

BioMETRX  
Form SB-2/A  
June 08, 2007

**As filed with the Securities and Exchange Commission on June 8, 2007  
REGISTRATION NO. 333-140628**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM SB-2/A-2  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**BIOMETRX, INC.**

(Name of small business issuer in its charter)

Delaware  
(State or Jurisdiction of  
Incorporation or Organization)

3670  
(Primary Standard Industrial  
Classification Code Number)

31-1190725  
(I.R.S. Employer  
Identification No.)

500 North Broadway, Suite 204  
Jericho, New York 11753  
(516) 937-2828  
(Address and Telephone Number of Principal Executive Office  
and Principal Place of Business)

Mark Basile  
Chief Executive Officer  
500 North Broadway, Suite 204  
Jericho, New York 11753  
(516) 937-2828  
(Name, address and telephone number of agent for service)

Copies to:  
Joel C. Schneider, Esq.  
Sommer & Schneider LLP  
595 Stewart Avenue, Suite 710  
Garden City, NY 11530  
(516) 228-8181  
(516) 228-8211 (fax)

**APPROXIMATE DATE OF PROPOSED SALE TO THE PUBLIC:** From time to time  
after this Registration Statement becomes effective.

If any of the securities being registered on the Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. x

Edgar Filing: BioMETRX - Form SB-2/A

If the Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the "Securities Act"), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

---

If the Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434 of the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered      | Amount to be Registered (1) | Proposed Maximum Offering Price Per Security (2) | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|---|-----------------------------|--|---|----------------------------|
| Shares of Common Stock, \$0.001 par value per share (3) | 1,550,000                   | \$ 2.75  | \$ 4,262,500                              | \$ 407.60                  |
| <b>Total</b>  | <b>1,550,000</b>            | <b>\$ 2.75</b>                                   | <b>\$ 4,262,500</b>                       | <b>\$ 407.60</b>           |

(1) All 1,550,000 shares registered pursuant to this registration statement are to be offered by the selling shareholders. Pursuant to Rule 416 under the Securities Act, this registration statement also covers such number of additional shares of common stock to prevent dilution resulting from stock splits, stock dividends and similar transactions pursuant to the terms of the warrants referenced below.

(2) Estimated solely for purposes of calculating the registration fee in accordance with Rule 457(c) and Rule 457(g) under the Securities Act, using the average of the bid and asked price as reported on the Over the Counter Bulletin Board on February 9, 2007.

(3) Represents a total of 1,550,000 shares of common stock issuable upon the conversion of convertible debentures and convertible notes held by the selling shareholders.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(A), MAY DETERMINE.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL AND IS NOT A SOLICITATION OF AN OFFER TO BUY IN ANY STATE IN WHICH AN OFFER, SOLICITATION, OR SALE IS NOT PERMITTED.

Subject to completion, dated \_\_\_\_\_, 2007



**PROSPECTUS**

**BIOMETRX, INC.**

**1,550,000 SHARES OF COMMON STOCK**

This prospectus relates to an aggregate of up to 1,550,000 shares of our common stock, which may be offered by the selling shareholders identified in this prospectus for their own account. The 1,550,000 shares are issuable upon the conversion of convertible notes and debentures in the principal amount of \$1,550,000. Our filing of the registration statement of which this prospectus is a part is intended to satisfy a portion of our obligations to the selling shareholders to register for resale the shares underlying the Convertible Notes and Debentures issued to them and the shares issuable upon exercise of the warrants issued to them.

We will not receive any proceeds from the sale of the shares by these selling shareholders.

Unless the context otherwise requires, the terms “bioMETRX”, “we,” “us” or “our” refer to bioMETRX, Inc.

Our common stock is listed on the OTC Bulletin Board under the symbol “BMRX”. The last reported sales price per share of our common stock, as reported by the OTC Bulletin Board on June 4, 2007, was \$1.10.

**INVESTING IN OUR COMMON STOCK INVOLVES A HIGH DEGREE OF RISK.  
SEE “RISK FACTORS” BEGINNING ON PAGE 4.**

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is June \_\_\_\_, 2007

## TABLE OF CONTENTS

|  |       |
|--|-------|
| NOTICE ABOUT FORWARD LOOKING STATEMENTS  | 5     |
| PROSPECTUS SUMMARY   | 5     |
| RISK FACTORS   | 9     |
| USE OF PROCEEDS  | 17    |
| MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS                                 | 17    |
| BUSINESS   | 18    |
| LEGAL PROCEEDINGS  | 24    |
| DESCRIPTION OF PROPERTY  | 24    |
| MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION<br>AND RESULTS OF OPERATIONS | 25    |
| CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING<br>AND FINANCIAL DISCLOSURE  | 37    |
| MANAGEMENT   | 38    |
| EXECUTIVE COMPENSATION   | 39    |
| CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS   | 41    |
| SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT                           | 42    |
| DESCRIPTION OF SECURITIES  | 43    |
| INDEMNIFICATION FOR SECURITIES ACT LIABILITIES   | 43    |
| PLAN OF DISTRIBUTION   | 44    |
| SELLING SHAREHOLDERS   | 46    |
| LEGAL MATTERS  | 50    |
| EXPERTS  | 50    |
| AVAILABLE INFORMATION  | 50    |
| ITEM 24. INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES                            | II-1  |
| ITEM 25. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION                                     | II-1  |
| ITEM 26. RECENT SALES OF UNREGISTERED SECURITIES   | II-2  |
| ITEM 27. EXHIBITS.   | II-9  |
| ITEM 28. UNDERTAKINGS  | II-13 |

WE HAVE NOT AUTHORIZED ANY DEALER, SALESPERSON OR OTHER PERSON TO GIVE ANY INFORMATION OR REPRESENT ANYTHING NOT CONTAINED IN THIS PROSPECTUS. YOU SHOULD NOT RELY ON ANY UNAUTHORIZED INFORMATION. THIS PROSPECTUS DOES NOT OFFER TO SELL OR BUY ANY SHARES IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL. THE INFORMATION IN THIS PROSPECTUS IS CURRENT AS OF THE DATE ON THE COVER.

## NOTICE ABOUT FORWARD LOOKING STATEMENTS

When used in this prospectus, the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “intend,” “plans”, and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) regarding events, conditions and financial trends which may affect our future plans of operations, business strategy, operating results and financial position. Forward looking statements in this prospectus include without limitation statements relating to:

- trends affecting our financial condition or results of operations;
- our business and growth strategies;
- our technology; and
- our financing plans.

Such statements are not guarantees of future performance and are subject to risks and uncertainties and actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such factors include, among other things:

- our ability to obtain additional sources of capital to fund continuing operations, in the event that we are unable to timely generate revenues;
- our ability to retain existing or obtain additional licensees who will act as distributors of our products;
- our ability to obtain additional patent protection for our technology; and
- other economic, competitive and governmental factors affecting our operations, market, products and services.

Additional factors are described in our other public reports and filings with the Securities and Exchange Commission (the “SEC”). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. bioMETRX undertakes no obligation to publicly release the result of any revision of these forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events.

## PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY HIGHLIGHTS SELECTED INFORMATION CONTAINED IN THIS PROSPECTUS. THIS SUMMARY DOES NOT CONTAIN ALL THE INFORMATION YOU SHOULD CONSIDER BEFORE INVESTING IN OUR SECURITIES. BEFORE MAKING AN INVESTMENT DECISION, YOU SHOULD READ THE ENTIRE PROSPECTUS CAREFULLY, INCLUDING THE “RISK FACTORS” SECTION, THE FINANCIAL STATEMENTS AND THE NOTES TO THE FINANCIAL STATEMENTS.

### Our Company

The Company was incorporated on March 13, 1985, under the laws of the State of Utah with the name Univenture Capital Corp. The Company was organized to engage in any lawful business and had no specific business plan except the investigation, analysis, and possible acquisition of business opportunities.

On August 29, 1986, the Company acquired all of the outstanding stock of Health & Leisure Inc., a Delaware corporation which subsequently changed its name to Entre Vest, Inc. ("Entre Vest"), in a transaction in which a subsidiary of the Company merged with and into Entre Vest and the former stockholders of Entre Vest obtained a controlling interest in the Company. The Company subsequently changed its own name from Univenture Capital Corp. to Health & Leisure, Inc. and changed its state of incorporation from Utah to Delaware. Entre Vest was incorporated on June 6, 1985, under the laws of the State of Delaware.



Pursuant to an Acquisition Agreement and Plan of Merger dated June 13, 2003 (the “Merger Agreement”), by and among Health & Leisure, Inc (the “Registrant”); Venture Sum, Inc., a Delaware corporation and a wholly owned subsidiary of Registrant (“Mergerco”); and MarketShare Recovery, Inc., a New York corporation, (“MKSR”), Mergerco merged with and into MKSR, and MKSR became a wholly-owned subsidiary of the Registrant. The merger became effective June 13, 2003, (the “Effective Date,”) however closing of the Agreement occurred on July 15, 2003. Subsequently, Health & Leisure, Inc. filed an amendment to its certificate of incorporation and thereby changed its name to MarketShare Recovery, Inc.

Our former subsidiary similarly named MarketShare Recovery, Inc. was incorporated in New York in November 2000. The subsidiary, MarketShare Recovery, Inc. was a provider of online direct marketing solutions for enterprises. The solutions enabled corporations to create and deliver online direct marketing programs that drive revenue, influence behavior and deepen customer relationships. Our solutions provided customer insight and powerful program execution through a combination of hosted applications and technology infrastructure. As a result of new technology, the Company found it harder to maintain and grow this business and at the end of 2004 this business was discontinued.

On October 7, 2004, we entered into an Asset Purchase Agreement with Palomar Enterprises, Inc. (the “Agreement”). Pursuant to the Agreement, we agreed to purchase certain assets, including certain automotive notes and contracts, a business plan and model for an automotive financial services company and a data base of potential customers and \$150,000 in cash from Palomar in exchange for a controlling interest in us.

On November 2, 2004, by mutual agreement, Palomar and the Company terminated the Agreement.

In 2004, we entered into a database license agreement with 110 Media Group to use and to sublicense the use of its database for a term of ten years for a total license fee of \$45,567. For financial reporting, revenue is recognized using the straight-line method, based upon the economic useful life of three years. At December 31, 2004, our remaining deferred revenue of \$30,378 was recognized as revenue due to the Company completing its obligations under the agreement and we are no longer required to perform any further services nor incur any costs related to this agreement.

On May 27, 2005, we completed a merger (“Merger”) of MarketShare Merger Sub, Inc. a wholly owned subsidiary of the Company (“Merger Sub”) with bioMetrx Technologies, Inc., a Delaware corporation (“bioMetrx Technologies”) pursuant to the Agreement and Plan of Merger dated April 27, 2005, by and among the Company, Merger Sub and bioMetrx Technologies (“Merger Agreement”). bioMetrx Technologies, a development stage company, is engaged in the development of biometrics-based products for the home security and electronics market, including biometrically enabled residential door locks, central station alarm keypads, thermostats and garage/gate openers.

On June 1, 2005 (the “Effective Date”), Merger Sub filed a Merger Certificate completing the acquisition of bioMetrx Technologies. The consideration for the Merger was 3,554,606 restricted shares of our common stock and the issuance of 45,507 Common Stock Purchase Warrants to the holders of corresponding instruments of bioMetrx Technologies. The Merger was completed according to the terms of the Merger Agreement. Simultaneously with the Merger, certain stockholders of the Company surrendered 552,130 shares of the Company’s common stock which were cancelled and returned to the status of authorized and unissued. In addition, 75,000 shares of the Company’s common stock were deposited by these stockholders into escrow to cover contingent liabilities, if any. As a result of the Merger, bioMetrx Technologies was merged into the Merger Sub and became our wholly owned subsidiary.

Since the Company had no meaningful operations immediately prior to the Merger, the Merger is being treated as a reorganization of bioMetrx Technologies via a reverse merger with the Company for accounting purposes.

The 3,554,606 shares and the shares issuable upon the exercise of 45,507 warrants issued as part of Merger to the former bioMetrx Technologies stockholders represented approximately 90% of the total outstanding post-merger stock.

On October 10, 2005, the Company amended its Certificate of Incorporation to change its name to bioMETRX, Inc., as a result, the Company's trading symbol was changed to "BMTX".

On March 14, 2006, the Company filed an amendment to its Certificate of Incorporation to effect a reverse split of all of the outstanding shares of its Common Stock at a ratio of one-for-four and increase the number of authorized shares of its Common Stock to 25,000,000 shares and decrease the par value of the Company's common stock to \$.001 per share. Our certificate of incorporation amendment authorized the issuance of up to 10,000,000 shares of \$.01 par value preferred stock, with such designation rights and preferences as may be determined from time to time by the Board of Directors. The Company's trading symbol was changed to "BMRX." The combined companies are hereinafter referred to as the "Company" or "bioMETRX."

Our corporate address is 500 North Broadway, Suite 204, Jericho, New York 11753, and our telephone number is (516) 937-2828 and our fax number is (516) 937-2880.

### **Summary of the Offerings**

bioMETRX, Inc. (the "Company") entered into a Securities Purchase Agreement dated as of June 29, 2006, with four investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), of units consisting of 8% Convertible Notes in the principal amount of \$950,000, Series A Common Stock Purchase Warrants and Series B Common Stock Purchase Warrants. In addition, the company entered into an Exchange Agreement with the two investors who purchased \$650,000 of the Preferred Stock, on April 28, 2006 whereby the Company agreed to issue the units in exchange for the return and cancellation of the previously issued Preferred Stock units. At the closing the Company issued its 8% Convertible Notes in the aggregate principal amount of \$1,600,000, 1,600,000 A Warrants and 800,000 B Warrants to the Investors. The Company also issued an aggregate of 128,000 shares of its common stock to the investors representing one year's of prepaid interest on the notes.

The notes mature 24 months from the closing. The notes are convertible at the option of the holder into the Company's common stock at the rate of \$1.00 per share. The notes are mandatorily convertible into the Company's common stock if the closing bid price of the Company's common stock is above \$2.50 per share for ten (10) consecutive trading days and if the daily volume for the same period exceeds 100,000 shares per day. The Company may redeem the notes for 125% of the principal amount of the note together with all accrued and unpaid interest provided that (i) an event of default had not occurred, and (ii) an effective registration statement covering the shares underlying the Note exists.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$1.00 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$.10 per share commencing 181 days after issuance and expiring at the close of business on the fifth anniversary of the initial exercise date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement, in the form of bona fide purchase order demonstrating that at least \$1,000,000 of the Company's products have been ordered, other than its initial order from a national retailer in the amount of approximately 23,000 garage door opening units, within 181 days after the date of the Securities Purchase Agreement, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

Pursuant to the Selling Agent Letter Agreement between the Company and the Selling Agent, the Selling Agent was paid a cash fee of \$95,000 (10% of the aggregate purchase price of the units sold to the subscribers) in addition to the \$65,000 it received on April 28, 2006. The Company also issued the Selling Agent a warrant to purchase 160,000

shares of its common stock on the same terms as the A Warrants.

The Company entered into a Securities Purchase Agreement dated as of December 28, 2006, with three investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act, of units consisting of Senior Convertible Debentures in the principal amount of \$1,500,000, 1,500,000 Series A Common Stock Purchase Warrants and 750,000 Series B Common Stock Purchase Warrants. The closing occurred on January 5, 2007.

7

---

The debentures mature on June 29, 2008. The debentures are convertible at the option of the holder into the Company's common stock at the rate of \$1.00 per share. The debentures are convertible at the option of the Company into the Company's common stock if the closing bid price of the Company's common stock is above \$2.50 per share for ten (10) consecutive trading days and if the shares underlying the debentures are registered. The Company may redeem the debentures for 125% of the principal amount of the debenture together with all accrued and unpaid interest provided that (i) an event of default has not occurred, (ii) the price of the Company's common stock exceeds \$1.50, (ii) an effective registration statement covering the shares underlying the debentures exists, and (iii) if for 20 consecutive days the daily VWAP exceeds \$1.50 and certain equity conditions are met, including a condition that the daily volume for the same period exceeds \$50,000 per day.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$1.00 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$.10 per share at any time after July 1, 2007 and expiring at the close of business on the fifth anniversary of the initial issuance date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement on or before June 30, 2007 that the Company has both received and booked revenues for its products totaling \$1,000,000, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

Pursuant to the Selling Agent Letter Agreement between the Company and First Montauk Securities Corporation, the Selling Agent was paid a cash fee of \$150,000 (10% of the aggregate purchase price of the units sold to the subscribers). The Company also issued the Selling Agent a warrant to purchase 150,000 shares of its common stock on the same terms as the A Warrants.

As part of the Private Placement, the Company entered into a registration rights agreement with each subscriber who purchased units in the private placement. Under the registration rights agreement, the Company is obligated to file a registration statement on Form SB-2, relating to the resale by the holders of the Common Stock underlying the debentures, warrants and Selling Agent warrant.

As a condition to closing, the Company obtained consents and waivers from the investors of its private placement of \$1,600,000 principal amount of Convertible Notes issued on June 29, 2006, pursuant to which each of the prior investors agreed to waive any and all existing defaults relating to the notes and agreed to forebear from exercising any rights accruing upon default until March 31, 2007. As of the date hereof, none of the investors have exercised any rights upon the default. In connection therewith, the Company issued to the investors convertible notes in the aggregate principal amount of \$387,437.39, representing liquidated damages due under the notes. The notes are convertible into the Company's common stock at \$1.00 per share.

Common stock offered by  
bioMETRX: None.

Common stock offered by selling  
shareholders: 1,550,000 shares, issuable upon the conversion of a portion  
of the Convertible Notes and Convertible Debentures.

Common stock outstanding: As of June 1, 2007, 10,064,867 shares of our common  
stock were issued and outstanding.

Proceeds to bioMETRX: We will not receive proceeds from the resale of shares by  
the selling shareholders.

Use of proceeds: Working capital.

OCT Bulletin Board Symbol: BMRX.

8

---

## **RISK FACTORS**

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. BEFORE YOU INVEST YOU SHOULD CAREFULLY CONSIDER THE RISKS AND UNCERTAINTIES DESCRIBED BELOW AND THE OTHER INFORMATION IN THIS PROSPECTUS. IF ANY OF THE FOLLOWING RISKS ARE REALIZED, OUR BUSINESS, OPERATING RESULTS AND FINANCIAL CONDITION COULD BE HARMED AND THE VALUE OF OUR STOCK COULD GO DOWN. THIS MEANS YOU COULD LOSE ALL OR A PART OF YOUR INVESTMENT.

### **Risks Related to Our Business**

*Because we have a limited operating history, you may not be able to accurately evaluate our operations.*

We have had limited operations to date and have never generated revenue. Therefore, we have a limited operating history upon which to evaluate the merits of investing in the Company. Because we are in the early stages of operating our business, we are subject to many of the same risks inherent in the operation of a business with a limited operating history, including the potential inability to continue as a going concern.

*We are dependent on outside financing for continuation of our operations.*

Because we have never generated revenue and currently operate at a significant loss, we are completely dependent on the continued availability of financing in order to continue our business. There can be no assurance that financing sufficient to enable us to continue our operations will be available to us in the future. Our failure to obtain future financing or to produce levels of revenue to meet our financial needs could result in our inability to continue as a going concern and, as a result, investors in the Company could lose their entire investment.

*Our business will not grow unless the market for biometric products and services expands both domestically and internationally.*

Our revenues will be derived from the sale of biometric products and services. Biometric products have not gained widespread commercial acceptance. We cannot accurately predict the future growth rate, if any, or the ultimate size of the biometric technology market. The expansion of the market for our products depends on a number of factors including without limitation:

- national or international events which may affect the need for or interest in biometric products or services;
- the cost, performance and reliability of our products and services and those of our competitors;
- customers' perception of the perceived benefit of biometric products and services and their satisfaction with our products and services;
- public perceptions of the intrusiveness of these products and services and the manner in which firms are using the information collected;
- public perceptions regarding the confidentiality of private information;
- proposed or enacted legislation related to privacy of information; and

- marketing efforts and publicity regarding these products and services.

Certain groups have publicly objected to the use of biometric products for some applications on civil liberties grounds and legislation has been proposed to regulate the use of biometric security products. From time to time, biometrics technologies have been the focus of organizations and individuals seeking to curtail or eliminate such technologies on the grounds that they may be used to diminish personal privacy rights. If such initiatives result in restrictive legislation, the market for biometric solutions may be adversely affected. Even if biometric solutions gain wide market acceptance, our products and services may not adequately address the requirements of the market and may not gain wide market acceptance.



***We may face intense competition from other biometric solution providers as well as identification and security systems providers.***

A significant number of established and startup companies are marketing or developing software and hardware for facial and/or fingerprint biometric products and applications that may eventually compete with our current offerings.

The biometric security market is a rapidly evolving and intensely competitive, and we believe that additional significant long-term competitors will continue to enter the market. We expect competition in the biometrics markets to increase and intensify in the near term. Companies competing with us may introduce products that are targeted at our target markets and competitively priced, have increased performance or functionality or incorporate technological advances we have not yet developed or implemented. Some present and potential competitors have financial, marketing, research, and manufacturing resources substantially greater than ours. Other players in the biometric do have the potential to directly compete with us. Among these companies are Sagem Morpho, Inc., Cogent, NEC, Printrak International, Inc., (a Motorola company), and Saflink. However, these companies primarily focus on networked-based, or computer based systems that require a sophisticated computer-based infrastructure to operate. Our company's products are embedded and self contained and do not require a computer to operate.

***The biometrics industry is characterized by rapid technological change and requires introduction of new and enhanced products at competitive prices.***

In order to compete effectively in the biometrics market, we must continually design, develop and market new and enhanced products at competitive prices and we must have the resources available to invest in significant research and development activities. Our future success will depend upon our ability to address the changing and sophisticated needs of the marketplace. Frequently, technical development programs in the biometric industry require assessments to be made of the future directions of technology and technology markets generally, which are inherently risky and difficult to predict. Delays in introducing new products, services and enhancements, the failure to choose correctly among technical alternatives or the failure to offer innovative products and services at competitive prices may cause customers to forego purchases of our products and services and purchase those of our competitors, and could adversely affect our business operations, financial results and stock price.

***Our financial and operating results often vary significantly from quarter to quarter and may be negatively affected by a number of factors.***

Our financial and operating results may fluctuate from quarter to quarter because of the following reasons:

- unavailability or delays in authorization of government funding or cancellations, delays or contract amendments by government agency customers;
- reduced demand for products and services caused, for example, by product offerings from new competitors;
- the inability to timely and successfully (i) complete development of complex designs, components and products, (ii) complete new product introductions that may result in improved gross margins, (iii) manufacture in volume or
- install certain of our complex products or (iv) obtain relevant government agency certifications for newly introduced products on a timely basis;
- changes in the mix of products and services we or our distributors sell;



- the readiness of customers to accept delivery of new products on a timely basis;
- protests of federal, state or local government contract awards by competitors;
- unforeseen legal expenses, including litigation and/or administrative protest costs;
- expenses related to acquisitions or mergers;
- impairment charges arising out of our assessments of goodwill and intangibles;
- other one-time financial charges;
- the lack of availability or increase in cost of key components and subassemblies;
- competitive pricing pressures; and
- unpredictable product installation schedules

Particularly important is the need to invest in planned technical development programs to maintain and enhance our competitiveness, and to successfully develop and launch new products and services on a timely basis. Managing and improving the likelihood of success of such programs requires the development of budgets, plans and schedules for the execution of these programs and the adherence to such budgets, plans and schedules. The majority of such program costs are payroll and related staff expenses, and secondarily materials, subcontractors and promotional expenses. These costs are very difficult to adjust in response to short-term fluctuations in our revenues, compounding the difficulty of achieving profitability in the event of a revenue downturn.

***A security breach or failure in systems that we use could result in the disclosure of private personal information that could harm our business by adversely affecting the market's perception of our products and services.***

Many of the systems we use are designed to secure or manage private personal information or information maintained by governmental agencies or credit card processing companies. In addition to being costly to repair and causing delays and other difficulties, a security breach or failure in one of these systems could cause serious harm to our business as a result of negative publicity or decisions by clients to limit our access or involvement with this information.

***The terrorist attacks of September 11, 2001, and the continuing threat of global terrorism, have increased financial expectations that may not materialize.***

The September 11, 2001 terrorist attacks, and continuing concerns about global terrorism, may have created an increase in awareness for biometric security solutions generally. However, it is uncertain whether the actual level of demand for our biometric products and services will grow as a result of such increased awareness. Increased demand may not result in an actual increase in our revenues. In addition, it is uncertain which security solutions, if any, will be adopted as a result of terrorism and whether our products will be a part of those solutions.. These factors may adversely impact us and create unpredictability in revenues and operating results.

***Our lengthy and variable sales cycle will make it difficult to predict operating results.***

Certain of our products often have a lengthy sales cycle while the customer evaluates and receives approvals for purchase. If, after expending significant funds and effort, we fail to receive an order, a negative impact on our

financial results and stock price could result. It is difficult to predict accurately the sales cycle of any large order for any of our products. If we do not ship and or install one or more large orders as forecast for a fiscal quarter, our total revenues and operating results for that quarter could be materially and adversely affected.

***The substantial lead-time required for ordering parts and materials may lead to inventory problems.***

The lead-time for ordering parts and materials and building many of our products can be many months. As a result, we must order parts and materials and build our products based on forecasted demand. If demand for our products lags significantly behind our forecasts, we may produce more products than we can sell, which can result in cash flow problems and write-offs or write-downs of obsolete inventory.

***We will rely in part upon original equipment manufacturers (“OEM”) and distribution partners to distribute our products, and we may be adversely affected if those parties do not actively promote our products or pursue installations that use our equipment.***

We estimate that a significant portion of our revenue will come from sales to partners including OEMs, systems integrators, distributors and resellers. Some of these relationships have not been formalized in a detailed contract, and may be subject to termination at any time. Even where these relationships are formalized in a detailed contract, the agreements are often terminable with little or no notice and subject to periodic amendment. We cannot control the amount and timing of resources that our partners devote to activities on our behalf.

We intend to continue to seek strategic relationships to distribute, license and sell certain of our products. We, however, may not be able to negotiate acceptable relationships in the future and cannot predict whether current or future relationships will be successful.

***Loss of sole or limited source suppliers may result in delays or additional expenses.***

We obtain certain hardware components and complete products, as well as software applications, from a single source or a limited group of suppliers. We do not have long-term agreements with any of our suppliers. We will experience significant delays in manufacturing and shipping of products to customers if we lose these sources or if supplies from these sources are delayed.

As a result, we may be required to incur additional development, manufacturing and other costs to establish alternative sources of supply. It may take several months to locate alternative suppliers, if required, or to re-tool our products to accommodate components from different suppliers. We cannot predict if we will be able to obtain replacement components within the time frames we require at an affordable cost, or at all. Any delays resulting from suppliers failing to deliver components or products on a timely basis in sufficient quantities and of sufficient quality or any significant increase in the price of components from existing or alternative suppliers could have a severe negative impact on our financial results and stock price.

***We may be subject to loss in market share and market acceptance as a result of performance failures, manufacturing errors, delays or shortages.***

Performance failure in our products may cause loss of market share, delay in or loss of market acceptance, additional warranty expense or product recall, or other contractual liabilities. The complexity of certain of our fingerscanners makes the manufacturing and assembly process of such products, especially in volume, complex. This may in turn lead to delays or shortages in the availability of certain products, or, in some cases, the unavailability of certain products. The negative effects of any delay or failure could be exacerbated if the delay or failure occurs in products that provide personal security, secure sensitive computer data, authorize significant financial transactions or perform other functions where a security breach could have significant consequences. If a product launch is delayed or is the subject of an availability shortage because of problems with our ability to manufacture or assemble the product successfully on a timely basis, or if a product or service otherwise fails to meet performance criteria, we may lose revenue opportunities entirely and/or experience delays in revenue recognition associated with a product or service in

addition to incurring higher operating expenses during the period required to correct the defects. There is a risk that for unforeseen reasons we may be required to repair or replace a substantial number of products in use or to reimburse customers for products that fail to work or meet strict performance criteria. We carry product liability insurance, but existing coverage may not be adequate to cover potential claims.

***We may be subject to repair, replacement, reimbursement and liability claims as a result of products that fail to work or to meet applicable performance criteria.***

There is a risk that for unforeseen reasons we may be required to repair or replace a substantial number of products in use or to reimburse customers for products that fail to work or meet strict performance criteria. We attempt to limit remedies for product failure to the repair or replacement of malfunctioning or noncompliant products or services, and also attempt to exclude or minimize exposure to product and related liabilities by including in our standard agreements warranty disclaimers and disclaimers for consequential and related damages as well as limitations on our aggregate liability. From time to time, in certain complex sale or licensing transactions, we may negotiate liability provisions that vary from such standard forms. There is a risk that our contractual provisions may not adequately minimize our product and related liabilities or that such provisions may be unenforceable. We carry product liability insurance, but existing coverage may not be adequate to cover potential claims. We maintain warranty reserves as deemed adequate by management.

***Failure by us to maintain the proprietary nature of our technology, intellectual property and manufacturing processes could have a material adverse effect on our business, operating results, financial condition, stock price, and on our ability to compete effectively.***

We principally rely upon patent, trademark, copyright, trade secret and contract law to establish and protect our proprietary rights. There is a risk that claims allowed on any patents or trademarks we hold may not be broad enough to protect our technology. In addition, our patents or trademarks may be challenged, invalidated or circumvented and we cannot be certain that the rights granted thereunder will provide competitive advantages to us. Moreover, any current or future issued or licensed patents, or trademarks, or currently existing or future developed trade secrets or know-how may not afford sufficient protection against competitors with similar technologies or processes, and the possibility exists that certain of our already issued patents or trademarks may infringe upon third party patents or trademarks or be designed around by others. In addition, there is a risk that others may independently develop proprietary technologies and processes, which are the same as, substantially equivalent or superior to ours, or become available in the market at a lower price.

In addition, foreign laws treat the protection of proprietary rights differently from laws in the United States and may not protect our proprietary rights to the same extent as U.S. laws. The failure of foreign laws or judicial systems to adequately protect our proprietary rights or intellectual property, including intellectual property developed on our behalf by foreign contractors or subcontractors may have a material adverse effect on our business, operations, financial results and stock price.

There is a risk that we have infringed or in the future will infringe patents or trademarks owned by others, that we will need to acquire licenses under patents or trademarks belonging to others for technology potentially useful or necessary to us, and that licenses will not be available to us on acceptable terms, if at all.

We may have to litigate to enforce our patents or trademarks or to determine the scope and validity of other parties' proprietary rights. Litigation could be very costly and divert management's attention. An adverse outcome in any litigation may have a severe negative effect on our financial results and stock price. To determine the priority of inventions, we may have to participate in interference proceedings declared by the United States Patent and Trademark Office or oppositions in foreign patent and trademark offices, which could result in substantial cost and limitations on the scope or validity of our patents or trademarks.

We also rely on trade secrets and proprietary know-how, which we seek to protect by confidentiality agreements with our employees, consultants, service providers and third parties. There is a risk that these agreements may be breached, and that the remedies available to us may not be adequate. In addition, our trade secrets and proprietary know-how may otherwise become known to or be independently discovered by others.

***Compliance with changing regulation of corporate governance and public disclosure may result in additional expenses.***

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, new SEC regulations and NASDAQ National Market rules, are creating uncertainty for companies such as ours. These new or changed laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, we intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating

activities to compliance activities. If our efforts to comply with new or changed laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, our reputation may be harmed.



***If we fail to adequately manage the size of our business, it could have a severe negative effect on our financial results or stock price.***

Our management believes that in order to be successful we must appropriately manage the size of our business. This may mean reducing costs and overhead in certain economic periods, and selectively growing in periods of economic expansion. In addition, we will be required to implement operational, financial and management information procedures and controls that are efficient and appropriate for the size and scope of our operations. The management skills and systems currently in place may not be adequate and we may not be able to manage any significant cost reductions or effectively provide for our growth.

***If we fail to attract and retain qualified senior executive and key technical personnel, our business will not be able to expand.***

We are dependent on the continued availability of the services of our employees, many of whom are individually key to our future success, and the availability of new employees to implement our business plans. The market for skilled employees is highly competitive, especially for employees in technical fields. Although our compensation programs are intended to attract and retain the employees required for us to be successful, there can be no assurance that we will be able to retain the services of all our key employees or a sufficient number to execute our plans, nor can there be any assurance we will be able to continue to attract new employees as required.

Our personnel may voluntarily terminate their relationship with us at any time, and competition for qualified personnel, especially engineers, is intense. The process of locating additional personnel with the combination of skills and attributes required to carry out our strategy could be lengthy, costly and disruptive.

If we lose the services of key personnel, or fail to replace the services of key personnel who depart, we could experience a severe negative effect on our financial results and stock price. In addition, there is intense competition for highly qualified engineering and marketing personnel in the locations where we principally operate. The loss of the services of any key engineering, marketing or other personnel or our failure to attract, integrate, motivate and retain additional key employees could have a material adverse effect on our business, operating and financial results and stock price.

***If we fail to comply with the new rules under the Sarbanes-Oxley Act related to accounting controls and procedures, or if material weaknesses or other deficiencies are discovered in our internal accounting procedures, our stock price could decline significantly.***

Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors addressing these assessments. We are in the process of documenting and testing our internal control procedures, and we may identify material weaknesses in our internal control over financial reporting and other deficiencies. If material weaknesses and deficiencies are detected, it could cause investors to lose confidence in our Company and result in a decline in our stock price and consequently affect our financial condition. In addition, if we fail to achieve and maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Moreover, effective internal controls, particularly those related to revenue recognition, are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our Common Stock could drop significantly. In addition, we cannot be certain that additional material weaknesses or significant deficiencies in our internal controls will not be discovered in the future.



**The following risks relate principally to our common stock and its market value:**

***Trading on the OTC Bulletin Board may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.***

Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with a company's operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to our business or operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like NASDAQ or a stock exchange like the American Stock Exchange. Accordingly, stockholders may have difficulty reselling any of their shares of common stock.

***Our Common Stock price may be volatile and could fluctuate widely in price, which could result in substantial losses for investors.***

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including:

- technological innovations or new products and services by us or our competitors;
- government regulation of our products and services;
- the establishment of partnerships with other technology companies;
- intellectual property disputes;
- additions or departures of key personnel;
- sales of our common stock
- our ability to integrate operations, technology, products and services;
- our ability to execute our business plan;
- operating results below expectations;
- loss of any strategic relationship;
- industry developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

Because we are a development stage company with no revenues to date, you should consider any one of these factors to be material. Our stock price may fluctuate widely as a result of any of the above.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

***We have not paid cash dividends in the past and do not expect to pay cash dividends in the future on our common stock. Any return on investment may be limited to the value of our common stock.***

We have never paid cash dividends on our common stock and do not anticipate paying cash dividends in the foreseeable future. The payment of cash dividends on our common stock will depend on earnings, financial condition and other business and economic factors at such time as the board of directors may consider relevant. If we do not pay cash dividends, our common stock may be less valuable because a return on your investment will only occur if its stock price appreciates.

***Penny stock regulations may impose certain restrictions on marketability of our stock.***

Our common stock is currently listed for trading on the OTC Bulletin Board which is generally considered to be a less efficient market than markets such as NASDAQ or other national exchanges, and which may cause difficulty in conducting trades and difficulty in obtaining future financing. Further, our securities are subject to the "penny stock rules" adopted pursuant to Section 15 (g) of the Securities Exchange Act of 1934, as amended, or Exchange Act. The penny stock rules apply to non-NASDAQ companies whose common stock trades at less than \$5.00 per share or which have tangible net worth of less than \$5,000,000 (\$2,000,000 if the company has been operating for three or more years). Such rules require, among other things, that brokers who trade "penny stock" to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade "penny stock" because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the "penny stock rules" for any significant period, there may develop an adverse impact on the market, if any, for our securities. Because our securities are subject to the "penny stock rules," investors will find it more difficult to dispose of our securities. Further, for companies whose securities are traded in the OTC Bulletin Board, it is more difficult: (i) to obtain accurate quotations, (ii) to obtain coverage for significant news events because major wire services, such as the Dow Jones News Service, generally do not publish press releases about such companies, and (iii) to obtain needed capital.

***Our Board of Directors may issue and fix the terms of shares of our preferred stock without stockholder approval, which could adversely affect the voting power of holders of our common stock or any change in control of our company.***

Our certificate of incorporation authorizes the issuance of up to 10,000,000 shares of "blank check" preferred stock, with such designation rights and preferences as may be determined from time to time by the Board of Directors. Our Board of Directors is empowered, without shareholder approval, to issue additional shares of preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of our common stock. In the event of such issuances, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our company.

***A sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.***

The market price of our common stock could decline as a result of sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future offerings of common stock. All of the shares of our common stock covered by this prospectus will be freely transferable without restriction or further registration under the Securities Act.

## USE OF PROCEEDS

This prospectus relates to 1,550,000 shares of our common stock, which may be sold from time to time by the selling shareholders. We will not receive any part of the proceeds from the sale of common stock by the selling shareholders.

### MARKET FOR COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

#### Market Information

Our common stock has been quoted on the OTCBB under the symbol BMRX since March 16, 2006. Prior to that, the Company traded under the symbol BMTX and prior to that the Company's common stock traded under the symbol MKSH. The following table sets forth, for the periods indicated, the high and low sales prices per share of common stock as reported on the OTCBB. These quotations reflect interdealer prices, without retail markup, markdown or commission and may not necessarily represent actual transactions:

#### 2004

|                     | <b>High</b> | <b>Low</b> |
|---------------------|-------------|------------|
| <u>COMMON STOCK</u> |             |            |
| First quarter       | \$ 12.00    | \$ 3.36    |
| Second quarter      | \$ 9.60     | \$ 1.49    |
| Third quarter       | \$ 2.64     | \$ 1.20    |
| Fourth quarter      | \$ 1.39     | \$ 0.06    |

#### 2005

|                     | <b>High</b> | <b>Low</b> |
|---------------------|-------------|------------|
| <u>COMMON STOCK</u> |             |            |
| First quarter       | \$ 1.28     | \$ 0.60    |
| Second quarter      | \$ 15.40    | \$ 0.60    |
| Third quarter       | \$ 15.80    | \$ 2.20    |
| Fourth quarter      | \$ 8.00     | \$ 2.40    |

#### 2006

|                     | <b>High</b> | <b>Low</b> |
|---------------------|-------------|------------|
| <u>COMMON STOCK</u> |             |            |
| First quarter       | \$ 6.80     | \$ 2.40    |
| Second quarter      | \$ 3.75     | \$ 1.35    |
| Third quarter       | \$ 1.80     | \$ 0.60    |
| Fourth quarter      | \$ 2.95     | \$ 1.05    |

#### 2007

|                     | <b>High</b> | <b>Low</b> |
|---------------------|-------------|------------|
| <u>COMMON STOCK</u> |             |            |
| First quarter       | \$ 3.49     | \$ 1.75    |

All prices for fiscal 2004, 2005, 2006 and 2007 are split-adjusted to reflect a reverse 1:12 stock split which occurred on December 20, 2004 and also reflect a reverse 1:4 stock split which occurred March 14, 2006.

On June 4, 2007, the last sale price of our common stock reported by the OTCBB was \$1.10 per share.

## Shareholders

Records of our stock transfer agent indicate that as of May 17, 2007, we had 696 record holders of our common stock. The Company estimates there are nearly 500 holders of lots of 100 or more shares. Since a significant number of our shares are held by financial institutions in "street name," it is likely that we have significantly more stockholders than indicated above. We estimate that we have approximately 1,000 beneficial holders, including such shares held in "street name." As of June 4, 2007 we had 10,064,867 outstanding shares of common stock.

## Dividend Policy

Our board of directors determines any payment of dividends. We have never declared or paid any cash dividends, and we do not anticipate or contemplate paying cash dividends in the foreseeable future. It is our Board of Directors intention to utilize all available funds for working capital of bioMETRX.

## BUSINESS

The Company, through its wholly owned subsidiaries, designs, develops, engineers and markets biometrics-based products for the consumer home security, consumer electronics, medical records and medical products markets. The Company's executive offices are located in Jericho, New York.

Originally founded in 2001, bioMETRX is focused on developing simple-to-use, cost-efficient, finger-activated, lifestyle products under the trade name smartTOUCH™. As a result of the agreement with MasterLOCK™, various products will be branded using the MasterLOCK™ powered by smartTOUCH™ brand name. The Company's product line includes biometrically enabled residential locks, central station alarm keypads, thermostats, garage/gate openers, medical crash carts and industrial medicine cabinets. Our products utilize finger recognition technology designed to augment or replace conventional security methods such as keys, keypads, and PIN numbers.

The Company operates its business through three (3) wholly owned subsidiaries, bioMETRX Technologies Inc., which conducts the product engineering and design, smartTOUCH Consumer Products, Inc., the consumer-based marketing and sales group and smartTOUCH Medical, Inc. which is designing and will market medical industry products.

The home security industry consists of garage door manufacturers, key and lock manufacturers and central station alarm monitoring companies, representing a \$25 billion global market. bioMETRX develops market-specific products in this area which are being sold through retailers, dealers and direct to consumers in the United States. The company's first product, the Garage Door Opener, also known as the MasterLock™ GDO powered by SmartTOUCH, will be available through the Home Depot this summer.

The Company has also developed a finger-activated thermostat (smartSTAT) that will be marketed to the general public as well as small box retailers, restaurant chains and small business owners. The Company's smartSTAT thermostat allows only authorized users the ability to access and change the HVAC settings, after they have been authenticated by placing their finger on a sensor built into the device. This provides consumers and small business owners complete control over the heating and cooling settings within their homes or business establishments by preventing unwanted tampering and hence offers direct energy and cost savings benefits, without the need to install a cumbersome, ineffective security box around the thermostat.

The Company is presently completing some software enhancements on its smartSTIK product and will soon commence distribution and fulfillment of on-line orders. At this point we cannot offer a specific date or assurances that the release of the product will result in any meaningful revenues.



The Company is also developing technology for the medical products market. Currently, devices such as medical crash carts, rolling medicine drawers and cabinets and medical tool supply bins are either accessible in a hallway of a hospital or require medical personnel to enter a 4-digit PIN code to unlock these products. The Company is developing technology to secure these items while simplifying the procedure so that the proper medical personnel can access them quickly when necessary.

18

---

bioMETRX, to date, has not introduced its products and services commercially and is considered an entry level market vendor of consumer-based biometric products. bioMETRX has limited assets, significant liabilities and limited business operations. To date, activities have been limited to organizational matters, development of its products and services and capital raising.

Management's plan of operations for the next twelve months is to raise additional capital, complete further development of its product line and commence marketing the Company's products and services through its disparate distribution channels. The Company has recently executed a licensing agreement as well as a co-marketing/co-development agreement with MasterLock™ for its garage door opener and other products whereby the garage door opener will be marketed under the MasterLock™ brand and the companies will jointly undertake development of new products. The Company expects it will require \$8,000,000 - \$10,000,000 over the next 12 months to accomplish these goals and expects to be financed by the private sale of its securities and lines of credit with commercial banks for continuous manufacturing output of its products. The Company has initiated production of its garage door openers and it is estimated that delivery will commence incrementally in late second quarter though exact delivery dates are still uncertain. As the Company has no lines of credit with its contract manufacturer at this point, it will necessitate the requirement for advance purchase of components. To that end, the company has paid its manufacturer approximately \$150,000 for components. Further as Company will replenish orders and maintain inventories, it will require additional financing until it is internally generating positive cash flow. Although the Company has retained the services of an investment banker, there are no firm commitments on anyone's part to invest in the Company and if it is unable to obtain financing through the sale of its securities or other financing, the Company's products and services may never be commercially sold. The Company though expecting to receive revenues within the second quarter of 2007 does not expect to be profitable in 2007 and cannot reasonably insure that it will be cash flow positive during this period. The Company's balance sheet continues to reflect negative shareholder equity and for the foreseeable year will be solely reliant on the attraction of additional equity in order for it to reflect shareholder equity unless revenues should exceed expectations for the current market ready products or other products planned for release during this fiscal year 2007. Should the Company prevail in its efforts to attract capital and fulfill its delivery requirements of its initial orders, it will require strict budget adherence in order to manage the many demands for capital.

### **Current Market Outlook - Target Markets/Applications**

There is a unique opportunity in the consumer electronics market for the incorporation of biometrics technology in multiple devices, requiring personal identification or key access. Two current examples are biometrically secured laptops (IBM-Lenovo Thinkpad) and cell phones (Samsung SCH370). Prospective home/office security and electronics devices includes the introduction of "biometric" access controls on anything that presently requires a key, keypad or Personal Identification Number ("PIN"). bioMETRX is the first company to offer biometric security and electronics products for the home consumer market at any significant level.

We are focused on developing simple to use, cost efficient, finger activated consumer electronics products principally under the trade name "smartTOUCH™". Our current and prospective consumer products include biometrically enabled and secure residential garage/gate door openers/locks, central station alarm pads and thermostats.

### **Product Offerings**

smartTOUCH™ products allow a person to open a door, or set an alarm or thermostat simply by placing a finger upon a sensor chip, the size of a postage stamp. smartTOUCH™ products are designed to simplify access, while substantially increasing the security level of the systems used for such purposes. Our smartTOUCH™ products use one-to-one biometrics matching authenticated systems embodied in its products. The bioMETRX patent-pending system includes a hand held universal programmer designed to control access to the administrative functions of each smartTOUCH™

device. All smartTOUCH™ products are designed to work with this universal programmer, and permit up to twenty (20) authorized users to be enrolled. Our system allows two types of users, an access user who can only operate the smartTOUCH™ device, and an administrative user who can operate and also add or delete other users.

## Consumer Products

### smartTOUCH™ Garage Door Opener

As a result of the licensing agreement with the MasterLock™, the smartTOUCH™ Garage Door Opener (GDO) will be marketed as MasterLock™ Garage Door Opener powered by smartTOUCH. The GDO is a weatherproof, shockproof, tamper resistant, garage door opener switch that allows a homeowner to control the opening of a garage door with a touch of a finger. The garage door opener originally a hardwired unit, has been redesigned to be wireless and works universally with any manufacturer's opener mechanism. The GDO is designed specifically to withstand the elements for years of reliable service and dependability. The homeowner's finger is used to activate the garage door opening mechanism.

The GDO unit is programmed using a proprietary handheld programmer that was designed by the Company to program the complete range of smartTOUCH products. The programmer simply plugs into the main Sensor Unit and initiates a series of simple prompts on the menu screen, allowing the GDO to be programmed quickly and easily.

In developing a wireless biometric version of the smartTOUCH GDO unit, thus removing the need for a hard-wired connection between the Sensor unit and Relay, we have made the GDO system easier to install and more secure, as the unit transmits data using die code hopping encryption. In addition, future versions of the wireless GDO will allow the unit to communicate with a device such as a cell phone or other alternative wireless remote. The need for biometric authentication to operate the GDO will eliminate the possibility of a criminal using a frequency descrambler to open the garage door. Our wireless technology is being designed to actually transmit the user's information that is authenticated at the remote device first, then transmitted to the receiver located on the garage door frame for re-authentication. We call this feature our "Failsafe Authentication Process" ("FAP").

Although market data on the use of automatic garage door openers is limited, management estimates that there are 30 million homes in the United States equipped with automatic garage doors. For many families, the automatic garage door opener has made the garage door the most frequently used door for entering and exiting the home. Consequently, there is a large potential market for the smartTOUCH™ Garage Door Opener which meets the consumer need for security and convenience combined. We have filed our initial patent for this device with the United States Patents and Trademark Office in March 2004 and the patent was granted in January 2007 for the design of the biometric electronic garage door opener device.

During the quarter ended March 31, 2006 we received an initial purchase order for our smartTOUCH™ Garage Door Opener and purchase orders were subsequently modified in January 2007 in the amount of 17,340 units from The Home Depot. Delivery of the order is scheduled for early summer 2007. As a result of its co-marketing agreement with MasterLock™, the GDO will be marketed under the name of MasterLock™ GDO powered by smartTOUCH™. The company has received numerous inquiries from other home improvement and consumer electronic retailers and is making every effort to meet with these other retailers.

The Company has had discussions with garage door manufacturers with the objective of providing the Company's product as an additional option to their standard garage door openers. In addition, following numerous inquiries, we have begun to establish a National Dealer Network, with the introduction of our proTOUCH Dealer Program. Our products are also available on the Company's website. To date, the Company has received approximately 1,200 on-line orders for its garage door opener unit.

We are currently initiating manufacturing of the garage door opener unit with a third party contract manufacturer located in the United States with manufacturing operations in China, who will be providing turn-key manufacturing services. We have also established a credit facility with our major component supplier.



### smartSTAT™ Thermostat

Every residential, commercial and industrial building is equipped with at least one thermostat. Typically, thermostats can be adjusted by children, housekeepers, employees, guests and even strangers, which can cost the homeowner or business owner hundreds, if not thousands, of dollars per year in lost energy costs due to unauthorized operations. Currently, the only security device available for thermostats is a clear plastic “lockbox” that fits over the thermostat. These boxes are used in a number of different buildings, including, but not limited to, shopping malls, apartment buildings office buildings, restaurants and factories. They are cumbersome and ineffective deterrents. In fact, these lockboxes are usually broken or simply ripped off the wall.

The smartSTAT™ Thermostat allows business owners/homeowners complete and secure control of the building’s heating and cooling system without having to invest tens of thousands of dollars in computer-based HVAC systems. By programming the smartSTAT™ Thermostat, only those individuals with authority to change the temperature can access the thermostat menus and functions. The Company, in its continuing efforts to protect its intellectual property, has acquired the rights to a patent protecting the biometric application of an electronic thermostat. smartSTAT™ Thermostats are designed to the same operational standards as currently available electronic programmable thermostats. The smartSTAT™ Thermostat will be the Company’s second product to market. The smartSTAT™ Thermostat will have a suggested retail price of \$189.00.

Management estimates that approximately 10 million thermostats are sold in the United States annually, 45% of which are electronic models, either programmable or non-programmable. Management expects that there will be an increase in the sale of electronic thermostats as several states enact laws addressing the sale and disposal of mercury-based thermostats, some are even offering rebate programs to consumers that replace mercury thermostats with new energy-efficient programmable models.

The Company intends to manufacture approximately one thousand (1,000) thermostat units for two programs. One program will be designed for commercial applications and the Company has had several discussions with a number of restaurant chains who have expressed interest in participating in the program. The second program will be designed for residential use. The Company anticipates that these programs will commence within the next six months.

### smartSTIK™ USB Flash Drive

USB flash drives are compact and easy-to-use flash memory data storage devices integrated with a USB interface. USB devices are utilized for personal data storage and portable desktop computing. Rather than carrying bulky disks that may not be read by certain devices or trusting email to transfer important or confidential files or pictures, a USB flash drive offers a simple, portable means of securely storing data. Common applications range from consumers using USB flash drives to transport digital music, pictures and videos, to the transportation of sensitive data such as banking information, personal PIN numbers, and corporate documents.

The common problem with current USB flash devices is that, if lost or stolen, the data on the device is not protected and can be accessed by unauthorized users. bioMETRX has developed smartSTIK™, a secure USB flash drive that has the capacity to securely store 1 to 2 GB of data. All files saved on the drive are protected by a biometric finger sensor embedded in the flash drive, which requires a recognized finger swipe from an authorized user to access the data stored. None of the data stored on the smartSTIK™ can be viewed or edited until biometric recognition is achieved through successful finger scanning. This protects the integrity and confidentiality of the information stored in the drive, while still offering the convenience and ease of use of traditional USB flash drives. We expect that our smartSTIK USB flash drive will retail for approximately \$69.95 and will also carry the MasterLOCK™ brand name.

### smartGATE™ Automatic Gate Opener

The smartGATE™ Automatic Gate Opener to be branded also with the MasterLOCK™ brand name serves a similar function as our garage door opener, as it allows homeowners and employees who gain access to their premises or place of business through either drive-through or walk-through security gates, easy, simple to use access with just a touch of a finger. Automatic gates work on the same principles as mechanized overhead garage door units. Many residences and businesses that use security gates use some sort of digital keypad, or universal “clicker” to open the gate from outside the premises.

The smartGATE™ Automatic Gate Opener is designed similarly to our garage door opener, except that it is housed in a weatherproof box that is usually an aftermarket product, purchased through gate installation companies. Our automatic gate opener is designed to fit conveniently into most vendors weatherproof containers designed for automatic gate opener units. While presently targeted for high-end residential installations, this unit will be re-engineered to meet the prospective needs of gated communities and moderate traffic commercial users.

Although market data is not readily available for this product, our own market analysis and information gathered through membership in industry organizations indicates large potential for the sale of this product for both residential and commercial use. These products will be marketed through traditional retail channels, as well as through contractor/installer channels.

#### Other smartTOUCH™ Consumer Products

The smartTOUCH™ line of products under development includes a biometric deadbolt, smartLOCK™ for use on residential doors, a biometric vehicle access and ignition system and a biometrically enabled home alarm/central station alarm keypad smartALARM™ that will be designed to communicate directly with home monitoring systems.

#### **smartTOUCH™ Medical**

We are also developing products for the healthcare industry. Government legislation surrounding the integrity, confidentiality and privacy of patient data was enacted under HIPAA. HIPAA requires the healthcare industry to restructure current information technology (“IT”) infrastructures and methods. We are developing biometrics products and solutions for end users, as well as enabling biometric technology for original equipment manufacturers (“OEMs”) and application developers to incorporate into their offerings, to assist healthcare organizations working towards meeting these legislative demands, while increasing efficiencies and user convenience and lowering overall administrative costs and risks associated with passwords, PINs and keys. To that end, the Company is working on a number of prospective medical products, some of which are expected to be available by late 2007. These products, which will incorporate biometric protection, include a series of medical crash carts, rolling medicine carts, fixed medicine and supply cabinets and a portable patient medical record system that integrates digital medical records with biometrics-based technology. In January 2007 the Company acquired a patent for the biometric storage and retrieval of an electronic medical record.

#### **Intellectual Property**

The Company currently owns three patents and has one patent pending, all of which incorporate the biometric design and/or architecture used within our smartTOUCH products. The Company’s design patent, application number 29/252,518 for our biometric keypad was recently granted and we are awaiting the issuance of a patent number from the USPTO. In December the Company acquired patent number 6,042, 005 for a Personal Identification System incorporating biometric authentication for Personal and Medical Information. In March 2007, the Company acquired patent number 6,644,557 for a biometric access controlled thermostat system. In addition, the Company is seeking patents on its system that utilizes a combination of software and hardware into an architecture that allows the offloading of all of the administrative functionality for any biometric device. By off loading the administrative functionality, the Company’s products can be smaller and hence more compatible with multiple consumer applications. In addition, this function enables the products to comply with and connect to any OEM’s equipment specifications.

The Company also seeks to protect its trademarks and branding and consequently has filed with the USPTO for the following marks: “powered by smartTOUCH”, “smartALARM”, “smartGDO”, “smartCART”, “smartGATE”, “smartLOCK”, “smartSTART”, “smartSTAT” and “smartSTIK”.





Wherever possible we seek to protect our inventions through filing U.S. patents and foreign counterpart applications in selected other countries. Because patent applications in the U.S. are maintained in secrecy for at least eighteen months after the applications are filed and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, we cannot be certain that we were the first to make the inventions covered by each of our issued or pending patent applications or that we were the first to file for protection of inventions set forth in such patent applications. Our planned or potential products may be covered by third-party patents or other intellectual property rights, in which case continued development and marketing of the products would require a license. Required licenses may not be available to us on commercially acceptable terms, if at all. If we do not obtain these licenses, we could encounter delays in product introductions while we attempt to design around the patents, or could find that the development, manufacture or sale of products requiring these licenses is foreclosed.

We may rely on trade secrets to protect our technology. Trade secrets are difficult to protect. We seek to protect our proprietary technology and processes by confidentiality agreements with our employees and certain consultants and contractors. These agreements may be breached, we may not have adequate remedies for any breach and our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our employees or our consultants or contractors use intellectual property owned by others in their work for us, disputes may also arise as to the rights in related or resulting know-how and inventions.

### **Manufacturing**

We do not own any manufacturing facilities and have been negotiating with, and are now working with a third party contract manufacturer, RDI, Inc. (“RDI”), to manufacture our garage door opening units. RDI is located in the United States and has overseas capabilities which mitigate the production costs. As the need arises, we plan to either contract additional contract manufacturers or license our technology to third party manufacturers to incorporate into their products. Each decision will depend on demand, our available cash resources and our ability to access expertise.

### **Marketing**

The primary target market for our marketing effort of our home security and electronics products will be consumers and hardware security and device manufacturers. bioMETRX has established marketing initiatives by developing channel distribution through retailers, development partner's, authorized dealers and original equipment manufacturers and solutions-based companies.

An initial pilot program was implemented to test the consumer market for response as to the acceptance and use of the smartTOUCH™ line of home security products. Feedback from the “test” families demonstrates that our products are consumer friendly and competitively priced. The first product tested was our garage door opener. The reports indicate that most every family member enrolled into the devices now use the garage as their main access point to their homes. The families seem to end up relying on our product since it is easy to operate. The units have had no material operational problems and have been subjected to temperatures well below zero and various snow and ice storms with no problems.

The Company will market its products through three (3) distinct sales channels, (i) vendors/installers, (ii) Retailers, and (iii) direct internet sales. The Company’s first product to be introduced to the public will be its garage door opener. The Company, through its membership in the Door Access Systems Manufacturing Association (“DASMA”) and the International Door Association (IDA) has access to most garage door vendors/installers. The Company has commenced an e-mail campaign to recruit these installers, has begun taking pre-orders and in the near future will begin a training program for each vendor/installer. The Company offers three levels of participation in this program, corresponding to the level of sales volume generated by each vendor/installer.

The Company has entered into a development and co-marketing agreement with MasterLock™ which will also allow the Company to access their distribution channels and co-brand with the trusted name of MasterLock™.

23

---

The Company will also market its products to large do-it-yourself retail chains. To date, the Company has received an initial purchase order from The Home Depot for 17,340 units. The Company also intends on private labeling its products for large retail chains upon expiration of the limited exclusivity agreement with Home Depot which is only applicable to its GDO product presently.

The Company also offers its products through direct Internet sales. The Company's garage door opener was recently featured on a home improvement television show, which has generated approximately 1,100 Internet orders. The Company will seek other forms of media coverage to market its products directly to the consumer.

## **Competition**

The markets for our products and solutions are extremely competitive and are characterized by rapid technological change as a result of technical developments exploited by competitors, the changing technical needs of the customers, and frequent introductions of new features. We expect competition to increase as other companies introduce products that are competitively priced, that may have increased performance or functionality, or that incorporate technological advances not yet developed or implemented by us. In order to compete effectively in this environment, we must continually develop and market new and enhanced products at competitive prices, and have the resources to invest in significant research and development activities. There is a risk that we may not be able to make the technological advances necessary to compete successfully. Existing and new competitors may enter or expand their efforts into our markets, or develop new products to compete against ours. Our competitors may develop new technologies or enhancements to existing products or introduce new products that will offer superior price or performance features. New products or technologies may render our products obsolete.

## **Employees**

As of December 31, 2006, the Company has 8 full time employees and no part time employees. The Company expects that it will hire at least 4 more key people over the next 6 months. We believe our employee relations are satisfactory.

## **LEGAL PROCEEDINGS**

On November 16, 2006, the Company was the subject of a complaint filed in the Supreme Court of New York State, County of Nassau (Index No. 019475-06) by Intellicon seeking final payment of \$20,000 plus accrued interest for engineering design services performed for the Company. The Company answered and counter-claimed on January 5, 2007 asserting damages of \$25,000 incurred then and continuing to incur to remedy design defects performed by Intellicon. The Company intends to vigorously defend its position in this claim.

On March 7, 2007 the Company's subsidiary, bioMETRX Technologies Inc. became the subject of a complaint filed by Frank Giannuzzi, the former Chief Financial Officer and Sante Santopadre, a former consultant with whom it had previously had severed its business relationship. The complaint was filed in the Supreme Court of the State of New York, County of Nassau (Index No. 07-004088). The plaintiffs allege damages arising from certain inducements which were relied upon to their detriment.

The Company considers these allegations to be baseless and without merit and expects to file a Motion to Dismiss both claims of both plaintiffs and intends to vigorously pursue damages in the course of its defense of this complaint and other previous acts of the plaintiffs.

## **DESCRIPTION OF PROPERTY**

We operate our business in leased facilities. We occupy approximately 3,200 square feet in an office building in Jericho, New York. Our rent for this space is \$8,800, plus utilities, per month. The Company's lease for this space expires on January 31, 2010. The Company believes this space is adequate for its needs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the Financial Statements and the related notes. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Our actual results and the timing of certain events could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under "Risks Relating to Our Business," "Description of Business" and elsewhere in this document. See "Forward-Looking Statements."

### Background

The Company was incorporated on March 13, 1985, under the laws of the State of Utah with the name Univenture Capital Corp. The Company was organized to engage in any lawful business and had no specific business plan except the investigation, analysis, and possible acquisition of business opportunities.

On August 29, 1986, the Company acquired all of the outstanding stock of Health & Leisure Inc., a Delaware corporation which subsequently changed its name to Entre Vest, Inc. ("Entre Vest"), in a transaction in which a subsidiary of the Company merged with and into Entre Vest and the former stockholders of Entre Vest obtained a controlling interest in the Company. The Company subsequently changed its own name from Univenture Capital Corp. to Health & Leisure, Inc. and changed its state of incorporation from Utah to Delaware. Entre Vest was incorporated on June 6, 1985, under the laws of the State of Delaware.

Pursuant to an Acquisition Agreement and Plan of Merger dated June 13, 2003 (the "Merger Agreement"), by and among Health & Leisure, Inc (the "Registrant"); Venture Sum, Inc., a Delaware corporation and a wholly owned subsidiary of Registrant ("Mergerco"); and MarketShare Recovery, Inc., a New York corporation, ("MKSR"), Mergerco merged with and into MKSR, and MKSR became a wholly-owned subsidiary of the Registrant. The merger became effective June 13, 2003, however closing of the Agreement occurred on July 15, 2003. Subsequently, Health & Leisure, Inc. filed an amendment to its certificate of incorporation and thereby changed its name to MarketShare Recovery, Inc.

Our former subsidiary similarly named MarketShare Recovery, Inc. was incorporated in New York in November 2000. The subsidiary, MarketShare Recovery, Inc. was a provider of online direct marketing solutions for enterprises. The solutions enabled corporations to create and deliver online direct marketing programs that drive revenue, influence behavior and deepen customer relationships. Our solutions provided customer insight and powerful program execution through a combination of hosted applications and technology infrastructure. As a result of new technology, the Company found it harder to maintain and grow this business and at the end of 2004 this business was discontinued.

On October 7, 2004, we entered into an Asset Purchase Agreement with Palomar Enterprises, Inc. (the "Agreement"). Pursuant to the Agreement, we agreed to purchase certain assets, including certain automotive notes and contracts, a business plan and model for an automotive financial services company and a data base of potential customers and \$150,000 in cash from Palomar in exchange for a controlling interest in us.

On November 2, 2004, by mutual agreement, Palomar and MarketShare Recovery terminated the Agreement.

In 2004, we entered into a database license agreement with 110 Media Group to use and to sublicense the use of its database for a term of ten years for a total license fee of \$45,567. For financial reporting, revenue is recognized using the straight-line method, based upon the economic useful life of three years. At December 31, 2004, our remaining

deferred revenue of \$30,378 was recognized as revenue due to the Company completing its obligations under the agreement and we are no longer required to perform any further services nor incur any costs related to this agreement.

25

---

On May 27, 2005, we completed a merger (“Merger”) of MarketShare Merger Sub, Inc. a wholly owned subsidiary of the Company (“Merger Sub”) with bioMetrx Technologies, Inc., a Delaware corporation (“bioMetrx Technologies”) pursuant to the Agreement and Plan of Merger dated April 27, 2005, by and among the Company, Merger Sub and bioMetrx Technologies (“Merger Agreement”). bioMetrx Technologies, a development stage company, is engaged in the development of biometrics-based products for the home security and electronics market, including biometrically enabled residential door locks, central station alarm keypads, thermostats and garage/gate openers.

On June 1, 2005, Merger Sub filed a Merger Certificate completing the acquisition of bioMetrx Technologies. The consideration for the Merger was 3,554,606 restricted shares of our common stock and the issuance of 45,507 Common Stock Purchase Warrants to the holders of corresponding instruments of bioMetrx Technologies. The Merger was completed according to the terms of the Merger Agreement. Simultaneously with the Merger, certain stockholders of the Company surrendered 552,130 shares of the Company’s common stock which was cancelled and returned to the status of authorized and unissued. In addition, 75,000 shares of the Company’s common stock were deposited by these stockholders into escrow to cover contingent liabilities, if any. As a result of the Merger, bioMetrx Technologies was merged into the Merger Sub and became our wholly owned subsidiary.

Since the Company had no meaningful operations immediately prior to the Merger, the Merger is being treated as a reorganization of bioMetrx Technologies via a reverse merger with the Company for accounting purposes.

The 3,554,606 shares and the shares issuable upon the exercise of 45,507 warrants issued as part of Merger to the former bioMetrx Technologies stockholders represented approximately 90% of the total outstanding post-merger stock.

On October 10, 2005, the Company amended its Certificate of Incorporation to change its name to bioMETRX, Inc., as a result, the Company’s trading symbol was changed to “BMTX”.

On March 14, 2006, the Company filed an amendment to its Certificate of Incorporation to effect a reverse split of all of the outstanding shares of its Common Stock at a ratio of one-for-four and increase the number of authorized shares of its Common Stock to 25,000,000 shares and decrease the par value of the Company’s common stock to \$.001 per share. Our certificate of incorporation amendment authorized the issuance of up to 10,000,000 shares of \$.01 par value preferred stock, with such designation rights and preferences as may be determined from time to time by the Board of Directors. The Company’s trading symbol was changed to “BMRX.” The combined companies are hereinafter referred to as the “Company” or “bioMETRX.”

On June 29, 2006, the Company entered into a Securities Purchase Agreement dated as of June 29, 2006, with four investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Act, of units consisting of 8% Convertible Notes in the principal amount of \$950,000, Series A Common Stock Purchase Warrants and Series B Common Stock Purchase Warrants. In addition, the company entered into an Exchange Agreement with the two investors who purchased \$650,000 of the Preferred Stock Units, on April 28, 2006 whereby the Company agreed to issue the Units in exchange for the return and cancellation of the previously issued Preferred Stock Units. Accordingly, at closing the Company issued its 8% Convertible Notes in the aggregate principal amount of \$1,600,000, 1,600,000 A Warrants and 800,000 B Warrants to the Investors. The Company also issued an aggregate of 128,000 shares of its common stock to the investors representing one year’s of prepaid interest on the Notes.

Pursuant to the Selling Agent Letter Agreement between the Company and the Selling Agent, the Selling Agent was paid a cash fee of \$95,000 (10% of the aggregate purchase price of the Units sold to the subscribers) in addition to the \$75,000 it received on April 28, 2006, inclusive of \$10,000 in expenses. The Company also issued the Selling Agent a warrant to purchase 160,000 shares of its common stock on the same terms as the A Warrants. In addition, the



Company paid \$15,000 to the Selling Agent's counsel and \$32,500 to its counsel.

As part of the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Notes, Warrants and Selling Agent Warrant. If such Registration Statement was not filed by July 14, 2006, or does not become effective within 90 days after closing, the Company has agreed to pay to the investors 1.5% of the gross proceeds of the offering for each month in which the Company fails to comply with such requirements. The Company did not file the Registration Statement by July 14, 2006 and therefore is accruing 1.5% (\$24,000) of the gross proceeds for each month the Company fails to file the Registration Statement. (See Footnote 11 "Forbearance Notes").

On July 11, 2006, Mr. Steven Kang resigned as the Company's Chief Technology Officer and as a director of the company. In connection with his resignation, the Company entered into a termination agreement terminating this employment.

On July 11, 2006, the Company elected Ms. Lorraine Yarde to the Company's Board of Directors to replace Mr. Kang.

On August 4, 2006, the Company entered into an employment agreement with J. Richard Iler under which Mr. Iler will serve as our Chief Financial Officer. Mr. Iler replaces Mr. Frank Giannuzzi in this position; Mr. Giannuzzi resigned as the Company's CFO and director on August 7, 2006. Mr. Iler was also elected to the Company's Board of Directors.

On September 18, 2006, the Company entered into a Securities Purchase Agreement with two investors relating to the issuance and sale of the Company's 10% Promissory Notes due March 15, 2007 in the aggregate principal amount of \$400,000, 400,000 Common Stock Purchase warrants and 160,000 shares of the company's Common Stock. In connection with this transaction, the two investors provided the Company with \$300,000 and exchanged \$100,000 in Notes that were previously issued by the Company to the investors.

In September 2006, the Company entered into a Securities Purchase Agreement with two investors relating to the issuance and sale of the Company's 10% Promissory Notes due March 30, 2007 in the aggregate principal amount of \$55,000, 55,000 Warrants and 22,000 shares of the Company's Common Stock.

On December 28, 2006, the Company entered into a Securities Purchase Agreement with three investors relating to the issuance and sale in a private placement of units consisting of 8% Senior Convertible Debentures in the principal amount of \$1,500,000, 1,500,000 Series A Common Stock Purchase Warrants and 750,000 Series B common Stock Purchase Warrants. The closing occurred on January 5, 2007.

Pursuant to the Selling Agent Letter Agreement between the Company and First Montauk Securities Corporation ("Selling Agent"), the Selling Agent was paid a cash fee of \$150,000 (10% of the aggregate purchase price of the units sold to the subscribers). The Company also issued the Selling Agent a warrant to purchase 150,000 shares of its common stock on the same terms as the A Warrants.

As part of the private placement, the Company entered into a registration rights agreement with each subscriber who purchased units in the private placement. Under the registration rights agreement, the Company is obligated to file a registration statement on Form SB-2 relating to the resale by the holders of the common stock underlying the debentures, warrants and Selling Agent warrant.

As a condition to closing, the Company obtained consents and waivers from the investors of its private placement of \$1,600,000 principal amount of Convertible Notes ("Notes") issued on June 29, 2006, pursuant to which each of the prior investors agreed to waive any and all existing defaults relating to the Notes and agreed to forebear from

exercising any rights accruing upon default until March 31, 2007. In connection therewith, the Company issued to the investors Convertible Notes (“Forbearance Notes”) in the aggregate principal amount of \$387,437.39, representing liquidated damages due under the Notes. The Forbearance Notes are convertible into the Company’s common stock at \$1.00 per share.

Our corporate address is 500 North Broadway, Suite 204, Jericho, New York 11753, our telephone number is (516) 937-2828 and our facsimile number is (516) 937-2880.

## **Operations**

The Company, through its wholly owned subsidiaries, designs, develops, engineers and markets biometrics-based products for the consumer home security, consumer electronics, medical records and medical products markets. The Company's executive offices are located in Jericho, New York.

Originally founded in 2001, bioMETRX is focused on developing simple-to-use, cost-efficient, finger-activated, lifestyle products under the trade name smartTOUCH™. The Company's product line includes biometrically enabled residential locks, central station alarm keypads, thermostats, garage/gate openers, medical crash carts and industrial medicine cabinets. Our products utilize finger recognition technology designed to augment or replace conventional security methods such as keys, keypads, and PIN numbers.

The Company operates its business through three (3) wholly owned subsidiaries, bioMETRX Technologies Inc., which conducts the product engineering and design, smartTOUCH Consumer Products, Inc., the consumer-based marketing and sales group and smartTOUCH Medical, Inc. which is designing and will market medical industry products.

The home security industry consists of garage door manufacturers, key and locks manufacturers and central station alarm monitoring companies, representing a \$25 billion global market. bioMETRX develops market-specific products in this area which are being sold through retailers, dealers and direct to consumers in the United States. The company's first product, the Garage Door Opener, also known as the MasterLock™ GDO powered by smartTOUCH, will be available through the Home Depot this summer.

The Company also developed a finger-activated thermostat (smartSTAT) that will be marketed to the general public as well as small box retailers, restaurant chains and small business owners. The Company's smartSTAT product will allow consumers and small business owners the ability to prevent unwanted tampering of their heating and cooling settings and hence control the temperature within their homes or business establishments, as the case may be, without having to install a cumbersome security box around the thermostat. The Company's smartSTAT thermostat allows homeowners and small business owner's complete control and security over their costly HVAC systems.

The Company is also developing technology for the medical products market. Currently, devices such as medical crash carts, rolling medicine drawers and cabinets and medical tool supply bins are either accessible in a hallway of a hospital or require medical personnel to enter a 4-digit PIN code to unlock these products. The Company is developing technology to secure these items while simplifying the procedure so that the proper medical personnel can access them quickly when necessary.

bioMETRX, to date, has not introduced its products and services commercially and is considered an entry level market vendor of consumer-based biometric products. bioMETRX has limited assets, significant liabilities and limited business operations. To date, activities have been limited to organizational matters, development of its products and services and capital raising.

Management's plan of operations for the next twelve months is to raise additional capital, complete further development of its product line and commence marketing the Company's products and services. The Company expects it will require \$8,000,000 to \$10,000,000 over the next 12 months to accomplish these goals and expects to be financed by the private sale of its securities and lines of credit with commercial banks for continuous manufacturing output of its products. There are no firm commitments on anyone's part to invest in the Company and if it is unable to obtain financing through the sale of its securities or other financing, the Company's products and services may never

be commercially sold.

28

---

*Current Market Outlook - Target Markets/Applications*

There is a unique opportunity in the consumer electronics market for the incorporation of biometrics technology in multiple devices, requiring personal identification or key access. Two current examples are biometrically secured laptops (IBM-Lenovo Thinkpad) and cell phones (Samsung SCH370). Prospective home/office security and electronics devices include the introduction of "biometric" access controls on anything that presently requires a key, keypad or Personal Identification Number ("PIN"). bioMETRX is the first company to offer biometric security and electronics products for the home consumer market at any significant level.

We are focused on developing simple to use, cost efficient, finger activated consumer electronics products principally under the trade name "smartTOUCH™". Our current and prospective consumer products include biometrically enabled and secure residential garage/gate door openers/locks, central station alarm pads and thermostats.

*Product Offerings*

smartTOUCH™ products allow a person to open a door, or set an alarm or thermostat simply by placing a finger upon a sensor chip, the size of a postage stamp. smartTOUCH™ products are designed to simplify access, while substantially increasing the security level of the systems used for such purposes. Our smartTOUCH™ products use one-to-one biometrics matching authenticated systems embodied in its products. The bioMETRX patent-pending system includes a hand held universal programmer designed to control access to the administrative functions of each smartTOUCH™ device. All smartTOUCH™ products are designed to work with this universal programmer, and permit up to fifteen (15) authorized users to be enrolled. Our system allows two types of users, an access user who can only operate the smartTOUCH™ device, and an administrative user who can operate and also add or delete other users.

**Results of Operations**

**For the Three-Month Period Ended March 31, 2007 and 2006**

During the quarter ended March 31, 2007, the Company had \$0 revenues.

From inception (February 1, 2001) through March 31, 2007, bioMetrx has not generated any revenues. During the period from inception (February 1, 2001) through March 31, 2007, bioMetrx had net operating losses totaling \$27,599,703. During the three months ended March 31, 2007, net operating losses totaled \$3,011,147. From inception through March 31, 2007, bioMetrx' general and administrative expenses totaled \$25,654,392 or 92.9% % of total expenses, while for the three months ended March 31, 2007 general and administrative expenses totaled \$1,378,823 or 95.9% of total expenses. From inception through March 31, 2007, bioMetrx stock-based compensation was \$18,831,066 or 68.2 % of expenses, of which \$872,474 or 60.7% of total expenses was incurred during the three months ended March 31, 2007. From inception through March 31, 2007, bioMetrx' research and development costs were \$1,236,283, or 4.5% of total expenses, while research and development costs for the three months ended March 31, 2007 were \$58,238 or 4.1% of the total expenses.

For the three months ending March 31, 2007, interest expense was \$1,575,803, as compared to \$6,544 for the three months ending March 31 2006.

**From Inception through December 31, 2006**

From inception (February 1, 2001) through December 31, 2006, bioMETRX has generated no revenues. During the period from inception (February 1, 2001) through December 31, 2006, bioMETRX had net losses totaling \$24,588,556. From inception through December 31, 2006, bioMETRX's general and administrative expenses totaled \$25,167,846 or 92.9% of total expenses. From inception through December 31, 2006, bioMETRX incurred

stock-based compensation of \$19,169,334 or 70.6% of expenses, of which \$7,573,191 or 55.7% of total expenses was incurred during the twelve months ended December 31, 2006. Research and development costs were \$1,178,045 or 4.3% of total expenses incurred in the period from inception through December 31, 2006.

## **Results of Operations for the years ended December 31, 2006 and 2005**

### **For Twelve Month period ended December 31, 2006 compared to December 31, 2005**

During the twelve months ended December 31, 2006, net losses totaled \$10,837,218 compared to \$12,173,969 for the same twelve month period ending December 31, 2005. For the twelve months ending December 31, 2006, bioMETRX's general and administrative expenses totaled \$12,673,521, or 94.9% of total operating expenses. During the same twelve month period in 2005, general and administrative expenses totaled \$11,074,632 or 91.0% of total operating expenses. Salaries comprised \$786,333, or 6.90% of total expenses for the twelve month period ended December 31, 2006 as compared to \$396,504, or 4.42% for the nine months ended December 31, 2005. Included in the net loss for 2006 was a one-time gain of \$2,600,000 related to the return to the Company by a former officer and director of 187,500 stock options valued at \$2,362,500 and 62,500 shares of common stock valued at \$237,500.

For the twelve months ending December 31, 2006, interest expense was \$104,356, as compared to \$7,012 for the twelve months ending December 31 2005.

Research and development expenses for the nine months ending December 31, 2006 was \$658,579, 5.00% of net loss as compared to \$361,490, or 2.97% for the same period in 2005.

### **Liquidity and Capital Resources**

As of March 31, 2007 bioMETRX had total assets of \$2,133,980 and total current assets of \$1,137,322. At March 31, 2007 bioMETRX had total liabilities of \$2,552,106 and total current liabilities of \$1,405,908. bioMETRX had negative working capital at March 31, 2007 of \$268,586 and an equity deficit of \$418,126. Because of this deficit, the Company's ability to continue to operate and its future remain in question as a going concern unless additional capital is contributed or until such time as it generates revenues and become cash flow positive.

Since inception, bioMETRX has financed its activities solely from the private sales of its securities and the incurrence of debt. In November 2001 bioMetrx Technologies issued 275,000 shares of its common stock, valued at \$275,000 (\$1.00 per share), for services rendered. In December 2002, bioMETRX sold 20,000 shares of its common stock for \$5,000 (\$2.50 per share).

In 2003, bioMETRX sold 231,250 shares of its common stock for gross proceeds of \$231,250 or \$1.00 per share. During 2003, bioMETRX issued 75,000 shares of its common stock, valued at \$150,000 (\$2.00 per share), for services rendered to it pursuant to consulting agreements. During 2003, bioMETRX issued 129,500 shares of its common stock, valued at \$518,000 (\$4.00 per share), as commission on sales of its stock. Also in 2003 bioMETRX issued 378,000 shares of its common stock, valued at \$94,500 (\$.25 per share), as commission on sales of its common stock.

In 2004, bioMETRX sold 27,000 shares of its common stock for aggregate gross proceeds of \$27,000 (\$1.00 per share). During that same year, bioMETRX sold 83,750 shares of its common stock for aggregate gross proceeds of \$335,000 (\$4.00 per share). Also in 2004, bioMETRX issued 50,000 and 8,750 shares of its common stock valued at \$200,000 and \$8,750, respectively, as commissions on sales of its common stock.

In July 2005, the Company sold 233,334 shares of its common stock and 46,667 warrants for an aggregate purchase price of \$700,000 or \$3.00 per share without allocating any part of the purchase price for the warrants.

On October 28, 2005 the Company sold 562,500 shares and 562,500 warrants for an aggregate purchase price of \$450,000 or \$.80 per share without allocating any part of the purchase price for the warrants.





The warrants entitle the holder to purchase shares of the Company's common stock for a period commencing on the date of issuance and expiring on December 15, 2005 at an exercise price of \$.80 per share.

From December 2005 to February 2006, the Company sold an aggregate of 746,250 shares to Kuhn for an aggregate purchase price of \$597,000 or \$.80 per share. As part of this transaction, Kuhn exercised 562,500 warrants, which were issued to him on October 28, 2005 in connection with a previously reported financing. In addition to the exercise of the warrants, Kuhn provided the Company with an additional \$147,000 and the Company agreed to issue him the shares at the same purchase price (\$.80 per share) as the warrants.

On March 21, 2006, the Company received debt financing in the aggregate amount of \$100,000 from Jane Petri and Joseph Panico. The principal and interest of 12% per annum was due on June 21, 2006. The note carried a default rate of 18% per annum. In addition, the Company issued 25,000 restricted shares of common stock to Petri and Panico as debt issuance costs at a cost of \$71,250. On June 21, 2006, Petri and Panico agreed to extend the maturity date of these notes to September 21, 2006. In consideration, the Company issued 10,000 shares each to Panico and Petri.

The Company entered into a Securities Purchase Agreement dated September 18, 2006, with Jane Petri and Joseph Panico relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of the Company's 10% Promissory Notes due March 15, 2007 in the aggregate principal amount of \$400,000, 400,000 Common Stock Purchase Warrants and 160,000 Shares of the Company's Common Stock. In connection with this transaction the two investors provided the Company with \$300,000 and exchanged \$100,000 in Notes, described above, that were previously issued by the Company to the investors.

On November 17, 2006, the Company received additional debt financing in the aggregate amount of \$300,000 from Jane Petri and Joseph Panico. This loan is evidenced by a 10% Promissory Note due March 15, 2007. In consideration for making this loan, the Company issued an aggregate of 300,000 shares of its common stock and issued 99,000 warrants exercisable at \$1.35 per share and expiring on September 11, 2011. The aggregate principal amount of the debt due Panico and Petri as of March 31, 2007 was \$700,000.

The Company is in default of the loans. The default relates to the fact that the Company has not repaid these loans despite their maturity. The Company entered into an extension Agreement dated March 30, 2007 ("Extension Agreement") whereby the lenders agreed to extend the Notes to March 15, 2008. Such Extension Agreement was entered into in contemplation of a proposed financing for the Company in an amount of up to \$1,000,000. The Extension Agreement provided that the financing had to be consummated by April 5, 2007 or the Extension Agreement would be null and void. The Company failed to close this financing; accordingly, the Extension Agreement is null and void. On May 8, 2007 the Company received a letter from the lenders' counsel seeking evidence that the financing closed or, alternatively, if we were unable to provide such evidence, the lenders would pursue all remedies at law or in equity available to them pursuant to the Notes. As of May 18, 2007, the Company has paid the Lenders \$130,000, thereby reducing the principal amount of the loans to \$570,000.

On June 29, 2006, the Company entered into a Securities Purchase Agreement dated as of June 29, 2006, with four investors relating to the issuance and sale, in a private placement ("Private Placement") exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), of units (the "Units") consisting of 8% Convertible Notes in the principal amount of \$950,000 ("Notes"), Series A Common Stock Purchase Warrants ("A Warrants") and Series B Common Stock Purchase Warrants ("B Warrants"). In addition, the company entered into an Exchange Agreement with the two investors who purchased \$650,000 of the Preferred Stock Units, on dated April 28, 2006 whereby the Company agreed to issue the Units in exchange for the return and cancellation of the previously issued Preferred Stock Units. Accordingly, at closing the Company issued its 8% Convertible Notes in the aggregate principal amount of \$1,600,000, 1,600,000 A Warrants and 800,000 B Warrants to the Investors. The Company also issued an aggregate of 128,000 shares of its common stock to the investors representing one year's of prepaid interest on the Notes.

The Notes mature 24 months from the closing. The Notes are convertible at the option of the holder into the Company's common stock at the rate of \$1.00 per share. The Notes are mandatorily convertible into the Company's common stock if the closing bid price of the Company's common stock is above \$2.50 per share for ten (10) consecutive trading days and if the daily volume for the same period exceeds 100,000 shares per day. The Company may redeem the Notes for 125% of the principal amount of the Note together with all accrued and unpaid interest provided that (i) an event of default has not occurred, and (ii) an effective registration statement covering the shares underlying the Note exists.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$1.00 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$.10 per share commencing 181 days after issuance and expiring at the close of business on the fifth anniversary of the initial exercise date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement, in the form of bona fide purchase order demonstrating that at least \$1,000,000 of the Company's products have been ordered, other than its initial order from a national retailer in the amount of approximately 23,000 garage door opening units, within 181 days after the date of the Securities Purchase Agreement, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

Pursuant to the Selling Agent Letter Agreement between the Company and the Selling Agent, the Selling Agent was paid a cash fee of \$95,000 (10% of the aggregate purchase price of the Units sold to the subscribers) in addition to the \$75,000 it received on April 28, 2006, inclusive of \$10,000 in expenses. The Company also issued the Selling Agent a warrant to purchase 160,000 shares of its common stock on the same terms as the A Warrants. In addition, the Company paid \$15,000 to the Selling Agent's counsel and \$32,500 to its counsel.

As part of the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Notes, Warrants and Selling Agent Warrant. If such Registration Statement was not filed by July 14, 2006, or does not become effective within 90 days after closing, the Company has agreed to pay to the investors 1.5% of the gross proceeds of the offering for each month in which the Company fails to comply with such requirements. The Company did not file the Registration Statement by July 14, 2006 and therefore is accruing 1.5% (\$24,000) of the gross proceeds for each month the Company fails to file the Registration Statement. For the period ended December 31, 2006 a total of \$72,000 has been accrued as finance costs to reflect these provisions.

Each Warrant entitles the holder to purchase one share of the Company's Common Stock at an exercise price of \$1.00 per share commencing on the date of issuance and expiring at the close of business on September 15, 2011.

The Company entered into a Securities Purchase Agreement dated September 30, 2006, with two investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of the Company's 10% Promissory Notes due March 30, 2007 in the aggregate principal amount of \$55,000, 55,000 Common Stock Purchase Warrants and 22,000 Shares of the Company's Common Stock.

Each Warrant entitles the holder to purchase one share of the Company's Common Stock at an exercise price of \$1.00 per share commencing on the date of issuance and expiring at the close of business on September 15, 2011.

As part of the Private Placement, the Company agreed to register the 55,000 shares of Common Stock underlying the Warrants and the 22,000 shares of the Common Stock issued as part of this Private Placement.

The Company entered into a Securities Purchase Agreement dated as of December 28, 2006, with three investors relating to the issuance and sale, in a private placement ("Private Placement") exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), of units (the "Units") consisting of Senior Convertible Debentures in the principal amount of \$1,500,000 ("Debentures"), 1,500,000 Series A Common Stock Purchase Warrants ("A Warrants") and 750,000 Series B Common Stock Purchase Warrants ("B Warrants"). The closing occurred on January 5, 2007.



The Debentures mature on June 29, 2008. The Debentures are convertible at the option of the holder into the Company's common stock at the rate of \$1.00 per share. The Debentures are convertible at the option of the Company into the Company's common stock if the closing bid price of the Company's common stock is above \$2.50 per share for ten (10) consecutive trading days and if the shares underlying the Debentures are registered. The Company may redeem the Debentures for 125% of the principal amount of the Debenture together with all accrued and unpaid interest provided that (i) an event of default has not occurred, (ii) the price of the Company's common stock exceeds \$1.50 and (iii) an effective registration statement covering the shares underlying the Debentures exists.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$1.00 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$.10 per share at any time after July 1, 2007 and expiring at the close of business on the fifth anniversary of the initial issuance date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement on or before June 30, 2007 that the Company has both received and booked revenues for its products totaling \$1,000,000, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

Pursuant to the Selling Agent Letter Agreement between the Company and First Montauk Securities Corporation ("Selling Agent"), the Selling Agent was paid a cash fee of \$150,000 (10% of the aggregate purchase price of the Units sold to the subscribers). The Company also issued the Selling Agent a warrant to purchase 150,000 shares of its common stock on the same terms as the A Warrants.

As part of the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Debentures, Warrants and Selling Agent Warrant.

As a condition to closing, the Company obtained consents and waivers from the investors of its private placement of \$1,600,000 principal amount of Convertible Notes ("Notes") issued on June 29, 2006, pursuant to which each of the prior investors agreed to waive any and all existing defaults relating to the Notes and agreed to forebear from exercising any rights accruing upon default until March 31, 2007. In connection therewith, the Company issued to the investors Convertible Notes ("Forbearance Notes") in the aggregate principal amount of \$387,437.39, representing liquidated damages due under the Notes. The Forbearance Notes are convertible into the Company's common stock at \$1.00 per share.

The Company is in default under the terms of the registration rights agreements entered into between the Company and the several investors who purchased an aggregate of \$3,100,000 of the Company's Notes and Debentures described elsewhere herein. The default relates to the Company's failure to get the Registration Statement registering the underlying securities issued in connection with the aforementioned transactions on a timely basis. As of the date of this report, none of the investors have asserted any claims or commenced any legal actions related to the default.

On January 17, 2007, the Company entered into several agreements with BLX Funding LLC ("BLX") whereby BLX will purchase the Company's accounts receivable in factoring transactions.

Pursuant to the agreements, BLX will purchase accounts receivables from the Company and varying discounts from the face value of the individual accounts receivable dependent upon the age of the receivable. The discounts range from 2.5% for receivables 30 days or less to 15% for receivables that are older than 90 days. BLX will advance to the Company 80% of the face amount of each of the accounts receivable it elects to purchase.

In addition to the factoring arrangement, the Company and BLX entered into a Funding Agreement whereby BLX arranged to provide the Company with Letters of Credit necessary for the Company to acquire the goods required to fulfill outstanding purchase orders. As of the date hereof, BLX has opened a Letter of Credit on behalf of the Company in the amount of \$1,040,400 for the benefit of the Company's third party manufacturer. Pursuant to the Funding Agreement, the Company will pay BLX 2.5% of the Letter of Credit amount for the first 30 days, thereafter the Company has agreed to pay BLX .84% of the Letter of Credit amount for each additional 10 day period the Letter of Credit is outstanding beyond the initial 30 day period. In addition, the Company paid BLX prior to opening the Letter of Credit an amount equal to .5% of the Letter of Credit amount to cover costs incurred by BLX with the opening of the Letter of Credit.

As a condition precedent to the obligation of BLX entering into the various agreements and arrangements with the Company, its CEO was required to provide BLX a Performance Guaranty guarantying (a) the due and punctual performance by the Company of the representations contained in the agreements (b) the payment (and not merely the collectibility) of any loss, liability or expense incurred by BLX in the event any one or more of the representations is untrue in any respect or fail to be performed and (c) the payment (and not merely the collectibility) of any other obligation owed by the Company to BLX of any nature. The Company has agreed to issue the CEO 50,000 shares of its common stock as consideration for providing the Company his guarantee and the Company has agreed to make additional financial accommodations to the CEO in the event there is a demand or claim against Mr. Basile arising out of the personal guarantee.

On February 7, 2007, the Company deposited \$200,000 into an escrow account with its counsel. The funds are to be utilized in connection with the manufacture of the Company's garage door openers. As of June 6, 2007, approximately \$195,000 has been sent to the Company's manufacturer and the balance remaining in that account is approximately \$5,000.

On April 24, 2007 the Company's CEO, Mark Basile, loaned the Company \$130,000. The proceeds were used to repay a portion of the Panico/Petri notes, described elsewhere herein.

bioMETRX is dependent on raising additional funding necessary to implement its business plan. bioMETRX' auditors have issued a "going concern" opinion on the financial statement for the year ended December 31, 2006, indicating bioMETRX is in the development stage of operations, has a working capital and net equity deficiency. These factors raise substantial doubt in bioMETRX' ability to continue as a going concern. If bioMETRX is unable to raise the funds necessary to complete the development of its products and fund its operations, it is unlikely that bioMETRX will remain as a viable going concern.

### **Critical Accounting Policies and Estimates:**

Our financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent assets and liabilities. We evaluate our estimates, including those related to contingencies, on an ongoing basis. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following critical accounting policy, among others; involve the more significant judgments and estimates used in the preparation of our consolidated financial statements:

The Company accounts for compensation costs associated with stock options and warrants issued to non-employees using the fair-value based method prescribed by Financial Accounting Standard No. 123 - Accounting for Stock-Based Compensation. The Company uses the Black-Scholes options-pricing model to determine the fair value of these instruments as well as to determine the values of options granted to certain lenders by the principal stockholder. The following estimates are used for grants in 2005: Expected future volatility over the expected lives of these instruments is estimated to mirror historical experience, measured by a weighted average of closing share prices prior to each measurement date. Expected lives are estimated based on management's judgment of the time period by which these instruments will be exercised.



In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement No. 123R (“SFAS 123R”) “Share Based Payment, “a revision of statement No. 123, “Accounting for Stock Based Compensation.” This standard requires the Company to measure the cost of employee services received in exchange for equity awards based on grant date fair value of the awards. The Company adopted SFAS 123R effective January 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation of or all new or modified grants after the date of adoption.

### **Information Relating To Forward-Looking Statements**

When used in this Report on Form 10-QSB, the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “intend,” and similar expressions are intended to identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 regarding events, conditions and financial trends which may affect the Company’s future plans of operations, business strategy, operating results and financial position. Such statements are not guarantees of future performance and are subject to risks and uncertainties and actual results may differ materially from those included within the forward-looking statements as a result of various factors. Such factors include, among others: (i) the Company’s ability to obtain additional sources of capital to fund continuing operations; in the event it is unable to timely generate revenues (ii) the Company’s ability to retain existing or obtain additional licensees who will act as distributors of its products; (iii) the Company’s ability to obtain additional patent protection for its technology; and (iv) other economic, competitive and governmental factors affecting the Company’s operations, market, products and services. Additional factors are described in the Company’s other public reports and filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publicly release the result of any revision of these forward-looking statements to reflect events or circumstances after the date they are made or to reflect the occurrence of unanticipated events.

### **Recent Accounting Pronouncements**

Statement of Financial Accounting Standards (“SFAS”) No. 146, “Accounting for Costs Associated with Exit or Disposal Activities”, SFAS No. 147, “Acquisitions of Certain Financial Institutions - an Amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9”, SFAS No. 148, “ Accounting for Stock-Based Compensation - Transition and Disclosure - an Amendment of FASB Statement No. 123”, SFAS No. 149, “Amendment of Statement 33 on Derivative Instruments and Hedging Activities”, and SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity”, were recently issued. SFAS No. 146, 147, 148, 149 and 150 have no current applicability to the Company or their effect on the financial statements would not have been significant.

In December 2004, the Financial Accounting Standards Board (“FASB”) issued Statement No. 123R (“SFAS 123R”) “Share Based Payment, “a revision of Statement No. 123, “Accounting for Stock Based Compensation.” This standard requires the Company to measure the cost of employee services received in exchange for equity awards based on grant date fair value of the awards. The Company is required to adopt SFAS 123R effective January 1, 2006. The standard provides for a prospective application. Under this method, the Company will begin recognizing compensation cost for equity based compensation for all new or modified grants after the date of adoption.

In addition, the Company will recognize the unvested portion of the grant date fair value of awards issued prior to the adoption based on the fair values previously calculated for disclosure purposes.

In December 2004, the FASB issued SFAS No. 153, “Exchanges of Non-monetary Assets,” (“SFAS 153”). SFAS 153 amends Accounting Principles Board (“APB”) Opinion No. 29, Accounting for Non-monetary Transactions,” to require exchanges of non-monetary assets are accounted for at fair value, rather than carryover basis. Non-monetary exchanges that lack commercial substance are exempt from this requirement.



SFAS 153 is effective for non-monetary exchanges entered into in fiscal years beginning after June 15, 2005. The Company does not routinely enter into exchanges that could be considered non-monetary; accordingly the Company does not expect adoption of SFAS 153 to have a material impact on the Company's financial statements.

In January 2003, the Financial Accounting Standards Board (FASB) issued Interpretation No. 46, ("FIN No. 46"), "Consolidation of Variable Interest Entities" (VIEs), which is an interpretation of Accounting Research Bulletin (ARB) No. 51, "Consolidated Financial Statement". FIN 46, as revised by FIN 46R in December 2003, addresses the application of ARB No. 51 to VIEs, and generally would require assets, liabilities and result of activity of a VIE be consolidated into the financial statements of the enterprise that is considered the primary beneficiary. FIN 46R shall be applied to all VIEs by the end of the first reporting period ending after December 15, 2004. The Company has determined that FIN 46R has no material impact on its financial statements.

#### **COMMITMENTS**

We do not have any commitments that are required to be disclosed in tabular form as of March 31, 2006 and as of March 31, 2007.

#### **OFF BALANCE SHEET ARRANGEMENTS**

We do not have any off balance sheet arrangements.

**CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING  
AND FINANCIAL DISCLOSURE**

On April 18, 2005, based upon the recommendation of and approval by our board of directors, the “Company dismissed Marcum & Kliegman LLP (“M&K”) as its independent auditor and engaged Wolinetz Lafazan & Co., P.C. to serve as its independent auditor for the fiscal year ending December 31, 2005.

M&K’s reports on the Company’s consolidated financial statements for each of the fiscal years ended December 31, 2004 and 2003 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. However, M&K’s reports each contained an explanatory paragraph about the Company’s ability to continue as a going concern.

During the years ended December 31, 2004 and 2003 and through April 18, 2005, there were no disagreements with M&K on any matter of accounting principle or practice, financial statement disclosure or auditing scope or procedure which, if not resolved to M&K’s satisfaction, would have caused them to make references to the subject matter in connection with their reports of the Company’s consolidated financial statements for such years.

In addition, the Company believes there were no reportable events as defined in Item 304(a) (1) (iv) (B) of Regulation S-B.

The Company provided M&K with a copy of the foregoing statements and requested that M&K provide it with a letter addressed to the Securities and Exchange Commission stating whether it agrees with the foregoing statements. A copy of M&K’s letter, dated April 25, 2005, was filed as Exhibit 16.1 to Current Report on Form 8-K filed with the SEC on April 25, 2005.

## MANAGEMENT

The members of the Board of Directors serve until the next annual meeting of shareholders, or until their successors have been elected. The officers serve at the pleasure of the Board of Directors. The following are the directors and executive officers of the Company:

| Name            | Age | Position                                | Held Position<br>Since |
|-----------------|-----|---|------------------------|
| Mark Basile     | 47  | Chief Executive Officer and<br>Chairman | 2002                   |
| J. Richard Iler | 53  | Chief Financial Officer and<br>Director | 2006                   |
| Lorraine Yarde  | 36  | Chief Operating Officer and<br>Director | 2005                   |

**Mark R. Basile** is the Company's founder, Chairman of the Board and CEO. Since founding the Company in 2001, Mr. Basile has been responsible for its overall strategic direction, capital transactions, business development, executive hires, and the management of its overall operations. Mr. Basile has assembled a highly qualified team, completed the introduction of the first products, and developed strong relationships with prospective industry partners. In 1999, Mr. Basile founded and became CEO of Sickbay Health Media, Inc., a publicly owned company. During his tenure at Sickbay, Mr. Basile led several diverse initiatives and operations including the repositioning of the company to reflect the internet marketplace in which it competed directly with WebMD, the acquisition of publisher Healthline Publications and expanded the company's health information content and distribution. Mr. Basile left Sickbay in April 2001. Mr. Basile is also one of the co-founding members of the eHI - *e-Health Initiative*, the single largest not-for-profit trade organization that promotes awareness and develops platforms for electronic health through interactivity of its membership. Mr. Basile began his career as a private practice attorney in 1988. Mr. Basile received a BS in Economics and BA in Political Science from Hofstra University in 1985, and a Juris Doctorate from Touro Law School in 1988.

**Lorraine Yarde** is Chief Operating Officer for bioMETRX Inc., and President of smartTOUCH Consumer Products, Inc. Ms. Yarde is currently responsible for the day to day operations of bioMETRX and the sales direction, focus and the complete concept to market life cycle for new product development for smartTOUCH Consumer Products. Ms. Yarde has over 15 years experience in Sales/Sales Management, Marketing and Business Development, predominantly in the fields of software, engineering and computer consulting, holding various senior management positions with complete operational accountability for a number of computer consulting organizations. At those entities, Ms. Yarde had been responsible for providing direction, driving revenue, and securing and maintaining successful business relationships with prestigious companies, such as Estee Lauder, Pfizer, Schering Plough and Henry Schein. As an entrepreneur, Ms. Yarde owned and operated a successful family run Commercial Flooring organization, which at its peak, employed over 20 installers and performed work for major construction firms such as Turner Construction. Notable installation accounts included Home Depot, Circuit City and Toys r Us.

**J. Richard Iler** is the Chief Financial Officer of bioMETRX, Inc. From April 2003 to July 2006 Mr. Iler was the Chief Financial Officer and a member of the Board of Directors of SiriCOMM, Inc., and a publicly traded company. From 2001 through 2003, Mr. Iler was managing director of a private equity fund responsible for financing activities, management consulting and investor relations of the funds portfolio companies and served as a management consultant to SiriCOMM, Inc. from June 2002 to the time of his appointment in April 2003. From 1998 through 2001 Mr. Iler was Chief Financial Officer of United American eHealth Technologies, a publicly traded company which he

assisted in raising capital and preparation of regulatory filings. Mr. Iler graduated from Grand Valley State University in Allendale, Michigan, with a B.S. and attended South Texas College of Law in Houston, Texas.

**EXECUTIVE COMPENSATION**Summary Compensation Table

The table below shows certain compensation information for services rendered in all capacities for the fiscal years ended December 31, 2004, 2005 and 2006. Other than as set forth herein, no executive officer's salary and bonus exceeded \$100,000 in any of the applicable years. The following information includes the dollar value of base salaries, bonus awards, the number of stock options granted and certain other compensation, if any, whether paid or deferred.

## SUMMARY COMPENSATION TABLE

| Name and<br>Principal Position                | Fiscal<br>Year<br>End | Annual Compensation |            | Long Term Compensation  |  |   |
|---|-----------------------|---------------------|------------|---|--|---|
|   |                       | Salary (\$)         | Bonus (\$) | All other<br>and annual<br>Compensation<br>and LTIP<br>Payouts (\$) | Securities<br>under<br>Options/<br>SARS<br>Granted (#) | Restricted<br>Shares or<br>Restricted<br>Share Units<br>(#) |
| Mark Basile<br>President, CEO and<br>Chairman | 2006                  | \$ 370,384          | \$ 80,000  | \$ 18,000   | 1,250,000  | —   |
|   | 2005                  | \$ 360,000          | —          | —   | 187,500  | —   |
|   | 2004                  | \$ 360,000          | —          | —   | —  | —   |
| Lorraine Yarde<br>Chief Operating Officer     | 2006                  | \$ 150,577          | —          | \$ 7,500  | 850,000  | 150,000   |
|   | 2005                  | \$ 33,334           | —          | —   | 25,000   | —   |
|   | 2004                  | —                   | —          | —   | —  | —   |
| J. Richard Iler<br>Chief Financial Officer    | 2006                  | \$ 49,538           | —          | \$ 9,500  | 400,000  | 100,000   |
|   | 2005                  | —                   | —          | —   | —  | —   |
|   | 2004                  | —                   | —          | —   | —  | —   |

Employment Contracts

We have full-time employment agreements with our three executive officers, Mark Basile, J. Richard Iler and Lorraine Yarde.

Mr. Basile's employment agreement, originally entered into in December 2002, and amended on February 6, 2006 has an initial term of five years from the date of the Amendment and a base salary of:

\$360,000 for Calendar Year 2006  
 \$500,000 for Calendar Year 2007  
 \$560,000 for Calendar Year 2008  
 \$620,000 for Calendar Year 2009  
 \$700,000 for Calendar Year 2010

In addition to the base salary of 2006, Mr. Basile also received an \$80,000 bonus upon execution of his amended contract. The \$80,000 will have to be returned to the Company on a pro rata basis should Mr. Basile terminate his employment with the Company prior to the first anniversary of his amended employment agreement. Mr. Basile also receives a \$1,500 per month car allowance and a five million dollar (\$5,000,000) term life insurance policy naming Mr. Basile's family as the beneficiary thereof.

Upon signing the Amendment, Mr. Basile also received options to purchase up to 1,250,000 shares of the Company's common stock at the following prices:

39

---



| Number of Shares | Exercise Price |
|------------------|----------------|
| *250,000         | \$ 1.25        |
| 250,000          | \$ 2.00        |
| 250,000          | \$ 3.00        |
| 250,000          | \$ 4.00        |
| 250,000          | \$ 5.00        |

(\*These options are included in the Company's 2005 Equity Incentive Plan)

After the initial term, Mr. Basile's agreement automatically renews for additional one-year periods. Under the terms of this agreement, any accrued compensation may be converted into shares of the Company's common stock at \$2.00 per share. Bonuses, if any, are to be paid at the sole discretion of the Board of Directors.

On August 14, 2006, the Company entered into a three-year employment agreement with Lorraine Yarde with a base annual salary of:

\$150,000 through December 31, 2006

\$175,000 for calendar year 2007

\$200,000 for the remainder of the term of the agreement

Ms. Yarde's compensation will be automatically increased in the 2007 calendar year to \$200,000 upon the Company achieving \$10,000,000 in revenue and \$250,000 during the last year of the agreement upon the Company achieving \$15,000,000 in revenue. Ms. Yarde also receives a \$750 per month car allowance.

Upon signing the employment agreement, Ms. Yarde also received immediately vested options to purchase up to 600,000 shares of the Company's common stock at the following prices:

| Number of Options | Exercise Price |
|-------------------|----------------|
| 200,000           | \$ 1.00        |
| 200,000           | \$ 1.25        |
| 200,000           | \$ 1.50        |

This agreement supersedes all prior employment agreements between Ms. Yarde and the Company.

On August 4, 2006, the Company entered into a three-year employment agreement with J. Richard Iler with a base salary of:

\$180,000 for the first year of the agreement

\$207,000 for the second year of the agreement

\$238,050 for the third year of the agreement

Mr. Iler also receives \$500 per month car allowance.

Upon signing the employment agreement, Mr. Iler also received options to purchase up to 400,000 shares of the Company's common stock at the following prices and subject to the vesting schedule set forth below.

| Number of Options | Exercise Price | Vesting                        |
|-------------------|----------------|--------------------------------|
| 200,000           | \$ 1.05        | Immediately                    |
| 100,000           | \$ 1.10        | 1 year from date of agreement  |
| 100,000           | \$ 1.00        | 2 years form date of agreement |



Upon signing Mr. Iler also received 100,000 shares of the Company's common stock.

Stock Options

**OPTIONS/SAR GRANTS TABLE**

Option/SAR Grants in the Last Fiscal Year  
Individual Grants

| Name and<br>Principal Position             | Number of<br>Securities<br>Underlying<br>Options/SARs<br>Granted (#) | % of Total<br>Options/SARs<br>Granted to<br>Employees<br>in Fiscal<br>Year | Exercise or<br>Base Price<br>(\$/Sh) | Expiration<br>Date | Market<br>Price on<br>Date of<br>Grant (\$/Sh) |
|--|--|--|--------------------------------------|--------------------|--|
| Mark Basile<br>President, CEO, Chairman    | 1,250,000  | 50%  | \$ 3.50                              | 01/31/2010         | \$ 1.50  |
| Lorraine Yarde<br>Chief Operating Officer  | 850,000  | 34%  | \$ 1.25                              | 08/14/2011         | \$ 1.25  |
| J. Richard Iler<br>Chief Financial Officer | 400,000  | 16%  | \$ 1.05                              | 08/14/2011         | \$ 1.05  |

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

On April 24, 2007 the Company's CEO, Mark Basile, loaned the Company \$130,000. The proceeds were used to pay a portion of the debt due Jane Petri and Joseph Panico. In consideration for making the loan, the Company issued Mr. Basile 140,000 shares of its common stock and 140,000 common stock purchase warrants exercisable at \$1.00 per share.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of April 17, 2007, the number and percentage of shares of Common Stock of the Company, owned of record and beneficially, by each person known by the Company to own 5% or more of such stock, each director of the Company, and by all executive officers and directors of the Company, as a group:

| Name and Address  | Number of Shares | Percentage |
|---|------------------|------------|
| Mark Basile<br>500 N. Broadway<br>Jericho, NY 11753   | 3,432,199(1)(2)  | 30.9%      |
| J. Richard Iler<br>500 N. Broadway<br>Jericho, NY 11753   | 198,000          | 2.0%       |
| Lorraine Yarde<br>500 N. Broadway<br>Jericho, NY 11753  | 944,545(3)       | 9.3%       |
| The Naples Trust (4)<br>736 Carlisle Road<br>Jericho, NY 11753  | 1,130,600        | 11.6%      |
| Russell Kuhn<br>8680 Greenback Lane<br>Orangevale, CA 95662   | 1,184,094(5)     | 12.1%      |
| BridgePointe Master Fund Ltd.<br>c/o Roswell Capital Partners, LLC<br>1125 Sanctuary Parkway, Suite 725<br>Alpharetta, GA 30004 | 2,000,000(6)     | 17.0%      |
| Linden Growth Partners Master Fund, LP<br>718 South State Street<br>Clarks Summit, PA 18411                                     | 1,746,000(7)     | 15.2%      |
| Whalehaven Capital Fund<br>3rd Floor, 14 Par-La-Ville Road<br>P.O. Box HM1027<br>Hamilton, HMDX Bermuda                         | 1,410,878(8)     | 12.7%      |
| Alpha Capital Aktiengesellschaft<br>Pradafaut 7<br>Furstentums 1490<br>Vaduz Liechtenstein                                      | 1,128,666(9)     | 10.4%      |
| Officers and directors as a group (3 persons) (1)(2)(3)(4)  | 4,574,744        | 39.7%      |

- (1) Includes 1,130,600 shares held by The Naples Trust. Mr. Basile's mother-in-law is the trustee for The Naples Trust and Mr. Basile's wife is the beneficiary.
- (2) Includes 1,375,000 shares of common stock issuable upon the exercise of stock options to purchase a like number of shares.
- (3) Includes 400,000 shares of common stock issuable upon the exercise of stock options to purchase a like number of shares.
- (4) Mr. Basile's mother-in-law is the trustee for The Naples Trust and Mr. Basile's wife is the beneficiary. Mr. Basile disclaims any beneficial ownership to these shares.

- (5) Includes 86,238 shares of common stock issuable upon the exercise of stock options to purchase a like number of shares.
- (6) Includes (i) 1,000,000 shares issuable upon conversion of the 8% Senior Convertible Debenture, and (ii) stock underlying a warrant to purchase 1,000,000 shares of common stock at an exercise price of \$1.00 per share. Does not include a warrant to purchase 500,000 shares of common stock at an exercise price of \$.10 per share which are not exercisable within 60 days of the date hereof. These shares would not be deemed beneficially owned within the meaning of Sections 13(d) and 13(g) of the Exchange Act before their acquisition by BridgePointe Master Fund Ltd. Eric Swartz, who hold voting and dispositive power with respect to the securities held by BridgePointe Master Fund Ltd., disclaims beneficial ownership of such securities. The debenture and warrant contain language restricting the shareholder from owning in excess of 4.99% of the Company's common stock at any given time.
- (7) Includes securities owned by Linden Growth Partners LP and includes (i) 300,000 shares issuable upon conversion of the 8% Convertible Note , (ii) 450,000 shares issuable upon conversion of the 8% Senior Convertible Debenture, (iii) 72,500 shares issuable upon conversion of the Forbearance Note, (iv) stock underlying warrants to purchase 750,000 shares at an exercise price of \$1.00 per share, and (v) stock underlying warrants to purchase 150,000 shares at an exercise price of \$.10 per share. Does not include a warrant to purchase 225,000 shares of common stock at exercise price of \$.10 per share which are not exercisable within 60 days of the date hereof. Paul Coviello, who holds voting and dispositive power with respect to the securities held by Linden Growth Partners Master Fund, LP, disclaims beneficial ownership of such securities. The debenture and warrant contain language restricting the shareholder from owning in excess of 4.99% of the Company's common stock at any given time.
- (8) Includes (i) 500,000 shares issuable upon conversion of the 8% Convertible Note, (ii) 120,855 shares issuable upon conversion of the Forbearance Note, (iii) stock underlying warrants to purchase 500,000 shares at an exercise price of \$1.00 per share and (iv) stock underlying warrants to purchase 250,000 shares at an exercise price of \$.10 per share. Evan Schemenauer, who holds voting and dispositive power with respect to the securities held by Whalehaven Capital Fund, disclaims beneficial ownership of such securities. The debenture and warrant contain language restricting the shareholder from owning in excess of 4.99% of the Company's common stock at any given time.
- (9) Includes (i) 400,000 shares issuable upon conversion of the 8% Convertible Note, (ii) 96,666 shares issuable upon conversion of the Forbearance Note, (iii) stock underlying warrants to purchase 400,000 shares at an exercise price of \$1.00 per share and (iv) stock underlying warrants to purchase 200,000 shares at an exercise price of \$.10 per share. Konrad Ackerman, who holds voting and dispositive power with respect to the securities held by Alpha Capital Aktiengesellschaft, disclaims beneficial ownership of such securities. The debenture and warrant contain language restricting the shareholder from owning in excess of 4.99% of the Company's common stock at any given time.

As ownership of shares of the Common Stock by each of the Company's directors and executive officers is included within the foregoing table, and as the Company currently employs no additional executive officers, no separate table has been provided to identify Company stock ownership by management personnel.

## DESCRIPTION OF SECURITIES

The following description includes the material terms of our common stock. However, it is a summary and is qualified in its entirety by the provisions of our Certificate of Incorporation, with amendments, all of which have been filed as exhibits to our registration statement of which this prospectus is a part.

Our authorized capital stock consists of 35,000,000 shares of stock. We are authorized to issue two classes of stock that consist of 10,000,000 shares of preferred stock, par value \$0.01 per share of which none are issued and outstanding, and 25,000,000 shares of common stock, par value \$0.001 per share.

As of June 4, 2007, we had 10,064,867 outstanding shares of common stock, \$.001 par value. We have reserved 9,143,493 shares of common stock for issuance pursuant to outstanding options and warrants. Each issued and outstanding share is fully paid and non-assessable. No pre-emptive rights exist with respect to any of our common stock. Holders of shares of our common stock are entitled to one vote for each share on all matters to be voted on by the stockholders. Holders of shares of our common stock have no cumulative voting rights. Holders of shares of our common stock are entitled to share ratably in dividends, if any, as may be declared, from time to time by our Board of Directors in its discretion, from funds legally available for any such dividends. In the event of a liquidation, dissolution or winding up of bioMETRX, the holders of shares of our common stock are entitled to their pro rata share of all assets remaining after payment in full of all liabilities.

#### **INDEMNIFICATION FOR SECURITIES ACT LIABILITIES**

The Delaware General Corporation Law and our Bylaws provide for indemnification of our directors for liabilities and expenses that they may incur in such capacities. In general, our directors and officers are indemnified with respect to actions taken in good faith and in a manner such person believed to be in our best interests, and with respect to any criminal action or proceedings, actions that such person has no reasonable cause to believe were unlawful. Furthermore, the personal liability of our directors is limited as provided in our Certificate of Incorporation.

We currently carry directors and officers insurance in the amount of \$1,000,000, but existing coverage may not be adequate to cover potential claims.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

### PLAN OF DISTRIBUTION

The selling shareholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of our common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling shareholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker/dealer solicits purchasers;
- block trades in which the broker/dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker/dealer as principal and resale by the broker/dealer for its account;
- an exchange distribution in accordance with the Rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the date of this prospectus;
- broker/dealers may agree with the selling shareholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling shareholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker/dealers engaged by the selling shareholders may arrange for other brokers/dealers to participate in sales. Broker/dealers may receive commissions from the selling shareholders (or, if any broker/dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling shareholders do not expect these commissions to exceed what is customary in the types of transactions involved.

The selling shareholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling shareholders to include the pledgee, transferee or other successors in interest as selling shareholders under this prospectus.





The selling shareholders and any broker/dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker/dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions under the Securities Act. The selling shareholders have informed us that they do not have any agreement or understanding, directly or indirectly, with any person to distribute the common stock.

We are required to pay all fees and expenses incident to the registration of the shares. We have agreed to indemnify the selling shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because selling stockholders may be deemed to be “underwriters” within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. Each selling stockholder has advised us that they have not entered into any agreements, understandings or arrangements with any underwriter or broker-dealer regarding the sale of the resale shares. There is no underwriter or coordinating broker acting in connection with the proposed sale of the resale shares by the selling stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the selling stockholders without registration and without regard to any volume limitations by reason of Rule 144(k) under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to the prospectus or Rule 144 under the Securities Act or any other rule of similar effect. Our obligation to keep the registration statement to which this prospectus relates effective is subject to specified, permitted exceptions. In these cases, we may suspend offers and sales of the securities pursuant to the prospectus to which this prospectus relates. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale shares may not simultaneously engage in market making activities with respect to our common stock for a period of two business days prior to the commencement of the distribution. In addition, the selling stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of our common stock by the selling stockholders or any other person. We will make copies of this prospectus available to the selling stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale.

First Montauk Securities Corp, Inc. is a registered broker dealer and NASD member firm. First Montauk Securities Corp served as placement agent in our recently completed private placement offerings, and received, in addition to cash commissions and reimbursement of certain expenses, warrants to purchase an aggregate of 310,000 shares of our Common Stock with an exercise price of \$1.00 per share.

The 160,000 warrants held by First Montauk Securities Corp expire on June 29, 2011 and 150,000 warrants expire on January 5, 2012. The 310,000 shares of common stock issued or issuable upon conversion of placement agent warrants received by First Montauk Securities Corp are restricted from sale, transfer, assignment, pledge or hypothecation or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the securities by any person for a period of 180 days immediately following the effective date of a Registration Statement except transfers of the warrants to officers or partners of First Montauk Securities Corp. as allowed under NASD Rule 2710 (g)(1) and (2).

First Montauk Securities Corp has indicated to us its willingness to act as selling agent on behalf of certain of the selling shareholders named in the Prospectus under "Selling Shareholders." that purchased our privately placed securities. All shares sold, if any, on behalf of selling shareholders by First Montauk Securities Corp would be in transactions executed by First Montauk Securities Corp on an agency basis and commissions charged to its customers in connection with each transaction shall not exceed a maximum of 4.5% of the gross proceeds. First Montauk Securities Corp does not have an underwriting agreement with us and/or the selling shareholders and no selling shareholders are required to execute transactions through First Montauk Securities Corp. Further, other than their existing brokerage relationship as customers with First Montauk Securities Corp, no selling shareholder has any pre-arranged agreement, written or otherwise, with First Montauk Securities Corp to sell their securities through First Montauk Securities Corp.

NASD Rule 2710 requires NASD members firms (unless an exemption applies) to satisfy the filing requirements of Rule 2710 in connection with the resale, on behalf of selling shareholders, of the securities on a principal or agency basis. NASD Notice to Members 88-101 states that in the event a selling shareholder intends to sell any of the shares registered for resale in this Prospectus through a member of the NASD participating in a distribution of our securities, such member is responsible for insuring that a timely filing, if required, is first made with the Corporate Finance Department of the NASD and disclosing to the NASD the following:

- it intends to take possession of the registered securities or to facilitate the transfer of such certificates;
- the complete details of how the selling shareholders shares are and will be held, including location of the particular accounts;
- whether the member firm or any direct or indirect affiliates thereof have entered into, will facilitate or otherwise participate in any type of payment transaction with the selling shareholders, including details regarding any such transactions; and
- in the event any of the securities offered by the selling shareholders are sold, transferred, assigned or hypothecated by any selling shareholder in a transaction that directly or indirectly involves a member firm of the NASD or any affiliates thereof, that prior to or at the time of said transaction the member firm will timely file all relevant documents with respect to such transaction(s) with the Corporate Finance Department of the NASD for review.

The NASD has recently proposed rule changes to NASD Rule 2710 which may, if approved, modify the requirements of its members to make filings under NASD Rule 2710. Further, no NASD member firm may receive compensation in excess of that allowable under NASD rules, including Rule 2710, in connection with the resale of the securities by the selling shareholders, which total compensation may not exceed 8%.

We have advised the selling shareholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling shareholders and their affiliates. In addition, we will make copies of this Prospectus available to the selling shareholders for the purpose of satisfying the Prospectus delivery requirements of the Securities Act.

### **SELLING SHAREHOLDERS**

This prospectus covers the offer and sale by the selling shareholders of up to 800,000 shares of common stock issuable upon conversion of 8% Convertible Notes in the principal amount of \$800,000 and 750,000 shares of common stock issuable upon the conversion of 8% Senior Convertible Debentures in the principal amount of \$750,000.

We are registering for resale shares issuable on conversion of Convertible Notes and Convertible Debentures issued by us in private placements. All such shares issued or to be issued are and will be restricted securities as that term is defined in Rule 144 under the Securities Act, and will remain restricted unless and until such shares are sold pursuant to this prospectus or otherwise are sold in compliance with Rule 144.

In the purchase agreements, each of the selling shareholders represented that it had acquired the shares for investment purposes only and with no present intention of distributing those shares, except in compliance with all applicable securities law. In addition, each of the selling shareholders represented that each qualifies as an “accredited investor” as such term is defined in Rule 501 under the Securities Act.

The table below sets forth information concerning the resale of the shares of common stock by the selling shareholders. We will not receive any proceeds from the resale of the common stock by the selling shareholders. We

will receive proceeds from the warrants, if exercised. The following table also sets forth the name of each person who is offering the resale of shares of common stock by this prospectus, the number of shares of common stock beneficially owned by each person, the number of shares of common stock that may be sold in this offering and the number of shares of common stock each person will own after the offering, assuming they sell all of the shares offered.

46

---

The number and percentage of shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any shares as to which the selling shareholder has sole or shared voting power or investment power and also any shares the selling shareholder has the right to acquire within 60 days. Percentages are based on a total of 10,064,867 shares of common stock outstanding on June 1, 2007. Shares of common stock subject to options and warrants currently exercisable or convertible, or exercisable or convertible within 60 days of June 1, 2007, are deemed outstanding for computing the percentage of the selling shareholder holding such option or warrant but are not deemed outstanding for computing the percentage of any other selling shareholder.

| Name   | No. of Shares Offered | Shares Owned Prior to the Offering           |                | Shares Owned After the Offering |               |
|--|-----------------------|--|----------------|---------------------------------|---------------|
|  |                       | Number (including stock underlying warrants) | Percentage (%) | Number                          | Percentage(%) |
| Whalehaven Capital Fund Limited                      | 250,000(1)            | 1,410,878(10)                                | 12.7%          | 1,160,878                       | 10.3%         |
| Nite Capital LP                                      | 75,000(2)             | 423,976(11)                                  | 4.2%           | 348,976                         | 3.6%          |
| Lighthouse Capital Insurance Company, Policy #03-046 | 62,500(3)             | 352,708(12)                                  | 3.5%           | 290,208                         | 2.8%          |
| Peter Thomson  | 62,500(4)             | 352,708(13)                                  | 3.5%           | 290,208                         | 2.8%          |
| Alpha Capital Aktiengesellschaft                     | 200,000(5)            | 1,128,666(14)                                | 10.4%          | 928,666                         | 8.4%          |
| Linden Growth Partners LP                            | 150,000(6)            | 846,500(15)                                  | 8.0%           | 696,500                         | 6.5%          |
| Linden Growth Partners Master Fund L.P.              | 225,000(7)            | 1,125,000(16)                                | 10.0%          | 900,000                         | 8.2%          |
| BridgePointe Master Fund Ltd.                        | 500,000(8)            | 2,500,000(17)                                | 19.9%          | 2,000,000                       | 16.6%         |
| Osher Capital Partners LLC                           | 25,000(9)             | 125,000(18)                                  | 1.0%           | 100,000                         | *             |

\* Less than 1%

- (1) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Note.
- (2) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Note.
- (3) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Note.
- (4) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Note.
- (5) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Note.
- (6) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Note.
- (7) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Debenture.
- (8) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Debenture.
- (9) These shares represent a portion of the shares issuable upon conversion of the 8% Convertible Debenture.
- (10)

Includes (i) 500,000 shares issuable upon conversion of the 8% Convertible Note, (ii) stock underlying a warrant to purchase 500,000 shares of common stock at an exercise price of \$1.00 per share, (iii) shares underlying a warrant to purchase 250,000 shares of common stock at an exercise price of \$.10 per share, and (iv) 120,855 shares issuable upon conversion of the Forbearance Note. Evan Schemenauer, who holds voting and dispositive power with respect to the securities held by Whalehaven Capital Fund Limited disclaims beneficial ownership of such securities.

(11) Includes (i) 150,000 shares issuable upon conversion of the 8% Convertible Note, (ii) stock underlying a warrant to purchase 150,000 shares of common stock at an exercise price of \$1.00 per share, (iii) shares underlying a warrant to purchase 75,000 shares of common stock at an exercise price of \$.10 per share, and (iv) 36,999 shares issuable upon conversion of the Forbearance Note. Keith Goodman, who holds voting and dispositive power with respect to the securities held by Nite Capital LP disclaims beneficial ownership of such securities.

- (12) Includes (i) 125,000 shares issuable upon conversion of the 8% Convertible Note, (ii) stock underlying a warrant to purchase 125,000 shares of common stock at an exercise price of \$1.00 per share, (iii) shares underlying a warrant to purchase 62,500 shares of common stock at an exercise price of \$.10 per share, and (iv) 30,208 shares issuable upon conversion of the Forbearance Note. Janet Sairsingh, who holds voting and dispositive power with respect to the securities held by Lighthouse Capital Insurance Company, Policy # 03046, disclaims beneficial ownership of such securities.
- (13) Includes (i) 125,000 shares issuable upon conversion of the 8% Convertible Note, (ii) stock underlying a warrant to purchase 125,000 shares of common stock at an exercise price of \$1.00 per share, (iii) shares underlying a warrant to purchase 62,500 shares of common stock at an exercise price of \$.10 per share, and (iv) 30,208 shares issuable upon conversion of the Forebearance Note.
- (14) Includes (i) 400,000 shares issuable upon conversion of the 8% Convertible Note, (ii) stock underlying a warrant to purchase 400,000 shares of common stock at an exercise price of \$1.00 per share, and (iii) shares underlying a warrant to purchase 200,000 shares of common stock at an exercise price of \$.10 per share, and (iv) 96,666 shares issuable upon conversion of the Forbearance Note. Konrad Ackerman, who holds voting and dispositive power with respect to the securities held by Alpha Capital Aktiengesellschaft, disclaims beneficial ownership of such securities.
- (15) Includes (i) 300,000 shares issuable upon conversion of the 8% Convertible Note, (ii) stock underlying a warrant to purchase 300,000 shares of common stock at an exercise price of \$1.00 per share, (iii) shares underlying a warrant to purchase 150,000 shares of common stock at an exercise price of \$.10 per share, and (iv) 72,500 shares issuable upon conversion of the Forbearance Note. Paul Coviello, who holds voting and dispositive power with respect to the securities held by Linden Growth Partners L.P., disclaims beneficial ownership of such securities.
- (16) Includes (i) 450,000 shares issuable upon conversion of the 8% Convertible Debenture, (ii) stock underlying a warrant to purchase 450,000 shares of common stock at an exercise price of \$1.00 per share, and (iii) shares underlying a warrant to purchase 225,000 shares of common stock at an exercise price of \$.10 per share. Paul Coviello, who holds voting and dispositive power with respect to the securities held by Linden Growth Partners Master Fund L.P., disclaims beneficial ownership of such securities.
- (17) Includes (i) 1,000,000 shares issuable upon conversion of the 8% Convertible Debenture, (ii) stock underlying a warrant to purchase 1,000,000 shares of common stock at an exercise price of \$1.00 per share, and (iii) shares underlying a warrant to purchase 500,000 shares of common stock at an exercise price of \$.10 per share. Eric Swartz, who holds voting and dispositive power with respect to the securities held by BridgePointe Master Fund Ltd., disclaims beneficial ownership of such securities.
- (18) Includes (i) 50,000 shares issuable upon conversion of the 8% Convertible Debenture, (ii) stock underlying a warrant to purchase 50,000 shares of common stock at an exercise price of \$1.00 per share, and (iii) shares underlying a warrant to purchase 25,000 shares of common stock at an exercise price of \$.10 per share. Yisrael Kluger, who holds voting and dispositive power with respect to the securities held by Osher Capital Partners LLC, disclaims beneficial ownership of such securities.

#### **Additional Disclosures**

The total value of the shares of the Company's common stock underlying the \$1,600,000 in Convertible Notes issued on June 29, 2006 was \$2,160,000 based on the last sale price of our common stock reported by the OTCBB of \$1.35. The total value of the shares of the Company's common stock underlying the \$1,500,000 in Convertible Debentures issued on January 5, 2007 was \$4,575,000 based on the last sale price of our common stock reported by the OTCBB of \$3.05.



Payments Made in Connection with the Convertible Note Offering closed on June 29, 2006 and the Convertible Debenture Offering closed on January 5, 2007.

| Selling Stockholder                                  | Invested June 2006 | Cash Payments(1) | Penalties Converted into Shares (5) | Series A Warrants | Series B Warrants | Pre-Paid Interest Shares | Stock Price on Issuance | Stock Value  | Value of A Warrants (2) | Value of B Warrants (3) |
|--|--------------------|------------------|-------------------------------------|-------------------|-------------------|--------------------------|-------------------------|--------------|-------------------------|-------------------------|
| Whalehaven Capital Fund Limited                      | \$ 500,000         | \$ 50,000        |                                     | 500,000           | 250,000           | 40,023                   | \$ 1.35                 | \$ 675,000   | \$ 175,000              | \$ 312,500              |
| Nite Capital LP                                      | 150,000            | 15,000           |                                     | 150,000           | 75,000            | 11,977                   | \$ 1.35                 | 202,500      | 52,500                  | 93,750                  |
| Lighthouse Capital Insurance Company, Policy #03-046 | 125,000            | 12,500           |                                     | 125,000           | 62,500            | 10,000                   | \$ 1.35                 | 168,750      | 43,750                  | 78,125                  |
| Peter Thomson  | 125,000            | 12,500           |                                     | 125,000           | 62,500            | 10,000                   | \$ 1.35                 | 168,750      | 43,750                  | 78,125                  |
| Alpha Capital Aktiengesellschaft                     | 400,000            | 40,000           |                                     | 400,000           | 200,000           | 32,000                   | \$ 1.35                 | 540,000      | 140,000                 | 250,000                 |
| Linden Growth Partners LP                            | 300,000            | 30,000           |                                     | 300,000           | 150,000           | 24,000                   | \$ 1.35                 | 405,000      | 105,000                 | 187,500                 |
| First Montauk Securities Corp. & Designees (below):  | -                  | -                | -                                   | 160,000           | -                 | -                        | \$ 1.35                 | -            | 56,000                  |                         |
| Ernest Pellegrino                                    |                    |                  |                                     |                   |                   |                          |                         |              |                         |                         |
| Victor K. Kuylak                                     |                    |                  |                                     |                   |                   |                          |                         |              |                         |                         |
| Max Povolsky   |                    |                  |                                     |                   |                   |                          |                         |              |                         |                         |
| Ed Pitlake   |                    |                  |                                     |                   |                   |                          |                         |              |                         |                         |
| Angela Meteliska                                     |                    |                  |                                     |                   |                   |                          |                         |              |                         |                         |
| Robert Casolaro                                      |                    |                  |                                     |                   |                   |                          |                         |              |                         |                         |
| Paul Coviello  |                    |                  |                                     |                   |                   |                          |                         |              |                         |                         |
| Forbearance Note Allocation (5)                      |                    |                  | 387,435                             | -                 | -                 | -                        | \$ 2.90                 | 1,123,562    |                         |                         |
|  | \$ 1,600,000       | \$ 160,000       | 387,435                             | 1,760,000         | 800,000           | 128,000                  |                         | \$ 3,283,562 | \$ 616,000              | \$ 1,000,000            |

(1) Represents commissions paid by the Company to First Montauk Securities Corp. in connection with this transaction

(2) Value of A Warrants determined by subtracting strike price of warrant (\$1.00) from price of stock at time of issuance

(3) Value of A Warrants determined by subtracting strike price of warrant (\$0.10) from price of stock at time of issuance

(4) Value of stock at time of issuance < /font>

(5) As a condition of closing the December 28, 2006 financing, the Company was required to obtain the consent and waiver from each investor in the June 29,

## 2006 transaction.

In that regard, the Company issued forbearance notes in the aggregate principal amount of \$387,435 to the above listed investors in connection with them providing the Company with their consent and waiver. The principal of the note was allocated to each investor based on their percentage of the total investment. The notes are convertible into the Company's common stock at \$1.00 per share.

|  | Invested<br>January<br>2007 | Cash<br>Payments<br>(1) | Series A<br>Warrants | Series B<br>Warrants | Stock<br>Price<br>on<br>Issuance | Stock<br>Value | Value of A<br>Warrants<br>(2) | Value of B<br>Warrants<br>(3) | Total Value   |
|--|-----------------------------|-------------------------|----------------------|----------------------|----------------------------------|----------------|-------------------------------|-------------------------------|---------------|
| <b>Linden<br/>Growth<br/>Partners<br/>Master Fund<br/>L.P.</b>   | \$ 450,000                  | \$ 45,000               | 450,000              | 225,000              | \$ 3.05                          | 1,372,500      | 922,500                       | 663,750                       | \$ 2,958,750  |
| <b>BridgePointe<br/>Master Fund<br/>Ltd.</b>   | 1,000,000                   | 100,000                 | 1,000,000            | 500,000              | \$ 3.05                          | 3,050,000      | 2,050,000                     | 1,475,000                     | 6,575,000     |
| <b>Osher<br/>Capital<br/>Partners<br/>LLC</b>  | 50,000                      | 5,000                   | 50,000               | 25,000               | \$ 3.05                          | 152,500        | 102,500                       | 73,750                        | 328,750       |
| <b><u>First<br/>Montauk<br/>Securities<br/>Corp.&amp;<br/>Designees<br/>(below):</u></b>   |                             |                         | 150,000              |                      | \$ 3.05                          |                | 307,500                       |                               | 307,500       |
| <b>Ernest<br/>Pellegrino<br/>Victor K.<br/>Kuylak<br/>Max<br/>Povolsky<br/>Ed Pitlake<br/>Angela<br/>Meteliska<br/>Robert<br/>Casolaro<br/>Paul<br/>Coviello</b> | \$ 1,500,000                | \$ 150,000              | 1,650,000            | 750,000              |                                  | \$ 4,575,000   | \$ 3,382,500                  | \$ 2,212,500                  | \$ 10,170,000 |

(1) Represents commissions paid by the Company to First Montauk Securities Corp. in connection with this transaction

(2) Value of A Warrants determined by subtracting strike price of warrant (\$1.00) from price of stock at time of issuance

**(3) Value of A Warrants determined by subtracting strike price of warrant (\$0.10) from price of stock at time of issuance**

48

---

The aggregate net proceeds received by the Company as a result of both offerings was \$2,760,000 after deduction of a 10% (\$310,000) commission paid to First Montauk Securities Corporation and the payment of an aggregate of \$30,000 in legal fees payable to the investors and placement agent's legal counsel.

**Potential Profits on Conversion of the Convertible Notes and Debentures:**

| Note Holder   | Closing Dates | Shares Underlying Convertible Note on Closing Date | Market Price of Common Stock on Closing Date | Price of Common Stock | Combined Market Price of Underlying Convertible Note | Combined Conversion Price of Underlying Convertible Note | Total Possible Discount to Market Price |
|---|---------------|--|--|-----------------------|--|--|---|
| <b>Whalehaven Capital Fund Limited</b>              | 06/29/06      | 660,878  | \$ 1.35                                      | \$ 1.00               | \$ 892,185   | \$ 660,878   | \$ 231,307                              |
| <b>Nite Capital LP</b>                              | 06/29/06      | 198,976  | \$ 1.35                                      | \$ 1.00               | 268,618  | 198,976  | 69,642                                  |
| <b>Lighthouse Capital Insurance, Policy #03-046</b> | 06/29/06      | 165,208  | \$ 1.35                                      | \$ 1.00               | 223,031  | 165,208  | 57,823                                  |
| <b>Peter Thompson</b>                               | 06/29/06      | 165,208  | \$ 1.35                                      | \$ 1.00               | 223,031  | 165,208  | 57,823                                  |
| <b>Linden Growth Partners, LP</b>                   | 06/29/06      | 396,500  | \$ 1.35                                      | \$ 1.00               | 535,275  | 396,500  | 138,775                                 |
| <b>Alpha Capital</b>                                | 06/29/06      | 528,667  | \$ 1.35                                      | \$ 1.00               | 713,700  | 528,667  | 185,033                                 |
| <b>Linden Growth Partners Master Fund LP</b>        | 01/05/07      | 450,000  | \$ 3.05                                      | \$ 1.00               | 1,372,500  | 450,000  | 922,500                                 |
| <b>BridgePointe Master Fund Ltd</b>                 | 01/05/07      | 1,000,000  | \$ 3.05                                      | \$ 1.00               | 3,050,000  | 1,000,000  | 2,050,000                               |
| <b>Osher Capital Fund Partners LLC</b>              | 01/05/07      | 50,000   | \$ 3.05                                      | \$ 1.00               | 152,500  | 50,000   | 102,500                                 |
|   |               | <b>3,615,437</b>                                   |  |                       | <b>\$ 7,430,840</b>                                  | <b>\$ 3,615,437</b>                                      | <b>\$ 3,815,403</b>                     |

**Total Potential Profit from other Securities:**

The following table shows the total possible profit to be realized as a result of any conversion discounts for securities underlying any other warrants, options, notes or other securities of our company that are held by the Selling Shareholders or any affiliates of the Selling Shareholders.

| Selling Shareholders                   | Date of Sale | Shares Underlying Warrants and Options | Market Price of Common Stock on Date of Sale | Exercise Price of Warrants | Combined Market Price of Underlying Warrants | Combined Exercise Price of Underlying Warrants | Total Possible Discount to Market Price |
|--|--------------|--|--|----------------------------|--|--|---|
| <b>Common Stock "A" Warrants:</b>      |              |  |  |                            |  |  |   |
| <b>Whalehaven Capital Fund Limited</b> | 06/29/06     | 500,000                                | \$ 1.35                                      | \$ 1.00                    | \$ 675,000                                   | \$ 500,000                                     | \$ 175,000                              |
| <b>Nite Capital LP</b>                 | 06/29/06     | 150,000                                | \$ 1.35                                      | \$ 1.00                    | 202,500                                      | 150,000  | 52,500                                  |
|  | 06/29/06     | 125,000                                | \$ 1.35                                      | \$ 1.00                    | 168,750                                      | 125,000  | 43,750                                  |

|   |          |           |    |      |    |      |               |              |              |
|---|----------|-----------|----|------|----|------|---------------|--------------|--------------|
| <b>Lighthouse Capital Insurance, Policy #03-046</b> |          |           |    |      |    |      |               |              |              |
| Peter Thompson                                      | 06/29/06 | 125,000   | \$ | 1.35 | \$ | 1.00 | 168,750       | 125,000      | 43,750       |
| <b>Linden Growth Partners, LP</b>                   |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 300,000   | \$ | 1.35 | \$ | 1.00 | 405,000       | 300,000      | 105,000      |
| <b>Alpha Capital</b>                                |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 400,000   | \$ | 1.35 | \$ | 1.00 | 540,000       | 400,000      | 140,000      |
| <b>First Montauk Securities Corp.</b>               |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 160,000   | \$ | 1.35 | \$ | 1.00 | 216,000       | 160,000      | 56,000       |
| <b>Linden Growth Partners Master Fund LP</b>        |          |           |    |      |    |      |               |              |              |
|   | 01/05/07 | 450,000   | \$ | 3.05 | \$ | 1.00 | 1,372,500     | 450,000      | 922,500      |
| <b>BridgePointe Master Fund Ltd</b>                 |          |           |    |      |    |      |               |              |              |
|   | 01/05/07 | 1,000,000 | \$ | 3.05 | \$ | 1.00 | 3,050,000     | 1,000,000    | 2,050,000    |
| <b>Osher Capital Fund Partners LLC</b>              |          |           |    |      |    |      |               |              |              |
|   | 01/05/07 | 50,000    | \$ | 3.05 | \$ | 1.00 | 152,500       | 50,000       | 102,500      |
| <b>First Montauk Securities Corp.</b>               |          |           |    |      |    |      |               |              |              |
|   | 01/05/07 | 150,000   | \$ | 3.05 | \$ | 1.00 | 457,500       | 150,000      | 307,500      |
| <b>Subtotal - Common Stock "A" Warrants</b>         |          |           |    |      |    |      |               |              |              |
|   |          | 3,410,000 |    |      |    |      | 7,408,500     | 3,410,000    | 3,998,500    |
| <b>Common Stock "B" Warrants:</b>                   |          |           |    |      |    |      |               |              |              |
| <b>Whalehaven Capital Fund Limited</b>              |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 250,000   | \$ | 1.35 | \$ | 0.10 | 337,500       | 25,000       | 312,500      |
| <b>Nite Capital LP</b>                              |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 75,000    | \$ | 1.35 | \$ | 0.10 | 101,250       | 7,500        | 93,750       |
| <b>Lighthouse Capital Insurance, Policy #03-046</b> |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 62,500    | \$ | 1.35 | \$ | 0.10 | 84,375        | 6,250        | 78,125       |
| <b>Peter Thompson</b>                               |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 62,500    | \$ | 1.35 | \$ | 0.10 | 84,375        | 6,250        | 78,125       |
| <b>Linden Growth Partners, LP</b>                   |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 150,000   | \$ | 1.35 | \$ | 0.10 | 202,500       | 15,000       | 187,500      |
| <b>Alpha Capital</b>                                |          |           |    |      |    |      |               |              |              |
|   | 06/29/06 | 200,000   | \$ | 1.35 | \$ | 0.10 | 270,000       | 20,000       | 250,000      |
| -   |          |           |    |      |    |      |               |              |              |
| <b>Linden Growth Partners Master Fund LP</b>        |          |           |    |      |    |      |               |              |              |
|   | 01/05/07 | 225,000   | \$ | 3.05 | \$ | 0.10 | 686,250       | 22,500       | 663,750      |
| <b>BridgePointe Master Fund Ltd</b>                 |          |           |    |      |    |      |               |              |              |
|   | 01/05/07 | 500,000   | \$ | 3.05 | \$ | 0.10 | 1,525,000     | 50,000       | 1,475,000    |
| <b>Osher Capital Fund Partners LLC</b>              |          |           |    |      |    |      |               |              |              |
|   | 01/05/07 | 25,000    | \$ | 3.05 | \$ | 0.10 | 76,250        | 2,500        | 73,750       |
| <b>Subtotal - Common Stock "B" Warrants</b>         |          |           |    |      |    |      |               |              |              |
|   |          | 1,550,000 |    |      |    |      | 3,367,500     | 155,000      | 3,212,500    |
| <b>Totals</b>                                       |          |           |    |      |    |      |               |              |              |
|   |          | 4,960,000 |    |      |    |      | \$ 10,776,000 | \$ 3,565,000 | \$ 7,211,000 |

**Comparison of Company Proceeds from the Convertible Notes and Convertible Debenture Transactions to Potential Investor Profit:**

| Gross Proceeds | Total Payments Made by the | Net Proceeds (1) | Total Possible Profit From Sale of Underlying Securities to Selling Shareholders |
|----------------|----------------------------|------------------|--|
|----------------|----------------------------|------------------|--|

| Company Related to Issuance of the Notes and Debentures |                | As a Percentage of Proceeds of Notes |                    | As a Percentage of Proceeds of Notes |                    |
|---|----------------|--------------------------------------|--------------------|--------------------------------------|--------------------|
|   |                | Amount                               | Monthly Percentage | Amount                               | Monthly Percentage |
| \$ 7,180,437  | \$ 340,000 (2) | \$ 6,840,437                         | 247.84%            | \$ 11,026,403                        | 19.39%             |

(1) Includes proceeds from the sale of the Notes/Debentures as well as the total potential proceeds from the exercise of the A and B Warrants.

(2) Includes 10% commission paid to First Montauk Securities Corp. and other expense including legal fees paid by the Company related to the offerings in the aggregate amount of \$30,000.

#### Prior Securities Transactions Between the Company and the Selling Stockholders

There were no prior securities transactions between the Company and any of the Selling Shareholders or any affiliates of the Selling Shareholders.

#### Comparison of Registered Shares to Outstanding Shares

The following table sets forth:

- the number of shares outstanding prior to the Convertible Note and Convertible Debenture transactions that are held by persons other than the Selling Shareholders, affiliates of the Company, and affiliates of the Selling Shareholders;
- the number of shares registered for resale by the Selling Shareholders or affiliates of the Selling Shareholders in prior registration statements;
- the number of shares registered for resale by the Selling Shareholders or affiliates of the Selling Shareholders that continue to be held by the Selling Shareholders or affiliates of the Selling Shareholders;
- the number of shares that have been sold in registered resale transactions by the Selling Shareholders or affiliates of the Selling Shareholders; and

the number of shares registered for resale on behalf of the Selling Shareholders or affiliates of the Selling Shareholders in the current transaction.

In this analysis, the calculation of the number of outstanding shares does not include any securities underlying any outstanding convertible securities, options, or warrants.

| <b>Selling Shareholders</b>                                | <b>Date of Transaction</b> | <b>Number of Shares of Common Stock Outstanding prior to the convertible Note Transaction (excl. selling shareholders and affiliates)</b> | <b>Number of Shares of Common Stock Registered for Resale by Selling Shareholder in Prior Registration Statements</b> | <b>Number of Shares of Common Stock Sold in Registered Resale Transactions by the Selling Stockholder</b> | <b>Number of Shares Registered for Resale in Current Transaction</b> |
|--|----------------------------|---|---|---|--|
| <b>Whalehaven Capital Fund</b>                             | <b>June 29, 2006</b>       | <b>7,360,249</b>  | <b>-</b>  | <b>-</b>  | <b>250,000</b>   |
| <b>Nite Capital LP</b>                                     | <b>June 29, 2006</b>       | <b>7,360,249</b>  | <b>-</b>  | <b>-</b>  | <b>75,000</b>  |
| <b>Linden Growth Partners L.P.</b>                         | <b>June 29, 2006</b>       | <b>7,360,249</b>  | <b>-</b>  | <b>-</b>  | <b>150,000</b>   |
| <b>Peter Thompson</b>                                      | <b>June 29, 2006</b>       | <b>7,360,249</b>  | <b>-</b>  | <b>-</b>  | <b>62,500</b>  |
| <b>Lighthouse Capital Insurance Company Policy #03-046</b> | <b>June 29, 2006</b>       | <b>7,360,249</b>  | <b>-</b>  | <b>-</b>  | <b>62,500</b>  |
| <b>Alpha Capital</b>                                       | <b>June 29, 2006</b>       | <b>7,360,249</b>  | <b>-</b>  | <b>-</b>  | <b>200,000</b>   |
| <b>Linden Growth Partners Master Fund L.P.</b>             | <b>January 5, 2007</b>     | <b>8,579,404</b>  | <b>-</b>  | <b>-</b>  | <b>225,000</b>   |
| <b>Osher Capital</b>                                       | <b>January 5, 2007</b>     | <b>8,579,404</b>  | <b>-</b>  | <b>-</b>  | <b>25,000</b>  |
| <b>BridgePointe Master Fund L.P.</b>                       | <b>January 5, 2007</b>     | <b>8,579,404</b>  | <b>-</b>  | <b>-</b>  | <b>500,000</b>   |
| <b>Total Shares to be Registered</b>                       |                            |   |   |   | <b>1,550,000</b>   |

In the event the Selling Shareholders do not convert the Convertible Debentures and Convertible Notes prior to their respective maturity dates, the Company will be required to pay the principal and accrued interest of such instruments. While the Company intends on making such payments when they come due based on its current financial situation, it would not have the ability to make all payments that may come due on the Debentures and Notes.

Based on information from each of the Selling Shareholders, no short position in the Company's common stock exists with regard to the Selling Shareholders.

#### **Relationships Between Us and the Selling Shareholders**

First Montauk Securities Corporation and the Company entered into a placement agency agreement dated February 16, 2006, whereby they received a fee of 10% (\$310,000) of the amount raised in both offerings and received an aggregate of 310,000 Class A Warrants. This agreement provides that First Montauk will also receive fees for any additional monies raised by the Company as a result of their introductions.

The Company is registering 1,550,000 shares of its common stock. The Company determined the number of shares it seeks to register by dividing the principal amount of the debentures by 2. The number of shares is approximately 30% of the Company's public float.

### **LEGAL MATTERS**

The validity of the shares of common stock being offered hereby will be passed upon for us by Sommer & Schneider LLP.

### **EXPERTS**

The consolidated financial statements of bioMETRX, Inc. as of and for the years ended December 31, 2006 and 2005, appearing in this Prospectus and Registration Statement has been audited by Wolinetz, Lafazan & Company, P.C., independent accountants as set forth in its report appearing elsewhere herein and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

### **AVAILABLE INFORMATION**

We have filed a registration statement on Form SB-2 under the Securities Act of 1933, as amended, relating to the shares of common stock being offered by this prospectus, and reference is made to such registration statement. This prospectus constitutes the prospectus of bioMETRX, Inc., filed as part of the registration statement, and it does not contain all information in the registration statement, as certain portions have been omitted in accordance with the rules and regulations of the SEC.

We are subject to the informational requirements of the Exchange Act, which requires us to file reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information may be inspected at the public reference room of the SEC at Room 1580, 100 F Street, N.E., Washington D.C. 20549. Copies of such material can be obtained from the facility at prescribed rates. Please call the SEC toll free at 1-800-SEC-0330 for information about its public reference room. Because we file documents electronically with the SEC, you may also obtain this information by visiting the SEC's Internet website at <http://www.sec.gov> or our website at <http://www.biometrx.net>. Information contained in our web site is not part of this prospectus.



Our statements in this prospectus about the contents of any contract or other document are not necessarily complete. You should refer to the copy of our contract or other document we have filed as an exhibit to the registration statement for complete information.

You should rely only on the information incorporated by reference or provided in this prospectus. We have not authorized anyone else to provide you with different information. The selling shareholders are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus is accurate as of any date other than the date on the front of the document.

We furnish our shareholders with annual reports containing audited financial statements.

INDEX TO FINANCIAL STATEMENTS

|  |      |
|--|------|
| Condensed Consolidated Balance Sheet as of March 31, 2007 and December 31, 2006                              | 3    |
| Condensed Consolidated Statements of Operations for the three months ended March 31, 2007 and March 31, 2006 | 4    |
| Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2007 and March 31, 2006 | 5-6  |
| Notes to the Condensed Consolidated Financial Statements   | 7-18 |

---

**BIOMETRX, INC. AND SUBSIDIARIES**  
*(A Development Stage Company)*  
**CONDENSED CONSOLIDATED BALANCE SHEET**

March 31, 2007

(Unaudited)

**ASSETS**

|                                    |                     |
|------------------------------------|---------------------|
| <b>Current Assets:</b>             |                     |
| Cash                               | \$ 351,170          |
| Restricted Cash                    | 169,316             |
| Inventory                          | 591,690             |
| Prepaid Expenses                   | 25,146              |
| <b>Total Current Assets</b>        | <b>1,137,322</b>    |
| <b>Property and Equipment, net</b> | <b>90,738</b>       |
| <b>Other Assets:</b>               |                     |
| Patents                            | 664,500             |
| Deferred Finance Costs, net        | 224,375             |
| Security Deposit                   | 17,045              |
| <b>Total Other Assets</b>          | <b>905,920</b>      |
| <b>TOTAL ASSETS</b>                | <b>\$ 2,133,980</b> |

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

|  |                  |
|--|------------------|
| <b>Current Liabilities:</b>  |                  |
| Notes Payable  | \$ 700,000       |
| Accounts Payable   | 561,236          |
| Accrued Taxes  | 68,143           |
| Accrued Interest   | 76,529           |
| <b>Total Current Liabilities</b>   | <b>1,405,908</b> |
| <b>Long-Term Liabilities:</b>  |                  |
| 8% Convertible Notes, net of unamortized discounts of \$2,018,375        | 1,081,625        |
| Convertible Forbearance Notes, net of unamortized discounts of \$322,864 | 64,573           |
| <b>Total Long-Term Liabilities</b>                                       | <b>1,146,198</b> |
| <b>TOTAL LIABILITIES</b>   | <b>2,552,106</b> |

**COMMITMENTS AND CONTINGENCIES**

**Stockholders' Deficit:**

|   |            |
|---|------------|
| Preferred Stock, \$.01 par value; 10,000,000 shares authorized<br>no shares issued and outstanding      | -          |
| Common Stock, \$.001 par value; 25,000,000 shares authorized<br>9,759,120 shares issued and outstanding | 9,759      |
| Additional Paid-In-Capital  | 27,423,191 |
| Prepaid Interest, 8% Convertible Notes  | (43,200)   |

|   |                     |
|---|---------------------|
| <b>Deferred Finance Costs</b>                       | <b>(199,198)</b>    |
| <b>Deficit Accumulated in the Development Stage</b> | <b>(27,608,678)</b> |
| <b>Total Stockholders' Deficit</b>                  | <b>(418,126)</b>    |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  | <b>\$ 2,133,980</b> |

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

3

---

**BIOMETRX, INC. AND SUBSIDIARIES**  
*(A Development Stage Company)*  
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**  
**(Unaudited)**

|  | For The Three<br>Months Ended<br>March 31, 2007 | For The Three<br>Months Ended<br>March 31, 2006 | For the Period<br>February 1, 2001<br>(Inception) to<br>March 31, 2007 |
|--|---|---|--|
| <b>REVENUES</b>  | \$ -  | \$ -  | \$ -   |
| <b>Costs and Expenses:</b>                               |   |   |  |
| General and Administrative Expenses                      | 1,378,823                                       | 6,867,845                                       | 25,654,392   |
| Research and Development Expenses                        | 58,238  | 142,755   | 1,236,283  |
| Contract Buyouts Issued In Stock                         | -   | -   | 356,000  |
| Settlement of Threatened Litigation                      | -   | -   | 368,750  |
| <b>Total Costs and Expenses</b>                          | <b>1,437,061</b>                                | <b>7,010,600</b>                                | <b>27,615,425</b>  |
| <b>Loss before Other Income (Expense)</b>                | <b>(1,437,061)</b>                              | <b>(7,010,600)</b>                              | <b>(27,615,425)</b>  |
| <b>Other Income (Expense)</b>                            |   |   |  |
| Value of Common Stock & Options<br>Cancelled             | -   | -   | 2,600,000  |
| Interest Income  | 1,718   | -   | 1,718  |
| Interest Expense   | (1,575,803)                                     | (6,544)   | (2,579,449)  |
| Unrealized Loss on Marketable Securities                 | -   | 143   | (6,547)  |
| <b>Total Other Income (Expense)</b>                      | <b>(1,574,085)</b>                              | <b>(6,401)</b>                                  | <b>15,722</b>  |
| <b>Net Loss</b>  | <b>(3,011,147)</b>                              | <b>(7,017,001)</b>                              | <b>(27,599,703)</b>  |
| <b>Preferred Stock Dividend</b>                          | <b>-</b>  | <b>-</b>  | <b>(8,975)</b>   |
| <b>Net Loss Allocated to Common Shareholders</b>         | <b>\$ (3,011,147)</b>                           | <b>\$ (7,017,001)</b>                           | <b>\$ (27,608,678)</b>   |
| <b>Weighted Average Common Shares -<br/>Outstanding</b>  | <b>9,037,011</b>                                | <b>6,496,756</b>                                |  |
| <b>Net Loss per Common Share (Basic and<br/>Diluted)</b> | <b>\$ (0.33)</b>                                | <b>\$ (1.08)</b>                                |  |

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

**BIOMETRX INC. AND SUBSIDIARIES**  
*(A Development Stage Company)*  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

|  | FOR THE<br>THREE<br>MONTHS ENDED<br>MARCH 31, 2007 | FOR THE THREE<br>MONTHS ENDED<br>MARCH 31, 2006 | FOR THE<br>PERIOD<br>FEBRUARY 1,<br>2001<br>(INCEPTION) TO<br>MARCH 31, 2007 |
|--|--|---|--|
| <b>Cash Flows from Operating Activities:</b>                               |  |   |  |
| Net Loss   | \$ (3,011,147)                                     | \$ (7,017,001)                                  | \$ (27,599,703)  |
| Adjustment to reconcile net loss to net cash used in operating activities: |  |   |  |
| Non-Cash Item adjustments:   |  |   |  |
| Compensatory Element of Stock and Warrant Issuances                        | 872,474  | 6,365,077                                       | 18,831,066   |
| Liquidated Damages paid by Issuance of Forbearance Notes                   | -  | -   | 387,437  |
| Amortization of Deferred Finance Costs                                     | 1,387,732  | 5,938   | 2,390,153  |
| Depreciation   | 2,206  | 80  | 6,205  |
| Unrealized (Gain) Loss on Marketable Securities                            | -  | (142)   | 6,547  |
| Change in Operating Assets and Liabilities:                                |  |   |  |
| (Increase) Decrease in Prepaid Expenses                                    | 10,918   | 41,353  | (6,243)  |
| (Increase) in Inventories  | (167,837)  | -   | (591,690)  |
| Decrease in Deposits on Inventory  | 57,197   | -   | -  |
| (Increase) Decrease in Security Deposits                                   | -  | 2,460   | (17,045)   |
| Increase (Decrease) in Accounts Payable                                    | (6,053)  | -   | 279,353  |
| Increase in Accrued Liabilities  | 116,046  | 71,724  | 241,884  |
| Increase in Accrued Payroll - Related Parties                              | -  | -   | 960,000  |
| Net Cash Used in Operating Activities                                      | (738,464)  | (530,511)                                       | (5,112,036)  |
| Cash Flows from Investing Activities:                                      |  |   |  |
| Capital Expenditures   | (1,131)  | (11,552)  | (96,944)   |
| Net Cash Used in Investing Activities                                      | (1,131)  | (11,552)  | (96,944)   |
| Cash Flows from Financing Activities:                                      |  |   |  |
| Restricted Cash  | (169,316)  | 10,000  | (199,316)  |
| Proceeds of Loans  | -  | -   | 25,000   |
| Proceeds from Issuance of 8% Convertible Notes                             | 1,500,000  | -   | 2,450,000  |
| Proceeds from Issuance of Notes Payable                                    | -  | 100,000   | 755,000  |
| Advances to Stockholder/Officer  | -  | -   | (381,598)  |

|  |                   |                  |                   |
|--|-------------------|------------------|-------------------|
| <b>Proceeds from Issuance of Preferred Stock</b> | -                 | -                | <b>650,000</b>    |
| <b>Repayment of Related Party Loans</b>          | -                 | -                | <b>(109,736)</b>  |
| <b>Repayments of Loans</b>                       | -                 | -                | <b>(25,000)</b>   |
| <b>Deferred Finance Costs</b>                    | <b>(255,000)</b>  | -                | <b>(410,000)</b>  |
| <b>Proceeds from Issuances of Common Stock</b>   | -                 | <b>372,000</b>   | <b>3,066,750</b>  |
| <b>Commissions Paid on Sales of Common Stock</b> | -                 | <b>(37,200)</b>  | <b>(260,950)</b>  |
| <b>Net Cash Provided by Financing Activities</b> | <b>1,075,684</b>  | <b>444,800</b>   | <b>5,560,150</b>  |
| <br>   |                   |                  |                   |
| <b>Net Increase (Decrease) in Cash</b>           | <b>336,089</b>    | <b>(97,263)</b>  | <b>351,170</b>    |
| <br>   |                   |                  |                   |
| <b>Cash, Beginning</b>                           | <b>15,081</b>     | <b>184,116</b>   | <b>-</b>          |
| <br>   |                   |                  |                   |
| <b>Cash, Ending</b>                              | <b>\$ 351,170</b> | <b>\$ 86,853</b> | <b>\$ 351,170</b> |

**Supplemental Cash Flow Information:****Cash Paid During the Period for:**

|                     |                  |             |                  |
|---------------------|------------------|-------------|------------------|
| <b>Interest</b>     | <b>\$ 30,388</b> | <b>\$ -</b> | <b>\$ 37,400</b> |
| <br>                |                  |             |                  |
| <b>Income Taxes</b> | <b>\$ -</b>      | <b>\$ -</b> | <b>-</b>         |

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

**BIOMETRX INC. AND SUBSIDIARIES**  
*(A Development Stage Company)*  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

|   | FOR THE<br>THREE<br>MONTHS ENDED<br>MARCH 31, 2007 | FOR THE<br>THREE<br>MONTHS<br>ENDED<br>MARCH 31, 2006 | FOR THE<br>PERIOD<br>FEBRUARY 1,<br>2001<br>(INCEPTION) TO<br>MARCH 31, 2007 |
|---|--|---|--|
| <b><u>Supplemental Disclosures of Cash Flow Information:</u></b>                |  |   |  |
| <b>Non Cash Financing Activities:</b>   |  |   |  |
| Common Stock Issued as Commissions on Sale of Common Stock                      | \$ -   | \$ -  | 1,600,624  |
| Accrued Commissions on Sales of Common Stock                                    | \$ -   | \$ 431,706  | \$ 224,783   |
| Common Stock Issued as payment of Accrued Commissions Payable                   | \$ -   | \$ -  | 224,783  |
| Common Stock Issued for Patents   | \$ 664,500   | \$ -  | 664,500  |
| Issuance of Common Stock as Payment of Accrued Officers' Salaries               | \$ -   | \$ -  | 160,000  |
| Issuance of Common Stock - Deferred Finance Costs                               | \$ -   | \$ 71,250   | \$ 2,248,354   |
| Issuance of Common Stock - Deferred Compensation                                | \$ -   | \$ -  | 390,000  |
| Application of Loans Receivable - Officer Against Accrued Compensation          | \$ -   | \$ -  | 851,598  |
| Common Stock Issued as Penalty Shares for Non-Registration                      | \$ -   | \$ -  | 1,303,175  |
| Common Stock Issued as Prepaid Interest on 8% Convertible Notes                 | \$ -   | \$ -  | 172,800  |
| Issuance of Convertible Forbearance Notes in connection with Liquidated Damages | \$ -   | \$ -  | 387,439  |



|   |    |                  |    |                |    |                  |
|---|----|------------------|----|----------------|----|------------------|
| <b>Beneficial Conversion Feature of Convertible Forbearance Notes</b>                     | \$ | -                | \$ | -              | \$ | <b>387,439</b>   |
| <b>Beneficial Conversion Feature of Convertible Notes</b>                                 | \$ | <b>1,500,000</b> | \$ | -              | \$ | <b>2,715,200</b> |
| <b>Cashless Exercise of Stock Options - Related Party</b>                                 | \$ | <b>100,000</b>   | \$ | <b>250,000</b> | \$ | <b>350,000</b>   |
| <b>Accrued Deferred Finance Costs</b>   | \$ | -                | \$ | -              | \$ | <b>67,948</b>    |
| <b>Deferred Finance Costs on the Issuance of Warrants</b>                                 |    |                  | \$ | -              | \$ | <b>-</b>         |
| <b>Preferred Stock Dividend</b>   | \$ | -                | \$ | -              | \$ | <b>8,975</b>     |
| <b>Issuance of Common Stock as Payment of Accrued Expenses</b>                            | \$ | -                | \$ | -              | \$ | <b>1,825,000</b> |
| <b>Issuance of Common Stock as Payment of Accrued Settlement of Threatened Litigation</b> | \$ | -                | \$ | -              | \$ | <b>368,750</b>   |
| <b>Issuance of Common Stock to pay Notes Payable</b>                                      | \$ | <b>55,000</b>    | \$ | -              | \$ | <b>55,000</b>    |
| <b>Insurance of Common Stock to pay Accrued Interest Payable on Notes Payable</b>         | \$ | <b>32,500</b>    | \$ | -              | \$ | <b>32,500</b>    |
| <b>Issuance of Warrants to pay Accrued Intetrest Payable on Notes Payable</b>             | \$ | <b>29,060</b>    | \$ | -              | \$ | <b>29,060</b>    |
| <b>Issuance of Common Stock for Prepaid Expenses</b>                                      | \$ | <b>18,900</b>    | \$ | -              | \$ | <b>18,900</b>    |

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

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 1 - Basis of Presentation**

In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the information set forth therein. These financial statements are condensed and therefore do not include all the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

Results of operations for interim periods are not necessarily indicative of the results of operations for the full year.

The Company incurred a net loss of \$3,011,047 for the three months ended March 31, 2007 and has a working capital deficit of \$418,126. This raises substantial doubt about the Company's ability to continue as a going concern.

There can be no assurance that sufficient funds will be generated during the next year or thereafter from operations or that funds will be available from external sources as debt or equity financings or other potential sources. The lack of additional capital could force the Company to curtail or cease operations and would, therefore, have an adverse effect on its business. Furthermore, there can be no assurance that any such required funds, if available, will be available on attractive terms or that they will not have significant dilutive effect on the Company's existing stockholders.

The accompanying condensed financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

The Company is attempting to address its lack of liquidity by raising additional funds, either in the form of debt or equity, or some combination thereof.

There can be no assurances that the Company will be able to raise the additional funds it requires.

**Reclassifications**

Certain items in these consolidated financial statements have been reclassified to conform to the current period presentation.

**Note 2 - Recently Issued Accounting Pronouncements**

**SAB 108**

In September 2006, the SEC staff issued Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements (SAB 108). SAB 108 was issued in order to eliminate the diversity in practice surrounding how public companies quantify financial statement misstatements. SAB 108 requires that registrants quantify errors using both a balance sheet and income statement approach and evaluate whether either approach results in a misstated amount that, when all relevant quantitative and qualitative factors are considered, is material. The Company has considered the SAB 108 to be not material.

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 2 - Recently Issued Accounting Pronouncements (Continued)****SFAS 157**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157). SFAS 157 provides a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent with comparable. SFAS 157 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. SFAS 157 is effective for the Company's year ended 2008, although early adoption is permitted. The Company is assessing potential effect of SFAS 157 on its financial statements.

**Note 3 - Property and Equipment**

Property and equipment at March 31, 2007 consist of the following:

|                                |    |        |
|--------------------------------|----|--------|
| Office Equipment               | \$ | 33,690 |
| Tooling and Dies               |    | 63,255 |
|                                |    | 96,945 |
| Less: Accumulated Depreciation |    | 6,207  |
|                                | \$ | 90,738 |

**Note 4 - Notes Payable**

Notes payable at March 31, 2007 consist of the following:

|   |    |         |
|---|----|---------|
| Notes payable to private investors; bearing interest at 10% per annum and due March 15, 2007. The Company is currently in default of these Notes. | \$ | 700,000 |
|---|----|---------|

The Company is in default of these loans. The loans are evidenced by 10% Promissory Notes due March 15, 2007. The default relates to the fact that the Company has not repaid these loans despite their maturity. The Company entered into an extension Agreement dated March 30, 2007 ("Extension Agreement") whereby the lenders agreed to extend the Notes to March 15, 2008. Such Extension Agreement was entered into in contemplation of a proposed financing for the Company in an amount of up to \$1,000,000. The Extension Agreement provided that the financing had to be consummated by April 5, 2007 or the Extension Agreement would be null and void. The Company failed to close this financing, accordingly, the Extension Agreement is null and void. On May 8, 2007 the Company received a letter from the lenders' counsel seeking evidence that the financing closed or, alternatively, if we were unable to provide such evidence, the lenders would pursue all remedies at law or in equity available to them pursuant to the Notes.

As of May 18, 2007, the Company has paid the Lenders \$130,000, thereby reducing the principal amount of the loans to \$570,000.

**BIOMETRX, INC. AND SUBSIDIARIES**

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 5 - Convertible Notes**

On June 29, 2006, the Company entered into a Securities Purchase Agreement, with four investors relating to the issuance and sale, in a private placement exempt from the registration requirements of the Securities Act of 1933, as amended, of units (the "Units") consisting of 8% Convertible Notes in the principal amount of \$950,000 ("Notes"), Series A Common Stock Purchase Warrants ("A Warrants") and Series B Common Stock Purchase Warrants ("B Warrants"). In addition, the company entered into an Exchange Agreement with the two investors who purchased \$650,000 of the Preferred Stock Units, previously reported on Form 8-K dated April 28, 2006 whereby the Company agreed to issue the Units in exchange for the return and cancellation of the previously issued Preferred Stock Units. Accordingly, at closing the Company issued its 8% Convertible Notes in the aggregate principal amount of \$1,600,000, 1,600,000 A Warrants and 800,000 B Warrants to the Investors. The Company also issued an aggregate of 128,000 shares of its common stock valued at \$172,800 to the investors representing one year's of prepaid interest on the Notes.

The Notes mature 24 months from the closing. The Notes are convertible at the option of the holder into the Company's common stock at the rate of \$1.00 per share. The Notes are mandatorily convertible into the Company's common stock if the closing bid price of the Company's common stock is above \$2.50 per share for ten (10) consecutive trading days and if the daily volume for the same period exceeds 100,000 shares per day. The Company may redeem the Notes for 125% of the principal amount of the Note together with all accrued and unpaid interest provided that (i) an event of default has not occurred, and (ii) an effective registration statement covering the shares underlying the Note exists.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$1.75 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$.10 per share commencing 181 days after issuance and expiring at the close of business on the fifth anniversary of the initial exercise date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement, in the form of bona fide purchase order demonstrating that at least \$1,000,000 of the Company's products have been ordered, other than its initial order from a national retailer in the amount of approximately 23,000 garage door opening units, within 181 days after the date of the Securities Purchase Agreement, the B Warrants shall automatically terminate. The Company did not receive this purchase order. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

Pursuant to the Selling Agent Letter Agreement between the Company and the Selling Agent, the Selling Agent was paid a cash fee of \$95,000 (10% of the aggregate purchase price of the Units sold to the subscribers) in addition to the \$75,000 it received, inclusive of \$10,000 in expenses. The Company also issued the Selling Agent a warrant to purchase 160,000 shares of its common stock on the same terms as the A Warrants. Such warrant was valued at \$182,716 using the Black Scholes model. In addition, the Company paid \$15,000 to the Selling Agent's counsel and \$32,500 to its counsel.

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 5 - Convertible Notes (Continued)**

The Company recorded a combined debt discount in the amount of \$1,215,200 to reflect the beneficial conversion feature of the convertible debt and the value of the warrants. The beneficial conversion feature, was recorded pursuant to Emerging Issues Task Force (“ETIF”) 00-27: Application of EITF No. 98-5, “Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios,” to certain convertible instruments. In accordance with EITF 00-27, the Company evaluated the value of the beneficial conversation feature and recorded this amount (\$207,200) as a reduction of the carrying amount of the convertible debt and as an addition to paid-in capital. Additionally, the fair value of the warrants (\$1,008,000) was calculated and recorded as a further reduction to the carrying amount of the convertible debt and as addition to paid-in capital.

The Company is amortizing the discount over the term of the debt. Amortization of the debt discount for the quarter ended March 31, 2007 was \$149,615, and this amortization is recorded as interest expense for the value of the warrants and the value of the beneficial conversion feature.

As part of the Private Placement, the Company entered into a registration rights agreement (the “Registration Rights Agreement”) with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the “Registration Statement”) on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Notes, Warrants and Selling Agent Warrant. If such Registration Statement was not filed by July 14, 2006, or does not become effective within 90 days after closing, the Company has agreed to pay to the investors 1.5% of the gross proceeds of the offering for each month in which the Company fails to comply with such requirements. The Company did not file the Registration Statement by July 14, 2006 and therefore is accruing 1.5% (\$24,000) of the gross proceeds for each month the Company fails to file the Registration Statement. For the year ended December 31, 2006 the Company recorded \$144,000 as additional finance costs. In December 2006 the Company issued to the Convertible Noteholders Forbearance Notes in the amount of \$387,437 that included the \$144,000 liquidated damages.

On October 10, 2006 the Company amended the exercise price of the 1,600,000 Class A Warrants relating to the above referenced Private Placement from \$1.75 to \$1.00.

On September 21, 2006, the Company issued Jay Pitlake 50,000 shares of its common stock valued at \$65,000 as a finder’s fee in connection with the sale of the convertible debentures.

The Company entered into a Securities Purchase Agreement dated as of December 28, 2006, with three investors relating to the issuance and sale, in a private placement (“Private Placement”) exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), of units (the “Units”) consisting of Senior Convertible Debentures in the principal amount of \$1,500,000 (“Debentures”), 1,500,000 Series A Common Stock Purchase Warrants (“A Warrants”) and 750,000 Series B Common Stock Purchase Warrants (“B Warrants”). The closing occurred on January 5, 2007.

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 5 - Convertible Notes (Continued)**

The Debentures mature on June 29, 2008. The Debentures are convertible at the option of the holder into the Company's common stock at the rate of \$1.00 per share. The Debentures are convertible at the option of the Company into the Company's common stock if the closing bid price of the Company's common stock is above \$2.50 per share for ten (10) consecutive trading days and if the shares underlying the Debentures are registered. The Company may redeem the Debentures for 125% of the principal amount of the Debenture together with all accrued and unpaid interest provided that (i) an event of default has not occurred, (ii) the price of the Company's common stock exceeds \$1.50 and (iii) an effective registration statement covering the shares underlying the Debentures exists.

Each A Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$1.00 per share commencing on the date of issuance and expiring at the close of business on the fifth anniversary of the issuance date. Each B Warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$.10 per share at any time after July 1, 2007 and expiring at the close of business on the fifth anniversary of the initial issuance date. Notwithstanding the foregoing if the Company provides the holder of a B Warrant with validation and acknowledgement on or before June 30, 2007 that the Company has both received and booked revenues for its products totaling \$1,000,000, the B Warrants shall automatically terminate. Both the A and B Warrants contain provisions that protect the holder against dilution by adjustment of the exercise price in certain events including, but not limited to, stock dividends, stock splits, reclassifications, or mergers.

The Company recorded a combined debt discount in the amount of \$1,500,000 to reflect the beneficial conversion feature of the convertible debt and the value of the warrants. The beneficial conversion feature, was recorded pursuant to Emerging Issues Task Force ("EITF") 00-27: Application of EITF No. 98-5, "Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios," to certain convertible instruments. In accordance with EITF 00-27, the Company evaluated the value of the beneficial conversion feature and recorded this amount (\$284,307) as a reduction of the carrying amount of the convertible debt and as an addition to paid-in capital. Additionally, the fair value of the warrants (\$1,215,693) was calculated and recorded as a further reduction to the carrying amount of the convertible debt and as addition to paid-in capital.

The Company is amortizing the discount over the term of the debt. Amortization of the debt discount for the quarter ended March 31, 2007 was \$238,007, and this amortization is recorded as interest expense for the value of the warrants and the value of the beneficial conversion feature.

Pursuant to the Selling Agent Letter Agreement between the Company and First Montauk Securities Corporation ("Selling Agent"), the Selling Agent was paid a cash fee of \$150,000 (10% of the aggregate purchase price of the Units sold to the subscribers). The Company also issued the Selling Agent a warrant to purchase 150,000 shares of its common stock on the same terms as the A Warrants.

As part of the Private Placement, the Company entered into a registration rights agreement (the "Registration Rights Agreement") with each subscriber who purchased Units in the Private Placement. Under the Registration Rights Agreement, the Company is obligated to file a registration statement (the "Registration Statement") on Form SB-2, relating to the resale by the holders of the Common Stock underlying the Debentures, Warrants and Selling Agent Warrant.

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 5 - Convertible Notes (Continued)**

As a condition to closing, the Company obtained consents and waivers from the investors of its private placement of \$1,600,000 principal amount of Convertible Notes (“Notes”) issued on June 29, 2006, pursuant to which each of the prior investors agreed to waive any and all existing defaults relating to the Notes and agreed to forbear from exercising any rights accruing upon default until March 31, 2007. In connection therewith, the Company issued to the investors Convertible Notes (“Forbearance Notes”) in the aggregate principal amount of \$387,437, representing liquidated damages due under the Notes. The Forbearance Notes are convertible into the Company’s common stock at \$1.00 per share.

The Company recorded a debt discount in the amount of \$387,437 to reflect the beneficial conversion feature of the forbearance convertible debt. The beneficial conversion feature, was recorded pursuant to Emerging Issues Task Force (“EITF”)00-27 Application of EITF No. 98-5. “Accounting for Convertible Securities with Beneficial Conversion Features or Contingently Adjustable Conversion Ratios,” to certain convertible instruments. In accordance with EITF 00-27, the Company evaluated the value of the beneficial conversion feature and recorded this amount as a reduction of the carrying amount of the convertible debt and as an addition to paid-in capital.

The Company is amortizing the discount over the term of the debt. Amortization of the debt discount for the quarter ended March 31, 2007 was \$64,573.

The Company is in default under the terms of the registration rights agreements entered into between the Company and the several investors who purchased an aggregate of \$3,100,000 of the Company’s Notes and Debentures described above. The default relates to the Company’s failure to get the Registration Statement registering the underlying securities issued in connection with the aforementioned transactions on a timely basis. As of the date of this report, none of the investors have asserted any claims or commenced any legal actions related to the default.

**Note 6 - Stockholders’ Deficit**

**Preferred Stock**

Our certificate of incorporation authorizes the issuance of up to 10,000,000 shares of \$.01 par value preferred stock, with such designation rights and preferences as may be determined from time to time by the Board of Directors. Our Board of Directors is empowered to, without shareholder approval, issue these shares of preferred stock with dividend, liquidation, conversion, voting or other rights which could adversely affect the voting power or other rights of the holders of our common stock. In the event of such issuances, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control of our company.

**Common Stock**

On January 2, 2007, the Company issued 40,000 shares of its common stock to Brad Schwab pursuant to a consulting agreement between the Company and Mr. Schwab.

On January 10, 2007, Ms. Yarde exercised 250,000 stock options at \$.40 per share. Ms. Yarde exercised the options via “cash-less exercise” and was issued 217,213 shares of common stock.





**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 6 - Stockholders' Deficit (Continued)**

**Common Stock (Continued)**

On January 15, 2007 the Company issued 20,000 restricted shares of its common stock to ICR LLC for services.

On January 16, 2007, the Company issued an aggregate of 4,000 shares of its common stock to the owners of Vintage Filings, Inc. (Seth Farbman 2,000 and Shai Stern 2,000) for services rendered to the Company in connection with its SEC filings. These shares were issued under the Company's 2005 Equity Incentive Plan.

On January 22, 2007, the Company issued 50,000 shares of its common stock to Mark Basile as consideration for Mr. Basile providing the Company his personal guarantee in connection with the opening of a Letter of Credit in the amount of \$1,040,400.

On January 23, 2007, the Company issued 70,000 shares of its common stock to Mark Basile in exchange for Mr. Basile foregoing \$140,000 of his 2007 salary. In addition, the Company issued Mr. Basile 10,000 shares of its common stock as a bonus.

On February 8, 2007, the Company issued an aggregate of 7,000 shares of its common stock to the owners of Vintage Filings, Inc. (Seth Farbman 3,500 and Shai Stern 3,500) in exchange for Vintage providing one (1) year of filing the Company's reports with the SEC via the Edgar filing system. These shares were issued under the Company's 2005 Equity Incentive plan.

On February 14, 2007, the Company issued 25,000 restricted shares of its common stock to Barry and Marci Mainzer upon the exercise of a warrant for a like number of shares. The exercise price of the warrant was \$1.00 per share and was paid for by forgiving the principal payment of a \$25,000 promissory note due to the Mainzers.

On February 14, 2007 the Company issued 25,000 restricted shares of its common stock to Dorothy Christofides upon conversion of a promissory note in the principal amount of \$30,000. As additional consideration for Ms. Christofides converting her promissory note, the Company issued her 20,000 common stock purchase warrants exercisable for a period of five years at \$2.00 per share.

On March 1, 2007, the Company issued 75,000 restricted shares of its common stock to Interactive Resources Group, Inc. ("IRG") pursuant to a consulting agreement between the Company and IRG.

On March 6, 2007, the Company issued Robert Jacobs 150,000 restricted shares of its common stock as consideration for the purchase of a patent.

On March 9, 2007, the Company issued The Incredible Card Company 150,000 restricted shares of its common stock as consideration for the purchase of a patent the Company acquired in January 2007. Mr. Basile, the Company's Chairman and CEO, was a former officer and director of The Incredible Card Company.

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 6 - Stockholders' Deficit (Continued)****2005 Equity Incentive Plan**

Effective December 20, 2005, the Board of Directors approved the formation of the 2005 Equity Incentive Plan ("the Plan") to benefit the Company's key employees (including its directors, officers and employees) as well as consultants of the Company and its affiliates.

On January 5, 2006 the Company amended its 2005 Equity Incentive Plan by allowing for a "cashless exercise" of stock options. When this provision is utilized, the shareholder will return the cost of the exercise of the option in shares back to the Company.

The aggregate number of shares that may be issued under the Plan is 1,250,000. The Plan permits the Company to make awards of stock options, stock appreciations rights, warrants, stock awards and other equity awards.

**Stock Options**

Stock option share activity and weighted average exercise price under these plans for the three months ended March 31, 2007 are as follows:

| 2005 Equity Incentive Plan | 2007              |                                 | 2006              |                                 |
|----------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                            | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance - January 1,       | 287,500           | \$ 1.65                         | 375,000           | \$ 2.00                         |
| Options Granted            | -                 | -                               | 250,000           | \$ 1.00                         |
| Options Exercised          | -                 | -                               | (250,000)         | \$ 1.00                         |
| Balance - March 31, 2007   | 287,500           | \$ 1.65                         | 375,000           | \$ 2.00                         |

  

| Other Options             | 2007              |                                 | 2006              |                                 |
|---------------------------|-------------------|---------------------------------|-------------------|---------------------------------|
|                           | Number of Options | Weighted Average Exercise Price | Number of Options | Weighted Average Exercise Price |
| Balance - January 1,      | 2,150,000         | \$ 2.66                         | 25,000            | \$ .40                          |
| Options Granted in 2007   | -                 | -                               | 1,000,000         | .350                            |
| Options Exercised in 2007 | ( 250,000)        | 0.40                            | (6,250)           | .40                             |
| Balance - March 31,       | 1,900,000         | \$ 2.69                         | 1,018,750         | \$ 2.52                         |

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 6 - Stockholders' Deficit (Continued)****Stock Options (Continued)**

The following table summarized information about stock options at March 31, 2007:

| <u>Range of Exercise Prices</u> | <u>Options Outstanding</u> |  |  | <u>Options Exercisable</u> |                               |
|---------------------------------|----------------------------|--|--|----------------------------|-------------------------------|
|                                 | <u>Number Outstanding</u>  | <u>Weighted Average Remaining Contractual Life (Years)</u> | <u>Weighted Average Exercise Price</u> | <u>Number Exercisable</u>  | <u>Weighted Average Price</u> |
| \$1.00 - \$1.99                 | 900,000                    | 4.45   | \$ 1.20                                | 700,000                    | \$ 1.23                       |
| \$2.00                          | 250,000                    | 3.25   | \$ 2.00                                | 250,000                    | \$ 2.00                       |
| \$3.00                          | 250,000                    | 3.25   | \$ 3.00                                | 250,000                    | \$ 3.00                       |
| \$4.00                          | 250,000                    | 3.25   | \$ 4.00                                | 250,000                    | \$ 4.00                       |
| \$5.00                          | 250,000                    | 3.25   | \$ 5.00                                | 250,000                    | \$ 5.00                       |
| <b>\$1.00 - \$5.00</b>          | <b>1,900,000</b>           | <b>3.82</b>  | <b>\$ 2.69</b>                         | <b>1,700,000</b>           | <b>\$ 2.56</b>                |

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 6 - Stockholders' Deficit (Continued)****Warrants**

|                      | 2007                  |                                    | 2006                  |                                    |
|----------------------|-----------------------|------------------------------------|-----------------------|------------------------------------|
|                      | Number<br>of Warrants | Weighted Average<br>Exercise Price | Number<br>of Warrants | Weighted Average<br>Exercise Price |
| Balance - January 1, | 3,626,495-            | \$ 1.17-                           | 194,245               | \$ 2.81                            |
| Warrants Granted     | 2,270,000             | \$ 0.71                            | -                     | -                                  |
| Warrants Exercised   | ( 25,000)             | \$ 1.00                            | -                     | -                                  |
| Balance - March 31,  | 5,871,495             | \$ 0.90                            | 194,245               | \$ 2.81                            |

## Warrants Outstanding

## Warrants Exercisable

| Range of<br>Exercise Price | Number<br>Outstanding | Weighted<br>Average<br>Remaining<br>Contracted<br>Life (Years) | Weighted<br>Average<br>Exercise<br>Price | Number<br>Exercisable | Weighted Average<br>Exercise Price |
|----------------------------|-----------------------|--|--|-----------------------|------------------------------------|
| \$ .01-.99                 | 1,568,250             | 5.00   | \$ .10                                   | 1,568,250             | \$ .10                             |
| \$1.00-1.99                | 3,889,000             | 4.53   | \$1.02                                   | 3,889,000             | \$ 1.02                            |
| \$2.00-2.99                | 235,198               | 4.26   | \$2.13                                   | 235,198               | \$ 2.13                            |
| \$3.00-3.99                | 52,698                | 3.00   | \$3.40                                   | 52,698                | \$ 3.40                            |
| \$4.00                     | 126,349               | 3.49   | \$4.00                                   | 126,349               | \$ 4.00                            |
|                            | 5,871,495             | 4.56   | \$0.90                                   | 5,871,495             | \$ 0.90                            |

**Note 7 - Commitments and Contingencies****Lease Obligations**

The Company operates its business in leased facilities. The Company currently leases approximately 3719 square feet for its corporate office facilities located at 500 North Broadway, Jericho, New York for \$8,523 with increases annually on January 31. The lease expires January 31, 2010.

**BIOMETRX, INC. AND SUBSIDIARIES**  
(A Development Stage Company)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 7 - Commitments and Contingencies (Continued)****Lease Obligations (Continued)**

Approximate future minimum commitments under these leases are as follows:

|                                     |            |
|-------------------------------------|------------|
| April 1, 2007 - December 31, 2007   | \$ 79,390  |
| January 1, 2008 - December 31, 2008 | 109,249    |
| January 1, 2009 - December 31, 2009 | 113,073    |
| January 1, 2010 - January 31, 2010  | 9,449      |
|                                     | \$ 311,161 |

Rent expense under the office leases was approximately \$33,143 for the quarter ended March 31, 2007.

**Engineering Contract**

On March 16, 2007 The Company entered into a Service Level Agreement with A2E Technologies (“A2E”), (the “Agreement”). Pursuant to the Agreement, A2E will provide engineering and development services to be utilized in bioMETRX’ products. Under the terms of the Agreement, bioMETRX has committed to pay A2E two hundred thousand dollars (\$200,000) annually for its services, payable fifty thousand dollars (\$50,000) every three calendar months. In return for this commitment, A2E will provide its services to bioMETRX at a discounted rate. In addition to the cash payments, bioMETRX will also pay A2E \$25 an hour in restricted common stock, payable no later than 30 days following each three calendar month period. The number of shares will be determined by multiplying the number of hours billed by A2E during the three month period by twenty-five (25) and divided by the current market price of bioMETRX’ common stock. The term of the Agreement is one (1) calendar year from the date of the Agreement

**Legal Proceedings**

On March 7, 2007 the Company’s subsidiary, bioMETRX Technologies Inc. became the subject of a complaint, by two individuals, a former employee/officer and consultant with whom it had previously had severed its business relationship. The complaint was filed in the Supreme Court of the State of New York, County of Nassau. The plaintiffs allege damages arising from certain inducements which were relied upon to their detriment.

The Company considers these complaints to be baseless and without merit and expects to file a Motion to Dismiss both claims of both plaintiffs and intends to vigorously pursue damages in the course of its defense of this complaint and other previous acts of the plaintiffs.

**Note 8- Subsequent Events**

On April 11, 2007, the Company’s Chief Operating Officer cashlessly exercised 200,000 warrants exercisable at \$1.00. The market value of the Company’s common stock on that date was \$2.00. Accordingly, the Company issued 100,000 shares to Ms. Yarde pursuant to such cashless exercise. The stock was issued under the Company’s Employee Stock Plan.

**BIOMETRX, INC. AND SUBSIDIARIES**

(A Development Stage Company)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Note 8- Subsequent Events (Continued)**

On April 11, 2007, the Company's Chief Financial Officer cashlessly exercised 200,000 warrants exercisable at \$1.05. The market value of the Company's common stock on that date was \$2.00. Accordingly, the Company issued 95,000 shares to Mr. Iler pursuant to such cashless exercise. The stock was issued under the Company's Stock Incentive Plan

On April 24, 2007, the Company issued 1,750 shares to the partners of its legal counsel, in consideration for legal services rendered in the ordinary course of business. The stock was issued under the Company's Stock Incentive Plan.

On April 30, 2007, the company issued 140,000 shares of its common stock and 140,000 warrants exercisable at \$1.00 per share expiring in five years to Mark Basile, the Company's President and CEO as consideration for providing the Company a loan in the amount of \$130,000.

INDEX TO FINANCIAL STATEMENTS

|  |      |
|--|------|
| Report of Independent Registered Public Accounting Firm  | F-2  |
| Balance Sheet as of the Year Ended December 31, 2006   | F-3  |
| Statement of Operations for the Years Ended December 31, 2006 and 2005, and for the Period February 1, 2001 (inception) to December 31, 2006           | F-4  |
| Statements of Cash Flows for the Years Ended December 31, 2006 and 2005, and for the Period February 1, 2001 (inception) to December 31, 2006          | F-5  |
| Statements of Stockholders' Equity for the Years Ended December 31, 2006 and 2005 and for the Period February 1, 2001 (inception) to December 31, 2006 | F-7  |
| Notes to Financial Statements  | F-13 |

---

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders  
bioMetrx, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheet of bioMetrx, Inc. and Subsidiaries (A Development Stage Company) (“the Company”) as of December 31, 2006, and the related consolidated statements of operations, changes in stockholders’ deficit and cash flows for the years ended December 31, 2006 and 2005 and for the period February 1, 2001 (inception) to December 31, 2006. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. Also, an audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of bioMetrx, Inc. and Subsidiaries as of December 31, 2006 and the results of their operations and their cash flows for the years ended December 31, 2006 and 2005 and for the period February 1, 2001 (inception) to December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company is a development stage company whose operations have generated recurring losses and cash flow deficiencies for the years ended December 31, 2006 and 2005. In addition, as of December 31, 2006 the Company has a significant working capital deficit and stockholders’ deficit. These factors raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are described in Note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WOLINETZ, LAFAZAN & COMPANY, P.C.

Rockville Centre, New York  
March 31, 2007



**BIOMETRX, INC. AND SUBSIDIARIES**  
*(A Development Stage Company)*  
**CONSOLIDATED BALANCE SHEET**  
**December 31, 2006**

**ASSETS****Current Assets:**

|                             |    |                |
|-----------------------------|----|----------------|
| Cash                        | \$ | 15,081         |
| Prepaid Expenses            |    | 17,164         |
| Inventories                 |    | 423,853        |
| Deposits on Inventory       |    | 57,197         |
| <b>Total Current Assets</b> |    | <b>513,295</b> |

|                                    |  |               |
|------------------------------------|--|---------------|
| <b>Property and Equipment, net</b> |  | <b>91,814</b> |
|------------------------------------|--|---------------|

**Other Assets:**

|                             |  |               |
|-----------------------------|--|---------------|
| Deferred Finance Costs, net |  | 14,250        |
| Security Deposit            |  | 17,045        |
| <b>Total Other Assets</b>   |  | <b>31,295</b> |

|                     |           |                |
|---------------------|-----------|----------------|
| <b>TOTAL ASSETS</b> | <b>\$</b> | <b>636,404</b> |
|---------------------|-----------|----------------|

**LIABILITIES AND STOCKHOLDERS' DEFICIT****Current Liabilities:**

|  |    |         |
|--|----|---------|
| Accounts Payable   | \$ | 507,289 |
| Notes Payable  |    | 755,000 |
| Convertible Forbearance Notes, net of unamortized discounts of \$387,437 |    | -       |
| Accrued Taxes Payable  |    | 39,436  |
| Accrued Payroll  |    | 26,720  |
| Accrued Interest   |    | 23,606  |

|                                  |  |                  |
|----------------------------------|--|------------------|
| <b>Total Current Liabilities</b> |  | <b>1,352,051</b> |
|----------------------------------|--|------------------|

**Long-Term Liabilities:**

|   |  |         |
|---|--|---------|
| 8% Convertible Notes, net of unamortized discounts of \$905,997 |  | 694,003 |
|---|--|---------|

|                          |  |                  |
|--------------------------|--|------------------|
| <b>TOTAL LIABILITIES</b> |  | <b>2,046,054</b> |
|--------------------------|--|------------------|

**COMMITMENTS AND CONTINGENCIES****Stockholders' Deficit:**

|  |  |            |
|--|--|------------|
| Preferred Stock, \$.01 par value; 10,000,000 shares authorized;<br>no shares issued and outstanding      |  | -          |
| Common Stock, \$.001 par value; 25,000,000 shares authorized;<br>8,915,907 shares issued and outstanding |  | 8,916      |
| Additional Paid-In-Capital   |  | 24,355,224 |
| Prepaid Interest - 8% Convertible Notes  |  | (86,400)   |

|   |                     |
|---|---------------------|
| <b>Deferred Finance Costs</b>                       | <b>(1,089,859)</b>  |
| <b>Deficit Accumulated in the Development Stage</b> | <b>(24,597,531)</b> |
| <b>Total Stockholders' Deficit</b>                  | <b>(1,409,650)</b>  |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT</b>  | <b>\$ 636,404</b>   |

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

F-3

---

**BIOMETRX, INC. AND SUBSIDIARIES**  
*(A Development Stage Company)*  
**CONSOLIDATED STATEMENT OF OPERATIONS**

|  | For the Year<br>Ended<br>December 31, 2006 | For the Year<br>Ended December<br>31, 2005 | For the Period<br>February 1, 2001<br>(Inception) to<br>December 31, 2006 |
|--|--|--|---|
| <b>REVENUES</b>  | \$ -                                       | \$ -                                       | \$ -  |
| <b>Costs and Expenses:</b>                               |  |  |   |
| General and Administrative Expenses                      | 12,673,521                                 | 11,074,632                                 | 25,167,846  |
| Research and Development Expenses                        | 658,879                                    | 361,490                                    | 1,178,045   |
| Contract Buyouts Issued In Stock                         | -  | 356,000                                    | 356,000   |
| Settlement of Threatened Litigation                      | -  | 368,750                                    | 368,750   |
| <b>Total Costs and Expenses</b>                          | <b>13,332,400</b>                          | <b>12,160,872</b>                          | <b>27,070,641</b>   |
| <b>Loss before Other Income (Expense)</b>                | <b>(13,332,400)</b>                        | <b>(12,160,872)</b>                        | <b>(27,070,641)</b>   |
| <b>Other Income (Expense)</b>                            |  |  |   |
| <b>Value of Common Stock and Options<br/>Cancelled</b>   | <b>2,600,000</b>                           | <b>-</b>                                   | <b>2,600,000</b>  |
| Interest Expense   | (104,356)                                  | (7,012)                                    | (111,368)   |
| Unrealized Loss on Marketable Securities                 | (461)                                      | (6,085)                                    | (6,547)   |
| <b>Total Other Income (Expense)</b>                      | <b>2,495,183</b>                           | <b>(13,097)</b>                            | <b>2,482,085</b>  |
| <b>Net Loss</b>  | <b>(10,837,218)</b>                        | <b>(12,173,969)</b>                        | <b>(24,588,556)</b>   |
| <b>Preferred Stock Dividend</b>                          | <b>(8,975)</b>                             | <b>-</b>                                   | <b>(8,975)</b>  |
| <b>Net Loss Attributable to Common<br/>Shareholders</b>  | <b>\$ (10,846,193)</b>                     | <b>\$ (12,173,969)</b>                     | <b>\$ (24,597,531)</b>  |
| <b>Weighted Average Common Shares -<br/>Outstanding</b>  | <b>7,605,851</b>                           | <b>4,026,446</b>                           |   |
| <b>Net Loss per Common Share (Basic and<br/>Diluted)</b> | <b>\$ (1.43)</b>                           | <b>\$ (3.02)</b>                           |   |

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

**BIOMETRX INC. AND SUBSIDIARIES**  
*(A Development Stage Company)*  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  | FOR THE YEAR<br>ENDED<br>DECEMBER 31,<br>2006 | FOR THE YEAR<br>ENDED<br>DECEMBER 31,<br>2005 | FOR THE<br>PERIOD<br>FEBRUARY 1,<br>2001<br>(INCEPTION) TO<br>DECEMBER 31,<br>2006 |
|--|---|---|--|
| <b><u>Cash Flows from Operating Activities:</u></b>                        |   |   |  |
| Net Loss   | \$ (10,837,218)                               | \$ (12,173,969)                               | \$ (24,588,556)  |
| Adjustment to reconcile net loss to net cash used in operating activities: |   |   |  |
| Non-Cash Item adjustments:   |   |   |  |
| Compensatory Element of Stock and Warrant Issuances                        | 7,573,591                                     | 10,072,501                                    | 17,958,592   |
| Liquidated Damages paid by Issuance of Forbearance Notes                   | 387,437                                       | -   | 387,437  |
| Amortization of Deferred Finance Costs                                     | 694,436                                       | 201,736                                       | 1,002,421  |
| Depreciation   | 3,999   | -   | 3,999  |
| Unrealized Loss on Marketable Securities                                   | 461   | 6,085   | 6,547  |
| Change in Operating Assets and Liabilities:                                |   |   |  |
| (Increase) Decrease in Prepaid Expenses                                    | 41,989  | (59,150)                                      | (17,161)   |
| (Increase) in Inventories  | (423,853)                                     | -   | (423,853)  |
| (Increase) in Deposits on Inventory  | (57,197)                                      | -   | (57,197)   |
| (Increase) in Security Deposits  | (509)   | (16,536)                                      | (17,045)   |
| Increase in Accounts Payable   | 285,406                                       | -   | 285,406  |
| Increase (Decrease) in Accrued Liabilities                                 | 52,759  | (38,929)                                      | 125,838  |
| Increase (Decrease) in Accrued Settlement of Threatened Litigation         | (368,750)                                     | 368,750                                       | -  |
| Increase in Accrued Payroll - Related Parties                              | -   | 180,000                                       | 960,000  |
| Net Cash Used in Operating Activities                                      | (2,647,449)                                   | (1,459,512)                                   | (4,373,572)  |
| <b><u>Cash Flows from Investing Activities:</u></b>                        |   |   |  |
| Capital Expenditures   | (95,813)                                      | -   | (95,813)   |
| Net Cash Used in Investing Activities                                      | (95,813)                                      | -   | (95,813)   |
| <b><u>Cash Flows from Financing Activities:</u></b>                        |   |   |  |
| Restricted Cash  | 66,427  | (96,427)                                      | (30,000)   |
| Proceeds of Loans  | -   | -   | 25,000   |
| Proceeds from Issuance of 8% Convertible Notes                             | 950,000                                       | -   | 950,000  |
| Proceeds from Issuance of Notes Payable                                    | 755,000                                       | -   | 755,000  |

|   |           |            |           |
|---|-----------|------------|-----------|
| Advances to Stockholder/Officer           | -         | (79,570)   | (381,598) |
| Proceeds from Issuance of Preferred Stock | 650,000   | -          | 650,000   |
| Repayment of Related Party Loans          | -         | (109,736)  | (109,736) |
| Advances to Employee                      | 3,000     | (3,000)    | -         |
| Repayments of Loans                       | -         | -          | (25,000)  |
| Deferred Finance Costs                    | (155,000) | -          | (155,000) |
| Proceeds from Issuances of Common Stock   | 342,000   | 2,125,000  | 3,066,750 |
| Commissions Paid on Sales of Common Stock | (37,200)  | (223,750)  | (260,950) |
| Net Cash Provided by Financing Activities | 2,574,227 | 1,612,517  | 4,484,466 |
| Net Increase (Decrease) in Cash           | (169,035) | 153,005    | 15,081    |
| Cash, Beginning                           | 184,116   | 31,111     | -         |
| Cash, Ending                              | \$ 15,081 | \$ 184,116 | \$ 15,081 |

**Supplemental Cash Flow Information:****Cash Paid During the Period for:**

|              |    |   |    |   |    |       |
|--------------|----|---|----|---|----|-------|
| Interest     | \$ | - | \$ | - | \$ | 7,012 |
| Income Taxes | \$ | - | \$ | - | \$ | -     |

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

**Supplemental Disclosures of Cash Flow Information:****Non Cash Financing Activities:**

|   |                     |                     |                        |
|---|---------------------|---------------------|------------------------|
| <b>Common Stock Issued as Commissions on Sale of Common Stock</b>                         | <b>\$ 431,706</b>   | <b>\$ 725,668</b>   | <b>\$ 1,600,624</b>    |
| <b>Accrued Commissions on Sales of Common Stock</b>                                       | <b>\$ -</b>         | <b>\$ 224,783</b>   | <b>\$ 224,783</b>      |
| <b>Common Stock Issued as payment of Accrued Commissions Payable</b>                      | <b>\$ 224,783</b>   | <b>\$ -</b>         | <b>\$ 224,783</b>      |
| <b>Issuance of Common Stock as Payment of Accrued Officers' Salaries</b>                  | <b>\$ 310,000</b>   | <b>\$ 470,000</b>   | <b>\$ 160,000</b>      |
| <b>Issuance of Common Stock - Deferred Finance Costs</b>                                  | <b>\$ 2,248,354</b> | <b>\$ -</b>         | <b>\$ 2,248,354</b>    |
| <b>Issuance of Common Stock - Deferred Compensation</b>                                   |                     | <b>\$ 390,000</b>   | <b>\$ 390,000</b>      |
| <b>Application of Loans Receivable - Officer Against Accrued Compensation</b>             | <b>\$ 201,598</b>   | <b>\$ -</b>         | <b>\$ 851,598</b>      |
| <b>Common Stock Issued as Penalty Shares for Non-Registration</b>                         | <b>\$ 674,175</b>   | <b>\$ 629,000</b>   | <b>\$ 1,303,175</b>    |
| <b>Common Stock Issued as Prepaid Interest on 8% Convertible Notes</b>                    | <b>\$ 172,800</b>   | <b>\$ -</b>         | <b>\$ 172,800</b>      |
| <b>Issuance of Convertible Forbearance Notes in connection with Liquidated Damages</b>    | <b>\$ 387,439</b>   | <b>\$ -</b>         | <b>\$ 387,439</b>      |
| <b>Beneficial Conversion Feature of Convertible Forbearance Notes</b>                     | <b>\$ 387,439</b>   | <b>\$ -</b>         | <b>\$ 387,439</b>      |
| <b>Cashless Exercise of Stock Options - Related Party</b>                                 | <b>\$ 250,000</b>   | <b>\$ -</b>         | <b>\$ 250,000</b>      |
| <b>Accrued Deferred Finance Costs</b>   | <b>\$ 67,948</b>    | <b>\$ -</b>         | <b>\$ 67,948</b>       |
| <b>Deferred Finance Costs on the Issuance of Warrants</b>                                 |                     | <b>\$ -</b>         | <b>\$ -</b>            |
| <b>Preferred Stock Dividend</b>   | <b>\$ 8,975</b>     | <b>\$ -</b>         | <b>\$ 8,975</b>        |
| <b>Issuance of Common Stock as Payment of Accrued Expenses</b>                            |                     | <b>\$ 1,825,000</b> | <b>\$ 1,825,000.00</b> |
| <b>Issuance of Common Stock as Payment of Accrued Settlement of Threatened Litigation</b> | <b>\$ 368,750</b>   | <b>\$ -</b>         | <b>\$ -</b>            |

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

F-6

---

**BIOMETRX, INC. AND SUBSIDIARIES***(A Development Stage Company)***CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)**  
**FOR THE PERIOD FEBRUARY 1, 2001 (INCEPTION) TO DECEMBER 31, 2006**

|  | Preferred<br>Stock<br>Shares | Common<br>Stock<br>Shares | Common<br>Stock<br>Amount | Additional<br>Paid In<br>Capital | Deferre<br>Compensation | Prepaid<br>Interest<br>8%<br>Notes | Deferre<br>Costs | Deficit<br>Accumulated<br>During the<br>Development<br>Stage | Total     |
|--|------------------------------|---------------------------|---------------------------|----------------------------------|-------------------------|------------------------------------|------------------|--|-----------|
| <b>BALANCE,<br/>FEBRUARY 1,<br/>2001</b>   |                              |                           | - \$                      | - \$                             | - \$                    | - \$                               | - \$             | - \$   | -         |
| <b>Shares issued at<br/>December 31, 2001<br/>pursuant<br/>to initial<br/>capitalization</b> |                              | 1,500,000                 | 1,500                     | -                                | -                       |                                    |                  | -  | 1,500     |
| <b>Common Stock<br/>issued for services<br/>valued at \$1.00 per<br/>share.</b>              |                              | 275,000                   | 275                       | 274,725                          | -                       |                                    |                  | -  | 275,000   |
| <b>Net loss for the<br/>period ended<br/>December 31, 2002</b>                               |                              | -                         | -                         | -                                | -                       |                                    |                  | (275,046)  | (275,046) |
| <b>BALANCE,<br/>December 31, 2001</b>  |                              | 1,775,000                 | 1,775                     | 274,725                          | -                       | -                                  | -                | (275,046)  | 1,454     |
| <b>Common Stock<br/>issued at \$1.00 per<br/>share.</b>                                      |                              | 5,000                     | 5                         | 4,995                            | -                       |                                    |                  | -  | 5,000     |
| <b>Net loss for the<br/>period ended<br/>December 31, 2003</b>                               |                              | -                         | -                         | -                                | -                       |                                    |                  | (7,573)  | (7,573)   |
| <b>BALANCE,<br/>December 31, 2002</b>  |                              | 1,780,000                 | 1,780                     | 279,720                          | -                       | -                                  | -                | (282,619)  | (1,119)   |
| <b>Common Stock<br/>issued at \$1.00 per<br/>share.</b>                                      |                              | 231,250                   | 231                       | 231,019                          | -                       |                                    |                  | -  | 231,250   |
| <b>Common Stock<br/>issued for services.</b>   |                              | 75,000                    | 75                        | 149,925                          | (112,500)               |                                    |                  | -  | 37,500    |
| <b>Common Stock<br/>issued as<br/>commissions</b>  |                              | 129,500                   | 130                       | 129,370                          | -                       |                                    |                  | -  | 129,500   |



on sales of common  
stock.

|  |                  |              |                |                 |   |   |                  |                  |
|--|------------------|--------------|----------------|-----------------|---|---|------------------|------------------|
|  |                  |              |                | (129,500)       |   |   |                  | (129,500)        |
| <b>Amortization of<br/>deferred<br/>compensation.</b>          | -                | -            | -              | <b>47,917</b>   |   |   | -                | <b>47,917</b>    |
| <b>Net loss for the<br/>period ended<br/>December 31, 2003</b> | -                | -            | -              | -               |   |   | (526,536)        | (526,536)        |
| <b>BALANCE,<br/>December 31, 2003</b>                          | <b>2,215,750</b> | <b>2,216</b> | <b>660,534</b> | <b>(64,583)</b> | - | - | <b>(809,155)</b> | <b>(210,988)</b> |

F-7

---

**BIOMETRX TECHNOLOGIES, INC.***(A Development Stage Company)***STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT) - (continued)  
FOR THE PERIOD FEBRUARY 1, 2001 (INCEPTION) TO DECEMBER 31, 2006**

|  | Preferred<br>Stock<br>Shares | Common Stock<br>Shares | Common Stock<br>Amount | Additional<br>Paid In<br>Capital | Deferred<br>Compensation | Convertible<br>Notes | 8% Deferred<br>Interest<br>Costs | Accumulated<br>During<br>the<br>Development<br>Stage | Deficit<br>Total |
|--|------------------------------|------------------------|------------------------|----------------------------------|--------------------------|----------------------|----------------------------------|--|------------------|
| Common Stock issued<br>\$1.00 per share.   |                              | 27,000                 | \$ 27                  | \$ 26,974                        | \$ -                     |                      |                                  | \$ -   | \$ 27,001        |
| Common Stock issued<br>\$4.00 per share.   |                              | 83,750                 | 84                     | 334,916                          | -                        |                      |                                  | -  | 335,000          |
| Common Stock issued<br>as commissions on<br>sales of common stock<br>valued at \$1.00 per<br>share |                              | 8,750                  | 9                      | 8,741<br>(8,750)                 |                          |                      |                                  |  | 8,750<br>(8,750) |
| Common Stock issued<br>as commissions on<br>sales of common stock<br>valued at \$4.00 per<br>share |                              | 50,000                 | 50                     | 199,950<br>(200,000)             | -                        |                      |                                  | -  | 200,000          |