



GENIVAR

GENIVAR Income Fund

2008 Year-end financial report

Management's Discussion & Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis of financial condition and results of operations ("MD&A") dated as of March 9, 2009, is intended to assist readers in understanding the GENIVAR Income Fund (the "Fund" or "GENIVAR"), its business environment, strategies, performance and risk factors. In this MD&A, the "Fund", "we", "us" and "our" mean GENIVAR Income Fund. This MD&A should be read together with the audited consolidated financial statements and accompanying notes of the Fund for the year ended December 31, 2008. The Fund's consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

This MD&A focuses on the Fund's fourth-quarter results, being from September 28, 2008, to December 31, 2008. The Fund's quarters comprise 13 weeks except the last one, which has to end on December 31 of each year.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. These statements relate to future events or future performance and reflect the expectations of management (the "Management"), regarding the growth, results of operations, performance and business prospects and opportunities of GENIVAR LP or of the Engineering Services industry. Such forward-looking statements reflect current beliefs of Management and are based on information currently available. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, investors should specifically consider various factors, including the risks outlined under the heading "Risk Factors" of this MD&A, which may cause actual events or results to differ materially from the results discussed in any forward-looking statement. Although the forward-looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

NON-GAAP MEASURES

The Fund uses non-GAAP measures that are used by Canadian open-ended income funds as indicators of financial performance measures under GAAP and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable. The Fund believes these measures are useful supplemental measures that may assist investors in assessing an investment in units of the Fund.

Non-GAAP measures used by the Fund are net revenues, EBITDA, distributable cash, and payout ratio. These measures are defined at the end of this MD&A in the glossary. The Fund applies the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities" to calculate the distributable cash and payout ratio.

OVERVIEW OF THE INDUSTRY AND THE FUND

The Industry

The Canadian Engineering Services industry encompasses professional consulting activities in engineering, management, environmental and other technical services related to the development and implementation of infrastructure and other projects in the public and private sectors. Services provided for a particular project may include any or all of the following: feasibility studies, strategic planning, detailed engineering design, project and program management, site inspection, commissioning, plant operation and other related services.

Engineering services are a vital part of the Canadian economy, our services being required on most of the infrastructure needs of our society. According to Statistics Canada's most recent annual survey of the industry, engineering services companies recorded operating revenues of \$15.4 billion in 2006. This data encompasses revenues generated by over 19,000 engineering services firms of all types. The Association of Canadian Engineering Companies reported a membership of 495 firms in 2007, representing a total of 48,010 employees. Out of those firms, 73 had more than 100 employees.

Contracts in the Engineering Services industry are awarded through public calls for tenders, through invitation or by private agreement. They are generally remunerated through fee-for-service agreements based on hourly rates, a fixed-price negotiated fee or as a percentage of a project cost. Work is mostly obtained through requests for qualifications and requests for proposals where an offer of services is prepared detailing firm experience and qualifications, personnel, methodology and approach.

The Fund

GENIVAR Income Fund offers a broad diversity of professional consulting services in planning, engineering, architecture, environmental services, project management and a variety of project services throughout all project execution phases: from the initial development studies through the design, construction, commissioning and maintenance phases. We have developed a multidisciplinary team approach where employees work closely with clients to develop optimized solutions on time and on budget. We are a fee-for-service business and operate in five different market segments: Buildings, Municipal infrastructure, Industrial & Power, Transportation, and Environment.

- **Buildings:** We provide engineering, asset management, project management and architecture services to a wide range of clients and projects in the healthcare, education, institutional, recreational, commercial, residential, manufacturing and industrial sectors. Our broad range of services encompasses mechanical, electrical and structural engineering, building sciences, energy efficiency, food services as well as other project services. We work on existing facilities as well as on new construction projects.
- **Municipal infrastructure:** Cities, municipalities, townships and real estate developers are among the major clients of this market segment and our assignments relate to municipal rehabilitation and development, water distribution and treatment, wastewater collection and treatment, public utilities, storm water management, land development, municipal road networks, lighting and various municipal facilities.
- **Industrial & Power:** We provide planning, engineering and project management services to private businesses of various industries such as mining and mineral processing, aluminum and light metals, chemical and petrochemicals, pulp and paper, wood products, pharmaceuticals and biotechnology, food and beverage, power generation and general manufacturing. Power generation projects include hydroelectric, wind, thermal power generation, cogeneration and related distribution and transmission systems. Our clients include public suppliers of electricity and private developers.
- **Transportation:** Through public transport authorities, government departments, cities, airport and port authorities, railroad companies and real estate developers, we offer transportation solutions by providing planning, modeling, engineering, project management and contract administration services. Typical projects include highways, bridges and other civil engineering structures, port, harbour, railway and airport facilities, mass transit facilities, traffic systems and other transportation-related projects.

- **Environment:** Our services include impact studies and environmental assessments, ecosystem studies, monitoring, surveys, and characterizations, management systems, permitting, compliance audits, geomatics and mapping and risk management. Clients in this market segment include organizations from all of the other market segments and typical projects include restoration of contaminated sites, waste management, habitat restoration and site rehabilitation. We have developed an integrated approach to projects where our environmental scientists are involved in the start-up and completion of most projects where environmental considerations are important.

Our goal is to develop a national firm with a leading presence in all major regions of Canada and a leadership position in each of our five market segments. As of 2010, we want to be recognized as one of the leading multidisciplinary engineering services firm in Canada in terms of employees and notoriety. We will simultaneously continue to develop our Caribbean platform, establish other international operating centers and support our clients in their global development. In order to meet this target, we evaluate that to become a top design firm throughout Canada, and to achieve leadership in our market segments, we must continue our growth plan and reach 5,000 employees by the end of 2010. We will continue to concentrate our efforts on recruiting and retaining our talented workforce by providing a dynamic and vibrant work environment and by continuing our acquisition strategy of attracting successful and complementary businesses to the GENIVAR family.

Highlights

In 2008, we continued on the execution of this strategy through a combination of organic growth and 14 acquisitions, resulting in the total growth of our workforce from 2,400 employees as of December 31, 2007, to more than 3,400 employees as of December 31, 2008. Acquisitions completed in 2008 accounted for approximately 750 employees while the remaining employees joined GENIVAR through hiring initiatives.

In 2008, the Fund posted record results in revenues, net revenues, EBITDA, net earnings per unit and distributable cash per unit. Revenues, net revenues and EBITDA were respectively \$387.8 million, \$320.1 million and \$68.6 million, representing year over year increases of 50.8%, 54.9% and 62.7% for the twelve-month period ending December 31, 2008. Diluted net earnings and adjusted distributable cash per unit during this period were respectively \$1.95 per unit and \$2.26 per unit.

Fourth-quarter results were strong, with total revenues of \$115.7 million and net revenues of \$93.3 million, representing respective year over year increases of 64.1% and 60.8%. EBITDA, during the period from September 28, 2008 to December 31, 2008, stood at \$19.6 million up from \$12.8 million for the same period one year ago, representing an increase of 53.3%. These results included an

exchange gain of \$2.0 million registered during the quarter, as well as increased provisions for a few debtors impacted by the downturn in certain of our market segments, which amount was \$0.6 million. Net earnings before non-controlling interest were \$10.2 million or \$0.44 per unit for the fourth quarter and \$42.5 million or \$1.95 per unit for the full year 2008 on a diluted basis. Fourth-quarter results include \$1.4 million in income taxes, most of which was from international operations, and \$5.5 million in amortization of intangible assets. Total amortization of intangible assets was \$16.5 million for the full year, up from \$10.7 million in 2007. Total income taxes for 2008 were \$2.5 million, up from \$1.0 million in 2007.

The Fund distributed \$1.70 per unit in 2008, representing an adjusted payout ratio of 71.8% for the year. This included a year-end special distribution of \$0.45 per unit that was declared on December 17, 2008 and was necessary to ensure that the Fund was not taxable. Aggregate distributions totalled \$38.0 million for the year. Based on the weighted average trading price of our unit for the year of \$23.49, total distributions of \$1.70 represent an annual yield of 7.2%. Regular monthly distributions were increased on July 15, 2008 to \$0.125, up from \$0.0833 per unit.

The year 2008 was an active period for the Fund in all areas of the business. All market segments and regions had positive year over year growth, and the outlook for 2009 is generally positive with our backlog increasing to \$314.1 million as of December 31, 2008. This backlog represents 9.0 months of revenues based on our trailing-twelve-month revenues which were adjusted to reflect the full contribution of the acquisitions completed during this period. The municipal infrastructure and transportation market segments generated 48.2% of our net revenues during the 2008 year. We believe that the outlook in this sector is positive for 2009 and beyond, in light of the important infrastructure spending required to upgrade our existing water, wastewater and transportation facilities and systems and develop new ones to support demographic growth in Canada. However, our increased presence in the infrastructure market adds seasonality to our business due to the nature of the services and of the work that we perform. The building market segment accounted for 30.1% of our net revenues in 2008 and while new residential and commercial building construction will be significantly reduced in 2009, rehabilitation and renovation of existing buildings as well as the institutional market including healthcare and education will provide for a stable environment in the next years. The environmental market represented 6.7% of our net revenues in fiscal 2008, and we believe that this market will continue to grow supported by environmental compliance, permitting, reclamation and remediation work and new trends relating to green gas initiatives. Finally, the industrial and power market segment generated 15.0% of our net revenues and, while the power sector is good throughout Canada, backed by the demand for clean power and increased investments in electricity transportation and distribution, the industrial sector has been the most affected by the economic slowdown and represents a more challenging environment for 2009.

Significant efforts were made in 2008 to strengthen our systems and corporate services. Capital expenditures totalled \$10.4 million in fiscal 2008, of which \$6.2 million were invested in information technologies equipment and software, the remainder being invested in furniture, equipment and office fit-ups. The Fund disposed of a building, in 2008, for proceeds of \$0.8 million. We continued the integration process of the acquisitions completed during the year and adapted our organizational structure by the creation of various new positions such as a Canadian operations executive vice-president, a risk management officer, a vice-president of Human resources and others, to support our business plan and to respond to our growth objectives.

Fourteen different companies joined GENIVAR during fiscal 2008, contributing to the geographical expansion of the firm and enhancing the breath of our expertise.

- In January 2008, we completed the acquisition of Transenco, an Ontario transportation design firm, with offices in Toronto, Ottawa and Bancroft.
- At the end of January 2008, Phoenix Engineering, a Calgary-based wind power consulting firm, with over 20 years' experience in the areas of wind resources monitoring and assessment and wind farm design, joined us, making GENIVAR one of Canada's largest wind power consulting firms.
- Also in January 2008, GENIVAR completed the acquisition of RFA Consulting Electrical Engineers, a 30-employees firm based in Vancouver and Victoria. RFA provides complete electrical engineering and lighting design services in buildings and other infrastructures.
- EXH Engineering, an Alberta-based firm with 14 offices and over 275 employees joined GENIVAR at the end of February and provided us with a solid platform upon which to build in that province. EXH specializes in transportation and municipal infrastructure.
- In May 2008, Doucet & Associés Conseils, a telecommunications and utilities design firm with offices in Quebec City and Montreal joined GENIVAR and enhanced our expertise in that market.
- In June 2008, two Victoria-based consulting firms joined GENIVAR and further consolidated our presence on Vancouver Island. Bullock Baur, specializing in civil and municipal infrastructure and Peterson Galloway, offering structural engineering services, added 40 employees to GENIVAR.
- In August, three more companies were acquired by GENIVAR. Zenix Engineering, an Ottawa-based firm, specializing in building engineering services, added 50 employees; Solmers, a Varennes-based environmental firm, added expertise in waste confinement technologies and Henderson Paddon & Associates/Oweson, an Ontario-based civil engineering and environmental consulting firm, added 70 employees in four new Ontario offices in the Owen Sound region.

- GENIPLUS-Nageco and Consumaj Estrie joined the GENIVAR group in October and November 2008. GENIPLUS specializes in structural engineering and bridge infrastructure; Nageco works in municipal infrastructure while Consumaj Estrie completed the GENIVAR regional network in Quebec with an office in Sherbrooke.
- Two more firms joined GENIVAR in December 2008. DDH Environnement, a firm specializing in earth sciences and environmental engineering added complementary services such as environmental management as well as new industrial clients to GENIVAR. Pomeroy Consulting Engineers, a leading British Columbia structural firm, strengthened our building engineering team.

In 2009, we intend to pursue our growth through selective and strategic acquisitions. As of March 9, 2009, GENIVAR added approximately 100 employees through the acquisitions of Envirotel 3000, WSA Trenchless Consultants (“WSA”), ENTRA Consultants (“ENTRA”), Design Collaborative Associates (“DCA”) and Wiebe Environmental Services (“WES”). These specialized companies complement technically our platform by adding different specific expertises which broaden our capabilities in the environment, municipal infrastructure, transportation and building market segments. Envirotel 3000 brings us leading edge expertise in wildlife and plant habitat inventory projects; WSA has developed unique expertise in trenchless technologies for the rehabilitation of water and sewer systems; ENTRA is recognized as an innovative firm in transportation and transit planning and traffic engineering; DCA is one of the leading architectural and urban planning firms in the Caribbean; WES provides a platform in Alberta for our environmental services and brings expertise in the oil and gas industry.

Our balance sheet remained solid. As at December 31, 2008, the Fund had total long-term financial liabilities of \$12.6 million, including current portion of long-term debt. The Fund renegotiated its credit facilities during the year, increasing its term facility from \$40.0 million to \$80.0 million. On October 2, 2008, the Fund successfully closed a \$50.0 million equity financing of which \$35.0 million was raised through a public offering of 1,391,650 units at a price of \$25.15 and the remainder by means of a private placement to GENIVAR INC. (the non-controlling unitholder) of 596,421 units, at the same price for gross proceeds of \$15.0 million. The Fund has 23,354,476 units issued as of December 31, 2008. Under the growth rules issued by the Minister of Finance of Canada, the Fund has the ability to raise a maximum amount of \$100.0 million of new equity before the end of 2010. Through its credit facilities and its ability to raise additional equity, the Fund is well-positioned to continue the execution of its business plan of growth through organic initiatives and selected acquisitions.

Finally, our team was awarded several important projects in 2008, as well as during the fourth quarter, including:

- Preliminary and detailed design, extension of Highway 35, Saint-Jean-sur-Richelieu/Interstate I-89, 4.7 km stretch, Quebec Ministry of Transportation, Quebec.
- Montreal initial tramways network study (phase 1), City of Montreal, Quebec.
- Engineering for the extension of Montreal Eastern Commuter Train, Montreal Metropolitan Agency, Quebec.
- Project management services related to assessing the conditions of the healthcare buildings network, Nunavik Region, Quebec Housing Corporation, Quebec
- Woodroffe Avenue Pedestrian Bridge, Algonquin College, Ottawa, Ontario
- Architectural, structural and refrigeration design (Leed Silver), New 4-pad ice arena (as part of a P3 project), Halifax Regional Municipality, Nova Scotia.
- Architectural services for the expansion of a community recreation facility, Sprinker, Washington, U.S.
- Preliminary engineering and detailed design, environmental considerations and contract administration, Seal Lake connector (6 km), Municipality District of Big Lakes, Alberta
- Pre-feasibility study for electrical and mechanical engineering, Expansion of the Sport Centre (PEPS), Laval University, Quebec City, Quebec.
- Environmental site assessment of the Turcot Complex, including 4 interchanges and roadways, Quebec Ministry of Transportation, Montreal, Quebec.
- 102 MW Wind power performance testing, Alta Gas, South Peace River Region, British Columbia

The Fund is one of the largest Engineering Services firm in Canada in terms of number of employees, with more than 3,500 managers, professionals, technicians and technologists and support staff in over 90 offices in Canada and abroad as at March 9, 2009.

SUMMARY OF QUARTERLY RESULTS

IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA	2008					2007			
	TTM	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	TRAILING TWELVE MONTHS (AUDITED)	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JUNE 29 TO SEPTEMBER 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO MARCH 29 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO MARCH 31 (UNAUDITED)
Results of operations									
Revenues	\$ 387,803	\$ 115,718	\$ 104,650	\$ 97,348	\$ 70,087	\$ 70,528	\$ 68,543	\$ 63,791	\$ 54,343
Net revenues (1)	\$ 320,094	\$ 93,263	\$ 85,814	\$ 80,869	\$ 60,148	\$ 57,999	\$ 53,602	\$ 50,859	\$ 44,168
Gross margin	\$ 162,108	\$ 47,910	\$ 43,792	\$ 40,440	\$ 29,966	\$ 28,762	\$ 26,233	\$ 24,578	\$ 21,076
EBITDA	\$ 68,609	\$ 19,598	\$ 19,670	\$ 17,463	\$ 11,878	\$ 12,788	\$ 11,685	\$ 9,597	\$ 8,090
Net earnings	\$ 25,815	\$ 6,226	\$ 8,325	\$ 6,666	\$ 4,598	\$ 5,676	\$ 4,344	\$ 2,603	\$ 2,672
Net earnings per unit									
Basic	\$ 1.95	\$ 0.44	\$ 0.65	\$ 0.52	\$ 0.36	\$ 0.44	\$ 0.38	\$ 0.24	\$ 0.24
Diluted	\$ 1.95	\$ 0.44	\$ 0.64	\$ 0.52	\$ 0.35	\$ 0.43	\$ 0.38	\$ 0.26	\$ 0.24
Weighted average number of units (2)	13,213,513	14,192,428	12,870,030	12,870,364	12,870,664	12,858,533	11,305,396	10,992,394	11,000,000
Diluted weighted average number of units (2)	21,829,087	23,224,760	21,352,768	21,350,781	21,347,826	21,332,787	19,347,454	18,920,619	18,927,381
Distributable cash									
Distributable cash (3) (4) (5)									
Standardized	\$ 27,884	\$ 10,321	\$ 6,824	\$ 5,278	\$ 5,461	\$ 18,293	\$ 4,784	\$ 1,623	(\$ 951)
Adjusted	\$ 52,872	\$ 13,754	\$ 16,078	\$ 13,242	\$ 9,798	\$ 11,218	\$ 9,575	\$ 6,718	\$ 6,441
Distributable cash, per unit (3) (4) (5)									
Standardized	\$ 1.19	\$ 0.44	\$ 0.32	\$ 0.25	\$ 0.26	\$ 0.86	\$ 0.22	\$ 0.09	(\$ 0.05)
Adjusted	\$ 2.26	\$ 0.59	\$ 0.75	\$ 0.62	\$ 0.46	\$ 0.53	\$ 0.45	\$ 0.35	\$ 0.34
Distributions declared	\$ 37,959	\$ 19,268	\$ 8,011	\$ 5,340	\$ 5,340	\$ 11,749	\$ 4,933	\$ 4,730	\$ 4,730
Distributions declared, per unit	\$ 1.70	\$ 0.83	\$ 0.37	\$ 0.25	\$ 0.25	\$ 0.55	\$ 0.25	\$ 0.25	\$ 0.25
Payout ratio									
Adjusted	71.8%	140.1%	49.8%	40.3%	54.5%	104.7%	51.5%	70.4%	73.4%

(1) Net revenues are defined as Revenues less subconsultants and other direct expenses (see glossary).

(2) The basic and diluted weighted average number of units has been adjusted to reflect units purchased in the market during the year in connection with the long-term incentive plan and units issued pursuant to a public offering in Q4.

(3) The Fund applies the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities" to calculate the distributable cash. See section "Distributable cash."

(4) Distributable cash and distributable cash per unit amounts are calculated for the combined interest of the Fund's units and Exchangeable Class B LP Units and Exchangeable Class C LP Units, which total 23,354,476 as at December 31, 2008 (21,366,405 at the same date in 2007). Number of units has not been adjusted to reflect units purchased in the market in connection with the long-term incentive plan since the distributions on these units continue to be declared and paid. As at March 9, 2009, the number of units is identical to what it was as at December 31, 2008.

(5) Calculation of the distributable cash included foreign income taxes of \$0.7 million for the three-month period and of \$2.1 million for the twelve-month period ended December 31, 2008. Out of this amount, \$1.3 million will be included on the unitholders' T3 slip as foreign income taxes.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

FINANCIAL HIGHLIGHTS

	3 months		12 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA				
Net revenues	\$ 93,263	\$ 57,999	\$ 320,094	\$ 206,628
EBITDA	\$ 19,598	\$ 12,788	\$ 68,609	\$ 42,160
Net earnings	\$ 6,226	\$ 5,676	\$ 25,815	\$ 15,295
Net earnings per unit				
Basic	\$ 0.44	\$ 0.44	\$ 1.95	\$ 1.32
Diluted	\$ 0.44	\$ 0.43	\$ 1.95	\$ 1.32

	3 months		12 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS				
Distributable cash (1) (2)				
Standardized	\$ 10,321	\$ 18,293	\$ 27,884	\$ 23,749
Adjusted	\$ 13,754	\$ 11,218	\$ 52,872	\$ 33,952
Aggregate Distributions, all units	\$ 19,268	\$ 11,749	\$ 37,959	\$ 26,142
Payout ratio				
Adjusted	140.1%	104.7%	71.8%	77.0%

BALANCE SHEETS

	2008	2007
	AS AT DECEMBER 31 (AUDITED)	AS AT DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS		
Total assets	\$ 427,382	\$ 305,972
Long-term financial liabilities (3)	\$ 12,552	-

- (1) The Fund applies the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities" to calculate the distributable cash. See section "Distributable cash."
- (2) Calculation of the distributable cash included foreign income taxes of \$0.7 million for the three-month period and of \$2.1 million for the twelve-month period ended December 31, 2008. Out of this amount, \$1.3 million will be included on the unitholders' T3 slip as foreign income taxes.
- (3) Long-term financial liabilities consist of long-term debt including current portion and bank advances.

RESULTS OF OPERATIONS

	3 months		12 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA				
Revenues	\$ 115,718	\$ 70,528	\$ 387,803	\$ 257,205
Deduct: Subconsultants and other direct expenses	\$ 22,455	\$ 12,529	\$ 67,709	\$ 50,577
Net revenues	\$ 93,263	\$ 57,999	\$ 320,094	\$ 206,628
Direct project costs	\$ 45,353	\$ 29,237	\$ 157,986	\$ 105,979
Gross margin	\$ 47,910	\$ 28,762	\$ 162,108	\$ 100,649
Marketing, general, and administrative expenses and others	\$ 28,312	\$ 15,974	\$ 93,499	\$ 58,489
EBITDA	\$ 19,598	\$ 12,788	\$ 68,609	\$ 42,160
Interest	\$ 850	\$ 158	\$ 2,341	\$ 1,651
Depreciation of property, plant, and equipment	\$ 1,647	\$ 924	\$ 4,705	\$ 2,893
Amortization of intangible assets	\$ 5,486	\$ 3,061	\$ 16,527	\$ 10,687
Earnings before income taxes and non-controlling interest	\$ 11,615	\$ 8,645	\$ 45,036	\$ 26,929
Income taxes (1)	\$ 1,434	(\$ 459)	\$ 2,518	\$ 983
Earnings before non-controlling interest	\$ 10,181	\$ 9,104	\$ 42,518	\$ 25,946
Non-controlling interest	\$ 3,955	\$ 3,428	\$ 16,703	\$ 10,651
Net earnings	\$ 6,226	\$ 5,676	\$ 25,815	\$ 15,295
Basic net earnings per unit	\$ 0.44	\$ 0.44	\$ 1.95	\$ 1.32
Weighted average number of units	14,192,428	12,858,533	13,213,513	11,543,532
Diluted net earnings per unit	\$ 0.44	\$ 0.43	\$ 1.95	\$ 1.32
Diluted weighted average number of units	23,224,760	21,332,787	21,829,087	19,635,498

(1) See section "Results of operations – Income taxes" on page 17.

RESULTS OF OPERATIONS

Revenues

We operate in one reporting segment, which is commonly referred to as consulting services. We believe that our financial performance and our results should be measured and analyzed in relation to our fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of our Engineering Services business.

Our revenues for the three-month period ended December 31, 2008, increased by \$45.2 million (64.1%) from \$70.5 million in 2007, to \$115.7 million in 2008.

Our revenues for the twelve-month period ended December 31, 2008, increased by \$130.6 million (50.8%) from \$257.2 million in 2007 to \$387.8 million in 2008.

Our net revenues, expressed as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from our clients, amounted to \$93.3 million for the three-month period ended December 31, 2008, and to \$58.0 million for the corresponding period in 2007, which represents an increase of \$35.3 million (60.8%). Our net revenues increased from \$206.6 million for the twelve-month period ended December 31, 2007, to \$320.1 million for the corresponding period in 2008, which represent an increase of 54.9%.

The following tables summarize the impact of business acquisitions and organic growth on both revenues and net revenues:

IN THOUSANDS OF DOLLARS	3 months		12 months	
	Variation 2008 vs. 2007	%	Variation 2008 vs. 2007	%
Revenues				
Acquisition growth (1)	\$ 21,837	31.0%	\$ 73,952	28.8%
Organic growth (1)	\$ 23,353	33.1%	\$ 56,646	22.0%
Total increase	\$ 45,190	64.1%	\$ 130,598	50.8%

IN THOUSANDS OF DOLLARS	3 months		12 months	
	Variation 2008 vs. 2007	%	Variation 2008 vs. 2007	%
Net revenues				
Acquisition growth (1)	\$ 17,689	30.5%	\$ 60,919	29.5%
Organic growth (1)	\$ 17,575	30.3%	\$ 52,547	25.4%
Total increase	\$ 35,264	60.8%	\$ 113,466	54.9%

(1) Acquisition growth is calculated from the average per quarter revenues of the acquired business at the acquisition's date. The total growth of the Fund that exceeds the acquisition growth is presented as organic growth.

For the three-month period ended December 31, 2008, on a net revenues basis, acquisition growth accounted for \$17.7 million, from which \$16.9 million was generated by way of the acquisitions concluded in 2008 and \$0.8 million by way of the acquisitions concluded in the third and fourth quarters of 2007.

For the twelve-month period ended December 31, 2008, on a net revenues basis, acquisition growth accounted for \$60.9 million, from which \$49.2 million was generated by way of the acquisitions concluded in 2008 and \$11.7 million by way of the acquisitions concluded in fiscal year 2007.

Organic growth can be explained by an increase in the number of employees due to a higher level of business activity, an increase in productivity, as well as growth within the acquired firms as a result of integration and cross-marketing. From December 2007 to December 2008, the number of employees increased by

41.7%, from 2,400 to more than 3,400 employees. Of this increase, 25.0% came from organic growth.

Also, it is important to note that this significant growth will not necessarily be sustainable in the future.

Expenses

Our operating expenses consist of two major components which are our direct project costs and marketing, general and administrative expenses and others. Direct project costs include payroll costs relating to the delivery of consulting services and project delivery. Marketing, general and administrative expenses and others include payroll costs of marketing and other administrative support staff, such as accounting, communications, information technology, quality, health and safety, purchasing and human resources, as well as other fixed costs such as occupancy costs, non-recoverable client services costs, technology costs, office costs, professional services costs and insurance.

Other expenses include depreciation of property, plant and equipment, amortization of intangible assets, interest expense and exchange gain.

We believe that the key performance indicators of our business are direct project costs, gross margin and marketing, general, and administrative expenses and others, all of which are expressed as a percentage of net revenues.

Direct project costs

For the three-month period ended December 31, 2008, direct project costs represented 48.6% of net revenues compared to 50.4% for the same period in 2007.

For the twelve-month period ended December 31, 2008, direct project costs represented 49.4% of net revenues compared to 51.3% for the same period in 2007.

As a percentage of net revenues, direct project costs for the last four quarters slightly decreased:

- 48.6% Q4-2008
- 49.0% Q3-2008
- 50.0% Q2-2008
- 50.2% Q1-2008

This improvement over the last quarters is attributable to better performance and profitability on projects.

Gross margin

For the three-month period ended December 31, 2008, the gross margin represented 51.4% of net revenues compared to 49.6% for the same period in 2007.

For the twelve-month period ended December 31, 2008, the gross margin represented 50.6% of net revenues compared to 48.7% for the same period in 2007.

As a percentage of net revenues, gross margin slightly increased over the last four quarters:

- 51.4% Q4-2008
- 51.0% Q3-2008
- 50.0% Q2-2008
- 49.8% Q1-2008

As previously mentioned, this improvement over the last quarters is attributable to better performance and profitability on projects.

Marketing, general and administrative expenses and others

Marketing, general and administrative expenses and others for the three-month period ended December 31, 2008, increased to \$28.3 million compared to \$16.0 million for the same period in 2007. As a percentage of net revenues, marketing, general and administrative expenses and others represented 30.4% for the three-month period ended December 31, 2008, compared to 27.5% for the same period in 2007.

For the twelve-month period ended December 31, 2008, marketing, general and administrative expenses and others represented 29.2% of net revenues compared to 28.3% for the same period in 2007.

As a percentage of net revenues, marketing, general, and administrative expenses and others for the last four quarters were as follows:

- 30.4% Q4-2008
- 28.1% Q3-2008
- 28.4% Q2-2008
- 30.1% Q1-2008

Marketing, general and administrative expenses and others are not in direct relation with net revenues and therefore may fluctuate from quarter to quarter. In the fourth quarter of 2008, the Fund completed four acquisitions. People were devoting significant efforts to the integration of the acquired businesses. For the period ended December 31, 2008, the Fund integrated 14 new companies compared to 11 for the same period in 2007. Accordingly, there was more staff time charged to marketing, general and administrative expenses and others. During the year 2008, the Fund carried on the integration process and adapted its organizational structure in response to its growth. As a result, marketing, general and administrative expenses and others increased from 2007.

EBITDA

EBITDA for the three-month period ended December 31, 2008, stood at \$19.6 million, up \$6.8 million from \$12.8 million for the same period in 2007, thus representing a 53.1% increase. As a percentage of net revenues, EBITDA margin stood at 21.0% for the three-month period ended December 31, 2008, compared to 22.0% for the same period in 2007.

EBITDA for the twelve-month period ended December 31, 2008, was \$68.6 million, up \$26.4 million from \$42.2 million for the same period in 2007, representing a 62.7% increase. EBITDA represents 21.4% of net revenues for the twelve-month period ended December 31, 2008, compared to 20.4% for the same period in 2007.

As a percentage of net revenues, EBITDA for the last four quarters were as follows:

- 21.0% Q4-2008
- 22.9% Q3-2008
- 21.6% Q2-2008
- 19.7% Q1-2008

The decrease in EBITDA during the fourth quarter of 2008 is mainly attributable to the increase in marketing, general and administrative expenses and others in percentage of net revenues. (See *Marketing, general and administrative expenses and others* above).

Depreciation and amortization

Depreciation of property, plant and equipment for the three-month period ended December 31, 2008, was \$1.6 million compared to \$0.9 million for the same period in 2007. For the twelve-month period ended December 31, 2008, depreciation of property, plant and equipment increased by \$1.8 million, from \$2.9 million in 2007 to \$4.7 million in 2008. The underlying cause is the depreciation of additional assets acquired through various business acquisitions.

Amortization of intangible assets, for the three-month period ended December 31, 2008, was \$5.5 million compared to \$3.1 million for the same period in 2007. For the twelve-month period ended December 31, 2008, amortization of intangible assets increased by \$5.8 million, from \$10.7 million in 2007 to \$16.5 million in 2008. The amortization expense increase is attributable to the business acquisitions completed in 2007 and 2008.

Interest

Interest expense for the three-month period ended December 31, 2008, amounted to \$0.9 million compared to \$0.2 million for the same period in 2007. The interest expense can be explained by a higher debt position during the fourth quarter of 2008 than in 2007. Interest expense for the twelve-month period ended December 31, 2008, stood at \$2.3 million compared to \$1.7 million for the same period in 2007. The increase can be explained by a higher debt position in 2008 than 2007, which is directly related to business acquisitions.

Income taxes

For the three-month period ended December 31, 2008, the Fund recognized an amount of \$1.4 million as an income tax expense compared to a recovery of \$0.5 million for the same period in 2007. This expense included foreign income taxes of \$0.7 million. For the twelve-month period ended December 31, 2008, the Fund recognized an amount of \$2.5 million as an income tax expense compared to \$1.0 million for the same period in 2007. This expense included foreign income taxes of \$2.1 million for projects that begin in 2008.

On June 12, 2007, draft legislative proposals to implement a tax on distributions from publicly traded income trusts and partnerships passed third reading in the House of Commons and received Royal Assent on June 22, 2007 (Bill C-52). The Bill contained what has become known as the "SIFT Rules" to bring these tax changes into force.

The Fund will be able to retain the benefit of the deferred application of the SIFT Rules described in the Fund's most recent annual consolidated financial statements. If, during the period from and including November 1, 2006 to December 31, 2010, the Fund is deemed to have undergone "undue expansion", as described in the Guidelines on Normal Growth issued by the Department of Finance (Canada) on December 15, 2006 (the "Normal Growth Guidelines"), the SIFT Rules will become applicable to the Fund on a date earlier than January 1, 2011.

Under the Normal Growth Guidelines, a SIFT will not lose the benefit of the deferred application of the new tax regime to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units and potentially other substitutes for such equity) issued by it during any of intervening years up to 2011 does not exceed the greater of \$50.0 million and an objective "safe harbor" amount equal to a certain percentage of the Fund's market

capitalization as of the end of trading on October 31, 2006 (measured in terms of the value of a fund's issued and outstanding publicly-traded units (not including debt, options or other interests that were convertible into Fund units)) ("October 31, 2006, Market Capitalization").

On July 14, 2008, the Department of Finance released draft legislation to permit SIFT to "convert" to taxable Canadian corporations without any undue tax consequences to either the SIFT or its unitholders. More precisely, the draft legislation contemplates two distinct alternative approaches to converting a SIFT into a corporation and collapsing the underlying structure. The first involves the wind-up of a SIFT into a taxable Canadian corporation. The second involves the distribution by a SIFT of shares of an underlying taxable Canadian corporation to unitholders. The Department of Finance received comments on the draft legislation.

On November 28, 2008, the Minister of Finance introduced a notice of ways and means motion including specific proposed rules initially contained in the draft legislation of July 14, 2008 (Conversion Rules) allowing publicly traded income trusts to convert into taxable Canadian corporations without any adverse tax consequences to the trust or its unitholders.

On February 2, 2009, as a result of the prorogation of Parliament on December 4, 2008, the Minister of Finance reintroduced the Conversion Rules in a notice of ways and means motion. In light of the Conversion Rules and the upcoming tax under the SIFT Rules, the Fund will start a review and analysis of these rules taking into account what would be in the best interest of the unitholders.

On February 25, 2009, the Minister of Finance released explanatory notes to the February 2, 2009 notice of ways and means motion which revise and clarify the Normal Growth Guidelines to accelerate the safe harbor amounts of 2009 and 2010 to make them available immediately, as initially announced in explanatory notes released on December 2, 2008 before the prorogation of Parliament. This change would generally allow a trust like the Fund to use the remaining growth room (including where applicable the \$50 Million "de minimis" amount) in a single year rather than incrementally over 2009 and 2010.

Given its October 31, 2006, Market Capitalization and the 2008 and 2007 issuance of Fund units and interests convertible into Fund units, \$100.0 million of Fund units and interests convertible into Fund units may be issued in a single year rather than incrementally over 2009 and 2010.

Any relevant information will be considered in order to assess the optimal structure of the Fund in the future.

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. The description of this new recommendation is presented in the New accounting standards section.

Net earnings and earnings per unit

The Fund’s net earnings for the three-month period ended December 31, 2008, were \$6.2 million or \$0.44 per unit on a basic and diluted basis compared to \$5.7 million or \$0.44 per unit on a basic basis and \$0.43 per unit on a diluted basis for the same period in 2007. The net earnings and the net earnings per unit decreased for the last quarter of 2008 are mainly due to the increase in the amortization of intangible assets attributable to the finalization of purchase price allocations for the business acquisitions realized in the first quarter of 2008.

The Fund’s net earnings for the twelve-month period ended December 31, 2008, were \$25.8 million or \$1.95 per unit on a basic and diluted basis compared to \$15.3 million or \$1.32 per unit on both a basic and diluted basis for the same period in 2007.

DISTRIBUTABLE CASH

Distributable cash is calculated in accordance with the recommendations provided in CICA’s publication “Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities.” A complete definition of distributable cash is provided at the end of this MD&A in the glossary. The Fund also calculated an adjusted distributable cash, which is defined as standardized distributable cash adjusted for items that management believes are appropriate for the determination of levels of distributions. Distributions are based on actual historical and estimated future performance of the Fund on a full-year basis. Consequently, periodic fluctuations in non-cash working capital are not considered when evaluating the cash flows available for distribution.

DISTRIBUTABLE CASH

	3 months		12 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA				
Cash flows from operating activities	\$ 14,069	\$ 19,735	\$ 38,322	\$ 31,801
Capital expenditures paid	(\$ 3,748)	(\$ 1,442)	(\$ 10,438)	(\$ 8,052)
Standardized distributable cash (1)	\$ 10,321	\$ 18,293	\$ 27,884	\$ 23,749
Change in non-cash working capital items (2)	\$ 3,433	(\$ 7,211)	\$ 24,988	\$ 8,461
Capital expenditures paid for non-recurring items (3)	-	\$ 136	-	\$ 2,567
Purchase of units in the market under the long-term incentive plan	-	-	-	(\$ 825)
Adjusted distributable cash (1) (4)	\$ 13,754	\$ 11,218	\$ 52,872	\$ 33,952
Adjusted distributable cash, per unit (1) (4)	\$ 0.59	\$ 0.53	\$ 2.26	\$ 1.59
Payout ratio				
Standardized	186.7%	64.2%	136.1%	110.1%
Adjusted	140.1%	104.7%	71.8%	77.0%
Distributions				
Fund's units distributions	\$ 11,793	\$ 7,095	\$ 23,080	\$ 15,500
Class B Exchangeable LP Unit distributions	\$ 3,571	\$ 2,053	\$ 6,836	\$ 4,493
Class C Exchangeable LP Unit distributions	\$ 3,904	\$ 2,601	\$ 8,043	\$ 6,149
Aggregate distributions, all units (4)	\$ 19,268	\$ 11,749	\$ 37,959	\$ 26,142
Aggregate distributions, all units, per unit (4)	\$ 0.83	\$ 0.55	\$ 1.70	\$ 1.30

- (1) Calculation of the distributable cash included foreign income taxes of \$0.7 million for the three-month period and of \$2.1 million for the twelve-month period ended December 31, 2008. Out of this amount, \$1.3 million will be included on the unitholders' T3 slip as foreign income taxes.
- (2) Distributions are based on actual historical and estimated future performance of the Fund on a full-year basis. Consequently, periodic fluctuations in non-cash working capital are not considered when evaluating the cash flows available for distribution.
- (3) Non-recurring capital expenditures pertain to a construction project which had for objective to expand square footage of the main office in Quebec City.
- (4) Distributable cash and distributable cash per unit amounts are calculated for the combined interest of the Fund's units and Exchangeable Class B LP units and Exchangeable Class C LP Units, which total 23,354,476 as at December 31, 2008 (21,366,405 as at December 31, 2007). Number of units has not been adjusted to reflect units purchased in the market in connection with the long-term incentive plan since the distributions on these units continue to be declared and paid.

During the three-month period ended December 31, 2008, the Fund generated \$13.8 million of adjusted distributable cash compared to \$11.2 million for the same period in 2007.

The adjusted payout ratio for the quarter is 140.1% compared to 104.7% for the same period in 2007. This increase is due to the one-time special distribution of \$0.45 per unit declared in December 2008 compared to \$0.30 per unit declared in November 2007 and to the 50.0% increase in the monthly distribution of the Fund announced since July 15, 2008.

Relation between capital expenditure and productive capacity

The Fund is not a capital-intensive business. Capital expenditures incurred by the Fund consist mainly of expenditures pertaining to office furniture and information technology software and hardware. Although these capital expenditures are affected by a change in the number of employees, they are mainly driven by an employee's productivity maintenance objective. To reach this objective, the Fund recognized the need to ensure a stimulating work environment, enjoyable working conditions and ongoing training. Investments in capital expenditures are primarily required to update technology and systems in a context of organic growth but also to upgrade to our standards the information technology software and hardware of the acquired businesses.

Long-term incentive plan ("LTIP")

On April 21, 2008, the Board of Fund Trustees and the Board of Directors decided to terminate the LTIP in accordance with its terms. The LTIP awards credited to the participants under the LTIP will continue to be subject to the time-based vesting provisions described in the LTIP as if the LTIP was never terminated.

CASH DISTRIBUTION

Since the beginning of its operations on May 2006 and until June 2008, the Fund declared a monthly distribution of \$0.0833 per unit or \$1.00 per unit on an annualized basis. Since July 2008, the monthly distribution is \$0.1250 per unit or \$1.50 per unit on an annualized basis. On December 2008, the Fund announced a one-time special distribution of \$0.45 per unit for unitholders of record at the close of business on December 31, 2008, compared to a one-time special distribution of \$0.30 per unit on November 2007.

	3 months		12 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS				
Cash flows from operating activities	\$ 14,069	\$ 19,735	\$ 38,322	\$ 31,801
Net earnings	\$ 6,226	\$ 5,676	\$ 25,815	\$ 15,295
Non-controlling interest	\$ 3,955	\$ 3,428	\$ 16,703	\$ 10,651
Earnings before non-controlling interest	\$10,181	\$ 9,104	\$ 42,518	\$ 25,946
Actual cash distributions declared	\$ 19,268	\$ 11,749	\$ 37,959	\$ 26,142
Excess (shortfall) of cash flows from operating activities over cash distributions declared	(\$ 5,199)	\$ 7,986	\$ 363	\$ 5,659
Excess (shortfall) of earnings before non-controlling interest over cash distributions declared	(\$ 9,087)	(\$ 2,645)	\$ 4,559	(\$ 196)

Excess (shortfall) of cash flows from operating activities over cash distributions declared

Cash distribution exceeded the cash flows from operating activities by \$5.2 million for the three-month period ended December 31, 2008, compared to an excess of cash flows over cash distributions of \$8.0 million for the same period in 2007. Cash flows from operating activities exceeded cash distributions declared for the twelve-month periods ended December 31, 2008 and 2007. The excess of the twelve-month period compared to the shortfall of the three-month period can be explained by the one-time special distribution of \$10.5 million declared in December 2008. In 2007, the excess was more important in the three months than in the twelve months, because following the acquisition in January 2007 of certain assets of CDG and Kazmar (excluding receivables and costs and anticipated profits in excess of billings), cash flows from operating activities were affected by the required investments in working capital. Bank advances were used to finance the shortfall in accordance with the credit facilities. The investments in working capital concerning these acquisitions amounted to \$4.5 million for the twelve-month period ended December 31, 2007. If the impact of these non-recurring investments in working capital is excluded, cash flows from operating activities exceeded cash distributions declared by \$10.2 million. Furthermore, additional investments in net revenues were achieved both during the three-month and the twelve-month periods ended December 31, 2008 and 2007.

Excess (shortfall) of earnings before non-controlling interest over cash distributions declared

For the three-month period ended December 31, 2008, earnings before non-controlling interest are lower than the cash distributions declared by \$9.1 million. This can be explained by the one-time special distribution of \$0.45 per unit for a total amount of \$10.5 million declared in the fourth quarter. As shown by the twelve-month period, on an annual basis, the distributions did not exceed the earnings before non-controlling interest. It is important to note that the Fund does not use net earnings as a basis to calculate cash distributions because net earnings, in accordance with GAAP, are determined after deducting expenses which do not affect cash such as amortization of intangible assets including non-competition agreements, customer relationships and contract backlogs. As a result of the Fund's acquisitions over the past years, its net earnings have been impacted by significant intangible amortization. The costs of these intangible assets are included in the purchase price but there are no future cash outflows associated with these intangible assets. If the impact of intangible amortization is excluded, cash distributions declared exceeded earnings before non-controlling interest by \$3.6 million for the three-month period, and earnings before non-controlling interest exceeded cash distributions declared by \$21.1 million for the twelve-month period ended December 31, 2008 compared to the \$0.4 million for the three-month period and to \$10.5 million for the twelve-month period ended December 31, 2007.

BACKLOG

As at December 31, 2008, our backlog, which represents future revenues that stem from existing signed contracts to be executed, stood at \$314.1 million. As at December 31, 2007, our backlog was \$207.5 million. On a comparative basis, this represents an increase of \$106.6 million (51.4%) of which \$78.6 million came from acquisitions completed in 2008.

The revenues used to calculate the backlog in terms of months are the trailing-twelve-month revenues. Revenues from acquisition have been adjusted to reflect a full twelve-month period. If we consider that our field of business measures backlog in terms of months of work, we can foresee that it represents approximately 9.0 months of upcoming work compared to 9.2 months for the corresponding period of 2007.

- \$314.1 million Q4-2008
- \$305.0 million Q3-2008
- \$300.4 million Q2-2008
- \$294.1 million Q1-2008

LIQUIDITY

	3 months		12 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS				
Cash Flows				
Cash flows from operating activities	\$ 14,069	\$ 19,735	\$ 38,322	\$ 31,801
Cash flows from financing activities	(\$ 8,532)	(\$ 12,622)	\$ 26,926	\$ 4,002
Cash flows from investing activities	(\$ 10,715)	(\$ 4,467)	(\$ 63,394)	(\$ 31,134)
Net change in cash position during the period	(\$ 5,178)	\$ 2,646	\$ 1,854	\$ 4,669
Distributions paid	(\$ 8,510)	(\$ 11,749)	(\$ 27,098)	(\$ 25,939)
Capital expenditures (including capital expenditures paid for non-recurring items in 2007)	(\$ 3,748)	(\$ 1,442)	(\$ 10,438)	(\$ 8,052)

Cash flows from operating activities

For the twelve-month period ended December 31, 2008, operating activities generated \$63.3 million and non-cash working capital items used \$25.0 million, for a total net cash flows from operating activities of \$38.3 million. The use of \$25.0 million in non-cash working capital is mainly attributable to an increase of \$18.2 million in accounts receivable, an increase of \$14.1 million in costs and anticipated costs in excess of billings and an increase of \$0.5 million in prepaid expenses. These increases were offset by an increase of \$3.0 million in accounts

payable and accrued liabilities and of \$9.9 million in billings in excess of costs and anticipated profits and a decrease of \$5.1 million of income taxes payable.

For the three-month period ended December 31, 2008, operating activities generated \$17.5 million and non-cash working capital items used \$3.4 million, for a total net cash flows from operating activities of \$14.1 million. The increase in accounts receivable of \$10.5 million, the decrease in costs and anticipated profits in excess of billings of \$6.6 million and the increase in prepaid expenses of \$0.4 million were offset by an increase in accounts payable and accrued liabilities of \$0.9 million and an increase in billings in excess of costs and anticipated profits of \$3.9 million and a decrease in income taxes of \$3.9 million.

Accounts receivables and costs and anticipated profits in excess of billings represent approximately 103 days of annual sales, which is comparable to the previous quarters and to the industry standards for comparable businesses.

Cash flows from financing activities

For the twelve-month period ended December 31, 2008, net financing activities generated \$26.9 million in cash. As part of the financing activities, \$47.8 million came from the issuance of units pursuant to a public and private offering net of the issuance-related costs and \$10.6 million from bank advances. Although \$4.4 million was used to reimburse advances from the Non-Controlling Unitholder, long-term debt, and balances of purchase prices related to business acquisitions. Finally, \$27.1 million was used to pay distributions to unitholders.

For the three-month period ended December 31, 2008, net financing activities used \$8.5 million of cash. As part of the financing activities, \$47.8 million came from the issuance of units pursuant to a public and private offering net of the issuance-related costs and \$52.7 million was used to reimburse the bank advances. On the other hand, \$8.5 million was used to pay distributions to unitholders and \$4.9 million came from balances of purchase prices related to business acquisitions, long-term debt contracted and an increase in advances payable to the Non-Controlling Unitholder.

Cash flows from investing activities

For the twelve-month period ended December 31, 2008, investing activities used up to \$63.4 million in cash. Business acquisitions used \$53.6 million, capital expenditures incurred a total of \$10.4 million and others used \$0.2 million. Finally, disposal of property, plant and equipment provided \$0.8 million in cash.

For the three-month period ended December 31, 2008, investing activities used \$10.7 million of cash. Business acquisitions totalled \$7.7 million of this amount, capital expenditures, \$3.7 million and others, (\$0.7) million.

Net cash position

As at December 31, 2008, the net cash position of the Fund amounted to \$3.6 million as detailed hereafter:

IN THOUSANDS OF DOLLARS	2008	2007
	AS AT DECEMBER 31	AS AT DECEMBER 31
Cash and cash equivalents	\$ 14,709	\$12,855
Bank advances	(\$ 10,668)	-
Advances from the Non-controlling Unitholder	(\$ 426)	(\$ 224)
Net cash position	\$ 3,615	\$ 12,631

In the last quarter of 2008, the Fund reimbursed in part the bank advances with the proceeds of the units issued in October 2008 pursuant to a public and private offering.

Management believes that the cash flows are strong enough to sustain organic growth and continue to finance the distributions to unitholders through cash generated from its operations, up until now, the credit facilities have been mainly used to complete business acquisitions and to pay distributions to unitholders.

The Fund has credit facilities, totalling \$82.0 million, allocated as follows:

Term facility

Term facility of \$80.0 million 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 \$10.0 million.

Treasury facility

Facility of \$2.0 million to hedge against interest rate risks and foreign exchange risks.

These credit facilities have a three-year term and mature in May 2011. At any time prior to the maturity date, the borrower may elect to repay all or a part of the term loan credit facility. 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 of GENIVAR Limited Partnership ("GENIVAR LP") and those of some of its subsidiaries. These credit facilities bear interest at prime rate for Canadian currency advances and US base rate for US currency advances. A

variable fee, based on different level of covenants, is applicable on LIBOR advances.

Under these credit facilities, GENIVAR LP, a Fund's subsidiary, is required, among other conditions, to respect certain covenants on a consolidated basis, which have been met as at December 31, 2008.

As at December 31, 2008, the Fund had unused credit facilities of \$71.0 million, net of outstanding letters of credit of \$0.3 million, and cash and cash equivalents of \$14.7 million.

The Fund does not hold any commercial papers. Consequently, the Fund has not been affected by asset-backed commercial papers.

ANALYSIS OF SELECTED ANNUAL INFORMATION

Set out is selected information for each of the last three years ended on December 31.

	2008	2007	2006	VARIATION	
	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (COMBINED-UNAUDITED) (1)	2008 VS. 2007	2007 VS. 2006
IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA					
Revenues	\$ 387,803	\$ 257,205	\$ 176,113	\$ 130,598 50.8%	\$ 81,092 46.0%
Net revenues	\$ 320,094	\$ 206,628	\$127,979	\$ 113,466 54.9%	\$ 78,649 61.5%
Net earnings (2)	\$ 25,815	\$ 15,295		\$ 10,520 68.8%	
Net earnings per unit (2) (3)					
Basic	\$ 1.95	\$ 1.32		\$ 0.63	
Diluted	\$ 1.95	\$ 1.32		47.4%	
Total assets	\$ 427,382	\$ 305,972	\$ 248,838	\$ 121,410 39.7%	\$ 57,134 23.0%
Long-term financial liabilities (4)	\$ 12,552	-	\$ 6,957	\$ 12,552 100.0%	(\$ 6,957) (100.0%)
Distributions					
Fund's units distribution	\$ 23,080	\$ 15,500	\$ 6,622	\$ 7,580	\$ 8,878
Class B Exchangeable LP Unit distributions	\$ 6,836	\$ 4,493	\$ 1,924	\$ 2,343	\$ 2,569
Class C Exchangeable LP Unit distributions	\$ 8,043	\$ 6,149	\$ 2,848	\$ 1,894	\$ 3,301

- (1) This combined financial information is the combination of financial results of GENIVAR Engineering Services Business pre-IPO and financial results of the Fund Post-IPO.
- (2) Net earnings and net earnings per unit for the period from January 1 to December 31, 2006, have not been presented due to the changes made with respect to the capital structure of the preceding entities as a result of the IPO completed on May 25, 2006.
- (3) The basic and diluted weighted average number of units has been adjusted to reflect units purchased in the market during the year in connection with the long-term incentive plan and units issued pursuant to public offerings.
- (4) Long-term financial liabilities consist of long-term debt including current portion and bank advances.

In the last two years, the revenues and net revenues increased by way of the acquisitions realized in 2008 and 2007 as well as the higher level of business activity. The business acquisitions had a direct impact on the net earnings per unit on a basic and diluted basis for the year ended December 31, 2008 and 2007, and on the total value of the Fund's assets. The Fund used its credit facilities to finance operations and business acquisitions. Finally, over the last two years, the Fund increased the distributions declared to unitholders in order to distribute all the taxable income of the Fund.

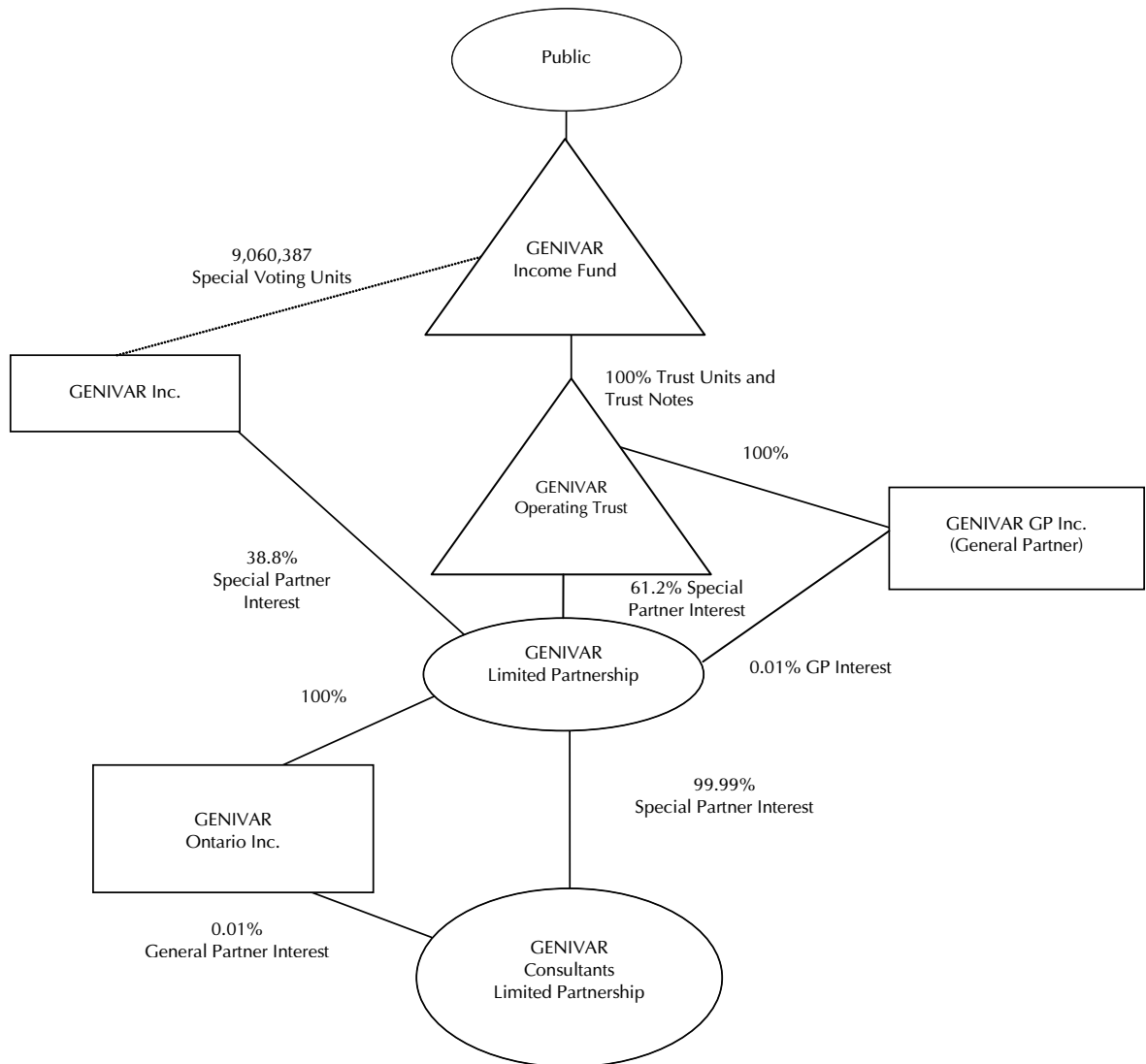
THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Quebec pursuant to the Fund's declaration of trust made as of March 31, 2006, as amended and restated on May 16, 2006. The Fund was created to indirectly acquire and hold a limited partnership interest in GENIVAR LP and all of the outstanding shares of GENIVAR GP Inc., the general partner of GENIVAR LP. GENIVAR LP has been formed to acquire, own and operate the GENIVAR Engineering Services Business. The Fund is entirely dependent upon the operations and assets of GENIVAR LP and its subsidiaries. The Fund began its operations on May 25, 2006, after the completion of an initial public offering.

On September 13, 2007, the Fund issued, pursuant to a public offering, \$50.0 million in new equity from which \$11.0 million were invested directly and indirectly by GENIVAR inc., the Non-controlling Unitholder. After this transaction, the Fund owned 12,902,439 Class A LP Units of GENIVAR LP representing a 60.4% interest (58.1% before this transaction). The Non-controlling Unitholder holds 3,732,121 Exchangeable Class B LP Units and 4,731,845 Exchangeable Class C LP Units of GENIVAR LP, together representing the remaining 39.6% interest in GENIVAR LP (41.9% before this transaction). In addition, the Non-controlling Unitholder held 8,463,966 Special Voting Units of the Fund.

On October 2, 2008, the Fund issued pursuant to a public offering, \$50.0 million in new equity from which \$15.0 million were invested directly and indirectly by GENIVAR inc., the Non-Controlling Unitholder. After this transaction, the Fund owned 14,294,089 Class A LP Units of GENIVAR LP representing a 61.2% interest (60.4% before this transaction). The Non-controlling Unitholder holds 9,060,387 Exchangeable LP Units (4,328,542 Exchangeable Class B LP Units and 4,731,845 Exchangeable Class C LP Units), together representing the remaining 38.8% interest in GENIVAR LP (39.6% before this transaction). The Exchangeable LP Units are exchangeable at any time into units on a one-for-one basis, subject to an adjustment. In addition, the Non-controlling Unitholder holds 9,060,387 Special Voting Units of the Fund. These Special Voting Units are the only ones currently outstanding. Each Special Voting Units will be cancelled upon the exchange of a Exchangeable LP Unit. The net proceeds of the public offering have been used to reimburse the bank advances.

The following chart illustrates, on a simplified basis, the structure of the Fund as at December 31, 2008:



Certain subsidiaries, each of which represent not more than 10% of the consolidated assets and not more than 10% of the consolidated revenues of the Fund, and all of which, in the aggregate, represent not more than 20% of the total consolidated assets and the total consolidated revenues of the Fund as at December 31, 2008, have been omitted.

GOVERNANCE

Disclosure controls and procedures

The Fund's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Fund's disclosure controls and procedures. These disclosure controls and procedures are designed to ensure that information required to be disclosed by the Fund in reports filed with securities regulatory authorities is recorded or disclosed on a timely basis, as required by law, and is accumulated and communicated to the Fund's Management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer are assisted in this responsibility by the Disclosure Committee, which is composed of senior executives of the Fund. Based on an evaluation of the Fund's disclosure controls and procedures, the Fund's Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures operated effectively as of December 31, 2008, to ensure that material information relating to the Fund would have been known to them.

Internal control over financial reporting

The Fund's Chief Executive Officer and Chief Financial Officer are responsible for designing and evaluating the effectiveness of internal controls over financial reporting. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with GAAP.

Management has used the Internal Control-Integrated Framework to evaluate the effectiveness of internal controls over reporting, which is a recognized and suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management has evaluated the design and operation of the Fund's internal controls over financial reporting, as at December 31, 2008, and has concluded that such internal controls over financial reporting are effective. There are no material weaknesses that have been identified by management in this regard.

There has been no change in the Fund's internal control over financial reporting that occurred during the year ended December 31, 2008, that has materially affected, or is reasonably likely to materially affect the Fund's internal controls over financial reporting.

The Fund maintained its growth strategy through acquisitions by completing fourteen transactions in 2008. During the year, the Fund continued to add employees and external consultants to improve internal controls and procedures. However, the finance resources were devoting significant efforts on due diligence work and integration of acquired businesses. In the upcoming quarters, management will continue to improve internal control over financial reporting for these acquired businesses, relying, in the meantime on manual and detective controls to mitigate risks.

CRITICAL ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the financial statements. Those estimates and assumptions also affect the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates used in the preparation of these consolidated financial statements include the percentage of completion of contracts, allowances for doubtful accounts and for costs and anticipated profits in excess of billings, useful lives and fair value of identifiable intangible assets acquired in business acquisitions, impairment test of intangible assets and goodwill, provision for legal claims and provision for future income taxes. Actual results could differ from those estimates.

Costs and anticipated profits in excess of billings

The Fund values its costs and anticipated profits in excess of billings based on the time and materials charged into each project. The costs and anticipated profits in excess of billings for each project are reviewed on a monthly basis to determine whether the amount is a true reflection of the amount that will be invoiced on the project. Where the review determines that the value of costs and anticipated profits in excess of billings exceed the amount that can be invoiced, adjustments are made to the costs and anticipated profits in excess of billings. The valuation of the costs and anticipated profits in excess of billings involves estimates of the amount of work required to complete the project. Errors in the estimation of work required to complete the projects could lead to the under or overvaluation of costs and anticipated profits in excess of billings.

Allowance for doubtful accounts

Estimates are used in determining the allowance for doubtful accounts related to trade receivables. The estimates are based on management’s best assessment of the collectability of the related receivable balance based, in part, on the age of the specific receivable balance and the current and expected collection trends. A provision is established when the likelihood of collecting the account has

significantly diminished. Future collections of receivables that differ from management's current estimates would affect the results of operations in future periods.

Business acquisitions

The acquisitions of the Fund have been accounted for using the purchase method, and the operating results have been included in the consolidated financial statements from the date of acquisition.

There are many assumptions made by the Fund to determine the fair values of the acquired companies' assets and liabilities. The most significant assumptions, and those requiring the most judgement, involve the estimated fair values of customer relationships, contract backlogs and non-competition agreements. To determine the fair values of those intangible assets, the Fund adopted an income approach and received independent valuation reports. Among others, significant assumptions included the anticipated level of growth, the EBIT margin of the acquired companies and the level of recurring revenues.

Intangible assets

Intangible assets with finite useful lives consist of software, customer relationships, contract backlogs and non-competition agreements. If the Fund's estimated useful lives of these assets were incorrect, the Fund could experience increased or reduced charges for amortization of intangible assets with finite useful lives in the future. The trade name is an indefinite-lived intangible asset and accordingly is not subject to amortization. However, the value of the trade name is tested for impairment on an annual basis, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. If the indefinite-lived intangible asset is determined to have a finite life at some point in the future, the Fund could experience increased charges for amortization of intangible assets. Such charges do not result in a cash outflow and would not affect the Fund's liquidity or distributable cash.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment when events or circumstances indicate that costs may not be recoverable. Impairment exists when the carrying value of the asset is greater than the pre-tax undiscounted future cash flows expected to be provided by the asset. The amount of impairment loss, if any, is the excess of the carrying value over its fair value. If the future differed adversely from management's best estimate of key economic assumptions and associated cash flows were to materially decrease, the Fund could potentially experience future material impairment charges.

Goodwill

Goodwill represents the excess of the purchase price of acquired businesses over the estimated fair value of net identifiable assets acquired. Goodwill is not subject to amortization but is tested for impairment on an annual basis, or more frequently if events or circumstances indicate that it might be impaired. The impairment test is accomplished mainly by determining whether the fair value of a reporting unit, based upon an accepted valuation method, exceeds the carrying amount of that reporting unit. If the fair value exceeds the carrying amount of the reporting unit, no impairment is necessary. If the carrying amount of the reporting unit exceeds its fair value, a second test must be performed whereby the fair value of the reporting unit's goodwill must be compared with its carrying value to measure the amount of the impairment loss, if any. Fair value of goodwill is estimated in the same way as it was determined at the date of the acquisition. The Fund compared the reporting units carrying value to its market value determined through the market capitalization of the Fund. In preparing the analysis, the Fund estimates the trailing-twelve-month EBITDA of the business acquisitions realized during the year. When the carrying amount of the reporting unit's goodwill exceeds the fair value of the goodwill, an impairment loss equal to the excess is recognized.

The Fund has elected to carry out its annual impairment test in December of each year for all its existing reporting units. As at December 31, 2008, such test determined that no impairment exists.

Future income taxes

The Fund uses the liability method of tax allocation under which future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities. Management uses judgement and estimates in determining the appropriate rates and amounts in recording future taxes, giving consideration to timing and probability. Actual taxes could significantly vary from these estimates as a result of future events, including changes in income tax law. The resolution of these uncertainties and the associated final taxes may result in adjustment to the Fund's future income tax assets and liabilities.

Future income tax are recognized to the extent that realization is considered more likely than not. The Fund considers past results, current trends and outlooks for future years in assessing future income tax assets.

New accounting standards

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. This Section seeks to establish whether the entity has complied with capital requirements and, if not, the consequences of such non-compliance.
- 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.
- 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 and have no impact on the Fund’s consolidated results or financial position.

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 application of this standard will not have a material impact on the financial position or results of operations of the Fund.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative figures reported by the Fund for the year ended December 31, 2010.

The Fund has begun the process to transition from Canadian GAAP to IFRS. It has established a project plan and project team. The project team is led by finance management and includes representatives from various areas of the organization as necessary to plan for and achieve a proper transition to IFRS.

The project plan consists of four phases: conception and evaluation, solution development, implementation and analysis after implementation. The Fund has completed the first phase, which involve the development of a detailed timeline for accessing resources and the completion of a high-level review of the major differences between current Canadian GAAP and IFRS. The Fund was assisted by external auditors to perform the initial diagnostic. The Fund began the solution development for some differences established during the initial diagnostic. Regular reporting is provided to the Fund’s senior executive management and to the audit committee.

The Fund is currently engaged in the solution development phase. It involves choosing the appropriate accounting standards, calculating the impacts of change in accounting standards, training and updating the processes and controls.

During the implementation phase, the Fund will execute the required changes to business processes and financial systems. All employees affected by IFRS will receive training. At this time, the impact of the change to IFRS on consolidated financial statements cannot be reasonably established.

Business combinations

The CICA published Section 1582, "Business Combinations." This new Section will be applicable to business combinations for which the acquisition date is on or after January 1, 2011. Early adoption is permitted. This Section improves the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. The Fund has not yet determined the impact of the adoption of this new Section on its consolidated financial statements.

Consolidated financial statements

The CICA published Section 1601, "Consolidated Financial Statements." This Section will be applicable to the Fund's interim and annual financial statements for the year beginning on January 1, 2011. Early adoption is permitted. This Section establishes standards for the preparation of consolidated financial statements. The Fund has not yet determined the impact of the adoption of this new section on its consolidated financial statements.

Non-controlling interest

The CICA published Section 1602, "Non-controlling Interests." This Section will be applicable to the Fund's interim and annual financial statements for the year beginning on January 1, 2011. Early adoption is permitted. This Section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The Fund has not yet determined the impact of the adoption of this new Section on its consolidated financial statements.

RELATED PARTY TRANSACTIONS

The Fund enters into transactions with GENIVAR inc., the Non-controlling Unitholder, in connection with certain business acquisitions. Generally, GENIVAR inc. acquires all of 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. This acquisition strategy has been realized to facilitate the Fund's negotiations related to the acquisition of targeted companies. As a result, the transaction yields fiscal benefits for both the vendors and GENIVAR LP or one of its subsidiaries. For the year ended December 31, 2008, the Fund has acquired

Transenco, RFA, Phoenix, Doucet, Bullock Baur, Peterson Galloway, ZENIX Engineering, Solmers, Henderson Paddon/Oweson, Consultants GÉNIPLUS/Nageco, Consumaj Estrie, DDH Environnement and Pomeroy for a total consideration of \$41.6 million, excluding acquisition-related costs of \$0.9 million assumed directly by the Fund. After the year end, the Fund has acquired Envirotel 3000, WSA, ENTRA, DCA, and WES.

The Fund entered into transactions with construction companies controlled by GENIVAR inc. The table below presents the most significant ones.

	3 months		12 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS				
Revenues	\$ 369	\$ 455	\$ 994	\$ 3,082
Costs	\$ 26	\$ 33	\$ 26	\$ 503

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, taking in account the fair market value of comparable goods or services.

In July 2007, GENIVAR inc. decided to exit the general contracting business. Consequently, there is a progressive diminution of transactions with construction companies controlled by GENIVAR inc.

There are advances made between the Fund and the Non-controlling Unitholder. The interest rate applied is identical to the one used by the Bank. As at December 31, 2008, advances payable to the Non-Controlling Unitholder totaled \$0.4 million. Net interest expense charged to the Fund by the Non-controlling Unitholder amounted to less than \$0.1 million for the three-month period and to \$0.1 million for the twelve-month period ended December 31, 2008. For the twelve-month period ended December 31, 2008, the Fund charged \$0.4 million to the Non-Controlling Unitholder for administrative salaries.

OFF-BALANCE SHEET AGREEMENTS

There were no off-balance sheet agreements as at December 31, 2008.

CONTRACTUAL OBLIGATIONS

The following tables provide a summary of the Fund's long-term contractual obligations.

IN THOUSANDS OF DOLLARS	Less than a year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total
Long-term debt, including current portion	\$ 1,720	\$ 130	\$ 130	-	-	-	\$ 1,980
Bank advances	-	-	\$ 11,571	-	-	-	\$ 11,571

IN THOUSANDS OF DOLLARS	2009	2010	2011	2012	2013	Thereafter	Total
Operating lease commitments	\$ 13,333	\$ 11,885	\$ 10,897	\$ 9,655	\$ 7,956	\$ 29,186	\$ 82,912

SUBSEQUENT EVENTS

In January and February 2009, the Fund acquired all the assets and liabilities of Envirotel 3000, WSA, ENTRA, DCA and WES, four Canadian consulting and engineering firms and one Caribbean architectural and planning firm.

RISK FACTORS

The results of operations, business prospects and the financial condition of the Fund are subject to a number of risks and uncertainties and are affected by a number of factors outside of our control. This may cause a decline of the price of the Units and our ability to make distributions on the Units could be adversely affected.

Risks Related to the GENIVAR Engineering Services Business and the Engineering Services Industry

Ability to Maintain Profitability and Manage Growth

There can be no assurance that GENIVAR's business and strategy will enable GENIVAR to sustain profitability in future periods. GENIVAR's future operating results will depend on a number of factors.

GENIVAR's growth strategy depends, in part, on its ability to:

- offer a full range of Engineering Services;
- successfully cross-sell additional services to existing clients and attract new clients;

- consolidate its position in the Provinces of Quebec, Ontario, British Columbia, Saskatchewan and Manitoba and identify and acquire suitable acquisition candidates in order to expand in other regions; and
- successfully integrate acquired businesses with existing operations.

There can be no assurance that GENIVAR will be successful in achieving its strategic plan or that its strategic plan will enable GENIVAR to maintain its historical revenue growth rates or to sustain profitability. Failure to successfully execute any material part of its strategic plan could have a material adverse effect on its business, financial condition and results of operations and its ability to make distributions on the Units.

Reputational Risk

GENIVAR depends to a large extent on its relationships with its clients and its reputation for high-quality Engineering Services. As a result, if a client is not satisfied with its services, it may be more damaging in its business than in other businesses. Moreover, its success depends in large part on whether GENIVAR fulfills its contractual obligations with clients and keep its clients satisfied. If GENIVAR fails to satisfactorily perform its contractual obligations or address performance issues, or make professional errors in the services that it provides, then clients could terminate projects, exposing GENIVAR to legal liability, loss of its professional reputation and risk of loss or reduced profits or, in some cases, a loss on that project. GENIVAR also depends on its reputation as an Engineering Services firm that abides to the highest ethical standards. As a result, if one of its employees commits unethical actions in order, for example, to obtain a contract, GENIVAR may be subject to legal liability or loss of client relationships.

Reliance on Key Professionals

Employees of the Fund who became shareholders of GENIVAR Inc. at the time of the IPO are subject to a discount of 25% of the purchase price for their shares if they leave before a period of two years from the date of the IPO. This restriction has ceased to apply to such employees on May 25, 2008. GENIVAR's operations are dependent on the abilities, experience and efforts of its professionals, many of whom have significant reputations and contacts in the industry in which GENIVAR operates. Should any members of its professional staff be unable or unwilling to continue their relationship with GENIVAR, its business, financial condition and results of operations and its ability to make distributions on the Units could be materially adversely impacted. GENIVAR obtained from its employee-owners non-competition and non-solicitation undertakings.

Shortage of Engineers

GENIVAR's success depends in part on its continued ability to attract and retain qualified and skilled engineers. Over the years, a significant shortage of engineers has developed and resulted in continued upward pressure on engineer

compensation packages. There can be no assurance that GENIVAR will be able to attract, hire and retain a sufficient number of engineers necessary to continue to maintain and grow its business. The inability to attract, hire and retain a sufficient number of engineers could limit its ability to sustain and increase revenues.

Competition in the Industry

GENIVAR operates in highly competitive markets and have numerous competitors for all of the services it offers. Size and characteristics of competitors vary widely with the type of service it provides. On large capital infrastructure industrial and facilities projects, competitors are usually other full-service Engineering Services firms. However, GENIVAR also competes with small and medium sized multidisciplinary regional firms or niche players who offer specific services. Some of its competitors have longer operating histories, greater name recognition, larger customer bases and have achieved substantially more market penetration in certain of the areas in which it competes. In addition, some of its competitors have substantially more financial resources and/or financial flexibility and marketing resources than GENIVAR. These competitive forces could have a material adverse effect on its business, financial condition and results of operations and its ability to make distributions on the Units by reducing its current market share in the market segments in which GENIVAR operates.

Possible Acquisitions and Integrations

GENIVAR intends to continue making acquisitions from time to time as part of its strategy to grow its business. Acquisitions, if they occur, will increase the size of its operations and may increase the amount of indebtedness that GENIVAR has to service. There is no assurance that GENIVAR will be able to acquire operations on satisfactory terms, or at all. The successful integration and management of acquired businesses, involve numerous risks that could adversely affect GENIVAR's growth and profitability, including: (i) the risk that GENIVAR may not be able to successfully manage the acquired operations and the integration may place significant demands on GENIVAR's Management, diverting their attention from existing operations; (ii) the risk that its operational, financial and management systems may be incompatible with or inadequate to effectively integrate and manage acquired systems; (iii) the risk that acquisitions may require substantial financial resources that otherwise could be used in the development of other aspects of its GENIVAR Engineering Services Business; (iv) the risk that major clients of the acquired firms may not be retained following the acquisition of such firms; and (v) the risk that acquisitions may result in liabilities and contingencies, which could be significant to GENIVAR's operations. The successful integration of an acquired business is also subject to the risk that personnel and professionals from the acquired business and GENIVAR's existing GENIVAR Engineering Services Business may not be able to work together successfully, which could affect its operations. In particular, GENIVAR may seek to require as a condition of its acquisitions that key personnel and professionals enter into employment agreements for specified post-acquisition periods and/or non-competition undertakings, but there are risks that those commitments will not be fulfilled or that

the personnel and professionals subject to same or other personnel and professionals will not be successfully integrated as productive contributors to GENIVAR's business. There is no assurance that GENIVAR will be able to successfully integrate its acquisitions and GENIVAR's failure to do so could have a material adverse effect on its business, financial condition and results of operations and its ability to make distributions on the Units.

Reduction of Backlog

GENIVAR cannot guarantee that the revenues projected in its backlog (as set out in GENIVAR's Management and Discussion Analysis) will be realized or, if realized, will result in profits. Projects may remain in GENIVAR's backlog for an extended period of time. In addition, project cancellations or scope adjustments may occur, from time to time, with respect to contracts reflected in its backlog. Backlog reductions adversely affect the revenues that GENIVAR actually receives from contracts reflected in its backlog. Future project cancellations and scope adjustments could further reduce the dollar amount of its backlog and the revenues that it actually receives. Most contracts for services with its clients are terminable by the clients on short notice. If a reduction in its backlog occurs, it could incur costs resulting from reductions in staff that would have the effect of reducing its net earnings and affect its ability to make distributions on the Units.

Geographic Concentration and Dependence on Economic Conditions

The market segments in which GENIVAR operates are affected by general economic conditions, including international, national, regional and local economic conditions, all of which are outside of its control. Furthermore, its business is largely conducted in the Province of Quebec and, accordingly, is highly dependent on the general economic conditions of this region. Economic slowdowns or downturns, adverse economic conditions, cyclical trends, increases in interest rates, variations in currency exchange rates, reduced client spending and other factors could have a material adverse effect on its business, financial condition and results of operations and its ability to make distributions on the Units. Although its operations are functionally diversified, significant erosion in levels of activity in any market segment in which GENIVAR operates could have a negative impact on its business, financial condition and results of operations and its ability to make distributions on the Units.

Fixed-Price Negotiated Fee Contracts

A portion of GENIVAR's revenues comes from fixed-price negotiated fee contracts. Under fixed-price negotiated fee contracts, GENIVAR agrees to perform either all or a specified portion of work under the contract for a fixed amount of fees. Fixed-price negotiated fee contracts expose GENIVAR to a number of risks not inherent in hourly basis contracts, including underestimation of fees, ambiguities in specifications, unforeseen difficulties, problems with new technologies, delays beyond its control and economic or other changes that may occur during the contract period. Increasing use of fixed-price negotiated fee contracts and/or

increasing size of such contracts would increase its exposure to these risks. Losses under fixed-price negotiated fee contracts could have a material adverse effect on its business, financial condition and results of operations and its ability to make distributions on the Units.

Dependence on Clients

As most contracts for services with its clients are terminable by the clients on short notice, there can be no assurance that GENIVAR will be able to retain its relationships with its largest clients. GENIVAR's largest clients usually comprise many decision-making units, each of which is responsible for awarding a portion of such client's contracts. This situation reduces GENIVAR's dependence on such clients. However, there can be no assurance that any or all decision-making units of its largest clients will continue to use its services in the future. Any negative change involving any of its largest clients, including but not limited to a client's financial condition, or desire of such clients or of a significant number of decision-making units of such clients to continue using its services, could result in a significant reduction in business which could have a material adverse effect on its business, financial condition, results of operations and its ability to make distributions on the Units.

Increased Assumption of Risk by GENIVAR

In order to adapt to the current trends affecting the manner in which projects are performed in the areas in which GENIVAR operates, it may participate in upfront qualification work, for example in the context of a RFQ, in order to participate in consortiums formed to bid on large projects. The qualification work GENIVAR performs is usually performed on a cost basis. The time invested in participating in consortiums for large projects and the related qualification work may ultimately not result in GENIVAR obtaining contracts on which it can generate profit margins.

Risk of Future Legal Proceedings

GENIVAR is threatened from time to time with, or named as a defendant in, or may become subject to various legal proceedings in the ordinary course of conducting the GENIVAR Engineering Services Business, including lawsuits based upon professional errors and omissions. Because GENIVAR's projects are often large and can affect many people, its failure to make judgments and recommendations in accordance with applicable professional standards could result in large damages and, perhaps, punitive damages. Defending lawsuits of this nature or arising out of any of the services provided by GENIVAR could require substantial amounts of its Management's attention, which could divert its focus from operations and could materially adversely affect its financial condition. Any such claims may produce negative publicity that could hurt its reputation and business. A significant judgment against GENIVAR or the imposition of a significant fine or penalty as a result of a finding that GENIVAR has failed to comply with laws or regulations could have a material adverse effect on its business, financial condition and results of operations and its ability to make distributions on the Units.

Insurance Limits

GENIVAR believes that its professional errors and omissions insurance and director and officer liability insurance coverage addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent operator of a similar business and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that such insurance will continue to be offered on economically feasible terms, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving GENIVAR's assets or operations.

Additional Capital Requirements

GENIVAR believes that its operating income will be sufficient to fund operations and planned capital expenditures in the near term. However, GENIVAR may be required to raise additional capital in the future. The availability of future borrowings and access to capital markets for financing depends on prevailing market conditions and the acceptability of financing terms offered. There can be no assurance that future borrowings or equity financing will be available, or available on acceptable terms, in an amount sufficient to fund its needs.

Accounts Receivable

As is common in the Engineering Services industry, GENIVAR carries a high level of accounts receivable on its balance sheet. This value is spread amongst numerous contracts and clients. Although GENIVAR has not experienced accounts receivable collection problems in the past, there can be no assurance that outstanding accounts receivable will be paid on a timely basis or at all.

Reduction in the Scope of Environmental Regulations

A portion of GENIVAR Engineering Services Business is generated directly or indirectly as a result of laws and regulations regarding environmental protection. Changes in environmental regulations could affect GENIVAR's business more significantly than they would affect other Engineering Services firms. Accordingly, a reduction in the number or scope of these laws and regulations could significantly reduce the size of its market environment segment and have a material adverse effect on its business, financial condition and results of operations and on its ability to make distributions on the Units.

International Operations Subject to Numerous Risks

In addition to its operations in Canada, GENIVAR has operations in Trinidad and Tobago and in other countries, pursue contracts for clients in Trinidad and Tobago and other countries and derive some of its revenues from such operations. Although its international operations in Trinidad and Tobago have represented less than 6% of its revenues for the year ended December 31, 2008, and that its international operations in countries other than Trinidad and Tobago were mostly

conducted for Canadian-based clients, completed from resources of its Canadian offices and paid in Canadian dollars, its international operations could increase in the future. International business is subject to a variety of special risks, including (a) greater risk of uncollectible accounts and longer collection cycles; (b) currency fluctuations; (c) logistical and communications challenges; (d) potential adverse changes in laws and regulatory practices; (e) changes in labour conditions; (f) general economic and political conditions in the foreign markets; and (g) international hostilities. These and other risks associated with international operations could have a material adverse effect on its business, financial condition and results of operations and its ability to make distributions on the Units.

Since GENIVAR operates outside Canada, it is exposed to currency risks as a result of potential exchange rate fluctuations, mainly in Trinidad and Tobago.

In order to reduce the potential negative impact of fluctuations in the Canadian dollar, GENIVAR entered into foreign currency forward contracts and options during the last period to cover future sales anticipated in US dollars.

Risks Relating to the Structure of the Fund

Dependence upon the Trust and GENIVAR LP

The Fund is entirely dependent upon the operations and assets of GENIVAR LP, through its indirect ownership of 61.2% of the GENIVAR LP Units. Cash distributions to Unitholders depends, among other things, upon the ability of the Trust to pay interest on the Trust Notes and to make cash distributions in respect of the Trust Units, which, in turn, is dependent on GENIVAR LP making cash distributions in respect of the GENIVAR LP Units. The ability of the Trust and GENIVAR LP to make cash distributions or make other payments or advances is subject to applicable laws and regulations and contractual restrictions contained in the instruments governing any indebtedness of those entities.

Cash Distributions Are Not Guaranteed and Will Fluctuate with the GENIVAR Engineering Services Business Performance

Although the Fund intends to distribute the interest received in respect of the Trust Notes and the cash distributions received in respect of the Trust Units, less expenses and amounts, if any, including in connection with the redemption of Units, there can be no assurance regarding the amounts of income to be generated by the GENIVAR Engineering Services Business or ultimately distributed to the Fund. The actual amount distributed in respect of the Units is not guaranteed and depends upon numerous factors, including GENIVAR's profitability, fluctuations in GENIVAR's working capital, its obligations under applicable credit facilities, sustainability of its margins and capital expenditures. The market value of the Units may deteriorate if the Fund is unable to meet its distribution targets in the future, and such deterioration may be significant. In addition, the composition of cash

distributions for tax purposes may change over time and may affect the after-tax return for investors.

Nature of Units

The Units do not represent a direct investment in the GENIVAR Engineering Services Business and should not be viewed by investors as limited partnership units in GENIVAR LP. As holders of Units, Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation, including, for example, the right to bring “oppression” or “derivative” actions. Each Unit represents an equal, undivided right to and interest in the distributions from the Fund. The Fund’s primary assets are the Trust Notes and the Trust Units. The Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Units. The price per Unit is a function of anticipated Distributable Cash and other market factors.

The Units are not “deposits” within the meaning of the Canada Deposit Insurance Corporations Act (Canada) and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unpredictability and Volatility of Unit Price

A publicly traded income trust such as the Fund does not necessarily trade at values determined by reference to the underlying value of the GENIVAR Engineering Services Business. The prices at which the Units trade cannot be predicted. The market price of the Units could be subject to significant fluctuations in response to variations in quarterly operating results, monthly distributions, and other factors. In addition, industry specific fluctuations in the stock market may adversely affect the market price of the Units regardless of GENIVAR’s operating performance and there can be no assurance that the price of the Units will remain at current levels. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of Units in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units.

Fund not a Corporation

Purchasers are cautioned that the Fund is not generally regulated by established corporate law and Unitholders’ rights are governed primarily by the specific provisions of the Fund Declaration of Trust, which addresses such items as the nature of the Voting Units, the entitlement of Unitholders to cash distributions, restrictions respecting non-resident holdings, meetings of Voting Unitholders, delegation of authority, administration, Fund governance and liabilities and duties of the Fund Trustees to Unitholders. As well, under certain existing legislation such as the Bankruptcy and Insolvency Act and the Companies Creditor’s Arrangement

Act, the Fund is not a legally recognized entity within the definitions of these statutes. In the event of insolvency or restructuring of the Fund, the rights of Unitholders may be different from those of shareholders of an insolvent or restructuring corporation as the Fund and its stakeholders would not be able to access the remedies and procedures available thereunder.

Redemption of Units

The redemption right is not the primary mechanism for Unitholders to liquidate their investments. Upon redemption of Units, the Fund Trustees may distribute the Trust Notes directly to the Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. Trust Notes so distributed may not be qualified investments for trusts governed by Plans depending upon the circumstances at the time. Additionally, such Trust Notes will not be listed on any stock exchange and no established market is expected to develop in such Trust Notes and they may be subject to resale restrictions under applicable securities laws.

Distribution of Securities on Redemption or Termination of the Fund

Upon redemption of Units or termination of the Fund, the Fund Trustees may distribute the Exchange Notes, the Trust Notes or the Trust Units directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the Exchange Notes, the Trust Notes or the Trust Units. In addition, Exchange Notes, Trust Notes and Trust Units are not freely tradable or listed on any stock exchange. The Exchange Notes so distributed may not be qualified investments under the Tax Act for Plans, depending upon the circumstances at the time. The Trust Notes and the Trust Units would not be qualified investments under the Tax Act for such Plans.

Leverage and Restrictive Covenants

The degree to which GENIVAR is leveraged could have important consequences to the Unitholders, including (i) GENIVAR's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited, (ii) a significant portion of GENIVAR's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations and to pay distributions, (iii) certain of GENIVAR's borrowings under the Credit Facility are at variable rates of interest, which exposes GENIVAR to the risk of increased interest rates and (iv) GENIVAR may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. These factors may increase the sensitivity of Distributable Cash to interest rate variations.

GENIVAR's ability to make distributions or make other payments or advances will be subject to applicable law and contractual restrictions contained in the instruments governing any of its indebtedness (including the Credit Facility). The Credit Facility contains numerous restrictive covenants, including covenants that limit the discretion of GENIVAR with respect to certain business matters. These

covenants will place significant restrictions on, among other things, GENIVAR's ability to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Credit Facility contains a number of financial covenants that require GENIVAR to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Facility could result in a default, which, if not cured or waived, could result in a termination of its distributions and permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Facility, including any possible hedge contracts with the lenders, were to be accelerated, there can be no assurance that GENIVAR's assets would be sufficient to repay in full that indebtedness or that any amount be left for distribution to Unitholders.

GENIVAR will eventually have to refinance its available credit facilities or other debt and there can be no assurance that GENIVAR will be able to do so or be able to do so on terms as favourable as those presently in place. If GENIVAR is unable to refinance these credit facilities or other debt, or is only able to refinance these credit facilities or other debt on less favourable and/or more restrictive terms, this may have a material adverse effect on its financial position, which may result in a reduction or suspension of cash distributions to Unitholders. In addition, the terms of any new credit facility or debt may be less favourable or more restrictive than the terms of the existing credit facilities or other debt, which may indirectly limit or negatively impact its ability to make distributions on the Units.

Income Tax Matters

On October 31, 2006, the Minister of Finance (Canada) announced new tax measures proposing changes to the manner in which certain specified investment flow-through entities ("SIFT"), such as publicly-traded income trusts, and the distributions from such entities are taxed (the "SIFT Rules"). Bill C-52, Budget Implementation Act, 2007, which received Royal Assent on July 22, 2007, contained and implemented the SIFT Rules.

The SIFT Rules will subject the Fund to trust level taxation as of January 1, 2011 at a rate comparable to the combined federal and provincial corporate tax rate applicable to certain types of income (other than taxable dividends), thereby reducing the amount of Distributable Cash. In addition, the taxable distributions received by Unitholders will, as of January 1, 2011, be treated as dividends from a taxable Canadian corporation but the tax treatment of distributions that are paid as a return of capital by a SIFT will not be changed. There can be no assurance that the Fund will be able to maintain the same level of distributions commencing in 2011.

There can be no assurance that the Fund will be able to retain the benefit of the deferred application of the new tax regime until 2011. If, during the period from and including November 1, 2006 to December 31, 2010, the Fund is deemed to

have undergone "undue expansion", as described in the Guidelines on Normal Growth issued by the Department of Finance (Canada) on December 15, 2006 (the "Normal Growth Guidelines"), the SIFT Rules will become applicable to the Fund on a date earlier than January 1, 2011. The loss of the benefit of the deferred application of the new tax regime until 2011 could have a material and adverse effect on the value of the Units.

Under the Normal Growth Guidelines, a SIFT will not lose the benefit of the deferred application of the new tax regime to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units and potentially other substitutes for such equity) issued by it during any of intervening years up to 2011 does not exceed the greater of \$50.0 million and an objective "safe harbour" amount equal to a certain percentage of the trust's market capitalization as of the end of trading on October 31, 2006 (measured in terms of the value of a trust's issued and outstanding publicly-traded units (not including debt, options or other interests that were convertible into Trust Units)) ("October 31, 2006 Market Capitalization"). The "safe harbour" for the intervening years up to 2011 will be as follows:

Time Period	Safe Harbour Amount
November 1, 2006 to December 31, 2007	40% of October 31, 2006 Market Capitalization
2008	20% of October 31, 2006 Market Capitalization
2009	20% of October 31, 2006 Market Capitalization
2010	20% of October 31, 2006 Market Capitalization

Considering its October 31, 2006 Market Capitalization and the 2008 and 2007 issuance of Fund Units and interests convertible into Fund Units, \$ 100.0 million of Fund Units and interests convertible into Fund Units may be issued in a single year rather than incrementally over 2009 and 2010.

Although this was likely not the intent of the SIFT Rules, there can be no assurance that the SIFT Rules, as they currently read, may not be interpreted and applied in a manner that would cause the Trust, GENIVAR LP or GENIVAR Consultants Limited Partnership to be subject to the SIFT Rules. On December 20, 2007, the Department of Finance (Canada) announced proposed technical amendments to the SIFT Rules to, among other things, ensure that trusts and partnerships that are not publicly traded and that are owned in a manner similar to the present case, would not be considered as SIFT. No assurance may however be given that these proposed amendments will be enacted as currently proposed or at all.

On June 26, 2007, the Ministère des finances (Québec) (the “Ministère”) published Information Bulletin 2007-5 confirming that Quebec’s tax legislation will be harmonized with the SIFT Rules but that a separate Quebec tax regime relating to SIFT will be implemented. More specifically, the Ministère announced that a SIFT with an establishment in Quebec at any time in a taxation year will be subject to a Quebec tax at a rate generally equal to the Quebec tax rate relating to corporations and that a business allocation formula based on the gross income of a SIFT and the wages and salaries it pays, similar to the one used for the purpose of determining the tax payable by a corporation that has activities in Quebec and outside Quebec, will apply to determine the tax payable to Quebec by a SIFT that has, in a taxation year, an establishment both in Quebec and outside Quebec. The Department of Finance (Canada) has not yet indicated how the SIFT Rules will be amended to take into account the proposed Quebec tax regime.

Income fund structures involve a significant amount of inter-company or similar debt, generating substantial interest expenses, which reduce earnings and therefore income tax payable. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expenses deducted. If such a challenge were to succeed against GENIVAR, it could adversely affect the amount of Distributable Cash available. Management believes that the amount of interest expenses inherent in the structure of the Fund is supportable and reasonable.

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders’ Investment Eligibility.

There can be no assurance that the Units will continue to be qualified investments under the Tax Act for Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Enforcement of Indemnities under the Subscription Agreement

Pursuant to the Subscription Agreement, GENIVAR Inc. agreed to indemnify GENIVAR in respect of breaches of representations and warranties of GENIVAR Inc. contained in that agreement. There is no restriction on the use of the cash proceeds received directly or indirectly by GENIVAR Inc. pursuant to the Subscription Agreement or on the ability of GENIVAR Inc. to dispose of its assets, including the assets related to the General Contracting Business, which may limit the recourses available to GENIVAR against GENIVAR Inc. As such, there can be no assurance that GENIVAR will be able to obtain any amount of any claim for indemnification made by GENIVAR against GENIVAR Inc. Furthermore, there can be no assurance as to the sufficiency of the assets of GENIVAR Inc., including the assets related to the General Contracting Business, to satisfy any judgments obtained against it in connection with a claim for indemnification under the Subscription Agreement.

Limitations on Non-Resident Ownership

The Fund Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 49.9% of the Units. In the event that GENIVAR becomes aware that non-residents of Canada are the owners of more than 49.9% of the Units, GENIVAR may require certain of the non-residents of Canada to sell their Units. The limitation on ownership of Units by non-residents of Canada may have an adverse impact on the liquidity of the Units. In addition, the sale by non-residents of Canada of a significant number of Units at GENIVAR's demand may have an adverse effect on the market price of the Units.

Restrictions on Potential Growth

The payout by GENIVAR LP of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of such funds could limit the future growth of the GENIVAR Engineering Services Business and the related cash flow to the Fund.

Dilution

The Fund Declaration of Trust authorizes the Fund to issue an unlimited number of Units for such consideration and on such terms and conditions as shall be established by the Fund Trustees without the approval of any Unitholders. The Unitholders will have no pre-emptive rights in connection with such further issues. Additional Units will also be issued by the Fund upon the exchange of the Exchangeable LP Units and LP Units.

Conversion to Corporate Structure

Should the Fund decide to convert its current structure to a corporate structure prior to January 1, 2011, there may be an adverse impact on the market price of the Units resulting from the change in status.

Ownership Interest of GENIVAR Inc.; Potential Conflicts of Interest

GENIVAR Inc. holds directly and indirectly 9,060,387 Exchangeable LP Units representing 38.8% of the outstanding GENIVAR LP Units. Under the Exchange Agreement, the Exchangeable LP Units will be exchangeable for Units at any time after the Closing of the IPO on a one-for-one basis, subject to customary anti-dilution provisions. GENIVAR Inc. has also been granted certain "demand" and "piggy-back" registration rights by the Fund. If GENIVAR Inc. sells substantial amounts of Units in the public market, the market price of Units could fall. The perception among the public that these sales will occur could also produce such effect.

As a result of this economic interest in the Fund and of its board appointment rights under the Securityholders' Agreement, GENIVAR Inc. may be able to exert significant influence over matters concerning the Fund. The timing and receipt of any takeover or control premium by Unitholders could depend on the

determination of GENIVAR Inc. as to when to sell Units. This could delay or prevent a change of control that could be attractive to, and provide liquidity for, the Unitholders, and could limit the price that investors are willing to pay in the future for Units.

The interests of GENIVAR Inc. may conflict with those of the Unitholders.

Unitholder Liability

The Fund Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with a holding of Units. However, in jurisdictions outside the Provinces of Ontario, Quebec and Alberta, there remains a risk, which GENIVAR considers to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Fund Declaration of Trust, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. GENIVAR's affairs are conducted to seek to minimize such risk wherever possible.

GLOSSARY

Net revenues

Net revenues are defined as revenues from consulting services less direct costs for subconsultants and other direct expenses that are recoverable directly from our clients. Net revenues are not a measure in accordance with GAAP and do not have standardized meaning prescribed by GAAP. Therefore, net revenues may not be comparable to similar measures presented by other issuers. Investors are cautioned that net revenues should not be construed as an alternative to revenues for the period (as determined in accordance with GAAP), as an indicator of the Fund's performance.

EBITDA

EBITDA is defined as earnings before interest, tax, depreciation, and amortization. EBITDA is not an earnings measure in accordance with GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers.

Distributable cash

Distributable cash is calculated in accordance with the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities." Standardized distributable cash is defined as cash flows from operating activities as reported in the GAAP financial statements, including

the effects of changes in non-cash working capital items and any operating cash flows provided from or used in discontinued operations, less adjustments for:

- (a) total capital expenditures as reported in the GAAP financial statements; and
- (b) restrictions on distributions arising from compliance with financial covenants restrictive at the date of the calculation of standardized distributable cash and limitations arising from the existence of a minority interest in a subsidiary.

The Fund also calculated an adjusted distributable cash, which is defined as standardized distributable cash adjusted for entity-specific adjustment items that management believes are appropriate for the determination of levels of distributions.

Payout ratio

Standardized payout ratio is defined as aggregate cash distributions divided by standardized distributable cash. Adjusted payout ratio is defined as aggregate cash distributions divided by adjusted distributable cash.