

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

Form 10-QSB

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

For the Quarterly Period Ended March 31, 2005

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

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 9, 2005, the number of shares of outstanding Common Stock of  
the issuer was 2,915,428.

Transitional Small Business Disclosure Format (check one) Yes ☐ No ☒  
Documents Incorporated by reference None

ORTHODONTIX, INC.  
FORM 10-QSB  
QUARTER ENDED March 31, 2005

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## PART I

### FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS	
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The unaudited, condensed 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, 2005, are not necessarily indicative of the results of operations expected for the year ending December 31, 2005.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR 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 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, 2005

For the quarter ended March 31, 2005, the Company recorded a net loss of approximately \$10,400 or less than \$0.01 per share. Included in the financial results for the quarter ended March 31, 2005, were general and administrative expenses of approximately \$10,900, and interest and other income of approximately \$500.

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.

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### LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2005, the Company had cash and cash of approximately \$533,200 and total liabilities of approximately \$69,400. 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 July 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.

#### ITEM 3. CONTROLS AND PROCEDURES

As of March 31, 2005, the Company's President and Chief Executive Officer and its Acting Chief Financial Officer evaluated the Company's disclosure controls and procedures and they concluded that the Company maintains effective disclosure controls and procedures. There have been no significant changes in internal control over financial reporting that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting subsequent to the Evaluation Date.

#### PART II OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

None.

#### ITEM 2. CHANGES IN SECURITIES

None.

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#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

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

During the quarter ended March 31, 2004, 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.

Exhibit 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)

Exhibit 31.2 Certification of Acting Chief Financial Officer pursuant to Rule 13a-14(a)

Exhibit 32 Certification pursuant to Rule 13a-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Title 18, United States Code)

(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 11, 2005

By: /s/ Glenn L. Halpryn

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

Dated: May 11, 2005

By: /s/ Alan Jay Weisberg

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

# INDEX TO FINANCIAL STATEMENTS

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## ORTHODONTIX, INC. BALANCE SHEET

ASSETS	MARCH 31, 2005 (UNAUDITED)
	-----
Current assets:	
Cash and cash equivalents	\$ 533,190
Prepaid expenses and other current assets	21,226
	-----
Total current assets	\$ 554,416
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	

Current liabilities:		
Accounts payable	\$	4,212
Accrued liabilities		65,200
		-----
Total current liabilities	\$	69,412
		-----
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		292
Additional paid-in capital		4,232,821
Accumulated deficit		(3,748,109)
		-----
Total stockholders' equity	\$	485,004
		-----
Total liabilities and stockholders' equity	\$	554,416
		=====

See Accompanying Notes to Unaudited Financial Statements

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ORTHODONTIX, INC.  
STATEMENTS OF OPERATIONS  
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	2005	2004
	-----	-----
General and administrative expenses	\$ 10,863	\$ 29,684
	-----	-----
Total operating expenses	10,863	29,684
	-----	-----
Loss from operations	(10,863)	(29,684)
	-----	-----
Other income:		
Interest income	505	2,991
	-----	-----
Total other income	505	2,991
	-----	-----
Net loss	\$ (10,358)	(26,693)
	=====	=====
Net Loss per share -		
Basic and Diluted	\$ (0.00)	\$ (0.01)
	=====	=====
Weighted average number of shares outstanding during the period -		
basic and diluted	2,915,428	2,915,428
	=====	=====

See Accompanying Notes to Unaudited Financial Statements

ORTHODONTIX, INC.  
 STATEMENTS OF CASH FLOWS  
 (UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	2005	2004
Cash flows from operating activities:		
Net loss	\$ (10,358)	\$ (26,693)
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities	(20,164)	(39,528)
Net cash used in operating activities	(30,522)	(66,221)
Net decrease in cash and cash equivalents	(30,522)	(66,221)
Cash at beginning of period	563,712	179,479
Cash at end of period	\$ 533,190	\$ 113,258
Supplemental Disclosure of Cash Paid for:		
Interest	\$ -	-
Taxes	-	-

See Accompanying Notes to Unaudited Financial Statements

ORTHODONTIX, INC.  
 NOTES TO UNAUDITED FINANCIAL STATEMENTS  
 MARCH 31, 2005

1. BASIS OF PRESENTATION:

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information. Accordingly, they do not include all the information and footnotes necessary for a comprehensive



presentation of financial position and results of operations.

It is management's opinion, however, that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

For further information, refer to the audited financial statements and footnotes of the Company for the year ended December 31, 2004 included in the Company's Form 10-KSB.

## 2. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (A) Nature of Operations

On April 16, 1998, Orthodontix, Inc. and subsidiaries ("Orthodontix" or the "Company") consummated a merger (the "Merger") with Embassy Acquisition Corp. ("Embassy"), a publicly held Florida corporation. Simultaneously with the closing of the Merger, the Company acquired certain assets and assumed certain liabilities of 26 orthodontic practices (the "Founding Practices").

During the year ended December 31, 1999, the Company began to terminate its affiliation with the Founding Practices. During the year ended December 31, 2001, the Company terminated its affiliation with all 26 Founding Practices.

The accompanying financial statements have been prepared on the basis which assumes that the Company will continue to operate as a going concern and which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The Company has generated an accumulated deficit of approximately \$3,748,109 at March 31, 2005 as a result of operations and the termination of its affiliation with the Founding Practices. The Company incurred net losses of approximately \$10,358 and \$26,693 for the three months ended March 31, 2005 and 2004, respectively. The Company also reflects net cash used in operations of \$30,522 and \$66,221 for the three months ended March 31, 2005 and 2004, respectively.

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ORTHODONTIX, INC.  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
MARCH 31, 2005  
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The Company currently intends to effect a merger, acquisition or other business combination with an operating company utilizing any combination of its common stock, cash on hand or other funding sources that the Company believes are available. As of March 31, 2005, management has devoted substantially all of its time to identifying potential merger or acquisition candidates. There can be no assurances that management's efforts to consummate a merger, acquisition or business combination with an operating company or management's efforts to identify other funding sources will be successful. The Company anticipates that its current working capital is sufficient to fund its operating expenses at their current level for at least the next twelve months. Therefore, the going concern is mitigated.

### (B) Concentrations

The Company maintains its cash in bank deposit accounts, which, at times, exceed federally insured limits. At March 31, 2005, the Company had deposits of \$433,080 in excess of federally insured limits. The Company has not experienced any losses in such accounts through March 31, 2005.

### (C) Earnings Per Share

In accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share", basic earnings per share is computed by dividing the net income (loss) less preferred dividends for the period by the weighted average number of shares outstanding. Diluted earnings per share is computed by dividing net income (loss) less preferred dividends by the weighted

average number of shares outstanding including the effect of share equivalents. At March 31, 2005 and 2004, respectively, there were no common share equivalents, which could potentially dilute future earnings per unit.

(D) Stock Options

The Company accounts for options granted to employees using the intrinsic value method. The Company has chosen not to apply the fair value accounting rules in the statements of operations for employee stock-based compensation but such treatment is required for non-employee stock-based compensation. The Company has chosen the alternative to disclose pro forma net loss and loss per share as if the fair value accounting rules were used for options granted to employees.

The Company had no stock options outstanding at March 31, 2005 and 2004, respectively. Therefore, there was no impact of fair value accounting rules on the Company's net loss and net loss per share--basic and diluted for the three months ended March 31, 2005 and 2004.

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ORTHODONTIX, INC.  
NOTES TO UNAUDITED FINANCIAL STATEMENTS  
MARCH 31, 2005  
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Recent Accounting Pronouncements

In December 2004, the FASB issued SFAS 123 (revised 2004) "Share-Based Payment". This Statement requires that the cost resulting from all share-based transactions be recorded in the financial statements. The Statement establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all entities to apply a fair-value-based measurement in accounting for share-based payment transactions with employees. The Statement also establishes fair value as the measurement objective for transactions in which an entity acquires goods or services from non-employees in share-based payment transactions. The Statement replaces SFAS 123 "Accounting for Stock-Based Compensation" and supersedes APB Opinion No. 25 "Accounting for Stock Issued to Employees". The provisions of this Statement will be effective for the Company beginning with its fiscal year ending 2005. The Company is currently evaluating the impact this new Standard will have on its financial position, results of operations or cash flows.

EXHIBIT INDEX

Exhibit No.	Description
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)
31.2	Certification of Acting Chief Financial Officer pursuant to Rule 13a-14(a)
32	Certification pursuant to Rule 13a-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Title 18, United States Code).

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Glenn L. Halpryn, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Orthodontix, 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 small business issuer as of, and for, the periods presented in this quarterly report;

4. The small business issuer's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Dated: May 11, 2005

By: /s/ Glenn L. Halpryn

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Glenn L. Halpryn  
Chief Executive Officer

Exhibit 31.2

#### CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Alan Jay Weisberg, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Orthodontix, 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 small business issuer as of, and for, the periods presented in this quarterly report;

4. The small business issuer's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer 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 small business issuer, 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) Evaluated the effectiveness of the small business issuer'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

c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer'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 small business issuer'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 small business issuer's internal control over financial reporting.

Dated: May 11, 2005

By: /s/ Alan Jay Weisberg

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Alan Jay Weisberg  
Acting Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO RULE 13a-14(b) AND SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002 (SUBSECTIONS (a) AND (b) OF SECTION 1350, TITLE 18, UNITED  
STATES CODE)

In connection with the Quarterly Report on Form 10-QSB of  
Orthodontix, Inc. for the period ended March 31, 2005, as filed with the  
Securities and Exchange Commission (the "Report"), we, Glenn L. Halpryn,  
Chief Executive Officer of Orthodontix, Inc., and Alan Jay Weisberg, Acting  
Chief Financial Officer of Orthodontix, Inc., hereby 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  
Orthodontix, Inc.

Dated: May 11, 2005

By: /s/ Glenn L. Halpryn

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Glenn L. Halpryn  
Chief Executive Officer

Dated: May 11, 2005

By: /s/ Alan Jay Weisberg

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Alan Jay Weisberg  
Acting Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Orthodontix, Inc. and will be retained by Orthodontix, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.