

U.S. Securities and Exchange Commission
Washington, D.C. 20549

Form 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2002

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission File No. 000-27836

ORTHODONTIX, INC.

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

Florida

65-0643773

(State or other jurisdiction of incorporation or organization)

(IRS Employer Identification No.)

1428 Brickell Avenue, Suite 105
Miami, Florida 33131

(Address of principal executive offices)

(305) 371-4112

(Issuer's Telephone Number)

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

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No .

On May 13, 2002, the number of shares of outstanding Common Stock of the issuer was 2,915,428.

Traditional Small Business Disclosure Format (check one) Yes No
Documents Incorporated by reference None

ORTHODONTIX, INC.
FORM 10-QSB
QUARTER ENDED March 31, 2002

TABLE OF CONTENTS

PART I	
Item 1. Financial Statements	1
Item 2. Management's Discussion and Analysis and Plan of Operation	1
PART II	
Item 1. Legal Proceedings	2
Item 2. Changes in Securities	2
Item 3. Defaults upon Senior Securities	2
Item 4. Submission of Matters to a Vote of Security Holders	2
Item 5. Other Information	3
Item 6. Exhibits and Reports on Form 8-K	3
SIGNATURES	3
INDEX TO FINANCIAL STATEMENTS	F-1

PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited, condensed consolidated financial statements included herein, commencing at page F-1, have been prepared in accordance with the requirements of Regulation S-B and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, all adjustments (including all normal recurring adjustments) necessary for a fair presentation of the financial information for the interim periods reported have been made.

Results of operations for the three months ended March 31, 2002 are not necessarily indicative of the results of operations expected for the year ending December 31, 2002.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS AND PLAN OF OPERATION

The following discussion with regard to the Company's financial condition and operating results contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current plans and expectations of Orthodontix, Inc. (the "Company") and involve risks and uncertainties that could cause actual future activities and results of operations to be materially different from those set forth in the forward-looking statements. Important factors that could cause actual results to differ include, among others, the Company's inability to consummate an acquisition of an operating business on terms favorable to the Company or, in the event the Company does consummate the transaction contemplated, the Company's ability to successfully manage and operate the combined business.

The discussion of the Company's financial condition and plan of operation should be read in conjunction with the Company's unaudited, condensed consolidated financial statements and notes thereto included elsewhere in this Report and the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission.

FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2002

For the quarter ended March 31, 2002, the Company recorded a net loss of approximately \$35,800 or \$0.01 per share. Included in the financial results for the quarter ended March 31, 2002, were general and administrative expenses of approximately \$40,600 and interest and other income of approximately \$4,900.

The Company does not expect to generate operating revenues or net income until such time as it effects a business combination with an operating company. However, in the event the Company does consummate a merger or an acquisition of an operating company, there can be no assurances that the combined operation will operate profitably.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2002, the Company had cash and cash equivalents of approximately \$862,800 and total liabilities of approximately \$70,100. The Company's cash is primarily invested in money market accounts. The Company continues to anticipate that the primary uses of working capital will include general and administrative expenses and costs associated with seeking to locate and consummate a business combination. The Company believes that its operating funds will be sufficient for its cash expenses for at least the next twelve months.

PLAN OF OPERATION

Management of the Company intends to continue devoting substantially all of its time to consummating a merger or acquisition with an operating business and has evaluated numerous companies and other business combinations since June 2001. The Company has focused its efforts on businesses operating in selected industries including aircraft maintenance and related service companies, health care, pharmaceutical, banking and financial services. In the event the Company locates an acceptable operating business, the Company intends to effect the transaction utilizing any combination of its common stock, cash on hand, or other funding sources that the Company reasonably believes are available. The Company currently has no contractual commitment with regard to effecting an acquisition or other business combination with an operating company.

Although the Company believes that it will be successful in consummating a business combination with an operating company, there can be no assurances that the Company will enter into such a transaction in the near term or on terms favorable to the Company, or that other funding sources will be available.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. CHANGES IN SECURITIES

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

During the quarter ended March 31, 2002, no matters were submitted to a vote of security holders of the Company through the solicitation of proxies or otherwise.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

None.

(b) Reports on Form 8-K

None.

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORTHODONTIX, INC.
(Registrant)

Dated: May 13, 2002

By: /s/ Glenn L. Halpryn

Glenn L. Halpryn
Chairman and President (Principal
Executive Officer)

Dated: May 13, 2002

By: /s/ Alan Jay Weisberg

Alan Jay Weisberg
Acting Chief Financial Officer
(Principal Financial and
Accounting Officer)

INDEX TO FINANCIAL STATEMENTS

	Pages
Condensed Consolidated Balance Sheets as of March 31, 2002 (Unaudited) and December 31, 2001	F-2
Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2002 and 2001 (Unaudited)	F-3
Condensed Consolidated Statement of Changes in Stockholders' Equity for the Three Months Ended March 31, 2002 (Unaudited)	F-4
Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2002 and 2001 (Unaudited)	F-5
Notes to the Condensed Consolidated Financial Statements	F-6

ORTHODONTIX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	MARCH 31, 2002 (UNAUDITED)	DECEMBER 31, 2001
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 862,762	\$ 915,635
Prepaid expenses and other current assets	56,218	40,493
	-----	-----
Total current assets	918,979	956,128
Notes and other receivables	61,250	67,056
	-----	-----
Total assets	\$ 980,229	\$ 1,023,184
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 70,080	\$ 77,276
	-----	-----
Total current liabilities	70,080	77,276
	-----	-----
Commitments		
Stockholders' equity:		
Preferred stock, \$.0001 par value, 100,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, \$.0001 par value, 100,000,000 shares authorized, 2,915,428 shares issued and outstanding at March 31, 2002 and December 31, 2001	292	292
Additional paid-in capital	4,232,821	4,232,821
Accumulated deficit	(3,322,963)	(3,287,205)
	-----	-----
Total stockholders' equity	910,150	945,908
	-----	-----
Total liabilities and stockholders' equity	\$ 980,229	\$ 1,023,184
	=====	=====

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORTHODONTIX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
General and administrative	\$ 40,623	\$ 105,824
Loss on sale of certain assets and liabilities of Founding Practice (Note 4)	-	94,000
Total expenses	40,623	199,824
Net operating loss	(40,623)	(199,824)
Other income:		
Interest income	4,715	27,560
Other income	150	-
Total other income	4,865	27,560
Net loss	\$(35,758)	\$(172,264)
Loss per common and common equivalent share:		
Basic	\$ (0.01)	\$ (0.04)
Diluted	\$ (0.01)	\$ (0.04)
Weighted average number of common and common equivalent shares outstanding - basic and diluted	2,915,428	3,933,571

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORTHODONTIX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN
STOCKHOLDERS' EQUITY
(UNAUDITED)
for the three months ended March 31, 2002

	Common Stock Shares	Stock Amounts	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	-----	-----	-----	-----	-----
Balance, December 31, 2001	2,915,428	\$ 292	\$ 4,232,821	\$ (3,287,205)	\$ 945,908
Net loss for the period	-	-	-	(35,758)	(35,758)
	-----	-----	-----	-----	-----
Balance, March 31, 2002	2,915,428	\$ 292	\$ 4,232,821	\$ (3,322,963)	\$ 910,150
	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORTHODONTIX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	-----	-----
Cash flows from operating activities:		
Net loss	\$ (35,758)	\$(172,264)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in assets and liabilities	(26,498)	86,579
Net cash used in operating activities	(62,256)	(85,685)
	-----	-----
Cash flows from investing activities:		
Payment of notes receivable	9,233	31,120
Proceeds from the sale of fixed assets	150	-
Net cash provided by investing activities	9,383	31,120
	-----	-----
Net decrease in cash and cash equivalents	(52,873)	(54,565)
Cash and cash equivalents, beginning of period	915,635	390,739
Cash and cash equivalents, end of period	\$ 862,762	\$ 336,174
	=====	=====

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORTHODONTIX, INC. AND SUBSIDIARIES
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 MARCH 31, 2002
 (UNAUDITED)

1. BASIS OF PRESENTATION:

The accompanying unaudited condensed consolidated financial statements of Orthodontix, Inc. ("Orthodontix" or the "Company") presented herein do not include all disclosures required by accounting principles generally accepted in the United States of America for a complete set of financial statements. In the opinion of management, these financial statements include all adjustments, including normal recurring adjustments, necessary for a fair presentation of the results of interim periods.

The results of operations for the three months ended March 31, 2002 are not necessarily indicative of the results of operations to be expected for the year ending December 31, 2002. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-KSB as filed with the Securities and Exchange Commission on March 27, 2002.

2. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following:

	March 31, 2002 (Unaudited)	December 31, 2001
Accounts payable	\$ 4,214	\$ 4,214
Accrued expenses	65,866	73,062
	\$ 70,080	\$ 77,276

3. EARNINGS PER SHARE:

Basic earnings per share is calculated by dividing net income or loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by dividing net income or loss by the weighted average number of common shares and potential common equivalent shares outstanding during the period. Potential common shares consist of the dilutive effect of outstanding options calculated using the treasury stock method. For the three month period ended March 31, 2001, the potential common shares were antidilutive; thus there was no difference in the basic net income per share and the diluted net income per share. There were no potential common equivalent shares for the three months ended March 31, 2002.

ORTHODONTIX, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2002, Continued
(UNAUDITED)

4. LOSS ON SALE OF CERTAIN ASSETS AND LIABILITIES OF FOUNDING PRACTICE:
On May 14, 2001, the Company terminated its affiliation with the one remaining Founding Practice owned by Dr. Stephen M. Grussmark and sold certain practice assets, consisting of accounts receivable and property and equipment. In addition, the Founding Practice assumed certain liabilities. The carrying value of the practice assets sold less liabilities assumed was \$15,065 at the date of transaction. In connection with this transaction, the Company received 96,571 shares of the Company's common stock from the remaining Founding Practice. In addition, in connection with this transaction, the Company paid \$115,000 for the return of an additional 345,385 shares of the Company's common stock. The Company also paid \$30,000 for legal expenses in connection with the transaction. All the shares received from Dr. Grussmark have been cancelled and are no longer outstanding.

In connection with these transactions, the Company and Dr. Grussmark executed certain mutual releases and Dr. Grussmark resigned as the Company's Chief Executive Officer and a member of the Company's Board of Directors.

As a result of the transactions described above, the Company recorded a loss in the amount of \$94,000 for the three months ended March 31, 2001.