

ORTHOMETRIX, INC.

Financial Statements

For The Period Ended March 31, 2014

ORTHOMETRIX, INC.
BALANCE SHEET
As of March 31, 2014

Consolidated Balance Sheet

Assets

Accounts receivable - trade	\$ 804,083
Inventories	152,749
Prepaid expenses and other assets	11,595
Receivable from related party	168,112
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Total Assets	\$ 1,136,539
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Liabilities and Stockholders' Deficit

Current liabilities:

Accounts payable	\$ 1,601,988
Accrued expenses	1,182,011
Loans and notes payable - related parties	751,294
Unearned service revenue	115,500
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Total current liabilities	3,650,793

Stockholders' deficit:

Common stock - par value \$.0005 per share, 75,000,000 shares authorized, and 53,211,864 shares issued and outstanding	\$ 26,605
Preferred stock - par value \$.0005 per share, 1,000,000 shares authorized	-
Additional paid-in capital	44,306,848
Accumulated deficit	(46,847,707)
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Total stockholders' deficit	(2,514,254)
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Total Liabilities and Stockholders' Deficit	\$ 1,136,539
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ORTHOMETRIX, INC.
STATEMENTS OF OPERATIONS

Consolidated Statements of Operations (Unaudited)

	<i>For The Three Months Ended</i>	
	<i>March 31, 2014</i>	<i>March 31, 2013</i>
Revenue	\$ 750,686	\$ 328,164
Cost of revenue	191,204	92,602
Gross profit	559,482	235,562
Sales and marketing expense	61,236	30,319
General and administrative expense	131,051	95,803
Operating income	367,195	109,440
Interest expense	3,733	(18,984)
Income taxes	(1,075)	(1,025)
Interest income	1,974	4
Net income	\$ 371,827	\$ 89,435
Weighted average shares		
Basic	53,188,975	53,006,864
Diluted	55,432,919	53,006,864
Income per share		
Basic	\$ 0.0070	\$ 0.0017
Diluted	\$ 0.0067	\$ 0.0017

ORTHOMETRIX, INC.
STATEMENTS OF CASH FLOWS

Consolidated Statements of Cash Flows (Unaudited)

For The Three Months Ended
March 31, 2014 ***March 31, 2013***

Cash Flows From Operating Activities:

Net income/(loss)	\$ 371,827	\$ 89,435
Adjustments to reconcile net income to net cash used in operating activities:		
Stock options and warrants issued as compensation	103	83
Changes in assets and liabilities:		
Increase in accounts receivable	(796,652)	(252,325)
(Increase) Decrease in inventories	(445)	30,666
Decrease (Increase) in prepaid expenses and other assets	3,903	(153)
Increase in receivable from related party	(31,974)	-
Increase in accounts payable	185,105	55,120
Increase in accrued expenses	55,425	54,509
Increase (Decrease) in unearned service revenue	107,375	(8,350)
Net cash provided by operating activities	(105,333)	(31,015)

Cash Flows From Financing Activities:

Increase in Notes Receivable - Related Party	(30,000)	-
Increase in Notes Payable - Related Parties	120,356	-
Exercise of stock options and warrants	524	-
Net cash used in financing activities	90,880	-
Net decrease in cash	(14,453)	(31,015)
Cash at beginning of year	14,453	64,347
Cash at end of the period	\$ -	\$ 33,332

Supplemental disclosure of cash flow information:

Cash paid for income taxes	\$ 1,075	\$ 1,025
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