



MATRIX ASSET MANAGEMENT INC.

Interim Consolidated Financial Statements
March 31, 2010
(Unaudited)

MATRIX ASSET MANAGEMENT INC.

Consolidated Balance Sheets

(unaudited)
(in thousands of dollars)

As at	March 31 2010	December 31 2009
		(Note 1)
ASSETS		
Current		
Cash and cash equivalents	\$ 7,494	\$ 5,841
Investments	5,794	3,653
Accounts receivable (Note 17)	4,737	3,992
Income taxes receivable	3,287	449
Prepaid expenses	1,227	1,102
	22,539	15,037
Capital Assets (Note 6)	1,117	1,052
Future Income Taxes (Note 7)	615	505
Deferred Sales Commissions , less accumulated amortization of \$15,256 (2009 - \$13,861)	8,121	7,984
Asset Management Contracts (Note 8)	13,213	13,062
	\$ 45,605	\$ 37,640
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 17)	\$ 10,669	\$ 12,607
Current portion of term loans (Note 11)	2,100	2,267
Current portion of corporate debt (Note 12)	-	3,025
	12,769	17,899
Promissory Note (Note 10)	500	500
Term Loans (Note 11)	1,864	2,028
Corporate Debt (Note 12)	8,750	8,618
Deferred Lease Inducement , less accumulated amortization of \$58 (2009 - \$47)	274	285
Preferred Shares	-	3,450
	24,157	32,780
SHAREHOLDERS' EQUITY		
Share Capital (Note 13)	19,530	17
Contributed Surplus (Note 13)	1,840	4,246
Accumulated Other Comprehensive Income	136	106
Retained Earnings	(58)	491
	21,448	4,860
	\$ 45,605	\$ 37,640

(See accompanying notes to interim consolidated financial statements.)

Approved by the Board of Directors:

(signed) "Lawrence I. Bell"
Lawrence I. Bell

(signed) "Dale G. Parker"
Dale G. Parker

MATRIX ASSET MANAGEMENT INC.

Consolidated Statements of Income (Loss)

(unaudited)

(in thousands of dollars, except per share amounts)

For The Three Months Ended March 31	2010	2009
REVENUE		
Management and administration fees	\$ 8,331	\$ 5,981
Additional administration fees	439	403
Interest income	9	12
Other income	216	202
	8,995	6,598
EXPENSES		
Selling, general and administrative	6,965	5,477
Option vesting costs (Note 13)	948	-
Share-based compensation	34	81
Interest	367	35
Amortization	1,131	550
Fund merger costs and special projects	99	623
	9,544	6,766
Income (Loss) Before Income Taxes	(549)	(168)
Income tax expense (Note 7)	-	(18)
NET INCOME (LOSS)	\$ (549)	\$ (186)
Earnings (Loss) Per Share		
Basic	(0.01)	(0.01)
Diluted	(0.01)	(0.01)
Weighted Average Number of Shares Outstanding		
Basic	42,856,334	23,108,805
Diluted	43,126,181	32,884,345

(See accompanying notes to interim consolidated financial statements.)

MATRIX ASSET MANAGEMENT INC.

Consolidated Statements of Comprehensive Income (Loss), Accumulated Other Comprehensive Income (Loss) and Retained Earnings

(unaudited)
(in thousands of dollars)

For The Three Months Ended March 31	2010	2009
NET INCOME (LOSS)	\$ (549)	\$ (186)
Other Comprehensive Income (Loss)		
Increase (decline) in fair value of available for sale investments	17	(31)
Transfer to realized loss on sale of investments	13	-
	30	(31)
COMPREHENSIVE INCOME (LOSS)	(519)	(217)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS),		
Beginning of Period	106	(116)
Other Comprehensive Income (Loss)	30	(31)
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS),		
End of Period	136	(147)
RETAINED EARNINGS, Beginning of Period	491	5,052
Net Income (Loss)	(549)	(186)
RETAINED EARNINGS, End of Period	\$ (58)	\$ 4,866

(See accompanying notes to interim consolidated financial statements.)

MATRIX ASSET MANAGEMENT INC.

Consolidated Statements of Cash Flows

(unaudited)
(in thousands of dollars)

For The Three Months Ended March 31	2010	2009
Cash from operations		
Net income (loss)	\$ (549)	\$ (186)
Items not affecting cash -		
Amortization	1,703	526
Unrealized gain/loss on investments	31	(31)
Share purchase financing	(67)	-
Option vesting cost	948	-
Share-based compensation	34	81
	2,100	390
Net change in non-cash working capital -		
Accounts receivable	1,297	1,538
Prepaid expenses	(125)	216
Accounts payable and accrued liabilities	(2,921)	(4,527)
	351	(2,383)
Financing Activities		
Purchase of common shares by subsidiaries	-	(2)
Net (decrease) increase in term loans	(331)	(146)
Net (decrease) increase in corporate debt	(2,893)	-
Proceeds from options exercise	390	-
Share issue costs	(90)	-
	(2,924)	(148)
Investing Activities		
(Purchase) Redemption of investments	(2,141)	1,039
Sales commissions paid	(992)	(736)
Purchase of property and equipment	(454)	(9)
Cash received on acquisition of SEAMARK Asset Management Ltd.	5,630	-
Investments received on acquisition of SEAMARK Asset Management Ltd.	2,183	-
	4,226	294
Net change in cash during the period	1,653	(2,237)
Cash and cash equivalents, Beginning of period	5,841	5,320
Cash and cash equivalents, End of period	\$ 7,494	\$ 3,083
Cash is comprised of:		
Cash	\$ 5,831	\$ 3,083
Short-term investments	1,663	-
Cash and cash equivalents, End of period	\$ 7,494	\$ 3,083
Supplemental information:		
Interest paid	\$ 196	\$ 35
Income taxes paid (refunded)	(292)	284

(See accompanying notes to interim consolidated financial statements.)

MATRIX ASSET MANAGEMENT INC.

Notes to the Interim Consolidated Financial Statements

March 31, 2010

(unaudited)
(in thousands of dollars except where otherwise noted)

1. ORGANIZATION AND OPERATIONS

Matrix Asset Management Inc. (“Matrix” or “the Company”) was incorporated under the *Canada Business Corporations Act* on October 30, 2009, to provide fund raising, investment management and administration services to venture and other investment funds.

The company conducts its operations directly or through one of its wholly owned subsidiary companies (Note 2), referred to individually and collectively in these consolidated financial statements as the “Company”.

The Company’s principal revenue is management, administrative, and incentive fees from the following funds and limited partnerships:

- SEAMARK Mutual Funds
- SEAMARK Pooled Funds
- SEAMARK Institutional and High Net Worth Segregated Client Accounts
- Mavrix Mutual Funds
- Mavrix Specialty Funds
- Working Opportunity Fund (EVCC) Ltd.
- GrowthWorks Canadian Fund Ltd.
- GrowthWorks Commercialization Fund Ltd.
- GrowthWorks Access Fund Limited Partnership
- GrowthWorks Atlantic Venture Fund Ltd.
- ACF Equity Atlantic Ltd.
- Pacific Venture Fund Limited Partnership
- ENSIS Investment Limited Partnership

Business Combination

On January 15, 2010, the Company completed a business combination agreement with the former shareholders of GrowthWorks Ltd. (“GWL”) and the former shareholders of SEAMARK Asset Management Ltd. (“SEAMARK”), an investment management company that provides portfolio management services to institutional and high net worth clients. Under the terms of the agreement the shareholders of SEAMARK exchanged their shares on a 1:1 basis and the shareholders of GWL exchanged their shares on a 1:3.0409 basis for shares of the Company. As a result of the exchange the former shareholders of GWL owned shares equal to approximately 75% of the subsequently outstanding common shares of the Company, resulting in the former shareholders of GWL controlling the Company.

In accordance with Canadian generally accepted accounting principles (“GAAP”), the transaction was accounted for as a reverse acquisition using the acquisition method with GWL as the accounting acquirer and Matrix and SEAMARK as the accounting acquirees. The estimated fair values of the net assets deemed to have been acquired by the Company are as follows:

MATRIX ASSET MANAGEMENT INC.

Notes to the Interim Consolidated Financial Statements

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(unaudited)
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1. ORGANIZATION AND OPERATIONS (continued)

Cash and short term investments	\$5,630
Temporary investments	2,183
Accounts receivable and prepaids	1,785
Income taxes receivable	3,095
Capital assets	155
Future income tax assets	111
Accounts payable and accrued liabilities	(983)
Indefinite life asset management contracts	466
	<u>\$12,442</u>
Consideration:	
10,804,802 common shares @ \$1.18 *	\$12,750
Share-based replacement awards	54
305,706 common shares held in DSU trust	(362)
	<u>\$12,442</u>

* Matrix share price on date of the business combination.

Comparative Results

In accordance with reverse acquisition method of accounting, the comparative financial statements of the Company are that of the accounting acquirer, GWL, with the accounting acquirees' results of operations included in the consolidated financial statements from January 16, 2010. Included in the Company's consolidated statement of operations for the period ended March 31, 2010 is revenue of \$1,067 and net loss of \$90 from SEAMARK.

The share capital reflects the equity structure of the legal parent, Matrix, including the equity interest issued by the Company to effect the business combination.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian GAAP, and reflect the following significant accounting policies:

Basis of Presentation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary companies have been prepared on the basis of the purchase method of accounting for business combinations. The wholly owned subsidiary companies are:

SEAMARK Asset Management Ltd.
Mavrix Fund Management Inc.
Mavrix Quebec 2009 Ltd.
Mavrix Explore 2009 – II FT Management Limited

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mavrix Quebec 2010 Ltd.
1796862 Ontario Ltd.
3630579 Canada Inc.
5261750 Manitoba Ltd.
GrowthWorks Ltd.
GrowthWorks Capital Ltd.
GrowthWorks General Partner Ltd.
GrowthWorks Access GP I Ltd.
GrowthWorks WV Management Ltd.
GrowthWorks Atlantic Ltd.
GrowthWorks Manitoba Ltd.
ENSIS Management Inc.
EM Capital Inc.

Adoption of New Accounting Standards

In 2009, the CICA issued Sections 1582 - Business Combinations, 1601 - Consolidated Financial Statements, 1602 - Non-controlling Interest, and 1625 - Comprehensive Revaluation of Assets and Liabilities. The new standards become effective in 2011 but early adoption is permitted. The Company has chosen to early adopt these sections and in accordance with the transitional provisions has adopted all four standards on the same date.

Section 1582 replaces 1581 – Business Combinations and applies to a transaction in which the acquirer obtains control of one or more businesses. The term “business” is more broadly defined than in the existing standard. Most assets and liabilities acquired, including contingent liabilities that are considered to be improbable, will be measured at fair value. Any interest in the acquiree owned prior to obtaining control will be remeasured at fair value at the acquisition date, eliminating the need for guidance on step acquisitions. A bargain purchase will result in recognition of a gain. Acquisition costs must be expensed.

Section 1601 carries forward the requirements of Section 1600 - Consolidated Financial Statements. Under Section 1602, any non-controlling interest will be recognized as a separate component of shareholder's equity. Net income will be calculated without deduction for the non-controlling interest. Rather net income will be allocated between the controlling and non-controlling interests.

The amendments to Section 1625, Comprehensive Revaluation of Assets and Liabilities require that, when push-down accounting is used following the acquisition of an enterprise, the assets and liabilities are to be measured at the values used in accounting for the purchase transaction or transactions in accordance with Section 1582. The amendments also require that, when a future income tax asset that arose prior to the date of a comprehensive revaluation and that was not recognized in the comprehensive revaluation is subsequently recognized; the benefit should be recognized in accordance with Section 1582 and Handbook Section 3465, Income Taxes.

The Company applied these sections in the accounting for the business combination of GrowthWorks with SEAMARK.

MATRIX ASSET MANAGEMENT INC.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business Combinations

The Company accounts for business combinations using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value at the acquisition date. Any excess of the purchase price over the net assets acquired is recorded as asset management contracts.

Acquisitions costs are expensed in the period the costs are incurred and the services rendered, with the exception of costs to issue equity securities which are recognized as share capital.

Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is recorded at annual rates considered adequate to amortize the cost of the assets over their estimated useful lives as follows:

Computer equipment	3 years, straight-line basis or 30%, declining balance basis
Leasehold improvements	Over the term of the lease, straight-line basis
Office equipment	20%, declining balance basis

Capital assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If the sum of the undiscounted future cash flows expected from use and residual value of an asset is less than carrying amount, the asset is considered impaired and is written down to its estimated fair value.

Lease inducements provided by landlords are deferred and amortized on a straight-line basis over the term of the related lease.

Financial Assets and Liabilities

The Company's financial assets and financial liabilities, other than cash, are classified as follows:

- Investments are classified as "available for sale". Available for sale assets are measured at fair value with unrealized gains and losses recorded in other comprehensive income until the instrument is either sold or suffers an impairment that is other than temporary.
- Accounts receivable are classified as "loans and receivables" and are measured at amortized cost. At March 31, 2010 and December 31, 2009 the recorded amounts approximate fair value.
- Accounts payable and accrued liabilities, income taxes payable, term loans, corporate debt, promissory notes and preferred shares are classified as "other financial liabilities" and are measured at amortized cost. At March 31, 2010 and December 31, 2009, the recorded amounts approximate fair value, except as otherwise reported.

Transaction costs directly attributable to the acquisition or issue of a financial liability are added to the carrying amount of the financial liability, and are amortized to operations using the effective interest rate method.

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2. SIGNIFICANT ACCOUNTING POLICES (continued)

Deferred Sales Commissions

Commissions paid to brokers and dealers on the sale of shares of managed funds are deferred and are amortized to operations on a straight-line basis over three to eight years, depending on the managed fund, which is the period during which shares of the managed funds may be redeemed on payment to the Company of a redemption fee. Share redemption fees are credited to unamortized deferred sales commissions when received.

Unamortized deferred sales commissions are written down if the carrying value exceeds the expected future recoveries from the related fees and the write-down is recorded in operations in the period in which the impairment occurs.

Asset Management Contracts

Asset management contracts recorded on the balance sheet arise from direct and indirect acquisition of fee generating agreements.

Asset management contracts which are considered to have a finite life are amortized at a rate of 20% on a declining balance. Contracts with an indefinite life are not amortized. Finite life contracts are tested for impairment when events or circumstances indicate their carrying value may not be recoverable from annually estimated future undiscounted cash flows. When the carrying value of contracts exceeds their estimated recoverable amount, the contracts are written down to their fair value and the write down is recorded in operations in the period the impairment occurs.

Indefinite life contracts are tested for impairment at least annually using a fair value test with any excess of the carrying amount charged to operations in the period the impairment occurs.

Employee Future Benefits

The Company accrues obligations under employee defined benefit plans. The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimates of expected plan investment performance, salary escalation and retirement ages.

The Company has a defined contribution pension plan covering employees of a wholly own subsidiary. Company contributions to the plan are expensed as incurred.

Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Using this method, income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements of the Company and their respective tax bases, and for losses and other deductions carried forward, using enacted or substantively enacted income tax rates. The effect of a change in income tax rates on future tax assets and liabilities is recognized in operations in the period in which the change occurs. A future income tax asset is recorded only when the probability of the realization is more likely than not.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based Compensation

The Company issues options to purchase shares under the terms described in Note 13. The Company uses the fair value method of accounting for options granted to employees, officers or directors. The fair value of options is determined using the Black-Scholes option pricing model with assumptions for risk-free interest rates, dividend yields, expected volatilities of share prices and the expected life of the options. On the date of the grant, the fair value of the options to purchase shares granted to employees, officers or directors is determined and recognized, over the period during which the related options vest, as a compensation expense, with a corresponding increase in contributed surplus.

The consideration received on the exercise of share options is credited to share capital, together with the related amount previously recorded in contributed surplus.

The Company operates a deferred stock unit plan for its employees. Each deferred stock unit entitles the participant to receive one common share of the Company subject to certain vesting provisions. Compensation expense is recorded on a straight-line basis over the vesting period commencing at the time such entitlement is earned by the employee at the fair value of the Company's shares as at that date.

Revenue Recognition

Management and administration fees are based on the net asset values of managed funds, on funds actually invested or on capital commitments and are recorded on an accrual basis. These fees are recognized as revenue when related services are performed and collection is reasonably assured.

Fees paid by shareholders or unitholders of funds which are managed by the Company are recognized as revenue on the related settlement date.

Performance bonuses, carried interests or incentive participation dividends are recognized as revenue when the required returns or thresholds have been achieved and realization is assured.

Interest income is recognized on an accrual basis.

Revenue related to the provision of investment management and advisory services is recognized as the related services are provided.

Cost Recoveries

The Company accrues government assistance in the form of a repayable contribution of 50% to 75% of certain eligible costs (Note 14). Amounts claimed under this program are included in operations as a reduction of expenses. Amounts due to be received are included in accounts receivable.

Earnings or Loss Per Share

Basic earnings per share is based on the weighted average number of common shares outstanding for the year. Diluted earnings per share is calculated using the treasury stock method and based on the weighted average number of common shares outstanding plus diluted common share equivalents.

MATRIX ASSET MANAGEMENT INC.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions about future events that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Significant estimates used in these financial statements include, among others, purchase price allocation and the fair value of acquired assets and liabilities, revenue accruals, the recoverability of accounts receivable, investments and future income tax assets, the fair values of options to purchase shares, the estimated useful lives of capital assets and the recoverability of capital assets, deferred sales commissions and asset management contracts.

Variable Interest Entities

The Company uses a compensation trust, which holds the Company's common shares, to fulfill obligations to employees arising from the Company's deferred stock unit plan. The Company is the primary beneficiary of the trust, and therefore the trust is consolidated in the financial statements of the Company.

Comparative Figures

The comparative figures have been reclassified where necessary to conform to the presentation used in the current year.

3. FUTURE ACCOUNTING STANDARDS

Convergence with International Financial Reporting Standards

In 2006, the Accounting Standards Board of the CICA ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being converged with International Financial Reporting Standards ("IFRS") over a transitional period currently expected to be completed by 2011. The International Accounting Standards Board currently has projects underway that should result in new pronouncements which will be included in the convergence process.

The Company is in the process of completing a detailed assessment of the requirements of the transition to IFRS, with the intention of identifying: (i) the timing of the implementation of the transition; (ii) major differences from existing accounting policies; (iii) new accounting policies which are appropriate for the Company; and, (iv) the appropriate disclosures in financial statements prepared under IFRS. The Company is developing an implementation plan to ensure it will be prepared for the transition to IFRS in advance of the transition date.

Accounting Changes – Section 1506

In June 2009, the CICA amended Handbook Section 1506, Accounting Changes. The amendment excludes changes in accounting policies upon the complete replacement of an entity's primary basis of accounting, as will occur when an entity adopts IFRSs for the first time, from the scope of Section 1506.

MATRIX ASSET MANAGEMENT INC.

Notes to the Interim Consolidated Financial Statements

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(unaudited)
(in thousands of dollars except where otherwise noted)

4. CAPITAL MANAGEMENT

The Company requires capital for operating and regulatory purposes, including funding current operations and future operations. The capital structure is comprised of shareholder's equity, term loans and long-term debt, including current portion of long-term debt.

Subsequent to the end of the quarter, the company extended the term of acquisition financing with a Canadian chartered bank related to asset management contracts, acquired in 2009, in the ordinary course of business. Accordingly, the current portion of term loans of \$2,100 will be reduced by \$721.

The Company's objectives in managing capital are to maintain a capital structure that will:

- Fund current and future operations
- Build long-term shareholder value
- Satisfy financial obligations and meet long-term debt covenants

The Company's capital as of March 31, 2010 and December 31, 2009 consists of:

	March 31, 2010	December 31, 2009
Shareholders' equity	\$ 21,448	\$ 4,860
Promissory note	500	500
Term loans	3,964	4,295
Long-term debt	8,750	11,643
Preferred shares	-	3,450
	\$ 34,662	\$ 24,748

External restrictions on the Company's capital are the required minimum regulatory capital amounts of \$400 and the covenants related to term loans, with which the Company is in compliance.

5. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities and income taxes approximate fair values due to the short term nature of these financial instruments. Fair values of other financial instruments at March 31, 2010, classified using the fair values hierarchy below:

- Level 1 – inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs are other than quoted prices in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

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5. FINANCIAL INSTRUMENTS (continued)

As at March 31, 2010	Level 1	Level 2	Level 3	Total
Investments	\$ 5,794	\$ -	\$ -	\$ 5,794

As at December 31, 2009	Level 1	Level 2	Level 3	Total
Investments	\$ 3,653	\$ -	\$ -	\$ 3,653

Risk Management

The Company's activities expose its financial instruments to a variety of financial risks, which include other price risk, foreign currency risk, credit risk, interest rate risk, and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Other Price Risk

The Company's financial instruments include investments which are publicly traded and therefore may be subject to the market risks that affect all publicly traded securities. Some of these investments may be thinly traded, which could result in lower quoted market values. The Company manages this risk by only investing in high grade publicly traded investments or in investments which have a strategic operational purpose. A five percent increase/decrease in the S&P TSX Composite Index and the S&P 500 Index would increase/decrease the fair value by \$285.

Foreign currency risk

Foreign exchange risk is the risk of gain or loss due to volatility of foreign exchange rates. The Company's publicly traded investments include a portion for which the underlying companies are domiciled outside Canada. Consequently, the Company is impacted by changes in the value of foreign currencies relative to the Canadian dollar. A one percent increase/decrease in the US dollar exchange rate would increase/decrease the fair value of these investments by \$7.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations and arises from the Company's cash, temporary investments and accounts receivable. The Company's cash & cash equivalents and investments are held by large Canadian financial institutions. Accounts receivable consist mostly of cost recoveries due from a government and amounts receivable from managed funds. As such, the Company considers this risk to be minimal.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate investments of varying maturities. In managements view the risk that the Company will realize a loss as a result of a decline in the fair value of these investments is limited as these investments are in highly liquid securities with short-term maturities. The Company is also exposed to interest rate risk through its promissory note and term loans, which are based on the prime lending rate, and through its corporate debt, which is based on fixed interest rates. The Company does not

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5. FINANCIAL INSTRUMENTS (continued)

mitigate this risk. A one percent increase in the prime lending rate would increase annual interest payments by approximately \$75.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Accounts payable and accrued liabilities and the current portion of term loans and corporate debt are due within the current operating period. The Company manages liquidity risk through cash flow projections and the management of its capital structure (Note 4).

Market risk related to assets under management

Risks related to the performance of the equity markets, changes in interest rates and changes in foreign currencies relative to the Canadian dollar can have a impact on the level and mix of assets under management. Changes in assets under management directly impact earnings of the Company as management fees earned are based on the value of assets under management.

Contractual maturities, excluding interest payments, of the Company's debt for the next 5 years are:

Description	Total	2010	2011	2012	2013	2014	2015 +
Term loans	\$ 3,964	\$1,937	\$ 656	\$ 540	\$ 390	\$ 204	\$ 237
Corporate debt	9,050	-	3,050	1,200	2,400	2,400	-
Promissory note	500	-	-	-	500	-	-
Total	\$ 13,514	\$1,937	\$3,706	\$1,740	\$3,290	\$2,604	\$ 237

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	March 31, 2010 Net Book Value
Computer equipment	\$ 1,583	\$ 1,305	\$ 278
Leasehold improvements	1,254	748	506
Office equipment	1,220	887	333
	\$ 4,057	\$ 2,940	\$ 1,117

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6. CAPITAL ASSETS (continued)

	Cost	Accumulated Amortization	December 31, 2009 Net Book Value
Computer equipment	\$ 1,572	\$ 1,255	\$ 317
Leasehold improvements	1,150	639	511
Office equipment	652	428	224
	\$ 3,374	\$ 2,322	\$ 1,052

7. INCOME TAXES

The Company's future income tax assets and liabilities are:

	March 31, 2010	December 31, 2009
Capital assets	\$ 255	\$ 91
Deferred sales commissions	(860)	(599)
Other	114	225
Deferred stock unit compensation	95	-
Losses carried forward	4,333	4,301
	3,937	4,018
Valuation allowance	(3,322)	(3,513)
Future income taxes	\$ 615	\$ 505

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7. INCOME TAXES (continued)

The reconciliation of the provision for income taxes for the periods presented is:

	March 31, 2010	March 31, 2009
Income (loss) before income taxes	\$ (549)	\$ (168)
Combined statutory income tax rate	30.00%	30.00%
Income tax (expense) recovery based on combined statutory income tax rates	165	50
Adjustments:		
Tax effect of net amounts not deductible for tax purposes	(325)	(82)
Tax effect of loss carry forwards recognized (current period losses not recognized)	160	(163)
Current income tax (expense) recovery	-	(195)
Future tax (expense) recovery	-	177
	\$ -	\$ (18)

At March 31, 2010, the Company had estimated losses available for income tax purposes of approximately \$17,638 that may be used to offset future taxable income. If unused, these losses will expire as follows:

2010	\$ 4,804
2014	2,452
2015	1,459
2026	2,281
2027	1,862
2028	2,259
2029	2,521

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8. ASSET MANAGEMENT CONTRACTS

	March 31, 2010		December 31, 2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Contracts having finite lives to manage assets	\$ 9,945	\$ 3,966	\$ 9,945	\$ 3,651
Contracts having indefinite lives to manage assets	7,234	-	6,768	-
	17,179	\$ 3,966	16,713	\$ 3,651
Less accumulated amortization	3,966		3,651	
Net book value	\$13,213		\$13,062	

The recorded amortization of asset management contracts included in amortization expense, is \$315 (2009 - \$220).

9. EMPLOYEE FUTURE BENEFITS

The Company has established a supplemental retirement defined benefit plan for certain of its senior employees. The contributions required for the 2010 and 2011 fiscal years pursuant to the terms of this plan are, respectively, \$30 and \$33. The contributions required for the 2012 and subsequent years will be determined by an actuarial review of the obligations under the plan, which is conducted every three years.

The Company has fully funded the required contributions under this plan and recorded the related expense in these financial statements.

The Company contributed \$19 (2009 – \$nil) to its defined contribution pension plan.

10. PROMISSORY NOTE

During the 2009 fiscal year, a shareholder loaned the Company \$500. The note is unsecured, bears interest at the Royal Bank prime lending rate plus 2.5%, is due on May 21, 2013 and may be repaid at any time prior to maturity. The note has a floating interest and the fair value approximates the carrying value.

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11. TERM LOANS

	March 31, 2010	December 31, 2009
Term loan, repayable in annual instalments of \$96,000 plus interest at 2.25% above the Royal Bank prime lending rate, due January 2012	\$ 172	\$ 196
Term loan, repayable in annual instalments of \$140,400 plus interest at 2.25% above the Royal Bank prime lending rate, due January 2013	361	396
Term loan, repayable in annual instalments of \$126,000 plus interest at 2.25% above the Royal Bank prime lending rate, due January 2014	443	474
Term loan, repayable in annual instalments of \$132,000 plus interest at 2.25% above the Royal Bank prime lending rate, due January 2015	537	570
Term loan, repayable in annual instalments of \$90,000 plus interest at 2.25% above the Royal Bank prime lending rate, due January 2016	515	538
Term loan, repayable in annual instalments of \$72,000 plus interest at 6.25% above the Royal Bank prime lending rate, due January 2017	492	510
Term loan, repayable in annual instalments of \$666,720 plus interest at 2.5% above the Royal Bank prime lending rate, due May 2010	1,444	1,611
	<u>3,964</u>	<u>4,295</u>
Current portion	2,100	2,267
	<u>\$ 1,864</u>	<u>\$ 2,028</u>

The term loans have a floating interest rate. Therefore the fair value approximates the carry value.

12. CORPORATE DEBT

	2010	2009
\$3.05 million term loan with interest at the bank prime rate plus 0.75% per annum, due April 19, 2011	\$ 3,050	\$ 3,050
\$3.05 million 8% subordinated convertible debenture due June 30, 2010 (Redeemed March 15, 2010)	-	3,025
\$6.0 million 10% subordinated debenture due in installments on July 2 of each of 2012, 2013 and 2014	5,700	5,568
	8,750	11,643
Less: Corporate debt due within one year	-	3,025
	<u>\$ 8,750</u>	<u>\$ 8,618</u>

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12. CORPORATE DEBT (continued)

\$3,050 term loan

The loan has been secured by investments of \$3,199 and is also secured by a general security agreement creating a second fixed charge over all present and future acquired properties.

\$3,050 – 8% Subordinated Convertible Debenture

This debenture was repayable upon maturity on June 30, 2010 and subordinated to all senior indebtedness. The debenture was convertible, at the option of the holder, into common shares at a price of \$3.50 per share. The Company redeemed the debenture on March 15, 2010.

\$6,000 – 10% Subordinated Debenture

The first two annual repayments may be extended further with a 1.5% interest rate increase on the extended amounts. The amended debenture is interest free until June 2010, and the interest rate under the debenture has been reset at 8.0% per annum for the next twelve months, 9.33% for the following twelve months and 10.0% thereafter until repaid in full. The effective interest rate on the debenture is 10%. The subordinated debenture was recently renegotiated and the fair value approximates the carrying value.

13. SHARE CAPITAL

Authorized

Unlimited common shares without par value

Issued

	# of shares	\$
Balance, beginning of period	1	1
Shares issued to GWL on acquisition	32,357,483	7,245
Shares issued to SEAMARK on acquisition	10,804,802	12,803
Shares held in DSU trust	(305,706)	(362)
Share purchase financing		(67)
Share issue costs		(90)
Balance, end of period	42,856,580	19,530

The Company has a share purchase loan with an employee. The loan is full recourse non-interest bearing and the escrowed shares are held by the Company as security. The shares are released annually in installments of 20%. The market value of the shares at March 31, 2010 was \$14. During the period ended March 31, 2010, \$10 of accrued or earned loan forgiveness was charged against income.

Prior to the business combination \$3,450 of preferred shares were converted to GWL common shares and options were exercised with a value of \$3,778.

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13. SHARE CAPITAL (continued)

Options

The Company has a 10% rolling option plan. The Company may grant stock options to purchase shares up to 10% of the issued and outstanding common shares from time to time. As of March 31, 2010, 4,321,896 options were available for issuance of which 451,000 options have been issued.

As part of a business combination agreement (Note 2) the Company issued 451,000 replacement stock option awards to the employees of the acquiree. The replacement awards have the same terms and conditions as the original awards including the exercise price, vesting period and expiry dates. The replacement awards were fair valued as of the acquisition date.

The fair value of the replacement options granted was estimated at the date of granting using a Black-Scholes Option Pricing Model with the following assumptions: weighted average risk-free interest rate of 1.75%; dividend yields of 0%; weighted average volatility factors of the expected market price of the Company's common shares of 3.52% and the weighted average expected life of the options of 3 years. The weighted average fair value of options issued was \$0.47.

The following table summarizes the status of the Company's stock option plan at March 31, 2010 and December 31, 2009.

	2010		2009	
	Number	Price* \$	Number	Price* \$
Outstanding, beginning of period	-	-	4,378,000	3.12
Granted	451,000	12.23	755,000	3.86
Expired	-	-	(872,000)	2.42
Forfeited	-	-	(295,000)	3.89
Outstanding, end of period	451,000	12.23	3,966,000	3.14
Total options exercisable	391,000	12.75	2,970,000	3.08

**weighted average exercise price (in dollars)*

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13. SHARE CAPITAL (continued)

The following table summarizes the Company's stock option plan at March 31, 2010.

Options Outstanding			Options Exercisable		
Number of shares	Range of Exercise Prices *	Weighted Average Exercise Price *	Weighted Average Remaining Life (Years)	Number of shares	Weighted Average Exercise Price *
25,000	\$ 4.72 - 4.72	\$ 4.72	7.79	10,000	\$ 4.72
190,000	8.69 - 8.69	8.69	5.86	152,000	8.69
119,000	11.00 - 11.00	11.00	1.26	119,000	11.00
7,000	16.86 - 17.68	17.45	2.08	7,000	17.45
35,000	18.29 - 18.29	18.29	5.27	28,000	18.29
20,000	20.19 - 20.98	20.19	2.24	20,000	20.19
55,000	23.00 - 23.29	23.11	2.60	55,000	23.11
451,000			5.33	391,000	

**exercise prices (in dollars)*

The total compensation cost that has been charged against income and credited to contributed surplus for the option plan for the period ended March 31, 2010 was \$1 (2009 – \$81).

Option Vesting Costs

As a result of the business combination agreement (Note 2) the vesting of 996,000 GWL options was accelerated and \$948 option vesting costs charged to operations of the Company for the period ended March 31, 2010. All outstanding GWL options were either exercised or cancelled as part of the business combination.

Deferred Stock Units

The Company operates a deferred share unit ("DSU") plan for certain employees. Each vested DSU entitles the participant to receive one common share of the Company. DSUs vest over a three year period. The Company uses a trust to acquire the Company's common shares on the open market to fulfill its obligations under the DSU plan. An independent party serves as the trustee of the plan.

As part of the business combination agreement (Note 2) the Company issued 148,000 replacement DSU awards to the employees of the acquiree. The replacement DSUs have the same terms and conditions including vesting schedule as the original grants. The replacement awards were fair valued as of the acquisition date.

During the period ended March 31, 2010 the Company issued 107,000 new DSUs to employees.

The total compensation cost that has been charged against income and credited to contributed surplus for the DSU plan for the period ended March 31, 2010 was \$33 (2009 – nil).

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14. COST RECOVERIES

On November 11, 2004, and as amended on July 9, 2008, the Company entered into an agreement with the Atlantic Canada Opportunities Agency ("ACOA") pursuant to which ACOA would make repayable contributions to the Company of 50% to 75% of eligible start-up and operating costs incurred on or before December 31, 2010 for managing GrowthWorks Atlantic Venture Fund Ltd. to a maximum repayable contribution of \$9,000.

The Company has recovered an aggregate to March 31, 2010 of \$8,750 (2009 - \$8,750) from ACOA for eligible costs.

The Company will repay these contributions commencing in 2009, by paying 20% of any incentive participation dividends earned by the Company from managing GrowthWorks Atlantic Venture Fund Ltd. within five days of receipt of the dividends. No repayments have been made as at March 31, 2010.

15. COMMITMENTS

The Company has entered into office leases in Vancouver, Saskatoon, Winnipeg, Toronto, Ottawa, Fredericton, St. John's, and Halifax which, including the Company's share of operating expenses and property taxes, require estimated future minimum annual payments of:

2010	\$	1,899
2011		2,295
2012		2,016
2013		1,982
2014		1,733
2015		906
2016-2018		655
2019		55

16. GUARANTEE

The Company has agreed to backstop the Asset-Backed Commercial Paper ("ABCP") held in certain Mavrix Funds it manages (Note 1). As at March 31, 2010, these funds have approximately \$173,000 in assets of which approximately \$2,400 is ABCP. The Funds intend to hold the ABCP to maturity, and the Company believes that the Funds will receive full repayment of these investments. However, the Company has agreed to reimburse the Funds for any shortfall should the ABCP realize less than par value at maturity or upon prior sale, and estimates this contingent liability to be \$158, which has been included in accounts payable, based on the assumptions that the notes will be held to maturity and that default rates follow historical patterns for similarly rated securities (approximately 4%). Should the default rate vary by 2%, the recorded liability at March 31, 2010 would increase or decrease by approximately \$48. Should the average duration of these securities change by 2 years, the recorded liability would increase or decrease by approximately \$18.

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17. RELATED PARTY TRANSACTIONS

Related party transactions, at the exchange amounts agreed on by the parties, not separately disclosed in these consolidated financial statements are:

	2010	2009
Compensation for services rendered by shareholders, reported in the "selling, general and administrative" caption in operations	\$ -	\$ 300
Included in cash and short term investments are units of managed money market funds	1,663	-
Included in temporary investments is seed money invested in units of managed funds	1,963	454
Amounts receivable from the managed funds, included in accounts receivable, interest free and due on demand	2,283	2,268
Amounts payable to a shareholder included in accounts payable and accrued liabilities	601	595
Fees and dividends received from managed funds	8,306	6,586

18. SEGMENT INFORMATION

Matrix has three reportable segments: Institutional & High Net Worth ("Institutional"), Retail and Corporate/Other. The Institutional and Retail segments provide investment management and advisory services and are responsible for the management and distribution of investment products. The distinction between these two operating segments is based on the nature of the clients served, and the business and regulatory environment in which they operate. The results of the reportable segments are based upon the internal financial reporting systems of Matrix. The Corporate/Other segment consists of results not attributable to the Institutional or Retail segments. The accounting policies used in these segments are generally consistent with those described in the Summary of Significant Accounting Policies detailed in Note 2.

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18. SEGMENT INFORMATION (continued)

For The Three Months Ended March 31, 2010	Institutional	Retail	Corporate / Other	Total
Revenue	\$ 789	\$ 8,206	\$ -	\$ 8,995
Selling, general & administrative	(814)	(6,038)	(113)	(6,965)
Option vesting costs	-	-	(948)	(948)
Share-based compensation	-	-	(34)	(34)
Interest expenses	-	(367)	-	(367)
Amortization and other expenses	(7)	(1,124)	-	(1,131)
Fund merger & special projects	-	-	(99)	(99)
Segment income before taxes	\$ (32)	\$ 677	\$ (1,194)	\$ (549)
Assets	\$ 9,925	\$ 35,680	\$ -	\$ 45,605

For The Three Months Ended March 31, 2009	Institutional	Retail	Corporate / Other	Total
Revenue	\$ -	\$ 6,598	\$ -	\$ 6,598
Selling, general & administrative	-	(5,477)	-	(5,477)
Share-based compensation	-	-	(81)	(81)
Interest expenses	-	(35)	-	(35)
Amortization and other expenses	-	(550)	-	(550)
Fund merger & special projects	-	-	(623)	(623)
Segment income before taxes	\$ -	\$ 536	\$ (704)	\$ (168)
Assets	\$ -	\$ 37,640	\$ -	\$ 37,640