



GENIVAR Income Fund

Second Quarter Report

For the three-month period ended June 28, 2008

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 August 4, 2008, is intended to assist readers in understanding the GENIVAR Income Fund (the "Fund"), 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 unaudited interim consolidated financial statements and accompanying notes of the Fund for the period ended June 28, 2008. The Fund's interim 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 second-quarter results, being from March 30 to June 28, 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. Since the third quarter of 2007, 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 FUND

The 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 execution phases: from the initial development studies through the design, construction, commissioning and maintenance phases. We have developed a multidisciplinary team approach where resources work closely with clients to develop optimized solutions which are on time and on budget. We are a fee-for-service business which operates in five distinct market segments, which are: Building, Urban Infrastructure, Transportation, Industrial and Power, and Environment.

The Fund is one of the largest Engineering Services firm in Canada in terms of number of employees, with more than 3,100 managers, professionals, technicians and technologists and support staff in over 75 offices in Canada and abroad.

HIGHLIGHTS

The following MD&A covers the period from March 30, 2008, to June 28, 2008, which is the second quarter of the second full fiscal year of the Fund. The Fund achieved an exceptional financial performance during this period as a result of strong activity in all market segments, throughout all of our offices in Canada as well as through our international operations. Revenues grew by 52.6% to \$97.3 million compared to the same period in 2007 and net revenues reached \$80.9 million during the second quarter, up from \$50.9 million in 2007. Of this \$30.0 million increase in net revenues, \$14.9 million was the result of acquisitions and \$15.1 million was generated through organic growth. EBITDA, during the period from March 30, 2008, to June 28, 2008, stood at \$17.5 million, up from \$9.6 million during the same period in 2007, representing an increase of 82.0%. Our EBITDA margin on net revenues improved by 2.7% this quarter over the same period in 2007 as a result of higher gross margins and lower MG&A expenses as a percentage of net revenues. This strong performance resulted in record total earnings before income taxes and non-controlling interest of \$12.1 million or \$0.56 per unit. Income tax expense during the quarter, mostly as a result of our international operations, totalled \$1.0 million resulting in earnings before non-controlling interest of \$11.0 million or \$0.52 per unit.

During this second quarter, adjusted distributable cash totaled \$13.2 million, or \$0.62 per unit, of which \$5.3 million was distributed to unitholders, representing an adjusted payout ratio of 40.3%. Year-to-date adjusted distributable cash is \$23.0 million or \$1.08 per unit, of which \$0.50 were distributed, representing an adjusted payout ratio of 46.4% for the period from January 1, 2008, to June 28, 2008. Cash flows from operating activities and earnings before non-controlling interest were in excess of actual distributions declared by \$4.7 million and \$8.0 million respectively during this six-month period. Based on the current level of performance and as previously announced, the Fund increased its annual distributions by 50% from \$1.00 per unit to \$1.50 per unit, or from \$0.0833 per unit per month to \$0.1250 per unit per month beginning in July 2008 for all unitholders of record on July 30, 2008.

Other than achieving an exceptional financial performance, the second quarter was very active for the Fund on several fronts. We continued the integration process of the acquisitions completed during the first quarter as well as with the two firms that joined us during the quarter. These firms added approximately 70 employees in British Columbia, in Victoria, as well as in Quebec, both in Montreal and in Quebec City. Bullock Baur brings municipal infrastructure expertise to our British Columbia team. We were also pleased to welcome Doucet and Associates within our group as they bring a recognized leadership in the telecommunications and public utility infrastructure networks in the province of Quebec. With the addition of these firms and the new employees who joined us in the last quarter, the total workforce of the firm stood at 3,108 employees as of June 28, 2008. Of this number, 1,898 worked out of our Quebec offices, 533 in Ontario, 546 in the four Western Canada provinces and 131 in the Caribbean. The Fund intends to pursue its strategy of continued development across Canada both through strategic acquisitions and dynamic organic growth. We expect to continue our consolidation strategy and to that effect, we are currently in discussions with several firms in each province. Subsequent to June 28, 2008, the Fund completed the following three acquisitions; Peterson Galloway, ZENIX Engineering and Solmers, which have added 110 employees to our workforce.

During the second quarter, the Fund amended its credit facilities, increasing its term facility from \$40.0 million to \$80.0 million. As of June 28, 2008, the Fund had total long-term financial liabilities of \$45.6 million, consisting mainly of bank advances of \$41.4 million. Considering the cash and cash equivalents of \$15.0 million on hand as of June 28, 2008, the net negative cash position of the Fund was \$26.9 million at the end of the second quarter.

The Fund has 21,366,405 issued and outstanding units of which 8,463,966 are held by GENIVAR inc., the non-controlling unitholder. Of its 39.6% ownership interest in the Fund, GENIVAR inc. held 4,731,845 units which were subordinated in accordance of the terms of the agreements set out at the IPO in May 2006. On

July 15, 2008, the Audit Committee of the Fund determined that the subordination period for such units had terminated in accordance with these terms.

Finally, several projects were awarded to the Fund in the second quarter, increasing the backlog of work to \$300.4 million as at June 28, 2008. Major awards included the following:

- Detailed design of the upgrading and replacement of the Elk Valley Coal processing plant in British Columbia;
- Design services for the Oakville Quad Pad Ice Arena in Ontario;
- Electrical engineering for the P3 expansion of the Surrey Memorial Hospital and the Royal Jubilee Hospital in British Columbia;
- Design services for a portion of Highway 185 for the Ministry of Transportation of Quebec;
- Environmental monitoring of the Rupert River for Hydro-Quebec;
- Engineering services for the Highway 2 and Highway 12 interchange reconfiguration project for Alberta Transportation;
- Engineering services for the road rehabilitation and overlay program for 2008 through 2010 for the City of Grande-Prairie in Alberta;
- Engineering services for a 900-acre subdivision for Qualico Homes in Sage Creek, Winnipeg in Manitoba;
- Engineering and architectural assignment for the proposed retractable roof of BC Place in Vancouver in British Columbia;
- Project management services for the Black & White Photographic Gallery at Ryerson University in Toronto;
- Integrated solid waste management plan for the City of Regina in Saskatchewan;
- Engineering services for the Crystal Beach wastewater treatment plant upgrade for the Region of Niagara in Ontario.

These various projects demonstrate the diversity of the services offered by the Fund and the broad range of expertise of our team.

SUMMARY OF QUARTERLY RESULTS

IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA									
		2008			2007			2006	
	TTM	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
TRAILING TWELVE MONTHS (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)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	
Results of operations									
Revenues	\$ 306,506	\$ 97,348	\$ 70,087	\$ 70,528	\$ 68,543	\$ 63,791	\$ 54,343	\$ 49,703	\$ 42,555
Net revenues (1)	\$ 252,618	\$ 80,869	\$ 60,148	\$ 57,999	\$ 53,602	\$ 50,859	\$ 44,168	\$ 36,733	\$ 33,732
Gross margin	\$ 125,401	\$ 40,440	\$ 29,966	\$ 28,762	\$ 26,233	\$ 24,578	\$ 21,076	\$ 17,533	\$ 16,196
EBITDA	\$ 53,814	\$ 17,463	\$ 11,878	\$ 12,788	\$ 11,685	\$ 9,597	\$ 8,090	\$ 7,437	\$ 7,024
Net earnings	\$ 21,284	\$ 6,666	\$ 4,598	\$ 5,676	\$ 4,344	\$ 2,603	\$ 2,672	\$ 2,577	\$ 2,364
Basic and diluted net earnings per unit	\$ 1.70	\$ 0.52	\$ 0.36	\$ 0.44	\$ 0.38	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.21
Weighted average number of units		12,870,364	12,870,664	12,858,533	11,305,396	10,992,394	11,000,000	11,000,000	11,000,000
Diluted weighted average number of units		21,350,781	21,347,826	21,332,787	19,347,454	18,920,619	18,927,381	18,927,381	18,927,381
Distributable cash									
Distributable cash (2) (3) (4)									
Standardized	\$ 33,816	\$ 5,278	\$ 5,461	\$ 18,293	\$ 4,784	\$ 1,623	(\$ 951)	\$ 7,918	\$ 5,682
Adjusted	\$ 43,833	\$ 13,242	\$ 9,798	\$ 11,218	\$ 9,575	\$ 6,718	\$ 6,441	\$ 6,269	\$ 6,097
Distributable cash, per unit (2) (3) (4)									
Standardized	\$ 1.59	\$ 0.25	\$ 0.26	\$ 0.86	\$ 0.22	\$ 0.09	(\$ 0.05)	\$ 0.42	\$ 0.30
Adjusted	\$ 2.06	\$ 0.62	\$ 0.46	\$ 0.53	\$ 0.45	\$ 0.35	\$ 0.34	\$ 0.33	\$ 0.32
Distributions declared	\$ 27,362	\$ 5,340	\$ 5,340	\$ 11,749	\$ 4,933	\$ 4,730	\$ 4,730	\$ 4,730	\$ 4,730
Distributions declared, per unit	\$ 1.30	\$ 0.25	\$ 0.25	\$ 0.55	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25
Payout ratio									
Adjusted	62.4%	40.3%	54.5%	104.7%	51.5%	70.4%	73.4%	75.5%	77.6%

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

(2) Since the third quarter of 2007, 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."

(3) Distributable cash and distributable cash per unit amounts are calculated for the combined interest of the Fund's units and Non-subordinated Exchangeable LP units and Subordinated Exchangeable LP units, which total 21,366,405 as at June 28, 2008 (18,927,381 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 August 4, 2008, the number of units is identical to what it was as at June 28, 2008.

(4) Calculation of the distributable cash included a withholding tax of \$0.8 million for both the three- and six-month periods ended June 28, 2008. This withholding tax should be included at the end of the year on the unitholders' T3 slip as a foreign income tax.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

FINANCIAL HIGHLIGHTS

IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA	3 months		6 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)
Net revenues	\$ 80,869	\$ 50,859	\$ 141,017	\$ 95,027
EBITDA	\$ 17,463	\$ 9,597	\$ 29,341	\$ 17,687
Net earnings	\$ 6,666	\$ 2,603	\$ 11,264	\$ 5,275
Net earnings per Fund unit				
Basic	\$ 0.52	\$ 0.24	\$ 0.88	\$ 0.48
Diluted	\$ 0.52	\$ 0.24	\$ 0.88	\$ 0.48

IN THOUSANDS OF DOLLARS	3 months		6 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)
Distributable cash (1) (2)				
Standardized	\$ 5,278	\$ 1,623	\$ 10,739	\$ 672
Adjusted	\$ 13,242	\$ 6,718	\$ 23,040	\$ 13,159
Aggregate Distributions, all units	\$ 5,340	\$ 4,730	\$ 10,680	\$ 9,460
Payout ratio				
Adjusted	40.3%	70.4%	46.4%	71.9%

BALANCE SHEETS

IN THOUSANDS OF DOLLARS	2008	2007
	AS AT JUNE 28 (UNAUDITED)	AS AT DECEMBER 31 (AUDITED)
Total assets	\$ 376,827	\$ 305,972
Long-term financial liabilities (3)	\$ 45,625	-

- (1) Since the third quarter of 2007, 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 a withholding tax of \$0.8 million for both the three- and the six-month periods ended June 28, 2008. This withholding tax should be included at the end of the year on the unitholders' T3 slip as a foreign income tax.
- (3) Long-term financial liabilities consist of long-term balances of purchase prices payable, long-term debt and bank advances.

RESULTS OF OPERATIONS

	3 months		6 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA				
Revenues	\$ 97,348	\$ 63,791	\$ 167,435	\$ 118,134
Deduct: Subconsultants and other direct expenses	\$ 16,479	\$ 12,932	\$ 26,418	\$ 23,107
Net revenues	\$ 80,869	\$ 50,859	\$ 141,017	\$ 95,027
Direct project costs	\$ 40,429	\$ 26,281	\$ 70,611	\$ 49,373
Gross margin	\$ 40,440	\$ 24,578	\$ 70,406	\$ 45,654
Marketing, general, and administrative expenses and others	\$ 22,977	\$ 14,981	\$ 41,065	\$ 27,967
EBITDA	\$ 17,463	\$ 9,597	\$ 29,341	\$ 17,687
Interest	\$ 592	\$ 452	\$ 713	\$ 747
Depreciation of property, plant, and equipment	\$ 1,033	\$ 677	\$ 1,887	\$ 1,276
Amortization of intangible assets	\$ 3,783	\$ 2,501	\$ 7,223	\$ 4,959
Earnings before income taxes and non-controlling interest	\$ 12,055	\$ 5,967	\$ 19,518	\$ 10,705
Income tax expense (1)	\$ 1,017	\$ 1,487	\$ 865	\$ 1,628
Earnings before non-controlling interest	\$ 11,038	\$ 4,480	\$ 18,653	\$ 9,077
Non-controlling interest	\$ 4,372	\$ 1,877	\$ 7,389	\$ 3,802
Net earnings	\$ 6,666	\$ 2,603	\$ 11,264	\$ 5,275
Basic net earnings per unit	\$ 0.52	\$ 0.24	\$ 0.88	\$ 0.48
Weighted average number of units	12,870,364	10,992,394	12,870,512	10,996,176
Diluted net earnings per unit	\$ 0.52	\$ 0.24	\$ 0.88	\$ 0.48
Diluted weighted average number of units	21,350,781	18,920,619	21,350,786	18,923,982

(1) See section "Results of operations – Income tax expense" on page 13.

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 from the three-month period ended June 28, 2008, increased by \$33.5 million (52.6%) from \$63.8 million in 2007, to \$97.3 million in 2008.

Our revenues for the six-month period ended June 28, 2008, increased by \$49.3 million (41.7%) from \$118.1 million in 2007 to \$167.4 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 \$80.9 million for the three-month period ended June 28, 2008, and to \$50.9 million for the corresponding period in 2007, which represents an increase of \$30.0 million (59.0%). Our net revenues increased from \$95.0 million for the six-month period ended June 30, 2007, to \$141.0 million for the corresponding period in 2008, which represent an increase of 48.4%.

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

IN THOUSANDS OF DOLLARS	3 months		6 months	
	Variation 2008 vs. 2007	%	Variation 2008 vs. 2007	%
Revenues				
Acquisition growth (1)	\$ 18,371	28.8%	\$ 27,772	23.5%
Organic growth (1)	\$ 15,186	23.8%	\$ 21,529	18.2%
Total increase	\$ 33,557	52.6%	\$ 49,301	41.7%

IN THOUSANDS OF DOLLARS	3 months		6 months	
	Variation 2008 vs. 2007	%	Variation 2008 vs. 2007	%
Net revenues				
Acquisition growth (1)	\$ 14,943	29.4%	\$ 23,027	24.2%
Organic growth (1)	\$15,067	29.6%	\$ 22,963	24.2%
Total increase	\$ 30,010	59.0%	\$ 45,990	48.4%

(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 exceed the acquisition growth is presented as organic growth.

For the three-month period ended June 28, 2008, on a net revenues basis, acquisition growth accounted for \$14.9 million, from which \$11.0 million was generated by way of the acquisitions concluded in the first two quarters of 2008 and \$3.9 million by way of the acquisitions concluded in the last two quarters of 2007.

For the six-month period ended June 28, 2008, on a net revenues basis, acquisition growth accounted for \$23.0 million, from which \$14.3 million were generated by way of the acquisitions concluded in the first two quarters of 2008 and \$8.7 million by way of the acquisitions concluded in the last two quarters of 2007.

Organic growth can be explained by an increase in the number of employees due to a higher level of both business activity and productivity as well as a growth within the acquired firms as a result of integration and cross-marketing. From June 2007 to June 2008, the number of employees increased by 55.0%, from 2,000 to 3,100 employees. Of this increase, 25.8% 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 and interest expense.

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 June 28, 2008, direct project costs represented 50.0% of net revenues compared to 51.7% for the same period in 2007.

For the six-month period ended June 28, 2008, direct project costs represented 50.1% of net revenues compared to 52.0% for the same period in 2007.

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

- 50.0% Q2-2008
- 50.2% Q1-2008
- 50.4% Q4-2007
- 51.1% Q3-2007

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

Gross margin

For the three-month period ended June 28, 2008, the gross margin represented 50.0% of net revenues compared to 48.3% for the same period in 2007.

For the six-month period ended June 28, 2008, the gross margin represented 49.9% of net revenues compared to 48.0% for the same period in 2007.

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

- 50.0% Q2-2008
- 49.8% Q1-2008
- 49.6% Q4-2007
- 48.9% Q3-2007

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 June 28, 2008, increased to \$23.0 million compared to \$15.0 million for the same period in 2007. As a percentage of net revenues, marketing, general and administrative expenses and others represented 28.4% for the three-month period ended June 28, 2008, compared to 29.5% for the same period in 2007.

For the six-month period ended June 28, 2008, marketing, general and administrative expenses and others represented 29.1% of net revenues compared to 29.4% for the same period in 2007.

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

- 28.4% Q2-2008
- 30.1% Q1-2008
- 27.5% Q4-2007
- 27.1% Q3-2007

Marketing, general and administrative expenses and others are not in direct relation with net revenues and therefore may fluctuate from quarter to quarter. Historically, marketing, general and administrative expenses and others as a percentage of net revenues are higher in Q1 and Q2 than in Q3 and Q4. In the second quarter of 2008, the Fund completed two acquisitions. Resources were devoting significant efforts on integration of acquired businesses. For the period ended June 28, 2008, the Fund integrated six new companies compared to four for the same period in 2007. Accordingly, there were more staff time charged to marketing, general and administrative expenses and others.

EBITDA

EBITDA for the three-month period ended June 28, 2008, stood at \$17.5 million, up \$7.9 million from \$9.6 million for the same period in 2007, thus representing a 82.0% increase. As a percentage of net revenues, EBITDA margin stood at 21.6% for the three-month period ended June 28, 2008, compared to 18.9% for the same period in 2007.

EBITDA for the six-month period ended June 28, 2008, was \$29.3 million, up \$11.6 million from \$17.7 million for the same period in 2007, representing a 65.9% increase. EBITDA represents 20.8% of net revenues for the six-month period ended June 28, 2008, compared to 18.6% for the same period in 2007.

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

- 21.6% Q2-2008
- 19.7% Q1-2008
- 22.0% Q4-2007
- 21.8% Q3-2007

The increase in EBITDA during the second quarter of 2008 is mainly attributable to the decrease 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 June 28, 2008, was \$1.0 million compared to \$0.7 million for the same period in

2007. For the six-month period ended June 28, 2008, depreciation of property, plant and equipment increased by \$0.6 million, from \$1.3 million in 2007 to \$1.9 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 June 28, 2008, was \$3.8 million compared to \$2.5 million for the same period in 2007. For the six-month period ended June 28, 2008, amortization of intangible assets increased by \$2.2 million, from \$5.0 million in 2007 to \$7.2 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 June 28, 2008, amounted to \$0.6 million compared to \$0.5 million for the same period in 2007. The interest expense can be explained by a higher debt position during the second quarter of 2008 than in 2007. Interest expense for the six-month periods ended June 28, 2008, and June 30, 2007, stood at \$0.7 million.

Income tax expense

Prior to June 12, 2007, the Fund was not subject to income taxes. The future income tax provision included in the Fund's consolidated financial statements before this date reflects only those temporary differences expected to reverse within two of the Fund's operating subsidiaries subject to income taxes.

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. Since the second quarter of 2007, the Fund accounts for future income taxes. The cumulative effect of estimated future income taxes is based on existing temporary differences between financial statement values and tax values of assets and liabilities that are expected to reverse from January 1, 2011, when the new rules take effect. To calculate the adjustment required, the Fund forecasted the changes in its tax attributes between June 28, 2008, and December 31, 2010. This calculation also takes into account the temporary differences attributable to the non-controlling interest. These forecasts will be updated quarterly using the tax rate that is substantively enacted to be in effect for 2011 and after. Any change will be reflected in net earnings.

For the three-month period ended June 28, 2008, the Fund recognized an amount of \$1.0 million as an income tax expense. This expense included a withholding tax of \$0.8 million. This withholding tax should be included at the end of the year on the unitholders' T3 slip as a foreign income tax.

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.

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 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”).

Considering its October 31, 2006 Market Capitalization and the 2007 issuance of Fund Units and interests convertible into Fund units, \$50 million of Fund units and interests convertible into Fund units may be issued for each of the 2008, 2009 and 2010 year.

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 has requested comments on the draft legislation by September 15, 2008.

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

Net earnings and earnings per Fund unit

The Fund’s net earnings for the three-month period ended June 28, 2008, were \$6.7 million or \$0.52 per unit on both a basic and diluted basis compared to \$2.6 million or \$0.24 per unit for the same period in 2007.

The Fund’s net earnings for the six-month period ended June 28, 2008, were \$11.3 million or \$0.88 per unit on both a basic and diluted basis compared to \$5.3 million or \$0.48 per unit 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		6 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA				
Cash flows from operating activities	\$ 7,954	\$ 4,012	\$ 15,345	\$ 5,666
Capital expenditures paid	(\$ 2,676)	(\$ 2,389)	(\$ 4,606)	(\$ 4,994)
Standardized distributable cash (1)	\$ 5,278	\$ 1,623	\$ 10,739	\$ 672
Change in non-cash working capital items (2)	\$ 7,964	\$ 5,014	\$ 12,301	\$ 11,149
Capital expenditures paid for non-recurring items (3)	-	\$ 906	-	\$ 2,163
Purchase of units in the market under the long-term incentive plan	-	(\$ 825)	-	(\$ 825)
Adjusted distributable cash (1) (4)	\$ 13,242	\$ 6,718	\$ 23,040	\$ 13,159
Adjusted distributable cash, per unit (1) (4)	\$ 0.62	\$ 0.35	\$ 1.08	\$ 0.69
Payout ratio				
Standardized	101.2%	291.4%	99.5%	1,407.7%
Adjusted	40.3%	70.4%	46.4%	71.9%
Distributions				
Fund's units distributions	\$ 3,224	\$ 2,749	\$ 6,448	\$ 5,498
Class B Non-subordinated Exchangeable LP unit distributions	\$ 934	\$ 799	\$ 1,868	\$ 1,598
Class C Subordinated Exchangeable LP unit distributions	\$ 1,182	\$ 1,182	\$ 2,364	\$ 2,364
Aggregate distributions, all units (4)	\$ 5,340	\$ 4,730	\$ 10,680	\$ 9,460
Aggregate distributions, all units, per unit (4)	\$ 0.25	\$ 0.25	\$ 0.50	\$ 0.50

(1) Calculation of the distributable cash included a withholding tax of \$0.8 million for both the three- and six-month periods ended June 28, 2008. This withholding tax should be included at the end of the year on the unitholders' T3 slip as a foreign income tax.

(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 Non-subordinated Exchangeable LP units and Subordinated Exchangeable LP units, which total 21,366,405 as at June 28, 2008 (18,927,381 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 August 4, 2008, the number of units is identical to what it was as at June 28, 2008.

During the three-month period ended June 28, 2008, the Fund generated \$13.2 million of adjusted distributable cash compared to \$6.7 million for the same period in 2007.

The adjusted payout ratio for the quarter is 40.3% compared to 70.4% for the same period in 2007. As at July 15, 2008, the Fund announced a 50% increase in the monthly distribution of the Fund to \$0.1250 per unit from \$0.0833 per unit. On an annualized basis, this equates to distributions of \$1.50 per unit compared to \$1.00 per unit. This distribution increase will be effective for the Fund's July 2008 monthly distribution.

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 a 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 maintain up-to-date 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 and a special distribution in 2007. Beginning on July 2008, the monthly distribution will be \$0.1250 per unit or \$1.50 per unit on an annualized basis.

	3 months		6 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS				
Cash flows from operating activities	\$ 7,954	\$ 4,012	\$ 15,345	\$ 5,666
Net earnings	\$ 6,666	\$ 2,603	\$ 11,264	\$ 5,275
Non-controlling interest	\$ 4,372	\$ 1,877	\$ 7,389	\$ 3,802
Earnings before non-controlling interest	\$ 11,038	\$ 4,480	\$ 18,653	\$ 9,077
Actual cash distributions declared	\$ 5,340	\$ 4,730	\$ 10,680	\$ 9,460
Excess (shortfall) of cash flows from operating activities over cash distributions declared	\$ 2,614	(\$ 718)	\$ 4,665	(\$ 3,794)
Excess (shortfall) of earnings before non-controlling interest over cash distributions declared	\$ 5,698	(\$ 250)	\$ 7,973	(\$ 383)

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

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 for the three-month period ended June 30, 2007, were affected by the required investments in working capital. Bank advances were used to finance the shortfall in accordance with the credit facilities. For the three-month period ended June 28, 2008, cash flows from operating activities exceeded cash distributions declared.

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

For the three-month period ended June 28, 2008, earnings before non-controlling interest are higher than the cash distributions declared by \$5.7 million. 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, Earnings before non-controlling interest exceeded cash distributions declared by \$15.2 million for the six-month period ended June 28, 2008.

BACKLOG

As at June 28, 2008, our backlog, which represents future revenues that stem from existing signed contracts to be executed, stood at \$300.4 million. As at June 30, 2007, our backlog was \$176.7 million. On a comparative basis, this represents an increase of \$123.7 million (70.0%) of which \$63.3 million came from acquisitions completed in the first two quarters of 2008. If we consider that our field of business measures backlog in terms of months of work, we can foresee that it represents approximately 10 months of upcoming work compared to 9 months for the corresponding period of 2007.

- \$300.4 million Q2-2008
- \$294.1 million Q1-2008
- \$207.5 million Q4-2007
- \$201.0 million Q3-2007

LIQUIDITY

	3 months		6 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS				
Cash Flows				
Cash flows from operating activities	\$ 7,954	\$ 4,012	\$ 15,345	\$ 5,666
Cash flows from financing activities	(\$ 667)	(\$ 6,009)	\$ 23,457	\$ 5,121
Cash flows from investing activities	(\$ 7,852)	(\$ 3,682)	(\$ 36,681)	(\$ 15,907)
Net change in cash position during the period	(\$ 565)	(\$ 5,679)	\$ 2,121	(\$ 5,120)
Distributions paid	(\$ 5,340)	(\$ 5,262)	(\$ 10,680)	(\$ 9,460)
Capital expenditures (including capital expenditures paid for non-recurring items in 2007)	(\$ 2,676)	(\$ 2,389)	(\$ 4,606)	(\$ 4,545)

Cash flows from operating activities

For the three-month period ended June 28, 2008, operating activities generated \$15.9 million and non-cash working capital items used \$8.0 million, for a total net cash flows from operating activities of \$7.9 million. The increase in accounts receivable of \$1.7 million, the increase in costs and anticipated profits in excess of billings of \$7.1 million and the decrease in income taxes payable of \$1.0 million were offset by an increase in accounts payable and accrued liabilities of \$2.0 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 three-month period ended June 28, 2008, financing activities used up to \$0.7 million of cash. Out of this amount, \$9.6 million was generated by the bank advances net of repayment of debt. On the other hand, \$5.3 million was used to pay distributions to unitholders and \$5.0 million to pay some balances of purchase prices related to business acquisitions.

Cash flows from investing activities

For the three-month period ended June 28, 2008, investing activities used up to \$7.8 million of cash. Business acquisitions totaled \$5.2 million of this amount and capital expenditures, \$2.6 million.

Net cash position

As at June 28, 2008, the net cash position of the Fund amounted to (\$26.9) million as detailed hereafter:

IN THOUSANDS OF DOLLARS	2008	2007
	AS AT JUNE 28	AS AT DECEMBER 31
Cash and cash equivalents	\$ 14,976	\$12,855
Bank advances	(\$ 41,422)	-
Advances from the Non-controlling Unitholder	(\$ 430)	(\$ 224)
Net cash position	(\$ 26,876)	\$ 12,631

Bank advances were mainly used to finance the six business acquisitions completed in the first two quarters of 2008.

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.

The Fund has credit facilities, totaling \$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. The term of the credit facilities can be extended each year, for an additional one-year period, subject to the prior approval of the lender. The credit facilities are fully repayable at maturity without any prepayment penalties, except for banker's acceptances and LIBOR advances.

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

Under these credit facilities, GENIVAR Limited Partnership ("GENIVAR LP"), a Fund's subsidiary, is required, among other conditions, to respect certain covenants, which have been met as at June 28, 2008.

As at June 28, 2008, the Fund had unused credit facilities of \$39.7 million net of outstanding letters of credit of \$0.8 million and cash and cash equivalents of \$15.0 million.

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

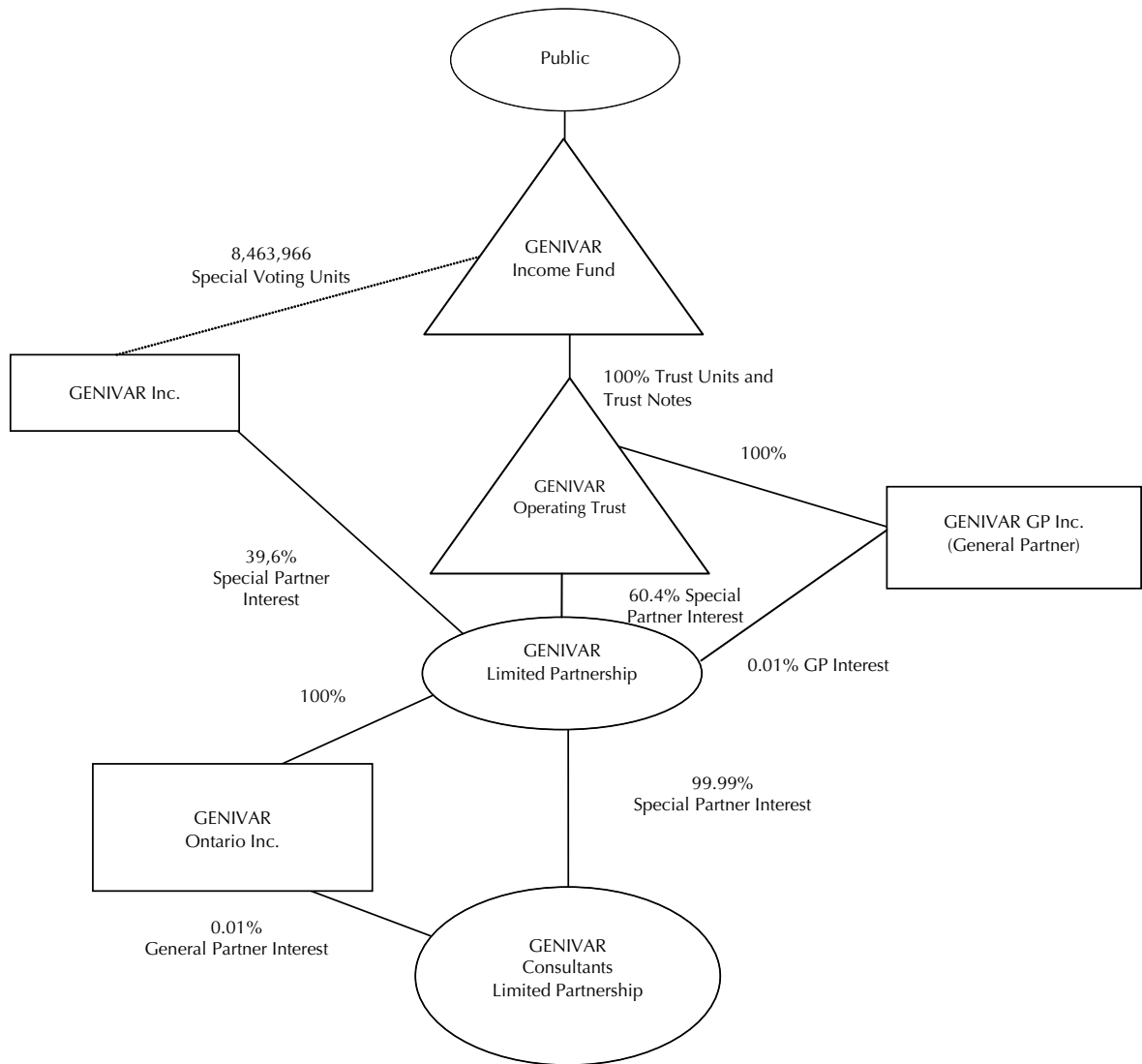
THE FUND

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 Class B LP units (the “Non-subordinated Exchangeable LP units”) and 4,731,845 Class C LP units of GENIVAR LP (the “Subordinated Exchangeable LP units”), together representing the remaining 39.6% interest in GENIVAR LP (41.9% before this transaction). The Non-subordinated Exchangeable LP units are exchangeable at any time into units on a one-for-one basis. The Subordinated exchangeable LP units are exchangeable, since July 1, 2008, into units, on a one-for-one basis. In addition, the Non-controlling Unitholder holds 8,463,966 Special Voting Units of the Fund. These Special Voting Units are the only ones currently outstanding. Each Special Voting Unit will be cancelled upon the exchange of a Non-subordinated Exchangeable LP Unit or a Subordinated Exchangeable LP Unit.

The following chart illustrates, on a simplified basis, the structure of the Fund:



Certain subsidiaries, each of which represents 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 June 28, 2008, have been omitted.

GOVERNANCE

Internal control over financial reporting

Internal control over financial reporting (“ICFR”) is designed to provide reasonable assurances regarding the reliability of the Fund’s financial reporting and its compliance with GAAP in its financial statements. The Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to its ICFR during the three-month period ended June 28, 2008, that have materially affected, or that are reasonably likely to materially affect its ICFR. No such changes were identified through their evaluation.

CRITICAL ACCOUNTING POLICIES

The Fund’s unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP and are based on the same accounting policies as the ones used in the preparation of the Fund’s 2007 annual audited consolidated financial statements, except for the standards described below. Please refer to the Fund’s 2007 annual audited consolidated financial statements for more information about the significant accounting principles used to prepare the financial statements.

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. The 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.”

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

Future accounting standards

Goodwill and intangible assets

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

International Financial Reporting Standards (“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 , 2011, will require the restatement for comparative figures reported by the Fund for the year ended December 31, 2010. The Fund has begun assessing the adoption of IFRS, and the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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. As a result, the transaction yields fiscal benefits for both the vendors and

GENIVAR LP or one of its subsidiaries. During the six-month period, the Fund acquired Transenco, RFA, Phoenix, Doucet and Bullock Baur in this manner for a total consideration of \$17.9 million, excluding acquisition-related costs of \$0.4 million assumed directly by the Fund.

The Fund entered into the following transactions with construction companies controlled by GENIVAR inc.:

	3 months		6 months	
	2008	2007	2008	2007
	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS				
Revenues	\$ 208	\$ 1,234	\$ 513	\$ 2,169
Costs	\$ 10	\$ 271	\$ 25	\$ 383
Additions to property, plant and equipment	-	\$ 148	-	\$ 1,411
Marketing, general, and administrative expenses	\$ 33	\$ 9	\$ 67	\$ 40

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.

Some administrative employees and directors of the Fund also work for the Non-controlling Unitholder and its subsidiaries, and the cost pertaining to these employees is charged to it. These services amounted to less than \$0.1 million for both the three and the six months ended June 28, 2008.

Finally, 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 June 28, 2008, advances totaled \$0.4 million. Net interest expense charged to the Fund by the Non-controlling Unitholder amounted to less than \$0.1 million for both the three and the six months ended June 28, 2008.

OFF-BALANCE SHEET AGREEMENTS

There were no off-balance sheet agreements as at June 28, 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
Balances of sale prices payable	\$ 8,894	\$ 3,000	-	-	-	-	\$ 11,894
Long-term debt	\$ 1,246	\$ 1,203	-	-	-	-	\$ 2,449
Bank advances	-	-	\$ 41,422	-	-	-	\$ 41,422

IN THOUSANDS OF DOLLARS	2008 (6 months)	2009	2010	2011	2012	2013	Thereafter	Total
Operating lease commitments	\$ 5,036	\$ 10,113	\$ 8,900	\$ 8,302	\$ 7,241	\$ 5,852	\$ 20,339	\$ 65,783

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.

The Fund's risks and uncertainties have not materially changed from those described in the Fund's 2007 Annual Report.

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.