the issuer's securities until or unless such information is made public. If not included in the issuer's previous public disclosure documents or if any of the following events occur after the publication of such disclosure documents, the issuer shall publicly disclose such events by disseminating a news release within 4 business days following their occurrence, and posting such news release through the OTC Disclosure & News Service.

Material corporate events include:

- Entry or Termination of a Material Definitive Agreement
- Completion of Acquisition or Disposition of Assets, Including but not Limited to mergers
- Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of an Issuer
- Triggering Events That Accelerate or Increase a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement
- Costs Associated with Exit or Disposal Activities
- Material Impairments
- Sales of Equity Securities
- Material Modification to Rights of Security Holders
- Changes in Issuer's Certifying Accountant
- Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review
- Changes in Control of Issuer
- Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers
- Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year
- Amendments to the Issuer's Code of Ethics, or Waiver of a Provision of the Code of Ethics
- Other events the issuer considers to be of importance

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

Orthometrix, Inc. (previously known as Ostech, Inc. until 10/1995 and then Andante Medical Systems, Inc. until 4/2002)

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 5621 Strand Blvd.
Address 2: Suite 111
Address 3: Naples, FL 34110
Phone: 914-694-5946
Email: rbonmati@orthometrix.net
Website(s): www.orthometrix.net

IR Contact
Address 1: _____
Address 2: _____
Address 3: _____
Phone: _____
Email: _____
Website(s): _____

3) Security Information

Trading Symbol: OMRX
Exact title and class of securities outstanding: Common Stock
CUSIP: 68750M 10 0
Par or Stated Value: $0.0005
Total shares authorized: 75,000,000 as of: 12/31/2014
Total shares outstanding: 53,211,864 as of: 12/31/2014

Additional class of securities (if necessary):
Trading Symbol: _____
Exact title and class of securities outstanding: _____
CUSIP: _____
Par or Stated Value: _____
Total shares authorized: _____ as of: _____
Total shares outstanding: _____ as of: _____

Transfer Agent
Name: American Stock Transfer & Trust Co.
Address 1: 6201 15th Avenue
Address 2: Brooklyn, NY 11219
Address 3: _____
Phone: 718-921-8200
Is the Transfer Agent registered under the Exchange Act?* Yes: X☐ No: ☐

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

N/A

Describe any trading suspension orders issued by the SEC in the past 12 months.

N/A

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

N/A

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

N/A

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;

N/A

D. The number of shares sold;

N/A

E. The price at which the shares were offered, and the amount actually paid to the issuer;

N/A

F. The trading status of the shares; and

N/A

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

N/A

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

2014 Audited Financial Statements attached

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

In response to the need of an aging population driven to lead a more active and independent life, Orthometrix, Inc has developed and/or acquired the rights to, technologies, procedures and devices (1) to assess musculoskeletal conditions, (2) to help restore mobility following orthopedic or neurological trauma (sports injury, hip/knee replacement, stroke); (3) to maintain or increase musculoskeletal performance and mobility that is inherent to a better quality of life; and (4) to help delay the adverse effect on mobility of certain medical conditions like Parkinson's or diabetic neuropathy.

B. Date and State (or Jurisdiction) of Incorporation:

1993 - Delaware

C. the issuer's primary and secondary SIC Codes;

3826 - 3844

D. the issuer's fiscal year end date;

12/31

E. principal products or services, and their markets;

- **pQCT (peripheral Quantitative Computed Tomography) x-ray scanners for Musculoskeletal Research and Diagnostic (XCT systems);**
- **Whole Body Vibration systems for Rehabilitation, Physical Therapy and Sports Medicine (Galileo systems) and for Wellness, Fitness and Sports (VibraFlex systems);**
- **Ground Reaction Force Plate to monitor improvement in human performance (Leonardo system);**
- **Patented Functional Bio-Feedback Therapy system to assess and re-educate gait after an orthopedic or neurological trauma (SmartStep systems)**
- **Patented Bilateral Arm Trainer with Rhythmic Auditory Cueing (BATRAC) system developed by physicians at the University of Maryland to improve arm movement in stroke patients with paralysis (Tailwind).**

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

The Company's assets primarily consist of inventories of Whole Body Vibration systems kept in a warehouse in NJ belonging to a third party and for which the Company is charged a service fee. All other systems are ordered from a supplier upon receipt of a purchase order from a customer and drop shipped.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company has no lease obligations. It pays a service company on a monthly basis for the use of minimum office space for its headquarters in Naples, FL and for a satellite location in White Plains, NY; of secretarial services to handle mail and dispatch telephone calls and faxes to its employees (the Company owns its telephone numbers). Since it sold its bone densitometry manufacturing facility in Wisconsin, the Company outsources the manufacturing of all the devices that it markets, sells and services.

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Reynald Bonmati, Chairman/CEO, Treasurer
Neil Koenig, Director
André-Jacques Neusy, M.D., Director
William Orr, Director

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

   None

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

   None

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Reynald Bonmati **46.7%**
c/o Orthometrix, Inc.
5621 Strand Blvd., #111
Naples, FL 34110

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel
Name: John Vaughan
Firm: K&L Gates LLP
Address 1: 599 Lexington Ave
Address 2: New York, NY 10022-6030
Phone: 212-536-4006
Email: jack.vaughan@klgates.com

Accountant
Name: Neil Koenig
Firm: Imowitz Koenig & Co. LLP
Address 1: 622 Third Avenue (33rd Floor)
Address 2: New York, NY 10017
Phone: 212-867-8711
Email: nkoenig@imowitz.com

Investor Relations Consultant
Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.
Name: _____
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

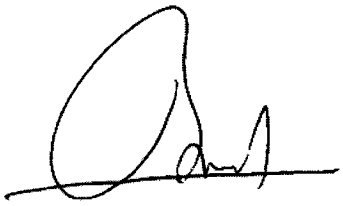
I, Reynald Bonmati certify that:

1. I have reviewed this annual disclosure statement of Orthometrix, Inc.;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

3/11/2015



Reynald Bonmati
CEO

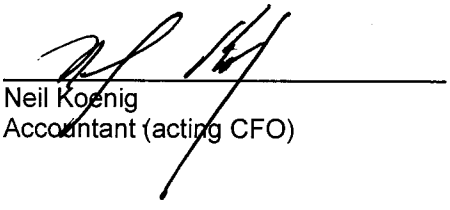
I, Neil Koenig certify that:

1. I have reviewed this annual disclosure statement of Orthometrix, Inc.;

2. Based on my knowledge, this disclosure statement 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 disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

3/11/2015



Neil Koenig
Accountant (acting CFO)

ORTHOMETRIX, INC.

Financial Statements

For The Years Ended December 31, 2014 And 2013

ORTHOMETRIX, INC.

Contents

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Stockholders' Deficit	4
Statements of Cash Flows	5
NOTES TO FINANCIAL STATEMENTS	6-10

JANOVER LLC
Certified Public Accountants • Advisors

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Orthometrix, Inc.
Naples, FL

We have audited the accompanying financial statements of Orthometrix, Inc., which comprise the balance sheet as of December 31, 2014, and the related statements of operations, changes in stockholders' deficit and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orthometrix, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matter – Prior Period Financial Statements

The financial statements of Orthometrix, Inc. as of December 31, 2013, were audited by other auditors whose report dated August 4, 2014, expressed an unmodified opinion on those statements.

Janover LLC

New York, New York
March 11, 2015

Orthometrix, Inc.
Balance Sheets

	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash	$ 226,678	$ 14,453
Accounts receivable	173,969	5,414
Inventory	99,004	73,296
Prepaid expenses	19,551	15,498
Due from Andante Medical Devices Inc.	287,619	106,138
Total Current Assets	806,821	214,799
PROPERTY AND EQUIPMENT, Net	2,988	2,669
TOTAL ASSETS	$ 809,809	$ 217,468
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 63,217	$ 239,328
Accrued expenses	24,903	125,552
Customer deposit	21,909	-
Unearned service revenue - current portion	40,833	8,125
Total Current Liabilities	150,862	373,005
OTHER LIABILITIES:		
Notes payable	545,119	368,542
Notes payable - related parties	19,609	262,396
Accrued interest on notes payable	543,959	291,845
Accrued interest on notes payable - related parties	554,175	737,478
Deferred compensation	1,347,763	1,126,583
Unearned service revenue - non current portion	172,542	-
Total Other Liabilities	3,183,167	2,786,844
TOTAL LIABILITES	3,334,029	3,159,849
STOCKHOLDERS' DEFICIT:		
Common stock - par value $.0005 per share, 75,000,000 shares authorized, and 53,211,864 and 53,006,864 shares issued and outstanding at December 31, 2014 and 2013, respectively	26,605	26,502
Preferred stock - par value $.0005 per share, 1,000,000 shares authorized	-	-
Additional paid-in capital	44,308,233	44,306,324
Accumulated deficit	(46,859,058)	(47,275,207)
Total Stockholders' Deficit	(2,524,220)	(2,942,381)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 809,809	$ 217,468

See notes to financial statements.

Orthometrix, Inc.
Statements of Operations

	For the Year Ended December 31, 2014	For the Year Ended December 31, 2013
REVENUE	$ 1,529,765	$ 1,072,145
COST OF GOODS SOLD	464,984	332,401
GROSS PROFIT	1,064,781	739,744
SELLING AND MARKETING EXPENSES	216,369	196,618
GENERAL AND ADMINISTRATIVE EXPENSES	585,052	415,219
OPERATING INCOME	263,360	127,907
OTHER INCOME (EXPENSES):		
Interest expense	(68,812)	(71,057)
Interest income	11,811	1,159
Write off of old payables	209,790	-
TOTAL OTHER INCOME (EXPENSES)	152,789	(69,898)
NET INCOME	$ 416,149	$ 58,009
Weighted average shares		
Basic	53,208,549	53,006,864
Diluted	53,208,549	53,006,864
Income per share		
Basic	$ 0.0078	$ 0.0011
Diluted	$ 0.0078	$ 0.0011

See notes to financial statements.

Orthometrix, Inc.
Statements of Changes in Stockholders' Deficit

	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 issued as compensation	-	-	325	-	325
Net income	-	-	-	58,009	58,009
Balance as of December 31, 2013	53,006,864	26,502	44,306,324	(47,275,207)	(2,942,381)
Stock options issued as compensation	-	-	1,486	-	1,486
Stock options exercised	205,000	103	423	-	526
Net income	-	-	-	416,149	416,149
Balance as of December 31, 2014	53,211,864	$ 26,605	$ 44,308,233	$ (46,859,058)	$ (2,524,220)

See notes to financial statements.

Orthometrix, Inc.
Statements of Cash Flows

	For the Years Ended December 31, 2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 416,149	$ 58,009
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock options issued as compensation	1,486	325
Depreciation expense	1,181	1,068
Write off of old paybales	(209,790)	-
Changes in operating assets and liabilities:		
Accounts receivable	(168,555)	10,873
Inventory	(25,708)	(29,041)
Prepaid expenses	(4,053)	(3,035)
Receivable from Andante Medical Devices Inc	(131,481)	(41,138)
Accounts payable	33,679	(11,770)
Accrued expenses	(100,649)	122,349
Customer deposit	21,909	-
Accured intereset on notes payable	62,621	38,896
Accured interest on notes payable - related parties	6,190	(9)
Deferred compensation	221,180	91,041
Unearned service revenue	205,250	(4,633)
NET CASH PROVIDED BY OPERATING ACTIVITIES	329,409	232,935
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchases of property and equipment	(1,500)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to Andante Medical Devices Inc	(50,000)	(65,000)
Repayments of notes payable	(30,469)	(11,019)
Proceeds of notes payable from related parties	160,356	-
Repayments of notes payable from related parties	(196,097)	(206,810)
Exercise of stock options	526	-
NET CASH USED IN FINANCING ACTIVITIES	(115,684)	(282,829)
NET INCREASE (DECREASE) IN CASH	212,225	(49,894)
Cash at beginning of year	14,453	64,347
Cash at end of the year	$ 226,678	$ 14,453
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ -	$ 32,170
Cash paid for income taxes	$ -	$ 1,025
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Reclassification of notes payable from related parties to unrelated parites	$ 207,046	$ -
Reclassification of accrued interest on notes payable from related parties to unrelated parites	$ 189,493	$ -

See notes to financial statements.

1. **The Company:**

Orthometrix, Inc. ("OMRX" or the "Company") markets, sells, and services several musculoskeletal product lines used in pharmaceutical research, diagnostic and monitoring of bone and muscle disorders, sports medicine, rehabilitative medicine, physical therapy, fitness and pain management. Operations are insufficient to service the Company's debts, which have been deferred to later years. The Company will have to maintain and increase profitability and further develop its sales to be ultimately able to service its debts.

2. **Summary of Significant Accounting Policies:**

Basis of Presentation

The accompanying financial statements and related footnotes are presented in accordance with accounting principles generally accepted in the United States of America.

Revenue and Cost Recognition

The Company primarily sells its products directly to customers and through third party dealers and distributors, with whom the Company has distribution agreements. Product revenue is recognized at the time products are shipped and title passes to the customer. Service revenue is recognized over the period it is earned.

Stock-based Compensation

Stock-based compensation related to employees, directors, and consultants is accounted for at the estimated fair value of the stock-based compensation at the time of issuance.

Accounts Receivable

The Company records trade accounts receivable at net realized value. This value includes an allowance for estimated uncollectible accounts, if necessary, to reflect any loss anticipated on the trade accounts receivable balance. The Company has determined that an allowance for estimated uncollectible accounts is not necessary.

Inventory

Inventory, consisting of purchased completed products for sale, are stated at the lower of cost or market; cost is determined principally by the first-in, first-out method.

Income Taxes

The Company accounts for income taxes utilizing the asset and liability approach. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes generally represents income taxes paid or payable for the current year plus the change in deferred taxes during the year. Deferred taxes result from the differences between the financial and tax bases of the Company's assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax regulations. The Company recognizes liabilities for anticipated tax audit issues based on the Company's estimate of whether, and the extent to which, additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the liabilities are no longer determined to be necessary. If the estimate of tax liabilities proves to be less than the ultimate assessment, a further charge to expense would result.

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax liabilities and assets are determined based on the difference between the financial statement basis and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company estimates the degree to which tax assets and credit carryforwards will result in a benefit based on expected profitability by tax jurisdiction. A valuation allowance for such tax assets and loss carryforwards is provided when it is determined to be more likely than not that the benefit of such deferred tax asset will not be realized in future periods. If it becomes more likely than not that a tax asset will be used, the related valuation allowance on such assets would be reduced.

Income/(Loss) per Share

Basic per share amounts are computed using the weighted average number of common shares outstanding. Diluted per share amounts are computed using the weighted average number of common shares outstanding, after giving effect to dilutive options, using the treasury stock method.

Unearned Service Revenue

The Company recognizes revenue on service contracts ratably over applicable contract periods or as services are performed. Amounts billed and collected before the services are performed are included in unearned service revenues shown as a liability on the balance sheet. Unearned Service Revenue was $213,375 and $8,125 as of December 31, 2014 and 2013, respectively.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or accumulative deficit.

3. Notes Payable and Accrued Interest:

Unpaid principal on notes payable amounted to $545,119 and $368,542 at December 31, 2014 and 2013, respectively. These notes payable bear interest at rates ranging from 4.25% (prime plus one) to 12% per annum. Prime rate was 3.25% at December 31, 2014 and 2013. Unpaid interest on these notes payable amounted to $543,959 and $291,845 at December 31, 2014 and 2013, respectively. Total obligations of $1,089,078 have been agreed to defer to 2016 as of December 31, 2014.

4. Compensation Programs:

The Company has a stock-based compensation plan whereby stock options may be granted to officers, employees and non-employee consultants to purchase a specified number of shares of Common Stock. All outstanding options granted have an exercise price not less than 100% of the market value of the Company's Common Stock at the date of grant, are for a term not to exceed 10 years except for the President of the Company who is granted options no less than 110% of the market and for a term not to exceed 5 years. All options vest over a four-year period at 25% per year unless otherwise authorized by the Board of Directors.

The Amended and Restated 1994 Stock Option and Incentive Plan for Employees includes 5,000,000 shares of Common Stock reserved for issuance. Options are issued to employees at the discretion of the Board of Directors. During 2014 and 2013, respectively, 205,000 and 180,000 options were issued as compensation to employees. The Company determines the compensation cost of stock options granted to employees based on the fair value of the options at the time of issuance. Non-cash compensation cost is recognized over the service or vesting period.

Under the Amended and Restated 2000 Stock Option Plan for Non-Employee Directors and Consultants (the "Board Plan"), which has 1,500,000 shares of common stock reserved for issuance, each non-employee director receives options to acquire shares of Common Stock. Effective in 2014, Directors receive annually a grant to acquire 25,000 shares under the Board Plan; options are issued to consultants at the discretion of the Board of Directors. 200,000 options and none were issued to non-employee directors and consultants during 2014 and 2013, respectively. The Company determines the compensation cost of stock options granted to non-employee directors and consultants based on the fair value of the options at the time of issuance. Non-cash compensation cost is recognized over the service or vesting period.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants during each of the years ended December 31, 2014 and 2013: dividend yield of 0%, risk-free weighted average interest rate of 3.25%, expected volatility factor of 227% and an expected option term of 10 years (or 5 years for 10% shareholders). The weighted average fair value at date of grant for options granted during 2014 and 2013 was $0.01 and $0.002 per option, respectively.

The fair value of these options based on the Black-Scholes option-pricing model amounted to $6,885 and $351, respectively, for the 2014 and 2013 grants.

The following is a summary of options related to the Amended and Restated 1994 Stock Option and Incentive Plan for Employees and the Board Plan as of December 31:

	2013	Range of Option Prices Per Share	2014	Range of Option Prices Per Share
Options outstanding at beginning of year	6,820,000	$0.00077 - 0.27000	2,005,000	$0.00077 - 0.23000
Cancellations	(4,995,000)	$0.00330 - 0.27000	(190,000)	$0.15000 – 0.20000
Granted	180,000	$0.00176 - 0.00350	405,000	$0.0032 - 0.06710
Exercised	-	N/A	(205,000)	$0.00200 – 0.00320
Options outstanding at end of year	2,005,000		2,015,000	

As of December 31, 2014, 2,015,000 shares of options were outstanding with exercise prices ranging from $0.00077 to $0.06710 and remaining contractual life ranging from 0.45 to 9.10 years.

As of December 31, 2013, 2,005,000 shares of options were outstanding with exercise prices ranging from $0.00077 to $0.23000 and remaining contractual life ranging from 0.38 to 9.8 years.

5. Income Taxes:

The Company has not provided income tax expenses for the year ended December 31, 2014 on its current earnings as a result of the availability of net operating loss carry forwards. At December 31, 2014, the Company had a net operating loss carryforward of approximately $19,500,000 expiring starting in 2018. The utilization of the carryforwards is subject to annual limitation under Section 382 of the Internal Revenue Code should there be a "382 change of ownership."

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for income tax purposes and net operating loss carryforwards. At December 31, 2014, there was a deferred tax asset of approximately $6,600,000 offset by a full valuation allowance.

The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expenses. As of December 31, 2014, the Company has no unrecognized tax positions, including interest and penalties. The tax years 2011-2014 are still open to examination by the major tax jurisdictions in which the Company operates. The Company files returns in the United States Federal tax jurisdiction and various other state jurisdictions.

6. Related Party Transactions:

The president and largest shareholder was owed loans of none and $34,644 at December 31, 2014 and 2013, respectively. Notes payable outstanding at December 31, 2013 bore interest rate at 4.25% (prime plus one) per annum. The majority of the other debt of $19,609 and $227,752 is owed to other stakeholders at December 31, 2014 and 2013, respectively. These notes payable bear interest at rates ranging from 4.25% (prime plus one) to 12% per annum. Prime rate was 3.25% at December 31, 2014 and 2013.

The president and largest shareholder was owed accrued interest of $545,019 and $539,709 at December 31, 2014 and 2013, respectively. The majority of the other debt of $9,156 and $197,769 is owed to other stakeholders.

In addition, the president is owed compensation of $1,347,763 and $1,252,135 at December 31, 2014 and 2013, respectively. These outstanding balances were non-interest bearing. The president is also entitled to a 5% incentive bonus as called for in the employment agreement. The total incentive bonus paid or accrued for the year ended December 31, 2014 and 2013 was $24,903 and $6,723, respectively.

As of December 31, 2014, the above related party obligations have been deferred to subsequent to December 31, 2015. $573,784 have been deferred to 2016 and $1,347,763 have been deferred indefinitely.

On September 1, 2013, the Company entered a management agreement with Andante Medical Device, Inc. ("Andante"), which is also a related party to the Company. On September 1, 2014, the management agreement was extended to December 31, 2015 on the same terms to make it co-terminus with the waiting period for the HCPCS approval notice Andante has been expecting from the Center for Medicare and Medicaid Services (CMS). Andante's application was officially accepted by the CMS in February 2015. It is the Company's belief that, should CMS grants Andante a reimbursement code effective in 2016, Andante not only would no longer need management assistance but also would be in a position to repay its note in full within a year through sales of its product to the Company (see distribution agreement below). Should CMS deny coverage, then the collection of the note becomes problematic. Total management fee recognized by the Company amounted to $120,000 and $40,000 for 2014 and 2013, respectively. The Company was also granted certain warrants to purchase shares of Andante. None of the warrants were exercised as of December 31, 2014. During 2014, the Company purchased an aggregate of 61,554 shares of Andante's Common stock from two selling shareholders for an aggregate of $2.00, representing 19.8% of the Company.

On September 1, 2013, Andante issued a promissory note to the Company in the amount of $105,000 with interest rate of 6% per annum. The note became due on August 31, 2014. During 2014 the promissory note was modified to increase the note to $275,000. At December 31, 2014 and 3013, unpaid principal and accrued interest earned amounted to $287,619 and $106,138, respectively.

On September 1, 2013, Andante entered into a distribution agreement with the Company to distribute its products. On September 1, 2014, the distribution agreement was extended to December 31, 2019 on the same terms to make its terms 4 years minimum from the HCPCS approval notice Andante has been expecting from the CMS.

7. Concentration of Credit Risk:

Major Customers

For the year ended December 31, 2014, approximately, 38.2%, 16.1%, 10.6% and 10.6% of the Company's revenue was derived from four major customers. At December 31, 2014, accounts receivable due from these customers was none, none, none and $161,390, respectively.

For the year ended December 31, 2013, approximately, 24.1%, 14.7%, 14.7% and 14.3% of the Company's revenue was derived from four major customers. At December 31, 2013, there was no accounts receivable due from these customers.

The Company generally sells on credit terms ranging from thirty to ninety days or against irrevocable letters of credit. Any financing of the end user is the decision of, and dependent on, the distributor in each territory. The Company sells to customers in various geographic territories worldwide.

Cash and Cash Equivalents

The Company maintains cash balances with a financial institution, which, at times, may exceed the limits of the Federal Deposit Insurance Corporation of $250,000, per depositor, per financial institution. The Company has not experienced any losses to date as a result of this policy, and management believes there is little risk of loss.

8. Subsequent Events Evaluation:

The Company has evaluated subsequent events and transactions from the balance sheet date through the date of the independent auditors' report and has determined that there are no such events that would have a material impact on the financial statements.