

# NEWS RELEASE



Contact: Bob Cardon, Dynatronics Corp.  
800-874-6251 or 801-568-7000

## **Dynatronics Announces Fiscal Second Quarter Results**

Salt Lake City, Utah (February 14, 2011) – Dynatronics Corporation (NASDAQ: DYNT) today announced results for its fiscal second quarter ended December 31, 2010.

Sales for the quarter ended December 31, 2010, were \$8,199,347, compared to \$8,501,437 for the quarter ended December 31, 2009. Sales for the six months ended December 31, 2010, were \$16,118,635, compared to \$16,783,900 for the similar period of the prior year.

Net income for the quarter ended December 31, 2010, was \$67,839 (\$.01 per common share), compared to \$188,299 (\$.01 per common share) for the same quarter in the prior fiscal year. Net income for the six months ended December 31, 2010, was \$84,851 (\$.01 per common share), compared to \$256,923 (\$.02 per common share) for the same period in the prior fiscal year.

“Higher R&D expenses of \$149,637 for the quarter and \$283,465 for the six month period were a primary reason for reporting lower profits this year over last year. In addition, slower demand for capital equipment due to lingering recessionary pressures also contributed,” stated Kelvyn H. Cullimore Jr., chairman and president of Dynatronics. “However, our R&D pipeline is as strong as ever with several new products under development. New products have always been the lifeblood of our business.”

The company recently announced the signing of major contracts with two group purchasing organizations (“GPOs”): Premier and Amerinet. Together, these GPOs represent tens of thousands of clinics and hospitals around the nation, spending an estimated \$50 million on physical medicine products annually.

“We believe these landmark agreements will be a game-changer for Dynatronics,” said Larry K. Beardall, executive vice-president of sales and marketing. “Obtaining contracts with GPOs is something we have been working on for nearly three years. While it will take time to convert the vast number of clinics to our brand of products, we are already receiving requests for product quotes from GPO customers.”

“As we begin to solicit sales orders under these GPO arrangements, we are gearing up our production capacity for a new level of operations,” added Cullimore. “With over 12,000 products now available through our catalog and e-commerce website, we are in a good position to supply this high-volume segment of the physical medicine market.”

Dynatronics has scheduled a conference call for investors on Monday, February 14, 2011, at 1:30 p.m. ET. Those wishing to participate should call (800) 926-7431 and use access code: 5687000.

Following is a summary of the financial results as of December 31, 2010, and June 30, 2010, and for the three and six month periods then ended:

**Summary Selected Financial Data**  
**Statement of Income Highlights (Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<u><b>2010</b></u>	<u><b>2009</b></u>	<u><b>2010</b></u>	<u><b>2009</b></u>
Net sales	\$8,199,347	\$8,501,437	\$16,118,635	\$16,783,900
Cost of sales	<u>5,029,906</u>	<u>5,174,060</u>	<u>9,997,361</u>	<u>10,277,181</u>
Gross profit	3,169,441	3,327,377	6,121,274	6,506,719
SG&A expenses	2,634,278	2,699,357	5,134,795	5,411,726
R&D expenses	356,519	206,882	706,315	422,850
Other expenses, net	<u>65,604</u>	<u>110,936</u>	<u>137,387</u>	<u>220,167</u>
Net income before income taxes	113,040	310,202	142,777	451,976
Income tax provision	<u>(45,201)</u>	<u>(121,903)</u>	<u>(57,926)</u>	<u>(195,053)</u>
Net income	<u>\$ 67,839</u>	<u>\$ 188,299</u>	<u>\$ 84,851</u>	<u>\$ 256,923</u>
Diluted income per common share	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.01</u>	<u>\$ 0.02</u>

**Balance Sheet Highlights**

	<u><b>December 31,</b></u>	<u><b>June 30,</b></u>
	<u><b>2010</b></u>	<u><b>2010</b></u>
	<b>(Unaudited)</b>	
Cash	\$ 191,822	\$ 383,756
Accounts receivable	3,866,503	3,735,251
Inventories	5,782,367	5,766,800
Total current assets	10,582,101	10,609,813
Total assets	\$ 14,877,942	\$ 15,090,329
Accounts payable	1,921,433	\$ 1,404,022
Accrued expenses	467,139	462,641
Line of credit	2,401,905	2,768,492
Total current liabilities	5,628,132	5,686,280
Total liabilities	8,069,737	8,291,052
Total liabilities and equity	\$ 14,877,942	\$ 15,090,329

Dynatronics manufactures, markets and distributes advanced-technology medical devices, orthopedic soft goods and supplies, treatment tables and rehabilitation equipment for the physical therapy, sports medicine, chiropractic, podiatry, plastic surgery, dermatology and other related medical, cosmetic and aesthetic markets. More information regarding Dynatronics is available at [www.dynatronics.com](http://www.dynatronics.com).

This press release contains forward-looking statements. Those statements include references to the company's expectations and similar statements such as the statement regarding expectations for future new product line introductions and growth from GPO contracts. Actual results may vary from the views expressed in the forward-looking statements contained in this release. The development and sale of the company's products are subject to a number of risks and uncertainties, including, but not limited to, changes in the regulatory environment, competitive factors, inventory risks due to shifts in market demand, market demand for the company's products, availability of financing at cost effective rates, and the risk factors listed from time to time in the company's SEC reports including, but not limited to, the report on Form 10-K for the year ended June 30, 2010.