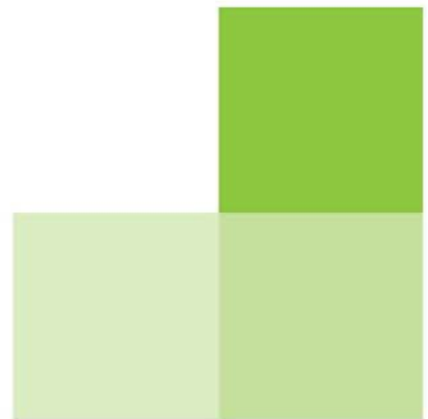




June 29, 2008, to September 27, 2008, period

Interim consolidated financial statements

Unaudited



GENIVAR Income Fund

Interim Consolidated Financial Statements
(unaudited)

September 27, 2008

(in thousands of dollars)

GENIVAR Income Fund

Interim Consolidated Balance Sheet

(in thousands of dollars)

	As at September 27, 2008 \$ (unaudited)	As at December 31, 2007 \$ (audited)
Assets		
Current assets		
Cash and cash equivalents	19,887	12,855
Accounts receivable (note 5)	101,230	75,016
Income taxes receivable	202	65
Costs and anticipated profits in excess of billings (note 5)	52,262	27,523
Advances to companies controlled by the non-controlling unitholder	210	20
Prepaid expenses	1,752	1,069
	<hr/>	<hr/>
	175,543	116,548
Property, plant and equipment	28,136	17,141
Intangible assets (note 3)	72,114	45,585
Goodwill (note 4)	145,621	126,698
	<hr/>	<hr/>
	421,414	305,972
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	57,137	41,629
Advances payable to the non-controlling unitholder	270	224
Income taxes payable	376	235
Billings in excess of costs and anticipated profits	25,715	17,567
Future income tax liabilities	482	859
Distributions payable to unitholders	2,671	2,568
Balances of purchase prices payable	13,529	1,710
Current portion of long-term debt	818	-
	<hr/>	<hr/>
	100,998	64,792
Long-term debt	1,083	-
Bank advances (note 5)	64,784	-
Future income tax liabilities	1,414	1,872
Non-controlling interest (note 6)	98,902	93,558
	<hr/>	<hr/>
	267,181	160,222
Unitholders' Equity		
Fund units (note 7)	146,207	146,233
Contributed surplus	207	-
Retained earnings (deficit)	7,819	(483)
	<hr/>	<hr/>
	154,233	145,750
	<hr/>	<hr/>
	421,414	305,972
Commitments (note 14)		
Subsequent events (note 16)		

The accompanying notes are an integral part of these interim consolidated financial statements.

Approved by the Trustees

(signed) Pierre Shoiry _____ Trustee

(3)
(signed) Pierre Seccareccia _____ Trustee

GENIVAR Income Fund

Interim Consolidated Statements of Retained Earnings and Contributed Surplus (unaudited)

(in thousands of dollars)

	Nine months	
	September 27, 2008	September 30, 2007
	\$	\$
Deficit – Beginning of period	(483)	(278)
Net earnings for the period	19,589	9,619
Declared distributions to unitholders	(11,287)	(8,405)
Retained earnings – End of period	7,819	936

	Nine months	
	September 27, 2008	September 30, 2007
	\$	\$
Contributed surplus – Beginning of period	-	-
Compensation costs under the Long-Term Incentive Plan (“LTIP”)	207	207
Contributed surplus – End of period	207	207

The accompanying notes are an integral part of these interim consolidated financial statements.

GENIVAR Income Fund

Interim Consolidated Statements of Earnings and Comprehensive Income (unaudited)

(in thousands of dollars, except the number of units and per unit data)

	Three months		Nine months	
	September 27, 2008 \$	September 30, 2007 \$	September 27, 2008 \$	September 30, 2007 \$
Revenues	104,650	68,543	272,085	186,677
Costs	60,858	42,310	157,887	114,790
Gross margin	43,792	26,233	114,198	71,887
Expenses				
Marketing, general and administrative	24,202	14,251	65,561	41,934
Depreciation of property, plant and equipment	1,171	693	3,058	1,969
Amortization of intangible assets	3,818	2,667	11,041	7,626
Net interest expense (note 10)	724	729	1,369	1,456
Exchange loss (gain)	(26)	314	(252)	618
	29,889	18,654	80,777	53,603
Earnings before income taxes and non-controlling interest	13,903	7,579	33,421	18,284
Income taxes				
Current	799	85	1,919	348
Future	(594)	91	(835)	1,094
	205	176	1,084	1,442
Earnings before non-controlling interest	13,698	7,403	32,337	16,842
Non-controlling interest (note 6)	(5,373)	(3,059)	(12,748)	(7,223)
Net earnings and comprehensive income for the period	8,325	4,344	19,589	9,619
Basic net earnings per unit	0.65	0.38	1.52	0.87
Weighted average number of units (note 9)	12,870,030	11,305,396	12,870,350	11,100,382
Diluted net earnings per unit (note 9)	0.64	0.38	1.51	0.88
Diluted weighted average number of units (note 9)	21,352,768	19,347,454	21,353,568	19,066,964

The accompanying notes are an integral part of these interim consolidated financial statements.

GENIVAR Income Fund

Interim Consolidated Statements of Cash Flows (unaudited)

(in thousands of dollars)

	Three months		Nine months	
	September 27, 2008 \$	September 30, 2007 \$	September 27, 2008 \$	September 30, 2007 \$
Cash flows from operating activities				
Net earnings for the period	8,325	4,344	19,589	9,619
Items not affecting cash and cash equivalents				
Depreciation and amortization	4,989	3,360	14,099	9,595
Compensation costs under the LTIP	69	69	207	207
Future income taxes	(594)	91	(835)	1,094
Non-controlling interest	5,373	3,059	12,748	7,223
	18,162	10,923	45,808	27,738
Change in non-cash working capital items (note 11(a))	(9,254)	(4,523)	(21,555)	(15,672)
	8,908	6,400	24,253	12,066
Cash flows from financing activities				
Variation in advances payable to the non- controlling unitholder	(637)	(7,764)	(518)	(8,664)
Distributions paid to unitholders	(4,301)	(2,748)	(10,749)	(8,246)
Distributions paid to the non-controlling unitholder	(3,607)	(1,982)	(7,839)	(5,944)
Repayment of balances of purchase prices payable	(662)	(117)	(6,920)	(225)
Long-term debt contracted	-	-	58	-
Repayment of long-term debt	(1,029)	-	(1,883)	-
Variation in bank advances	22,247	(24,194)	63,335	(7,780)
Issuance of units	-	39,000	-	39,000
Investment by the non-controlling unitholder	-	11,000	-	11,000
Issuance-related costs	-	(2,450)	-	(2,450)
Purchase of units in the market under the LTIP	-	-	-	(825)
Distributions reinvested in units under the LTIP	(10)	-	(26)	-
	12,001	10,745	35,458	15,866
Cash flows from investing activities				
Business acquisitions, less cash acquired (note 2(a))	(13,754)	(8,452)	(45,897)	(19,837)
Variation in advances to companies controlled by the non-controlling unitholder	(190)	66	(190)	89
Additions to property, plant and equipment (note 11(b))	(1,732)	(1,277)	(4,768)	(5,063)
Proceeds from disposal of property, plant and equipment	30	-	98	449
Acquisition of software (note 11(b))	(352)	(339)	(1,922)	(1,547)
	(15,998)	(10,002)	(52,679)	(25,909)
Increase in cash and cash equivalents	4,911	7,143	7,032	2,023
Cash and cash equivalents – Beginning of period*	14,976	3,066	12,855	8,186
Cash and cash equivalents – End of period	19,887	10,209	19,887	10,209
Additional information				
Interest paid	813	1,262	1,491	1,775
Interest received	(54)	(17)	(122)	(37)
Income taxes paid	791	44	3,080	307

* Cash and cash equivalents as at December 31, 2006, consist of cash and cash equivalents and cash held in trust.

The accompanying notes are an integral part of these interim consolidated financial statements.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited) September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

1 Summary of significant accounting policies

Basis of presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and use the same accounting policies and methods used in the preparation of the Fund’s most recent annual consolidated financial statements, except for the new accounting policies as disclosed further. All disclosures required for annual financial statements have not been included in these financial statements. These unaudited interim consolidated financial statements should therefore be read in conjunction with the Fund’s most recent audited annual consolidated financial statements.

The financial information as at September 27, 2008, is unaudited. However, in the opinion of management, all adjustments necessary to present fairly the results of this period have been included. The adjustments made were of a normal and recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

Changes in accounting policies

On January 1, 2008, the Fund adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”).

- Section 1400, “General Standards of Financial Statement Presentation.” This standard has been amended to include requirements to assess and disclose an entity’s ability to continue as a going concern.
- Section 1535, “Capital Disclosures.” This section establishes standards for disclosing information about an entity’s capital and how it is managed. It describes the disclosure of the entity’s objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The section seeks to establish whether the entity has complied with capital requirements and, if not, the consequences of such non-compliance. These new disclosures are included in note 8.
- Section 3862, “Financial Instruments – Disclosures.” This section describes the required disclosures to evaluate the significance of financial instruments for the entity’s financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. These new disclosures are included in note 13.
- Section 3863, “Financial Instruments – Presentation.” This section establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, “Financial Instruments – Disclosure and Presentation.”

These sections relate to disclosure and presentation only and did not have any impacts on the Fund’s consolidated results or financial position.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

On August 28, 2008, the Fund adopted EIC-171, "Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through," issued by the CICA. This EIC establishes that the future income taxes related to temporary differences associated with the assets and liabilities attributable to the exchangeable interests should not be recorded prior to the conversion of the exchangeable interests. It also describes how future income taxes should be accounted for on the conversion of exchangeable interests. The Fund adopted this new recommendation retrospectively. The implementation of this standard had no significant impact on the consolidated Financial Statements of the Fund.

Future accounting standards

Goodwill and intangible assets

The CICA published the new Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets," and Section 3450, "Research and Development Costs." This section applies to the Fund's interim and annual financial statements for the year beginning on January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Fund has not yet completed its assessment of the effect of this new standard on its consolidated financial statements.

International Financial Reporting Standards

The Accounting Standards Board (AcSB) has confirmed that the Canadian GAAP, as used by public companies, will be converged to International Financial Reporting Standards (IFRS) over a transition period that is expected to be completed by 2011.

While the Fund has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Comparative figures

Certain comparative figures have been reclassified to conform with the current period presentation.

2 Business acquisitions

The acquisitions have been accounted for using the purchase method, and the operating results have been included in the interim consolidated financial statements from the date of acquisition. Upon a change in the purchase price, the net assets acquired and the balance of purchase price payable are modified when it is determined that such change is estimated to be likely to occur. Such change occurs when there is a price adjustment provision to the carrying value of the net assets acquired.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

a) Acquisitions made by the Fund during the nine-month period ended September 27, 2008

- On January 1, 2008, the Fund acquired all the assets and liabilities of Transenco (“TL”), an Ontario-based transportation planning and design engineering firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of TL (note 12).
- On January 31, 2008, the Fund acquired all the assets and liabilities of RFA Consulting Electrical Engineers (“RFA”), a British Columbia-based electrical engineering and lighting design services firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of RFA (note 12).
- On January 31, 2008, the Fund acquired all the assets and liabilities of Phoenix Engineering (“Phoenix”), a Western Canada-based wind power consulting firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of Phoenix (note 12).
- On February 29, 2008, the Fund ultimately acquired all the assets and liabilities of EXH Engineering Services (“EXH”), an Alberta-based transportation and municipal infrastructure firm.
- On May 5, 2008, the Fund acquired all the assets and liabilities of Doucet & Associés Conseils (Québec) (“DAC”), a Quebec-based telecommunications and utilities infrastructure engineering and consulting firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of DAC (note 12).
- On June 1, 2008, the Fund acquired all the assets and liabilities of Bullock Baur Associates (“BBA”), a British Columbia-based civil and municipal engineering firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of BBA (note 12).
- On June 30, 2008, the Fund acquired all the assets and liabilities of Peterson Galloway (“PG”), a British Columbia-based civil and building engineering consulting firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of PG (note 12).
- On August 1, 2008, the Fund acquired all the assets and liabilities of ZENIX Engineering (“ZE”), an Ontario-based electrical and building engineering consulting firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of ZE (note 12).
- On August 1, 2008, the Fund acquired all the assets and liabilities of Solmers, a Quebec-based environmental engineering consulting firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of Solmers (note 12).
- On August 1, 2008, the Fund acquired all the assets and liabilities of Henderson Paddon & Associates/Oweson (“HP&O”), an Ontario-based civil engineering and environmental consulting firm previously owned by GENIVAR inc. On the same day, GENIVAR inc. had acquired all the outstanding shares of HP&O (note 12).

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

The purchase price allocations of TL, RFA, Phoenix, EXH, DAC, BBA, PG, ZE, Solmers, and HP&O are preliminary, but the Fund does not anticipate any significant changes upon the finalization of the valuation of the intangible assets in the final purchase price allocations.

	EXH \$	Others* \$	Total \$
Assets acquired			
Current assets			
Cash	2,867	1,541	4,408
Accounts receivable	6,044	12,431	18,475
Costs and anticipated profits in excess of billings	636	3,445	4,081
Prepaid expenses	253	325	578
	<u>9,800</u>	<u>17,742</u>	<u>27,542</u>
Property, plant and equipment	6,798	2,383	9,181
Intangible assets			
Finite useful life			
Software	201	296	497
Customer relationships	10,820	13,637	24,457
Contract backlogs	4,843	3,020	7,863
Non-competition agreements	800	761	1,561
	<u>33,262</u>	<u>37,839</u>	<u>71,101</u>
Liabilities assumed			
Current liabilities			
Bank advances	-	(1,449)	(1,449)
Accounts payable and accrued liabilities	(6,347)	(6,730)	(13,077)
Billings in excess of costs and anticipated profits	-	(2,205)	(2,205)
Income taxes payable	(1,165)	-	(1,165)
Advances payable to the non-controlling unitholder	-	(564)	(564)
Current portion of long-term debt	(920)	(1,030)	(1,950)
	<u>(8,432)</u>	<u>(11,978)</u>	<u>(20,410)</u>
Long-term debt	(1,528)	(248)	(1,776)
	<u>(9,960)</u>	<u>(12,226)</u>	<u>(22,186)</u>
Net identifiable assets acquired	23,302	25,613	48,915
Goodwill**	9,960	10,169	20,129
	<u>33,262</u>	<u>35,782</u>	<u>69,044</u>
Purchase price			
Less:			
Cash acquired	(2,867)	(1,541)	(4,408)
Balances of purchase prices payable	(13,034)	(5,705)	(18,739)
Net cash used for the acquisitions	<u>17,361</u>	<u>28,536</u>	<u>45,897</u>

* "Others" include TL, RFA, Phoenix, DAC, BBA, PG, ZE, Solmers, and HP&O.

** Goodwill is deductible for income tax purposes.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

b) Finalization of purchase price allocations

During the third quarter of 2008, the Fund finalized the purchase price allocations pertaining to the acquisitions of National Capital Engineering, SEG Engineering, Harmer Podolak Engineering Consultants and TERRA experts conseils realized in 2007. The final allocations, based on independent valuation reports, resulted in an increase in customer relationships by \$451, an increase in contract backlogs by \$81, and the recognition of non-competition agreements of \$164. As a result of these changes, goodwill decreased by \$696.

3 Intangible assets

			As at September 27, 2008	As at December 31, 2007
	Cost \$	Accumulated amortization \$	Net value \$ (unaudited)	Net value \$ (audited)
Finite useful life				
Software	6,586	2,295	4,291	2,815
Customer relationships	61,614	7,258	54,356	32,608
Contract backlogs	21,986	15,898	6,088	3,765
Non-competition agreements	4,446	1,667	2,779	1,797
Indefinite useful life				
Trade name	4,600	-	4,600	4,600
	99,232	27,118	72,114	45,585

During the nine-month period ended September 27, 2008, the Fund acquired intangible assets amounting to \$36,363, subject to amortization and allocated an amount of \$1,206 from goodwill to intangible assets as a result of an adjustment to a preliminary purchase price allocation and the finalization of purchase price allocations.

4 Goodwill

	\$
Balance as at December 31, 2007	126,698
Goodwill resulting from business acquisitions (note 2(a))	20,129
Allocation of goodwill to intangible assets, as a result of an adjustment to a preliminary purchase price allocation	(510)
Finalization of purchase price allocations (note 2(b))	(696)
Balance as at September 27, 2008	145,621

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

5 Credit facilities

The Fund has credit facilities totalling \$82,000 allocated as follows:

Term facility

Term facility of \$80,000 for operations and for the financing of acquisitions. The term facility may also be used for the payment of distributions to unitholders up to a maximum amount of \$10,000.

Treasury facility

Facility of \$2,000 to hedge against interest rate risks and foreign exchange risks.

These credit facilities have a three-year term and mature in May 2011. The term of the credit facilities can be extended each year, for an additional one-year period, subject to the prior approval of the lender. The credit facilities are fully repayable at maturity without any prepayment penalties, except for banker's acceptances and LIBOR advances.

These credit facilities are secured by a first ranking hypothec over the universality of movable assets and bear interest at prime rate, US base rate or LIBOR plus an applicable margin that will vary depending on the type of advance and total consolidated debt to earnings before interest, income taxes, depreciation and amortization ratio, as defined in the agreement.

Under these credit facilities, GENIVAR Limited Partnership ("GENIVAR LP"), a Fund's subsidiary, is required, among other conditions, to respect certain covenants, which are described in note 8.

As at September 27, 2008, the Fund issued, in the normal course of business, irrevocable letters of credit totalling \$1,187 for its own commitments, thus decreasing such available credit facilities.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)
September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

6 Non-controlling interest

As at September 27, 2008, the non-controlling interest is as follows:

	Non-Subordinated Exchangeable Class B LP Units		Subordinated Exchangeable Class C LP Units		Total	
	Number	\$	Number	\$	Number	\$
Balance as at December 31, 2007	3,732,121	44,313	4,731,845	49,245	8,463,966	93,558
Share in earnings attributable to the non-controlling unitholder	-	5,621	-	7,127	-	12,748
Distributions	-	(3,265)	-	(4,139)	-	(7,404)
Balance as at September 27, 2008	<u>3,732,121</u>	<u>46,669</u>	<u>4,731,845</u>	<u>52,233</u>	<u>8,463,966</u>	<u>98,902</u>

On July 15, 2008, the audit committee of the Fund determined that the subordination period for the Subordinated Exchangeable Class C LP Units had terminated as of July 1, 2008, in accordance with the terms of GENIVAR LP Agreement. As a result, distributions are now made to all unitholders of GENIVAR LP Units concurrently and on a pro rata basis.

The Non-Subordinated Exchangeable Class B LP Units and Subordinated Exchangeable Class C LP Units are economically equivalent to Class A LP Units held by the Trust, except that distributions before the Subordination End Date on Subordinated Exchangeable Class C LP Units were made only at the end of the quarter provided that GENIVAR LP has made a monthly distribution of at least \$0.0833 per unit until June 2008 to the holders of Class A LP Units and of Non-Subordinated Exchangeable Class B LP Units and that any distribution deficiency during the last twelve months has been settled.

The Non-Subordinated Exchangeable Class B LP Units will be exchangeable for units on a one-for-one basis (subject to customary anti-dilution protections). The Subordinated Exchangeable Class C LP Units are exchangeable for units at any time after the Subordination End Date, on a one-for-one basis (subject to customary anti-dilution protections).

As at September 27, 2008, an amount of \$1,058 has been accounted for as distributions payable to the non-controlling unitholder.

7 Fund units

An unlimited number of units and an unlimited number of Special Voting Units may be issued pursuant to the Fund's Declaration of Trust.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

Units

Each unit is transferable and represents an equal, undivided right to and interest in any distributions from the Fund, whether of net earnings, net realized capital gains (other than net realized capital gains distributed to redeeming unitholders) or other amounts, and in the net assets of the Fund in the event of termination or winding-up of the Fund. All units are of the same class with equal rights and privileges. Units may be redeemed at the holder's request at any time for an amount related to the quoted market price, cash redemptions being limited to \$50 per month.

Issued and paid

	<u>Number of units</u>			
	Issued	Held by a trustee under the LTIP	Total	\$
Balance as at December 31, 2007	12,902,439	(31,634)	12,870,805	146,233
Distributions reinvested in units under the LTIP	-	(1,080)	(1,080)	(26)
Balance as at September 27, 2008	<u>12,902,439</u>	<u>(32,714)</u>	<u>12,869,725</u>	<u>146,207</u>

Special Voting Units

The Special Voting Units will not be entitled to any right to nor interest in any distribution from the Fund, whether of net earnings, net realized capital gains or other amounts, or in the net assets of the Fund in the event of a termination or winding-up of the Fund.

The Special Voting Units may be issued in series and will only be issued in connection with or in relation to Non-Subordinated Exchangeable Class B LP Units, Subordinated Exchangeable Class C LP Units of GENIVAR LP ("Exchangeable LP Units") or other securities that are, directly or indirectly, exchangeable for units, in each case for the sole purpose of providing voting rights at the Fund level to the holders of such securities. Special Voting Units will be issued in conjunction with, and will not be transferable separately from, the Exchangeable LP Units (or other exchangeable securities) to which they relate. Conversely, the Special Voting Units will automatically be transferred upon a transfer of the associated Exchangeable LP Units. Each Special Voting Unit will entitle the holder thereof to a number of votes at any meeting of Voting Unitholders equal to the number of units which may be obtained upon the exchange of the Exchangeable LP Units (or other exchangeable securities) to which the Special Voting Unit relates.

Upon the exchange of the Exchangeable LP Units (or other exchangeable securities) for units, the Special Voting Units attached to such securities will immediately be cancelled without any further action of the Fund Trustees or the former holder of such Special Voting Units, and the former holder of such Special Voting Units will cease to have rights with respect thereto.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

One Special Voting Unit will be outstanding for each Non-Subordinated Exchangeable Class B LP Unit and Subordinated Exchangeable Class C LP Unit issued by GENIVAR LP. As at September 27, 2008, 8,463,966 Special Voting Units are outstanding.

8 Capital disclosures

The Fund's objectives when managing capital structure are:

- to maintain financial flexibility in order to meet financial obligations and to continue the growth plan by business acquisitions; and
- to control the Fund's activities in order to provide each year to the unitholders an appropriate distribution.

The Fund has defined its capital structure as the combination of balances of purchase prices payable, long-term debt, bank advances, letters of credit, non-controlling interest and unitholders' equity, net of cash and cash equivalents.

	As at September 27, 2008 \$ (unaudited)	As at December 31, 2007 \$ (audited)
Cash and cash equivalents	(19,887)	(12,855)
Balances of purchase prices payable	13,529	1,710
Long-term debt, including current portion	1,901	-
Bank advances	64,784	-
Letters of credit (note 5)	1,187	348
Non-controlling interest	98,902	93,558
	<hr/>	<hr/>
	160,416	82,761
Unitholders' equity	154,233	145,750
	<hr/>	<hr/>
	314,649	228,511
	<hr/>	<hr/>

The Fund determines the appropriate level of bank advances and long-term debt in the context of its cash flow and business risks. The Fund has historically generated sufficient cash flow to pay monthly distributions to its unitholders.

The Fund's financial strategy is defined to maintain a flexible structure consistent with the objectives stated above, to respond adequately to change in economic conditions and to permit the growth by business acquisitions. In order to adjust its capital structure, the Fund may issue new units in the market, contract bank advances and negotiate new credit facilities.

In order for the Fund to retain the benefit of the deferred application of the SIFT Rules described in the Fund's most recent annual consolidated financial statements, the amount of new equity that the Fund may issue is limited to \$50,000 on an annual basis until 2011.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

September 27, 2008

(in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

The Fund, whose objectives are to distribute to the unitholders its taxable income and to use any excess of income to manage the growth, monitors capital using the standardized and adjusted payout ratios, non-GAAP measures:

- Standardized payout ratio is defined as aggregate cash distributions divided by standardized distributable cash. The standardized distributable cash is defined as cash flows from operating activities, including the effects of changes in non-cash working capital items and any operating cash flows provided from or used in discontinued operations, less total capital expenditures and restrictions on distributions arising from compliance with financial covenants and limitations arising from the existence of a minority interest in a subsidiary. For the nine-month period ended September 27, 2008, the standardized distributable cash and the standardized payout ratio amount respectively to \$17,563 and 106.4%.
- Adjusted payout ratio is defined as aggregate cash distributions divided by adjusted distributable cash. The adjusted distributable cash is defined as standardized distributable cash adjusted for entity-specific adjustment items that management believes are appropriate for the determination of levels of distributions. For the nine-month period ended September 27, 2008, the adjusted distributable cash and the adjusted payout ratio amount respectively to \$39,118 and 47.8%.

The Fund is indirectly subject to a number of covenants and restrictions under the credit facilities, including the requirements to meet certain financial ratios calculated on the GENIVAR LP consolidated financial statements, which are described hereafter:

- Funded debt to consolidated EBITDA ratio

Funded debt is calculated as obligations under advances payable to the non-controlling unitholder, letters of credit, balances of purchase prices payable, long-term debt including current portion and bank advances, net of cash and cash equivalents.

Consolidated EBITDA is calculated as consolidated earnings before interest, tax, depreciation and amortization. EBITDA is not an earnings measure in accordance with GAAP.

- Fixed charge coverage ratio

The fixed charge coverage ratio is defined as the consolidated earnings before interest and tax ("EBIT") divided by total interest expense.

- Working capital

The working capital is defined as current assets less current liabilities.

As at September 27, 2008, all financial ratios have been met.

The Fund's objectives and strategy described above have not changed since the Fund constitution in 2006. These objectives and strategy are reviewed on an annual basis.

GENIVAR Income Fund

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9 Earnings per unit

The following table reconciles the basic net earnings to the diluted net earnings:

	Three months		Nine months	
	September 27, 2008 \$	September 30, 2007 \$	September 27, 2008 \$	September 30, 2007 \$
Basic net earnings	8,325	4,344	19,589	9,619
Non-controlling interest	5,373	3,059	12,748	7,223
Diluted net earnings	13,698	7,403	32,337	16,842

The following table reconciles the basic weighted average number of units outstanding to the diluted weighted average number of units outstanding:

	Three months		Nine months	
	September 27, 2008	September 30, 2007	September 27, 2008	September 30, 2007
Weighted average number of:				
Units outstanding – basic	12,870,030	11,305,396	12,870,350	11,100,382
LTIP awards	18,772	15,526	19,252	5,787
Exchangeable LP units (note 6)	8,463,966	8,026,532	8,463,966	7,960,795
Diluted weighted average number of units outstanding	21,352,768	19,347,454	21,353,568	19,066,964

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10 Net interest expense

	Three months		Nine months	
	September 27, 2008	September 30, 2007	September 27, 2008	September 30, 2007
	\$	\$	\$	\$
Interest on bank advances	754	567	1 418	1,044
Interest on long-term debt	22	-	57	-
Interest on advances payable to the non-controlling unitholder	2	179	16	449
Interest income	(54)	(17)	(122)	(37)
	724	729	1 369	1,456

11 Statements of cash flows

(a) Change in non-cash working capital items

	Three months		Nine months	
	September 27, 2008	September 30, 2007	September 27, 2008	September 30, 2007
	\$	\$	\$	\$
Decrease (increase) in:				
Accounts receivable	(14,165)	(10,361)	(7,739)	(14,398)
Income taxes receivable	(48)	38	(137)	10
Costs and anticipated profits in excess of billings	(6,336)	(1,336)	(20,658)	(12,706)
Prepaid expenses	774	437	(105)	(251)
Increase (decrease) in:				
Accounts payable and accrued liabilities	5,832	2,922	2,165	7,194
Income taxes payable	56	7	(1,024)	31
Billings in excess of costs and anticipated profits	4,633	3,770	5,943	4,448
	(9,254)	(4,523)	(21,555)	(15,672)

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(b) Operating and investing activities not affecting cash and cash equivalents

	<u>Three months</u>		<u>Nine months</u>	
	<u>September 27, 2008</u>	<u>September 30, 2007</u>	<u>September 27, 2008</u>	<u>September 30, 2007</u>
	\$	\$	\$	\$
Accounts payable and accrued liabilities for additions to property, plant and equipment	749	427	749	427
Accounts payable and accrued liabilities for acquisition of software	526	418	526	418

12 Related party transactions

The Fund entered into the following transactions with related parties:

	<u>Three months</u>		<u>Nine months</u>	
	<u>September 27, 2008</u>	<u>September 30, 2007</u>	<u>September 27, 2008</u>	<u>September 30, 2007</u>
	\$	\$	\$	\$
Non-controlling unitholder				
Net interest expense	91	179	119	449
Companies controlled by the non-controlling unitholder				
Revenues	(112)	(458)	(625)	(2,627)
Additions to property, plant and equipment	-	157	-	1,568

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

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Business acquisitions

The Fund enters into transactions with GENIVAR inc., the non-controlling unitholder, in connection with certain business acquisitions. Generally, GENIVAR inc. acquires all the outstanding shares of a company and sells the net assets of the acquired company to GENIVAR LP or one of its subsidiaries. The purchase price for GENIVAR LP or one of its subsidiaries is identical to the shares' purchase price paid by GENIVAR inc., taking into account certain assets or liabilities that are not or cannot be transferred, which price has been concluded with unrelated parties. During the nine-month period ended September 27, 2008, the Fund has acquired TL, RFA, Phoenix, DAC, BBA, PG, ZE, Solmers, and HP&O in this manner for a total consideration of \$35,101, excluding acquisition-related costs of \$681 assumed directly by the Fund (note 2(a)). After the end of the quarter, the Fund has acquired Consultants GÉNIPLUS/Nageco and Consumaj Estrie in this manner.

The amounts due from (and to) related parties have arisen from the transactions referred to above.

13 Financial instruments

The Fund is exposed to credit risk, foreign exchange risk, interest rate risk and liquidity risk. The following analyses provide a measurement of those risks as at September 27, 2008.

Credit risk

Financial instruments which potentially subject the Fund to significant credit risk consist principally of cash and cash equivalents, costs and anticipated profits in excess of billings and accounts receivable.

The Fund's cash and cash equivalents are held with or issued by high-credit quality financial institutions. Therefore, the Fund considers the risk of non-performance on these instruments to be remote.

The Fund's credit risk is principally attributable to its trade receivables. The amounts presented in the balance sheet are net of an allowance for doubtful accounts, estimated by the Fund's management based, in part, on the age of the specific receivable balance and the current and expected collection trends. Generally, the Fund does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Fund performs ongoing credit reviews of all its customers and establishes an allowance for doubtful accounts when the likelihood of collecting the account has significantly diminished. The Fund believes that the credit risk of accounts receivable is limited.

The distributions of the Fund's customers and the business risk management procedures have the effect of avoiding any concentration of credit risk.

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Foreign exchange risk

The Fund is exposed to currency risks as transactions with customers outside Canada are predominantly denominated in US dollars, TT dollars and Euros. These risks are partially offset by purchases and operating expenses incurred in US dollars, TT dollars and Euros. As at September 27, 2008, the balances denominated in foreign currencies are as follows:

	<u>As at September 27, 2008</u>
	Foreign currencies converted into CAN\$
Current assets	28,644
Current liabilities	13,625

In order to reduce the potential negative impact of fluctuations in the Canadian dollar, the Fund has entered into foreign currency forward options to cover future sales anticipated in US dollars. Pursuant to these foreign currency forward options, the Fund is required to sell US dollars at a predetermined rate.

As at September 27, 2008, the Fund held foreign currency forward options to exchange, during the next two months, US\$250 each month at a rate of CAN\$0.984/US\$1. In August 2008, the exchange rate reached CAN\$1.04/US\$1. Therefore, all the foreign currency forward options not expired must be exercised at their expiration date. These foreign currency forward options, whose unrealized loss amounts to \$35, have been classified as liabilities.

The Fund considers that its exposure to a variation in the US, TT and Euro exchange rates is not an important currency risk because of the limited number of transactions in these currencies. The Fund could be affected by a variation in the exchange rates but will be able to continue to meet its obligations under these currencies.

Taking into account the amounts denominated in currencies indicated above and supposing that all of the other variables remain unchanged, a fluctuation in exchange rates would have an impact on the Fund's net earnings. Based on the previous fiscal year's exchange rate changes, a 10% exchange rates change would reasonably be considered possible. Management believes that the impact on earnings of a 10% change in exchange rates would be approximately \$1,502, which is not significant for the Fund.

Interest rate risk

The Fund is exposed to interest rate risks with regard to cash and cash equivalents, advances to companies controlled by the non-controlling unitholder, advances payable to the non-controlling unitholder, balances of purchase prices payable, long-term debt and bank advances.

The Fund may be affected by a fluctuation in the interest rate but will have the ability to meet its obligations.

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A fluctuation in interest rates would have an impact on the Fund's net earnings. Based on the previous fiscal year's rate changes, a 0.5% interest rate change would be considered possible. Management believes that the impact on earnings of a 0.5% change in interest rates would be approximately \$199 for the nine-month period ended September 27, 2008, which is not significant for the Fund.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities as at September 27, 2008.

	Carrying amount \$	Contractual cash flows \$	Less than a year \$	Between 1 and 2 years \$	More than 2 years \$
Accounts payable and accrued liabilities	57,137	57,137	57,137	-	-
Advances payable to the non-controlling unitholder	270	270	270	-	-
Distributions payable to unitholders	2,671	2,671	2,671	-	-
Balances of purchase prices payable	13,529	13,529	13,529	-	-
Long-term debt, including current portion	1,901	1,901	818	1,083	-
Bank advances	64,784	64,784	-	-	64,784
	<u>140,292</u>	<u>140,292</u>	<u>74,425</u>	<u>1,083</u>	<u>64,784</u>

As at September 27, 2008, the Fund had unused credit facilities of \$16,029, net of outstanding letters of credit of \$1,187, and cash and cash equivalents of \$19,887.

The Fund is confident that the future cash flows from operations, cash and cash equivalents, new issuance of units (note 16) and availability under credit facilities will be adequate to support these financial liabilities.

14 Commitments

The Fund is bound by lease commitments for office premises and equipment. Minimum payments required during the next quarter and for each of the next five fiscal years ending December 31 and thereafter amount to \$2,998 for the next three months, \$11,775 in 2009, \$10,456 in 2010, \$9,590 in 2011, \$8,398 in 2012, \$6,819 in 2013 and \$24,534 thereafter.

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15 Segment information

Since the expansion of its Ontario and Western Canada operations in 2007, the Fund is organized into geographic areas. Market segments continue to be analyzed by the Fund's management in certain geographic areas but not in all of them. Accordingly, the Fund defined its segments as the following geographic areas: Quebec, Ontario, Western Canada and International.

The geographic areas provide the same nature of services and serve similar clients in similar industries. Each of the areas provides its clients with the same complete range of specialized services, viewed as convergent disciplines by the Fund's management: Building, Municipal Infrastructure, Transportation, Industrial, and Power and Environment. The Canadian operations present similar long-term financial performance and the same long-term economic conditions and characteristics, and account for more than 91.8% of all revenues. The Fund's management aggregates its Canadian geographic areas into one reporting segment.

16 Subsequent events

On October 2, 2008, the Fund issued, pursuant to a public offering, 1,391,650 units for gross proceeds of \$35,000. Concurrently with the closing of the offering, GENIVAR inc., the non-controlling unitholder, subscribed, directly and indirectly, for 596,421 Non-Subordinated Exchangeable Class B LP Units of GENIVAR LP and 596,421 Special Voting Units of the Fund for gross proceeds of \$15,000. Total issuance-related costs amounted to \$2,250 less future income taxes of \$154. Following this transaction, the Fund now owns 14,294,089 Class A LP Units of GENIVAR LP, representing a 61.2% interest.

In October 2008, the Fund acquired all the assets and liabilities of Consultants GÉNIPLUS/Nageco, a municipal infrastructure, structural building and bridge engineering firm and of Consumaj Estrie, an environmental and municipal infrastructure engineering firm, both based in the province of Quebec and previously owned by GENIVAR inc. (note 12).

