

CEMATRIX CORPORATION
Consolidated Financial Statements
March 31, 2010

**Management's Responsibility for Financial Reporting and Notice of No Auditor
Review of the Interim Financial Statements for the Quarter Ended March 31, 2010**

To the Shareholders:

CEMATRIX CORPORATION

Management has responsibility for preparing the accompanying consolidated financial statements. This responsibility includes selecting appropriate accounting principles and making objective judgments and estimates in accordance with Canadian generally accepted accounting principles.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded and proper records maintained.

It is the responsibility of the Audit Committee to review the consolidated financial statements in detail with management prior to their approval of the consolidated financial statements for publication.

The Company's independent auditor, Meyers Norris Penny LLP, has not performed a review of these consolidated financial statements.

May 13, 2010

Signed "Bruce McNaught" Chief Financial Officer
Bruce McNaught, CA

CEMATRIX CORPORATION

Consolidated Balance Sheets

As at March 31, 2010 (unaudited) and December 31, 2009 (audited)
Canadian Dollars

	2010	2009
ASSETS		
Current Assets		
Cash	\$ 52,547	\$ 110,310
Restricted cash (note 7)	231	-
Trade and other receivables (note 5)	782,972	179,347
Inventory	417,385	440,719
Prepaid expenses and deposits	65,373	59,596
Total Current Assets	1,318,508	789,972
Non Current Assets		
Property and equipment	1,334,492	1,371,109
Intangibles	465,116	465,116
Total Non Current Assets	1,799,608	1,836,225
Total Assets	\$ 3,118,116	\$ 2,626,197
LIABILITIES		
Current liabilities		
Trade and other payables (note 6)	\$ 468,019	\$ 231,319
Current portion of long term debt (note 7)	313,880	98,880
Current portion of capital lease obligations	40,806	40,231
Total Current Liabilities	822,705	370,430
Non Current Liabilities		
Long term debt (note 7)	280,036	123,561
Capital lease obligations	52,563	63,247
Total Non Current Liabilities	332,599	186,808
Total Liabilities	1,155,304	557,238
SHAREHOLDERS' EQUITY		
Share capital	7,160,015	7,160,015
Share purchase warrants (notes 7 and 8)	88,877	-
Contributed Surplus	615,079	596,179
Deficit	(5,901,159)	(5,687,235)
Total Shareholders' Equity	1,962,812	2,068,959
Total Shareholders' Equity and Liabilities	\$ 3,118,116	\$ 2,626,197

Approved on behalf of the Board

Signed "Steve Bjornson" Director

Signed "Jeffrey Kendrick" Director

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

CEMATRIX CORPORATION
Consolidated Statements of Loss and Comprehensive Loss
For the quarter ending March 31 (unaudited)
Canadian Dollars

	2010		2009
Revenue (note 9)	\$ 816,145	\$	345,962
Cost of sales (note 10)	598,363		416,487
Gross margin	217,782		(70,525)
Operating Expenses			
General & administrative	161,018		198,084
Sales, marketing and engineering	177,781		283,514
Stock-based compensation (note 11)	18,900		8,040
Depreciation and amortization (note 12)	40,517		48,163
Total Operating Expenses	398,216		537,801
Operating loss	(180,434)		(608,326)
Finance costs (note 13)	(33,347)		(5,399)
Non-operating income (expenses)	(143)		(1,669)
Net loss before income taxes	(213,924)		(615,394)
Income taxes	-		-
Net loss and comprehensive loss for the period	\$ (213,924)	\$	(615,394)
Loss per common share (note 14)			
Basic	\$ (0.01)	\$	(0.02)
Fully Diluted	(0.01)		(0.02)
Weighted average number of common shares (note 14)			
Basic	33,465,994		33,465,994
Fully Diluted	33,465,994		33,465,994

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

CEMATRIX CORPORATION

Consolidated Statements of Shareholders' Equity

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)
Canadian Dollars

	Share Capital	Share Purchase Warrants	Contributed Surplus	Deficit	Total
Balance at December 31, 2008	\$ 7,160,015	-	564,019	(4,377,431)	3,346,603
Stock based compensation	-	-	32,160	-	32,160
Loss for the year				(1,309,804)	(1,309,804)
Balance at December 31, 2009	7,160,015	-	596,179	(5,687,235)	2,068,959
Issue of share purchase warrants (notes 7 and 8)		88,877			88,877
Stock-based compensation (note 11)	-	-	18,900	-	18,900
Loss for the period	-	-	-	(213,924)	(213,924)
Balance at March 31, 2010	\$ 7,160,015	\$ 88,877	\$ 615,079	\$ (5,901,159)	\$ (1,962,812)

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

CEMATRIX CORPORATION
Consolidated Statements of Cash Flows
For the quarters ending March 31 (unaudited)
Canadian Dollars

	2010	2009
Cash provided by (used in):		
Operating activities		
Net loss for the period	\$ (213,924)	\$ (615,394)
Add (deduct) non-cash items		
Depreciation and amortization (note 12)	40,517	48,163
Stock-based compensation expense (note 11)	18,900	8,040
Accretion expense on subordinated secured debentures (note 7 and note 13)	15,968	-
	(138,539)	(559,191)
Net change in non-cash working capital items (note 15)	(349,368)	589,727
	(487,907)	30,536
Investing activities		
Purchase of property and equipment	(3,900)	(4,911)
	(3,900)	(4,911)
Financing activities		
Proceeds from subordinated secured debentures (note 7)	355,507	-
Issue of share purchase warrants (notes 7 and 8)	88,877	-
Restricted cash (note 7)	(231)	
Repayment of capital lease obligations	(10,109)	(10,708)
	434,044	(10,708)
Decrease in cash	(57,763)	14,917
Cash, beginning of period	110,310	481,802
Cash, end of period	\$ 52,547	\$ 496,719
Finance costs paid during the period	\$ 2,543	\$ 3,389

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

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

1. Corporate information

CEMATRIX Corporation (“CEMATRIX” or the “Company”) is a limited company incorporated in the province of Alberta, Canada whose common shares are publicly traded on the TSX venture exchange under the symbol “cvx.v”. It is domiciled in Canada with its registered office at 5440 53 rd Street S. E., Calgary, Alberta, Canada.

Through its wholly-owned subsidiary, CEMATRIX (Canada) Inc., the Company is a manufacturer and supplier of cellular concrete products with applications in a variety of markets. The current market focus is in the oil and gas sector in Western Canada and infrastructure construction in Western Canada and Ontario, Canada and in the United States.

These consolidated financial statements are presented in Canadian dollars because that is the currency of the primary economic environment in which the Company operates.

2. Significant accounting policies

The consolidated financial statements of CEMATRIX have been prepared in accordance with Canadian generally accepted accounting principles as issued by the Canadian Institute of Chartered Accountants (“CICA”). The accounting policies applied are consistent with those outlined in CEMATRIX’s annual audited consolidated financial statements for the year ended December 31, 2009, except as described in note 3. These consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary to present fairly the financial position and results of operations for the respective periods. These consolidated financial statements do not include all disclosure required in the annual consolidated financial statements and should be read in conjunction with the 2009 audited consolidated financial statements.

In preparing these consolidated financial statements, CEMATRIX, is required to make estimates and assumptions that affect the amount and timing of recording assets, liabilities, revenues and expenses as the determination of these items may be dependent on future events. The Company uses the most current information available and exercises careful judgment in making these estimates and assumptions. In particular, in the quarter ended March 31, 2010 the Company had to estimate the amount of the subordinated secured debentures (note 7) that are repayable within the next twelve months. The subordinated secured debentures are repayable on a quarterly basis based on a fixed percentage of cash revenues collected in the particular quarter. In order to estimate the amount that would be required to be repaid over the twelve months following March 31, 2010, management was required to forecast future revenues and the cash collection of this future revenue. Management believes that the estimates are reasonable; however, actual results could differ from these estimates.

In the opinion of management, these consolidated financial statements have been prepared within reasonable limits of materiality and within the framework of the Company’s significant accounting policies.

3. Changes in Accounting Policies

The Company’s accounting policies are consistent with those of the previous financial year.

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

4. Seasonal nature of the business

The results of the Company for the three month periods ending March 31, 2010 and March 31, 2009 are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in revenue levels. Typically, the Company's sales follow the construction season in Canada and as a result a significant portion of the annual sales occur between the latter part of the second quarter and the first part of the fourth quarter.

5. Trade and other receivables

Trade and other receivables consist of the following components as at March 31, 2010 and December 31, 2009:

		2010		2009
Trade receivables	\$	767,015	\$	177,035
Other receivables		15,957		2,312
	\$	782,972	\$	179,347

Trade receivables are non-interest bearing and are generally on 30 day terms subject to standard ten percent construction holdbacks on most of its sales over \$100,000. The Company has historically experienced minimal customer defaults on its trade receivables including holdbacks. Holdbacks are generally collectible forty-five days after completion of the work performed by the Company, however holdbacks can be outstanding much longer, if the holdback release is tied to the completion of the entire project by the general contractor. The Company is normally a subcontractor to the general contractor and only completes a portion of the total work to be completed by the general contractor and accordingly certain holdbacks can be outstanding for up to a year or more. The aging of the trade receivables that were past due but not impaired and the amount of the holdback amounts included in trade receivables was as follows as at March 31, 2010 and December 31, 2009:

	Trade Receivables Aging		Holdback Amounts Included	
	2010	2009	2010	2009
1-30 days	\$ 579,411	\$ 91,815	-	-
30-60 days	105,835	79,452	-	76,709
61-90 days	78,004	5,677	-	5,677
Greater than 90 days	3,765	91	1,021	91
	\$ 767,015	\$ 177,035	\$ 1,021	\$ 82,477

CEMATRIX CORPORATION
Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

6. Trade and other payables

Trade and other payables consist of the following components as at March 31, 2010 and December 31, 2009:

	<i>2010</i>	<i>2009</i>
Trade payables	\$ 310,305	\$ 88,148
Accruals	117,308	118,744
Payroll remittance and goods & services tax	40,406	24,427
	\$ 468,019	\$ 231,319

7. Long term debt

Long term debt at March 31, 2010 and December 31 2009 is outlined below:

	<i>Maturity</i>	<i>Interest rate</i>	<i>2010</i>	<i>2009</i>
Agricultural Financial Services Corporation – loan 1	Dec. 2010	6.54%	\$ 62,633	\$ 62,633
Agricultural Financial Services Corporation – loan 2	Dec. 2013	5.82%	159,808	159,808
Subordinated secured debentures	Jan. 2013	12.00%	371,475	-
			593,916	222,441
Less current portion			(313,880)	(98,880)
			\$ 280,036	\$ 123,561

AFSC Loans

Loan 1

During 2005, the Company borrowed \$300,000 from the Agricultural Financial Services Corporation (“AFSC”) (“AFSC Loan 1”) to be used to complete the acquisition of equipment with an original cost of \$571,500. The Company renewed this loan in December of 2008 for an additional two year period. The renewal term includes monthly principal and interest payments of \$10,974 commencing July 1, 2009. Certain of the executive managers together with a consultant/shareholder of the Company have each provided personal guarantees, which are covered by life insurance.

Loan 2

During 2009, the Company borrowed \$200,000 from the AFSC (“AFSC Loan 2”) to be used for the acquisition and construction of equipment at a cost of \$200,000. The term includes monthly principal and interest payments of \$7,565 commencing July 1, 2009.

The monthly payments on the AFSC loans run from July to December each year. The loans are secured by equipment and a General Security Agreement. The net book value of the equipment used as security at December 31, 2010 is \$1,219,292 (December 31, 2009 - \$1,248,764).

Repayments of the AFSC loans for the quarter ended March 31, 2010 and March 31, 2009 were \$nil, respectively. Repayments of the AFSC loans for the years following the quarter ended March 31, 2010 are as follow: 2010 - \$98,880; 2011 - \$38,369; 2012 - \$40,651; 2013 - \$44,541.

Finance costs during the quarter ending March 31, 2010 and March 31, 2009 include interest on the AFSC loans in the amount of \$3,336 and \$2,010 respectively.

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

7. Long term debt (continued)

Subordinated secured debentures

On January 22, 2010, the Company completed a private placement (the "Private Placement") of 100 units (individually, a "Unit") to certain subscribers at a subscription price of \$5,000 per Unit, for aggregate gross proceeds of \$500,000. Each Unit was comprised of a \$5,000 subordinated secured debenture (individually, a "Debenture") and 10,000 share purchase warrants (individually, a "Warrant"). Each whole Warrant entitles the holder to purchase one common share of the Company.

Each Debenture will mature 3 years after the issuance thereof, subject to early repayment. Three percent of the cash revenues received by the Company and its subsidiaries during each three month period (a "Quarter") ending after the closing date are to be paid by the Company against the principal amounts owing under the Debentures. For each Debenture held, the holder thereof will be entitled to a quarterly distribution of \$150 so long as any of the principal amounts owing under the Debentures are outstanding within thirty days of a Quarter end. Notwithstanding that the principal amounts owing under the Debentures are paid back prior to the expiry of the three year term, and subject to compliance with all applicable laws, each holder of a Debenture will be entitled to a minimum of six quarterly distributions and: (i) should re-payment of the principal amount owing under the Debentures occur between months 19 and 24 months after the issuance of the Debentures, a holder of Debentures shall be entitled to one additional distribution of \$150 above and beyond their quarterly distributions for each Debenture held; or (ii) should re-payment of the principal amount owing under the Debentures occur between months 25 and 36 after the issuance of the Debentures, a holder of Debentures shall be entitled to two additional distributions of \$150 above and beyond their quarterly distributions for each Debenture held.

Each Warrant issued pursuant to the Private Placement shall be exercisable for a term of three years at an exercise price of \$0.15. If the average closing trading price of the Common Shares on the TSX Venture Exchange Inc. or other recognized exchange is equal to or greater than \$0.30 for a period of 60 consecutive days, the Company shall have an option at its sole discretion to provide a written notice to accelerate the expiry (the "Acceleration Notice") advising the Warrant holders that they shall have 21 days following the date of the Acceleration Notice to exercise their Warrants and any unexercised Warrants after the expiry of the 21st day following the Acceleration Notice shall expire with no further rights and privileges attached thereto. The Warrants are subject to a hold period under applicable securities laws until May 23, 2010.

For accounting purposes, the Private Placement has a liability and an equity component, which are separately presented in the consolidated balance sheet. The \$500,000 face value of the Private Placement has been allocated to the liability and equity components proportionately based on their respective fair values. The fair value of the liability component was determined by discounting the future stream of interest and principal payments at an appropriate borrowing rate to the Company. The fair value of the Warrants was measured using the Black-Scholes option pricing model, assuming a risk free interest rate of 1.7%, no dividend, and a volatility factor of 364% and such fair value was credited to Warrants within Shareholders' Equity. As a result, the Company allocated \$400,000 to debt and \$100,000 to equity. The transaction costs relative to the Private Placement were \$55,616 and these have been charged to both the value of the Debentures and the Warrants based on their respective fair value determinations.

The fair value of the Debentures, as determined above, and after the allocation of transaction costs, was \$355,507. For accounting purposes, an accounting entry is recorded each period to accrete the recorded amount to the full value of the repayment obligation of \$500,000 over its expected life. This is reflected in finance costs (see note 13) as "accretion expense on subordinated secured debentures". This expense has no current period impact on the Company's cash position.

Repayments of the Debentures are to be made quarterly from the date of issue based on 3% of revenues collected related to revenues earned subsequent to the closing date. At March 31, 2010, the 3% of related revenue collected amounted to \$231 and this has been reported as restricted cash on the consolidated balance sheet. Total revenues from the date of issue to March 31, 2010 are \$732,095 and 3% of

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

7. Long term debt (continued)

this amount will be used for repayments of the Debentures as it is collected in future periods. As at March 31, 2010 the Company has estimated the amount of the Debentures that will be repaid within the next twelve months to be \$215,000. In order to estimate this amount, management was required to forecast future revenues and the cash collection of this future revenue. Management believes that the estimates are reasonable; however, actual results could differ from these estimates.

Finance costs during the quarter related to the Debentures amounted to \$27,468 composed of an accrual for the interest owing as at March 31, 2010 of \$11,500 and an accretion expense of \$15,968.

8. Share Purchase Warrants

On January 22, 2010, the Company completed the Private Placement of Debentures and Warrants. The details of the issue and the accounting treatment are described in note 7.

The following table summarizes the changes in Warrants during the quarter ended March 31, 2010 and the year ended December 31, 2009:

	<i>Number Of Warrants</i>	<i>2010 \$ Amount</i>	<i>Number Of Warrants</i>	<i>2009 \$ Amount</i>
Share purchase warrants, beginning of period	-	\$ -	-	\$ -
Issue of share purchase warrants ⁽¹⁾	1,000,000	88,877	-	-
Share purchase warrants end of period	1,000,000	\$ 88,877	-	\$ -

⁽¹⁾ The fair value determined per Note 7 of \$100,000 less the allocated transaction costs of \$11,123.

The following table summarizes the Warrants to acquire common shares of the Company at March 31, 2010:

<i>Issue Date</i>	<i>Number Warrants</i>	<i>Exercise Price \$</i>	<i>Weighted average remaining life (years)</i>	<i>Expiry Date</i>
January 22, 2010	1,000,000	0.15	2.81	January 22, 2013

9. Revenue

Revenue consists of the following components for the quarter ending March 31, 2010 and 2009:

	<i>2010</i>	<i>2009</i>
Manufacture of cellular concrete	\$ 814,145	\$ 345,962
Other	2,000	-
	\$ 816,145	\$ 345,962

10. Cost of Sales

Cost of sales consists of the following components for the quarters ending March 31, 2010 and 2009:

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

10. Cost of Sales (continued)

	2010	2009
Manufacture of cellular concrete		
Materials	\$ 369,069	\$ 163,027
Direct labour	74,896	106,848
Variable expenses	80,726	39,606
Fixed overhead	72,172	107,006
	596,863	416,487
Other	1,500	-
	\$ 598,363	\$ 416,487

11. Stock-based compensation

The Company has an option plan for the issue of up to 10% of the issued and outstanding common shares of the Company. All options that are outstanding will expire upon maturity, or earlier, if the optionee ceases to be a director, officer, employee or contractor or there is a merger, amalgamation or change in control of the Company. The purpose of the option plan is to reward and retain directors, management and contractors important to the continued operation and growth of the Company.

On February 5, 2010 the Company granted stock options to the Howard Group to enable it to acquire 300,000 common shares of the Company at an exercise price of \$0.12. These stock options will vest as to one quarter every three months from the date of grant and expire three years from the date of grant. The Howard Group have been contracted to provide an investor and financial relations program for a period of eighteen months.

On March 16, 2010 the Company granted stock options to a new director to enable him to acquire 150,000 common shares of the Company at an exercise price of \$0.30. These stock options will vest as to one third immediately and one third on the first and second anniversary date of the grant and expire in five years.

At March 31, 2010 a total of 2,820,825 stock options to purchase common shares (December 31, 2009: 2,370,825) were issued and are outstanding to directors, consultants and managers of the Company. At March 31, 2010, the Company had 525,774 shares reserved for the issuance of stock options (December 31, 2009 - 975,774).

All options issued prior to 2008 vested at the date of grant or have vested. Options issued to employees and directors subsequent to 2008 vest as to one third immediately on grant and one third on each of next two anniversary dates. The options to the Howard Group vest as described previously.

The following table summarizes the options to acquire common shares outstanding as at March 31, 2010:

<i>Grant Date</i>	<i>Number Options</i>	<i>Exercise Price</i>	<i>Weighted average</i>	<i>Expiry Date</i>
		\$	<i>remaining life (years)</i>	
August 5, 2005	108,325	0.30	0.35	August 5, 2010
April 11, 2006	1,150,000	0.30	1.03	April 11, 2011
June 1, 2007	100,000	0.30	2.17	June 1, 2012
July 27, 2007	112,500	0.35	2.32	July 27, 2012
August 13, 2008	600,000	0.30	3.37	August 13, 2013
December 1, 2008	300,000	0.10	3.67	December 1, 2013
February 5, 2010	300,000	0.12	2.84	February 5, 2013
March 16, 2010	150,000	0.30	4.96	March 16, 2015
	2,820,825			

CEMATRIX CORPORATION
Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

11. Stock-based compensation (continued)

The following table summarizes the changes in options during the quarter ended March 31, 2010 and the year ended December 31, 2009:

	<i>2010</i>		<i>2009</i>	
	<i>Number of Options</i>	<i>Weighted average price</i>	<i>Number of Options</i>	<i>Weighted average price</i>
Outstanding at beginning of period	2,370,825	\$0.28	2,570,825	\$0.28
Granted	450,000	0.26	-	-
Expired	-	-	(200,000)	0.30
Outstanding at end of period	2,870,825	0.28	2,370,825	0.28
Exercisable at end of period	2,120,825	\$0.27	2,070,825	\$0.27

There are 700,000 options that have not vested as at March 31, 2010 (December 31, 2009 - 300,000 options).

Stock-based compensation of \$18,900 (March 31, 2009 - \$8,040) was calculated using the Black-Scholes option pricing model and recognized as an expense during the quarter ended March 31, 2009. Stock-based compensation expense has no current period impact on the Company's cash position.

At the date of grant, the per share fair value of the options granted and other assumptions, using the Black-Scholes option pricing model are as follows:

	<i>2010</i>	<i>2009</i>
Estimated per share fair value per option	\$0.11 - \$0.12	-
Risk-free interest rate	1.6% - 2.75%	-
Expected life	1.48 – 5 years	-
Expected volatility in stock price	287% - 375%	-
Expected annual dividend yield	nil	-
Estimated forfeiture rate	0% - 25%	-

12. Depreciation and amortization

The depreciation and amortization costs incurred for the quarter ended March 31, 2010 and 2009 are as follows:

	<i>2010</i>		<i>2009</i>	
Property and equipment	\$	40,517	\$	28,903
Intangibles		-		19,260
	\$	40,517	\$	48,163

CEMATRIX CORPORATION
Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

13. Finance costs

The finance costs incurred for the quarter ended March 31, 2010 and 2009 are as follows:

	2010	2009
Interest		
AFSC loans	\$ 3,336	\$ 2,010
Subordinated secured debentures	11,500	-
Capital leases	2,247	3,389
Other	296	-
	17,379	5,399
Accretion expense on subordinated secured debentures <i>(note 7)</i>	15,968	-
	\$ 33,347	\$ 5,399

The accretion expense on the subordinated secured debentures has no current period impact on the Company's cash position.

14. Loss per share

The number of shares included in the computation of basic and diluted loss per share at March 31, 2010 and 2009 are as follows:

	2010	2009
Weighted average shares outstanding - basic	\$ 33,465,994	\$ 33,465,994
Effect of stock options	-	-
Effect of share purchase warrants	-	-
	\$ 33,465,994	\$ 33,465,994

The stock options and the share purchase warrants for the quarter ended March 31, 2010 and the stock options for the quarter ended March 31, 2009 have no dilutive effect as the Company realized a net loss during the periods.

15. Change in non cash working capital

The changes in non cash working capital items are outlined below for the quarter ended March 31, 2010 and 2009.

	2010	2009
Trade and other receivables	\$ (603,625)	\$ 591,259
Inventory	23,334	12,734
Prepaid expenses and deposits	(5,777)	(18,376)
Trade and other payables	236,700	4,110
	\$ (349,368)	\$ 589,727

CEMATRIX CORPORATION

Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

16. Related party transactions

In 2010, employees, directors and relatives of certain employees subscribed for \$230,000 of the secured subordinated debentures (note 7). There were no other significant related party transactions and these were in the normal course of operations and measured at the exchange rate.

17. Financial Instruments

The Company has classified its financial instruments under the following classifications

- (i) Cash is classified as financial assets held for trading;
- (ii) Trade and other receivables are classified as loans and receivables;
- (iii) Trade and other payables and long term debt are classified as other financial liabilities.

The fair values of cash, trade and other receivables and trade and other payables approximate their carrying values due to the relatively short periods to maturity of these instruments. The fair value of fixed interest rate long term debt is determined by comparing the floating interest rate that the Company could obtain in the market for debt with similar terms to its fixed rate debt. The fair value of long term debt approximate its carrying value.

The Company's activities are exposed to a variety of financial risks: interest rate risk, credit risk, and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall Company governance.

(a) Interest Rate Risk

The Company has a credit facility with a Canadian chartered bank which, when utilized by the Company, provides loans that are subject to interest rate fluctuation. The Company did not have balances outstanding for this credit facility at March 31, 2010 and December 31, 2009 and is not significantly exposed to interest rate risk at this time.

(b) Credit Risk

Financial instruments that subject the Company to credit risk consist primarily of trade receivables. The Company manages credit risk using credit approval and monitoring practices. At March 31, 2010, 3 customers and at December 31, 2009, 3 customers accounted for approximately 93% and 95% respectively of trade receivables. (See Note 5 for details of credit policy and aging of outstanding trade receivables at March 31, 2010 and December 31, 2009).

(c) Liquidity Risk

Liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit lines. Due to the nature of the business, the Company aims to maintain flexibility in funding by keeping committed credit lines available and limiting the investment of available cash to short term risk free interest bearing deposits. At March 31, 2010 and December 31, 2009 the Company had access to \$1,500,000 in bank operating line financing subject to advance restrictions on the level of trade receivables and inventories, of which \$Nil has been drawn on these dates. Based on those restrictions the actual operating line availability at March 31, 2010 was \$708,000 (December 31, 2009 \$318,000).

CEMATRIX CORPORATION
Notes to the Consolidated Financial Statements

For the quarter ended March 31, 2010 (unaudited) and the year ended December 31, 2009 (audited)

18. Capital management

The Company's current objective when managing capital is to increase the Company's capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets.

Management defines capital as the Company's total shareholders' equity, its long term debt and capital lease obligations. The Board of Directors does not establish a quantitative return on capital for management, but rather promotes year over year sustainable profitable growth. The consolidated capital structure of the Company at March 31, 2010 and December 31, 2009 is as follows:

	2010	2009
Long term debt (Note 7)	\$ 593,916	\$ 222,441
Capital lease obligations	93,369	103,478
Total Debt	687,285	325,919
Shareholders' Equity	1,962,812	2,068,959
Company's Managed Capital	\$ 2,650,997	\$ 2,394,878

The Company has a demand operating facility of \$1,500,000. Under the facility, the bank will advance up to a maximum of 75% of total receivables less than ninety days outstanding at the end of each month, net of any priority claims plus 50% of inventories up to a maximum of \$250,000. Interest on the facility is at prime plus 2.25%. The security provided includes a General Security Agreement over all of the assets of the Company. Under the facility, the Company is required to maintain a debt to tangible net worth ratio of less than 1.75:1. The loan balance at March 31, 2010 and December 31, 2009 was \$Nil and the Company is in compliance with the terms of the covenants.