



## **FOR IMMEDIATE RELEASE**

### ***PRESS RELEASE***

#### **GENESIS WORLDWIDE INC. REDUCES OPERATING LOSSES BY 47% IN Q2 2009 YEAR OVER YEAR AND STRENGTHENS BALANCE SHEET**

##### ***Signs First Licensee in Asia with MegaStar Group***

**Mississauga, Ontario, August 5, 2009** – Genesis Worldwide Inc. (“Genesis” or the “Company”), (TSX: GWI), a leading provider of ‘green’ structural building products and technology in the light steel structural products industry, announces its financial results and business highlights for the second quarter ended June 30, 2009. All dollar amounts are in Canadian dollars unless otherwise stated.

#### **Overall Performance**

The following are the Company’s key business highlights during the quarter -

- As previously announced, during the first and second quarter of 2009, Genesis closed a private placement of \$3,035,000 for two convertible debentures. In July 2009, the Company closed two additional private placements for \$1,825,000, which resulted in the previous secured convertible debentures being converted into equity. The result of these transactions is an improved book value and working capital position.
- Reduced operating losses for the quarter by 47% to \$1,076,000, compared to \$2,046,000 in Q2 2008.
- Genesis’ operating expenses were reduced by approximately 32% in Q2 2009 to \$2,197,000, compared to \$3,214,000 in Q2 2008.
- Signed first licensee in the Asia market with MegaStar Corporation, a large player in the structural steel market in Vietnam. Genesis to provide MegaStar its CTP6000 industrial line.
- Received a \$300,000 payment towards a potential new licensee in the Middle East.
- Genesis Products division signed an agreement to build its first commercial project with a growing United States based home furnishings retailer, and signed three other new projects during the quarter.
- Genesis Products division signed an agreement for its first green modular building in the United States, and ships model homes to South Africa to promote the Genesis products with new Solution Provider, Thuli.
- Subsequent to the second quarter, the Company renegotiated the terms of its Best Joist i-SPAN agreement, resulting in expected long term future cash flow improvements starting in 2011.

#### **Financial Highlights**

##### **Three Months Ended June 30, 2009**

- Total revenue for the second quarter ended June 30, 2009 decreased 20% to \$3,059,000, compared to \$3,826,000 for the same period in 2008, due primarily to two license sales in 2008 versus one in 2009.
- Revenue for the structural products division for the second quarter ended June 30, 2009 decreased \$226,000 to \$2,253,000, compared to \$2,479,000 for the same period in 2008. We believe this reflects a stabilization occurring in the Ontario construction market in 2009.

- Revenue for the licensing division for the second quarter ended June, 2009 decreased to \$806,000, compared to \$1,347,000 for the same period in 2008. Comparative quarterly results will vary depending on timing of shipment of industrial products and signing of license agreements.
- Contribution margin percentage improved to 37% for the second quarter ended June 30, 2009, compared to 31% in the first quarter of 2008. This reflects improved project execution. 2008 results were negatively impacted by third party product defects.
- Operating expenses for the second quarter ended June 30, 2009 decreased approximately 32% to \$2,197,000, compared to \$3,214,000 for the same period in 2008. This represents the results of cost cutting initiatives executed by the Company over the last 12 months.
- Improved loss before other expenses for the second quarter ended June 30, 2009 to \$1,076,000, compared to a loss of \$2,046,000 for the same quarter in 2008.

### **Backlog**

Backlog for the licensing division is defined as undelivered contractual commitments, other than minimum royalty obligations, and assumes that in cases of multi-year/multi-facility commitments by licensees, subsequent facilities match the industrial technology configured for the first facility. Backlog for the structural products division is defined as the undelivered portion of signed construction contracts. The timing of these contractual commitments into revenue is uncertain and the possibility exists that contractual commitments can be de-booked.

A breakdown of the Company's backlog is as follows:

- Total backlog as at June 30, 2009 was approximately \$40.0 million, representing a decrease of \$2.0 million compared to Q1 2009.
- Backlog for the licensing division as at June 30, 2009 was approximately \$15.0 million. This excludes minimum royalty obligations.
- Backlog for the structural products division as at June 30, 2009 was approximately \$25.0 million.

### **Conference Call/Webcast**

The Genesis management team will discuss its second quarter 2009 financial results on a conference call to be held on Thursday, August 6, 2009 at 8:30 a.m. Eastern time (1:30 p.m. BST). As well, a webcast link (audio only) will be made available from the Investor Relations portal of Genesis' website at [http://www.genesisworldwide.com/investor\\_relations.php?id=3](http://www.genesisworldwide.com/investor_relations.php?id=3). There will be a short presentation followed by a question and answer period lasting for approximately one (1) hour.

### **Conference Call Details**

**Date:** Thursday, August 6, 2009

**Time:** 8:30 a.m. Eastern time (1:30 p.m. BST)

**Local dial-in:** 416-695-7806

**North America toll-free:** 888-789-9572

**Global toll-free:** 800-6578-9818 (dial the international access code of the country you are calling from, i.e. a call from the United Kingdom would be dialed 00-800-6578-9898)

**Participant Passcode:** 8813126

A replay of the call will be made available through the Genesis' Investor Relations website portal at [http://www.genesisworldwide.com/investor\\_relations.php?id=3](http://www.genesisworldwide.com/investor_relations.php?id=3), or by dialing 416-695-5800 (local callers only), or toll-free at 1-800-408-3053 (passcode 6146314#), from approximately 12:00 p.m. Eastern time on the date of the call through to Thursday, August 13, 2009.

Further information regarding the Company, and its business and operations, may be obtained from the Company's continuous disclosure documents filed from time-to-time with the Canadian securities regulatory authorities. These continuous disclosure documents are available through the Company's web site at [www.genesisworldwide.com](http://www.genesisworldwide.com), or through the SEDAR website maintained by the Canadian securities regulatory authorities, which can be accessed at [www.sedar.com](http://www.sedar.com).

**About Genesis Worldwide Inc.**

Genesis is a leading provider of green light steel structural building products, systems and technology targeted at the global commercial, residential and institutional building sectors. Genesis delivers customized turnkey structural solutions including innovative light steel products, software packages, industrial equipment, training programs, professional services and support. Headquartered in the Greater Toronto Area in Ontario, Canada, Genesis has established a network of partners with engineering, manufacturing and distribution operations in Canada, the United States, the Middle East, Eastern Europe and Russia. For additional information about the Company, visit [www.genesisworldwide.com](http://www.genesisworldwide.com).

**Caution Regarding Forward-Looking Information**

Certain statements in this press release which are not historical facts constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws ("forward-looking statements") and are made pursuant to the "safe harbour" provisions of such laws. Statements related to the Company's projected revenues, earnings, growth rates, performance, business prospects and opportunities are forward-looking statements, as are any statements relating to future events, conditions or circumstances. The use of terms such as "may", "will", "should", "plan", "believes", "predict", "potential", "anticipate", "expect", "project", "target", "estimate", "continue", and similar terms are intended to assist in identification of these forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, performance and business prospects, and opportunities. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect.

Readers are cautioned not to place undue reliance upon any such forward-looking statements. Such forward-looking statements are not promises or guarantees of future performance and involve both known and unknown risks and uncertainties that may cause the actual results, performance or achievements of the Company to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements.

Many factors could cause the actual results of the Company to differ materially from the results, performance, achievements or developments expressed or implied by such forward-looking statements, including, without limitation, those factors discussed under the heading "Risk Factors" in the Company's most recent Annual Information Form ("AIF"), a copy of which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Forward-looking statements are based on management's current plans, estimates, projections, beliefs and opinions, and the Company does not undertake any obligation to update forward-looking statements, except required by law, should assumptions related to these plans, estimates, projections, beliefs and opinions change.

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**Genesis Worldwide Inc.**

**INTERIM CONSOLIDATED BALANCE SHEETS**

(unaudited)

	<b>As at June 30 2009</b>	<b>As at December 31 2008</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	269,105	167,064
Accounts receivable	7,281,945	7,780,771
Inventories and deposits on equipment	923,002	1,626,187
Prepaid expenses	222,140	310,964
<b>Total current assets</b>	<b>8,696,192</b>	<b>9,884,986</b>
Restricted cash	500,000	500,000
Property, plant and equipment	4,373,238	4,848,059
Intangible assets	2,004,758	2,105,862
	<b>15,574,188</b>	<b>17,338,907</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	6,380,569	6,916,928
Term loan - current portion	594,579	570,943
Deferred revenue	1,368,029	2,779,266
Minimum royalty payment obligations	400,695	376,792
<b>Total current liabilities</b>	<b>8,743,872</b>	<b>10,643,929</b>
<b>Long-term</b>		
Long-term payables	119,511	—
Convertible debenture	2,564,234	—
Term loan	683,963	983,253
Minimum royalty payment obligations	807,209	1,002,923
<b>Total long-term liabilities</b>	<b>4,174,917</b>	<b>1,986,176</b>
<b>Shareholders' equity</b>		
Capital stock	56,733,075	56,733,075
Convertible debenture	449,487	—
Contributed surplus	1,308,155	1,246,358
Deficit	(55,835,318)	(53,270,631)
<b>Total shareholders' equity</b>	<b>2,655,399</b>	<b>4,708,802</b>
	<b>15,574,188</b>	<b>17,338,907</b>

Genesis Worldwide Inc.

**INTERIM CONSOLIDATED STATEMENT OF LOSS,  
COMPREHENSIVE LOSS AND DEFICIT**

(unaudited)

	Three months ended		Six months ended	
	June 30 2009	June 30 2008	June 30 2009	June 30 2008
	\$	\$	\$	\$
<b>Revenues</b>				
Licensing	805,636	1,347,004	3,031,169	4,564,489
Structural products	2,252,968	2,479,050	4,906,072	6,943,692
<b>Total revenues</b>	<b>3,058,604</b>	<b>3,826,054</b>	<b>7,937,241</b>	<b>11,508,181</b>
<b>Direct cost of revenues</b>				
Licensing	70,107	48,201	1,545,775	1,820,603
Structural products	1,867,935	2,609,665	3,966,226	6,237,109
<b>Total direct cost of revenues</b>	<b>1,938,042</b>	<b>2,657,866</b>	<b>5,512,001</b>	<b>8,057,712</b>
<b>1,120,562</b>	<b>1,168,188</b>	<b>2,425,240</b>	<b>3,450,469</b>	
<b>Expenses</b>				
Research and development	125,678	294,053	325,222	727,274
SR&ED tax credit	(45,000)	(16,274)	(95,000)	(73,491)
Selling and marketing	402,780	713,022	704,334	1,303,758
Engineering and project management	443,604	554,447	707,031	1,019,184
General and administrative	920,779	1,313,690	1,613,985	2,688,413
Occupancy	349,086	355,471	699,780	735,415
	<b>2,196,927</b>	<b>3,214,409</b>	<b>3,955,352</b>	<b>6,400,553</b>
Loss before other expenses	(1,076,365)	(2,046,221)	(1,530,112)	(2,950,084)
Amortization of property, plant and equipment	234,474	235,448	470,123	436,338
Amortization of intangible asset	69,455	67,169	136,868	134,825
Foreign exchange gain	350	(32,923)	27,941	12,212
Loss on disposal of fixed assets	26,974	—	31,517	—
Bank interest expense (income), net	(395)	(1,348)	32,336	(51,782)
Minimum royalty accretion	62,049	74,019	128,190	147,468
Debenture accretion	60,804	—	60,804	—
Term loan and debenture interest expense	89,188	—	146,298	—
	<b>542,899</b>	<b>342,365</b>	<b>1,034,077</b>	<b>679,061</b>
<b>Net loss and comprehensive loss for the period</b>	<b>(1,619,264)</b>	<b>(2,388,586)</b>	<b>(2,564,189)</b>	<b>(3,629,145)</b>
Deficit, beginning of period	(54,216,054)	(47,282,227)	(53,271,129)	(46,041,668)
<b>Deficit, end of period</b>	<b>(55,835,318)</b>	<b>(49,670,813)</b>	<b>(55,835,318)</b>	<b>(49,670,813)</b>
<b>Loss per share</b>				
Basic and diluted	\$ (0.05)	\$ (0.08)	\$ (0.08)	\$ (0.12)
Weighted average number of shares outstanding	<b>30,982,858</b>	<b>30,982,858</b>	<b>30,982,858</b>	<b>30,982,858</b>

**Genesis Worldwide Inc.**

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

	Three months ended		Six months ended	
	June 30 2009	June 30 2008	June 30 2009	June 30 2008
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss for the year	(1,619,264)	(2,388,586)	(2,564,189)	(3,629,145)
Adjustments for non-cash items				
Amortization of property, plant and equipment and intangible asset	303,929	302,617	606,991	571,163
Loss on disposal of fixed assets	26,974	—	31,517	—
Stock-based compensation expense	25,374	45,000	61,797	90,000
Unrealized foreign exchange loss	(15,653)	—	(14,911)	—
Debenture accretion	60,804	—	60,804	—
Minimum royalty accretion	62,049	74,019	128,190	147,468
	(1,155,787)	(1,966,950)	(1,689,801)	(2,820,514)
Changes in non-cash working capital balances related to operations				
Accounts receivable, net	(3,753)	(910,490)	498,826	32,721
Inventories and deposits on equipment	53,210	(1,042,474)	703,185	(1,191,819)
Prepaid expenses	73,369	(221,528)	88,824	(113,798)
Accounts payable and accrued liabilities	(568,331)	708,410	(536,361)	(436,140)
Deferred revenue	265,533	2,516,486	(1,411,237)	119,223
<b>Cash used in operating activities</b>	<b>(1,335,759)</b>	<b>(916,546)</b>	<b>(2,346,564)</b>	<b>(4,410,327)</b>
<b>FINANCING ACTIVITIES</b>				
Repayment on term loan	(138,928)	—	(275,654)	—
Changes in long-term liability	42,574	—	119,511	—
Convertible debenture issued, net of issue costs paid	1,455,752	—	2,952,917	—
<b>Cash provided by financing activities</b>	<b>1,359,398</b>	<b>—</b>	<b>2,796,774</b>	<b>—</b>
<b>INVESTING ACTIVITIES</b>				
Additions to property, plant and equipment	(483)	(752,768)	(34,974)	(1,238,047)
Disposals to property, plant and equipment	(12,988)	—	20,527	—
Deferred patent costs	(13,856)	—	(33,722)	—
Minimum royalties paid	(150,000)	(80,000)	(300,000)	(160,000)
<b>Cash used in investing activities</b>	<b>(177,327)</b>	<b>(832,768)</b>	<b>(348,169)</b>	<b>(1,398,047)</b>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<b>(153,688)</b>	<b>(1,749,314)</b>	<b>102,041</b>	<b>(5,808,374)</b>
Cash and cash equivalents, beginning of period	422,793	1,928,802	167,064	5,987,862
<b>Cash and cash equivalents, end of period</b>	<b>269,105</b>	<b>179,488</b>	<b>269,105</b>	<b>179,488</b>
<b>Supplemental cash flow information</b>				
Interest (received)/paid	56,263	—	85,116	—