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Financial Statements Quarter 1 2010

November 30, 2009

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
First Quarter - November 30, 2009

Note: These interim consolidated financial statement and related notes for the period ended November 30, 2009 have been prepared by management of Titan Logix Corp. The auditors of Titan Logix Corp. have not audited or reviewed these interim financial statements.

TITAN LOGIX CORP.
Consolidated Balance Sheets

As at November 30, 2009 and August 31, 2009

	(Unaudited) November 30, 2009 \$	(Audited) August 31, 2009 \$
ASSETS		
Current Assets		
Cash and cash equivalents	1,236,776	1,326,487
Accounts receivable	1,048,398	940,681
Inventories (note 4)	1,743,591	1,964,836
Prepaid expenses	81,046	111,932
Future income taxes	96,118	96,118
	4,205,929	4,440,054
Property, plant and equipment	422,241	445,305
Product development costs	819,408	796,515
Other intangible assets	109,615	119,333
Investment tax credits recoverable	315,410	315,410
Future income taxes	1,029,353	1,029,353
	6,901,956	7,145,970
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	663,678	604,309
	663,678	604,309
Shareholders' Equity		
Share capital (note 6)	3,781,182	3,778,732
Contributed surplus (note 6)	383,271	383,931
Retained earnings	2,073,825	2,378,998
	6,238,278	6,541,661
	6,901,956	7,145,970

See accompanying notes to interim consolidated financial statements

TITAN LOGIX CORP.

Interim Consolidated Statements of (Loss) Earnings and
Comprehensive (Loss) Income and Retained Earnings

For the three months ended November 30, 2009 and November 30, 2008

	(Unaudited) Three months ended November 30, 2009 \$	(Unaudited) Three months ended November 30, 2008 \$
Sales	1,434,007	2,703,616
Cost of Sales	1,000,940	1,577,759
	433,067	1,125,857
Expenses		
General and administration	293,147	400,009
Marketing and sales	247,520	320,625
Product development costs (note 5)	160,964	94,382
Amortization of property, plant and equipment	8,739	10,562
Amortization of intangible assets	8,760	1,974
Loss (gain) on foreign exchange	14,517	(125,557)
	733,647	701,995
	(300,580)	423,862
Other items		
Gain on disposal of property, plant and equipment	-	10,458
Interest revenue	688	8,868
	688	19,326
(Loss) earnings before income taxes	(299,892)	443,188
Income taxes		
Current	5,281	-
Future	-	117,445
	5,281	117,445
Net (loss) earnings and comprehensive (loss) income	(305,173)	325,743
Retained earnings - beginning of period	2,378,998	2,643,211
Retained earnings - end of period	2,073,825	2,968,954
Basic (loss) earnings per share	\$ (0.01)	\$ 0.01
Diluted (loss) earnings per share	\$ (0.01)	\$ 0.01
Weighted average number of shares outstanding	24,854,869	24,713,440

See accompanying notes to interim consolidated financial statements

TITAN LOGIX CORP.

Interim Consolidated Statements of Cash Flows

For the three months ended November 30, 2009 and November 30, 2008

	(Unaudited) Three months ended November 30, 2009 \$	(Unaudited) Three months ended November 30, 2008 \$
(Decrease) increase in cash and cash equivalents		
Operating activities		
Net (loss) earnings	(305,173)	325,743
Items not affecting cash		
Amortization of property, plant and equipment	19,775	23,230
Amortization of intangible assets	8,760	1,974
Amortization included in product development costs	18,764	4,315
Stock-based compensation	440	991
Gain on disposal of property, plant and equipment	-	(10,458)
Future income taxes	-	117,445
	(257,434)	463,240
Net change in non-cash working capital items (note 7)	203,783	(128,771)
Net cash (used in) provided by operating activities	(53,651)	334,469
Financing activities		
Exercise of stock options	1,350	-
Net cash provided by financing activities	1,350	-
Investing Activities		
Acquisition of property, plant and equipment	-	(17,781)
Proceeds from disposal of property, plant and equipment	-	17,067
Product development costs capitalized	(37,410)	(127,521)
Net cash used in investment activities	(37,410)	(128,235)
(Decrease) increase in cash and cash equivalents	(89,711)	206,234
Cash and cash equivalents, beginning of period	1,326,487	1,633,147
Cash and cash equivalents, end of period	1,236,776	1,839,381

Supplemental information (note 7)

See accompanying notes to interim consolidated financial statements

TITAN LOGIX CORP.

Notes to the Interim Consolidated Financial Statements

For the three months ended November 30, 2009

(Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited interim consolidated financial statements for Titan Logix Corp. (the "Company") are expressed in Canadian dollars and have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). They do not include all the disclosures as required for annual financial statements under Canadian GAAP. Accordingly, these unaudited interim financial statements and notes should be read in conjunction with the most recent audited annual financial statements and notes for the year ended August 31, 2009. The interim consolidated financial statements follow the same significant accounting policies as described and used in the annual audited financial statements for the year ended August 31, 2009 except for the policies discussed below. The Company's reporting currency is the Canadian dollar; all monetary amounts are expressed in Canadian dollars unless otherwise stated.

The preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates and assumptions.

These consolidated financial statements include the accounts of Titan Logix Corp., its wholly owned active subsidiary Titan Logix USA Corp. and its 60% interest in the inactive subsidiary Alberta Industrial Technologies Ltd. (AIT). All significant intercompany balances and transactions have been eliminated on consolidation.

2. CHANGES IN ACCOUNTING POLICIES

Goodwill and intangibles

Effective September 1, 2009, the Company adopted prospectively Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and intangible assets, replacing Section 3062 of the same name and Section 3450, Research and development costs. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from those that were included in the previous section. There was no significant impact of the Company adopting this standard.

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

a) International Financial Reporting Standards

In February 2008 Canada's accounting standards board (AcSB) confirmed that effective for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011 International Financial Reporting Standards (IFRS) will replace Canadian GAAP for all publicly accountable profit-oriented enterprises. The Company will transition to IFRS effective September 1, 2011 and intends to issue its first interim financial statement under IFRS for the three month period ending November 30, 2011 and a complete set of financial statements under IFRS for the year ending August 31, 2012. The Company has commenced its IFRS conversion project and is currently in the process of completing an assessment of the major differences between Canadian GAAP and IFRS that are relevant to the Company along with preliminary position papers on accounting policy choices, and evaluations of the potential impacts on its financial reporting. The Company will address the design and planning, solution development and implementation of the project in subsequent phases of the project. The Company continues to evaluate and select accounting policies necessary for the changeover to IFRS but cannot at this time reasonably determine the impact that adopting IFRS will have on its financial position and results of operations. The Company will continue to monitor any changes in the adoption of IFRS and will update its plan as necessary.

TITAN LOGIX CORP.

Notes to the Interim Consolidated Financial Statements

For the three months ended November 30, 2009

(Unaudited)

3. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (cont'd)

b) Business combinations, Consolidated financial statements and Non-controlling interests

In January 2009, the CICA issued Handbook Sections 1582, Business Combinations, ("Section 1582"), Section 1601, Consolidated Financial Statements, ("Section 1601") and Section 1602, Non-controlling Interests, ("Section 1602") which replaces CICA Handbook Sections 1581, Business Combinations, and 1600, Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company's business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 and 1602 are applicable for the Company's interim and annual consolidated financial statements for its fiscal year beginning January 1, 2011 and early adoption is permitted. The Company is evaluating the new standards but does not expect their adoption will impact the financial statements as currently presented, although accounting for future acquisitions may be affected.

4. INVENTORIES

Inventories are comprised of the following:

	November 30, 2009		August 31, 2009	
Raw materials	\$	594,759	\$	674,227
Work in progress and finished goods		1,148,832		1,290,609
	\$	1,743,591	\$	1,964,836

Inventories expensed in cost of sales for the three months ended November 30, 2009 were \$710,409 (November 30, 2008 - \$1,130,176). In the three months ended November 30, 2009 and 2008 there were no inventory write-downs or reversals of write-downs that were taken in previous periods.

5. GOVERNMENT ASSISTANCE

In the second quarter of fiscal 2009, the Company was granted \$600,000 of research funding from a non-profit organization Precarn, in association with Alberta Advanced Education and Western Economic Diversification. For the three months ended November 30, 2009 product development recoveries of \$38,145 were recorded by the Company under the program. Total contributions received or receivable by the Company under the program at November 30, 2009 were \$149,152.

6. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued

	Number of Shares		Amount	
Balance, August 31, 2009		24,853,440	\$	3,778,732
Issued on exercise of options		10,000		2,450
Balance, November 30, 2009		24,863,440	\$	3,781,182

TITAN LOGIX CORP.

Notes to the Interim Consolidated Financial Statements

For the three months ended November 30, 2009

(Unaudited)

6. SHARE CAPITAL (cont'd)

a) Contributed surplus

During the reporting period, contributed surplus has changed as follows:

Balance - August 31, 2009	\$	383,931
Stock based compensation - options granted		440
Exercise of options		(1,100)
Balance, November 30, 2009	\$	383,271

b) Stock options

The following is a continuity of stock options outstanding:

	Number of Shares		Weighted Average Exercise Price
Outstanding, August 31, 2009	510,000	\$	0.23
Exercised	(10,000)		0.14
Outstanding, November 30, 2009	500,000	\$	0.24
Exercisable, November 30, 2009	500,000	\$	0.24

The Company has recorded stock based compensation in the amount of \$440 on options that vested during the first three months of fiscal 2010 and were granted in previous years.

7. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended November 30, 2009		Three months ended November 30, 2008
Change in non-cash working capital:			
Accounts receivable	\$ (107,717)	\$	(415,274)
Inventories	221,245		(15,426)
Prepaid expenses	30,886		67,922
Accounts payable and accrued liabilities	59,369		234,007
	\$ 203,783	\$	(128,771)
Interest received	\$ 5,093	\$	7,440

TITAN LOGIX CORP.

Notes to the Interim Consolidated Financial Statements

For the three months ended November 30, 2009

(Unaudited)

7. SUPPLEMENTAL CASH FLOW INFORMATION (cont'd)

	November 30, 2009		August 31, 2009	
Cash and cash equivalents consist of:				
Cash on hand and balances with banks	\$	586,776	\$	626,487
Term deposit		650,000		700,000
	\$	1,236,776	\$	1,326,487

8. CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure that the Company is capitalized in a manner which supports working capital needs, business expansion and other strategic objectives while maximizing shareholder returns. The Company's capital management practices are focused on preserving a solid capital base and a strong balance sheet. Management's definition of capital includes the Company's total shareholders' equity. The Company is not subject to any externally imposed capital requirements. The Company manages and maintains its capital structure based on current economic conditions. In order to maintain or adjust its capital structure the Company may attempt to raise additional funds by issuing additional equity securities or assuming additional indebtedness.

As at November 30, 2009, shareholders' equity was \$6,238,278 (August 31, 2009 - \$6,541,661).

9. FINANCIAL INSTRUMENTS

The Company has the following financial assets and financial liabilities and has made the following classification:

Held-for-trading	- Cash and cash equivalents
Loans and Receivables	- Accounts receivable
Other Financial Liabilities	- Accounts payable and accrued liabilities

The Company is exposed to a number of risks as a result of holding financial instruments. These risks include credit risk, liquidity risk and market risk. The nature of the financial risks and the Company's strategy for managing these risks has not changed significantly from the prior period.

a) Credit risk

Credit risk arises from the possibility that the entities to which the Company provides services may experience financial difficulty and be unable to fulfill their obligations. Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents and accounts receivable. The Company's cash on deposit and short term investments are held with reputable financial institutions, from which management believes the risk of loss is remote. The Company's exposure to credit risk is as indicated by the carrying amount of its accounts receivable. The Company has a credit policy and regularly monitors its credit risk exposure and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company carries out credit evaluations of its customers which receive credit and carries adequate provisions for possible losses arising from credit risk associated with financial assets.

The Company's maximum exposure to credit risk for accounts receivable is the carrying value of its balance at November 30, 2009 of \$1,048,398 (August 31, 2009 - \$940,681). As at November 30, 2009, the percentages of past due trade accounts receivable were as follows: 6% past due 31 to 60 days (August 31, 2009 - 10%), 4% past due 61 to 90 days (August 31, 2009 - 2%) and 2% past due greater than 90 days (August 31, 2009 - 6%) prior to including the allowance for doubtful accounts. It is management's view that these balances have a low risk of not being collected. The Company's allowance for doubtful accounts as at November 30, 2009 amounted to \$25,600 (August 31, 2009 - \$25,600).

TITAN LOGIX CORP.

Notes to the Interim Consolidated Financial Statements

For the three months ended November 30, 2009

(Unaudited)

9. FINANCIAL INSTRUMENTS (cont'd)

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due or to fund the programs and commitments that the Company has planned. The Company manages liquidity risk through management of its capital structure in conjunction with cash flow forecasting including anticipated investing and financing activities. The Company believes that internally generated cash flows and current cash balances will be sufficient to cover its normal operating and capital expenditures.

At November 30, 2009 the Company's accounts payable and accrued liabilities totalled \$663,678 (August 31, 2009 - \$604,309), all of which fall due for payment within 60 days of the balance sheet date.

c) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents. The Company manages interest rate risk by maximizing the interest earned in excess funds while maintaining the liquidity necessary to maintain day-to-day operating cash flow requirements.

Based on the Company's financial assets at November 30, 2009 a one half percent change in market interest rates would have impacted net loss for the quarter by approximately \$825.

Currency risk

Foreign currency risk arises from fluctuations in the value of foreign currencies and the degree of volatility of these currencies relative to the Canadian dollar. The Company is subject to foreign currency risk in that it has both current assets and liabilities denominated in foreign currencies. It is management's opinion that a change in foreign currency exchange rates could affect the Company's results of operations and cash flows, but would not materially impair or enhance its ability to pay its foreign exchange obligations. The Company does not use hedging tools to reduce its exposure to foreign currency risk.

At November 30, 2009 the Company held net financial assets of \$415,397 US that were exposed to foreign exchange risk. Based on the Company's foreign currency exposures, with other variables unchanged, a five percent change in the Canadian dollar would have impacted net loss by approximately \$21,000.

10. SEGMENTED INFORMATION

Geographic Information

Sales	Three months ended November 30, 2009	Three months ended November 30, 2008
Canada and other	\$ 1,126,413	\$ 2,193,088
United States	307,594	510,528
	\$ 1,434,007	\$ 2,703,616

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