



2008 ANNUAL REPORT

A LETTER TO OUR SHAREHOLDERS AND FINANCIAL REPORTS



Primix Corporation

Maker of the World's First Hybrid Railroad Tie

Corporate Headquarters
Primix Corporation
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FELLOW SHAREHOLDERS:

This past year our North American Licensee Dynamic Composites, LLC continued to run sample product, we have maintained contact with our Chinese Joint Venture partner, our sales and marketing organization has been conducting research and developing tools to sell our crosstie globally, our Japanese patent was finalized, and corporate officers have been engaged in efforts to seek more capital or to sell the Company or its assets to a third party.

North American Licensee, Dynamic Composites, LLC

Dynamic Composites, LLC of Columbia City, Indiana continued production and distribution of sample crossties to the North American market during 2008. The production levels of our North American licensee are very low but detailed testing and evaluations continued. They have delivered samples to a major railroad supplier for evaluation. For information on royalty minimum commitments from Dynamic Composites please see our most current 15c2-11 posted to our web site. www.primix.com

Chinese Joint-Venture, Qingdao Maple Leaf Environmental Technologies, Inc.

Although, the previous joint venture was dissolved in 2007, we have maintained business dialogue with Yuan Qiang of Qingdao Yuantie Investment Management Inc. We currently have not restructured the joint venture. Primix does not have the resources/capital to invest in a restructured joint venture as proposed by Yuan Qiang. Primix is exploring alternatives to restructuring our joint venture in China.

Sales and Marketing, Primix International, Inc.

Our exclusive global sales and marketing organization, Primix International, Inc. is not actively marketing our railroad ties at this time. Primix International has discovered that the international market place is waiting on the acceptance of the railroad tie in the United States of America. Any further marketing will be deferred until there are more installations in the USA.

Patents

In April of 2008, we received patent protection for Japan and Mexico in February of 2008. We now have finalized patents in 18 countries.

Financing

Primix needs funds to finance the reorganization of the Chinese joint venture and to meet corporate overhead until sales and/or royalties from licensees are sufficient to meet the operating budget. In the short term, however, shareholder loans and funds from Primix International have been providing a portion of the operating budget. Primix has pledged assets of the corporation to collateralize these loans. We are not engaged in any negotiations or capital-raising efforts at this time and there can be no guarantee that any such efforts will be successful.

Financial Reporting Under 15c2-11

Our current 15c2-11 information statements may be found on our web site.

Most Sincerely,

Carl J. Fischer

Carl J. Fischer
Chairman of the Board, Emeritus

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ACCOUNTANT'S REPORT

Primix Corporation
Elkhart, Indiana

The accompanying balance sheets of **Primix Corporation** as of December 31, 2008 and 2007, and the related statements of income, stockholders' equity, and cash flows for the years then ended and the period from August 11, 1998 (inception) to December 31, 2008. These statements have not been audited. An accounting firm will be engaged to perform a compilation for the years ending December 31, 2008 and 2007 to provide statements in accordance with Generally Accepted Accounting Principles.

The financial statements referred to above present fairly, in all material respects, the financial position of **Primix Corporation** as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended and the period from August 11, 1998 (inception) to December 31, 2008.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 11 to the financial statements, the Company is a development stage company and may need additional capital to meet its cash requirements through December 31, 2009. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Sonja M. Gilman

Sonja M. Gilman
Treasurer

Elkhart, Indiana
August 31, 2009

PRIMIX CORPORATION
(A Development Stage Company)

BALANCE SHEETS
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,109	\$ 2,152
Accounts receivable	387	275
Notes receivable	3,989	3,989
Inventories	70,234	70,234
Prepaid expenses	217	813
Total current assets	79,936	77,463
Property and Equipment, at depreciated cost	2,866	7,460
Other Assets	91,748	92,113
	\$ 174,550	\$ 177,036
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Note payable	\$ 57,169	\$ 8,766
Accounts payable	35,310	169,692
Accrued expenses	6,192	2,910
Deferred License Fees	191,350	212,050
Total current liabilities	290,021	393,418
Long-Term Debt	120,732	145,948
Commitments and Contingencies		
Stockholders' Equity		
Common Stock	47,245	47,245
Additional paid-in capital	3,157,062	3,157,062
	3,204,307	3,204,307
Less stock subscriptions receivable	-	-
	3,204,307	3,204,307
Deficit accumulated during development stage	(3,440,510)	(3,566,637)
	(236,203)	(362,330)
	\$ 174,550	\$ 177,036

See Notes to Financial Statements.

PRIMIX CORPORATION
(A Development Stage Company)

STATEMENTS OF INCOME

Years Ended December 31, 2008 and 2007 and Period From August 11, 1998 (Inception) To December 31, 2008

	2008	2007	August 11, 1998 (Inception) to December 31, 2008
Revenues	\$ 71,132	\$ (27,710)	\$ 311,507
Expenses:			
Research and development	-	544,537	1,188,003
General and administrative	44,309	142,709	2,673,644
	44,309	687,246	3,861,647
Other Income and expenses:			
Interest income	1	1,292	7,457
Sales - miscellaneous income	-	-	20,217
Interest expense	(5,641)	(655)	(99,429)
Debt cancellation income	104,944	-	154,582
Office Salary/PR Tax Cancellation	-	-	72,186
China deposits recovered (lost)	-	-	(4,497)
Interest & storage equipment	-	-	(177,045)
Theft Loss	-	-	(12,305)
Gain on disposal of fixed assets	-	-	148,466
Net (loss)	\$ 126,127	\$ (714,319)	(3,440,508)
 (Loss) per common share	 \$ 0.00267	 \$ (0.01512)	 \$ (0.07282)

See Notes to Financial Statements.

Primix Corporation
(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2008 and 2007 and Period From August 11, 1998 (Inception)
To December 31, 2008

	Shares	Dollars	Additional Paid-In Capital	Stock Subscriptions Receivable	Common Stock Escrow	(Deficit) Accumulated During the Development Stage	Total
Balance, August 11, 1998	-	-	-	-	-	-	-
Proceeds from:							
Restricted issue, August 11, 1998 for subscriptions receivable:							
Officers and directors	8,400,000	8,400		(8,400)			-
Other individuals	1,600,000	1,600		(1,600)			-
Offering of August 11, 1998, net of issuance costs, for cash	1,090,000	1,090	64,491				65,581
Offering from November 30, 1998 through August 26, 1999, net of issuance costs, for cash	58,000	58	17,390				17,448
Net (loss)						(109,213)	(109,213)
Balance, December 31, 1998	11,148,000	11,148	81,881	(10,000)		(109,213)	(26,184)
Proceeds from:							
Offering from November 30, 1998 through August 26, 1999, net of issuance costs, for:							
Cash	1,203,000	1,203	354,764				355,967
Subscriptions receivable	500,000	500	49,500	(50,000)			-
Services rendered, at fair value of \$50,000	2,000,000	2,000	(2,000)				-
Offering from April 1, 1999 through October 26, 2000, net of issuance costs, for:							
Cash	148,700	149	126,993				127,142
Services rendered, at fair value of \$50,000	50,000	50	42,701				42,751
Services rendered, at fair value of \$13,500	13,500	14	11,529				11,543
Property and equipment, at fair value of \$47,500	47,500	47	40,566				40,613
Net (loss)						(324,250)	(324,250)
Balance, December 31, 1999	15,110,700	15,111	705,934	(60,000)		(433,463)	227,582
Private placement offering of April 1, 1999, (cont.) net of issuance costs, for:							
Cash	488,500	489	486,153				486,642
Services rendered, at fair value of \$200,000	200,000	200	199,800	(167,428)			32,572
Restricted issue, October 26, 2000:							
Cash	483,904	484	397,675				398,159
Services rendered, at fair value of \$23,000	27,824	28	22,866				22,894
Equipment, at fair value of \$74,000	89,522	89	73,571				73,660
Payment of subscriptions receivable				50,000			50,000
Patent and technology rights received in exchange for subscription receivable				6,900			6,900
Net (loss)						(622,358)	(622,358)
Balance, December 31, 2000	16,400,450	16,401	1,885,999	(170,528)		(1,055,821)	676,051

See Notes to Financial Statements

Primix Corporation
(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2008 and 2007 and Period From August 11, 1998 (Inception)
To December 31, 2008

	Shares	Dollars	Additional Paid-In Capital	Stock Subscriptions Receivable	Common Stock Escrow	(Deficit) Accumulated During the Development Stage	Total
Balance, December 31, 2000	16,400,450	16,401	1,885,999	(170,528)	-	(1,055,821)	676,051
Proceeds from:							
Private placement offering of February 13, 2001, net of issuance costs, for:							
Cash	20,000	20	19,980				20,000
Security purchase agreement of November 16, 2000 Mitsubishi International Corporation	625,000	625	499,375				500,000
Private placement offering of November 26, 2001 net of issuance costs, for:							
Escrow shares	2,000,000	2,000			(2,000)		-
Services rendered, at fair value of \$27,000			26,850		150		27,000
Cash			24,250		304		24,554
Issuance costs			(42,114)				(42,114)
Seniority Shares, at fair value of \$8,000	10,000	10	7,990				8,000
Equipment, at fair value of \$31,850	31,850	32	63,668				63,700
Payment of subscriptions receivable				99,999			99,999
Services rendered, at fair value of \$1,850				1,850			1,850
Payment of subscriptions receivable as write-off to note payable shareholder				1,177			1,177
Payment of subscriptions receivable in cash				73			73
Net (loss)						(907,592)	(907,592)
Balance, December 31, 2001	19,087,300	19,088	2,485,998	(67,429)	(1,546)	(1,963,413)	472,698
Proceeds from:							
Private placement offering of November 26, 2001 net of issuance costs, for:							
Escrow shares	(867,257)	(869)	18,986		1,546		19,663
Issuance costs			(613)				(613)
Payment of subscriptions receivable				67,429			67,429
Net (loss)						(347,875)	(347,875)
Balance, December 31, 2002	18,220,043	18,219	2,504,371	-	-	(2,311,288)	211,302
Seniority Shares, at fair value of \$8,000	10,000	10	7,990				8,000
Proceeds from:							
Acquisition of Stock of Maple Tree Technologies, Inc., net of issuance costs, for:							
Common Stock	25,000,000	25,000	610,000				635,000
Preferred Stock	2,931,496	2,932	71,528				74,460
Subscriptions receivable:				(709,460)			(709,460)
Private placement offering of March 14, 2003 net of issuance costs, for:							
Services rendered, at fair value of \$236,417:							
Common Stock	6,494,757	6,495	158,471				164,966
Preferred Stock	2,812,996	2,813	68,636				71,449
Cash \$10,000:							
Common Stock	275,200	275	6,715				6,990
Preferred Stock	118,500	119	2,891				3,010
Issuance costs			(709)				(709)
Net (loss)						(653,797)	(653,797)
Balance, December 31, 2003	55,862,992	55,862	3,429,894	(709,460)	-	(2,965,085)	(188,789)
Issuance costs			-				-
Net (loss)						(106,568)	(106,568)
Balance, December, 2004	55,862,992	55,862	3,429,894	(709,460)	-	(3,071,653)	(295,357)
Subscription paid from cash in QMLET				150,000			150,000
Subscription paid from return of stock	(8,617,855)	(8,617)	(210,277)	531,856			312,962
Subscription receivable per write-off of expenses				(34,744)			(34,744)
Issuance costs			(20)				(20)
Net (loss)						203,149	203,149
Balance, December 31, 2005	47,245,137	47,245	3,219,597	(62,348)	-	(2,868,504)	335,990
Subscription receivable per write-off			(62,348)	62,348			-
Issuance costs			(186)				(186)
Net (loss)						16,189	16,189
Balance, December 31, 2006	47,245,137	47,245	3,157,063	-	-	(2,852,315)	351,993

Primix Corporation
(A Development Stage Company)

STATEMENTS OF STOCKHOLDERS' EQUITY
Years Ended December 31, 2008 and 2007 and Period From August 11, 1998 (Inception)
To December 31, 2008

	Shares	Dollars	Additional Paid-In Capital	Stock Subscriptions Receivable	Common Stock Escrow	(Deficit) Accumulated During the Development Stage	Total
Balance, December 31, 2006	47,245,137	47,245	3,157,063	-	-	(2,852,315)	351,993
Issuance costs Net (loss)						(714,320)	(714,320)
Balance, December 31, 2007	47,245,137	47,245	3,157,063	-	-	(3,566,635)	(362,327)
Issuance costs Net (loss)						126,127	126,127
Balance, December 31, 2008	47,245,137	47,245	3,157,063	-	-	(3,440,508)	(236,200)

See Notes to Financial Statements

PRIMIX CORPORATION
(A Development Stage Company)

STATEMENTS OF CASH FLOW

Years Ended December 31, 2008 and 2007 and Period From August 11, 1998 (Inception) To December 31, 2007

	2008	2007	August 11, 1998 (Inception) to December 31, 2008
Cash Flows From Operating Activities			
Net (loss)	\$ 126,126	\$ (714,320)	\$ (3,440,508)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:			
Depreciation	4,593	8,819	353,177
Amoritization	10,103	7,948	56,439
Services renderd in exchange for common stock	-	-	435,103
Change in asset and liabilities:			
(Increase) decrease in:			
Accounts receivable	(112)	129,526	(384)
Inventories	-	(44,052)	(70,234)
Inventory Stolen	-	-	(8,961)
Prepaid expenses	316	16,526	(497)
Deposits	280	23,700	780
Increase (decrease) in:			
Accounts payable	(134,381)	(98,506)	35,307
Accrued expenses	3,282	(16,060)	6,191
Deferred license fee	(20,700)	(20,700)	191,350
Net cash (used in) operating activities	(10,493)	(707,119)	(2,442,237)
Cash Flows From Investing Activities			
Sale or (purchase) of property and equipment	-	(10,618)	(371,178)
Increase (decrease) in other assets	(9,738)	514,056	150,317
Net cash (used in) investing activities	(9,738)	503,438	(220,861)
Cash Flows From Financing Activities			
Proceeds (payments) on bank note payable	-	-	(69,269)
Proceeds (payments) on note payable A. Schulman	-	-	(12,500)
Proceeds (payments) on note payable, stockholder	48,402	4,360	117,878
Proceeds from advance royalties	(25,216)	(1)	120,732
Proceeds from funds received Maple Tree	-	-	21,059
Proceeds from issuance of common stock, net of issuance costs	-	-	2,490,306
Net cash provided by financing activities	23,186	4,359	2,668,206
Increase in cash and cash equivalents	2,955	(199,322)	5,108
Cash and cash equivalents, beginning	2,153	201,475	-
Cash and cash equivalents, ending	<u>\$ 5,108</u>	<u>\$ 2,153</u>	<u>\$ 5,108</u>

See Notes to Financial Statements.

Unaudited Statement

PRIMIX CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business, Use of Estimates, Concentration of Risk, and Significant Accounting Policies

Nature of business:

The Company was incorporated on August 11, 1998, in the State of Indiana. The Company was formed to design and manufacture an extrusion material to produce railroad ties from polyethylene and recycled rubber.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of risk:

The Company was formed to manufacture a unique extrusion material for use in the manufacturing of railroad ties. The Company has a patent on the process. The company's success is largely dependent on the efforts of the officers and certain principal stockholders. The Company may have to rely on additional financing to execute its business plan objectives, and there is no assurance that such additional financing may be available.

Significant accounting policies:

Cash and cash equivalents:

The Company has cash on deposit in one financial institution, which, at times, may be in excess of FDIC insurance limits.

For purposes of the statement of cash flows, the Company considers money market accounts to be cash equivalents.

Inventories:

Inventories, comprised of finished railroad ties and machinery for production, are stated at the lower of cost (first-in, first-out method) or market.

Depreciation:

Depreciation of property and equipment is computed principally by the straight-line method over their estimated useful lives.

Amortization of intangibles:

The Company's patents are being amortized by the straight-line method over a period of 17 years.

PRIMIX CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Income taxes:

Deferred taxes are provided on a liability method whereby deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Valuation of goods and services in exchange for stock:

Common stock issued for services provided or for property and equipment was valued based on the fair value of the services provided or the appraised value of the property and equipment.

Earnings per common share:

Earnings per common share has been computed on the basis of the weighted-average number of common shares outstanding during each period presented, 47,245,137, 47,245,137, 47,245,137, 55,862,992 50,000,000, 18,220,043, 19,087,300, 15,470,360, 14,048,329, and 13,350,896 for the years ended December 31, 2008 and 2007 and the period from Inception (August 11, 1998) to December 31, 2008 respectively. Common shares in escrow of 1,545,841 at December 31, 2001 are included in the computation. Preferred shares of 5,862,992 at December 31, 2003 have been converted to common shares and are included in the computation.

Start-up costs:

Costs of start-up activities, including organization costs, are expensed as incurred.

Note 2. Property and Equipment

The cost of property and equipment and the related accumulated depreciation at December 31, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Land, building and improvements	\$ -	\$ -
Machinery and equipment, USA plant	71,608	71,608
Office furniture and fixtures	53,474	53,474
	<u>125,082</u>	<u>125,082</u>
Less accumulated depreciation	122,215	117,622
	<u>\$ 2,867</u>	<u>\$ 7,460</u>

PRIMIX CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 3. Other Assets

The cost of other assets and related accumulated amortization at December 31, 2008 are as follows:

Patents	\$	126,343
Web Site		25,492
Less accumulated amortization		60,087
	\$	<u>91,748</u>

Note 4. Pledged Assets and Notes Payable

At December 31, 2008 the Company entered into an agreement with a shareholder to borrow operating capital. The note is secured by the patents of the company bearing interest at the rate of 1% per month. All unpaid principal and interest on this note is due and payable on demand not later than September 1, 2009.

At December 31, 2008 the Company has an unsecured note payable to a shareholder in the amount of \$4,406. The note bears interest at 8% and was due on or before March 21, 2002. The original amount of the note is \$80,450 dated March 21, 2000. Certain personal expenses have been charged against this note. See Note 6 and 9.

At December 31, 2007 the Company has made an amendment to the Dynamic Composites, LLC license agreement for advance royalties of \$145,949. This agreement includes no interest. The debt is reduced by 50% of the royalty payments due the Company until paid in full.

Note 5. Capital Stock and Subsequent Event

At December 31, 2008 and 2007 there were 55,862,992 shares of \$0.001 par value common stock and 10,000,000 shares of \$0.001 par value preferred stock authorized. No preferred shares have been issued. Proceeds from issued common shares are shown net of offering costs, underwriting discounts and commissions of \$ 0 and \$ 0 for the years ended December 31, 2008 and 2007 respectively.

Subscriptions receivable for 27,931,496 shares at \$.0254 per share had not been collected and therefore are shown as a reduction of stockholders' equity in the accompanying balance sheet at December 31, 2003. A dispute has arisen between the corporation and 2023781 Ontario Inc. ("Ontario") related to the acquisition of Maple Tree Technologies Inc. A Memorandum of Agreement has been executed between the parties as of July 27, 2005 settling this dispute as follows:

Ontario transferred, on October 19, 2005 to the Company 7,250,000 common shares of the Company without payment by the Company. Ontario agreed that all indebtedness owed by the Company to Ontario in the approximate amount of \$273,070.76 plus interest of \$39,890.90 to July 27, 2005 [was to be applied to the purchase of the remaining 20,681,496 shares].

Remaining subscriptions receivable of \$62,348 were written off to Additional Paid In Capital according to the Memorandum of Agreement executed July 27th, 2005 on December 31, 2006.

PRIMIX CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 5. (cont.) Capital Stock and Subsequent Event

Shares in the amount of 1,367,855 common shares have been returned to the Company in settlement of compensation for services on, December 16, 2005.

Note 6. Related Party Transaction

The Company paid a related entity, Primix International, LLC royalties of \$55,000, for the period from inception to the termination of the Technology License Agreement on November 14, 2000, for the use of a patent and related technology rights. This company is NOT the same entity that is presently the Company's global sales and marketing firm. The rights to the patent and the related technology were transferred to the Company in exchange for the related stockholder's stock subscriptions receivable.

The Company found that the aforementioned royalties were paid in error to Primix International and were subsequently charged against the shareholder note due March 21, 2002.

Note 7. Income Taxes

Deferred tax assets of \$ 0 estimated and \$ 0 as of December 31, 2008 and 2007 respectively were primarily the result of capitalized start-up and research costs for income tax purposes. The Company has recorded a valuation allowance equal to these deferred tax assets due to the development stage nature of the Company.

Note 8. Cash Flows Information

Supplemental information relative to the statements of cash flows for the period ended December 31, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>	<u>August 11, 1998 (Inception) to December 31, 2008</u>
Supplemental disclosures of cash flows information:			
Cash payments for interest	<u>\$ 2,252</u>	<u>\$ -</u>	<u>\$ 43,018</u>
Supplemental schedule of noncash investing And financing activities:			
Property and equipment received in exchange for common stock	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,350</u>
Patent and technology rights received in exchange for stock subscription receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,675</u>

PRIMIX CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 9. Subsequent Event

Subsequent to December 31, 2008, Dynamic Composites, LLC, which is substantially owned and controlled by Steel Dynamics, Inc. has taken an option under the license agreement to not pay the minimum royalty payment due August 15, 2009 required to maintain the exclusivity of the agreement for North America and Mexico. Certain royalties will continue to be paid to the Company based on the sales of the composite ties throughout North America and Mexico during the term of the license agreement.

Subsequent to December 31, 2008, the unsecured note payable to a shareholder in the amount of \$4,406 was paid in full and a General Release was secured from the shareholder.

Subsequent to December 31, 2008, certain accounts payable over four to six years old and a one year old disputed amount have been write-off. The amount of \$90,036 was over six years old, \$14,026 was over five years old, the amount of \$252 was over four years old, and a disputed amount of \$630 was over one year old totaling \$104,944.

Subsequent to December 31, 2006, the Company was notified by its Chinese joint venture partner of the necessity to reorganize under Chinese law. Qingdao Maple Leaf Environmental Technologies, Inc. (QMLET), the Companies joint venture company in Qingdao, China failed to provide the total required capital of \$2,120,000. Machinery and equipment contributed by the Company and warehoused in China valued at \$380,000 was not recognized by the government as a capital contribution to the joint venture.

Subsequent to December 31, 2005, the Company negotiated with certain creditors to reduce payments due by \$48,108.

Subsequent to December 31, 2005, the Company negotiated with employees to reduce accrued wages by \$66,763 and the accompanying payroll taxes of \$5,423.

Subsequent to December 31, 2005, the Company announced that it has entered into an exclusive North American and Mexico license agreement with Dynamic Composites, LLC, which is substantially owned controlled by Steel Dynamics, Inc. Under the license agreement, Primix received a license fee for granting Dynamic Composites the exclusive right to manufacture, market, and distribute the composite ties throughout North America and Mexico. Primix will also receive certain royalties based upon the sales of the composite ties throughout North America and Mexico during the term of the license agreement.

Subsequent to December 31, 2003, the Company announced that a Joint Venture/License Agreement between Primix Corporation and Qingdao Maple Leaf Environmental Technologies, Inc. (QMLET) was finalized and signed on April 28th, 2005. This agreement allows QMLET to produce the "Primix Tie" exclusively in China. This contract was signed pursuant to The State Intellectual Property Office of the Peoples Republic of China allowing the Primix patent for a composite railroad crosstie. Primix filed a patent application in China on November 12, 1999 based on its US patent application. This application was published in the Chinese Patent Gazette for Invention, Volume 18, Issue Number 4. The application was granted on December 24, 2004. The Chinese Patent Certificate was issued about June 8, 2005. This much anticipated development had been a major hurdle in the signing of a Joint Venture/License Agreement with Qingdao Maple Leaf Environmental Technologies, Inc. In June of 2007, the Company received notice of a requirement to restructure QMLET, but the Company would need to generate additional capital in order to do so.

PRIMIX CORPORATION
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 10. Legal Proceedings

Frank Kilgren & Associates v. Primix Corporation, Shane Jones, Duke Capital, Inc., Alexander Troy Consultants, Inc., and Primix, LLC, is a matter commenced in May 2002 in the Elkhart Superior Court II of Elkhart County, Indiana by Frank Kilgren against Primix Corporation, Shane Jones, Duke Capital, Inc., Alexander Troy Consultants, Inc., and Primix LLC. Mr. Kilgren alleges in his complaint that he is due a finder's fee of \$81,648.00, the costs of this action, and for all other just and proper relief due him. On January 23, 2002, the court granted Primix LLC's motion for summary judgment. Primix Corporation is petitioning the court for a similar judgment in favor of Primix Corporation. The company does not expect any exposure in this case and no action has occurred in six years.

Note 11. Management Plans

The Company had cash of only \$5,108 at December 31, 2008. Without additional capital, management has estimated that the Company may not have sufficient cash to meet its cash requirements through December 31, 2009. The Company could receive additional cash from the payment of royalties by licensees, the sale of its railroad ties produced by the domestic licensee, and shareholder loans but there is no guarantee that it will receive any such cash infusions. The Company is also evaluating a possible merger or sale of assets of the Company, but is not currently engaged in any negotiations for such a transaction and there is no guarantee that any such efforts will prove successful.