



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Dated: May 14, 2010

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Genesis Worldwide Inc. ("Genesis" or the "Company") should be read in conjunction with the Company's unaudited consolidated interim financial statements and accompanying notes for the three months ended March 31, 2010 and 2009, as well as the annual MD&A and the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2009 and 2008, filed with the Canadian securities regulatory authorities, which may be accessed at www.sedar.com. The unaudited consolidated interim financial statements and accompanying notes have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP"). All dollar amounts are in Canadian dollars unless stated otherwise. The information contained herein is dated as of May 14, 2010, and is current to that date, unless otherwise stated. The Company's fiscal year commences January 1st of each year and ends on December 31st of that year.

In this document, "we", "us", "our", "Company" and "Genesis" all refer to Genesis Worldwide Inc. collectively with its subsidiaries. The content of this MD&A has been approved by the Board of Directors, on the recommendation of its Audit Committee.

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 website at www.genesisworldwide.com or through the SEDAR website maintained by the Canadian securities regulatory authorities, which can be accessed at www.sedar.com.

Caution Regarding Forward-Looking Statements

This MD&A contains certain forward-looking statements within the meaning of applicable securities laws, which reflect management's expectations regarding the Company's future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour", and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management of the Company. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the "Risk Factors" section contained in the Company's Annual Information Form ("AIF"), filed with the Canadian securities regulatory authorities, and accessible on SEDAR at www.sedar.com. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this MD&A. Although the forward-looking statements contained in this MD&A are based upon what management currently believes to be reasonable assumptions, the Company cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements. You should not place undue importance on forward-looking statements. These forward-looking statements are made as of the date of this MD&A and the Company assumes no obligation to update or release any revisions to these forward-looking statements, except required by law, to reflect events, circumstances or the occurrence of unanticipated events, or if management's projections, beliefs or opinions change after the date of this MD&A.

Financial Condition and Significant Going Concern Uncertainty

While the interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, there are material uncertainties related to certain adverse conditions and events that cast substantial doubt on the validity of this assumption. The Company has not yet realized consistent profitable operations and continues to use cash to fund its operations. The Company's ability to continue as a going concern is dependent inter alia on, the following matters: (i) securing financing to fund its immediate short-term operating requirements; (ii) actively managing its working capital and liquidity; and (iii) retaining staff generally. At present, the success of these initiatives cannot be assured due to certain material uncertainties and hence the appropriateness of the use of accounting principles applicable to a going concern.

The first material uncertainty is the ability of the Company to secure financing to fund its short-term immediate operating requirements. If the Company is unable to raise additional capital in the immediate future, it does not expect its operations to generate sufficient cash flow to fund its obligations as they come due. Additional funding may be in the form of debt or equity, or a hybrid instrument, depending on the needs of the investor. There can be no assurances however, that the Company will be successful in obtaining the necessary immediate short-term funding necessary to continue as a going concern. In the event that the Company is not able to secure additional immediate financing to fund its short-term operating requirements, the Company may be forced to discontinue operations.

The second material uncertainty is the ability of the Company to manage its working capital and liquidity. The Company has continued to incur losses and has cumulative losses and a working capital deficiency of \$66.6 million and \$5.6 million, respectively, as at March 31, 2010. As at March 31, 2010, KML Engineered Homes Ltd. ("KML"), a subsidiary of the Company, was in default on its secured non-revolving term loan agreement due to the following: (i) On October 2, 2009, the Company received notification that the Ontario Ministry of Revenue (the "Ministry") had registered its statutory lien against the assets of KML under the *Personal Property Security Act* (Ontario) on account of \$0.6 million of unremitted sales taxes owing. Subsequent to October 2, 2009, KML entered into an agreement with the Ministry providing for the payment of these unremitted sales taxes owing over a period of approximately ten months. In the event that the repayment terms are not satisfied, the Ministry may seek to enforce its lien and collect the unremitted sales taxes owing immediately. On October 16, 2009, the Company received a letter of tolerance from its non-bank Canadian lender indicating that no further action would be taken by the lender against the default for the period ending September 30, 2010. As at December 31, 2009, the Company accrued the amount owing to the Ministry and has remitted payments in accordance with the agreement with the Ministry up to December 31, 2009. For the period beginning January 1, 2010, the Company has not remitted payments per the agreement with the Ministry. Furthermore, during the quarter ended March 31, 2010, the Company was audited by the Ministry for sales tax calculated during the period February 1, 2006 to October 31, 2009. The results of the audit indicated an additional amount owing, including interest of \$0.7 million. The Company accrued the amount of \$0.7 million as at December 31, 2009; and (ii) as at December 31, 2009, the Company's current ratio was below the 1.1 to 1.0 level stipulated in the term loan agreement. The Company received a waiver from the lender for the year ended December 31, 2009, and the lender agreed to revise the financial covenant to 1:1 as at March 31, 2010 and 1.1:1 as at June 30, 2010. As at March 31, 2010, the Company did not achieve the current ratio of 1:1. Accordingly, the full amount owing of \$0.9 million as at March 31, 2010, has been classified as a current liability and under certain circumstances may become immediately payable. Subsequent to March 31, 2010, the Company received a demand letter from the lender requesting payment of all amounts owing as of the date of the demand letter. Subsequent to receiving the demand letter, and prior to the expiration of the ten day cure period, Coddling Enterprises L.P., a current shareholder of the Company (the "Potential Buyer"), initiated discussions with the lender to potentially purchase the term loan. As a result, the Potential Buyer has agreed, subject to customary closing conditions, to purchase the term loan. The parties are in the process of completing final documentation. The Potential Buyer has expressed its desire to modify the term loan in several ways, including a reduction in the monthly loan payments, and removal of certain restrictive covenants. On January 11, 2010, the Company received a termination notice from Best Joist Inc. ("Licensor" or "BJI") in regards to the non-transferable license to use the Licensor's technology for the production and sale of certain steel joist products in Canada and the United States. The Company is currently in discussions with the Licensor regarding

the amounts owing upon termination. The Company will continue to use the license in order to complete production as it relates to orders that were in backlog at the termination date. In addition, the Company has begun the process of exploring alternative technology as it relates to the production of steel joist products. During the quarter ended March 31, 2010, due to the termination notice, an entry was made to reduce the minimum royalty obligation and intangible asset amount. The Company's liquidity issues and its default under the BJI license agreement may impair the Company's ability to execute its business plan, and may result in the reduction of sales and marketing efforts and the foregoing of attractive business opportunities. There are also uncertainties related to the timing and use of the Company's cash resources and working capital requirements. Due to these and other factors, many of which are outside of the Company's control, the Company may not be able to accurately predict necessary cash expenditures or obtain financing in a timely manner to cover any shortfalls.

The third material uncertainty is the ability of the Company to retain staff generally to continue to operate. On November 16, 2009, each of the Company's operating segments implemented short-term layoffs of personnel in order to preserve cash. A total of 47 personnel were laid-off (36 in the structural products segment, 9 in the licensing segment and 2 in the corporate head office). During the quarter ended March 31, 2010, the Company recalled 2 employees (1 in the structural products segment and 1 in the licensing segment), and the Company continued with intermittent short-term layoffs of 17 employees (in the structural products segment). All remaining employees that were not recalled, or not part of the current short-term layoffs, have either resigned from the Company, or their employment with the Company was terminated during the quarter ended March 31, 2010. The total amount of notice and severance incurred related to the employees that have been terminated totals \$80,000 and was recorded during the quarter ended March 31, 2010. As part of the Manazil transaction, as discussed under "The Market" of this MD&A, the Company transferred three employees as at March 31, 2010, and one employee subsequent to March 31, 2010, to the Manazil joint venture. The employees that transferred to Manazil included Maged Mostafa; the former Chief Operating Officer of the Company's licensing division. Due to the immediate liquidity crisis facing the Company, there is substantial doubt as to the Company's ability to continue to carry out day-to-day management decisions and operate as a going concern.

The interim consolidated financial statements do not include any adjustments or disclosures that may result from the Company's inability to continue as a going concern. If the going concern assumption was not appropriate for the consolidated financial statements, adjustments may be necessary in the carrying values of assets and liabilities and the reported expenses and balance sheet classifications; such adjustments could be material.

Selected Financial Information

The following tables set out selected interim consolidated financial information for the periods indicated. The selected financial information set out below as at and for the three month periods ended March 31, 2010 and 2009, respectively, has been derived from the unaudited consolidated interim financial statements and accompanying notes for the three month periods ended March 31, 2010 and 2009, as well as the December 31, 2009 annual audited consolidated financial statements. The financial information for the three month periods ended March 31, 2010 and 2009 have been prepared by management in accordance with Canadian GAAP in a manner consistent with its annual audited consolidated financial statements and have not been subject to review by the Company's auditors. Each investor should read the following information in conjunction with those consolidated financial statements and the notes thereto.

Consolidated Statements of Operations Data

(in thousands of dollars, except share data)	Three Months Ended March 31	
	2010	2009
Revenues		
Licensing	\$ 191	\$ 2,226
Structural products	774	2,653
Total revenues	965	4,879
Direct cost of revenues		
Licensing	14	1,476
Structural products	872	2,098
Total direct cost of revenues	886	3,574
	79	1,305
Operating Expenses		
Research and development	63	199
SR&ED tax credit	-	(50)
Selling and marketing	292	302
Engineering and project management	220	263
General and administrative	782	694
Occupancy	320	351
	1,677	1,759
Loss before other expenses	(1,598)	(454)
Amortization	174	303
Debenture and loan interest expense	53	90
Minimum royalty accretion	-	66
Foreign exchange loss (gain)	(27)	27
Other	-	5
	200	491
Net loss and comprehensive loss for the period	\$ (1,798)	\$ (945)
Net loss per share – basic and diluted	\$ (0.03)	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	51,575,009	30,982,858

Consolidated Balance Sheet Data

(in thousands of dollars)	As at March 31, 2010	As at December 31, 2009
Cash	\$ 24	\$ 72
Accounts receivable	1,735	2,818
Total assets	5,256	7,773
Total liabilities	8,339	9,606
Shareholders' equity	(3,083)	(1,833)

Overview

Genesis is a “green” building products and solutions provider. Genesis develops and licenses light steel structural building systems and solutions aimed at the global residential, commercial and institutional building markets. Genesis offers a turn-key solution enabling its customers and partners to custom design, manufacture and install complete light steel building structures (the “Genesis Solution”). The Genesis Solution encompasses engineered processes and materials that are environmentally sustainable or “green”. The Company’s operating activities consist of the ongoing development, licensing and application of its technologies through the licensing and structural products divisions. Genesis generates its revenues from both the licensing and the application of these technologies. The Company refers to the licensing of its technologies as the licensing division or licensing business and the application of its technologies to build structural products as the structural products division. It is anticipated that, in the future, the licensing division would derive a majority of its revenue through its participation in various joint venture relationships that are currently under negotiation, as discussed under “The Market” of this MD&A.

The Market

The continuing unpredictable global economy has resulted in a volatile and uncertain environment which continues to present many companies with new business challenges. The potential of this downturn affecting the Company’s results is significant because not only have builders been affected by the slowdown in consumer demand, the global financial industry has been significantly impacted, which, in turn, negatively affects the construction industry, as most construction projects require financing. The effect of the global economic downturn on the financial industry has resulted in builder financing becoming scarce for new projects and, in some instances, projects partially completed have been abandoned due to financing being withdrawn or the terms thereof being changed. As a result, general economic conditions continue to be very challenging for most companies which are involved in or dependent on the construction industry, including Genesis.

Governments globally have responded to the economic downturn with numerous stimulus packages to help spur their economies. Government stimulus packages have attempted to drive construction projects involving schools, hospitals, and other government buildings. One advantage of the Genesis Solution is its diversity in terms of the types of projects that it can be applied to. The hardest hit segment of the global construction market has been single family homes, while the commercial and institutional building market has not been negatively impacted to the same degree. The Genesis Solution is applicable to both the single family home market, as well as the commercial and institutional building market for buildings that are eight-stories and under. Therefore, the Company will continue to focus its selling and marketing efforts on the areas showing activity, both geographically and by segment.

During the quarter ended March 31, 2010, in an effort to enhance the worldwide adoption of the Genesis Solution, the Company is changing its licensing strategy. As part of its new business strategy, the Company anticipates entering into joint venture arrangements with potential licensees to develop light steel structural component manufacturing operations in strategic global locations where the need for a more efficient building system is necessary and required. This strategy creates a new business model that gives Genesis a stake in an existing or newly formed joint venture corporation. An equity stake in the business will allow the Company to share in the potential profits of this operation and to directly influence the direction and success of the business. In addition, the Company may reduce significant portions of its overhead as the joint venture operations endeavour to reach profitability. Accordingly, the Company is in discussions with Alexandria Steel Forming Co. (“Alexandria Steel”), a leading supplier of steel, forming components, steel slitting and other steel related products located in Alexandria, Egypt, and Manazil Steel Framing Co. (“Manazil”), a construction company located in Abu Dhabi, UAE, and also a current licensee, regarding the creation of joint venture operations in the respective regions. Current discussions with both Alexandria Steel and Manazil are in the final stages of negotiation. As part of the Manazil transaction, the Company transferred three employees as at March 31, 2010, and one employee subsequent to March 31, 2010, to the Manazil joint venture. The employees that transferred to Manazil included Maged Mostafa; the former Chief Operating Officer of the Company’s licensing division. Subsequent to March 31, 2010, in furtherance of its new strategic direction, the Board of Directors of the Company has formed a special committee to negotiate a joint venture with Coddling Enterprises

L.P., the Company's largest shareholder, covering the United States and South America, and has also formed a special committee to negotiate the divestiture of KML to an acquisition entity to be formed and owned by a director and consultant for the Company, James Arabia, whereby the Company would retain the ability to own a significant equity interest in KML through ownership of convertible securities issued by the acquisition entity. Although the Company believes it is likely that it will consummate the contemplated joint venture and divestiture transactions, there can be no assurance that any or all of the transactions will ultimately be finalized, or that, if finalized, they will be under the same terms and conditions as currently contemplated.

The Company believes that compelling market opportunities exist in India, the Middle East, China and the Americas. Accordingly, the Company is targeting these markets.

Material costs for the construction industry are changing significantly. In North America, wood is a predominant structural material, and the cost of wood in 2009 was at its lowest levels in the past several years, but is now forecasted to increase up to 32% in 2010. Outside of North America, concrete is the main structural material used. Against this backdrop, while steel prices have decreased from record highs experienced in 2008, steel prices increased during 2009, and are projected to increase up to 21% by the end of 2010. This trend in steel prices and the trends in wood and concrete prices could negatively impact the Company for the foreseeable future. To minimize the adverse effect of these pricing pressures, the Company will endeavour to continue to develop innovative products and will continue its efforts to partner with suppliers to try and stabilize raw material costs. The Company has developed "SMART" parts, which are pieces that, when implemented into the production process, reduce inefficiencies such as welding, painting, and other fabrication activities, and even enable installers to address site related foundation imperfections rather than having to return materials to the factory for slight changes. The Company began implementing these innovations during the first part of fiscal 2009, and the result has been increased customer satisfaction and lower overall manufacturing costs due to the flexibility and increased efficiencies that these pieces create.

The use of light gauge steel as a structural material worldwide is still in its infancy. The Company estimates that the worldwide market share for light gauge steel as a structural material is still less than 1%. The Company's strategy for its licensing activities is to focus on those markets that offer the greatest overall potential for growth.

Comparison of the Three Months Ended March 31, 2010 and March 31, 2009

Revenues

(a) Licensing

Licensing revenues for the first quarter of 2010 were \$191,000, compared to \$2,226,000 for the first quarter of 2009, representing a decrease of 91%. Revenue for the first quarter of 2010 includes royalties and services, compared to the recognition of equipment revenue for the Company's second Russian licensee, royalties and services for the first quarter of 2009. It is anticipated that, in the future, the licensing division would derive a majority of its revenue through its participation in various joint venture relationships that are currently under negotiation, as discussed under "The Market" of this MD&A.

(b) Structural Products

Revenues for the structural products division for the first quarter of 2010 were \$774,000, compared to \$2,653,000 for the first quarter of 2009, representing a decrease of 71%. Revenue for the first quarter ended 2010 was impacted by the Company's inability to maintain consistent sustained production from manufacturing as it continues to manage working capital.

Direct Cost of Revenues

The direct cost of revenues for the licensing division consists of the direct cost of the industrial manufacturing equipment as well as inventory obsolescence and miscellaneous supplies sold to licensees. Direct cost of revenues for licensing as a percentage of revenue is dependent upon the mix of software revenue, industrial equipment revenue, royalty revenue and other revenues recorded in any one quarter, as the only

revenue components that have a direct cost are the industrial equipment and miscellaneous supplies sold to licensees.

The direct cost of revenues for the structural products division consists of direct labour, direct material, certain plant overheads, shipping, and installation costs.

(a) Licensing

Direct cost of revenues for the licensing division for the first quarter of 2010 was \$14,000, or 7% of the licensing division's revenue, compared to \$1,476,000, or 66% of this division's revenue for the first quarter of 2009. The cost decrease as a percentage of revenue for the first quarter of 2010, compared to the same period a year ago, is due to the fact that licensing revenues for the first quarter of 2010 included royalties and services, whereas, licensing revenue for the first quarter of 2009 included industrial equipment shipped during the quarter.

(b) Structural Products

Direct cost of revenues for the structural products division was \$872,000 for the first quarter of 2010, or 113% of the structural products division's revenue, compared to \$2,098,000, or 79% of this division's revenue for the first quarter of 2009.

Research and Development

Research and development ("R&D") expense include salaries and other personnel costs, as well as certification and materials costs, including prototypes and testing, associated with new product introductions. Any actual and estimated recoveries from the filing of Scientific Research and Experimental Development ("SR&ED") tax claims made to the Canadian and Ontario governments are netted against these expenses. Until the Company's initial public offering ("IPO") was completed on July 3, 2007, the Company was classified as a Canadian Controlled Private Corporation ("CCPC"). By virtue of being a CCPC up to July 3, 2007, the Company was entitled to a partial cash refund relating to qualified research and development expenditures from the Canadian federal and provincial governments. As a consequence of ceasing to be a CCPC, the federal portion of the investment tax credit earned by the Company is no longer refundable but is still available as a credit to the Company at a reduced rate to reduce future cash taxes payable.

R&D expense for the first quarter of 2010 was \$63,000 (net of a SR&ED recovery of \$nil), compared to an expense of \$149,000 (net of a SR&ED recovery of \$50,000) for the first quarter of 2009, representing a decrease of \$86,000. The decrease in costs was due to a net reduction in salary and employee benefit costs of \$147,000, offset by an increase in other costs of \$61,000.

Selling and Marketing

Selling and marketing expense include salaries, commissions and other personnel costs, including travel, participation in trade shows and conferences, and other marketing activities.

Selling and marketing expense was \$292,000 for the first quarter of 2010, compared to \$302,000 for the first quarter of 2009. The decrease in costs of \$10,000 was due to a net decrease in salary and employee benefit costs of \$64,000, offset by an increase in travel costs of \$39,000, and an increase in other costs of \$15,000.

Engineering and Project Management

Engineering and project management expense include salaries and other personnel costs of the Company's engineering and project management team.

Engineering and project management expense for the first quarter of 2010 was \$220,000, compared to \$263,000 for the first quarter of 2009. The decrease in costs of \$43,000 was due to a net decrease in salary and employee benefit costs of \$89,000, offset by an increase in other costs of \$46,000.

General and Administrative

General and administrative (“G&A”) expense include general personnel costs, insurance, professional fees relating to tax, legal and audits, and bad debt expense. Bad debt expense consists of the charge taken in the period a receivable is deemed uncollectible by the Company and will include the expected legal costs incurred to collect such debts. Any recoveries are netted against bad debt expense in the period they are collected.

G&A expense was \$782,000 for the first quarter of 2010, compared to \$694,000 for the same period a year ago, representing an increase of \$88,000. The cost increase was due to an increase in consulting fees of \$232,000, offset by a net reduction in salary and employee benefit costs of \$152,000, as well as an increase in other G&A expenses of \$8,000.

Occupancy

Occupancy costs include rent, utilities, property insurance and municipal taxes for rental properties.

Occupancy expense for the first quarter of 2010 was \$320,000, compared to \$351,000 for the first quarter of 2009.

Amortization

Amortization expense relate to property, plant and equipment, and intangible assets.

Amortization expense was \$174,000 for the first quarter of 2010, compared to \$303,000 for the first quarter of 2009. The decrease to amortization expense was due to the impairment charge to property, plant and equipment and intangible assets recorded during the fourth quarter of 2009.

Foreign Exchange Gains/Losses

Foreign exchange gains/losses relate to the positive or negative realization in foreign currency transactions between the time revenue is booked or expenses are incurred and when the actual cash is received or expended.

The Company had a foreign exchange gain of \$27,000 for the first quarter of 2010, compared to a loss of \$27,000 for the first quarter of 2009. The gains and losses are attributable to the fluctuating value of the Canadian dollar vis-à-vis the U.S. dollar.

The majority of the Company’s business is transacted in Canadian and U.S. dollars. Since the headquarters of the Company are located in Canada, the majority of the Company’s operating expenses are denominated in Canadian dollars. Where possible, the Company tries to have a natural hedge of paying U.S. dollar expenses from U.S. dollar collections, however, there is still some exposure to the risk of fluctuation in the U.S.-to-Canadian dollar exchange rate.

Loan Interest and Investment Income

Loan interest expense relates to the carrying cost of carrying debt, net of any interest earned on cash deposits. Investment income relates to income earned from the investment of excess cash in short-term liquid investments. Investment income is netted against expenses.

Loan interest expense for the first quarter of 2010 was \$53,000, compared to \$90,000 for the first quarter of 2009. The expense for the first quarter of 2010 includes interest on the non-revolving term loan. The expense for the first quarter of 2009 includes interest on the non-revolving term loan, financing charges, and the interest from the convertible debenture which was issued on February 23, 2009, as discussed under “Liquidity and Capital Resources” in this MD&A.

Liquidity and Capital Resources

Since its incorporation in July 2003, the Company has funded its operations and capital resources requirements through the issuance of equity securities, various types of debt financings and deferred revenue.

In June 2008, KML completed a three-year \$1,800,000 secured non-revolving term loan with a large non-bank Canadian lender with interest payable at a fixed rate of 8.17%. This term loan is repayable in equal monthly instalments of principal plus interest. The lender required KML to provide a \$500,000 irrevocable letter of credit which was issued by a Canadian chartered bank and is secured by a restricted cash deposit of \$500,000 at that bank. The term loan was formalized and fully drawn down in July 2008. KML provided a general security agreement providing the lender with a general security interest in all of its assets. The term loan is guaranteed by the Company and its other subsidiaries, each of which provided a general security agreement providing the lender with a security interest in all of its assets. As at March 31, 2010, KML was in default on its secured non-revolving term loan agreement due to the following: (i) On October 2, 2009, the Company received notification that the Ministry had registered its statutory lien against the assets of KML under the *Personal Property Security Act* (Ontario) on account of \$0.6 million of unremitted sales taxes owing. Subsequent to October 2, 2009, KML entered into an agreement with the Ministry providing for the payment of these unremitted sales taxes owing over a period of approximately ten months. In the event that the repayment terms are not satisfied, the Ministry may seek to enforce its lien and collect the unremitted sales taxes owing immediately. On October 16, 2009, the Company received a letter of tolerance from the lender indicating that no further action would be taken by the lender against the default for the period ending September 30, 2010. As at December 31, 2009, the Company accrued the amount owing to the Ministry and has remitted payments in accordance with the agreement with the Ministry up to December 31, 2009. For the period beginning January 1, 2010, the Company has not remitted payments per the agreement with the Ministry. Furthermore, during the quarter ended March 31, 2010, the Company was audited by the Ministry for sales tax calculated during the period February 1, 2006 to October 31, 2009. The results of the audit indicated an additional amount owing, including interest of \$0.7 million. The Company accrued the amount of \$0.7 million as at December 31, 2009; and (ii) as at December 31, 2009, the Company's current ratio was below the 1.1 to 1.0 level stipulated in the term loan agreement. The Company received a waiver from the lender for the year ended December 31, 2009, and the lender agreed to revise the financial covenant to 1:1 as at March 31, 2010 and 1.1:1 as at June 30, 2010. As at March 31, 2010, the Company did not achieve the current ratio of 1:1. Accordingly, the full amount owing of \$0.9 million as at March 31, 2010, has been classified as a current liability and under certain circumstances may become immediately payable. Subsequent to March 31, 2010, the Company received a demand letter from the lender requesting payment of all amounts owing as of the date of the demand letter. Subsequent to receiving the demand letter, and prior to the expiration of the ten day cure period, Codding Enterprises L.P., a current shareholder of the Company (the "Potential Buyer"), initiated discussions with the lender to potentially purchase the term loan. As a result, the Potential Buyer has agreed, subject to customary closing conditions, to purchase the term loan. The parties are in the process of completing final documentation. The Potential Buyer has expressed its desire to modify the term loan in several ways, including a reduction in the monthly loan payments, and removal of certain restrictive covenants.

On February 23, 2009, the Company issued a secured convertible debenture in the principal amount of \$1,534,742 (the "Debenture") to Codding Enterprises, L.P. ("Codding"), a limited partnership associated with Codding Steel Frame Solutions ("Codding SFS"), one of the Company's existing licensees. The Debenture matured on August 23, 2010, bore interest at the rate of 10% per annum and was convertible at the option of Codding into common shares of Genesis at a conversion price of \$0.242. The Debenture was secured by a general security interest in all of the assets of the Company, which ranked subsequent to the security interest granted by the Company to the non-bank lender which provided the term loan described above.

On May 22, 2009, the Company issued additional secured convertible debentures in an aggregate principal amount of \$1,500,000 (the "Additional Debentures"). Codding, and entities associated with it, acquired \$1,325,000 principal amount of the Additional Debentures. The Additional Debentures matured on November 22, 2010, bore interest at the rate of 10% per annum, and was convertible at the option of the debenture holders into common shares of Genesis at a conversion price of \$0.242. The Additional Debentures were secured by a general security interest in all of the assets of Genesis, which ranks *pari passu* with the

security interest securing the Debenture, and subsequent to the security interest granted to the non-bank lender which provided the term loan described above. The Additional Debentures would automatically convert into common shares of Genesis at a conversion price of \$0.242 per share if the Company raised an additional \$1.5 million in equity through a transaction or a series of transactions. The Debenture was also amended at the same time that the Additional Debentures were issued to add an identical conversion feature.

In July 2009, the Company completed two private placements of an aggregate of 7,300,000 units at a price of \$0.25 per unit raising aggregate gross proceeds of \$1,825,000. Each unit consisted of one common share and one-half of a common share purchase warrant. Each common share purchase warrant is exercisable into one common share of the Company at \$0.35 per common share until July 2013. As a result of the completion of the first of these private placements which raised gross proceeds in excess of \$1.5 million, the Debenture and the Additional Debentures were automatically converted into common shares.

While the interim consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations, there are material uncertainties related to certain adverse conditions and events that cast substantial doubt on the validity of this assumption. The Company has not yet realized consistent profitable operations and continues to use cash to fund its operations. The Company's ability to continue as a going concern is dependent inter alia on the following matters: (i) securing financing to fund its immediate short-term operating requirements; (ii) actively managing its working capital and liquidity; and (iii) retaining staff generally. At present, the success of these initiatives cannot be assured due to certain material uncertainties and hence the appropriateness of the use of accounting principles applicable to a going concern is subject to substantial doubt.

In view of the current operating results and the difficult economic environment, the Company has significantly reduced its operating costs with a view to managing its business based on its anticipated revenues from its licensing arrangements and structural products backlog.

The Company is operating in a very difficult environment due to the global economic slowdown which has impacted both the construction and financial industries, as discussed under "The Market" in this MD&A. The Company has continued to incur losses, but has also continued to reduce its operating expenses. The Company's cash balance as at March 31, 2010 was \$24,000, and is not sufficient to meet the Company's current needs. If the Company is not able to raise additional financing, it will not be able to continue any of its operations. If the going concern assumption was not appropriate for the financial statements, adjustments would be necessary in the carrying values of assets and liabilities, the reported net loss, and the balance sheet classification used.

As noted in previous quarters, the Company continues to look at options to raise additional capital, which would allow the Company to pursue its growth initiatives and improve its liquidity. This initiative has proved challenging due to the current state of the global financial markets, but the Company will continue to search for opportunities that may be available to it. If the Company is unable to raise additional capital in the immediate future, it does not expect its operations to generate sufficient cash flow to fund its obligations as they come due. Additional funding may be in the form of debt or equity, or a hybrid instrument, depending on the needs of the investor. There can be no assurances however, that the Company will be successful in obtaining the necessary immediate short-term funding necessary to continue as a going concern. In the event that the Company is not able to secure additional immediate financing to fund its short-term operating requirements, insolvency proceedings may be pursued by one or more of Genesis and its subsidiaries.

The table below outlines selected balance sheet accounts and a summary of cash inflows and outflows by activities:

Selected Balance Sheet and Cash Flow Data

(in thousands of dollars, except working capital ratios)	March 31, 2010	December 31, 2009
Cash	\$ 24	\$ 72
Working capital	(5,596)	(4,936)
Long-term assets	2,513	3,681
Long-term liabilities	-	578
Working capital ratio	0.33 to 1	0.45 to 1

Cash Inflows and (Outflows) by Activities

(in thousands of dollars)	March 31, 2010	March 31, 2009
Operating activities	\$ (526)	\$ (1,011)
Investing activities	-	(171)
Financing activities	478	1,438
Net cash inflows (outflows)	(48)	256

Cash Used in Operating Activities

The Company used \$526,000 of cash to fund its operations for the first quarter of 2010, compared to \$1,011,000 for the first quarter of 2009.

Financial Instruments

The estimated fair value of cash, cash held in trust, restricted cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to the short-term maturity of these financial instruments. The fair value of the long-term financial instruments approximates their carrying value.

Cash Used in Investing Activities

The Company spent \$nil of cash to fund its investing activities for the first quarter of 2010, compared to \$171,000 for first quarter of 2009.

Cash Provided by Financing Activities

The Company generated \$478,000 of cash from financing activities for the first quarter of 2010, compared to \$1,438,000 for the first quarter of 2009.

The amount of cash generated for the first quarter of 2010 includes the issuance of common stock of \$575,000 resulting from the private placement that closed on March 19, 2010, as discussed below, less the repayment of the term loan of \$97,000. The amount of cash generated for the first quarter of 2009 includes \$1,497,000 from the issuance of debentures, change in long-term liabilities of \$78,000, and less the repayment of the term loan of \$137,000.

On March 19, 2010, the Company completed a non-brokered private placement (the "Private Placement") of 5,639,241 common shares at prices ranging from \$0.09418 to \$0.1230 per common share in satisfaction of the payment of outstanding indebtedness of an aggregate of \$593,390. Muzzo Brothers Group Inc., ("Muzzo Brothers") an affiliate of a beneficial shareholder and insider of the Company, Zuzum Acquisition Inc., subscribed for 2,777,437 common shares, pursuant to the Private Placement. Following the completion of the Private Placement, Zuzum Acquisition Inc, and its associates and affiliates together, are the registered and

beneficial holders of 8,315,177 common shares of the Company, representing approximately 14.7% of the issued and outstanding common shares of the Company. Due to the participation by Muzzo Brothers in the Private Placement, the Private Placement is a "related party transaction" for the purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on the exemptions from the valuation and minority approval requirements of MI 61-101 contained in paragraph (a) of Section 5.5 and paragraph (a) of Section 5.7, respectively, of MI 61-101, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the portion of the Private Placement subscribed for by Muzzo Brothers exceeded 25% of the Company's market capitalization.

Contractual Obligations

The Company's contractual obligations are the same as those disclosed in its annual MD&A and audited consolidated financial statements and accompanying notes for the years ended December 31, 2009 and 2008 filed with the Canadian securities regulatory authorities and accessible on SEDAR at www.sedar.com.

On January 11, 2010, the Company received a termination notice from BJI ("Licensor") in regards to the non-transferable license to use the Licensor's technology for the production and sale of certain steel joist products in Canada and the United States. The Company is currently in discussions with the Licensor regarding the amounts owing upon termination. The Company will continue to use the license in order to complete production as it relates to orders that were in backlog at the termination date. In addition, the Company has begun the process of exploring alternative technology as it relates to the production of steel joist products. During the quarter ended March 31, 2010, due to the termination notice, an entry was made to reduce the minimum royalty obligation and intangible asset amount.

As at March 31, 2010, KML was in default on its secured non-revolving term loan agreement due to the following: (i) On October 2, 2009, the Company received notification that the Ministry had registered its statutory lien against the assets of KML under the *Personal Property Security Act* (Ontario) on account of \$0.6 million of unremitted sales taxes owing. Subsequent to October 2, 2009, KML entered into an agreement with the Ministry providing for the payment of these unremitted sales taxes owing over a period of approximately ten months. In the event that the repayment terms are not satisfied, the Ministry may seek to enforce its lien and collect the unremitted sales taxes owing immediately. On October 16, 2009, the Company received a letter of tolerance from the its non-bank Canadian lender indicating that no further action would be taken by the lender against the default for the period ending September 30, 2010. As at December 31, 2009, the Company accrued the amount owing to the Ministry and has remitted payments in accordance with the agreement with the Ministry up to December 31, 2009. For the period beginning January 1, 2010, the Company has not remitted payments per the agreement with the Ministry. Furthermore, during the quarter ended March 31, 2010, the Company was audited by the Ministry for sales tax calculated during the period February 1, 2006 to October 31, 2009. The results of the audit indicated an additional amount owing, including interest of \$0.7 million. The Company accrued the amount of \$0.7 million as at December 31, 2009; and (ii) as at December 31, 2009, the Company's current ratio was below the 1.1 to 1.0 level stipulated in the term loan agreement. The Company received a waiver from the lender for the year ended December 31, 2009, and the lender agreed to revise the financial covenant to 1:1 as at March 31, 2010 and 1.1:1 as at June 30, 2010. As at March 31, 2010, the Company did not achieve the current ratio of 1:1. Accordingly, the full amount owing of \$0.9 million as at March 31, 2010, has been classified as a current liability and under certain circumstances may become immediately payable. Subsequent to March 31, 2010, the Company received a demand letter from the lender requesting payment of all amounts owing as of the date of the demand letter. Subsequent to receiving the demand letter, and prior to the expiration of the ten day cure period, Coddling Enterprises L.P., a current shareholder of the Company (the "Potential Buyer"), initiated discussions with the lender to potentially purchase the term loan. As a result, the Potential Buyer has agreed, subject to customary closing conditions, to purchase the term loan. The parties are in the process of completing final documentation. The Potential Buyer has expressed its desire to modify the term loan in several ways, including a reduction in the monthly loan payments, and removal of certain restrictive covenants.

Contingencies

In the normal course of business, the Company is subject to loss contingencies, such as claims and assessments arising from litigation and other legal proceedings, contractual indemnities, product and environmental liabilities, and tax matters. The Company is required to accrue for such loss contingencies if it is probable that the outcome will be unfavourable, and if the amount of the loss can be reasonably estimated. The Company evaluates its exposure to loss based on the progress of each contingency, experience in similar contingencies and, if necessary, consultation with external legal counsel. The Company re-evaluates all contingencies as additional information becomes available.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Some of the Company's more significant estimates include those related to the allowance for doubtful accounts, property, plant and equipment amortization, cash flow projections with respect to impairment of long-lived assets and assessment of going concern assumption, intangible assets and related amortization, accounts payable and accrued liabilities, revenue and profit recognition related to percentage-of-completion determination and cost estimates in cost of revenues, revenue recognition for license arrangements with multiple elements and stock-based compensation expense. In making such estimates and assumptions, management consults with employees knowledgeable in the area, gathers relevant information, where appropriate, seeks advice from qualified third parties, and makes judgments, which in management's opinion at that time, represent fair, balanced and appropriate conservative estimates and assumptions. Actual results could differ from those estimates and the differences may be material.

In the Company's annual MD&A and audited consolidated financial statements and accompanying notes for the years ended December 31, 2009 and 2008, the Company identified the accounting policies and estimates that are critical to the understanding of its business operations and its results of operations. For the three months ended March 31, 2010, there were no changes to the critical accounting policies and estimates from those found in the Company's annual MD&A for the year ended December 31, 2009.

Related Party Transactions

Lease

Muzzo Brothers Group Inc. ("Muzzo Brothers"), an affiliate of a beneficial shareholder and insider of the Company, Zuzum Acquisition Inc., as landlord, and the Company, as tenant, entered into a lease dated December 21, 2006 for premises located at 10877 Keele Street, Vaughan, Ontario. The lease is for an initial term of 10 years which commenced on January 31, 2007 and expires on December 31, 2016, and is renewable for a further 10 years at the option of the Company with prior written notice. Annual base rent under the lease is \$727,000. The Company is also liable for additional rent for operating costs, utilities and taxes. On March 19, 2010, the Company completed a non-brokered private placement (the "Private Placement") of 5,639,241 common shares at prices ranging from \$0.09418 to \$0.1230 per common share in satisfaction of the payment of outstanding indebtedness of an aggregate of \$593,390. Muzzo Brothers subscribed for 2,777,437 common shares, pursuant to the Private Placement. Following the completion of the Private Placement, Zuzum Acquisition Inc, and its associates and affiliates together, are the registered and beneficial holders of 8,315,177 common shares of the Company, representing approximately 14.7% of the issued and outstanding common shares of the Company. Due to the participation by Muzzo Brothers in the Private Placement, the Private Placement is a "related party transaction" for the purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on the exemptions from the valuation and minority approval requirements of MI 61-101 contained in paragraph (a) of Section 5.5 and paragraph (a) of Section 5.7, respectively, of MI 61-101, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the portion of the Private Placement subscribed for by Muzzo Brothers exceeded 25% of the Company's market capitalization.

Commercial Contracts

Zuzum Acquisition Inc., a beneficial shareholder and insider of the Company, is an affiliate of Muzzo Brothers Group Inc., which is a contract customer of the Company with regular credit terms. Revenues earned during the first quarter of 2010 were \$nil, compared to \$61,000 for first quarter of 2009. The amount included in accounts receivable as at March 31, 2010 was \$nil, compared to \$74,000 as at March 31, 2009.

Codding Enterprises L.P., a beneficial shareholder and insider of the Company, is the parent company of Codding Steel Frame Solutions ("Codding SFS"), which is a licensee of the Company with regular contract terms. Revenues earned from Codding SFS during the first quarter of 2010 were \$151,000, compared to \$75,000 for the first quarter of 2009. The amount due from Codding SFS in accounts receivable as at March 31, 2010 was \$23,000, compared to \$nil as at March 31, 2009.

Off-Balance Sheet Arrangements

The Company does not have any "off-balance sheet" arrangements as of March 31, 2010.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standard Board (AcSB) has confirmed that IFRS will replace current Canadian GAAP for publicly accountable enterprises, including Genesis Worldwide Inc., effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company, will report comparative interim and annual financial statements in accordance with IFRS beginning with the quarter ended March 31, 2011.

Share Capital

As at March 31, 2010, the Company had:

- 56,462,351 common shares issued and outstanding;
- 3,650,000 purchase warrants outstanding, which entitle the holder to acquire 3,650,000 common shares of the Company;
- 774,500 common share options outstanding under the Company's stock option plan to purchase common shares of the Company; and
- 835,712 common share options outstanding to debenture holders to purchase common shares of the Company.

On March 19, 2010, the Company completed a non-brokered private placement (the "Private Placement") of 5,639,241 common shares at prices ranging from \$0.09418 to \$0.1230 per common share in satisfaction of the payment of outstanding indebtedness of an aggregate of \$593,390. Muzzo Brothers Group Inc. ("Muzzo Brothers") subscribed for 2,777,437 common shares, pursuant to the Private Placement. Muzzo Brothers is an affiliate of Zuzum Acquisition Inc., an existing shareholder and an insider of the Company. Following the completion of the Private Placement, Zuzum Acquisition Inc., and its associates and affiliates together, are the registered and beneficial holders of 8,315,177 common shares of the Company, representing approximately 14.7% of the issued and outstanding common shares of the Company. Due to the participation by Muzzo Brothers in the Private Placement, the Private Placement is a "related party transaction" for the purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on the exemptions from the valuation and minority approval requirements of MI 61-101 contained in paragraph (a) of Section 5.5 and paragraph (a) of Section 5.7, respectively, of MI 61-101, as neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the portion of the Private Placement subscribed for by Muzzo Brothers exceeded 25% of the Company's market capitalization.

Risk Factors

Many factors could cause the actual results of the Company to differ materially from the results, performance, achievements or developments expressed or implied by forward-looking statements including the risk factors listed in the “Risk Factors” section contained in the Company’s AIF, and the risk factors, as discussed under “Liquidity and Capital Resources” in this MD&A.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company’s internal controls over financial reporting that occurred during the three months ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. The Company has not completed testing of its controls during the three months ended March 31, 2010 to adequately determine whether the operating effectiveness of its controls is satisfactory.

The design of any system of internal controls and procedures is based, in part, upon certain assumptions about the likelihood of certain events. There can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Selected Consolidated Quarterly Financial Information

The following tables provide an analysis of the Company’s unaudited operating results for each of the quarters ended on the date indicated.

(in thousands of dollars, except per share data)	Three Months Ended			
	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
Revenues	\$ 965	\$ 1,357	\$ 3,598	\$ 3,059
Direct cost of revenues	886	1,992	2,572	1,938
Operating expenses	1,677	3,092	2,717	2,197
Net income (loss)	(1,798)	(6,782)	(2,173)	(1,620)
Basic and diluted loss per share	(\$0.03)	(\$0.17)	(\$0.04)	(\$0.05)
Total assets	\$ 5,256	\$ 7,773	\$ 14,664	\$ 15,574

(in thousands of dollars, except per share data)	Three Months Ended			
	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
Revenues	\$ 4,879	\$ 4,452	\$ 5,302	\$ 3,826
Direct cost of revenues	3,574	2,829	3,634	2,658
Operating expenses	1,759	2,953	3,144	3,214
Net income (loss)	(945)	(1,693)	(1,904)	(2,389)
Basic and diluted earnings (loss) per share	(\$0.03)	(\$0.05)	(\$0.06)	(\$0.08)
Total assets	\$ 16,139	\$ 17,339	\$ 17,842	\$ 21,910

Genesis generates its revenues from both the licensing and the application of these technologies. The Company refers to the licensing of its technologies as the licensing division or licensing business, and the application of its technologies to build structural products as the structural products division.

The direct cost of revenues for the licensing division consists of the direct cost of the industrial manufacturing equipment as well as inventory obsolescence and miscellaneous supplies sold to licensees. Direct cost of revenues for licensing as a percentage of revenue is dependent upon the mix of software revenue, industrial equipment revenue, royalty revenue and other revenues recorded in any one quarter. The direct cost of revenues for the structural products division consists of direct labour, direct material, certain plant overheads, shipping and installation costs.

The Company continues to evaluate operating costs in an effort to reduce costs.