



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

Dated: November 29, 2011

This Management's Discussion and Analysis ("MD&A") provides a review of the significant developments that have impacted Genesis Worldwide Inc. ("Genesis" or the "Company"), in the third quarter and nine month period ended September 30, 2011, relative to the same periods for 2010. This discussion of the financial condition and results of operations of the Company should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2010, (the "2010 Consolidated Financial Statements"). The financial information in this interim MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"), applicable to the preparation of interim financial statements. Prior period comparative financial information throughout this report for 2010 has been restated and is shown in accordance with IFRS.

All dollar amounts are in Canadian dollars unless stated otherwise. The information contained herein is dated as of November 29, 2011, 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 contents of this MD&A have 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 accompanying unaudited condensed consolidated interim 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. These unaudited condensed consolidated interim 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 unaudited condensed consolidated interim financial statements, adjustments may be necessary in the carrying values of assets and liabilities, reported expenses and balance sheet classifications; such adjustments could be material. The accompanying financial information reflects all adjustments, consisting primarily of normal recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of results for the years presented. The Company has not yet realized consistent profitable operations and continues to use cash to fund its operations.

The Company raised capital by way of a private placement in February 2011, and had approximately \$4,182 in cash and cash equivalents at September 30, 2011 to fund development activities and meet its contractual obligations. The Company's financing efforts to date, while substantial, may not be sufficient in and of themselves to enable the Company to fund all aspects of its operations when taking into consideration the repayment of loans, obligations, and the revenue streams forecasted. Management's plans include selling equity securities, negotiating payment terms for all obligations, and or obtain debt financing to fund the Company's capital requirements and ongoing operations; however, there can be no assurance that the Company will be successful in these efforts. Failure to effectuate timely short-term funding could require the Company to file for protection under bankruptcy laws.

Selected Financial Information

Below is selected information derived from the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2011 and 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Consolidated Statements of Operations Data (in thousands of dollars, except share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues	\$ -	\$ -	\$ -	\$ 174,069
Direct cost of revenues	-	11,768	-	40,027
Operating expenses	422,646	239,248	1,381,619	2,005,328
Net loss	(277,801)	(520,191)	(1,624,189)	(2,165,379)
Net loss per share – basic and diluted	(0.00)	(0.01)	(0.02)	(0.04)
Weighted average number of common shares	82,167,550	56,462,351	78,317,694	54,871,796

Overview

Genesis, together with its subsidiaries, GenesisTP Inc., KML Building Solutions Inc. (a Delaware corporation), Genesis Financial Incorporated, GenesisTP USA Inc., and GenesisTP Ireland Limited, is a green building technology and solutions provider. Genesis develops and licenses light steel structural building software and provides building solutions aimed at the global residential, commercial and institutional construction 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. Through Genesis proprietary technologies, licensees are able to efficiently custom manufacture light steel building structures on a mass scale. Genesis offers state-of-the-art industrial equipment to its licensees to ensure that the licensee is able to provide their customers with the best in sustainable construction products. Following the Genesis process, licensees are offered a wide range of services, including ongoing training and support, to ensure that the manufacturing and construction process is efficiently managed from the day of sale through to the completion of the project.

The Company's operating activities consist of the ongoing development, licensing and application of its technology and participating in structural products operations through joint ventures. As at September 30, 2011, the Company had no investments or participations in joint ventures. The Company refers to the licensing of its technologies as its licensing division or licensing business. It is anticipated that, in the future, the licensing division would derive a majority of its revenue through royalties, licensing fees and industrial equipment sales. The Company is in the process of developing a sales strategy to develop additional licensees throughout its target markets.

On October 22, 2010, the Company divested its structural products division, including KML Engineered Homes Ltd. ("KML"), a subsidiary and licensee of the Company (the "Acquired Entities"), to GSC, a Delaware corporation. As part of the transaction, GSC acquired all of the outstanding stock of Canadian Steel Frame Solutions Inc. ("CSFS"), formerly 6118216 Canada Inc., a wholly owned subsidiary of the Company that served only to hold other indirect wholly owned subsidiaries of the Company. As at the divestiture date, CSFS owned 100% of KML, the Company's structural products subsidiary, and also owned 100% of Light Steel Joist Solutions Inc. ("LSJS"), a subsidiary that manufactures steel joists for use by CSFS and its affiliates in their construction activities. In consideration for the purchase of CSFS (along with its subsidiaries KML and LSJS), GSC (i) issued the Company a \$750,000 unsecured convertible promissory note, which matures on September 1, 2020, (ii) indemnified the Company by KML and LSJS for approximately \$780,000 of liabilities owed by the Company, including the amount of \$165,000 owing to Best Joist Inc.; and (iii) granted the Company the right to nominate one person for election to GSC's board of directors (or for the appointment to fill a vacancy created in the seat of an elected nominee of the Company) for as long as GSC is indebted to the Company or as long as the Company holds an ownership interest directly or indirectly that represents 5% or more of the outstanding shares of GSC. As of September 30, 2011, the Company has not elected to nominate a person to GSC's board of directors and continues to reserve the right to nominate a board member.

Effective August 22, 2011, the Company was officially notified by Coddling Enterprises L.P. ("Coddling"), an existing shareholder and an insider of the Company, and on behalf of Coddling Steel Frame Technologies ("CSFT"), that Genesis Steel Frame Solutions L.P. ("GSFS LP") and CSFT have ceased all operations, as described under "Related Party Transactions - Commercial Contracts" in this MD&A. As of December 31, 2010, the Company had fully impaired its investment in GSFS LP in the amount of \$273,866 and no further expenditures are required by the Company.

As previously announced on July 29, 2011, the Company is developing a new version of its FrameBuilder design software and a cloud based version of QuoteBuilder and GNET (the Company's technical library). The Company will proceed to rollout the standalone version of FrameBuilder in the fourth quarter of 2011 and a beta version of a cloud based version of QuoteBuilder by the second quarter of fiscal 2012. Management expects that the new technology products will provide a competitive edge and allow for new markets to be penetrated. Markets that will include not only clients who want to manufacture, but also the architects, designers and construction companies utilizing the Company's software as a standalone license.

In addition, the Company also announced on July 29, 2011 that it had hired a software developer during the first quarter of fiscal 2011 to aid in its development of the first five dimensional ("5D") building information modeling system ("BIM"). This new technology will combine new software with the Company's existing software platform and provide the user with a more complete model of their project which includes the dimensions of length, width, height, time and cost. The new software product is scheduled for beta testing in the second quarter of fiscal 2012.

As of October 2011, the Company signed a \$2.8 million equipment contract with its Vietnam licensee and is expecting the contract to be returned during the fourth quarter of fiscal 2011. Additionally, the Company signed two separate sales agent agreements for the sale of license, services and equipment to private business development companies in Brazil, Libya and the United States.

The Company's intellectual property includes software applications, design libraries, design details, industrial technologies, process technologies, light steel product designs and other technologies. In accordance with industry practice, the Company protects its proprietary rights through a combination of patent, copyright and trademark laws and contractual provisions. In November 2010, the Company received letters patent for the

U.S. non-provisional patent application no. 11/707,645 titled "TOOLS AND METHODS FOR DESIGNING A STRUCTURE USING PREFABRICATED PANELS" under Patent No. 7835810. In February 2011, the Company received letters patent for the U.S. non-provisional patent application no. 11/707,765, titled "INFORMATION TECHNOLOGY PROCESS FOR PREFABRICATED BUILDING PANEL ASSEMBLY" under Patent No. 7894920. No other patents have been granted at this time.

Seasonality

The Company's sales are not subject to seasonal variances.

Outlook

As at September 30, 2011, the Company's committed sources of funds, and the cash and cash equivalents on hand, in management's view, will not be sufficient to meet its committed cash obligations and expected level of expenditures over the next twelve months. 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. 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 or file protection under bankruptcy laws.

On February 16, 2011, the Company completed a brokered private placement through Canaccord Genuity Corporation acting as the Company's exclusive agent and finder on a commercially reasonable efforts basis. Pursuant to the private placement, 20,000,000 units, including 6,500,000 units issued pursuant to the over-allotment option which was granted to the agent and exercised in full, were issued to arm's-length parties at a price of \$0.05 per unit, resulting in gross proceeds of \$1,000,000 to the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.10 at any time on or prior to February 16, 2013. The common shares and common share purchase warrants comprising the units and the common shares issuable upon the exercise of the common share purchase warrants will be subject to a hold period of four months from the closing of the private placement. On the closing of the private placement, the agent was i) paid, as agent and finder, a cash commission equal to 7% of the gross proceeds from the private placement; ii) issued common share purchase warrants to acquire 2,000,000 common shares equal to 10% of the units sold under the private placement, with each such common share purchase warrant entitling the agent to acquire one common share at an exercise price of \$0.05 at any time on or prior to February 16, 2013; and iii) issued 1,368,889 units as a corporate finance fee. The net proceeds from the private placement will be used by the Company for working capital purposes.

On March 24, 2011, the Company completed a non-brokered private placement of 541,667 common shares of the Company at a price of \$0.06 per common share in satisfaction of the payment of outstanding indebtedness of an aggregate amount of \$32,500. The common shares issued pursuant to this private placement will be subject to a four month hold period.

On April 8, 2011, the Company completed a non-brokered private placement of 937,500 common shares of the Company at a price of \$0.08 per common share in satisfaction of services provided to the Company, totaling an aggregate amount of \$75,000, pursuant to a management consultant agreement dated November 9, 2009 and a payment agreement dated March 7, 2011.

On November 10, 2011, the Company announced that it is seeking shareholder approval for a proposed consolidation of its share capital on the basis of one (1) new common share for ten (10) existing common shares (the "Share Consolidation"). The Company currently has 82,167,550 common shares issued and outstanding. If the Company effects the Share Consolidation, a total of 8,216,755 common shares will be issued and outstanding prior to any securities being issued with respect to the financing described below. The completion of the proposed consolidation of common shares is subject to regulatory and shareholder approvals.

The Company also announced that it has entered into an agreement with Canaccord Genuity Corp. (the “Agent”) to act as its exclusive agent to sell on a commercially reasonable efforts basis, in connection with a proposed brokered private placement (the “Private Placement”), up to approximately 6,666,666 units (“Units”) of the Company on a post consolidated basis at a price of \$0.075 per Unit to raise gross proceeds of up to \$500,000. Each Unit will consist of one common share of the Company (a “Common Share”) and one Common Share purchase warrant (a “Warrant”) of the Company. Each Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.10 for a period of 12 months following the closing of the Private Placement. The net proceeds from the Private Placement will be used by the Company for working capital purposes. The Common Shares and Warrants comprising the Units and the Common Shares issuable upon the exercise of the Warrants will be subject to a hold period of four (4) months from the closing of the Private Placement.

The closing of the Private Placement is anticipated to occur on or following the date on which the Share Consolidation becomes effective and is subject to receipt of applicable regulatory and shareholder approvals.

Matter Affecting Comparisons

This MD&A includes certain comparisons of the results for the three and nine month period ended September 30, 2011 to the results for the same periods in 2010. On October 22, 2010, the Company divested its structural products division (refer to “Overview” section in this MD&A). Accordingly, current and prior period results for these divisions have been reclassified as discontinued operations.

Comparison of the Three and Nine Months Ended September 30, 2011 and September 30, 2010

Revenue and Direct Cost of Revenue

Revenue for the three and nine months ended September 30, 2011 were \$nil, compared to \$nil and \$174,069 in the same periods in fiscal 2010. The decline in licensing revenue for the three and nine months ended September 30, 2011 as compared to the same period in 2010, is primarily due to the Company’s focus on completing the restructuring and cost containment plan implemented during fiscal 2010. Management is in the process of developing a sales strategy.

Direct cost of revenue decreased to \$nil for the three and nine months ended September 30, 2011 as compared to \$11,768 and \$40,027 in the same periods for fiscal 2010. The decline in cost of revenue for the three and nine months ended September 30, 2011 as compared to the same period in 2010, is primarily due to the Company’s decrease in revenues.

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. The following represents the sales and marketing expenses for the three and nine months ended September 30, 2011 and 2010:

	Three Months Ended		2011 to 2010	
	September 30,		Inc (Dec)	% Change
	2011	2010		
Selling and Marketing	\$ -	\$ 47,712	\$ (47,712)	(100)%

The decrease in marketing and sales expenses for the three months ended September 30, 2011 was primarily due to reduced personnel as a result of the restructuring and cost containment plan implemented during fiscal 2010.

	Nine Months Ended		2011 to 2010	
	September 30,		Inc (Dec)	% Change
	2011	2010		
Selling and Marketing	\$ 6,302	\$ 395,206	\$ (388,904)	(98)%

The decrease in marketing and sales expenses for the nine months ended September 30, 2011 was primarily due to reduced personnel as a result of the restructuring and cost containment plan implemented during fiscal 2010.

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. The following represents the R&D expenses for the three and nine months ended September 30, 2011 and 2010:

	Three Months Ended		2011 to 2010	
	September 30,		Inc (Dec)	% Change
	2011	2010		
Research & Development	\$ -	\$ 31,895	\$ (31,895)	(100)%

The decrease in R&D expenses during the three months ended September 30, 2011 was primarily due to reduced personnel as a result of the restructuring and cost containment plan implemented during fiscal 2010. As of August 2011, the Company has reclassified the only R&D employee to general and administrative expenses.

	Nine Months Ended		2011 to 2010	
	September 30,		Inc (Dec)	% Change
	2011	2010		
Research & Development	\$ 75,368	\$ 166,831	\$ (91,463)	(55)%

The decrease in R&D expenses during the nine months ended September 30, 2011 was primarily due to reduced personnel as a result of the restructuring and cost containment plan implemented during fiscal 2010. As of August 2011, the Company has reclassified the only R&D employee to general and administrative expenses.

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. The following represents the G&A expenses for the three and nine months ended September 30, 2011 and 2010:

	Three Months Ended		2011 to 2010	
	September 30,		Inc (Dec)	% Change
	2011	2010		
General and Administrative	\$ 242,433	\$ 136,486	\$ 105,947	78%

The G&A expenses increased during the three months ended September 30, 2011 primarily due to increased personnel expenses, public company expenses and accrued expenses related to the operations of the Company.

	Nine Months Ended		2011 to 2010	
	September 30,		Inc (Dec)	% Change
	2011	2010		
General and Administrative	\$ 785,318	\$ 1,358,579	\$ (573,261)	(42)%

The G&A decreased during the nine months ended September 30, 2011 primarily due to reduced personnel and reduced expenses associated with the cost cutting initiatives implemented during fiscal 2010.

Occupancy

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

Occupancy expense for the three months ended September 30, 2011 was \$180,213, compared to \$23,155 for the same period in 2010. The increase in rent expense was related to the rent contingency provision associated with the KML Engineered Homes' sub-lease agreement (for information related to KML Engineered Homes and related lease, refer to "Related Parties" and other sections in this MD&A).

Occupancy expense for the nine months ended September 30, 2011 was \$514,631, compared to \$84,712 for the same period in 2010. The increase in rent expense was related to the rent contingency provision associated with the KML Engineered Homes' sub-lease agreement (for information related to KML Engineered Homes and related lease, refer to "Related Parties" and other sections 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.

On February 16, 2011, the Company completed a brokered private placement through Canaccord Genuity Corporation acting as the Company's exclusive agent and finder on a commercially reasonable efforts basis. Pursuant to the private placement, 20,000,000 units, including 6,500,000 units issued pursuant to the over-allotment option which was granted to the agent and exercised in full, were issued to arm's-length parties at a price of \$0.05 per unit, resulting in gross proceeds of \$1,000,000 to the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company. Each common share purchase warrant entitles the holder to acquire one common share at an exercise price of \$0.10 at any time on or prior to February 16, 2013. The common shares and common share purchase warrants comprising the units and the common shares issuable upon the exercise of the common share purchase warrants will be subject to a hold period of four months from the closing of the private placement. On the closing of the private placement, the agent was i) paid, as agent and finder, a cash commission equal to 7% of the gross proceeds from the private placement; ii) issued common share purchase warrants to acquire 2,000,000 common shares equal to 10% of the units sold under the private placement, with each such common share purchase warrant entitling the agent to acquire one common share at an exercise price of \$0.05 at any time on or prior to February 16, 2013; and iii) issued 1,368,889 units as a corporate finance fee. The net proceeds from the private placement will be used by the Company for working capital purposes.

On March 24, 2011, the Company completed a non-brokered private placement of 541,667 common shares of the Company at a price of \$0.06 per common share in satisfaction of the payment of outstanding indebtedness of an aggregate amount of \$32,500. The common shares issued pursuant to this private placement will be subject to a four-month hold period.

On April 8, 2011, the Company completed a non-brokered private placement of 937,500 common shares of the Company at a price of \$0.08 per common share in satisfaction of services provided to the Company, totaling an aggregate amount of \$75,000, pursuant to a management consultant agreement dated November 9, 2009 and a payment agreement dated March 7, 2011.

On November 10, 2011, the Company announced that it was seeking shareholder approval for a proposed consolidation of its share capital on the basis of one (1) new common share for ten (10) existing

common shares (the "Share Consolidation"). The Company currently has 82,167,550 common shares issued and outstanding. If the Company effects a share consolidation, an approximate total of 8,216,755 common shares will be issued and outstanding prior to any securities being issued with respect to the financing described below. The completion of the proposed consolidation of common shares is subject to regulatory and shareholder approvals.

In addition, the Company also announced that it has entered into an agreement with Canaccord Genuity Corporation to act as its exclusive agent to sell on a commercially reasonable efforts basis, in connection with a proposed brokered private placement up to approximately 6,666,666 units ("Units") of the Company on a post consolidated basis, at a price of \$0.075 per Unit to raise gross proceeds of up to \$500,000. Each Unit will consist of one common share of the Company (a "Common Share") and one Common Share purchase warrant of the Company. Each Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.10 for a period of 12 months following the closing of the Private Placement. The net proceeds from the Private Placement will be used by the Company for working capital purposes. The Common Shares and Warrants comprising the Units and the Common Shares issuable upon the exercise of the Warrants will be subject to a hold period of four (4) months from the closing of the Private Placement.

On the closing of the Private Placement, the Agent will i) be paid a cash commission equal to 7% of the gross proceeds from the Private Placement; ii) be issued Warrants (the "Agent's Warrants") to acquire a number of Common Shares equal to 10% of the Units sold under the Private Placement, with each Agent's Warrant entitling the Agent to acquire one Common Share at an exercise price of \$0.10 for a period of 12 months following the closing of the Private Placement; and iii) be issued a corporate finance fee of 933,333 Units (the "Agent's Units").

The closing of the Private Placement is anticipated to occur on or following the date on which the Share Consolidation becomes effective and is subject to receipt of applicable regulatory and shareholder approvals.

While the unaudited condensed consolidated interim 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; and (ii) actively managing its working capital and liquidity. 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 prospective sales of licenses.

The Company is operating in a very difficult environment due to the global economic slowdown which has impacted both the construction and financial industries. The Company has continued to incur losses, but has also continued to reduce its operating expenses. The Company's cash balance as at September 30, 2011 was \$4,182, and is not sufficient to meet the Company's current obligations and/or operational needs. 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, the Company may be forced to discontinue operations or file protection under bankruptcy laws.

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

Selected Balance Sheet Data

	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>	<u>Inc (Dec)</u>	<u>Inc (Dec) %</u>
Cash and cash equivalents	\$ 4,182	\$ 7,051	\$ (2,869)	(41)%
Working capital	\$ (2,524,309)	\$ (2,690,180)	\$ 165,871	(6)%

Selected Cash Flow Data for the Three Months Ended September 30, 2011 and September 30, 2010

	<u>Three Months Ended September 30,</u>			
	<u>2011</u>	<u>2010</u>	<u>Inc (Dec)</u>	<u>Inc (Dec) %</u>
Net cash provided by (used by) operating activities	\$ (148,060)	\$ 108,415	\$ (256,475)	(237)%
Net cash provided by (used by) financing activities	\$ 10,349	\$ -	\$ 10,349	0%
Net cash provided by (used by) investing activities	\$ -	\$ (100,967)	\$ 100,967	0%

Operating Activities

Cash used by operating activities for the three months ended September 30, 2011 was \$148,058, compared to cash provided by operating activities of \$108,415 for the three months ended September 30, 2010. Changes in operating activities were primarily due to lack of operating revenue.

Financing Activities

During the three months ended September 30, 2011, financing activities provided cash compared to the same period in the prior fiscal year.

Investing Activities

The Company had no investing activities for the quarters ended September 30, 2011 and September 30, 2010.

Selected Cash Flow Data for the Nine Months Ended September 30, 2011 and September 30, 2010

	<u>Nine Months Ended September 30,</u>			
	<u>2011</u>	<u>2010</u>	<u>Inc (Dec)</u>	<u>Inc (Dec) %</u>
Net cash provided by (used by) operating activities	\$ (666,783)	\$ (547,842)	\$ (118,941)	22%
Net cash provided by (used by) financing activities	\$ 663,914	\$ 575,197	\$ 88,717	15%
Net cash provided by (used by) investing activities	\$ -	\$ (97,779)	\$ 97,779	0%

Operating Activities

Cash used by operating activities for the nine months ended September 30, 2011 increased 22% from the same period in the prior fiscal year. Changes in operating activities were primarily due to a decrease in prepaid expenses offset by an increase in short-term and long-term payables.

Financing Activities

Cash provided by financing activities for the nine months ended September 30, 2011 increased by 15% from the same period in the prior fiscal year. Changes in financing activities were primarily due to equity placements during the first and second quarter of fiscal 2011.

Investing Activities

The Company had no investing activities for the quarter ended September 30, 2011, compared to the same prior period in the prior fiscal year.

The Company believes that its current cash resources will not be sufficient to sustain its operations for the next 12 months. The Company will need to obtain additional cash resources within the next 12 months to enable it to pay its ongoing costs and expenses as they are incurred and finance the growth of its business. The Company intends to obtain these funds through internally generated cash flows from operating activities and proceeds from the issuance of equity securities. The issuance of additional equity would result in dilution to existing shareholders. The Company has started the process to raise funds during the fourth quarter of fiscal 2011; however there can be no assurance that additional financing will be available in an amount or on terms acceptable to Company, if at all. If the Company is unable to obtain additional funds when they are needed or if such funds cannot be obtained on terms favorable, the Company may be unable to execute upon its business plan or pay its costs and expenses as they are incurred, which could have a material, adverse effect on the Company's business, financial condition and results of operations.

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.

In June 2008, KML Engineered Homes Ltd. ("KML"), a former subsidiary of the Company, completed a three-year, \$1,800,000 secured non-revolving term loan with a large non-bank Canadian lender. KML provided a general security agreement providing the lender with a security interest in all of the assets of the subsidiary. 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.

On May 28, 2010, Codding Enterprises L.P. ("Codding"), an existing shareholder and insider of the Company, completed the purchase of the secured non-revolving term loan (the "Codding Loan"). On October 22, 2010, concurrent with the divestiture agreement, GSC was granted the right, by the Company and Codding, to have the Acquired Entities relieved of any obligation to repay the Codding Loan for each one (1) share of Series A Preferred shares issued by GSC to the Company (rounded upward to the nearest \$1,000 as of the date of the issuance of the Series A Preferred shares). Upon GSC exercising its rights to issue preferred stock, the loan documents shall be promptly modified to relieve the Acquired Entities from having any obligation to repay the Codding Loan and to release any collateral pledged by any of the divested entities as security for the loan. The promissory note accrues interest at the rate of 12% per annum, compounded annually, until December 1, 2013, at which time it pays quarterly interest until maturity. As of September 30, 2011, the Company recorded a loan provision of \$1,001,288 and related interest provision of \$147,646 under long-term liabilities. The Company will continue to monitor and record the obligation of the sublease rent under long-term liabilities per IFRS IAS 37, "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 requires the Company to record a provision when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Muzzo Brothers Group Inc. ("Muzzo Brothers"), an affiliate of Zuzum Acquisition Inc., which beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding common shares of the Company, 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. Effective June 30, 2010, the Company and the landlord agreed to amend the commercial property lease to reduce the rentable area, thereby reducing the annual minimum base rent to \$635,000. As of September 30,

2011, the Company recorded a rent provision of \$345,296 associated with the KML Engineered Homes' sublease agreement (refer to "Related Parties" in this MD&A). The Company will continue to monitor and record the obligation of the sublease rent under long-term liabilities per IFRS IAS 37.

Critical Accounting Policies and Estimates

The accounting policies set out below have been applied consistently to all periods presented in the unaudited condensed consolidated interim financial statements. They also have been applied in preparing an opening IFRS balance sheet at January 1, 2010 for the purpose of the transition to IFRS, as required by IFRS 1. The impact of the transition from GAAP to IFRS is explained in Note 14 of the unaudited condensed consolidated interim financial statements.

(a) Principles of consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, GenesisTP Inc., KML Building Solutions Inc., Genesis Financial Incorporated, GenesisTP USA Inc., and GenesisTP Ireland Limited. The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies. All significant intercompany balances, transactions and any unrealized gains and losses arising from intercompany transactions, have been eliminated.

(b) Discontinued operations

The financial results of the Company's structural products segment, which was divested on October 22, 2010, have been reclassified as discontinued operations. Operating results of a company's component disposed of by sale are reported as discontinued operations if the operations and cash flows of that component have been eliminated from the Company's current operations pursuant to the disposal and if the Company does not have significant continuing involvement in the operations of the component after the disposal transaction. The Company allocates interest on its parent company debt to discontinued operations on a relative net asset basis.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash.

(d) Accounts receivable and allowance for doubtful accounts

The Company evaluates the collectability of its accounts receivable based on a combination of factors. In cases where management is aware of circumstances that may impair a specific customer's ability to meet its financial obligation to the Company, a specific allowance against the amounts due to the Company is recorded which reduces the net recognized receivable to the amount that management reasonably believes will be collected.

(e) Inventory

Inventory is primarily equipment that has been received from suppliers but not yet delivered to customers under licensing arrangements and have been included within inventories and recorded at the lower of cost and estimated net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(f) Property, plant and equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use and borrowing costs on qualifying assets.

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment (repair and maintenance) are recognized in profit or loss as incurred.

Property, plant, and equipment are depreciated as follows:

Asset	Basis	Method
Furniture and fixtures	Declining Balance	20%
Computer software	Declining Balance	30%
Computer equipment	Declining Balance	20%

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within "other income or expenses" in profit or loss.

Estimates for depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(g) Impairment

i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is tested for impairment if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

ii) Loans and receivables

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

iii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is reviewed.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ("CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(h) Transaction costs

Transaction costs related to the debt financing are netted against the carrying value of the liability and then amortized over the estimated term of the debt using the effective interest method.

(i) Income taxes

Income tax expense is recognized in net earnings except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable or receivable on the taxable earnings or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in net earnings in the period that includes the date of enactment or substantive enactment.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(j) Revenue recognition

Revenue is recognized when earned, specifically when persuasive evidence of an arrangement exists, services and products have been delivered and the sales price or fees are fixed and determinable and collection of proceeds is considered reasonably assured. Amounts are billable as defined by individual contracts. Fees and advances received from customers that do not qualify for revenue recognition are recorded as deferred revenue.

In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each major category of revenue.

License arrangements

The Company's license arrangements represent multiple-element arrangements which may include any combination of software, technology (generally comprising designs, specifications and documentation), and equipment and services (comprising engineering and marketing support). These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purpose of revenue recognition.

These units of accounting or elements may be separated or combined based on the specific terms of the contract and recognized when:

- there is objective and reliable evidence of the fair value of the undelivered items;
- the delivered items have value to the customer on a stand-alone basis;
- delivery or performance of the undelivered items is considered probable and substantially in the control of the Company; and
- fees related to delivered elements are not subject to refund, forfeiture or other concession if undelivered elements are not delivered.

If these criteria are not met, the arrangement is accounted for as one unit of accounting, which would result in revenue being deferred until the earlier of when such criteria is met or when the last undelivered element is delivered.

The Company's revenue under its license arrangements is recognized as follows:

(a) Software and technology

Revenue is recognized under a particular arrangement when the software and technology are delivered to the customer, which is when all significant contractual obligations for these elements have been fulfilled.

(b) Equipment

Revenue from the sale of equipment is recognized when title passes to the customer and the item has value to the customer on a stand-alone basis. The fair value of the equipment is established based on the prices when the equipment is sold separately.

(c) Royalty income

Income from royalties is recognized in the period earned.

(d) Services

Revenue from services is recognized as the services are provided to the customer. The fair value of the services is based on rates/pricing used when the services are sold separately.

The residual method is used to allocate revenue to the delivered component of the arrangement based on the fair value of undelivered elements.

(k) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(l) Stock-based compensation

The Company records compensation expense for stock options granted to employees and directors. For stock options granted prior to the initial filing of the prospectus, compensation expense was measured at the fair value at the grant date using the minimum value method, and for options granted after the initial filing of the prospectus, the Black-Scholes option pricing model was used. The value of the options is charged to operations over the vesting period, with a corresponding credit to contributed surplus. Any consideration paid by employees on exercise of stock options is credited to capital stock together with any previously recognized compensation expense in contributed surplus.

(m) Foreign currency translation

i) Translation of transactions

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates and non-monetary assets and liabilities are translated at exchange rates in effect on the date of the transaction. Revenues and expenses are translated into

Canadian dollars at monthly average exchange rates. Resulting exchange gains and losses are included in the consolidated statements of loss, comprehensive loss and deficit.

ii) Translation of consolidated financial statements

The Company's foreign subsidiaries are considered to be integrated operations for accounting purposes. The Company uses the temporal method to translate the foreign currency accounts for its integrated operations. Under the temporal method, monetary items denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at the consolidated balance sheet dates and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates of exchange in effect at the time of the transactions, except to the extent they relate to items translated at historical rates, in which case, historical rates are applied. Foreign exchange gains and losses from the translation of the financial statements of integrated foreign operations are included in the consolidated statements of loss, comprehensive loss and deficit as exchange gains and losses.

(n) Research and development expenses and investment tax credits

Research and development expenses include all costs incurred to establish technological feasibility and are charged to operations in the period in which they are incurred. The Company does not capitalize any development costs as they do not meet the criteria for capitalization. The Company records the benefit of investment tax credits from the filing of Scientific Research & Experimental Development ("SR&ED") claims, when recovery is reasonably assured, as a reduction of the cost of the assets or expenses to which they relate.

Until the Company's initial public offering on July 3, 2007, the Company was classified as a Canadian Controlled Private Corporation ("CCPC"). By virtue of a CCPC, the Company claimed and received 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 investment tax credits earned by the Company is no longer refundable but is available to the Company at a reduced rate to reduce future cash taxes otherwise payable for a carry forward period of 20 years from the year they are earned.

(o) Loss per share

Loss per share is computed by dividing net loss for the year by the weighted average number of common shares outstanding for the year. Diluted loss per common share reflects the dilution that would occur if outstanding stock options and warrants were exercised or converted into common shares using the treasury stock method. When their inclusion would have an anti-dilutive effect on loss per common share, stock options and warrants are excluded from the computation.

For 2011 and 2010, all stock options are anti-dilutive; therefore, diluted loss per common share is equal to basic loss per common share.

(p) Financial instruments

i) Non-derivative financial assets

Non-derivative financial assets of the Company comprise cash and cash equivalents and trade and other receivables which are classified as loans and receivables. The Company considers all cash and highly liquid investments, with a maturity of three months or less from the date of acquisition, to be cash and cash equivalents.

The Company initially recognizes loans and receivables and deposits on the date that they originated. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

ii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

iii) Non-derivative financial liabilities

Non-derivative financial liabilities of the Company comprise of loans, borrowings, trade and other payables and are classified as other financial liabilities.

Loans and borrowings are recognized initially on the date that they originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Fair values and financial measurement

Financial instruments are classified in the following categories at the time of initial recognition based on the purpose for which the financial assets were acquired:

(i) Fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Investments are initially recognized, and subsequently carried, at fair value, with changes recognized in the income statement. Transaction costs are expensed.

(ii) Held-to-maturity ("HTM")

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as HTM. HTM financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of HTM investments not close to their maturity would result in the reclassification of all HTM as available-for-sale, and prevent the Company from classifying investment securities as HTM for the current and the following two financial years.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus attributable transaction costs and are subsequently carried at amortized cost using the effective interest method.

(iv) Other financial liabilities

Accounts payable and accrued liabilities, other liabilities, income tax provision and debentures are classified as other financial liabilities and are measured at amortized cost.

For all fiscal periods of 2011 and 2010, the Company did not utilize derivative instruments nor had any derivative instrument embedded in its financial or non-financial contracts.

The Company's financial instruments are classified and measured as follows:

	<u>Designation</u>	<u>Measurement</u>
Cash and cash equivalents	Held for trading	Fair value
Accounts receivable	Trade	Amortized cost
Notes receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Other liabilities	Other financial liabilities	Amortized cost

(q) Segment reporting

The Company has a single operating segment which is consistent with the internal reporting provided to the Chief Executive Officer ("CEO"). The CEO is considered the chief operating decision maker and has the authority for resource allocations and is responsible for assessing the Company's performance.

(r) Critical accounting estimates and judgments

The preparation of unaudited consolidated condensed interim financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the dates of the unaudited consolidated condensed interim financial statements and the reported amounts of revenues and expenses during each reporting period. Some of the Company's more significant estimates include those related to the allowance for doubtful accounts, inventory, property, plant and equipment amortization, and assessment of going concern assumption, accounts payable and accrued liabilities, provision, 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. Since estimates and assumptions are limited by the relevance of historical data and uncertainty of future events, actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(s) Future changes in accounting policies

A number of new standards, interpretations and amendments to existing standards were issued by the International Accounting Standards Board ("IASB") or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory but not yet effective for the period ended September 30, 2011, and have not been applied in preparing these unaudited consolidated condensed interim financial statements.

IFRS 9 – Financial Instruments

In November 2009, the IASB issued the chapters of IFRS 9 relating to the classification and measurement of financial assets. The objective of this IFRS is to establish principles for the reporting of financial assets that will present relevant and useful information for users to assess the amounts, timing and uncertainty of the entity's future cash flows. IFRS 9 is effective for annual periods beginning on or after January 1, 2013 with earlier adoption permitted.

IFRS 10 – Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in Standing Interpretations Committee ("SIC") 12, *Consolidation – Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements*.

IFRS 11 – Joint Arrangements

IFRS 11 provides a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form as is currently the case. IFRS 11 replaces SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers* and IAS 31, *Interests in Joint Ventures*

IAS 12 – Income Taxes

The IASB has issued an amendment to IAS 12, “Income Taxes” (the “IAS 12 amendment”), that introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. This amendment is effective for annual periods beginning on or after January 1, 2012, and as such the Company will apply the amendment for financial statements ending after January 1, 2012. The impact of this amendment has yet to be assessed.

IAS 13 – Fair Value Measurements

In May 2011, IFRS 13 was issued which defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. Prior to the introduction of the standard there was no single source of guidance on fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

IAS 19 Amendment – Employee Benefits

In August 2011, IAS 19 was amended. The amendment will result in significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The amendment is effective for annual periods beginning on or after January 1, 2013 with earlier application permitted.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

Related Party Transactions

Lease

Muzzo Brothers Group Inc. (“Muzzo Brothers”), an affiliate of Zuzum Acquisition Inc., which beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued and outstanding common shares of the Company, 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. Effective June 30, 2010, the Company and the landlord agreed to amend the commercial property lease to reduce the rentable area, thereby reducing the annual minimum base rent to \$635,000. As of September 30, 2011, the Company recorded a rent provision of \$345,296 associated with the KML Engineered Homes’ sublease agreement. The Company will continue to monitor and record the obligation of the sublease rent under long-term liabilities per IFRS IAS 37.

Effective November 1, 2011, James Arabia was appointed a director of the Company. Mr. Arabia is the Chief Executive Officer of GSC (for information related to GSC, refer to “Overview” and other sections in this MD&A, and Notes 10 and 11 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2011 and 2010). Therefore, any transactions between the Company and GSC are considered to be a “related party transaction” for the purposes of Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions.

Commercial Contracts

During fiscal 2010, the Company executed a joint venture agreement with Coddling Steel Frame Technologies (“CSFT”), an affiliate of Coddling Enterprises L.P. (“Coddling”), who is an existing shareholder and an insider of the Company. The Company terminated the license agreement between the Company and Coddling and entered into a master license agreement with a newly formed entity, Genesis Steel Frame Solutions L.P. (“GSFS LP”), a California limited partnership. In return, the Company had a 35.7% interest in GSFS LP. Within 12 months of the date of the agreement (May 1, 2010), the Company was required to

contribute \$500,000 to GSFS LP in immediately available funds or other similar assets. Once the Company contributed \$500,000 to GSFS LP, the Company's ownership interest would increase from 35.7% to 40%. During the quarter ending September 30, 2010, as part of the reduction to the restricted cash balance (see Note 11 of the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2011 and 2010), the Company recorded an investment of \$273,866 in GSFS LP. As a result, the Company's ownership interest in GSFS LP increased to 37.5%. Additionally, the Company, within 12 months of the date of the agreement, had the option to contribute \$1,500,000 to GSFS LP in immediately available funds in order to increase its ownership interest to 49%. The Company has accounted for the investment in GSFS LP under the equity method. Management determined that, as a result of several external and internal factors, including but not limited to, lack of order generation, lack of product mix, the average margin of jobs being bid, the increase of financial obligations including loans, the negative changes in the economy and the worse than expected performance, the Company impaired the whole investment during the fourth quarter of fiscal 2010 of \$273,866.

Effective August 22, 2011, the Company was officially notified by Coddling, an existing shareholder and an insider of the Company, and on behalf of CSFT, that GSFS LP and CSFT have ceased all operations due to the inability of the general partner of GSFS LP to continue to fund operations. GSFS LP ceased operations on August 22, 2011. The Company will not be required to pay any additional expenses associated with the closing of GSFS LP.

On October 22, 2010, the Company divested its structural products division, including KML Engineered Homes Ltd. ("KML"), a subsidiary and licensee of the Company (the "Acquired Entities"), to GSC. As part of the transaction, GSC acquired all of the outstanding stock of Canadian Steel Frame Solutions Inc. ("CSFS"), formerly 6118216 Canada Inc., a wholly owned subsidiary of the Company that served only to hold other indirect wholly owned subsidiaries of the Company. As at the divestiture date, CSFS owned 100% of KML, the Company's structural products subsidiary, and also owned 100% of Light Steel Joist Solutions Inc. ("LSJS"), a subsidiary that manufactures steel joists for use by CSFS and its affiliates in their construction activities. In consideration for the purchase of CSFS (along with its subsidiaries KML and LSJS), GSC (i) issued the Company a \$750,000 unsecured convertible promissory note, which matures on September 1, 2020, (ii) indemnified the Company by KML and LSJS for approximately \$780,000 of liabilities owed by the Company, including the amount of \$165,000 owing to Best Joist Inc.; and (iii) granted the Company the right to nominate one person for election to GSC's board of directors (or for the appointment to fill a vacancy created in the seat of an elected nominee of the Company) for as long as GSC is indebted to the Company or as long as the Company holds an ownership interest directly or indirectly that represents 5% or more of the outstanding shares of GSC. As of September 30, 2011, the Company has not elected to nominate a person to GSC's board of directors and continues to reserve the right to nominate a board member.

Concurrent with the divestiture agreement, GSC was granted the right, by the Company and Coddling, to have the Acquired Entities relieved of any obligation to repay the Coddling Loan for each one (1) share of Series A Preferred shares issued by GSC to the Company (rounded upward to the nearest \$1,000 as of the date of the issuance of the Series A Preferred shares). Upon GSC exercising its rights to issue preferred stock, the loan documents shall be promptly modified to relieve the Acquired Entities from having any obligation to repay the Coddling Loan and to release any collateral pledged by any of the divested entities as security for the loan. The promissory note accrues interest at the rate of 12% per annum, compounded annually, until December 1, 2013, at which time it pays quarterly interest until maturity. As of September 30, 2011, the Company recorded a loan provision of \$1,001,288 and related interest provision of \$147,646 under long-term liabilities. As of September 30, 2011, GSC has not exercised its right to issue preferred stock and the Company has posted a provision for the associated liability per IFRS IAS 37. The Company will continue to monitor and record the obligation of the sublease rent under long-term liabilities per IFRS IAS 37.

Off-Balance Sheet Arrangements

The Company does not have any "off-balance sheet" arrangements as of September 30, 2011.

Share Capital

Refer to the Company's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2011 and 2010, under "Changes in Shareholders' Equity" for movement in share capital for the period ended September 30, 2011.

International Financial Reporting Standards ("IFRS")

The Company has adopted IFRS effective January 1, 2011. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canada's previous Generally Accepted Accounting Principles for publicly accountable profits-oriented enterprises. For additional information on the conversion to IFRS, refer to the Company's audited consolidated financial statements for the years ended December 31, 2010 and 2009, and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2011 and 2010, and the three and nine months ended September 30, 2011 and 2010.

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" 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 and nine months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company is in the process of developing its internal control structure, however, has not completed testing of its controls during the three and nine months ended September 30, 2011 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.