

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549
FORM 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the quarterly period ended March 31, 2011

OR

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission File Number 000-53238

CENTREX, INC.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

30-0399914
(I.R.S. Employer Identification No.)

19 Engineers Lane,
Farmingdale, New York 11735
(Address, including zip code, of principal executive offices)

631-756-9116
(Issuer's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of May 10, 2011, the issuer had 40,111,324 shares of common stock issued and outstanding.

CEMTREX, INC.

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Part I. Financial Information**Item 1. Financial Statements**

Cemtrex, Inc. and Subsidiary
Consolidated Balance Sheets

	(UNAUDITED)	
	March 31,	September 30,
	2011	2010
Assets		
Current Assets		
Cash & Equivalents	\$ 36,876	\$ 41,139
Accounts Receivable, Net	3,705,293	731,968
Inventory	539,198	387,628
Prepaid Expenses & Other Assets	297,473	4,022
Total Current Assets	4,578,840	1,164,757
Property & Equipment, Net	50,802	62,273
Other	4,225	4,225
Total Assets	\$ 4,633,867	\$ 1,231,255
Liabilities & Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts Payable	\$ 3,986,913	\$ 911,840
Accrued Expenses	103,553	191,382
Note payable - Bank	250,000	250,000
Total Current Liabilities	4,340,466	1,353,222
Non-Current Liabilities		
Notes Payable-Shareholder	824,696	738,491
Convertible Debenture	—	55,938
Total Non-Current Liabilities	824,696	794,429
Total Liabilities	\$ 5,165,162	\$ 2,147,651
Commitments & Contingencies	—	—
Stockholders' Equity (Deficit)		
Preferred Stock Series A, \$0.001 par value, 10,000,000 shares authorized, 1,000,000 shares issued and outstanding, respectively	\$ 1,000	\$ 1,000
Common Stock, \$0.001 par value, 60,000,000 shares authorized, 39,822,862 shares issued and outstanding	39,823	39,823
Additional Paid-in Capital	66,506	66,506
Retained Earnings (Accumulated Deficit)	(638,624)	(1,023,725)
Total Stockholders' Equity (Deficit)	(531,295)	(916,396)
Total Liabilities & Stockholders' Equity (Deficit)	\$ 4,633,867	\$ 1,231,255

The accompanying notes are an integral part of these financial statements

Cemtrex, Inc. and Subsidiary
Consolidated Statements of Operations
(UNAUDITED)

	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	2011	2010	2011	2010
Revenues	\$ 3,254,170	\$ 1,015,177	\$ 5,075,803	\$ 1,906,631
Cost of Goods Sold	<u>2,599,807</u>	<u>474,228</u>	<u>3,858,147</u>	<u>893,727</u>
Gross Profit	654,363	540,949	1,217,656	1,012,904
Operating Expenses				
Research and Development	—	(5,535)	—	—
General and Administrative	397,718	689,519	801,137	1,187,945
Total Operating Expenses	<u>397,718</u>	<u>683,984</u>	<u>801,137</u>	<u>1,187,945</u>
Operating Income (Loss)	<u>256,645</u>	<u>(143,035)</u>	<u>416,519</u>	<u>(175,041)</u>
Other Income (Expense)				
Other Income	—	—	—	—
Interest Expense	(15,760)	(10,820)	(31,418)	(15,175)
Total Other Income (Expense)	<u>(15,760)</u>	<u>(10,820)</u>	<u>(31,418)</u>	<u>(15,175)</u>
Net Income (Loss) Before Income Taxes	240,885	(153,855)	385,101	(190,216)
Provision for Income Taxes	<u>—</u>	<u>(3,445)</u>	<u>—</u>	<u>—</u>
Net Income (Loss)	<u>\$ 240,885</u>	<u>\$ (157,300)</u>	<u>\$ 385,101</u>	<u>\$ (190,216)</u>
Income (Loss) Per Share-Basic	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.00)</u>
Income (Loss) Per Share-Diluted	<u>\$ 0.01</u>	<u>\$ (0.00)</u>	<u>\$ 0.01</u>	<u>\$ (0.00)</u>
Weighted Average Number of Shares-Basic	<u>39,822,862</u>	<u>39,822,862</u>	<u>39,822,862</u>	<u>39,872,862</u>
Weighted Average Number of Shares-Diluted	<u>39,822,862</u>	<u>39,822,862</u>	<u>39,822,862</u>	<u>39,872,862</u>

The accompanying notes are an integral part of these financial statements

Centrex, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(UNAUDITED)

	For the Six Months Ended March 31,	
	2011	2010
<u>Cash Flows from Operating Activities</u>		
Net Income (Loss)	\$ 385,101	\$ (190,216)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation & Amortization	11,471	11,784
Amortization of Debt Discount	—	5,938
Stock Issued for Services	—	24,000
Reserve for Doubtful Accounts	—	150,000
Changes in operating assets and liabilities:		
Accounts Receivable	(2,973,325)	(486,921)
Inventory	(151,570)	51,604
Prepaid Expenses & Other Assets	(293,451)	5,456
Other Assets	—	—
Accounts Payable	3,075,073	(46,207)
Accrued Expenses	(87,829)	(35,613)
Income Taxes Payable	—	—
Net Cash Used in Operating Activities	(34,530)	(510,175)
<u>Cash Flows from Investing Activities</u>		
Cash Received on Sale of Equipment	—	—
Net Cash Used in Investing Activities	—	—
<u>Cash Flows from Financing Activities</u>		
Net Notes from Related Party	86,205	(121,294)
Proceeds from Line of Credit	—	250,000
Proceeds from (repayment of) Convertible Notes	(55,938)	50,000
Net Cash Provided by Financing Activities	30,267	178,706
Net Increase (Decrease) in Cash	(4,263)	(331,469)
Cash Beginning of Period	41,139	356,552
Cash End of Period	\$ 36,876	\$ 25,083
Supplemental Disclosure of Cash Flow Information:		
Cash Paid during the period for interest	\$ 5,579	\$ 1,354
Cash Paid during the period for income taxes	—	—

The accompanying notes are an integral part of these financial statements

Cemtrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Organization, Business & Operations

Cemtrex, Inc. and its wholly-owned subsidiaries Griffin Filters, LLC and Cemtrex India Pvt. Ltd., (collectively the “Company”), is engaged in manufacturing and selling the most advanced instruments for emission monitoring of particulate, opacity, mercury, sulfur dioxide, nitrogen oxides, etc. Cemtrex also provides turnkey services for carbon creation projects from abatement of greenhouse gases pursuant to Kyoto protocol globally. Company's products are sold to power plants, refineries, chemical plants, cement plants & other industries including federal and state governmental agencies. Through its wholly-owned subsidiary, Griffin Filters, the Company designs, manufactures and sells air filtration equipment and systems to control particulate emissions in a variety of industries. The Company has also set up a subsidiary Cemtrex India Pvt. Ltd., located in Mumbai, India to sell emission monitors and related industrial equipment.

Cemtrex, Inc. was incorporated as Diversified American Holding, Inc. on April 27, 1998. On December 16, 2004, the Company changed its name to Cemtrex, Inc. On April 30, 2007, Cemtrex, Inc. acquired Griffin Filters, LLC (see Note 5 – Business Combination and Related Party Transactions).

Note 2 - Going Concern and Management's Plans

The accompanying consolidated financial statements have been prepared in conformity with generally accepted accounting principles which contemplate continuation of the company as a going concern. However, as of March 31, 2011, the Company has an accumulated deficit of \$638,624. This and other factors raise substantial doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is dependent upon its ability to raise additional capital and continue profitable operations. The accompanying consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Note 3 - Summary of Significant Accounting Policies

Interim financial statements

The accompanying unaudited condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and should be read in conjunction with the Company’s audited financial statements and footnotes thereto for the year ended September 30, 2010 included in the Company’s Form 10-K filed on January 16, 2011. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted pursuant to such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented not misleading. The financial statements reflect all adjustments (consisting primarily of normal recurring adjustments) that are, in the opinion of management necessary for a fair presentation of the Company’s financial position and results of operations. The operating results for the six months ended March 31, 2011 are not necessarily indicative of the results to be expected for any other interim period of any future year.

Cemtrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Cemtrex, Inc. and its wholly subsidiaries Griffin Filters, LLC and Cemtrex India Pvt. Ltd., (collectively the "Company"). All significant inter-company accounts and transactions have been eliminated in consolidation.

The acquisition of Griffin Filters, LLC by Cemtrex, Inc. was treated as a business combination due to the fact that the acquired entity and purchased entity were owned by the same individual.

Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a September 30 year-end.

Cash and cash equivalents

The Company considers all liquid investments with a maturity of three months or less from the date of purchase that are readily convertible into cash to be cash equivalents.

Concentrations of Credit Risk - Cash

The Company maintains its cash with various financial institutions, which may exceed federally insured limits throughout the period.

Inventories

Inventories are comprised of replacement parts, system components and finished systems, which are stated at lower of cost or market. Cost is determined on a first-in, first-out (FIFO) basis.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives, generally five to seven years. Leasehold improvements are amortized over the shorter of the useful life or the remaining lease term. Upon retirement or other disposition of these assets, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are reflected in operations. Expenditures for maintenance and repairs are charged to operations as incurred. Renewals and betterments are capitalized.

Impairment of long-lived asset

The Company reviews its long-lived assets and identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When such factors and circumstances exist, management compares the projected undiscounted future cash flows associated with the future use and disposal of the related asset or group of assets to their respective carrying values. Impairment, if any, is measured as the excess of the carrying value over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the six month periods ended March 31, 2011 and 2010, the Company recorded \$0 impairment loss on long-lived assets.

Basic and Diluted Net Income per Share

Basic earnings per share is calculated using the weighted-average number of common shares outstanding during the period without consideration of the dilutive effect of stock warrants and convertible notes. Diluted earnings per share is calculated using the weighted-average number of common shares outstanding during the period after consideration of the dilutive effect of stock warrants and convertible notes.

Revenue recognition

Sales of products and related costs of products sold are recognized when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the price is fixed or determinable and (iv) collectability is reasonably assured. These terms are typically met upon shipment of finished goods to the customer.

Allowance for doubtful accounts

We provide an allowance for estimated uncollectible accounts receivable balances based on historical experience and the aging of the related accounts receivable. As of December 31, 2010 and 2009, the Company has reserved \$100,000 for doubtful accounts.

Advertising

The Company expenses advertising costs as incurred. The Company incurred \$-0- and \$-0- in advertising costs for the six month periods ended March 31, 2011 and 2010, respectively.

Income Taxes

The Company accounts for income taxes under the provisions of FASB ASC 740, "Income Taxes", formerly referenced as SFAS No. 109, "Accounting for Income Taxes". Under the provisions of FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between their financial statement carrying values and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Significant judgment is required in determining any valuation allowance recorded against deferred tax assets. In assessing the need for a valuation allowance, the Company considers all available evidence including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. In the event that the Company changes its determination as to the amount of deferred tax assets that can be realized, the Company will adjust its valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

At March 31, 2011 and 2010, the Company has no federal, state or foreign income tax expense due to the Company's net operating loss carryforwards.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Guarantee Expense

In accordance with FASB Interpretation No. 45 ("Fin 45"), the Company recognizes, at the inception of a guarantee, the cost of the fair value of the obligation undertaken in issuing the guarantee.

Research and development costs

Expenditures for research & development are expenses as incurred. Such costs are required to be expensed until the point that technological feasibility is established. The Company incurred \$-0- and \$-0- research and development costs for the three months periods ended December 31, 2010 and 2009, respectively which were expensed.

Fair Value of Financial Instruments

The reported amounts of the Company's financial instruments, including accounts payable and accrued liabilities, approximate their fair value due to their short maturities. The carrying amounts of debt approximate fair value since the debt agreements provide for interest rates that approximate market.

Stock-based compensation

The Company records compensation expense associated with stock options and other forms of employee and non-employee equity compensation in accordance with FASB ASC 718, "Compensation – Stock Compensation", formerly referenced as SFAS 123R, "Share-Based Payment". The Company estimates the fair value of stock options granted using the Black-Scholes-Merton option-pricing formula and a single option approach. This fair value is then amortized on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period.

During the three months periods ended December 31, 2010 and 2009, the Company incurred \$0 in stock-based compensation expense.

Reclassifications

Certain items in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current period's presentation. These reclassifications have no effect on the previously reported income (loss).

Recently Issued Accounting Pronouncements

In February 2010, FASB issued ASU 2010-9 *Subsequent Events (Topic 855) Amendments to Certain Recognition and Disclosure Requirements* ("ASU 2010-9"). ASU 2010-9 amends disclosure requirements within Subtopic 855-10. An entity that is an SEC filer is not required to disclose the date through which subsequent events have been evaluated. This change alleviates potential conflicts between Subtopic 855-10 and the SEC's requirements. ASU 2010-9 is effective for interim and annual periods ending after June 15, 2010. The Company does not expect the adoption of ASU 2010-09 to have a material impact on its consolidated results of operations or financial position.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In January 2010, FASB issued ASU 2010-6 *Improving Disclosures about Fair Measurements* ("ASU 2010-6"). ASU 2010-6 provides amendments to subtopic 820-10 that require separate disclosure of significant transfers in and out of Level 1 and Level 2 fair value measurements and the presentation of separate information regarding purchases, sales, issuances and settlements for Level 3 fair value measurements. Additionally, ASU 2010-6 provides amendments to subtopic 820-10 that clarify existing disclosures about the level of disaggregation and inputs and valuation techniques. ASU 2010-6 is effective for financial statements issued for interim and annual periods ending after December 15, 2010. The Company does not expect the adoption of ASU 2010-06 to have a material impact on its consolidated results of operations or financial position.

In January 2010, FASB issued ASU 2010-2 *Accounting and Reporting for Decreases in Ownership of a Subsidiary- a Scope Clarification* ("ASU 2010-2"). ASU 2010-2 addresses implementation issues related to the changes in ownership provisions in the Consolidation—Overall Subtopic (Subtopic 810-10) of the *FASB Accounting Standards Codification*, originally issued as FASB Statement No. 160, *Noncontrolling Interests in Consolidated Financial Statements*. Subtopic 810-10 establishes the accounting and reporting guidance for noncontrolling interests and changes in ownership interests of a subsidiary. An entity is required to deconsolidate a subsidiary when the entity ceases to have a controlling financial interest in the subsidiary. Upon deconsolidation of a subsidiary, an entity recognizes a gain or loss on the transaction and measures any retained investment in the subsidiary at fair value. The gain or loss includes any gain or loss associated with the difference between the fair value of the retained investment in the subsidiary and its carrying amount at the date the subsidiary is deconsolidated. In contrast, an entity is required to account for a decrease in ownership interest of a subsidiary that does not result in a change of control of the subsidiary as an equity transaction. ASU 2010-2 is effective for the Company starting July 1, 2010. The Company does not expect the adoption of ASU 2010-2 to have a material impact on the Company's consolidated results of operations or financial position.

In December 2009, FASB issued ASU 2009-17 *Consolidations (Topic 810) Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities* ("ASU 2009-17"). ASU 2009-17 amends the FASB ASC for the issuance of FASB Statement No. 167, *Amendments to FASB Interpretation No. 46(R)*. The amendments in ASU 2009-17 replace the quantitative-based risks and rewards calculation for determining which enterprise, if any, has a controlling financial interest in a variable interest entity with an approach focused on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. ASU 2009-17 also requires additional disclosures about an enterprise's involvement in variable interest entities. ASU 2009-17 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009. The Company does not expect the adoption of ASU 2009-17 to have a material impact on its consolidated results of operations or financial position.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- In December 2009, FASB issued ASU 2009-16 *Transfers and Servicing (Topic 860) Accounting for Transfers of Financial Assets* ("ASU 2009-16"). ASU 2009-16 amends the FASB Accounting Standards Codification for the issuance of FASB Statement No. 166, *Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140*. The amendments in ASU 2009-16 improve financial reporting by eliminating the exceptions for qualifying special-purpose entities from the consolidation guidance and the exception that permitted sale accounting for certain mortgage securitizations when a transferor has not surrendered control over the transferred financial assets. In addition, the amendments require enhanced disclosures about the risks that a transferor continues to be exposed to because of its continuing involvement in transferred financial assets. ASU 2009-16 is effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009. The Company does not expect the adoption of ASU 2009-16 to have a material impact on its consolidated results of operations or financial position.
- In August 2009, FASB issued ASU 2009-5 *Fair Value Measurements and Disclosures (Topic 820) Measuring Liabilities at Fair Value* ("ASU 2009-5"). ASU 2009-5 provides amendments to Subtopic 820-10, *Fair Value Measurements and Disclosures—Overall*, for the fair value measurement of liabilities. ASU 2009-5 clarifies that in circumstances in which a quoted price in an active market for the identical liability is not available, a reporting entity is required to measure fair value. ASU 2009-5 will be effective for the Company for interim and annual periods ending after September 30, 2009. The Company does not expect the adoption of ASU 2009-5 to have a material impact on the Company's consolidated results of operations or financial position.
- In August 2009, FASB issued ASU 2009-4 *Accounting for Redeemable Equity Instruments—an Amendment to Section 480-10-S99* ("ASU 2009-4"). ASU 2009-4 represents a Securities and Exchange Commission ("SEC") update to Section 480-10-S99, *Distinguishing Liabilities from Equity*. The Company does not expect the adoption of guidance within ASU 2009-4 to have an impact on the Company's consolidated results of operations or financial position.
- In June 2009, FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—A Replacement of FASB Statement No. 162*, (now codified within ASC 105, *Generally Accepted Accounting Principles* ("ASC 105")). ASC 105 establishes the Codification as the single source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. All guidance contained in the Codification carries an equal level of authority. Following this statement, FASB will not issue new standards in the form of statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, which will serve only to: (1) update the Codification; (2) provide background information about the guidance; and (3) provide the bases for conclusions on the change(s) in the Codification. ASC 105 will be effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Codification supersedes all existing non-SEC accounting and reporting standards. The adoption of ASC 105 will not have an impact on the Company's consolidated results of operations or financial position.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In May 2009, FASB issued SFAS No. 165, *Subsequent Events*, (now codified within ASC 855, *Subsequent Events* ("ASC 855")). ASC 855 establishes the general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 will be effective for the Company on April 1, 2009. The Company does not expect the adoption of ASC 855 will have a material impact on the Company's consolidated results of operations or financial position.

In April 2009, FASB issued Staff Position ("FSP") No. 115-2 and FSP 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (now codified within ASC 320, *Investments—Debt and Equity Securities* ("ASC 320")). ASC 320 provides greater clarity about the credit and noncredit component of an other-than-temporary impairment event and more effectively communicates when an other-than-temporary impairment event has occurred. ASC 320 amends the other-than-temporary impairment model for debt securities. The impairment model for equity securities was not affected. Under ASC 320, an other-than-temporary impairment must be recognized through earnings if an investor has the intent to sell the debt security or if it is more likely than not that the investor will be required to sell the debt security before recovery of its amortized cost basis. This standard will be effective for interim periods ending after June 15, 2009. The adoption of ASC 320 will not have a material impact on the Company's consolidated results of operations or financial position.

In April 2009, FASB issued FSP 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* (now codified within ASC 820, *Fair Value Measurements and Disclosures*). ASC 820 provides guidelines for making fair value measurements more consistent and provides additional authoritative guidance in determining whether a market is active or inactive and whether a transaction is distressed. ASC

FASB ASC Topic 855, "Subsequent Events". In May 2009, the FASB issued FASB ASC Topic 855, which establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. In particular, this Statement sets forth : (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements, (iii) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. This FASB ASC Topic should be applied to the accounting and disclosure of subsequent events. This FASB ASC Topic does not apply to subsequent events or transactions that are within the scope of other applicable accounting standards that provide different guidance on the accounting treatment for subsequent events or transactions. This FASB ASC Topic was effective for interim and annual periods ending after June 15, 2009, which was June 30, 2009 for the Corporation. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- FASB ASC Topic 105, “The FASB Accounting Standard Codification and the Hierarchy of Generally Accepted Accounting Principles”. In June 2009, the FASB issued FASB ASC Topic 105, which became the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this FASB ASC Topic, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-SEC accounting literature not included in the Codification will become non-authoritative. This FASB ASC Topic identifies the sources of accounting principles and the framework for selecting the principles used in preparing the financial statements of nongovernmental entities that are presented in conformity with GAAP. Also, arranged these sources of GAAP in a hierarchy for users to apply accordingly. In other words, the GAAP hierarchy will be modified to include only two levels of GAAP: authoritative and non-authoritative. This FASB ASC Topic is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this topic did not have a material impact on the Company’s disclosure of the financial statements
- FASB ASC Topic 320, “Recognition and Presentation of Other-Than-Temporary Impairments”. In April 2009, the FASB issued FASB ASC Topic 320 amends the other-than-temporary impairment guidance in GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FASB ASC Topic does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. The FASB ASC Topic shall be effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. Earlier adoption for periods ending before March 15, 2009, is not permitted. This FASB ASC Topic does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FASB ASC Topic requires comparative disclosures only for periods ending after initial adoption. The adoption of this Topic did not have a material impact on the Company’s financial statements and disclosures.
- FASB ASC Topic 860, “Accounting for Transfer of Financial Asset”. In June 2009, the FASB issued additional guidance under FASB ASC Topic 860, “Accounting for Transfer and Servicing of Financial Assets and Extinguishment of Liabilities”, which improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor’s continuing involvement, if any, in transferred financial assets. The Board undertook this project to address (i) practices that have developed since the issuance of FASB ASC Topic 860, that are not consistent with the original intent and key requirements of that statement and (ii) concerns of financial statement users that many of the financial assets (and related obligations) that have been derecognized should continue to be reported in the financial statements of transferors. This additional guidance requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor’s beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale.

Centrex Inc. and Subsidiaries
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Enhanced disclosures are required to provide financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred financial assets. This additional guidance must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. This additional guidance must be applied to transfers occurring on or after the effective date. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

FASB ASC Topic 810, "Variables Interest Entities". In June 2009, the FASB issued FASB ASC Topic 810, which requires an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. This analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both of the following characteristics: (i) The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (ii) The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity. Additionally, an enterprise is required to assess whether it has an implicit financial responsibility to ensure that a variable interest entity operates as designed when determining whether it has the power to direct the activities of the variable interest entity that most significantly impact the entity's economic performance. This FASB Topic requires ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity and eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, which was based on determining which enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both. This FASB ASC Topic shall be effective as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. Earlier application is prohibited. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

FASB ASC Topic 820, "Fair Value measurement and Disclosures", an Accounting Standard Update. In September 2009, the FASB issued this Update to amendments to Subtopic 82010, "Fair Value Measurements and Disclosures". Overall, for the fair value measurement of investments in certain entities that calculates net asset value per share (or its equivalent). The amendments in this Update permit, as a practical expedient, a reporting entity to measure the fair value of an investment that is within the scope of the amendments in this Update on the basis of the net asset value per share of the investment (or its equivalent) if the net asset value of the investment (or its equivalent) is calculated in a manner consistent with the measurement principles of Topic 946 as of the reporting entity's measurement date, including measurement of all or substantially all of the underlying investments of the investee in accordance with Topic 820. The amendments in this Update also require disclosures by major category of investment about the attributes of investments within the scope of the amendments in this Update, such as the nature of any restrictions on the investor's ability to redeem its investments at the measurement date, any unfunded commitments (for example, a contractual commitment by the investor to invest a specified amount of additional capital at a future date to fund investments that will be made by the investee), and the investment strategies of the investees. The major category of investment is required to be determined on the basis of the nature and risks of the investment in a manner consistent with the guidance for major security types in GAAP on investments in debt and equity securities in paragraph 320-10-50-1B. The disclosures are required for all investments within the scope of the amendments in this Update regardless of whether the fair value of the investment is measured using the practical expedient. The amendments in this Update apply to all reporting entities that hold an investment that is required or permitted to be measured or disclosed at fair value on a recurring or non recurring basis and, as of the reporting entity's measurement date, if the investment meets certain criteria. The amendments in this Update are effective for the interim and annual periods ending after December 15, 2009. Early application is permitted in financial statements for earlier interim and annual periods that have not been issued. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

Centrex Inc. and Subsidiaries
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FASB ASC Topic 740, "Income Taxes", an Accounting Standard Update. In September 2009, the FASB issued this Update to address the need for additional implementation guidance on accounting for uncertainty in income taxes. The guidance answers the following questions: (i) Is the income tax paid by the entity attributable to the entity or its owners? (ii) What constitutes a tax position for a pass-through entity or a tax-exempt not-for-profit entity? (iii) How should accounting for uncertainty in income taxes be applied when a group of related entities comprise both taxable and nontaxable entities? In addition, this Updated decided to eliminate the disclosures required by paragraph 740-10-50-15(a) through (b) for nonpublic entities. The implementation guidance will apply to financial statements of nongovernmental entities that are presented in conformity with GAAP. The disclosure amendments will apply only to nonpublic entities as defined in Section 740-10-20. For entities that are currently applying the standards for accounting for uncertainty in income taxes, the guidance and disclosure amendments are effective for financial statements issued for interim and annual periods ending after September 15, 2009. The adoption of this Topic did not have a material impact on the Company's financial statements and disclosures.

Note 4 - Inventory

The Company values its inventory under the FIFO method of costing under the lower of cost or market pricing model. The Company reviews its product for old and or obsolete items and adjusts accordingly. The Company's inventory consists of finished and raw material product.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 - Property and Equipment

At March 31, 2011 and September 30, 2010, property and equipment are comprised of the following:

	<u>March 31,</u> <u>2011</u>	<u>September 30,</u> <u>2010</u>
Furniture and Office Equipment	\$ 83,687	\$ 83,687
Computer Software	14,080	14,080
Machinery and Equipment	68,942	68,942
Less: Accumulated Depreciation	(115,907)	(104,436)
Net Property & Equipment	\$ 50,802	\$ 62,273
Depreciation Expense	\$ 11,471	\$ 23,255

Depreciation for the three months ended March 31, 2011 and 2010 was \$11,471 and \$11,784, respectively.

Note 6 – Business Combination and Related Party Transactions

On April 30, 2007, the Company purchased, through a business combination, all of the issued and outstanding membership interests of Griffin Filters LLC, (“Griffin”) a company established since 1971 and engaged in the design, engineering & supplying of industrial air filtration equipment from its President. Aron Govil, the Chairman, Chief Executive Officer, Treasurer and President of the Company, was the owner of 100% of the issued and outstanding membership interests of Griffin. The Company purchased 100% ownership in Griffin for a purchase price of \$2,750,000.00. The Company completed the Griffin purchase by (i) paying cash of \$700,000; (ii) issuing 20,000,000 shares of common stock valued at \$750,000; and (iii) issuing a four year convertible debenture in the amount of \$1,300,000 (see Note 7). Griffin had sales and net income of \$3,297,409 and \$145,981 respectively for fiscal year ended September 30, 2006. Griffin is now a wholly-owned subsidiary of the Company.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company recorded the combination of Griffin Filters, LLC as a “As is Pooling” because of the related party interest as follows:

Accounts Receivable	\$ 530,506
Inventory	49,668
Property & Equipment, Net	67,018
Other Assets	4,225
Accounts Payable	(600,348)
Additional Paid-in-Capital	2,698,931
Total	\$ 2,750,000

In addition, the Company had the following related party transactions:

- The Company leases space from Ducon Technologies, a related party, on a month to month basis.

Note 7 – Note Payable Shareholder

Notes Payable to shareholders and related parties total \$824,696 and accrues interest at 5% per annum.

Note 8 – Convertible Debenture

On September 8th, 2009, Centrex, Inc. entered into a letter agreement with Arun Govil, the Chairman, Chief Executive Officer, Treasurer and President of the Company. Pursuant to the letter agreement Arun Govil agreed to cancel the convertible promissory note, held by him, dated April 30, 2007. The principal balance of the Note was \$1,300,000. Pursuant to the terms of the Note, the Outstanding Amount was convertible into 30,000,000 shares of the Company’s common stock. Pursuant to the letter agreement, in return for cancelling the Note, the Company issued Arun Govil 2,500,000 shares of common stock of the Company, par value \$0.001 and 1,000,000 shares of Series A Preferred Stock of the Company, par value \$0.001 per share. Mr. Govil agreed to forfeit 27,500,000 shares of common stock issuable as per the original terms of the Note.

Note 9 – Bank Line of Credit

On Feb 1, 2010, Centrex entered into a \$250,000 Commercial line of Credit with JP Morgan Chase Bank. The note carries a variable interest rate at 3.75% over the LIBOR rate. Accrued interest and fees are payable monthly, with the entire principle balance due at maturity on February 1, 2011. This note was extended for another year.

Note 10 – Convertible Note, net of Discount and Derivative Liability

On Feb 12, 2010, Centrex issued a \$50,000 convertible debenture to an unrelated third party, Asher Enterprises Inc., that beared interest at 8% per year and maturedon December 12, 2010. The convertible note was retired during the three months ended December 31, 2010..

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Per EITF 00-19, paragraph 4, this convertible note did not meet the definition of a “conventional convertible debt instrument” since the debt was not convertible into a fixed number of shares. The debt could have been converted into common stock at a conversion price that is a percentage of the market price; therefore, the number of shares that could be required to be delivered upon “net-share settlement” was essentially indeterminate. Therefore, the convertible debenture is considered “non-conventional,” which means that the conversion feature must be bifurcated from the debt and shown as a separate derivative liability. The Company recognized a derivative liability of \$32,655 on February 12, 2010, with an offset to debt discount in the same amount.

Note 11– Stockholders’ Equity

Series A Preferred Stock

The Company is authorized to issue 10,000,000 shares of Series A Preferred Stock, \$0.001 par value. As of September 30, 2010 and September 30, 2009, there were 1,000,000 shares issued and outstanding, respectively.

Each issued and outstanding Series A Preferred Share shall be entitled to the number of votes equal to the result of: (i) the number of shares of common stock of the Company issued and outstanding at the time of such vote multiplied by 1.01; divided by (ii) the total number of Series A Preferred Shares issued and outstanding at the time of such vote, at each meeting of shareholders of the Company with respect to any and all matters presented to the shareholders of the Company for their action or consideration, including the election of directors. Holders of Series A Preferred Shares shall vote together with the holders of Common Shares as a single class.

On September 8th, 2009, the Company issued 1,000,000 Series A Preferred Shares to Arun Govil, the Chairman, Chief Executive Officer, Treasurer and President of the Company, in conjunction with the of the conversion of a convertible note (see Note 7).

Common Stock

The Company is authorized to issue 60,000,000 shares of common stock, \$0.001 par value. As of September 30, 2010 and 2009, there were 39,822,862 and 39,722,862 shares issued and outstanding, respectively.

On September 8th, 2009, the Company issued 2,500,000 common shares to Arun Govil, the Chairman, Chief Executive Officer, Treasurer and President of the Company, in conjunction with the of the conversion of a convertible note (see Note 7). In addition, the Company issued 2,895,000 common shares for cash totaling \$8,525.

During March, 2010 the Company issued 100,000 common shares for services totaling \$24,000.

Note 12 – Commitments & Contingencies

Lease Obligations

The Company leases its principal office at Farmingdale, New York, 4000 square feet of office and warehouse/shop space in a single story commercial structure on a month to month lease from Ducon Technologies Inc., at a monthly rental of \$2,157.

Centrex Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's subsidiary Griffin Filters LLC leases approx. 10,000 sq. ft. of office and warehouse space in Liverpool, New York from a third party in a five year lease at a monthly rent of \$4,225 expiring on March 31, 2012. Effective May 1,2010 , with the same lease contract but less area of footage, the new monthly rent is now \$2,850.00.

Legal Proceedings

The Company is not currently involved in any lawsuits or litigation.

A Demand for Arbitration was filed on December 19, 2009 by Sindicatum Carbon Technology Limited, a U.K. company before the JAMS arbitration and mediation society in New York City. In the JAMS claim, SCT alleged breaches of contract by the Company. The Company filed counter claims against SCT for breaches of contract. A parallel action was filed by SCT before the Court of Arbitration and Mediation in the Chamber of Commerce and Industry of Geneva (the "Geneva Claim"). In early December, 2010, SCT and the Company agreed to settle all matters in dispute between them without the payment or money or other consideration by either side. The JAMS Claim and the Geneva Claim were each discontinued, with prejudice. As of September 30, 2010 the Company charged off as a bad debt the balance of \$488,237 which was recorded as due from SCT relating to this contract.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

FORWARD-LOOKING STATEMENTS

Statements in this report may be "forward-looking statements." Forward-looking statements include, but are not limited to, statements that express our intentions, beliefs, expectations, strategies, predictions or any other statements relating to our future activities or other future events or conditions. These statements are based on current expectations, estimates and projections about our business based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may, and are likely to, differ materially from what is expressed or forecasted in the forward-looking statements due to numerous factors, including those described above and those risks discussed from time to time in this report, including the risks described under "Risk Factors" in our Form 10 filed June 19, 2008 and any risks described in any other filings we make with the SEC. Any forward-looking statements speak only as of the date on which they are made, and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this report.

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. On an on-going basis, we evaluate these estimates, including those related to useful lives of real estate assets, cost reimbursement income, bad debts, impairment, net lease intangibles, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. There can be no assurance that actual results will not differ from those estimates.

OVERVIEW

Cemtrex Inc. ("Cemtrex" or the "Company") is a Delaware corporation that designs, engineers, assembles and sells emission monitoring equipment and instruments through its MIP division to measure opacity, mercury, sulfur oxides, hydrocarbons, nitrogen oxides, ammonia, carbon dioxide and oxygen in flue gases discharging the stacks in industries such as: chemicals, pulp and paper, steel, power, cement, coal and petrochemical. Cemtrex provides consulting services on projects that create carbon credits, and also markets technologies for controlling greenhouse gases such as Methane from coal mines. The Company sells energy efficiency product called Green DCV, which creates energy efficiency in an existing HVAC system in commercial and industrial facilities by monitoring carbon dioxide levels. The Company sells air filtration and environmental control products through its subsidiary Griffin Filters Llc and Cemtrex India Pvt. Ltd.

On April 27, 1998, the Company was incorporated in the state of Delaware under the name "Diversified American Holdings, Inc." The Company subsequently changed its name to "Cemtrex Inc." on December 16, 2004.

The Company designs, engineers, assembles and sells emission monitoring equipment and instruments to the chemicals, pulp and paper, steel, power, coal and petrochemical industries, as well as to municipalities, hospitals, and state and federal governments. Our emission monitoring systems are installed at the exhaust stacks of industrial facilities and are used to measure the outlet flue gas concentrations of regulated pollutants, such as sulfur dioxide, hydrogen chloride, hydrogen sulfide, nitrous oxides, ammonia, nitrogen oxide, carbon dioxide, carbon monoxide and other regulated pollutants. Through use of our equipment and instrumentation, our clients can monitor the exhausts to the atmosphere from their facilities and comply with Environmental Protection Agency and state and local emission regulations on dust, particulate, fumes, acid gases and other regulated pollutants into the atmosphere.

The Company also provides consulting services and technologies for carbon credit projects from abatement of greenhouse gases and assists project owners in selling of carbon credits globally. Carbon Credits are emission offsets that are generated from greenhouse gases abatement, renewable energy such as solar & wind, and energy efficiency projects which displace carbon emissions from traditional fossil fuel sources like coal, oil or gas with the subsequent reduction in greenhouse gas emissions. Companies, agencies and governments buy, sell, bank and trade Carbon Credits called Certified Emission Reductions or CERs. Cemtrex provides consulting services for such projects and arranges for investment equity and the sales of CERs for its customers. Company also markets MCDR technology for generating carbon credits from control of Methane from coal mines.

The Company has recently developed an energy efficiency product line named Green DCV, which provides energy efficiency in HVAC systems for commercial buildings and industrial installations. Cemtrex's Green-DCV system uses carbon dioxide (CO₂) sensors to monitor CO₂ levels inside a building, and then regulate the HVAC air-handling system to save energy and improve air quality. Cemtrex's Green-DCV can provide significant energy savings in buildings where occupancy fluctuates during a 24-hour period, such as: office buildings, government facilities, shopping malls, movie theaters, restaurants & schools.

The Company through its subsidiary Griffin Filters provides a complete line of air filtration and environmental control equipment to industries such as: chemical, cement, steel, food, construction, mining, & petrochemical. Griffin's equipment is used to: (i) remove dust, corrosive fumes, mists, hydrocarbons, volatile organic compounds, submicron particles and particulate from industrial exhausts and boilers; (ii) clean noxious and acid gases such as sulfur dioxide, hydrogen chloride, hydrogen sulfide, chlorides, and organics from industrial exhaust stacks prior to discharging to the atmosphere; (iii) control emissions of coal, dust, sawdust, phosphates, flyash, cement, carbon black, soda ash, silica, etc. from construction facilities, mining operations and dryer exhausts. The Company has also set up a subsidiary Cemtrex India Private Ltd., in India to sell environment control equipment & systems along with emission monitoring products to industrial clients in India and nearby countries.

INDUSTRY BACKGROUND

The market for environmental control systems and emission monitoring technologies is directly dependent upon governmental regulations and their enforcement. During the past three decades, federal, state and local governments have realized the contaminated air poses significant threats to public health and safety, and, in response, have enacted legislation designed to curb emissions of a variety of air pollutants. Management believes that the existence of governmental regulations creates demand for Company's emission monitoring equipment and environmental control systems.

These governmental regulations affect nearly every industrial activity. The principal federal legislation that was created is the Clean Air Act of 1970, as amended 9th Clean Air Act). This legislation requires compliance with ambient air quality standards and empowers the Environmental Protection Agency (EPA) to establish and enforce limits on the emissions of various pollutants from specific types of facilities. The states have primary responsibility for implementing these standards and, in some cases, have adopted standards more stringent than those established by the EPA. In 1990, amendments to the Clean Air Act were adopted which address, among other things, the country acid rain problem by imposing strict control on the emissions of sulfur dioxide from power plants. During 1997, EPA approved regulations for ozone related emissions and in 1998 EPA issued regulations requiring utilities in 22 states to significantly reduce Nitrogen oxides emissions.

According to certain scientists, the Earth's surface has risen in temperature by about 1 degree Fahrenheit in the past century. There is increasing evidence that certain human activities are contributing to this change in temperature through activities that increase the levels of greenhouse gases, primarily carbon dioxide, methane, and nitrous oxide, in the atmosphere. Greenhouse gases trap heat that would normally escape back into the atmosphere, thus increasing the earth's natural greenhouse effect and increasing temperature over time.

The earth's climate is predicted by certain scientists to change because human activities are altering the chemical composition of the atmosphere through the buildup of greenhouse gases—primarily carbon dioxide (CO₂), methane (CH₄), and nitrous oxide (NO_x). The heat-trapping property of these gases is undisputed. Although uncertainty exists about exactly how earth's climate responds to these gases, global temperatures are rising.

EPA Clean Air market Programs

EPA's Clean air market programs include various market-based regulatory programs designed to improve air quality. Clean air markets include various market-based regulatory programs designed to improve air quality by reducing outdoor concentrations of fine particles, sulfur dioxide, nitrogen oxides, mercury, ozone and other significant air emissions. The most well-known of these programs are EPA's Acid Rain Program and the NO_x Trading Programs, which reduce emissions of sulfur dioxide (SO₂) and nitrogen oxides (NO_x)—compounds produced by fossil fuel combustion.

Acid Rain Program

The goal of the Acid Rain Program is to achieve significant environmental and public health benefits through reductions in emissions of sulfur dioxide (SO₂) and nitrogen oxides (NO_x), the primary causes of acid rain. To achieve this goal at the lowest cost to society, the program employs both traditional and innovative, market-based approaches for controlling air pollution. In addition, the program encourages energy efficiency and pollution prevention.

"Acid rain" is a broad term referring to a mixture of wet and dry deposition (deposited material) from the atmosphere containing higher than normal amounts of nitric and sulfuric acids. The precursors, or chemical forerunners, of acid rain formation result from both natural sources, such as volcanoes and decaying vegetation, and man-made sources, primarily emissions of SO₂ and NO_x resulting from fossil fuel combustion. In the United States, roughly 2/3 of all SO₂ and 1/4 of all NO_x come from electric power generation that relies on burning fossil fuels, like coal. Acid rain occurs when these gases react in the atmosphere with water, oxygen, and other chemicals to form various acidic compounds. The result is a mild solution of sulfuric acid and nitric acid. When sulfur dioxide and nitrogen oxides are released from power plants and other sources, prevailing winds blow these compounds across state and national borders, sometimes over hundreds of miles.

NOx Trading Program

The goal of the NOx Trading Program is to reduce the transport of ground-level ozone across large distances. The Ozone Transport Commission (OTC) NO_x Budget Program was implemented from 1999 to 2002 and was replaced by the NO_x Budget Trading Program—also known as the "NO_x SIP Call"—in 2003. The NO_x SIP Call Program is a market-based cap and trade program created to reduce emissions of nitrogen oxides (NO_x) from power plants and other large combustion sources in the eastern United States. NOx is a prime ingredient in the formation of ground-level ozone (smog), a pervasive air pollution problem in many areas of the eastern United States. The NO_x Budget Trading Program was designed to reduce NO_x emissions during the warm summer months, referred to as the ozone season, when ground-level ozone concentrations are highest.

Clean Air Interstate Rule (CAIR)

On March 10, 2005, EPA issued the Clean Air Interstate Rule (CAIR). This rule provides states with a solution to the problem of power plant pollution that drifts from one state to another. CAIR covers 28 eastern states and the District of Columbia. The rule uses a cap and trade system to reduce the target pollutants—sulfur dioxide (SO₂) and nitrogen oxides (NO_x)—by 70 percent.

The goal of the Clean Air Interstate Rule (CAIR) is to permanently cap emissions of SO₂ and NO_x in the eastern U.S. States must achieve the required emission reductions using one of two compliance options: (1) meet the state's emission budget by requiring power plants to participate in an EPA-administered interstate cap and trade system, or (2) meet an individual state emissions budget through measures of the state's choosing.

Clean Air Mercury Rule (CAMR)

On March 15, 2005, EPA issued the Clean Air Mercury Rule (CAMR) to permanently cap and reduce mercury emissions from coal-fired power plants for the first time ever. This rule makes the United States the first country in the world to regulate mercury emissions from utilities.

The goal of the Clean Air Mercury Rule (CAMR) is to reduce mercury emissions from coal-fired power plants through "standards of performance" for new and existing utilities and a market-based cap and trade program.

CAMR establishes "standards of performance" limiting mercury emissions from new and existing coal-fired power plants, and creates a market-based cap and trade program that will reduce nationwide utility emissions of mercury in two distinct phases. The first phase cap is 38 tons and emissions will be reduced by taking advantage of "co-benefit" reductions—that is, mercury reductions achieved by reducing sulfur dioxide (SO₂) and nitrogen oxides (NO_x) emissions under Clean Air Interstate Rule (CAIR). In the second phase, due in 2018, coal-fired power plants will be subject to a second cap, which will reduce emissions to 15 tons upon full implementation.

EPA Emission Monitoring Requirements

EPA's emissions monitoring requirements are designed to ensure the compliance with its current regulations pursuant to various programs. The emission monitoring requirements ensure that the emissions data collected is of a known, consistent, and high quality, and that the mass emissions data from source to source are collected in an equitable manner. This is essential to support the Clean Air Markets Program's mission of promoting market-based trading programs as a means for solving air quality problems

Continuous emissions monitoring (CEM) is instrumental in ensuring that the mandated reductions of SO₂, NO_x mercury and other pollutants are achieved. While traditional emissions limitation programs have required facilities to meet specific emissions rates, the current Program requires an accounting of each ton of emissions from each regulated unit. Compliance is then determined through a direct comparison of total annual emissions reported by CEM and allowances held for the unit.

CEM is the continuous measurement of pollutants emitted into the atmosphere in exhaust gases from combustion or industrial processes. EPA has established requirements for the continuous monitoring of SO₂, volumetric flow, NO_x, diluent gas, and opacity for units regulated under the Acid Rain Program. In addition, procedures for monitoring or estimating carbon dioxide (CO₂) are specified. The CEM rule also contains requirements for equipment performance specifications, certification procedures, and recordkeeping and reporting.

The Acid Rain Program uses a market-based approach to reduce SO₂ emissions in a cost-effective manner. (One allowance is an authorization to emit 1 ton of SO₂ during or after a specified calendar year; a utility may buy, sell, or hold allowances as part of its compliance strategy.) Complete and accurate emissions data are key to implementing this market-based approach.

An essential feature of smoothly operating markets is a method for measuring the commodity being traded. The CEM data supplies the gold standard to back up the paper currency of emissions allowances. The CEM requirement, management believes, instills confidence in the market-based approach by verifying the existence and value of the traded allowance.

The owner or operator of a unit regulated under the Acid Rain Program must install CEM systems on the unit unless otherwise specified in the regulation. CEM systems include:

- An SO₂ pollutant concentration monitor.
- A NO_x pollutant concentration monitor.
- A volumetric flow monitor.
- An opacity monitor.
- A diluent gas (O₂ or CO₂) monitor.
- A computer-based data acquisition and handling system (DAHS) for recording and performing calculations with the data.

All CEM systems must be in continuous operation and must be able to sample, analyze, and record data at least every 15 minutes. All emissions and flow data will be reduced to 1-hour averages. The rule specifies procedures for converting the hourly emissions data into the appropriate units of measure.

The following is a summary of monitoring method requirements and options:

- All existing coal-fired units serving a generator greater than 25 megawatts and all new coal units must use CEMs for SO₂, NO_x, flow, and opacity.
- Units burning natural gas may determine SO₂ mass emissions by: (1) measuring heat input with a gas flowmeter and using a default emission rate; or (2) sampling and analyzing gas daily for sulfur and using the volume of gas combusted; or (3) using CEMs.
- Units burning oil may monitor SO₂ mass emissions by one of the following methods:
 1. daily manual oil sampling and analysis plus oil flow meter (to continuously monitor oil usage)
 2. sampling and analysis of diesel fuel oil as-delivered plus oil flow meter
 3. automatic continuous oil sampling plus oil flow meter
 4. SO₂ and flow CEMs.
- Gas-fired and oil-fired base-loaded units must use NO_x CEMs.

- Gas-fired peaking units and oil-fired peaking units may either estimate NO_x emissions by using site-specific emission correlations and periodic stack testing to verify continued representativeness of the correlations, or use NO_x CEMS. The emission correlation method has been significantly streamlined in the revised rule.
- All gas-fired units using natural gas for at least 90 percent of their annual heat input and units burning diesel fuel oil are exempt from opacity monitoring.

For CO₂ all units can use either (1) a mass balance estimation, or (2) CO₂ CEMS, or (3) O₂ CEMS in order to estimate CO₂ emissions.

PRODUCTS

The Company's MIP division offers a range of products and systems, incorporating diverse technologies, to address the needs of a wide variety of industries and their environmental regulations. Management believes that the Company provides a single source responsibility for design, engineering, assembly, installation and maintenance of systems to its customers. The Company's products are designed to operate so as to allow its users to determine their compliance with the latest governmental emissions regulations. The Company's products measure the concentrations of various regulated pollutants in the flue gases discharging the exhaust stacks at various utilities and industries.

The MIP division's current products include the following:

Opacity monitor: Compliance & non-compliance types

Management believes that the Company's Laser Opacity monitor provides the highest accuracy and long-term reliability available for stack opacity and dust measurements. An EPA-compliant monitoring system, the monitor is a lightweight, efficient solution for determining opacity or dust concentration in stack gases. Proven in many installations worldwide, it advances the state of opacity monitoring with higher levels of accuracy, flexible installation and reduced long-term maintenance

Extractive Continuous Emission Monitors (CEMS)

Cemtrex provides direct-extractive and dilution-extractive CEMS equipment & systems that are applicable for utilities, industrial boilers, FGD systems, SCR-NO_x control, furnaces, gas turbines, process heaters, incinerators, and process controls. In addition to traditional CEMS designed for maximum reliability and minimal maintenance in monitoring criteria pollutants, the Company can also accurately quantify other gaseous compounds through in-situ or extractive FTIR systems. The Company's Extractive CEMS can be configured to monitor for one or all of the following: • NO_x • SO₂ • CO₂ • O₂ • CO • THC • Mercury • H₂S • HCl & HF Acid • NH₃ • Particulate • Opacity •

Volumetric Flow and Moisture.

Ammonia Analyzer

The flue gas stream which contain ammonia, nitrogen oxides and in some cases sulfur dioxide utilize Ultra Violet radiation techniques for measurements. All these components absorb UV radiation, and therefore can be monitored by process analyzers that utilize UV absorbance techniques for detection.

Mercury Analyzer

The EPA Clean Air Mercury rule requires that all coal fired power plants must provide continuous mercury monitoring and Management believes that Cemtrex's SM4 mercury monitor, a result of 10 years experience in mercury monitoring business, provides reliable online measurements at a much lower cost than any other competing model in the market. Cemtrex SM4 is the first instrument working on a thermo catalytic principle avoiding wet chemical sample treatment. As a consequence, the Company has found that maintenance demand has been drastically minimized. We believe that it is the only monitor that required no maintenance at a coal fired utility wet stack, no carrier gases, no water and 95% data availability. SM4 uses straight extractive Teflon sheathed Hastelloy probe with no plugging or corrosion.

The Company also markets an energy efficiency product line named Green DCV, which provides energy efficiency in HVAC systems for commercial buildings and industrial installations. Centrex's Green-DCV system uses carbon dioxide (CO₂) sensors to monitor CO₂ levels inside a building, and then regulate the HVAC air-handling system to save energy and improve air quality. Centrex Green-DCV can provide significant energy savings in buildings where occupancy fluctuates during a 24-hour period, such as: office buildings, government facilities, shopping malls, movie theaters, restaurants & schools.

The Company through its subsidiary, Griffin Filters, provides a complete line of air filtration and environmental control equipment to industries such as: chemical, cement, steel, food, construction, mining, & petrochemical. Griffin's equipment is used to: (i) remove dust, corrosive fumes, mists, hydrocarbons, volatile organic compounds, submicron particles and particulate from industrial exhausts and boilers; (ii) clean noxious and acid gases such as sulfur dioxide, hydrogen chloride, hydrogen sulfide, chlorides, and organics from industrial exhaust stacks prior to discharging to the atmosphere; (iii) control emissions of coal, dust, sawdust, phosphates, flyash, cement, carbon black, soda ash, silica, etc. from construction facilities, mining operations and dryer exhausts.

SUPPLIERS

The Company is not dependent on, nor expects to become dependent on, any one or a limited number of suppliers. The Company buys parts and components to assemble its equipment and products. The Company does not manufacture or fabricate its own products or systems. The Company relies on sub-suppliers and third party vendors to procure from or fabricate its components based on its design, engineering and specifications. The Company also enters into subcontracts for field installation, which the Company supervises; and the Company manages all technical, physical and commercial aspects of the performance of the Company contracts. To date, the Company has not experienced difficulties either in obtaining fabricated components and other materials and parts or in obtaining qualified subcontractors for installation work.

PARTS, REPAIR AND REFURBISHMENT SERVICES

The Company also provide replacement and spare parts and repair and refurbishment services for our emission monitoring systems following the expiration of our warranties which generally range up to 12 months. The Company has experienced only minimal costs from its warranties.

The Company's standard terms of sale disclaim any liability for consequential or indirect losses or damages stemming from any failure of our products or systems or any component thereof. The Company seeks indemnification from its subcontractors for any loss, damage or claim arising from the subcontractors' failure to perform.

COMPETITION

The Company faces substantial competition in each of its principal markets. Most of its competitors are larger and have greater financial resources than the Company; several are divisions of multi-national companies. The Company competes on the basis of price, engineering and technological expertise, know-how and the quality of our products, systems and services. Additionally, the Company's management believes that the successful performance of the Company's installed products and systems is a key factor in gaining business as customers typically prefer to make significant purchases from a company with a solid performance history.

We obtain virtually all our contracts through competitive bidding. Although price is an important factor and may in some cases be the governing factor, it is not always determinative, and contracts are often awarded on the basis of the efficiency or reliability of products and the engineering and technical expertise of the bidder. Several companies market products that compete directly with our products. Other companies offer products that potential customers may consider to be acceptable alternatives to our products and services. We face direct competition from companies with far greater financial, technological, manufacturing and personnel resources, including Thermo Fisher Scientific Inc., Tekran Instruments Corporation, Altech Environment USA, Shaw Group, and Horiba Instruments Inc. in the emissions monitoring business.

INTELLECTUAL PROPERTY

Over the years, the Company has developed proprietary technologies that give us an edge in competing with its competitors. Thus, the Company relies on a combination of trade secrets and know-how to protect its intellectual property. The Company has not filed any patents.

MARKETING

The Company relies on manufacturing representatives, distributors, direct salespersons, magazine advertisements, internet advertising, trade shows, trade directories and catalogue listings to market our products and services. The Company uses more than eight manufacturing sales representatives in the United States backed by our senior management and technical professionals. The Company's arrangements with independent sales representatives accord each a defined territory within which to sell some or all of our products and systems, provide for the payment of agreed-upon sales commissions and are terminable at will. The Company's sales representatives do not have authority to execute contracts on the Company's behalf.

The Company's sales representatives also serve as ongoing liaison function between us and our customers during the installation phase of our products and systems and address customers' questions or concerns arising thereafter. The Company selects representatives based upon industry reputation, prior sales performance including number of prospective leads generated and sales closure rates, and the breadth of territorial coverage, among other criteria.

Technical inquiries received from potential customers are referred to our engineering personnel. Thereafter, the Company's sales and engineering personnel jointly prepare a budget for future planning, a proposal, or a final bid. The period between initial customer contact and issuance of an order is generally between two and twelve months.

CUSTOMERS

The Company's principal customers are engaged in refining, power, chemical, mining and metallurgical processing. Historically, most of our customers have purchased individual products or systems which, in many instances, operate in conjunction with products and systems supplied by others. For several years, the Company has marketed its products as integrated custom engineered emission monitoring systems and environmental management solutions. No one single customer accounts for a large percentage of our annual sales.

On most projects, the Company is responsible to its customers for all phases of the design, assembly, supply and, if included, field installation of its products and systems. The successful completion of a project is generally determined by a successful operational test of the supplied equipment conducted by our field service technician in the presence of the customer.

TECHNOLOGY

The Company has developed a broad range of emission monitoring technological base. The Company's equipment and instruments are used to measure: (i) particulate, carbon dioxide, nitrogen oxides, mercury and sulfur dioxide from coal-fired power plants, (ii) particulate from cement plants, (iii) hydrocarbons, particulate and sulfur dioxide from refineries, (iv) hydrogen sulfide, carbon monoxide, ammonia, hydrocarbons and other regulated pollutants from chemical plants, steel plants, incinerators and other industrial exhausts. Our emission monitors are capable of meeting all current federal and local emission monitoring standards. Company also markets technologies for control of Methane from coal mines and creating energy efficiency in HVAC systems through monitoring of carbon dioxide for commercial buildings and industrial installations. The Company has not filed any patents with respect to its technology.

BONDING AND INSURANCE

While only a very few of our contracts require the Company to procure bid and performance bonds, such requirements are prevalent for large projects or projects partially or fully funded by federal, state or local governments. A bid bond guarantees that a bidder will execute a contract if it is awarded the job and a performance bond guarantees performance of the contract. The Company does not presently have a bank credit line to back bid or performance bonds. Thus, the Company cannot bid on certain contracts.

In certain cases, the Company is able to secure large contracts by accepting progress payments with retention provisions in lieu of bonds.

The Company currently maintains different types of insurance, including general liability and property coverage. The Company does not maintain product liability insurance with respect to its products and equipment. Management believes that the insurance coverage that it is adequate for our current business needs.

GOVERNMENT REGULATION

Significant environmental laws, particularly the Federal Clean Air Act, have been enacted in response to public concern about the environment. The Company believe that compliance with and enforcement of these laws and regulations create the demand for our products and systems and largely determine the level of expenditures that customers will make to monitor the emissions from their facilities. The Federal Clean Air Act, initially adopted in 1970 and extensively amended in 1990, requires compliance with ambient air quality standards and empowers the EPA to establish and enforce limits on the emission of various pollutants from specific types of industrial facilities. States have primary responsibility for implementing these standards, and, in some cases, have adopted more stringent standards.

The 1990 amendments to the Federal Clean Air Act require, among other matters, reductions in the emission of sulfur oxides, believed to be the cause of "acid rain," in the emission of 189 identified hazardous air pollutants and toxic substances and the installation of equipment and systems which will contain certain named toxic substances used in industrial processes in the event of sudden, accidental, high-volume releases. Such amendments also extend regulatory coverage to many facilities previously exempt due to their small size and require the EPA to identify those industries which will be required to install the mandated control technology for the industry to reduce the emission of hazardous air pollutants from their respective plants and facilities. The Montreal Protocol, adopted in 1987, as well as EPA regulations issued in 1992, call for the phase-out of CFCs. In addition, regulations promulgated by the EPA in 1993 further limit the concentration of pollutants, such as hydrogen chloride, sulfur dioxide, chlorine, heavy metals and hazardous solid substances in the form of extremely fine dust, from sewage sludge incinerators. Sewage sludge facilities are required to comply with these regulations. Compliance with all these regulations can only be achieved by first monitoring the pertinent emission levels.

EMPLOYEES

The Company employs twelve (12) full time and four part time employees, consisting of three executive officers, three managers, four (4) technical engineers, and two clerical and administrative support persons. None of our employees are represented by a labor union. In addition, the Company utilizes commission sales personnel and contract design engineers, on an as needed basis. There are no employment agreements.

FACILITIES

The Company does not own any real estate. The Company leases its principal office at Farmingdale, New York, 4000 square feet of office and warehouse/shop space in a single story commercial structure on a month to month lease from Ducon Technologies Inc., at a monthly rental of 2,157.00. The Company's subsidiary Griffin Filters LLC leases approx. 10,000 sq. ft. of office and warehouse space in Liverpool, New York from a third party in a five year lease at a monthly rent of \$ 2,850.00 expiring on March 30, 2012. The Company's Indian subsidiary leases approx. 5000 sq. ft. of office and warehouse space in Mumbai, India from a third party on a month to month basis at a monthly rent of \$570. The Company has no plans to acquire any property in the immediate future. The Company believes that its current facilities are adequate for its needs through the next six months, and that, should it be needed, suitable additional space will be available to accommodate expansion of the Company's operations on commercially reasonable terms, although there can be no assurance in this regard. There are no written agreements.

FINANCIAL CONDITION

The following table sets forth selected historical consolidated financial data from our consolidated financial statements and should be read in conjunction with our consolidated financial statements including the related notes and this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section hereof.

For the six month period ended March 31, 2011, we generated revenues of \$5,075,803 which is an increase of \$3,169,172 from the six month period ended March 31, 2010. For the six month period ended March 31, 2011, we generated a net profit of \$385,101. For the six month period ended March 31, 2010, we had a net loss of (\$190,216). The following table summarizes these results:

	For the Six Months Ended March 31	
	2011	2010
Revenues	5,075,803	\$ 1,906,631
Operating Expenses	801,137	\$ 1,187,945
Net Income (Loss)	385,101	\$ (190,216)
Income (Loss) Per Share-Basic and Diluted	0.01	\$ (0.00)
Weighted Average Number of Shares	39,822,862	39,872,862

	As at March 31 2011	As at September 30 2010
	Current Assets	4,578,840
Total Assets	4,633,867	\$ 1,231,255
Total Liabilities	5,165,162	\$ 2,147,651
Total Stockholders' Equity (Deficit)	(531,295)	\$ (916,396)

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following discussion and analysis is based upon our consolidated financial statements that have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses, and assets and liabilities during the periods reported. Estimates are used when accounting for certain items such as revenues, allowances for returns, early payment discounts, customer discounts, doubtful accounts, employee compensation programs, depreciation and amortization periods, taxes, inventory values, and valuations of investments, goodwill, other intangible assets and long-lived assets. We base our estimates on historical experience, where applicable and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions. We believe that the following critical accounting policies affect our more significant judgments and estimates used in preparation of our consolidated financial statements.

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We base our estimates on the aging of our accounts receivable balances and our historical write-off experience, net of recoveries.

We value our inventories at the lower of cost or market. We write down inventory balances for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based upon assumptions about future demand and market conditions.

Goodwill is reviewed for possible impairment at least annually or more frequently upon the occurrence of an event or when circumstances indicate that the Company's carrying amount is greater than the fair value. In accordance with SFAS 142, the Company examined goodwill for impairment and determined that the Company's carrying amount did not exceed the fair value, thus, there was no impairment.

Generally, sales are recognized when shipments are made to customers. Rebates, allowances for damaged goods and other advertising and marketing program rebates are accrued pursuant to contractual provisions and included in accrued expenses. A certain amount of our revenues fall under the percentage-of-completion method of accounting used for long-term contracts. Under this method, sales and gross profit are recognized as work is performed based on the relationship between actual costs incurred and total estimated costs at completion. Sales and gross profit are adjusted prospectively for revisions in estimated total contract costs and contract values. Estimated losses are recorded when identified.

RESULTS OF OPERATIONS

Three Month Period ending March 31, 2011 compared to Three Month Period ending March 31, 2010

Net Sales: Net sales for three months ended March 31, 2011 increased by \$2,238,993 or 221%, to \$3,254,170 from \$1,015,177 for the three months ended March 31, 2010 which made up 53% of net sales. Sales growth increased during the three month period ended March 31, 2011 primarily due to increased sales in Griffin and increased sales in Cemtrex – India, a subsidiary..

Gross Profit: Gross Profit for the three months ended March 31, 2011 was \$654,363 which made up 20% of net sales as compared to gross profit of \$540,949 for the three months ended March 31, 2010 which was 53% of net sales. The lower gross margin in the three months ended March 31, 2011 was a direct result of low profit margin jobs booked and shipped as compared to the previous quarter and also due to the direct results of low margin products mix shipped during the period.

Operating Expenses: Operating expenses for the three months ended March 31, 2011 decreased \$286,266 or 42%, to \$397,718 from \$683,984 for the three months ended March 31, 2010. Operating expenses as a percentage of sales decreased in the three month period ended March 31, 2011 to 12% from 67% in the three month period ended March 31, 2010. The decrease in operating expenses in the current quarter were primarily due to no marketing expenses for promoting Company's green DCV and ventilation air methane MCDR product lines.

Net Income/Loss: The Company had net profit of \$240,885 which was 7% of net sales, for the three month period ended March 31, 2011 as compared to a net loss of (\$153,855) for the three month ended March 31, 2010 which was 15% of net sales. The profit in the current quarter as compared to loss the previous quarter a year ago, was a result of none marketing expenses for promoting Company's green DCV and ventilation air methane MCDR product lines and higher gross profit on shipments made during the quarter. The net income percentage in this period as compared to the previous one was a result of higher gross margin sales and lower operating expenses due to none marketing expenses for promoting Company's green DCV and ventilation air methane MCDR product lines.

Six Month Period ending March 31, 2011 compared to Six Month Period ending March 31, 2010

Net Sales: Net sales for six months ended March 31, 2011 increased by \$3,169,172 or 166%, to \$5,075,803 from \$1,906,631 for the six months ended March 31, 2010. Sales growth increased during the six month period ended March 31, 2011 primarily due to increased sales in Griffin and increased sales in Cemtrex-India, a subsidiary

Gross Profit: Gross Profit for the six months ended March 31, 2011 was \$1,217,656 which made up 24% of net sales as compared to a gross profit of \$1,012,904 for the six months ended March 31, 2010 which made up 53% of net sales. The lower gross margin in the six months ended March 31, 2011 was a direct result of lower profit margin jobs booked and shipped as compared to the previous quarter and also due to the direct results of lower margin products mix shipped during the period.

Operating Expenses: Operating expenses for the six months ended March 31, 2011 decreased \$386,808, or 33%, to \$801,137 from \$1,187,945 for the six months ended March 31, 2010. Operating expenses as a percentage of sales decreased in the six month period ended March 31, 2011 to 16% from 62.% in the six month period ended March 31, 2010. The decrease in operating expenses in the six month period ending March 31, 2011 were primarily due to no marketing expenses for promoting Company's green DCV and ventilation air methane MCDR product lines.

Net Income/Loss: The Company had net profit of \$385,101 which was 8% of net sales, for the six month period ended March 31, 2011 as compared to a net loss of \$(190,216) for the six month ended March 31, 2010 which was 10% of sales. The profit in the six month period ending March 31, 2011 as compared to loss in the six month period ending March 31, 2010 was a result of none marketing expenses for promoting Company's green DCV and ventilation air methane MCDR product lines and decreased in operating expenses. .

Provision for Income Taxes: There is no provision for income tax for this period for the net income of \$240,885 due to company's net operating loss carryforwards.

EFFECTS OF INFLATION

The Company's business and operations have not been materially affected by inflation during the periods for which financial information is presented.

LIQUIDITY AND CAPITAL RESOURCES

Working capital was \$238,374 at March 31, 2011 compared to \$188,465 at September 30, 2010. This include cash and cash equivalent of \$36,876 at March 31, 2011 and \$41,139 at September 30, 2010, respectively. The reason for the increase in working capital was due to profitability of operations during this period

Trade receivables increased \$2,973,325 or 406% at March 31, 2011 to \$3,705,293 at March 31, 2010 from \$731,968 at September 30, 2010. The increase in accounts receivable is attributable to terms and timing of order shipments from customers and big contract by Griffin and added sales of Cemtrex-India, a subsidiary.

Inventories increased \$151,570 or 39% to \$539,198 at March 31, 2011 from \$387,628 at September 30, 2010. The increased inventory was due to timing of order shipment from customers and receipt of fresh inventories.

Continuing operations provided \$34,530 of cash for the three months ended March 31, 2011, compared to usage of \$510,175. The decrease in cash flows was primarily related to payments of account payable and collection of account receivables timing. Investing activities for continuing operations generated \$0 of cash during the three months ended March 31, 2011, compared to use of \$0 cash during the three months ended March 31, 2010. The financing activities during the three months ended March 31, 2011 used up \$30,267 in cash from repayment of loans to shareholder and provided \$178,706 in cash for the three month period ended March 31, 2010 from loan proceeds.

We believe that our cash on hand, cash generated by operations, is sufficient to meet the capital demands of our current operations during the 2011 fiscal year (ending September 30, 2011). Any major increases in sales, particularly in new products, may require substantial capital investment. Failure to obtain sufficient capital could materially adversely impact our growth potential.

OUTLOOK

We anticipate that the outlook for our products and services remains fairly strong and we are positioned well to take advantage of it.

We believe there is currently a gradually increasing public awareness of the issues surrounding air quality and that this trend will continue for the next several years. We also believe there is an increase in public concern regarding the effects of air quality on society and future generations, as well as an increase in interest by standards-making bodies in creating specifications and techniques for detecting, defining and solving air quality problems. As a result, we believe there will be an increase in interest in our mercury monitors, opacity monitors, carbon credits and air filtration products of subsidiary Griffin Filters. We currently also notice increased nationwide concern on energy efficiency and hence anticipate that there will be greater interest in our Green DCV products.

This Outlook section, and other portions of this document, include certain “forward-looking statements” within the meaning of that term in Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, including, among others, those statements preceded by, following or including the words “believe,” “expect,” “intend,” “anticipate” or similar expressions. These forward-looking statements are based largely on the current expectations of management and are subject to a number of assumptions, risks and uncertainties. Our actual results could differ materially from these forward-looking statements. Important factors to consider in evaluating such forward-looking statements include those discussed in Item 1A. Risk Factors of our Form 10K as well as:

- the shortage of reliable market data regarding the emission monitoring & air filtration market,
- changes in external competitive market factors or in our internal budgeting process which might impact trends in our results of operations,
- anticipated working capital or other cash requirements,
- changes in our business strategy or an inability to execute our strategy due to unanticipated changes in the market,
- product obsolescence due to the development of new technologies, and
- Various competitive factors that may prevent us from competing successfully in the marketplace.

In light of these risks and uncertainties, there can be no assurance that the events contemplated by the forward-looking statements contained in this Form 10-Q will in fact occur.

Item 3. Quantitative & Qualitative Disclosures about Market Risks

Not applicable.

Item 4. Controls and Procedures

Evaluation of Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive and financial officer, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the cost- benefit relationship of possible controls and procedures.

As of March 31, 2011, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Controls

There have been no changes in the Company's internal controls over financial reporting that occurred during the Company's last fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except that the Company increased its internal controls around the issuance and recording of common stock sales.

Limitations on the Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. The Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving its objectives. The Company's chief executive officer and principal financial officer concluded that the Company's disclosure controls and procedures are effective at that reasonable assurance level.

Part II Other Information

Item 1. Legal Proceedings

The Company is not currently a party to any threatened or pending legal proceedings, other than incidental litigation arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

Item 1A Risk Factors

Not required

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds:

Item 3. Defaults upon Senior Securities:

None

Item 5. Other Information:

None

Item 6. Exhibits

- 31.1 (2) Certification of Chief Executive Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 (2) Certification of Vice President of Finance and Principal Financial Officer as required by Rule 13a-14 or 15d-14 of the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1(2) Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 (2) Certification of Vice President of Finance and Principal Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CEMTREX, INC.

(Registrant)

Dated: May 16, 2011

By: /s/ Arun Govil

Arun Govil, Chairman of the Board,
Chief Executive Officer and
President (Principal Executive Officer)

Dated: May 16, 2011

By: /s/ Renato Dela Rama

Renato Dela Rama,
Vice President of Finance
(Principal Financial Officer)

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, I, Arun Govil, certify that:

1. I have reviewed this report on Form 10-Q of Centrex, Inc., for the quarterly period ended March 31, 2011;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15)) for the registrant's and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant's, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting, to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2011

/s/ Arun Govil

Arun Govil
Chief Executive Officer, Principle Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

Pursuant to Section 302 Of the Sarbanes-Oxley Act of 2002, I, Renato Dela Rama certify that:

1. I have reviewed this report on Form 10-Q of Centrex, Inc., for the quarterly period ended March 31, 2011;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15)) for the small business issuer and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting, to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2011

/s/ Renato Dela Rama

Renato Dela Rama
Principal Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Centrex, Inc. (the "Company") on Form 10-Q for the six month period ended March 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arun Govil, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Arun Govil

Arun Govil
Chief Executive Officer
and Principal Executive Officer
May 16, 2011

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Centrex, Inc. (the "Company") on Form 10-Q for the six month period ended March 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Renato Dela Rama, principal financial officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Renato Dela Rama

Renato Dela Rama
Principal Financial Officer
May 16, 2011

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.
