



Interim Consolidated Financial Statements

**Genesis Worldwide Inc.**

June 30, 2009

[unaudited]

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

**Genesis Worldwide Inc.**

**INTERIM CONSOLIDATED BALANCE SHEETS**

(unaudited)

	As at June 30 2009 \$	As at December 31 2008 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	269,105	167,064
Accounts receivable [notes 3 and 9]	7,281,945	7,780,771
Inventories and deposits on equipment [note 5]	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 [note 7]	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 [note 7]	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 [note 7]	119,511	—
Convertible debenture [note 8]	2,564,234	—
Term loan [note 7]	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>
Commitments and contingencies [notes 8 and 15]		
<b>Shareholders' equity</b>		
Capital stock [note 4]	56,733,075	56,733,075
Convertible debenture [note 8]	449,487	—
Contributed surplus [note 4]	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>

*Going Concern [note 1]*

*See accompanying notes*

On behalf of the Board:

(Signed) Lawrence Davis  
Director

(Signed) Brad Baker  
Director

**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 [note 9]</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>Expenses</b>				
Research and development	125,678	294,053	325,222	727,274
SR&ED tax credit [note 6]	(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 [notes 7 and 8]	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	30,982,858	30,982,858	30,982,858	30,982,858

See accompanying notes

**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
	<u>(1,155,787)</u>	<u>(1,966,950)</u>	<u>(1,689,801)</u>	<u>(2,820,514)</u>
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>	<u>(1,335,759)</u>	<u>(916,546)</u>	<u>(2,346,564)</u>	<u>(4,410,327)</u>
<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 [note 8]	1,455,752	—	2,952,917	—
<b>Cash provided by financing activities</b>	<u>1,359,398</u>	<u>—</u>	<u>2,796,774</u>	<u>—</u>
<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>	<u>(177,327)</u>	<u>(832,768)</u>	<u>(348,169)</u>	<u>(1,398,047)</u>
<b>Net increase (decrease) in cash and cash equivalents during the year</b>	<u>(153,688)</u>	<u>(1,749,314)</u>	<u>102,041</u>	<u>(5,808,374)</u>
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>	<u>269,105</u>	<u>179,488</u>	<u>269,105</u>	<u>179,488</u>
<b>Supplemental cash flow information</b>				
Interest (received)/paid	56,263	—	85,116	—

See accompanying notes

# Genesis Worldwide Inc.

## Notes To Interim Consolidated Financial Statements

[unaudited]

June 30, 2009

### 1. BASIS OF PRESENTATION AND GOING CONCERN

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, 2008, 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. 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, 2008.

The Company is operating in a very difficult environment due to the global economic slowdown impacting both the construction and financial industries. The Company has continued to incur losses, but has also continued to reduce its operating expenses and raise additional funding during the second quarter of 2009. The Company will require continued expenditures for personnel, occupancy and raw material costs for which current projections show there will be sufficient cash flows to cover these costs. These projections are dependent on assumptions related to receipt of customer payments and the exact timing and amounts of these payments cannot be certain. If the cash projections are not achieved within the expected timelines or timeframes, the Company may need to seek additional equity or debt financing. Subsequent to June 30, 2009, the Company completed two private placements that raised \$1.8 million in additional funds (see note 11). There is also no assurance that the Company will be successful in its financing efforts or whether sufficient funding will be available. As a result, there is no assurance that the Company will be able to meet its obligations as they become due and if the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets and liabilities, the reported net loss and the balance sheet classification used.

### 2. ADOPTION OF RECENT CANADIAN ACCOUNTING STANDARDS IN 2009

#### Goodwill, Intangible Assets and Financial Statement Concepts

The Canadian Institute of Chartered Accountants ("CICA") has issued a new accounting standard, Section 3064 "Goodwill and Intangible Assets", which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset. Section 1000 "Financial Statement Concepts" was also amended to provide consistency with this new standard. The new and amended standards were effective for the Company beginning January 1, 2009. The adoption of the new standards did not have a material effect on the Company's consolidated financial statements.

# Genesis Worldwide Inc.

## Notes To Interim Consolidated Financial Statements

[unaudited]

June 30, 2009

### 3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	June 30 2009 \$	December 31 2008 \$
Trade [net of allowance]	4,719,406	4,713,902
Holdback receivables	1,378,369	1,480,742
Unbilled revenue	1,033,438	1,505,803
SR&ED investment tax credits	121,447	26,447
Goods and services tax	29,285	53,877
	<u>7,281,945</u>	<u>7,780,771</u>
 <i>Aging</i>		
Current	1,712,525	695,029
31-60 days	589,519	1,478,752
61-90 days	477,506	715,688
Over 90 days	2,287,818	2,081,402
Allowance for doubtful accounts	(347,961)	(256,969)
	<u>4,719,406</u>	<u>4,713,902</u>

### 4. CAPITAL STOCK

#### [a] Options

The Stock Option Plan is intended to attract, retain and motivate officers and salaried employees. Options are granted based on the position of the incumbent with an exercise price equal to the fair market value of the underlying common shares at the date of grant of the options. The terms or value of the award are determined by the Compensation Committee of the Company's Board of Directors at the time of grant, and options must be exercised during a period established by the Company, which currently is 10 years from the date of grant. The options' vesting schedules are based on time periods ranging from three to four years from the date of grant.

The total number of options issuable to employees under the Stock Option Plan is 10% of the common shares issued and outstanding. There were 2,382,674 options issued under the Company's Stock Option Plan as at June 30, 2009 [2008 – 2,219,392 options issued].

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

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	June 30, 2009		December 31, 2008	
	Number of options #	Weighted average exercise price \$	Number of options #	Weighted average exercise price \$
<b>EMPLOYEES AND DIRECTORS</b>				
<b>Outstanding, beginning of year</b>	2,219,392	0.76	2,645,174	0.76
Granted during the period	400,000	0.28	320,000	1.04
Forfeited	(236,718)	0.96	(745,782)	0.86
<b>Outstanding, end of period</b>	<b>2,382,674</b>	<b>0.66</b>	<b>2,219,392</b>	<b>0.76</b>
<b>Exercisable, end of period</b>	<b>1,505,424</b>	<b>0.53</b>	<b>1,270,892</b>	<b>0.49</b>
<b>OTHERS</b>				
<b>Outstanding, beginning of period</b>				
Granted to debenture holders	835,712	2.15	835,712	2.15
<b>Outstanding, end of period</b>	<b>835,712</b>	<b>2.15</b>	<b>835,712</b>	<b>2.15</b>
<b>Exercisable, end of period</b>	<b>835,712</b>	<b>2.15</b>	<b>835,712</b>	<b>2.15</b>
<b>Total outstanding, end of period</b>	<b>3,218,386</b>	<b>1.05</b>	<b>3,055,104</b>	<b>1.14</b>
<b>Total exercisable, end of period</b>	<b>2,341,136</b>	<b>1.11</b>	<b>2,106,604</b>	<b>1.15</b>

The following table summarizes information about the Company's outstanding stock options issued to employees and directors as at June 30, 2009:

Range of exercise prices \$	Options outstanding			Options exercisable	
	Number outstanding #	Weighted average remaining contractual life [years]	Weighted average exercise price \$	Number exercisable #	Weighted average exercise price \$
0.20 to 0.30	957,174	6.60	0.24	557,174	0.21
0.40	187,500	6.98	0.40	187,500	0.40
0.44 to 0.45	705,000	6.16	0.44	628,750	0.44
0.85 to 1.30	250,000	9.11	1.02	5,000	1.27
1.70 to 2.15	90,000	8.14	2.01	27,500	2.01
2.75	193,000	7.82	2.75	99,500	2.75
	<b>2,382,674</b>	<b>6.92</b>	<b>0.66</b>	<b>1,505,424</b>	<b>0.53</b>

## Genesis Worldwide Inc.

### Notes To Interim Consolidated Financial Statements

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June 30, 2009

The amount of stock option compensation expense related to granted options recognized in the consolidated statements of loss, comprehensive loss and deficit and credited to contributed surplus for the three and six month periods ended June 30, 2009 was \$25,374 [2008 - \$45,000] and \$61,797 [2008 - \$90,000], respectively. The fair value for options granted before initial filing of the prospectus was determined using the minimum value method. The fair value for options granted after the initial filing of the prospectus was determined using the Black-Scholes option pricing model under the following assumptions:

Expected life of employees options	6 years
Expected life of debenture options	4.5 years
Expected dividends	Nil
Expected volatility	62%
Risk-free interest rate	1.78-4.62%

The following assumptions were used for options granted prior to the initial filing of the prospectus:

	1.78%
Risk-free interest rate	10 years
Assumed expected life of the options	nil
Dividend yield	

#### [b] Contributed surplus

The change in contributed surplus during the years is as follows:

	June 30, 2009 \$	December 31, 2008 \$
<b>Balance, beginning of period</b>	1,246,358	1,078,474
Stock-based compensation expense related to employee stock options	61,797	167,884
<b>Balance, end of period</b>	<b>1,308,155</b>	<b>1,246,358</b>

## Genesis Worldwide Inc.

### Notes To Interim Consolidated Financial Statements

[unaudited]

June 30, 2009

#### 5. INVENTORIES AND DEPOSITS ON EQUIPMENT

Inventories and deposits on equipment consist of the following:

	June 30, 2009 \$	December 31, 2008 \$
Raw materials	428,646	694,176
Inventory held for resale	494,356	443,652
Deposits on equipment	—	488,359
	<u>923,002</u>	<u>1,626,187</u>

Deposits on equipment comprise of deposits made on equipment which has been ordered for sale to licensees. Inventory held for resale are equipment items that have been purchased by the Company for future resale to licensees.

#### 6. RESEARCH AND DEVELOPMENT RECOVERY

During the three-month period ended June 30, 2009, the Company recorded a recovery of \$45,000 [2008 - \$16,274] and for the six months ended June 30, 2009 of \$95,000 [2008 - \$73,491] in tax incentives related to eligible expenditures for scientific research and experimental development. The amount has been recorded as a reduction to expenses in the interim consolidated statement of loss, comprehensive loss and deficit.

#### 7. TERM LOAN AND LONG TERM PAYABLES

In June 2008, a subsidiary of the Company, KML Engineered Homes Ltd., completed a three year secured non-revolving term loan with a lender for \$1,800,000 at a fixed interest rate of 8.17% repayable in equal monthly installments of principal plus interest. The lender required the Company to provide a \$500,000 irrevocable letter of credit which is secured by a restricted cash deposit of \$500,000 at a Canadian chartered bank. The loan was formalized and fully drawn down in July 2008. The Company has provided a general security agreement providing a fixed and floating charge on all assets of the subsidiary. The loan is guaranteed by the Company and all subsidiaries. The Company must meet a current ratio test of 1.1 to 1 as defined in the agreement. As at June 30, 2009, the Company was in compliance of this covenant.

The long term payable amounts relate to accrued interest of \$69,571 related to the convertible debentures, which are payable on their maturity dates, and the long term portion of the unamortized rent reduction that was negotiated during the quarter of \$49,940.

## Genesis Worldwide Inc.

### Notes To Interim Consolidated Financial Statements

[unaudited]

June 30, 2009

#### 8. CONVERTIBLE DEBENTURE

On February 23, 2009, the Company issued a secured convertible debenture (the "Debenture") for \$1,534,742, which bears an interest rate of 10% per annum. The Debenture matures on August 23, 2010 and is convertible at the option of the holder into common shares of the Company at a conversion price of \$0.242 per share, and the interest is payable in cash on the conversion date. The Debenture is secured by a general security interest in all of the assets of the Company which ranks subsequent to the security interest previously granted by the Company to its secured lender. The Debenture is required to be classified in its liability and equity components as determined by their fair value. The Company determined that the equity component was determinable by using the Black-Scholes valuation model to determine the fair value of the conversion option. The Company used a risk free interest rate of 0.88% and the other variables as noted in note 4. After the fair value of the conversion option was determined, the remaining amount was allocated to the debt component. The bifurcation resulted in \$133,180 of the Debenture being allocated to equity and the remaining \$1,401,562 being classified as a long term liability. The costs associated with the transaction were allocated to components in portion to total proceeds. The costs allocated to the equity component were \$3,261 and these costs have been netted against share capital. The costs allocated to the debt component were \$34,317 and these costs have been netted against the liability and will be amortized over the term of the Debenture. The effective interest rate based on the liability element is 17.8%.

On May 22, 2009, the Company issued additional secured convertible debentures (the "Additional Debentures") for \$1,500,000, which bears an interest rate of 10% per annum. The Additional Debentures mature on November 22, 2010 and are convertible at the option of the holders into common shares of the Company at a conversion price of \$0.242 per share, and the interest is payable in cash on the conversion date. The Additional Debentures are secured by a general security interest in all of the assets of the Company which ranks subsequent to the security interest previously granted by the Company to its secured lender. The Additional Debentures are required to be classified in their liability and equity components as determined by their fair value. The Company determined that the equity component was determinable by using the Black-Scholes valuation model to determine the fair value of the conversion option. The Company used a risk free interest rate of 0.72% and the other variables as noted in note 4. After the fair value of the conversion option was determined, the remaining amount was allocated to the debt component. The bifurcation resulted in \$328,512 of the Additional Debentures being allocated to equity and the remaining \$1,171,488 being classified as a long term liability. The costs associated with the transaction were allocated to components in portion to total proceeds. The costs allocated to the equity component were \$8,943 and these costs have been netted against share capital. The costs allocated to the debt component were \$35,303 and these costs have been netted against the liability and will be amortized over the term of the Additional Debentures. The effective interest rate based on the liability element is 28.28%.

Upon the completion of the Additional Debentures, all debentures had an automatic conversion clause added which causes them to convert if the Company raises an additional \$1.5 million in equity through subsequent capital transactions executed subsequent to May 22, 2009 (see note 11).

# Genesis Worldwide Inc.

## Notes To Interim Consolidated Financial Statements

[unaudited]

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### 9. RELATED PARTY TRANSACTIONS

Royalty revenues were earned in 2009 from a shareholder of the Company in connection with a license arrangement, which was signed prior to the party becoming a shareholder. The amount of revenue earned for the three month ended June 30, 2009 was \$81,513 [2008 – \$46,916], and for the six month period ended June 30, 2009 was \$156,232 [2008 – \$1,091,385]. Interest payable to the shareholder related to the Debenture is \$53,442 and \$12,903 on the Additional Debentures, which will be paid out at the maturity dates in February 2010 and November 2010, respectively.

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 three months ended June 30, 2009 were \$nil [2008 – \$25,061] and for the six months ended June 30, 2009 was \$60,872 [2008 – \$148,299]. The amount included in accounts receivable as at June 30, 2009 is \$25,515 [2008 – \$13,718]. The Company also entered into a commercial property lease with this shareholder on December 21, 2006 for a period of 10 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.

### 10. SEGMENT INFORMATION

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

#### 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.

#### Structural products

The structural products segment consists of a customized panel and truss manufacturing facility and a light steel joist facility, both located in Vaughan, Ontario. Both facilities produce engineered components used in the construction of light steel residential and commercial buildings.

## Genesis Worldwide Inc.

### Notes To Interim Consolidated Financial Statements

[unaudited]

June 30, 2009

Three-month period ended June 30, 2009	Licensing \$	Structural products \$	Total operations \$	Corporate \$	Consolidated \$
Revenues	805,636	2,252,968	3,058,604	—	3,058,604
Direct cost of revenues	70,107	1,867,935	1,938,042	—	1,938,042
Contribution margin	735,529	385,033	1,120,562	—	1,120,562
Expenses before the undernoted	600,153	1,172,377	1,772,530	424,397	2,196,927
Income loss before the following	105,376	(787,344)	(681,968)	(424,397)	(1,076,365)
Amortization	(89,500)	(211,335)	(300,835)	(3,094)	(303,929)
Foreign exchange gain (loss)	(3,065)	2,712	(353)	3	(350)
Loss on disposal of fixed assets	(26,974)	—	(26,974)	—	(26,974)
Interest and minimum royalty accretion	(69,525)	(62,907)	(132,432)	(79,214)	(211,646)
<b>Net loss for the period</b>	<b>(53,688)</b>	<b>(1,058,874)</b>	<b>(1,112,562)</b>	<b>(506,702)</b>	<b>(1,619,264)</b>

Three-month period ended June 30, 2008	Licensing \$	Structural products \$	Total operations \$	Corporate \$	Consolidated \$
Revenues	1,347,004	2,479,050	3,826,054	—	3,826,054
Direct cost of revenues	48,201	2,609,665	2,657,866	—	2,657,866
Contribution margin	1,298,803	(130,615)	1,168,188	—	1,168,188
Expenses before the undernoted	1,549,453	1,052,206	2,601,659	612,750	3,214,409
Income (loss) before the following	(250,650)	(1,182,821)	(1,433,471)	(612,750)	(2,046,221)
Amortization	(87,582)	(210,768)	(298,350)	(4,267)	(302,617)
Foreign exchange gain (loss)	33,874	(681)	33,193	(270)	32,923
Interest and minimum royalty accretion	(79,137)	(17,445)	(96,582)	23,911	(72,671)
<b>Net income (loss) for the period</b>	<b>(383,495)</b>	<b>(1,411,715)</b>	<b>(1,795,210)</b>	<b>(593,376)</b>	<b>(2,388,586)</b>

# Genesis Worldwide Inc.

## Notes To Interim Consolidated Financial Statements

[unaudited]

June 30, 2009

Six-month period ended June 30, 2009	Licensing \$	Structural products \$	Total operations \$	Corporate \$	Consolidated \$
Revenues	3,031,169	4,906,072	7,937,241	—	7,937,241
Direct cost of revenues	1,545,775	3,966,226	5,512,001	—	5,512,001
Contribution margin	1,485,394	939,846	2,425,240	—	2,425,240
Expenses before the undernoted	1,282,092	1,799,140	3,081,232	874,120	3,955,352
Income (loss) before the following	203,302	(859,294)	(655,992)	(874,120)	(1,530,112)
Amortization	(178,159)	(422,670)	(600,829)	(6,162)	(606,991)
Foreign exchange gain (loss)	(27,781)	400	(27,381)	(560)	(27,941)
Loss on disposal of fixed assets	(31,517)	—	(31,517)	—	(31,517)
Interest and minimum royalty accretion	(156,126)	(125,852)	(281,978)	(85,650)	(367,628)
<b>Net loss for the period</b>	<b>(190,281)</b>	<b>(1,407,416)</b>	<b>(1,597,697)</b>	<b>(966,492)</b>	<b>(2,564,189)</b>
Six-month period ended June 30, 2008	Licensing \$	Structural products \$	Total operations \$	Corporate \$	Consolidated \$
Revenues	4,564,489	6,943,692	11,508,181	—	11,508,181
Direct cost of revenues	1,820,603	6,237,109	8,057,712	—	8,057,712
Contribution margin	2,743,886	706,583	3,450,469	—	3,450,469
Expenses before the undernoted	2,906,072	2,128,352	5,034,424	1,366,129	6,400,553
Income (loss) before the following	(162,186)	(1,421,769)	(1,583,955)	(1,366,129)	(2,950,084)
Amortization	(174,473)	(388,019)	(562,492)	(8,671)	(571,163)
Foreign exchange gain (loss)	(9,532)	(3,813)	(13,345)	1,133	(12,212)
Interest and minimum royalty accretion	(132,204)	(17,445)	(149,649)	53,963	(95,686)
<b>Net income (loss) for the period</b>	<b>(478,395)</b>	<b>(1,831,046)</b>	<b>(2,309,441)</b>	<b>(1,319,704)</b>	<b>(3,629,145)</b>
As at June 30, 2009	Licensing \$	Structural products \$	Total operations \$	Corporate \$	Consolidated \$
Total assets	4,523,584	10,867,350	15,390,934	183,254	15,574,188
Capital expenditures	—	—	—	483	483
Property, plant and equipment	178,040	4,160,368	4,338,408	34,830	4,373,238
Intangible assets	2,010,395	—	2,010,395	—	2,010,395

## Genesis Worldwide Inc.

### Notes To Interim Consolidated Financial Statements

[unaudited]

June 30, 2009

As at June 30, 2008	Licensing \$	Structural products \$	Total operations \$	Corporate \$	Consolidated \$
Total assets	9,243,766	12,497,971	21,741,737	168,618	21,910,355
Capital expenditures	23,328	1,211,984	1,235,312	2,735	1,238,047
Property, plant and equipment	250,270	5,034,500	5,284,770	47,507	5,332,277
Intangible assets	1,915,723	—	1,915,723	—	1,915,723

Geographical distribution of revenues is as follows:

Six months ended June 30	Canada \$	U.S. \$	International \$	Consolidated \$
2009	4,998,406	156,232	2,782,602	7,937,241
2008	7,032,770	1,091,385	3,384,026	11,508,181

#### 11. SUBSEQUENT EVENTS

On July 3, 2009, the Company and Best Joist Inc. signed an amendment to the original agreement which was dated November 10, 2004. Under the terms of the license agreement, prior to the amendment, the Company was required to pay a royalty of \$0.02 per pound (the "Per Pound Royalty") of manufactured i-SPAN sold by the Company and its affiliates or sub-licensees in Canada and the U.S. in the future. There are no changes to the minimum royalty payable under the licensee agreement (the "Initial Period"). As a result of this amendment, future payments of the Per Pound Royalty will be funded by the excess minimum royalty payments paid during the Initial Period after the excess is used. The Company will have to make cash payments for the Per Pound Royalty.

On July 27, 2009, the Company completed a non-brokered private placement of 6,700,000 units (the "Units") at a price of \$0.25 per Unit, for gross proceeds of \$1,675,000. Each Unit comprises of one common share and one half common share purchase warrant. The warrants are exercisable at \$0.35 per share for each full warrant and expire on July 27, 2013. As a result of the private placement being in excess of \$1.5 million, all the secured convertible debentures that were outstanding as at June 30, 2009 were automatically converted into a total of 12,540,252 common shares.

On July 31, 2009, the Company completed an additional private placement of 600,000 units (the "Additional Units") at a price of \$0.25 per Additional Unit for gross proceeds of \$150,000. Each Additional Unit comprises of one common share and one half common share purchase warrant. The warrants are exercisable at \$0.35 per share for each full warrant and expire on July 31, 2013.