



Interim Consolidated Financial Statements

Genesis Worldwide Inc.

September 30, 2007

[unaudited]

These financial statements have not been reviewed by the Company's auditors.

Genesis Worldwide Inc.

INTERIM CONSOLIDATED BALANCE SHEETS

[unaudited]

	As at September 30, 2007 \$	As at December 31, 2006 \$
ASSETS		
Current		
Cash and cash equivalents	7,343,918	1,011,386
Accounts receivable, net	9,733,188	5,626,735
Inventories	847,817	769,441
Deposits	432,766	271,637
Prepaid expenses	393,917	198,715
Total current assets	18,751,606	7,877,914
Long-term accounts receivable	431,250	—
Property, plant and equipment	4,415,395	2,870,557
Intangible assets	2,186,564	2,320,199
	25,784,815	13,068,670
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	6,945,706	4,744,193
Warrants liability (Note 5)	—	600,000
Deferred revenue - current portion	5,311,250	2,141,733
Minimum royalty payment obligations	96,516	23,140
Total current liabilities	12,353,472	7,509,066
Long-term		
Deferred revenue	431,250	—
Debentures due to related parties	—	3,190,585
Minimum royalty payment obligations	1,459,062	1,549,162
Total long-term liabilities	1,890,312	4,739,747
Shareholders' equity		
Capital stock (Note 4)	56,752,858	42,174,920
Contributed surplus (Note 5)	1,020,674	65,293
Deficit	(46,232,501)	(41,420,356)
Total shareholders' equity	11,541,031	819,857
	25,784,815	13,068,670

See accompanying notes

On behalf of the Board:

Director

Director

Genesis Worldwide Inc.

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

[unaudited]

	Three months ended		Nine Months ended	
	September 30		September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenues				
Licensing	3,239,065	294,866	6,875,689	477,508
Structural products	3,798,758	4,070,844	9,169,696	11,987,342
Total revenues	7,037,823	4,365,710	16,045,385	12,464,850
Direct cost of revenues				
Licensing	1,446,692	105,506	3,526,635	179,347
Structural products	3,104,291	3,936,135	7,159,767	11,591,241
Total direct cost of revenues	4,550,983	4,041,641	10,686,402	11,770,588
	2,486,840	324,069	5,358,983	694,262
Expenses				
Research and development (<i>Note 6</i>)	264,249	265,327	375,377	772,194
Selling and marketing	501,862	368,502	1,327,786	903,147
Engineering and project management	455,701	325,669	1,313,499	1,045,012
General and administration	1,422,218	910,372	3,249,935	2,546,813
Occupancy	442,538	285,672	1,070,078	890,112
Plant commissioning and restructuring costs (<i>Note 7</i>)	27,121	—	776,418	—
	3,113,689	2,155,542	8,113,093	6,157,278
Loss before other expenses	(626,849)	(1,831,473)	(2,754,110)	(5,463,016)
Amortization of property, plant and equipment	133,030	165,278	509,091	443,822
Amortization of intangible assets	67,413	67,413	202,238	202,239
Foreign exchange (gain) loss	36,289	(25,600)	(13,331)	(43,110)
Interest (income) expense	(99,954)	35,900	(99,954)	53,187
Minimum royalty accretion	74,804	73,236	223,276	219,708
Debenture and loan interest expense	34,317	—	1,123,265	—
	245,899	316,227	1,944,585	875,846
Net loss and comprehensive loss for the period	(872,748)	(2,147,700)	(4,698,695)	(6,338,862)
Deficit, beginning of period	(45,359,753)	(38,151,906)	(41,533,806)	(33,960,744)
Deficit, end of period	(46,232,501)	(40,299,606)	(46,232,501)	(40,299,606)
Net loss per share				
Basic and diluted	(0.03)	(0.10)	(0.19)	(0.30)
Weighted average number of common shares outstanding – basic and diluted	30,765,467	20,982,858	24,279,561	20,982,858

See accompanying notes

Genesis Worldwide Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

[unaudited]

	Three months ended		Nine Months ended	
	September 30		September 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss for the period	(872,748)	(2,147,700)	(4,698,695)	(6,338,862)
Adjustments for non-cash items				
Amortization of property, plant and equipment	133,030	165,278	509,091	443,822
Amortization of intangible assets	67,413	67,413	202,238	202,239
Stock compensation expense	41,718	8,562	101,781	25,686
Debenture interest expense accretion	34,317	—	815,965	—
Minimum royalty accretion	74,804	73,236	223,276	219,708
	(521,466)	(1,833,211)	(2,846,344)	(5,447,407)
Changes in non-cash working capital balances related to operations				
Accounts receivable	(4,435,344)	525,325	(4,106,453)	(353,156)
Inventories	10,483	(5,475)	(78,376)	(545,609)
Deposits	163,870	—	(161,129)	—
Prepaid expenses	(89,625)	88,396	(195,202)	12,382
Accounts payable and accrued liabilities	1,097,062	12,385	689,876	(640,827)
Deferred revenue	2,533,655	(842,050)	3,169,517	516,718
Cash used in operating activities	(1,241,365)	(2,054,630)	(3,528,111)	(6,457,899)
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	—	889,359	—	(637,323)
Debenture proceeds	—	—	2,000,000	—
Debenture repayment	(6,120,000)	—	(6,120,000)	—
Share issue proceeds (net of transaction costs paid)	16,343,175	—	16,343,175	—
Cash provided by (used in) financing activities	10,223,175	889,359	12,223,175	(637,323)
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(1,505,450)	(676,370)	(2,053,929)	(871,691)
Additions to intangible assets	(68,603)	—	(68,603)	—
Minimum royalties paid	(80,000)	(40,000)	(240,000)	(120,000)
Cash used in investing activities	(1,654,053)	(716,370)	(2,362,532)	(991,691)
Net increase (decrease) in cash and cash equivalents during the period	7,327,757	(1,881,641)	6,332,532	(8,086,913)
Cash and cash equivalents, beginning of period	16,161	1,629,615	1,011,386	7,834,887
Cash and cash equivalents, end of period	7,343,918	(252,026)	7,343,918	(252,026)
Supplemental cash flow information				
Interest paid	10,479	35,900	323,321	53,187

2007

Non-cash investing activities

The Company recorded a long-term receivable in the amount of \$575,000 for a contract with a customer with an offsetting increase in deferred revenue of which \$143,750 is current and \$431,250 is long term.

See accompanying notes

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

1. BASIS OF PRESENTATION

The accompanying interim consolidated financial statements reflect the same accounting policies and methods of application as the Company's consolidated financial statements for the year ended December 31, 2006, except for changes in accounting policies described in note 2. The interim consolidated financial statements for the Company have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements and follow the same accounting policies as the Company's consolidated financial statements as at and for the year ended December 31, 2006, except as noted below. As a result, certain information and disclosures normally required to be included in the notes to the annual financial statements have been condensed or omitted. These interim consolidated financial statements are unaudited but reflect all adjustments required for the fair presentation in accordance with GAAP and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2006.

2. SIGNIFICANT ACCOUNTING POLICIES

[a] Adoption of recent Canadian Accounting Standards in 2007

Accounting changes

In July 2006, the Accounting Standards Board issued a replacement of The Canadian Institute of Chartered Accountants' Handbook ["CICA Handbook"] Section 1506, *Accounting Changes* ["Section 1506"]. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impractical, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors in the financial statements. Section 1506 also requires disclosure of information relevant to assessing the possible impact that the application of a new GAAP standard will have on the Company's consolidated financial statements in the period of initial application. The impact that the adoption of Section 1506 will have on the Company's results of operations and financial condition will depend on the nature of future accounting changes. The adoption of Section 1506 effective January 1, 2007 has had no impact on these interim consolidated financial statements.

Comprehensive income and financial instruments

On January 1, 2007, the Company adopted CICA Handbook Section 1530, *Comprehensive Income*, Section 3855, *Financial Instruments - Recognition and Measurement* and Section 3861, *Financial Instruments - Disclosure and Presentation*.

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

Section 1530, Comprehensive Income

The new rules require that the Company present a new consolidated statement of comprehensive income, which is comprised of the change in equity [net assets] of an enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company had no other comprehensive income for all periods presented.

Section 3855, Financial Instruments - Recognition and Measurement

Section 3861, Financial Instruments - Disclosure and Presentation

Financial assets and financial liabilities

Under the new standards, financial assets and financial liabilities are initially recognized at fair value and their subsequent measurements are dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments. The standards require that all financial assets be classified as held for trading, available for sale, held to maturity, or loans and receivables. The standards require that all financial assets, including all derivatives, be measured at fair value with the exception of loans and receivables, debt securities classified as held to maturity, and available for sale financial assets that do not have quoted market prices in an active market. Settlement date accounting continues to be used for all financial assets, except changes in fair value between the trade date and settlement date are reflected in the interim consolidated statements of loss, comprehensive loss and deficit for held for trading financial assets, while changes in fair value between trade date and settlement date are reflected in other comprehensive income for available for sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets that are initially recognized at fair value and thereafter are accounted for at cost or amortized cost.

Other liabilities

Other liabilities are non-derivative financial liabilities that are initially recognized at fair value and thereafter are recorded at cost or amortized cost and include all liabilities, other than derivatives or liabilities to which the fair value designation has been applied.

Transaction costs

Transaction costs related to debt financing are netted against the carrying value of the liability and then amortized over the expected life of the financial instrument using the effective interest method.

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

Determination of fair value

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flows analysis, option pricing models and other valuation techniques commonly used by market participants. For certain derivatives, fair values may be determined in whole or in part from valuation techniques using non-observable market data or transaction prices. A number of factors such as bid-offer spread, credit profile and model uncertainty are taken into account, as appropriate, when values are calculated using valuation techniques.

Classification of financial instruments

The following is a summary of the accounting model the Company has elected to apply to each of its significant categories of financial instruments outstanding as of January 1, 2007:

- Cash and cash equivalents are classified as held-for-trading. Changes in fair value for the period are recorded in income as interest income.
- Accounts receivable are classified as loans and receivables.
- Bank indebtedness, accounts payable and accrued liabilities, and warranty liability are accounted for as other liabilities measured at fair value and debentures and minimum royalty payment obligations are accounted for as other liabilities at amortized cost.

On January 1, 2007, the Company made the following adjustments to its balance sheet to adopt the new requirements for financial instruments:

	As at January 1, 2007
	\$
Accounts payable and accrued liabilities	(120,000)
Debentures due to related parties	6,550
Deficit	(113,450)

Deferred financing costs have been reclassified as a reduction in debentures due to related parties.

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

The impact of these changes on the Interim Consolidated Financial Statement of Loss, Comprehensive Loss and Deficit increases net loss as follows:

	Nine months ended September 30, 2007
	\$
Debtore and loan interest expense	714,118
Net loss	(714,118)
Loss per share	(0.03)

[b] Stock-based Compensation

The fair value of each stock option granted is estimated on the date of the grant using the Black-Scholes option pricing model and expensed over the option's vesting period. Prior to the initial public offering ("IPO") of the Company's shares on July 3, 2007, the options granted were recorded using the minimum value method.

3. COMMITMENTS

During the period, the Company entered into commitments to acquire manufacturing equipment with a total purchase price of approximately \$1,915,000 and the Company has paid deposits of \$973,600 towards this equipment.

4. CAPITAL STOCK

[a] Capital reorganization

Pursuant to a capital reorganization agreement dated April 23, 2007 ["Capital Reorganization Agreement"], holders of Series A, B and C preferred shares agreed to reorganize the share capital of the Company by exchanging their preferred shares for common shares, with holders of Series A and B preferred shares exchanging on a 1 for 2 basis, and Series C preferred shareholders exchanging for common shares on a 1 for 2.5 basis. In addition, the Capital Reorganization Agreement terminated the Investor Rights Agreement and the Voting Agreement; and amended the Company's Articles of Incorporation to cancel the Series A, B and C preferred shares and created a new class of preferred shares ["New Preferred Shares"] in the share capital of the Company.

The New Preferred Shares are issuable in series and each series shall, with respect to the payment of dividends and the distribution of assets or return of capital in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, rank on a parity with the New Preferred Shares of every other series and be entitled to a preference and priority over the common

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

shares and over any other shares of the Company ranking junior to the New Preferred Shares. The New Preferred Shares are redeemable at the option of the Company and retractable at the option of the holders, as specified in the Articles of Incorporation of the Company. Other rights, privileges, restrictions, and conditions for each series of New Preferred Shares may be determined by the Board of Directors of the Company.

[b] Issuance of shares pursuant to an IPO and related transactions:

On July 3, 2007, pursuant to an IPO, the Company issued 10,000,000 common shares at an issue price of \$2.00 per share. In addition, the Company granted compensation options entitling the underwriters to acquire 500,000 common shares from the Company at the offering price of \$2.00 expiring July 2, 2008. The expenses incurred pursuant to the IPO of \$5,168,462 have been shown as a reduction of paid up capital.

In July 2007, the warrants liability of \$600,000 was credited to contributed surplus as a result of the exchange of the special warrants for share purchase warrants.

	September 30 2007		September 30 2006	
	Number of Shares #	Paid up Capital \$	Number of Shares #	Paid up Capital \$
Shares outstanding, January 1	10,491,429	42,174,920	10,491,429	42,174,920
Stock split (2 for 1)	10,491,429	—	—	—
Shares issued on IPO	10,000,000	20,000,000	—	—
Costs incurred for IPO	—	(5,422,062)	—	—
Shares outstanding, September 30	30,982,858	56,752,858	10,491,429	42,174,920

[c] Options

On April 23, 2007, the Company split the options on a 2 for 1 basis resulting in an increase from 1,100,587 to 2,201,174 options outstanding and the Company set the maximum number of options outstanding at 3,098,286 options effective July 3, 2007.

On April 25, 2007, the Company granted 325,000 options to directors, officers and employees to purchase common shares at an exercise price of \$2.75 per share.

Also on that date, the Board of Directors approved the modification of vesting terms of 420,000 options previously issued to an officer who had performance based vesting terms. These options, which had performance-based vesting criteria, have been amended to comply with Toronto Stock Exchange requirements as follows:

[i] 110,000 options fully vested on July 3, 2007:

[ii] 120,000 options vested over three years, commencing January 1, 2007; and

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

[iii] 190,000 options vested over four years, commencing January 1, 2007.

The changes under [i] and [ii] has been accounted for as a stock option modification with the stock compensation expense measured in 2007 using \$2.75 per share as the fair value of the common stock on the date of approval of the modification; with respect to [i] the full expense was recorded in the current period. Prior to this modification, there was no stock compensation expense recorded with respect to these options as performance measures had not been achieved.

On June 21, 2007, the Company granted 55,000 options to employees to purchase common shares at an exercise price of \$2.00 per share.

On July 3, 2007, the Company granted 500,000 options to the underwriters of the share issuance to purchase common shares at a purchase price of \$2.00 per share expiring July 3, 2008. The option expense of \$253,060 has been recorded as a cost of the share issuance with a corresponding increase in contributed surplus.

In July, 2007, the warrant holders exchanged their warrants for 835,712 stock options at an exercise price of \$2.15385 per share expiring in 2012. The cost of the warrants was previously accounted for as a cost of issuing the debenture.

On August 8, 2007, the Company granted 10,000 options to a director to purchase common shares at an exercise price of \$1.98 per share.

On August 9, 2007, the Company granted 50,000 options to an employee to purchase common shares at an exercise price of \$2.13 per share.

Genesis Worldwide Inc.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

[unaudited]

The following table presents information concerning stock options granted to employees and others by the Company:

	<u>September 30, 2007</u>		<u>December 31, 2006</u>	
	Number of	Weighted	Number of	Weighted
	options	average	options	average
	#	exercise price	#	exercise price
		per share		per share
		\$		\$
Employees				
Outstanding, January 1	1,100,587	0.73	713,087	0.69
Split 2 for 1	1,100,587	0.36	—	—
Granted	440,000	2.57	465,000	0.82
Forfeited	(93,000)	0.88	(77,500)	0.84
Outstanding, end of period	2,548,174	0.73	1,100,587	0.73
Exercisable, end of period	1,055,674	0.31	236,441	0.48
Others				
Granted to underwriters	500,000	2.00	—	—
Warrants exercised	835,712	2.15	—	—
Outstanding, end of period	1,335,712	2.10	—	—
Exercisable, end of period	1,335,712	2.10	—	—
Outstanding, end of period	3,883,886	1.20	1,100,587	0.73
Exercisable, end of period	2,391,386	1.31	236,441	0.48

The amount of stock option compensation expense related to granted options recognized in the interim consolidated statements of loss, comprehensive loss and deficit and credited to contributed surplus for the nine months ended September 30, 2007 was \$101,781, (September 30, 2006 - \$25,686), and for the three months ended September 30, 2007 was \$41,718, (September 30, 2006 - \$8,562). The fair value for options granted after May 31, 2007 was determined using the Black-Scholes valuation model under the following assumptions:

Expected life	10 years (1 year for 500,000 options issued to Underwriters)
Expected dividends	Nil
Expected volatility	60%
Risk-free interest rate	4.58%

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

5. CONTRIBUTED SURPLUS

	September 30, 2007	September 30, 2006
	\$	\$
Balance, beginning of period	65,293	31,045
Warrants liability exercised	600,000	-
Stock compensation expense	101,781	25,686
<u>Options granted to underwriters</u>	<u>253,600</u>	<u>-</u>
Balance, end of period	1,020,674	56,731

6. RESEARCH AND DEVELOPMENT RECOVERY

During the nine months ended September 30, 2007, the Company earned \$418,161 in tax incentives related to eligible expenditures for scientific research and experimental development. The amount has been recorded as a reduction to the related research and development expenses in the interim consolidated statements of loss, comprehensive loss and deficit.

7. PLANT COMMISSIONING AND RESTRUCTURING COSTS

During the nine months ended September 30, 2007, the Company consolidated its two manufacturing facilities into a new facility located in Vaughan, Ontario. Plant commissioning and restructuring costs were \$776,418, comprising severance costs of \$233,887, rental penalties on leases of \$75,087, moving costs of \$132,767, duplicate rental costs for the new facility of \$314,312 and set-up costs of \$20,365. The total costs were paid as at September 30, 2007.

8. RELATED PARTY TRANSACTIONS

Revenues earned from a shareholder of the Company in connection with license arrangements, at the exchange amount agreed upon between the parties for the nine months ended September 30, 2007 were \$237,500 (September 30, 2006 – \$1,956,202), and for the three months ended September, 30, 2007 were \$38,531 (September 30, 2006 – \$1,298).

Another shareholder has a business relationship as a contract customer of the Company with regular credit terms. Revenues earned at the exchange amount agreed upon between the parties for the nine months ended September 30, 2007 were \$1,738,595 (September 30, 2006 - \$1,246,782), and for the three months ended September 30, 2007 were \$1,347,004 (September 30, 2006 – \$500,500. The Company entered into a commercial property lease with this shareholder for a period of ten years commencing January 1, 2007 for an annual minimum base rent of \$727,040. The Company is also liable for additional rent for operating costs, utilities and taxes.

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

During 2007, the Company borrowed the remaining available \$2,000,000 in debentures, and incurred interest and accretion expense for the nine months ended September 30, 2007 of \$1,123,265 (three months ended September 30, 2007 – \$34,317), and accretion expense for the nine months ended September 30, 2006 of nil (three months ended September 30, 2006 – nil). During the period, the debenture was repaid in full.

9. SEGMENT INFORMATION

The Company's business activities are conducted through two operating segments, in addition to centralized corporate services. All intersegment transactions are measured at the exchange amounts.

Structural products

The structural products segment consists of a customized panelization facility and a light steel joist facility, both located in the Greater Toronto Area. Both facilities produce engineered components used in the construction of light steel residential and commercial buildings.

Licensing

The licensing segment develops and licenses light steel structural building technology solutions for residential and commercial markets. The Company develops software applications, creates light steel products and provides equipment specifications to market, sell, engineer, fabricate and install light steel structures through its own locations as well as through licensees. Operating activities consist of ongoing sale of licenses and the development and application of technologies.

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

Three months ended September 30, 2007	Licensing \$	Structural Products \$	Total Operations \$	Corporate \$	Consolidated \$
Revenues	3,239,065	3,798,758	7,037,823	—	7,037,823
Direct cost of revenues	1,446,692	3,104,291	4,550,983	—	4,550,983
Contribution margin	1,792,373	694,467	2,486,840	—	2,486,840
Expenses before the undernoted	(1,113,655)	(1,083,808)	(2,197,463)	(916,226)	(3,113,689)
Income (loss) before the following	678,718	(389,341)	289,377	(916,226)	(626,849)
Amortization	(8,610)	(185,030)	(193,640)	(6,803)	(200,443)
Foreign exchange gain	(29,829)	15,172	(14,657)	(21,632)	(36,289)
Interest and minimum royalty accretion	(1,681)	(75,234)	(76,915)	67,748	(9,167)
Net income (loss) for the period	638,598	(634,433)	4,165	(876,913)	(872,748)

Three months ended September 30, 2006	Licensing \$	Structural Products \$	Total Operations \$	Corporate \$	Consolidated \$
Revenues	294,866	4,070,844	4,365,710	—	4,365,710
Direct cost of revenues	105,506	3,936,135	4,041,641	—	4,041,641
Contribution margin	189,360	134,709	324,069	—	324,069
Expenses before the undernoted	(752,500)	(1,137,517)	(1,890,017)	(265,525)	(2,155,542)
Income (loss) before the following	(563,140)	(1,002,808)	(1,565,948)	(265,525)	(1,831,473)
Amortization	(21,000)	(211,691)	(232,691)	—	(232,691)
Foreign exchange	19,500	6,100	25,600	—	25,600
Interest and minimum royalty accretion	—	(73,236)	(73,236)	(35,900)	(109,136)
Net loss for the period	(564,640)	(1,281,635)	(1,846,275)	(301,425)	(2,147,700)

Genesis Worldwide Inc.

**NOTES TO INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

[unaudited]

Nine months ended September 30, 2007	Licensing \$	Structural Products \$	Total Operations \$	Corporate \$	Consolidated \$
Revenues	6,875,689	9,169,696	16,045,385	—	16,045,385
Direct cost of revenues	3,526,635	7,159,767	10,686,402	—	10,686,402
Contribution margin	3,349,054	2,009,929	5,358,983	—	5,358,983
Expenses before the undernoted	(2,403,708)	(3,717,576)	(6,121,284)	(1,991,809)	(8,113,093)
Income (loss) before the following	945,346	(1,707,647)	(762,301)	(1,991,809)	(2,754,110)
Amortization	(49,592)	(653,091)	(702,683)	(8,646)	(711,329)
Foreign exchange	13,353	21,610	34,963	(21,632)	13,331
Interest and minimum royalty accretion	25,719	(232,095)	(206,376)	(1,040,211)	(1,246,587)
Net income (loss) for the period	934,826	(2,571,223)	(1,636,397)	(3,062,298)	(4,698,695)

Nine months ended September 30, 2006	Licensing \$	Structural Products \$	Total Operations \$	Corporate \$	Consolidated \$
Revenues	477,508	11,987,342	12,464,850	—	12,464,850
Direct cost of revenues	179,347	11,591,241	11,770,588	—	11,770,588
Contribution margin	298,161	396,101	694,262	—	694,262
Expenses before the undernoted	(2,437,498)	(2,992,115)	(5,429,613)	(727,665)	(6,157,278)
Income (loss) before the following	(2,139,337)	(2,596,014)	(4,735,351)	(727,665)	(5,463,016)
Amortization	(59,228)	(586,833)	(646,061)	—	(646,061)
Foreign exchange	19,217	23,916	43,133	(23)	43,110
Interest and minimum royalty accretion	—	(223,729)	(223,729)	(49,166)	(272,895)
Net loss for the period	(2,179,348)	(3,382,660)	(5,562,008)	(776,854)	(6,338,862)