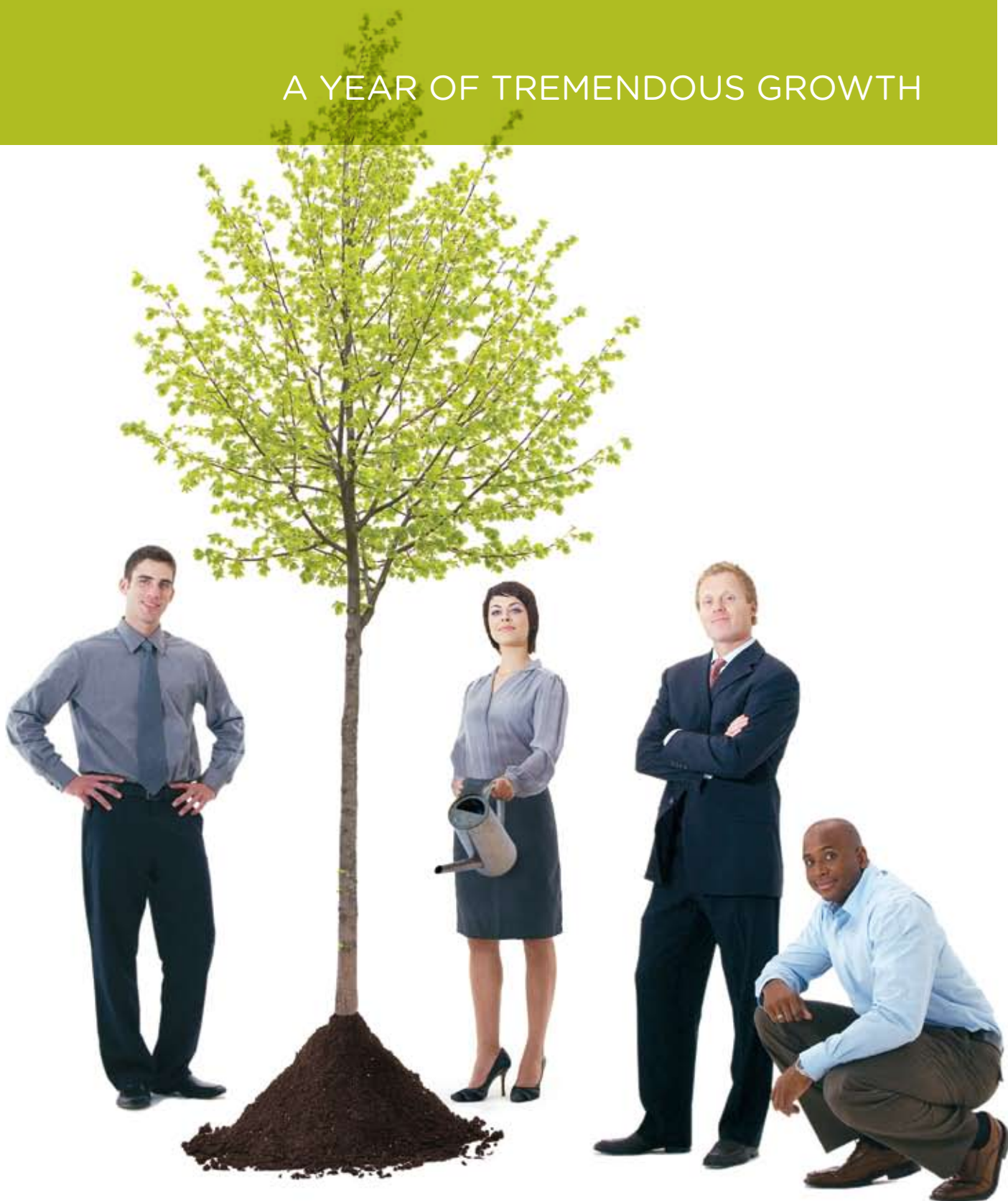


## A YEAR OF TREMENDOUS GROWTH



## SUMMARY

2	Financial Highlights
4	Message to Unitholders
8	Our Vision of Human Resources
10	Our Vision of Sustainable Development

## ACTIVITY REPORT

12	Building
16	Municipal Infrastructure
20	Transportation
24	Industrial
28	Power
32	Environment
37	Management's Discussion and Analysis
71	Consolidated Financial Statements
101	Main Offices
102	Management Team
103	Board of Trustees
104	Unitholder Information

## SUSTAINABLE SOLUTIONS IN ENGINEERING

We are one of the largest firms in Canada providing private and public sector clients with a full range of professional consulting services in engineering, project management and environment through all execution phases of a project from planning to commissioning. We now have 2,800 employees working in over 60 offices in Canada and overseas. Our clients operate in various market segments such as building, municipal infrastructure, transportation, industrial, power and environment.



**\$257.2M**

REVENUES

**+46%**

INCREASE IN  
REVENUES

**\$206.6M**

NET REVENUES

**+61.4%**

INCREASE IN  
NET REVENUES



**\$42.2M**

EBITDA

**+62.2%**

EBITDA INCREASE

**\$25.9M**

NET EARNINGS

Before Non-controlling  
Unitholder's Interest



**\$34M**

ADJUSTED DISTRIBUTABLE  
CASH

**\$26.1M**

DECLARED DISTRIBUTIONS

**77%**

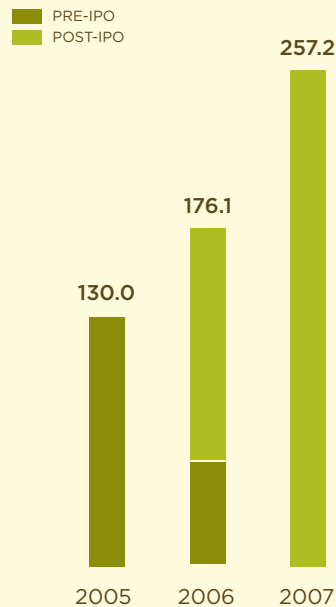
ADJUSTED PAYOUT RATIO

## FINANCIAL HIGHLIGHTS

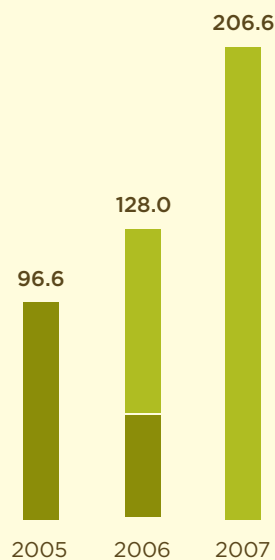
as of December 31

(in thousands of dollars, unless otherwise indicated)

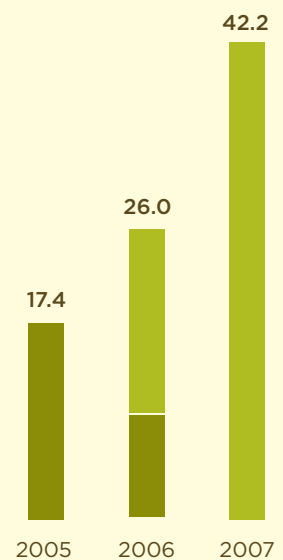
### REVENUES



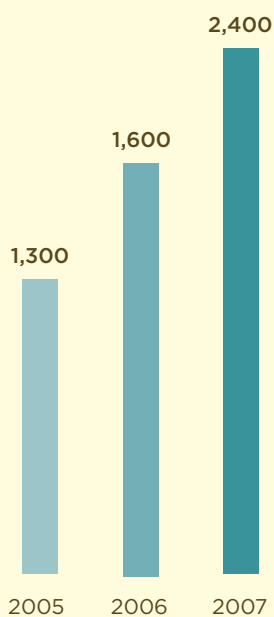
### NET REVENUES



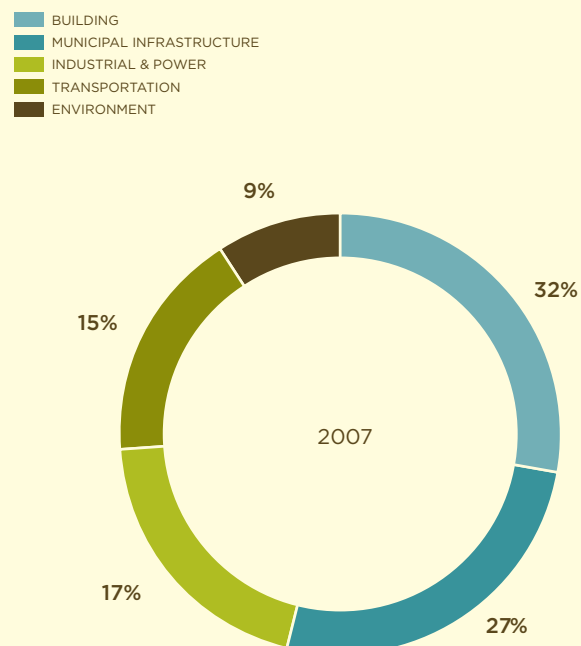
### EBITDA



### NUMBER OF EMPLOYEES



### REVENUES BY MARKET SEGMENT





## MESSAGE TO UNITHOLDERS

Launched in May 2006, the GENIVAR Income Fund had its first full year of operations in 2007. In 2006, we focused our efforts on our initial public offering (IPO). In 2007, we finished the year successfully on all fronts, with solid financial results and a stronger and expanded national platform, backed by our commitment to delivering quality projects and fostering long-term client relationships. We also strengthened our governance framework by separating the positions of president and CEO and chairman of the board and appointing three new independent trustees. Thanks to these sustained efforts, we reached or exceeded the targets we set when we issued our IPO. In short, 2007 was a year of tremendous growth.

#### Record-breaking financial results

The Fund posted record-breaking financial results in 2007. Revenues rose 46.0%, from \$176.1 million in 2006 to \$257.2 million in 2007. Net revenues rose 61.4%, from \$128.0 million to \$206.6 million.

In 2007, we exceeded our targets with respect to two important performance indicators. Our net revenues, for the period of January 1<sup>st</sup> to December 31, 2007, posted organic growth of 27.2% compared to last year, considerably higher than the growth forecast of 10%. In addition, EBITDA was up 62.2%, from \$26.0 million in 2006 to \$42.2 million for the 12 months ending December 2007. This represents a margin of 20.4% on our net revenues, beating the target level of 18% to 20%.

In 2007, the Fund generated adjusted distributable cash of \$34.0 million, with \$26.1 million distributed to the unitholders. This works out to an annual distribution of \$1.30 per unit and a distribution ratio of 77.0%. Net income before the non-controlling unitholder's interest totalled \$25.9 million or \$1.32 per unit in 2007.

As of December 31, 2007, our balance sheet was solid, with a cash position of \$12.8 million. As part of a public offering completed on September 13, 2007, the Fund raised \$50 million in new capital, of which \$11 million were invested by GENIVAR Inc., the non-controlling unitholder. Thanks to its credit facilities and capital-raising capacity, the Fund is solidly positioned to pursue its growth plan focusing on organic growth and targeted acquisitions.

The quoted market price for the Fund unit has continued to rise, climbing from \$13.70 as of December 31, 2006 to \$26.30 as of December 31, 2007.

#### Strengthening our national platform

As a result of our acquisition-based growth strategy, 11 companies joined forces with GENIVAR in 2007. These companies have helped expand and strengthen our Canadian platform and greatly enhanced our expertise. Two of these firms are based in Western Canada; Cochrane Design Group and SEG Engineering, thus adding to our network of offices in British Columbia, Saskatchewan and Manitoba. Four firms, Kazmar Associates, National Capital Engineering, Harmer Podolak Engineering and B.H. Martin, have strengthened our operating base in Ontario. In addition, five Quebec-based firms joined GENIVAR during the past year, GLD Group, Nove Environment, Terra, André Simard & Associates and VizStudio, building on our well-developed network in Quebec.

---

“We exceeded our targets with respect to two important indicators. Our net revenues posted organic growth of 27.2% and our EBITDA was up 62.2%.”

As a result of our organic growth and acquisition-based strategy, the number of GENIVAR employees rose from 1,600 as of December 31, 2006 to 2,400 as of December 31, 2007. This increase of 800 employees has expanded our expertise in all of our market segments.

Our plan of action aims to propel GENIVAR into the ranks of the top-three multi-disciplinary engineering companies in Canada by 2010 by doubling our workforce and boosting our visibility. Over the next few years, we intend to become the leader in all of our market segments and a key player in each of the provinces and regions in which we operate. To this end, we concluded four new acquisitions as of March 10, 2008. Transenco, based in Ontario, consolidated our transportation team, while our building team in British Columbia received a boost with the arrival of RFA Consulting Electrical Engineers. Our operations in Alberta started off strongly with the acquisition of EXH Engineering Services, which has a network of 14 offices in various cities throughout the province, including Red Deer, Edmonton, Lethbridge, Medicine Hat and Grande Prairie. As a result we have become a key player in Alberta in the municipal infrastructure and transportation sectors. In addition, thanks to the acquisition of Phoenix Engineering, based both in Alberta and Quebec, GENIVAR has become the largest Canadian engineering consulting company serving the North American wind power market.

Building on these results and our track record of successful acquisitions, our longer-term growth strategy will continue to identify and evaluate targeted acquisitions both in Canada and, to a greater extent, abroad. We hope to expand our international platform in the Caribbean, in Trinidad and Tobago, and to seize growth opportunities in a number of other targeted overseas markets, leveraging our successful business model. The engineering consulting sector is fragmented and there are many consolidation opportunities fueled by a growing demand for multi-disciplinary companies. Our selection criteria for potential acquisitions remain rigorous. Companies that join the Fund must be high-performance and be well respected in their operating sectors; they must also share our business culture and core values, backed by a strong project portfolio and a solid client base.

#### A booming industry

The engineering consulting industry is booming and the outlook is bright in all of our market segments in Canada, particularly in provinces where we have an established operating base. The Fund is well positioned to take part in a wide variety of public and private-sector projects. Considerable effort and capital will be invested in the coming years to develop and rehabilitate our municipal and transportation infrastructure, as well as the real estate sector. The industrial market, particularly the mining industry, is experiencing unprecedented growth. The renewable energy sector is also growing significantly, particularly in the areas of hydroelectric, wind, biomass and agricultural product-based power. There is a marked increase in demand for environmental services, which have become an essential project component and enable us to assist our clients in all of our market segments. Over the years, GENIVAR has developed valued expertise as a project manager and owner's representative. We are currently completing a number of large-scale projects in Canada and abroad. Related services include advising clients in defining their project needs and managing the entire project cycle, from inception to start-up, in compliance with budgetary and scheduling requirements. GENIVAR has the resources it needs to pursue business opportunities in all market segments. We are solidly positioned in all regions where demand for our multi-disciplinary services is strong and we are able to intervene during all project stages. As part of our service offer, we help our clients achieve their overall growth objectives in Canada and abroad.

#### Solid client base

Thanks to our solid client relationships, we are awarded a variety of recurring mandates every year. Indeed, public and private sector clients that have been with GENIVAR for more than five years account for over 50% of our revenues. As of December 31, 2007, GENIVAR had 4,200 clients and over 7,000 active projects. Our business development activities and acquisitions have significantly boosted our client base. Our commitment to deliver quality projects on time and on budget remains the key to our success. We will remain attentive to their needs as we proactively apply our collective expertise and take a constructive approach to all of our clients' projects. Our clients are our number-one priority and we will continue to manage their projects as if they were our own.

.....

“Our clients are our number-one priority and we will continue to manage their projects as if they were our own.”



*From left to right: Pierre Shoiry, Daniel Fournier*

### **Our business model: a fruitful partnership**

As of December 31, 2007, our partnership structure included 264 employee-owners, with GENIVAR Inc., the non-controlling unitholder, holding a 39.6% ownership interest in the Fund. As the cornerstone of our business model, our partnership structure had 191 employee-owners as of December 31, 2006, rising to 264 as of December 31, 2007. This increase stemmed from the acquisitions we completed in 2007 and the arrival of new internal shareholders. Our employee-owners have an entrepreneurial spirit and strive to ensure that operations in their respective offices function smoothly. They also share a common outlook focused on regional development and market segment growth. Our clients deal directly with our employee-owners, who have a vested interest in ensuring project success, client satisfaction and Fund profitability. Our unique business model draws on their entrepreneurship; a quality that is found in many small businesses and is enhanced by the range of resources available to a large multi-disciplinary company. Our business model is a unique source of strength for us; in our view, it also represents value added for the companies we approach in connection with acquisitions.

### **Governance**

In 2007, we strengthened our governance framework by separating the positions of president and CEO and chairman of the board, and, by appointing three new independent trustees to the board, Messrs. Richard Bélanger, Pierre Simard and Lawrence E. Smith. To complement the existing audit committee and corporate governance, nominating and compensation committee, the board is currently forming a business risk committee that will be tasked with identifying and evaluating business risks relating to GENIVAR Income Fund activities.

### **Acknowledgments**

We would like to thank the Fund's trustees for their ongoing efforts and commitment. In addition, our employees are the cornerstone of our success and we appreciate their dedication and efforts to further our goals. These are exciting times for the engineering consulting sector. As a full and active participant in this sector, GENIVAR offers its employees a unique series of challenges and opportunities designed to support long-term career development in Canada and abroad. We are also grateful to our employees for the open-mindedness, constructive attitude and enthusiasm they have demonstrated in welcoming so many new colleagues.

Finally, we would like to thank our clients and unitholders for the trust they have placed in us. The Fund remains an attractive investment opportunity and we will strive to ensure that our growth continues to be profitable in the future.



**Pierre Shoiry,**  
President and CEO



**Daniel Fournier,**  
Chairman of the Board of Trustees

## OUR VISION OF HUMAN RESOURCES



GENIVAR operates in the knowledge-based economy, which is why our employees are our greatest asset. Attracting and retaining personnel is one of our top priorities and our human resources philosophy is based primarily on their empowerment. These are exciting times for the engineering consulting sector and it will continue to play a key economic role in the years ahead. To that end, we give our employees the tools they need to gain knowledge, primarily through a variety of training programs. The conditions we create are designed to foster personal growth within a stimulating work environment. As members of multi-disciplinary project teams, GENIVAR's employees have numerous opportunities to meet challenges and share ideas with their colleagues. They also take great pride in the work they do. Our organisational structure is flexible and non-hierarchical giving our employees the latitude they need to develop their skills under the guidance of their supervisors.

Because demand is so strong for our engineering consulting services, a labour shortage is beginning to make itself felt in the form of a "demographic deficit." As a new generation enters the labour market, GENIVAR has begun to reposition itself in the area of human resources recruitment. In 2007, these efforts focused on recruitment at Canadian universities, as well as in the Caribbean and other parts of the world. This has proved to be a winning strategy. We will be furthering these efforts by launching a recruitment marketing program, primarily using Web-based technologies. In addition, in a bid to meet our employees' changing needs, we have updated our Canada-wide benefits program, under which employees may modify their benefit plans in response to changes that occur throughout the course of their lives.

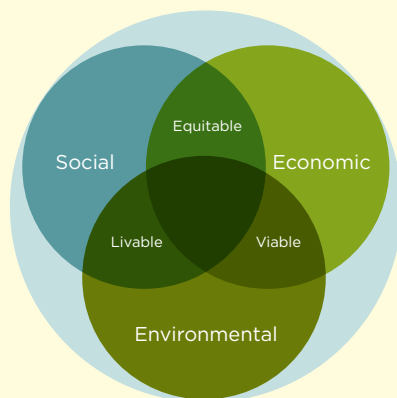
### Occupational health and safety

Occupational health and safety (OHS) remains GENIVAR's overriding concern. In 2007, we built on our efforts to ensure a safe workplace for all employees. We also incorporated new OHS management procedures, including training over 1,000 employees in due diligence and other areas, in accordance with relevant federal legislation (Bill C-21). These efforts will continue in 2008. With regard to OHS policies, three major initiatives were undertaken in the areas of financial regulations, workplace accident management and accident prevention management. We also trained a number of work teams in specialised areas of expertise such as machine safety, overhead activity safety, machine lockouts and the application of standards like NFPA 70 (National Fire Protection Association), which sets out OHS regulations for startups and shutdowns of high-voltage electrical equipment. Lastly, we boast an excellent record in terms of statistics: based on more than 2.7 million hours worked, we had only two accidents that resulted in downtime in 2007. This highly encouraging result places GENIVAR in an advantageous position with respect to OHS within its operating sector. We will pursue these efforts in 2008 to ensure that OHS remains an essential focus of our day-to-day operations.

## OUR VISION OF SUSTAINABLE DEVELOPMENT



Incorporating the principles of sustainable development is a daily commitment for us, whether projects involve green or LEED certification (Leadership in Energy and Environmental Design) buildings, transportation or municipal infrastructure, or, are industrial or power-related. Our environmental specialists work in multidisciplinary teams to ensure, from inception, that our projects are economically, socially and environmentally sustainable.



GENIVAR solutions are realistic and lead to measurable results. Our credits include numerous LEED certification projects. But our sustainable development approach goes further than that, and extends to our community infrastructure as a whole. Through this approach, we aim to:

- Reduce greenhouse gas emissions
- Achieve energy efficiency
- Improve air quality and user comfort
- Rehabilitate contaminated soils
- Preserve wetlands
- Better manage water and other resources
- Build infrastructures that blend in with the landscape and protect ecosystems
- Apply environmentally friendly construction methods
- Select materials wisely
- Develop know-how in wind, hydro and biomass power

The actions we take are in keeping with our time and designed for the ages. They contribute to preserving resources for present and future generations.

## BUILDING

---

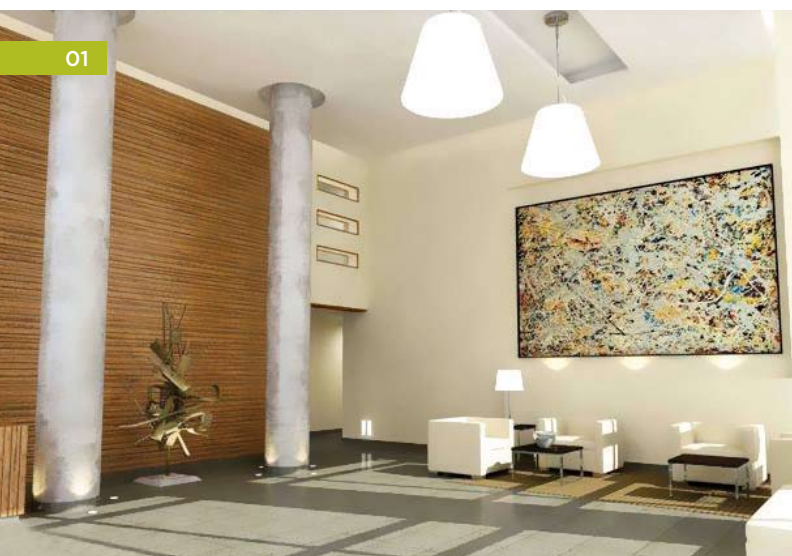
The favourable building market benefited both our engineering and project management operations. The demand for green and LEED certification buildings held steady, and we delivered several projects of this type, at the same time as we bolstered our LEED-accredited team.

### 01 Le Vistal, Nun's Island, Montreal, Que.

Buildings targeting LEED certification (Leadership in Energy and Environmental Design) are becoming increasingly common. In 2007, GENIVAR completed a number of green projects combining low energy consumption and enhanced user comfort. Le Vistal, a housing complex developed by Proment Corporation and engineered by GENIVAR, is among the very first residential high-rises in Quebec designed to aim for LEED certification. GENIVAR provided structural engineering for two 25-storey glass towers, each containing 160 condominium units. Located on the shore of the St. Lawrence River, Le Vistal also boasts a sports centre, a multi-level pool, a spa and a hanging garden.

From materials selection to project execution, numerous structural initiatives were implemented to meet the LEED criteria, including the following:

- Fly ash was added to increase the concrete's resistance and reduce corrosion and cracking, thereby improving durability and extending the structure's useful life.
- Environmentally friendly landscaping features were incorporated, including low-water plants, a rainwater irrigation system and flower gardens on rooftops and terraces.
- An innovative system was designed to seal the units, not only in terms of soundproofing but also to optimise indoor air quality for non-smokers.
- Window glass was selected to maximise the solar contribution. Glass in the south-facing windows was selected for its insulating properties. The overall goal was to reduce air conditioning energy loss.





### 02 Sainte-Marie Pavilion, Sisters of the Assumption of the Blessed Virgin Mary, Nicolet, Que.

GENIVAR proposed a LEED Gold Certified building to the Sisters for the Sainte-Marie Pavilion expansion to house their healthcare services. The company's structural and mechanical and electrical teams delivered a standout performance on several aspects of this project. Given the relative instability of the clay soil, GENIVAR's experts recommended to sift, recover and reuse the clay to lay the Pavilion's foundation. Works also include the water table drew down beneath the existing building and the use of channels to vent the underground gases safely. The company's mechanical and electrical specialists installed a wide variety of energy-efficient equipment, including 88 geothermal wells drilled to a depth of 150 m. Additional LEED criteria include radiant heating in the concrete floors and acoustic treatment conducive to silence and contemplation. Water savings, improved lighting and enhanced comfort were among the key project features. The Pavilion boasts an array of features designed for maximum comfort and safety, in keeping with sustainable development principles. **In 2008, this project won the Visionary Prize from the Quebec Association of Consulting Engineers.**

### 03 Shenkman Arts Centre, Ottawa, Ont.

GENIVAR was commissioned by the City of Ottawa to carry out the Orleans Shenkman Arts Centre. The LEED-designed building will be used for a range of cultural activities and will be located in the neighbourhood of Orleans, in Ottawa, where it will occupy 86,000 square feet. In addition to providing LEED certification services, the company's mechanical and electrical engineering professionals are currently completing the energy modeling. The Centre will include a 500-seat concert hall, a 100-seat studio theatre, an art gallery and space for theatre, pottery, visual arts and new media workshops. As part of the plan to transform central Orleans, the Centre will also include residential and commercial complexes and a hotel.



### 04 550 Wellington West, Hotel and Condominiums, Toronto, Ont.

GENIVAR is providing structural engineering services for the 550 Wellington West project. This project has two main components both of which are currently under construction; a 16-storey tower and a heritage facade restoration. The 16-storey tower has 10-storey hotel condominium units and 5-storey residential condo units. The 16<sup>th</sup> storey houses a bar and an outdoor pool. There are also mid-rise residential condominiums and 3 levels of underground parking. The garage roof along Wellington Street will support a skating rink, pool and an outdoor café. The west side, (51 Bathurst), dates to circa 1940 and is designated as a heritage property by the City of Toronto. Its original building shell will be reconstructed using structural steel and the facade will be restored to its original design appearance using the original masonry veneer.

### 05 International Waterfront, Port-of-Spain, Trinidad and Tobago

The International Waterfront project, for which GENIVAR has been retained in the roles of project manager and owner's representative, is advancing steadily. The entire project is comprised of two 26-storey class A office towers, a 22-storey 428-room 4 star hotel (Hyatt Regency), 55,000 sq. ft. of conference facilities, 30,000 sq. ft. of retail space and a 1,200-space parking structure. The completion of the first phase is well underway. In October 2007 we began handing over areas to the operator of the Hyatt Regency enabling them to host functions and guests. All areas for the hotel, ballroom and conference centre are operational. As for the parking, it is functional and almost completely fitted out.

04



05



#### 06 Abbotsford Entertainment and Sports Centre, B.C.

PBK Architects Inc., a member of GENIVAR, obtained the mandate to provide design services for a new 7,000-seat entertainment and sports centre in Abbotsford. Also contained in the current design are 24 private suites with an average seating of 10 people per suite and 16 lodge boxes with 4 seats per box. As part of a design-build project team, GENIVAR is also providing structural, mechanical, and electrical engineering. The building is located at the entry to the University College of the Fraser Valley, Abbotsford Campus and promises to be the largest spectator facility in British Columbia outside of Vancouver. Construction began in September 2007 and the facility has a projected opening of February 2009.

#### 07 Telecommunications Towers

In 2007, GENIVAR worked on approximately 1,000 telecommunications tower projects in Canada. With the arrival of High Speed Downlink Packet Access wireless technology, which enables ultra-rapid data transfers, GENIVAR was commissioned to modify Rogers Wireless's telecommunication towers. The work involved over 150 towers in the Montreal and Quebec City regions as well as in major urban centres in the Maritime provinces.

GENIVAR's telecommunications team also carried out numerous inspections and structural analyses on behalf of Bell Mobility, Telus Mobility, Telus Quebec, Telebec, Nexacor Telecom, Canadian Broadcasting Corporation and Fisheries and Oceans Canada. Other related projects included preparing designs to modify existing telecommunication towers prior to installing new microwave links, wireless networks and TV broadcast antennas.

We also took part in the RENIR project, an initiative of the Government of Quebec's General Directorate of Telecommunications Networks aimed at implementing a nation-wide integrated radio communication network. Work has been carried out on existing and new towers at around 60 sites since the project was launched. In 2007, Hydro-Quebec projects included replacing microwave antennas on existing towers in the Lévis-Manic section.

06



07



## MUNICIPAL INFRASTRUCTURE

All across Canada, our teams worked to implement and rehabilitate municipal infrastructure, an area where governments and municipal authorities have made substantial investments. We also developed and delivered major urban planning and revitalisation projects nationally and internationally.

### 01 Champlain Boulevard Reconfiguration, Quebec City, Que.

GENIVAR's urban planning and development expertise has won widespread recognition. The transformation of Champlain Boulevard into an urban thoroughfare, including a unique "corridor" park, is an eloquent testament to the company's skills. Since 2005, this 15-km long project has required the expertise of GENIVAR's multidisciplinary team of building, civil, hydraulic and maritime engineers, together with site decontamination, traffic and safety management specialists.

Samuel-De Champlain Promenade now has four new lanes, in addition to multi-purpose trails, a relaxation area, sports facilities, a fully renovated quay, a tourist information centre and various public plazas. The revamped promenade also includes artefacts reclaimed from the site, including an illuminated 83-jet fountain reaching over six metres in height at the Quai-des-Flots, a boat-shaped sculpture at the Quai-des-Hommes and numerous other works of art along the way.

As part of a large-scale initiative to redevelop the banks of the St. Lawrence River coinciding with Quebec City's 400<sup>th</sup> anniversary celebrations in 2008, this project will provide local residents with access to the river.

### 02 Pointe Nord Development, Nun's Island, City of Montreal, Que.

GENIVAR has in-depth knowledge of Nun's Island, having worked on the site for many years on a wide range of multidisciplinary projects. In connection with the Bell Canada complex housing 6,000 employees and a 1,800-unit residential housing development in the Pointe Nord section of Nun's Island, our team assisted the Borough of Verdun during the various development stages of the development of this part of the island. GENIVAR performed the engineering work required to prepare the preliminary studies, plans and specifications, tender documents and services for the municipal infrastructure construction, including water and wastewater lines, roads, street public lighting, underground utility systems, viaducts, access ramps and a multi-purpose trail. Another key aspect of the project involved redeveloping the Pointe Nord access routes to improve the accessibility of Nun's Island, which now has two entry and exit points. Direct access to Pointe Nord means that motorists can bypass the southern part of Nun's Island, thereby enhancing road safety. To this end, GENIVAR carried out traffic studies and designed the entrance and exit routes. Our team also assisted the client during the public consultation process.



### 03 Saint Joachim Landfill Site, Que.

GENIVAR was awarded the engineering contract for the City of Quebec's innovative waste processing system in Saint Joachim. After completing an initial project to define the process performance specifications, GENIVAR was awarded a contract involving detailed engineering, plans and specifications, construction supervision and geosynthetic quality control. Processing flows will total nearly 65,000 m<sup>3</sup> annually. The project includes construction of a 1.5 km supply line, together with a new storage basin, two pumping stations, modifications to the aeration system and existing storage basins; a fluidised-bed biological process and a leachate heating system will be installed, together with related engineering structures. This fluidised-bed technology is being used for one of the first times in Canada. It offers superior performance to that of traditional processes, in addition to being more cost-effective

### 04 Urban Master Plan for Central Port of Spain, Trinidad and Tobago

GENIVAR has been mandated to prepare an urban master plan for Central Port of Spain. The plan has six main objectives: to promote the evolution of Port of Spain as a world-class commercial and financial centre, to enhance the image and functionality of Port of Spain as a national and international centre for government and culture, and, to establish the necessary conditions to promote the central area as a convivial place to live and work. In addition, the Master Plan aims to make Port of Spain more visually appealing for residents and visitors alike, to provide an efficient, comprehensive, pedestrian oriented transportation system, thereby minimising vehicular congestion and, to strike an appropriate balance among economic, social and environmental obligations to ensure the sustainable development of Port of Spain. The Master Plan incorporates strategic planning with short term project activities and preliminary plans for specific projects for four special areas within Port of Spain.

### 05 Barrie Surface Water Treatment Plant, City of Barrie, Ont.

GENIVAR was retained by the City of Barrie to provide engineering services for the preliminary design, detailed design, tender administration, and construction administration for the Barrie Raw Water Intake, Low Lift Pumping Station, and Surface Water Treatment Plant. The project incorporates two 750 m long raw water intakes, a stand-alone low lift pumping station, an administration building, a parking garage, and a 60 ML/D (240 ML/D ultimate capacity) surface water treatment plant (SWTP). The SWTP incorporates flocculation, primary and secondary membrane filtration, granular activated carbon taste and odour control, and chlorine contact tanks to treat the incoming water from Lake Simcoe.

### 06 Credit Valley Trunk Sanitary Sewer, Region of Peel, Ont.

GENIVAR was retained by the Region of Peel in Mississauga to provide detailed design, approvals, and contract administration services for the extension of the West Trunk Sewer System in the Highway 401 and Mississauga Road area. The project will allow the Region of Peel to provide wastewater servicing for the projected growth in northwest Brampton. The project consists of five separate construction contracts that include approximately 5.5 km of 1,500 mm diameter trunk sanitary sewer constructed in tunnel at depths ranging from 10 to 20 metres, 3.2 km of 1,500 mm diameter sewer constructed in open cut excavation, and 1.0 km of 750 mm diameter sub-trunk sewer completed by tunneling. Also included in these contracts was the construction of local improvement sanitary sewers and watermains to provide municipal servicing to local residents. Construction will be completed by late 2008.



03

04

**07 Residential Relocation, Canadian Malartic Gold Mine, Osisko Exploration, Malartic, Que.**

Following the discovery of one of the most significant sources of gold in Canada, located south of the Town of Malartic, GENIVAR was mandated to perform preliminary studies in order to determine the potential impact of a mine on the residential community. Prior to the construction of the mine, a school, a daycare, a seniors' residence, a community centre and 185 houses must all be relocated. The necessary permits were secured from the Quebec Minister of Sustainable Development, Environment and Parks for the first phase and GENIVAR provided the engineering for the construction of 660 m of model streets. The permits for the second phase will allow the construction of 10 more streets for a total of 3,373 metres and, participation in the relocation of houses in the summer of 2008.

**08 Harbourview South Phase II and Sage Creek Subdivisions, Winnipeg, Man.**

At Harbourview South Phase II, GENIVAR was selected by Qualico Developments to convert a conventional retention pond into a wetland style pond, as well as to construct a new wetland pond. Phase II also includes the extension of Concordia Avenue, east of Lagimodière Boulevard. In the Sage Creek Subdivisions, GENIVAR is providing planning and construction management services for this 900-acre residential subdivision that will be home to over 15,000 people in the City of Winnipeg. Included in the development will be over 30 acres of wetland-style retention ponds as well as an 85-acre commercial component.



## TRANSPORTATION

---

Well known for our transportation expertise, from planning through to implementation, we are actively involved on many major jobsites across Canada, in mass transit, roads, highways, engineering structures, ports, airports and rail transportation. We are also part of the team that is carrying out Quebec's first public-private partnership project.

### 01 Completion of Highway 25, Montreal-Laval, Que.

2007 was an outstanding year for GENIVAR with our team participating in the A25 Consortium, which is Quebec's first public-private partnership (PPP). This project will eventually connect Highway 440 in Laval to Henri Bourassa Boulevard in Montreal, including a 7.2km-long section of highway and a 1.2 km-long toll bridge over the Rivière des Prairies.

As part of the consortium, GENIVAR is providing engineering and environmental services. We also prepared plans and specifications for the road engineering (plans, profiles, drainage and earthwork), engineering structures (overpasses, acoustic barrier walls, signage structures), as well as the lighting, traffic lights and signage and public utilities. Moreover, GENIVAR played a key role with respect to the environmental management plan.

Extending Highway 25 will improve traffic flow in Montreal's East End. It will also enhance public transit services, as well as allowing the construction of a multi-purpose bike path. The 35-year electronic toll system will connect to a windshield-mounted transponder; since drivers will not have to stop to pay the toll, traffic flows will not be affected. Work on the project began in February 2008: The highway is scheduled to be brought into service in March 2011.

01





#### 02 Route 175, Quebec City-Saguenay, Que.

GENIVAR is working on Routes 73 and 175, which form the major transportation link between Quebec City and Saguenay. The goal is to expand Route 175 to a four-lane divided highway over a 174 km stretch. This will improve safety and functionality while retaining some portions of the existing roadway. GENIVAR is working on four sections totalling nearly 23 km in length, together with six bridges for which the preliminary and detailed designs have been completed; our team also supervised construction. Two sections (Étape and Chicoutimi) were completed in 2007. A third is scheduled for completion in late summer 2008. Construction has begun on the fourth section and will continue for the next two years. GENIVAR also carried out environmental impact studies on a 143 km section.

#### 03 Highways 15-640 Interchange, Boisbriand, Que.

GENIVAR has developed solid expertise in the area of interchange ramp configuration and is currently working on a number of major projects. In 2007, GENIVAR took part in another major consortium project aimed at improving the Highways 15-640 interchange in Boisbriand on Montreal's North Shore. For this project, we carried out the final design study, plans and specifications and supervised construction. The current cloverleaf interchange will be modified by incorporating directional ramps designed to reduce potential conflict zones. Local service will be improved by separating commuter and local traffic, while a new traffic lane in each direction will be added on Highway 640 between Highway 15 and Route 117.

#### 04 Planning Study, Dedicated Bus Lane, Pie IX Boulevard, Montreal, Que.

On the strength of its wide-ranging transportation project and planning expertise, GENIVAR was awarded the dedicated bus lane contract for Pie IX Boulevard. As one of the busiest thoroughfares in Montreal's East End, this corridor has more than 42,500 bus users daily. Following GENIVAR's pre-feasibility study in 2005, a detailed feasibility study and preliminary engineering study are being carried out to analyse the potential impacts of a new dedicated bus lane. The environmental review will include more detailed information on traffic flows and impacts, focusing on the

07



effects of access roads on local residents. Design optimisation is another key concern. Preliminary engineering will enable us to produce detailed plans and cost estimates for the entire project.

#### 05 Canada Line, Vancouver, B.C.

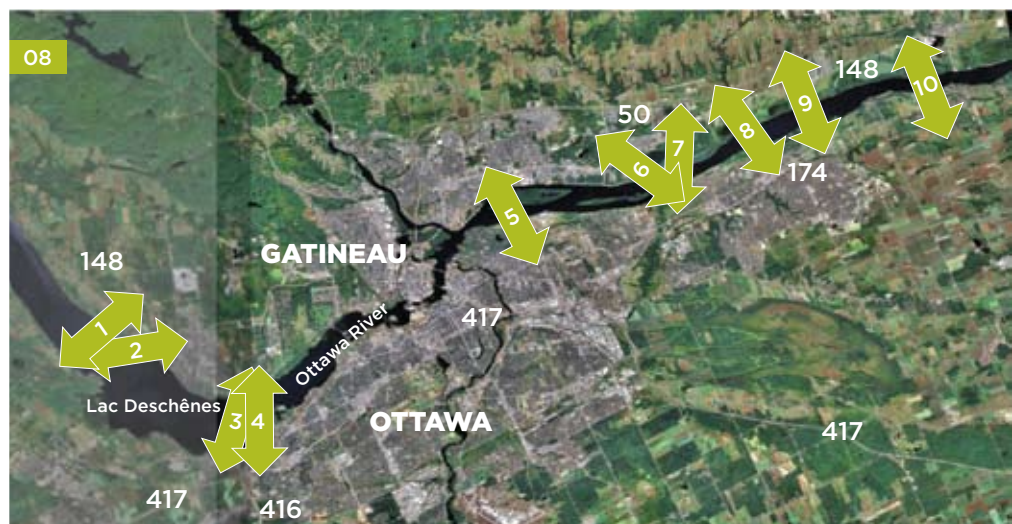
GENIVAR is playing a key role in the construction of a new rapid transit line called the Canada Line which will serve the people of Vancouver as well as international travelers. This line will run from Vancouver International Airport into downtown Vancouver, covering a distance of 19 km. Upon its completion, passengers will be able to check their bags and collect their boarding passes downtown and make the trip in 25 minutes or less. The Canada Line passes through the municipal jurisdictions of Richmond and Vancouver as well as 15 neighbourhoods.

Along its route there are 16 new stations and GENIVAR is providing civil engineering services to 15 of them. The Canada Line passes over two bridges and through a 9 km tunnel that includes an underwater section on its way into Vancouver. The architectural design of three of the stations has already been completed by PBK Architects, member of GENIVAR. Two, Bridgeport and Marine Drive, are above ground on the banks of the Fraser River, and are currently under construction. The third, Vancouver Centre, is below ground in the heart of downtown Vancouver. The Bridgeport station should be nearing completion by the summer of 2008. The Canada Line will be open for service in November 2009 in time for the 2010 Winter Olympic Games.

#### 06 Island Park Bridge, Ottawa, Ont.

GENIVAR was instrumental in replacing the Island Park Bridge in record time. Contracted by the Ministry of Transportation of Ontario, GENIVAR provided contract administration services for the replacement of the Island Park Bridge over the Highway 417 (Ottawa Queensway) in the City of Ottawa. The bridge replacement was executed using Rapid Lift Technology and was the first time this was done in Canada. Using the Rapid Lift Operation saved approximately a year of construction time and resulted in reducing the impact on Highway 417 traffic. The bridge was replaced in 17 hours. The Queensway was closed in its entirety and detoured

08



from Saturday evening at 8:00 PM to Sunday morning at 11:00 AM August 12 while the bridges were being moved. The new bridge was built in an offsite staging area and a self propelled modular transporter was used to remove the existing structure and place the new one.

#### 07 Ottawa International Airport, Phase II, Ottawa, Ont.

Completed in March 2008, work on the second phase of the Ottawa International Airport expansion created 7,000 square metres of additional holdroom space and new gates. The project added nine gates and seven passenger bridges to complement the existing 18 gates and seven bridges. Due to variable soil conditions on the site, foundations were designed using a combination of piled and conventional spread footings. A World War II airplane hangar, which was located on the grounds of the airport, was dismantled, but the original B.C. fir timbers, which once framed the hangar, were preserved and incorporated into the new building. This work completes Phase I, the structural portion of the expansion, which was also carried out by GENIVAR, in 2003.

#### 08 Inter-provincial Bridge Crossings, Ottawa-Gatineau, Ont.

GENIVAR was retained by the National Capital Commission, in consortium, to undertake a harmonised environmental assessment (EA) to determine the appropriate location of two new inter-provincial crossings in the National Capital Region. There has not been a new bridge built between Ottawa and Gatineau since the 1960's, however, the population of both cities have doubled from 500,000 to over 1 million. Solutions must provide a high mobility arterial roadway, and, accommodate all modes of travel including pedestrians, bicycles, transit automobiles and commercial vehicles. The EA process for this study is unique as it follows a co-ordinated environmental assessment process combining Canadian, Quebec and Ontario's Environmental Assessment legislation.

## INDUSTRIAL

---

Our firm worked on major mining and mineral processing projects both in Canada and abroad. We also have extensive know-how in designing and carrying out projects for the pulp and paper, metallurgy and light metals, chemical and oil, pharmaceutical, and, agri-food industries.

### 01 Mana Project, SEMAFO, Burkina Faso

The SEMAFO Mana gold mine in Burkina Faso is a major project that began in February 2007. GENIVAR is providing engineering, supply and construction management services for the mine site and ore processing plant. We also developed the process flow chart, material balance, detailed engineering and procurement. Ore processing has begun and the first gold is expected to flow in March 2008. Following the start-up of two rock crushers, gold production at the Mana site is expected to total 60,000-70,000 ounces in 2008.

### 02 Renard Project, Stornoway Diamond Corporation, North-Central Quebec, Que.

GENIVAR provided planning and project management services in connection with the rock blasting and extraction of a 6,000 metric tonne bulk sample from two kimberlite pipes in the Renard deposit. Diamonds totalling 4,283 carats were recovered, including a 15.46 carat diamond, one of the largest ever discovered in Quebec.

As the site is not accessible by road, underground excavations were carried out with the help of airlifted over-sized mobile equipment.





#### 03 Caribou Mine, Blue Note Metals, N.B.

In connection with the reopening of the Caribou Mine, located 50 kilometres from Bathurst, GENIVAR completed the process review, including equipment sizing, procurement, construction management and start-up of the zinc, copper and lead processing plant that uses innovative crushing techniques. This project also included dewatering and rehabilitating the Restigouche combined underground and open-pit mine, producing 3,000 tonnes of ore per day. GENIVAR also completed the environmental component at both the Restigouche and Caribou sites.



#### 04 LaRonde and Lapa Mines, Agnico-Eagle, Cadillac, Que.

Considered to be one of the largest gold deposits in Canada, GENIVAR provided preliminary and detailed engineering, procurement and construction management services for all infrastructure used in the in-depth expansion of the LaRonde mine. The project included a 10,500-foot internal underground shaft, three underground winches, a loading station, a crusher house, an unloading station, an ore-handling conveyor system and a ventilation and air conditioning system.

Approximately 11 kilometres east of LaRonde, GENIVAR is also working on the Lapa mine project, which will share some ore processing infrastructures, thereby generating synergy between the two sites. GENIVAR is providing preliminary and detailed engineering and supply services for the gold ore processing facility, which is currently under construction.



**05 Windfall Lake Gold Project, Noront Resources, Chibougamau Mining Camp, Que.**

Our firm was hired to provide planning, design, project management and environmental permit management services for an exploration ramp measuring 4.5 metres in diameter that will be used to extract bulk samples in various sections of the mine. The ramp will also help provide a more accurate assessment of the estimated resources. This project also involved conducting various hydrogeological and surface pillar studies required under provincial regulations.

**06 Ethanol Plant, Terra Grain Fuels, Belle Plaine, Sask.**

Owned by Terra Grain Fuels, this new ethanol plant is wheat-based. GENIVAR's work on this project included civil, structural, electrical and mechanical engineering for the entire facility. In addition, our mechanical design expertise was utilised for the plant's "dry" areas used for wheat storage and cleaning, as well as for dry goods storage and material handling. The plant is expected to be brought into service some time in the first quarter of 2008 and will produce approximately 150 million litres of ethanol per year.

**07 Rio Tinto Alcan Protocol, Saguenay, Que.**

GENIVAR qualified for the Rio Tinto Alcan Protocol, a five-year agreement setting out skill requirements and trade rules that will create opportunities for our industrial group in the Saguenay region. As part of a select group of companies subject to the Protocol, GENIVAR will undertake engineering mandates at various Rio Tinto Alcan plants. Under the Protocol, we already have a number of full-time employees assigned to project management activities at the Grande Baie (pot lining recycling), Dubuc and Quebec

Electrical Energy (EEQ) plants. During the next stage, we will be carrying out a variety of electrical, instrumentation, control, mechanical and civil engineering projects at various locations.

**Twin Rivers Technologies Canola Seed and Soybean Processing Plant, Trois-Rivières, Que.**

Twin Rivers Technologies has entrusted GENIVAR with a multi-disciplinary mandate of a new canola seed, soybean, and palm oil processing facility. As part of this project, GENIVAR conducted the preliminary engineering review and secured the environmental certification required. The second part of the mandate includes the comprehensive coordination of all engineering services, construction management, detailed engineering work including electrical and mechanical engineering, instrumentation, and piping, as well as civil engineering technical support for two external consultants. Refined oils are used in the food processing industry, while protein meal is used in the animal feed industry (hogs, poultry, and cattle). The Twin Rivers Technologies agri-food processing facility, located in the Bécancour industrial park, is a first in eastern Canada and will open in 2009.

06



07



## POWER

In this age of renewable energy, we offer comprehensive, leading-edge expertise in wind, hydro and biomass power. This sizeable asset allowed our team to tap into the renewables boom in Canada this year.

### Wind Power Projects, Private Developers

With the acquisition of Phoenix Engineering in February 2008, GENIVAR became Canada's leading wind power company, providing a one-stop integrated service approach for the North American wind power sector. Our services include wind measurement tower installation, data collection and analysis using WindServer™ software, turbine performance validation, due diligence, feasibility studies, preliminary and detailed engineering, construction-phase and post-construction quality control and environmental assessments.

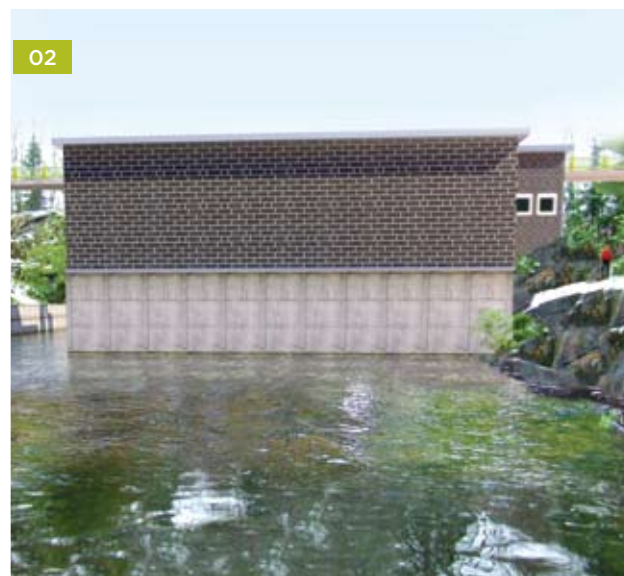
The renewable energy trend is gaining momentum across Canada; several provinces having issued calls for tender to purchase wind power. In Quebec, GENIVAR has helped a number of wind farm developers to prepare proposals in response to Hydro-Québec Distribution's calls for tender for the purchase of 2,000 MW of wind power. Our firm worked on over 15 projects for developers such as TransCanada Energy, Florida Power Light Energy, Northland Power, Algonquin Power, Boralex/Gaz Métro, Airtricity, as well as for privately owned co-operatives, First Nations communities and municipal organisations. These mandates involved wind measurement tower installation, data collection and analysis, preliminary engineering and tender document preparation.

We also continued detailed engineering work on a 150 MW wind farm project at Saint-Ulric/Saint-Léandre (Matane region) on behalf of Northland Power.

### Finavera Renewables, Peace River, B.C. and Ghost Pine, Alta.

In Western Canada, GENIVAR was awarded two major contracts by Finavera Renewables, which plans to develop wind farms in Alberta and British Columbia. The first project involves providing technical support for project development in the Peace River region of B.C., including wind resource analysis, turbine location, preliminary engineering and construction cost evaluation. Projects total 366 MW of wind power on four sites: Wildmare, Bullmoose, Tumbler Ridge and Mount Clifford. The second project involves the 75 MW Ghost Pine wind project approximately 100 km north-east of Calgary. GENIVAR is providing civil, electrical and mechanical engineering services on this project. More specifically, the project includes designing the access roads, turbine foundations, electrical network and sub-station and interconnection equipment linking to the provincial power grid, in addition to wind resource assessment and final turbine location. Ghost Pine is one of the few wind power projects in Alberta that has obtained all the authorisations required to connect to the provincial grid.





### 01 Magpie Hydroelectric Generating Station, Minganie Regional and County Municipality, Que.

Brought into service in 2007, this new 40.6 MW run-of-the-river plant is located on the Magpie River in Quebec's north coast region. GENIVAR provided detailed engineering for the facility, the civil engineering structures and the dam, in addition to designing the cofferdams and overseeing construction. The facility has three 20.3 MW Kaplan turbines and generates 180 GWh annually.

The main project challenges included optimisation of the dam axis via a sheet pile bulkhead, using innovative calculation methods to design the structural components of the generating station and 3D modeling for the design, in addition to installing a casing made of prefabricated concrete panels for the water flow.

GENIVAR also designed an inclined fine mesh screen permitting American eel migration. This innovative feature can be dismantled and re-installed on an annual basis.

### 02 Hydroelectric Development Sites: High Falls and Hay Rapids, Namakan River, Ont.

As part of a partnership between the Lac La Croix First Nations and Chant Construction Ltd., GENIVAR carried out a feasibility study and preliminary engineering for two run-of-the-river hydroelectric stations in North-Western Ontario. This mandate includes site surveys, design analyses and characterisation of the river's post-development hydraulic resources.

The two facilities will be located at High Falls (4.9 MW) and Hay Rapids (4.7 MW) and will use natural river water flows. The preliminary design includes water retention structures at both sites; these structures will be constructed to visually blend into the natural environment, as will the four-turbine power stations.

Wildlife-related features include fish ladders and water-flow regulating weirs designed to mitigate project impacts. In addition to supporting sustainable development principles, the project will prove economically viable for the community.

### 03 Dam Safety Evaluations: Hogs Back and Black Rapids, Rideau River, Ottawa, Ont.

GENIVAR uses 3D hydrodynamic software to simulate and model particularly complicated conditions. On the strength of this expertise, our team obtained a dam safety contract in 2007 for the Rideau Canal, which is now on UNESCO's list of world heritage sites. This is the first such contract awarded by Parks Canada in connection with this waterway.

The Rideau Canal project involves the hydrological characterisation of the Rideau River's catchment area with respect to 13 dams used for navigation, including probable maximum flood calculations using a complex hydrological model. Other project aspects include developing a monitoring program, carrying out a detailed inspection and determining priority intervention activities for the Hogs Back and Black Rapids dams. The project also entails developing an emergency measures plan in the event of flooding along the Rideau River caused by dam failure.

### 04 Weir Design, Rupert River, James Bay Energy Corporation, Que.

GENIVAR's hydraulic engineering team developed two unique and innovative weir design concepts, thereby averting provisional diversion of the Rupert River when the weirs were built as planned during the preliminary design stage. The weirs will be used to maintain water levels amid reduced water flows during spring and summer.

Compiling bathymetric and geotechnical data represented a challenge at the first weir, located at PK 85 near one of the Rupert River's largest rapids. GENIVAR's design concept involved building a rockfill dyke. This concept requires no concrete and, can be adapted to the foundation conditions, which will be determined when work on the project begins. The concept was developed in collaboration with international experts specialising in large rockfills and foundations. A scale model was developed to optimise the design.

Drawing on its maritime and bridge engineering experience, GENIVAR developed a concept for the second weir, located at PK 110, which involved building 24 concrete-filled sheetpile cells. This concept is designed to minimise intervention in the river itself since no bulkheads are required, thereby reducing the project's environmental impact.

03



#### 05 Biomass Renewable Energy Plant, Fort Frances division, Abitibi-Consolidated, Ont.

After completing the pre-feasibility studies and preliminary engineering, GENIVAR was enlisted in 2007 as part of a comprehensive mandate encompassing detailed engineering, specifications, construction management and start-up services for the new biomass renewable energy plant at Abitibi-Consolidated's Fort Frances paper mill. This project involved producing steam for the turbines, generating 45.5 MW of power for the plant. The new biomass-fuelled boiler will be used to burn wastewood and sludge from the plant, together with crop residues and wastewood from local sawmills.

#### Markham District Energy Inc., Toronto, Ont.

GENIVAR has provided multi-discipline engineering for the pre-eminent Markham District Energy system in southern Ontario since its inception in 1999. In the facilities, natural gas is combusted in engines to generate electricity for the local distribution grid, with waste heat recovered as hot water (combined heat and power). Additional thermal energy is produced using high efficiency boilers and chillers. Hot water and chilled water is distributed via an underground network of piping to heat and cool over 5 million square feet of commercial, institutional and residential buildings within the Town of Markham. Markham District Energy has EcoLogo Energy Certification, which recognises Energy Efficiency and Environmental leadership. GENIVAR's recent involvement with this client includes: Warden Energy Centre Combined Heat and Power Plant – Site Plan Development and Owner's Engineer for 5 MW facility under a contract awarded by the Ontario Power Authority; MDEI Clegg Road Energy Centre – Site Plan Development and Structural, Civil and Electrical engineering for this plant featuring high efficiency boilers and chillers; MDEI Birchmount Road –Site Plan Development for this future plant.

04



05



## ENVIRONMENT

Environment is both a key project component and an integral part of our global vision. Through their involvement from the earliest stages, our professionals are able to optimise project concepts and promote harmonious integration into the host environment.

### 01 Bloom Lake Mining Project, Caniapiscau, Consolidated Thompson Iron Mines Ltd., Que.

GENIVAR completed the environmental impact study for this project and assisted Consolidated Thompson at public hearings on the proposed development and operation of an iron deposit on the Lac Bloom property, located approximately 13 km north-west of the town of Fermont. GENIVAR is currently applying for the certificate authorising the infrastructure construction and completing the fish habitat compensation program.

### 02 Gaspé Mines, Xstrata Copper Canada, Murdochville, Que.

Major contracts in 2007 included the decommissioning plan for Gaspé Mines in Murdochville, which ceased operations in 2002. GENIVAR will be responsible for project management, construction management and procurement, in addition to providing services in the areas of community relations, environmental protection, quality control, health and safety, government relations and authorisation certificate compliance.

01



02



### 03 Canadian Malartic Gold Mining Project, Osisko Exploration, Malartic, Que.

GENIVAR is completing an environmental and social impact study for a proposed open-pit mine near the Town of Malartic. The project primarily involves relocating five institutional buildings and moving 185 residences to a new district. The deposit is located in the heart of Quebec's prolific Abitibi gold belt. GENIVAR's services also included a traffic study and several other studies aimed at obtaining government environmental authorisations.

### 04 Preparatory Study, La Romaine Hydroelectric Project, Hydro-Quebec, Que.

In 2007, GENIVAR's environmental team achieved a milestone in connection with the impact study for the La Romaine complex, which consists of four hydroelectric stations generating a total of approximately 1,550 MW. The 10-volume impact study and 15 sector studies were submitted to Hydro-Quebec and the government authorities in January 2008.

These studies represent several years of on-site work, including wildlife and plant inventories and geomorphological, hydrological, sociological and economic studies. The sector studies were incorporated over a two-year period.

### 05 Highway 25 Completion, Montreal-Laval, Que.

GENIVAR's team was involved in many activities related to the completion of Highway 25 by the A25 Consortium as part of a public-private partnership; involving the construction of a 7.2 km stretch of road and a 1.2 km bridge over the Rivière des Prairies. GENIVAR prepared all of the documents and authorisation applications required for the project start-up, in compliance with applicable provincial and federal environmental legislation. The project also involved preparations for the public consultation process, one of 33 conditions set out in a government decree. Our mandate will continue throughout the various construction phases. GENIVAR will also be monitoring compliance with the environmental protection measures and decree conditions, in addition to overseeing the quality control process in line with ISO-14000 certification for the Consortium completing the project.

### 06 Highways 85, 73 and 175, Que.

In eastern Quebec, GENIVAR is providing environmental services in connection with the final plans and specifications for Highway 85 (part of the Trans-Canada Highway) in the Route 185 section; the extension of Highway 73 to the City of Saint-Georges (Beauce region); and the widening of Route 175 to four lanes between Quebec City and the City of Saguenay.

Work also began on a number of other environmental impact and assessment studies for various transportation projects began throughout the course of the year, including certain sections of the Highway 138 extension between Natashquan and Blanc-Sablon covering a 400 km stretch that will ultimately connect Labrador and Quebec; the Highway 117 bypass around the City of Rouyn-Noranda; and the redevelopment of sections of Highways 132, 167, 173 and 381.

### 07 Greenhouse Gas (GHG) Emissions Inventory, Gildan Activewear, Montreal, Que.

Under the voluntary Carbon Disclosure Project, Gildan commissioned GENIVAR to compile a GHG emissions inventory for the company's 40 manufacturing facilities in North and South America. As part of this project, GENIVAR prepared all related procedures, calculations and reports and drew up estimates in accordance with Intergovernmental Panel on Climate Change (IPCC) guidelines.

### Atmospheric Dispersion Modelling, Rio Tinto Alcan, Saguenay, Que.

Serving as an expert consultant in atmospheric dispersion modelling at Rio Tinto Alcan's aluminium smelters in Saguenay, GENIVAR completed a number of studies aimed at documenting the geographic distribution and magnitude of the smelters' air emissions and verifying compliance with applicable provincial regulations. With the support of our team, Rio Tinto Alcan obtained all of the governmental authorisation required to operate the company's pilot smelter, based on the new AP50 technology.



### Toronto Hydro Phase III Soil & Groundwater Remediation, Toronto, Ont.

GENIVAR was retained by Toronto Hydro Electric Systems to address and resolve potential off site migration of contaminants from their property located in Toronto, formerly Scarborough. As part of the mandate, GENIVAR had to function as Toronto Hydro's environmental experts in order to define the origin and extent of potential contamination and its cleanup in accordance with the Environmental Protection Act. GENIVAR provided a delineation of soil and groundwater contamination, retained a remediation contractor, supervised the remediation and, prepared the final report.

## ORGANISATIONAL DEVELOPMENT AND TRAINING

### 08 Canada-Balkans Judicial Reform Project, Bosnia and Herzegovina and Serbia

As part of the legal and judicial reforms underway in Bosnia and Herzegovina and the Republic of Serbia, GENIVAR's is working as part of a consortium, coordinating the activities whose objectives are, notably, to make the judicial processes more effective, introduce alternative methods of dispute resolution, ensure judges and prosecutors take responsibility for their professional conduct, improve programs in institutions that train judges and prosecutors, and strengthen awareness of issues related to access to justice. The mandate includes offering training in the courts and Judicial Training Centres, supervising the renovations of and the implementation of computerized systems in the courts, and supporting the institutional development of professional associations related to justice (judges and prosecutors, bar, mediators). GENIVAR's contract is for five years.





## 2007 YEAR-END FINANCIAL REPORT

Management's discussion & Analysis

## MANAGEMENT'S DISCUSSION & ANALYSIS

The following management's discussion and analysis of financial condition and results of operations ("MD&A") dated as of March 10, 2008, is intended to assist readers in understanding 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 audited consolidated financial statements and accompanying notes of the Fund for the year ended December 31, 2007. 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 October 1 to December 31, 2007. The Fund commenced operations on May 25, 2006 and accordingly, comparative information in the audited consolidated financial statements is for the 220-day period extending from May 25, 2006 to December 31, 2006. In order to enhance the purpose and the relevance of this MD&A, certain financial and operating results of the Fund for the year ended December 31, 2007, are compared to the unaudited combined results of the GENIVAR Engineering Services Business for the twelve-month period ended December 31, 2006, which were carved out from GENIVAR inc. (the "Non controlling Unitholder"). Such information is for reference purposes only and is not intended to represent a comprehensive comparison of the audited consolidated financial results.

The GENIVAR Engineering Services Business means the professional consulting engineering services and related services business that was previously carried on by GENIVAR inc. and which is now carried on by the Fund through GENIVAR Limited Partnership ("GENIVAR LP").

## 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. In the third quarter, the definitions of Distributable Cash and Payout ratio have been revised to comply with the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities."

## 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 firms employed some 88,500 people in 2005 and recorded operating revenues of \$13.8 billion. This industry is comprised of several hundred firms of varying sizes with most firms employing fewer than one hundred people and less than about one hundred firms employing more than 100 people.

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: Building, Municipal infrastructure, Industrial & Power, Transportation, and Environment.

**Building:** 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 urban rehabilitation and development, water distribution and treatment, wastewater collection and treatment, public utilities, storm water management, land development, urban 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 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-tier player throughout Canada, and to achieve leadership in our market segments, we must continue our growth plan and double our size 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 2007, we executed this strategy through a combination of organic growth and the acquisitions of 11 firms, resulting in the total growth of our workforce from 1,600 employees as of December 31, 2006, to 2,400 employees as of December 31, 2007. The acquisitions completed in 2007 accounted for the addition of 400 employees while the remaining 400 employees joined GENIVAR through organic hiring initiatives.

Of this total workforce, 264 are shareholders of the partnership structure (GENIVAR inc., the non controlling unitholder) that owns a 39.6% interest in the Fund. This partnership structure, which is the backbone of our business model, has grown from 191 shareholders as of December 31, 2006 to 264 as of December 31, 2007. This increase was mainly the result of the acquisitions completed in 2007, which added 70 new partners. GENIVAR inc. holds 8,463,966 exchangeable units of the Fund and relies on these 264 entrepreneurial resources of the Fund to run the business throughout its network of offices. This team of partners shares a common vision of developing their region and all of our market segments through the leveraging of the global expertise of the Fund. Our clients deal with employee-owners who have a vested interest in the success of their projects, customer satisfaction and the profitability of the Fund. This unique business model combines the advantages of the small business entrepreneurial spirit to the global outreach of a large multidisciplinary firm. This model is a unique asset and we believe that it serves as a selling feature when we approach talented resources and acquisitions.

In 2007, 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 \$257.2 million, \$206.6 million and \$42.2 million, representing year over year increases of 46.0%, 61.4% and 62.2% for the twelve-month period ending December 31, 2007. Net earnings and distributable cash per unit during this period were respectively \$1.32 per unit and \$1.59 per unit.

Year-end results were fueled by a very strong fourth quarter, with total revenues of \$70.5 million and net revenues of \$58.0 million, representing respective year over year increases of 41.9% and 57.9%. EBITDA, during the period from October 1, 2007 to December 31, 2007, stood at \$12.8 million up from \$7.4 million for the same period one year ago, representing an increase of 72.0%.

In 2007, we exceeded expected budgeted performance for two important indicators. Organic growth in net revenues for the period from January 1, 2007 to December 31, 2007 represented a 27.2% increase over the previous year, compared to a forecast of 10%. EBITDA for fiscal year 2007 stood at \$42.2 million, representing a 20.4% margin of net revenues, up from our target of 18-20%.

The Fund distributed \$1.30 per unit in 2007, representing an adjusted payout ratio of 77.0% for the year. Aggregate distributions totalled \$26.1 million for the year. Based on the weighted average trading price of our unit for the year of \$19.97, total distributions of \$1.30 represent an annual yield of 6.51%.

2007 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 2008 is positive with our backlog increasing to \$207.5 million as of December 31, 2007, up from \$71.1 million one year ago and up from \$6.5 million since September 30, 2007.

In an effort to concentrate all its efforts in the success of the Fund, GENIVAR inc. (the non-controlling unitholder) exited the general contracting business in 2007. Management focus is now exclusively directed towards the professional consulting engineering, environmental and related services business carried out by the Fund.

In 2007, we continued to manage our risk and grow our business by diversifying our operations across other Canadian regions and by increasing our number of clients and projects in all of our five market segments.

Eleven different companies joined GENIVAR during fiscal 2007, contributing to the geographical expansion of the firm and enhancing the breath of our expertise.

- Effective January 1, 2007, Cochrane Design, an engineering firm of 150 employees, joined GENIVAR providing for an important foothold in Western Canada by establishing a presence in major cities, including Vancouver, Winnipeg, Saskatoon, and Regina.
- The acquisition of Toronto-based Kazmar Associates, a structural engineering firm of approximately 25 employees, was completed in January 2007 and strengthened our national platform in building services.
- In February 2007, we completed the acquisition of Groupe G.L.D., a multidisciplinary firm of 50 employees, and established a leadership position in the Beauce region, in Quebec.
- In May 2007, we announced the acquisition of Nove Environment, a Quebec-based environmental service firm of about 30 employees.
- In July 2007, two transportation group joined GENIVAR and established our platform in this market segment in Ontario: National Capital Engineering, a planning and design firm, and Harmer Podolak Engineering, a bridge and civil infrastructure design firm. These firms added approximately 55 employees to our work force.
- In July 2007, SEG Engineering, a Winnipeg firm, specialized in municipal infrastructure, joined GENIVAR.
- In September and October 2007, the Fund acquired two Quebec City firms, Terra and André Simard et Associés, active in the municipal infrastructure and waste management sectors.
- In October 2007, we expanded in northern Ontario with the acquisition of BH Martin, a multidisciplinary engineering firm of about 30 employees based in Timmins.
- Finally, in December 2007, VizStudio, a visual simulation group located in Montreal joined GENIVAR, providing us with leading expertise in 3D simulation of project implementation and impact analysis

In 2008, we intend to pursue our growth through selective and strategic acquisitions. As of March 10, 2008, GENIVAR added over 365 employees through the acquisitions of Transenco, RFA, Phoenix Engineering, and EXH.

Total capital expenditures during the year were \$8.0 million of which \$2.6 million was invested in a construction project to expand square footage of the main office in Quebec City. Investments in capital expenditures were also 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.

The Fund also pursued its effort to optimize efficiencies and systems throughout the firm and continued its ongoing integration of recent acquisitions.

Our balance sheet remained solid, with a cash position of \$12.8 million as at December 31, 2007. On September 13, 2007, the Fund issued, pursuant to a public offering \$50 million in new equity from which \$11 million were invested by GENIVAR inc., the non-controlling unitholder. 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.

## SUMMARY OF QUARTERLY RESULTS

	2007					2006		
	TTM	Q4	Q3	Q2	Q1	Q4	Q3	Q2 (37 days)
	TRAILING TWELVE MONTHS (AUDITED)	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)	FOR THE PERIOD FROM MAY 25 TO JULY 1 (UNAUDITED)
	IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA							
<b>Results of operations</b>								
Revenues	\$ 257,205	\$ 70,528	\$ 68,543	\$ 63,791	\$ 54,343	\$ 49,703	\$ 42,555	\$ 17,523
Net revenues <sup>(1)</sup>	\$ 206,628	\$ 57,999	\$ 53,602	\$ 50,859	\$ 44,168	\$ 36,733	\$ 33,732	\$ 14,216
Gross margin	\$ 100,649	\$ 28,762	\$ 26,233	\$ 24,578	\$ 21,076	\$ 17,533	\$ 16,196	\$ 7,176
EBITDA	\$ 42,160	\$ 12,788	\$ 11,685	\$ 9,597	\$ 8,090	\$ 7,437	\$ 7,024	\$ 3,354
Net earnings	\$ 15,295	\$ 5,676	\$ 4,344	\$ 2,603	\$ 2,672	\$ 2,577	\$ 2,364	\$ 1,403
Basic and diluted net earnings per unit	\$ 1.32	\$ 0.44	\$ 0.38	\$ 0.24	\$ 0.24	\$ 0.24	\$ 0.21	\$ 0.13
Weighted average number of units <sup>(2)</sup>	11,543,532	\$ 12,858,533	11,305,396	10,992,394	11,000,000	11,000,000	11,000,000	11,000,000
Diluted weighted average number of units <sup>(2)</sup>	19,635,498	21,332,787	19,347,454	18,920,619	18,927,381	18,927,381	18,927,381	18,927,381
<b>Distributable Cash</b>								
Distributable Cash <sup>(3)(4)</sup>								
Standardized	\$ 23,749	\$ 18,293	\$ 4,784	\$ 1,623	(\$ 951)	\$ 7,918	\$ 5,682	(\$ 1,850)
Adjusted	\$ 33,952	\$ 11,218	\$ 9,575	\$ 6,718	\$ 6,441	\$ 6,269	\$ 6,097	\$ 3,269
Distributable Cash, per unit <sup>(3)(4)</sup>								
Standardized	\$ 1.11	\$ 0.86	\$ 0.22	\$ 0.09	(\$ 0.05)	\$ 0.42	\$ 0.30	(\$ 0.10)
Adjusted	\$ 1.59	\$ 0.53	\$ 0.45	\$ 0.35	\$ 0.34	\$ 0.33	\$ 0.32	\$ 0.17
Distributions declared	\$ 26,142	\$ 11,749	\$ 4,933	\$ 4,730	\$ 4,730	\$ 4,730	\$ 4,730	\$ 1,934
Distributions declared, per unit	\$ 1.30	\$ 0.55	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.10
Payout ratio								
Adjusted	77.0%	104.7%	51.5%	70.4%	73.4%	75.5%	77.6%	59.2%

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

<sup>(2)</sup>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 Q3.

<sup>(3)</sup>The definition of Distributable Cash has been revised in Q3 to comply with the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities." See section "Distributable Cash".

<sup>(4)</sup>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 December 31, 2007 (18,927,381 at the same date in 2006). 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.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION

## FINANCIAL HIGHLIGHTS

	3 MONTHS		12 MONTHS	
	2007	2006	2007	2006
	FOR THE PERIOD FROM OCTOBER 1 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 (COMBINED-UNAUDITED) <sup>(1)</sup>
IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA				
Net revenues	\$ 57,999	\$ 36,733	\$ 206,628	\$ 127,979
EBITDA	\$ 12,788	\$ 7,437	\$ 42,160	\$ 25,989
Net earnings <sup>(3)</sup>	\$ 5,676	\$ 2,577	\$ 15,295	
Net earnings per Fund unit <sup>(2) (3)</sup>				
Basic	\$ 0.44	\$ 0.24	\$ 1.32	
Diluted	\$ 0.44	\$ 0.24	\$ 1.32	

	3 MONTHS		12 MONTHS	220-DAY PERIOD
	2007	2006	2007	2006
	FOR THE PERIOD FROM OCTOBER 1 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 MAY 25 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS				
Distributable Cash <sup>(4)</sup>				
Standardized	\$ 18,293	\$ 7,918	\$ 23,749	\$ 11,750
Adjusted	\$ 11,218	\$ 6,269	\$ 33,952	\$ 15,637
Aggregate Distributions, all units	\$ 11,749	\$ 4,730	\$ 26,142	\$ 11,394
Payout ratio				
Adjusted	104.7%	75.5%	77.0%	72.9%

## BALANCE SHEETS

	2007	2006
	AS AT DECEMBER 31 (AUDITED)	AS AT DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS		
Total Assets	\$ 305,972	\$ 248,838
Long-term financial liabilities <sup>(5)</sup>	-	\$ 6,957

<sup>(1)</sup>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.

<sup>(2)</sup>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 Q3.

<sup>(3)</sup>Net earnings and Earnings per Fund unit have not been presented on a comparative basis 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.

<sup>(4)</sup>The definition of Distributable Cash has been revised in Q3 to comply with the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities." See section "Distributable Cash."

<sup>(5)</sup>Consistent with the original provisions of the credit facilities agreement, bank advances are reclassified as long-term liabilities

## RESULTS OF OPERATIONS

	3 MONTHS		12 MONTHS	
	2007	2006	2007	2006
	FOR THE PERIOD FROM OCTOBER 1 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 (COMBINED-UNAUDITED) <sup>(1)</sup>
IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA				
<b>Revenues</b>	<b>\$ 70,528</b>	<b>\$ 49,703</b>	<b>\$ 257,205</b>	<b>\$ 176,113</b>
Deduct: Subconsultants and other direct expenses	\$ 12,529	\$ 12,970	\$ 50,577	\$ 48,134
<b>Net revenues</b>	<b>\$ 57,999</b>	<b>\$ 36,733</b>	<b>\$ 206,628</b>	<b>\$ 127,979</b>
Direct project costs	\$ 29,237	\$ 19,200	\$ 105,979	\$ 65,123
<b>Gross margin</b>	<b>\$ 28,762</b>	<b>\$ 17,533</b>	<b>\$ 100,649</b>	<b>\$ 62,856</b>
Marketing, general, and administrative expenses and others	\$ 15,974	\$ 10,096	\$ 58,489	\$ 36,867
<b>EBITDA</b>	<b>\$ 12,788</b>	<b>\$ 7,437</b>	<b>\$ 42,160</b>	<b>\$ 25,989</b>
Interest	\$ 158	\$ 195	\$ 1,651	\$ 608
Depreciation of property, plant, and equipment	\$ 924	\$ 534	\$ 2,893	\$ 1,867
Amortization of intangible assets	\$ 3,061	\$ 2,130	\$ 10,687	\$ 7,052
<b>Earnings before income taxes and non-controlling interest</b>	<b>\$ 8,645</b>	<b>\$ 4,578</b>	<b>\$ 26,929</b>	<b>\$ 16,462</b>
Income tax expense (recovery) <sup>(2)(4)</sup>	(\$ 755)	\$ 144	\$ 1,034	
<b>Earnings before non-controlling interest</b>	<b>\$ 9,400</b>	<b>\$ 4,434</b>	<b>\$ 25,895</b>	
Non-controlling interest <sup>(2)</sup>	\$ 3,724	\$ 1,857	\$ 10,600	
<b>Net earnings<sup>(2)</sup></b>	<b>\$ 5,676</b>	<b>\$ 2,577</b>	<b>\$ 15,295</b>	
<b>Basic net earnings per unit</b>	<b>\$ 0.44</b>	<b>\$ 0.24</b>	<b>\$ 1.32</b>	
Weighted average number of units <sup>(3)(5)</sup>	12,858,533	11,000,000	11,543,532	
Diluted net earnings per unit	\$ 0.44	\$ 0.24	\$ 1.32	
Diluted weighted average number of units <sup>(3)(5)</sup>	21,332,787	18,927,381	19,635,498	

<sup>(1)</sup>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.

<sup>(2)</sup>Income taxes, non-controlling interest and net earnings have not been presented on a comparative basis due to the changes in the capital structure of the preceding entities and the Fund in connection with the IPO on May 25, 2006.

<sup>(3)</sup>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 Q3.

<sup>(4)</sup>See section "Results of operations – Income tax expense."

<sup>(5)</sup>As at March 10, 2008, the number of units is identical to what it was as at December 31, 2007.

## RESULTS OF OPERATIONS <sup>(1)</sup>

### REVENUES

We operate in one reporting segment, 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, 2007, increased by \$20.8 million (41.9%) from \$49.7 million in 2006 to \$70.5 million in 2007. Revenues for the twelve-month period ended December 31, 2007, were \$257.2 million compared to \$176.1 million for the same period in 2006, which represents an increase of \$81.1 million (46.0%).

Our net revenues, expressed as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from our clients, were in the amount of \$58.0 million for the three-month period ended December 31, 2007, and \$36.7 million for the corresponding period in 2006, which represents an increase of \$21.3 million (57.9%). For the twelve month comparative period, net revenues increased from \$128.0 million for the twelve months ended December 31, 2006 to \$206.6 million for the corresponding period ended December 31, 2007, which represents an increase of \$78.6 million (61.4%).

The following table summarizes the impact of business acquisitions and organic growth on both revenues and net revenues:

IN THOUSANDS OF DOLLARS				
	3 MONTHS		12 MONTHS	
Revenues	VARIATION 2007 VS. 2006	%	VARIATION 2007 VS. 2006	%
Acquisition growth <sup>(2)</sup>	\$ 11,953	24.0%	\$ 49,710	28.2%
Organic growth	\$ 8,872	17.9%	\$ 31,382	17.8%
Total increase	\$ 20,825	41.9%	\$ 81,092	46.0%

IN THOUSANDS OF DOLLARS				
	3 MONTHS		12 MONTHS	
Net revenues	VARIATION 2007 VS. 2006	%	VARIATION 2007 VS. 2006	%
Acquisition growth <sup>(2)</sup>	\$ 10,622	28.9%	\$ 43,800	34.2%
Organic growth	\$ 10,644	29.0%	\$ 34,849	27.2%
Total increase	\$ 21,266	57.9%	\$ 78,649	61.4%

<sup>(1)</sup> Combined information for the twelve-month period ended December 31, 2006, was carved out, for the period from January 1, to May 24, 2006, from GENIVAR Engineering Services Business.

<sup>(2)</sup> Acquisition growth is calculated by comparing the current revenues of the acquired business to the revenues for the corresponding period of the previous year. Current revenues that exceed the average revenues of the acquired business at the acquisition's date are presented as organic growth.

For the three-month period ended December 31, 2007, on a net revenues basis, acquisition growth accounted for \$10.6 million, from which \$1.2 million was generated by way of the acquisitions concluded in the fourth quarter of 2007, \$1.9 million by way of the acquisitions concluded in the third quarter and \$6.6 million by way of the acquisitions concluded in the first two quarters. Finally, \$0.9 million originated from the Martoni acquisition concluded in fiscal 2006.

For the twelve-month period ended December 31, 2007, on a net revenues basis, acquisition growth accounted for \$43.8 million, from which \$1.2 million was generated by way of the acquisitions concluded in the fourth quarter of 2007, \$3.5 million by way of the acquisitions concluded in the third quarter and \$24.9 million by way of the acquisitions concluded in the first two quarters. Finally, \$14.2 million originated from the MacViro and Martoni acquisitions concluded in fiscal 2006.

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 December 2006 to December 2007, the number of employees increased by 50.0%, from 1,600 to 2,400 employees. Half of this increase 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. Direct project costs include payroll costs relating to the delivery of consulting services and project delivery. Marketing, general, and administrative expenses 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, all of which are expressed as a percentage of net revenues.

## DIRECT PROJECT COSTS

For the three-month period ended December 31, 2007, direct costs represented 50.4% of net revenues compared to 52.3% for the same period in 2006.

For the twelve-month period ended December 31, 2007, direct costs represented 51.3% of net revenues compared to 50.9% for the same period in 2006. The \$1.5 million net revenues recognized in the first quarter of 2006 on some very profitable projects continue to impact positively the percentage of direct costs over net revenues in the twelve months ended December 31, 2006.

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

- 50.4%      Q4-2007
- 51.1%      Q3-2007
- 51.7%      Q2-2007
- 52.3%      Q1-2007

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

## GROSS MARGIN

For the three-month period ended December 31, 2007, the gross margin represented 49.6% of net revenues compared to 47.7% for the same period in 2006.

For the twelve-month period ended December 31, 2007, the gross margin represented 48.7% of net revenues compared to 49.1% for the same period in 2006.

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

- 49.6% Q4-2007
- 48.9% Q3-2007
- 48.3% Q2-2007
- 47.7% Q1-2007

As previously mentioned, this improvement over the last quarters is attributable to higher productivity levels and 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, 2007 increased to \$16.0 million compared to \$10.1 million for the same period in 2006. As a percentage of net revenues, marketing, general and administrative expenses and others represent 27.5%, which represents the same percentage as the same period in 2006.

For the twelve-month period ended December 31, 2007, marketing, general, and administrative expenses represented 28.3% of net revenues compared to 28.8% for the same period in 2006.

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

- 27.5% Q4-2007
- 27.1% Q3-2007
- 29.5% Q2-2007
- 29.4% Q1-2007

Integration costs of recently-acquired companies continue to impact, in terms of dollars, the marketing, general and administrative expenses, but these costs are partially offset by the synergies created on some previous acquisitions. Also, since we have reached higher productivity levels on projects, there is less staff time charged to marketing and administration. Finally, marketing, general and administrative expenses are not in direct relation with net revenues and therefore may fluctuate from quarter to quarter.

## EBITDA

EBITDA for the three months ended December 31, 2007, stood at \$12.8 million, up \$5.4 million from \$7.4 million for the same period in 2006, thus representing a 72.0% increase. As a percentage of net revenues, EBITDA margin stood at 22.0% for the three-month period ended December 31, 2007, compared to 20.2% for the same period in 2006. EBITDA for the twelve months ended December 31, 2007, was \$42.2 million, up \$16.2 million from \$26.0 million for the same period in 2006, representing a 62.2% increase.

As a percentage of net revenues, EBITDA increased in the last quarter:

- 22.0% Q4-2007
- 21.8% Q3-2007
- 18.9% Q2-2007
- 18.3% Q1-2007

The increase in EBITDA during the fourth quarter of 2007 is mainly attributable to the increase in gross margin.

## DEPRECIATION AND AMORTIZATION

Depreciation of property, plant and equipment for the three months ended December 31, 2007 was \$0.9 million compared to \$0.5 million for the same period in 2006. For the twelve months ended December 31, 2007, depreciation of property, plant and equipment increased by \$1.0 million, from \$1.9 million in 2006 to \$2.9 million in 2007. The underlying cause is the depreciation of additional assets acquired through various business acquisitions.

Amortization of intangible assets, for the three months ended December 31, 2007, was \$3.1 million compared to \$2.1 million for the same period in 2006. For the twelve months ended December 31, 2007, amortization of intangible assets increased by \$3.6 million, from \$7.1 million in 2006 to \$10.7 million in 2007. The amortization expense increase is attributable to the business acquisition completed in the last quarter of fiscal year 2006, as well as those completed in fiscal year 2007.

## INTEREST

Interest expense for the three months ended December 31, 2007 and 2006, amounted to \$0.2 million. Interest expense for the twelve months ended December 31, 2007, increased to \$1.7 million compared to \$0.6 million during the same period in 2006. The increase can be explained by a higher debt position in 2007 than in 2006, which is directly related to business acquisitions.

## 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 financial statements before this date reflects only those temporary differences expected to reverse within two 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, the Fund accounted for future income taxes. The cumulative effect of future income taxes recognized in addition to the taxes recognized by operating subsidiaries subject to income taxes, is based on existing temporary differences 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 December 31, 2007 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 (29.5%). Any change will be reflected in net earnings.

For the twelve-month period ended December 31, 2007, the Fund recognized an amount of \$0.6 million as a charge to income tax expense and \$0.2 million as a reduction of issuance-related costs, with a net result of \$0.4 million as future income tax liabilities. For the three-month period ended December 31, 2007, the Fund recognized an amount of \$0.7 million as an income tax recovery. This recovery during the fourth quarter is mainly attributable to the temporary differences on intangible assets and to the tax rate change from 31.5% to 29.5% effective December 2007.

In response to these changes, management has analyzed the current state of legislation and its implications. At present, we can formulate the following response to the issue at hand:

- The changes do not impact our business model and business strategies; management believes professional services firms are well-suited for income trusts since most professional services firms operate under a partnership structure where the most important assets are the employees and where low-capital expenditures are required to operate. The GENIVAR Income Fund remains a sustainable model even after the modifications will have been implemented in 2011.
- The changes do not impact our current strategy for cash distribution to Unitholders.
- The other changes included in the new law will not significantly impact our access to additional capital. In September 2007, the Fund issued \$50.0 million in new equity from which \$11.0 million were invested by GENIVAR inc., the Non-controlling Unitholder. For each calendar year 2008, 2009, and 2010, the Fund could issue up to 20.0% of its October 31, 2006, market capitalization (approximately \$135 million). This new equity, combined with our existing credit facilities, will sustain our growth plan.

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

## NET EARNINGS AND EARNINGS PER FUND UNIT

The Fund's net earnings for the three-month period ended December 31, 2007 were \$5.7 million or \$0.44 per unit on both a basic and diluted basis.

The Fund's net earnings for the twelve-month period ended December 31, 2007 were \$15.3 million or \$1.32 per unit on both a basic and a diluted basis.

Earnings per unit have been affected in the third quarter by the issuance of units in connection with the public offering realized in September 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		220-DAY PERIOD
	2007	2006	2007		2006
	FOR THE PERIOD FROM OCTOBER 1 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 MAY 25 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA					
<b>Cash flows from operating activities</b>	<b>\$ 19,735</b>	<b>\$ 8,833</b>	<b>\$ 31,801</b>		<b>\$ 13,333</b>
Capital expenditures paid	(\$ 1,442)	(\$ 915)	(\$ 8,052)		(\$ 1,583)
<b>Standardized Distributable Cash</b>	<b>\$ 18,293</b>	<b>\$ 7,918</b>	<b>\$ 23,749</b>		<b>\$ 11,750</b>
Change in non-cash working capital items <sup>(1)</sup>	(\$ 7,211)	(\$ 1,649)	\$ 8,461		\$ 3,887
Purchase of units in the market under the long-term incentive plan	-	-	(\$ 825)		-
Capital expenditures paid for non-recurring items <sup>(2)</sup>	\$ 136	-	\$ 2,567		-
<b>Adjusted Distributable Cash <sup>(3)</sup></b>	<b>\$ 11,218</b>	<b>\$ 6,269</b>	<b>\$ 33,952</b>		<b>\$ 15,637</b>
<b>Adjusted Distributable Cash, per unit <sup>(3)</sup></b>	<b>\$ 0.53</b>	<b>\$ 0.33</b>	<b>\$ 1.59</b>		<b>\$ 0.83</b>
<b>Payout ratio</b>					
<b>Adjusted</b>	<b>104.7%</b>	<b>75.5%</b>	<b>77.0%</b>		<b>72.9%</b>
<b>Distributions</b>					
Fund's units distributions	\$ 7,095	\$ 2,749	\$ 15,500		\$ 6,622
Class B Non-subordinated Exchangeable LP unit distributions	\$ 2,053	\$ 799	\$ 4,493		\$ 1,924
Class C Subordinated Exchangeable LP unit distributions	\$ 2,601	\$ 1,182	\$ 6,149		\$ 2,848
<b>Aggregate distributions, all units <sup>(3)</sup></b>	<b>\$ 11,749</b>	<b>\$ 4,730</b>	<b>\$ 26,142</b>		<b>\$ 11,394</b>
<b>Aggregate distributions, all units, per unit <sup>(3)</sup></b>	<b>\$ 0.55</b>	<b>\$ 0.25</b>	<b>\$ 1.30</b>		<b>\$ 0.60</b>

<sup>(1)</sup>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.

<sup>(2)</sup>Non-recurring capital expenditures pertain to a construction project which had for objective to expand square footage of the main office in Quebec City.

<sup>(3)</sup>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 December 31, 2007 (18,927,381 at the same date in 2006). 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 months ended December 31, 2007, the Fund generated \$11.2 million of Adjusted Distributable Cash compared to \$6.3 million for the same period in 2006.

The adjusted payout ratio for the quarter is 104.7% compared to 75.5% for the same period in 2006. This increase is primarily due to the one-time special distribution of \$0.30 per unit declared in November 2007. Adjusted payout ratio for the year 2007 is 77.0%.

## 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. In 2007, investments in capital expenditures were 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. A non-recurring amount of \$2.6 million was also invested in a construction project to expand square footage of the main office in Quebec City.

## LONG-TERM INCENTIVE PLAN ("LTIP")

The officers and key employees are eligible to participate in GENIVAR LP's LTIP. The purpose of the LTIP is to reward and retain officers and key employees for significant performance and associated per unit cash flows growth of the Fund. Pursuant to the LTIP, GENIVAR LP will set aside a pool of funds based upon the amount, if any, by which the Fund's per unit distributions exceed certain defined per unit distributable cash threshold amounts.

The percentage amount of that excess will be determined in accordance with the table below:

PERCENTAGE BY WHICH DISTRIBUTABLE CASH PER UNIT EXCEEDS THE BASE THRESHOLD	MAXIMUM PROPORTION OF DISTRIBUTABLE CASH AVAILABLE FOR LTIP PAYMENTS
5% or less	10% of any excess up to 5%
Over 5% to 10%	10% of the first 5% and 15% of any excess over 5% but not exceeding 10%
Greater than 10%	10% of the first 5% and 15% of any excess over 5% but not exceeding 10% and 20% of any excess over 10%

Until December 31, 2008, the base threshold will be \$1.00 per unit. After December 31, 2008, the board of directors of GENIVAR GP Inc or any authorized committee will review and assess the base threshold. Based on the December 31, 2007, distributable cash, the maximum amount of the 2008 LTIP is \$2.3 million.

For more details about the LTIP program, please refer to the note 17 of the audited consolidated financial statements.

## CASH DISTRIBUTION

Since the beginning of its operations on May 2006, the Fund declared a monthly distribution of \$0.0833 per unit or \$1.0 per unit on an annualized basis. On November 2007, the Fund announced a one-time special distribution of \$0.30 per unit for unitholders of record at the close of business on November 30, 2007.

	3 MONTHS		12 MONTHS
	2007	2006	2007
	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS			
<b>Cash flows from operating activities</b>	<b>\$ 19,735</b>	<b>\$ 8,833</b>	<b>\$ 31,801</b>
Net earnings	\$ 5,676	\$ 2,577	\$ 15,295
Non-controlling interest	\$ 3,724	\$ 1,857	\$ 10,600
<b>Earnings before non-controlling interest</b>	<b>\$ 9,400</b>	<b>\$ 4,434</b>	<b>\$ 25,895</b>
<b>Actual cash distributions declared</b>	<b>\$ 11,749</b>	<b>\$ 4,730</b>	<b>\$ 26,142</b>
Excess of cash flows from operating activities over cash distributions declared	\$ 7,986	\$ 4,103	\$ 5,659
Shortfall of earnings before non-controlling interest over cash distributions declared	(\$ 2,349)	(\$ 296)	(\$ 247)

## EXCESS OF CASH FLOWS FROM OPERATING ACTIVITIES OVER CASH DISTRIBUTIONS DECLARED

Cash flows from operating activities exceeded cash distributions declared for both the three-month and twelve-month periods ended December 31, 2007. The excess is more important in the three-month period than in the twelve-month period, 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. In addition, additional investments in working capital were required to fund organic growth in net revenues achieved both during the three-month and the twelve-month periods ended December 31, 2007.

## SHORTFALL OF EARNINGS BEFORE NON-CONTROLLING INTEREST OVER CASH DISTRIBUTIONS DECLARED

For the three-month period ended December 31, 2007, Earnings before non-controlling interest are lower than the cash distributions declared by \$2.3 million. This can be explained by the one-time special distribution of \$0.30 per unit of \$6.4 million declared and paid in the fourth quarter. As shown by the twelve-month minor shortfall of \$0.2 million, on an annual basis, the one-time special distribution did not exceed the Earnings before non-controlling interest or have a negative impact. It is also important to note that the Fund does not use net earnings as a basis to calculate cash distributions as net earnings, in accordance with GAAP, include expenses which do not affect cash such as amortization of intangible assets including non-compete agreements, customer relationships and contract backlogs. As a result of GENIVAR's acquisitions over the past several 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 \$0.4 million for the three-month period and by \$9.5 million for the twelve-month period ended December 31, 2007.

## BACKLOG

As at December 31, 2007, our backlog, which represents future revenues that stem from existing signed contracts to be executed, stood at \$207.5 million. As at December 31, 2006, our backlog was \$136.4 million. On a comparative basis, this represents a 52.1% increase. If we consider that our field of business measures backlog in terms of months of work, we can foresee that it represents approximately nine months of upcoming work.

- \$207.5 million            Q4-2007
- \$201.0 million            Q3-2007
- \$176.7 million            Q2-2007
- \$156.4 million            Q1-2007

## LIQUIDITY AND CAPITAL RESOURCES

	3 MONTHS		12 MONTHS	220-DAY PERIOD
	2007	2006	2007	2006
	FOR THE PERIOD FROM OCTOBER 1 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 MAY 25 TO DECEMBER 31 (AUDITED)
IN THOUSANDS OF DOLLARS				
<b>Cash Flows</b>				
Cash flows from operating activities	\$ 19,735	\$ 8,833	\$ 31,801	\$ 13,332
Cash flows from financing activities	(\$ 12,622)	\$ 1,528	\$ 3,244	\$ 33,661
Cash flows from investing activities	(\$ 4,467)	(\$ 2,175)	(\$ 30,376)	(\$ 38,807)
<b>Net change in cash position during the period</b>	<b>\$ 2,646</b>	<b>\$ 8,186</b>	<b>\$ 4,669</b>	<b>\$ 8,186</b>
<b>Distributions paid</b>	(\$ 11,749)	(\$ 6,073)	(\$ 25,939)	(\$ 9,029)
<b>Capital expenditures</b> (including capital expenditures paid for non-recurring items)	(\$ 1,442)	(\$ 915)	(\$ 8,052)	(\$ 1,583)

## CASH FLOWS FROM OPERATING ACTIVITIES

For the twelve-month period ended December 31, 2007, operations generated \$40.3 million of cash, of which \$8.5 million was used in non-cash working capital items for net cash from operating activities of \$31.8 million. The use of \$8.5 million in non-cash working capital is mainly attributable to an increase of \$16.8 million in accounts receivable and of \$6.8 million in costs and anticipated profits in excess of billings. This increase is offset by an increase of \$7.8 million in accounts payable and of \$6.8 million in billings in excess of costs and anticipated profits.

For the three-month period ended December 31, 2007, operations generated \$12.5 million of cash, of which \$7.2 million was generated by non-cash working capital items for net cash from operating activities of \$19.7 million. The decrease in costs and anticipated profits in excess of billings generated \$5.9 million and the increase in billings in excess of costs and anticipated profits generated \$2.3 million. This is partially offset by an increase in accounts receivable of \$2.4 million.

Accounts receivables and costs and anticipated profits in excess of billings represent approximately 108 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, 2007, financing activities generated up to \$3.2 million of cash. Out of this amount, \$47.6 million came from the issuance of units pursuant to a public offering and a net amount of \$16.9 million was used to reimburse bank advances and advances from the Non-controlling Unitholder. Finally, \$25.9 million was used to pay distributions to unitholders.

For the three-month period ended December 31, 2007, financing activities used up to \$12.6 million of cash. Out of this amount, \$0.5 million was used to reimburse advances from the Non-controlling Unitholder and \$0.4 million to pay some balances of purchase price related to business acquisitions. Finally, \$11.7 million was used to pay distributions to unitholders.

## CASH FLOWS FROM INVESTING ACTIVITIES

For the twelve-month period ended on December 31, 2007, investing activities used up to \$30.4 million of cash. Business acquisitions used up \$22.9 million of this amount and capital expenditures incurred totaled \$8.1 million. Capital expenditures include a non-recurring amount of \$2.6 million pertaining to a construction project to expand square footage of the main office in Quebec City.

For the three-month period ended on December 31, 2007, investing activities used up to \$4.5 million of cash. Business acquisitions used up \$3.0 million of this amount and capital expenditures incurred totaled \$1.4 million.

As at December 31, 2007, the cash position of the Fund amounted to \$12.8 million and consists of cash and cash equivalents.

In the third quarter, the Fund totally reimbursed the bank advances with the proceeds of the units issued in September pursuant to a public offering. Advances payable to the Non-controlling Unitholder were also reimbursed in September with the proceeds of the units issued.

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 facility has been mainly used to complete business acquisitions.

The Fund has credit facilities, totaling \$42.0 million, allocated as follows:

### **Term facility**

Term facility of \$40.0 million for operations purposes 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 \$5.0 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 2010. 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 hypothec over the universality of movable assets and bear interest at prime rate, U.S. base rate or LIBOR rate 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, the Fund is required, among other conditions, to respect certain covenants, which have been met as at December 31, 2007.

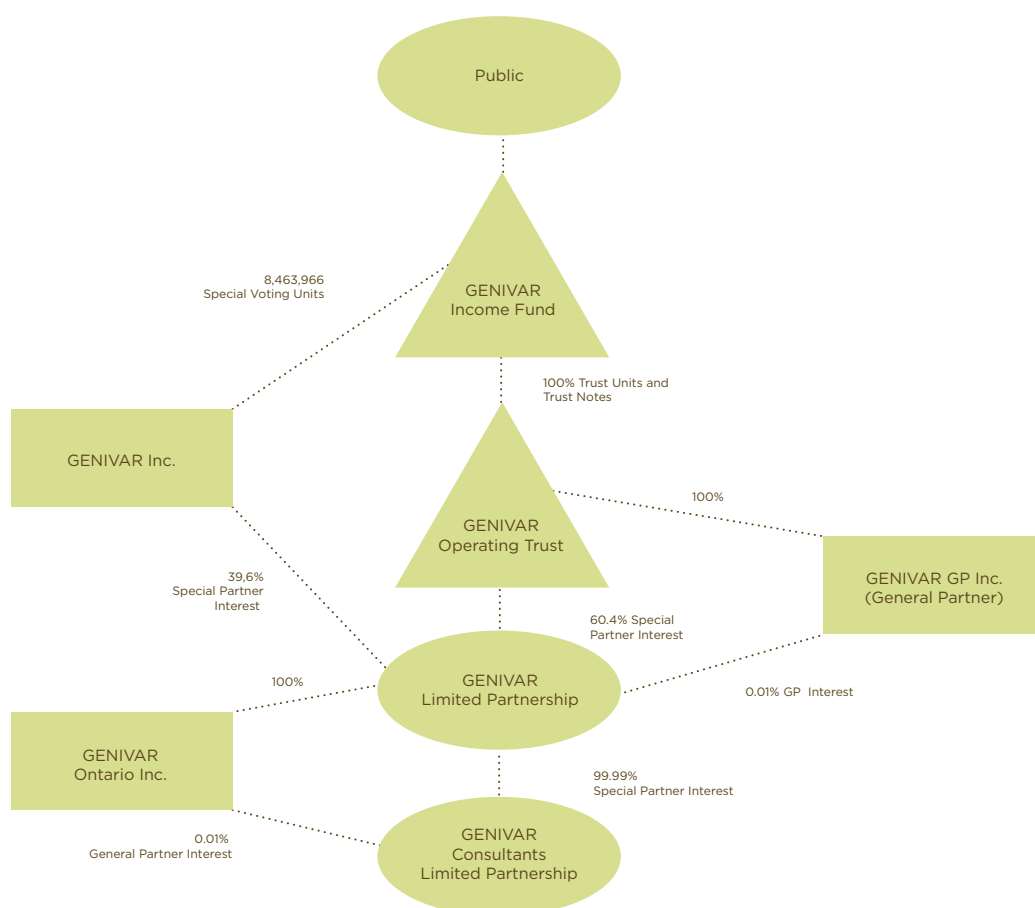
As at December 31, 2007, and since the beginning of its activities, the Fund does not hold any commercial papers. Consequently, the Fund has not been affected by asset backed commercial paper.

## 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. ("GENIVAR GP"), 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 partnership units (the "Non subordinated Exchangeable LP units") and 4,731,845 Class C partnership 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, subject to an adjustment. The Subordinated LP units are exchangeable, no earlier than July 1, 2008, into units, on a one-for-one basis, subject to an adjustment. 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 Subordinated Exchangeable LP Unit.

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



<sup>(1)</sup>Certain subsidiaries, each of which represents not more than 10% of the consolidated assets and not more than 10% of the consolidated revenues of GENIVAR, and all of which, in the aggregate, represent not more than 20% of the total consolidated assets and the total consolidated revenues of GENIVAR as at December 31, 2007 have been omitted.

## GOVERNANCE

### DISCLOSURE CONTROLS

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, 2007 to ensure that material information relating to the Fund would have been known to them.

### 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 months ended December 31, 2007 that have materially affected, or that are reasonably likely to materially affect its ICFR. No such changes were identified through their evaluation.

The Fund maintained its growth strategy through acquisitions by completing eleven transactions in 2007. During the year, the Fund added 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. Delays were encountered in documenting and evaluating the design of the control procedures at the subsidiaries' level. 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 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 period. 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 is 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.

## 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 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. 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, 2007, such test determined that no impairment exists.

## NEW ACCOUNTING STANDARDS

On January 1, 2007, the Fund adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

- Section 1506, "Accounting Changes." This section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.
- Section 1530, "Comprehensive Income." This section establishes standards for reporting and display of certain gains and losses recognized in comprehensive income, but excluded from net income. The adoption of this section implied that the Fund now presents a consolidated statement of earnings and comprehensive income as a part of the consolidated financial statements.
- Section 3855 "Financial Instruments – Recognition and Measurement". This section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the consolidated financial statements. Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, whether they are part of a hedging relationship or not, have to be measured at fair value. The Fund does not use hedge accounting.

The Fund has made the following classifications:

- Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net earning.
- Accounts receivables, costs and anticipated profits in excess of billings, and advances to companies controlled by the non-controlling unitholder are classified as loans and receivables and are initially measured at fair value, except for the related party transactions, which are measured at cost, and subsequently at amortized cost using the effective interest rate method. For the Fund, the measured amount corresponds to cost since the transactions occurred with related parties or either as a result of their short-term maturity.
- Accounts payables and accrued liabilities, balances of purchase prices payable, advances payable to the non-controlling unitholder, billings in excess of costs and anticipated profits, distributions payable to unitholders, and bank advances are classified as other liabilities and are initially measured at fair value except for the related party transactions which are measured at cost and subsequently at amortized cost using the effective interest rate method. For the Fund, that measured amount corresponds to cost since the transactions occurred with related parties or either as a result of their short-term maturity or the one initially measured.
- Section 3251, "Equity." This section describes standards for the presentation of equity and changes in equity for a reporting period as a result of the application of Section 1530, "Comprehensive Income."
- Section 3865, "Hedges." This section provides an alternative to Section 3855 for entities that choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13, "Hedging Relationships," and on the hedging guidance in Section 1650, "Foreign Currency Translation."
- Section 1540, "Cash Flow Statements." This section has been amended to include disclosure of the extent to which cash distributions are non-discretionary. All cash distributions of the Fund are discretionary. These requirements apply to all cash distributions on financial instruments classified as equity that are determined in accordance with a contractual agreement or relevant constating document.

The Fund adopted these new recommendations prospectively. The implementation of these standards had no significant impact on the consolidated financial statements of the Fund.

In October 2007, the CICA issued EIC-167, "Future Income Tax Liabilities – Income Trusts and Other Specified Investment Flow-Throughs" and modified EIC 107, "Application of CICA 3465 to Mutual Fund Trusts, Real Estate Investment Trusts, Royalty Trusts and Income Trusts." EIC-167 addresses when future income tax assets and liabilities should be recognized as a result of changes to the Income Tax Act, whether the recognition of a future income tax asset and liability is a charge to income or a charge to equity, how to measure the future income tax asset or liability, and which disclosures should be made in the financial statements pertaining to the future income tax asset and liability. EIC-107 was amended as a consequence of a change to the Income Tax Act, which affects income trusts and specified income flow-throughs and the issuance of EIC-167. The impact of the implementation of these standards is presented in the Financial Statements.

## FUTURE ACCOUNTING STANDARDS

The CICA published the following new sections that are effective for the Fund for interim and annual financial statements beginning on January 1, 2008:

- 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."
- 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 1400, "General Standards on 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.

These standards will be adopted by the Fund as of January 1, 2008. The application of these standards does not have a material impact on the financial position or results of operations of the Fund.

On December 4, 2007, CICA issued for comments the draft abstract EIC-D73, "Future income tax consequences of exchangeable interest in an income trust or specified investment flow-through." This abstract described how a public income trust with exchangeable interests should account for future income taxes. Management does not expect a significant change to the Financial Statements of the Fund when the abstract is adopted.

## 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 has been concluded with unrelated parties. As a result, the transaction yields fiscal benefits for both the vendors and GENIVAR LP. The Fund acquired GLD, NOVE, NCE, SEG, Harmer Podolak, Terra, ASA, VIZ, BHM, TL, RFA, and Phoenix in this manner.

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

IN THOUSANDS OF DOLLARS	2007	
	3 months	12 months
	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31 (AUDITED)
Revenues	455	3,082
Costs	33	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 2007, the Fund also retained the services of one of these companies to realize the expansion project of an existing building. These costs, capitalized by the Fund in fixed assets, amounted to \$1.6 million for the twelve months ended December 31, 2007. Both the Fund and the Construction company occupy the building and the Construction company pays rent to the Fund based on square-footage at current market rates.

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 them. These services amounted to less than \$0.1 million for both the three and the twelve months ended December 31, 2007.

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 December 31, 2007, advances totaled \$0.2 million. Net interest expense charged to the Fund by the Non-controlling Unitholder amounted to less than \$0.1 million for the three months ended December 31, 2007, and \$0.5 million for the twelve months ended December 31, 2007.

## OFF-BALANCE SHEET AGREEMENTS

There were no off-balance sheet agreements as at December 31, 2007.

## COMMITMENTS

In 2007, management pursues its office facility consolidation strategy both in Montreal and in the Greater Toronto area. As a result of this consolidation strategy, lease commitments significantly increased in the fourth quarter due to the closing of an important lease with a ten-year term.

The following table provides a summary of our contractual obligations and should be read in conjunction with notes 23 and 26 to our audited consolidated financial statements for the year ended December 31, 2007.

IN THOUSANDS OF DOLLARS	2008	2009	2010	2011	2012	Thereafter	Total
Lease commitments	\$ 7,772	\$ 6,890	\$ 5,774	\$ 5,395	\$ 4,650	\$ 17,336	\$ 47,817
Closing payment for acquisitions completed after year end	\$ 34,839	\$ 9,245	-	-	-	-	-

## FOREIGN CURRENCY FORWARD OPTIONS

Since the Fund 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, the Fund entered into foreign currency forward options and contracts to cover future sales anticipated in US dollars. Pursuant to these foreign currency forward options and contracts, the Fund is required to sell US dollars at a predetermined rate.

As at December 31, 2007, the Fund held foreign currency forward options to exchange, during the next eleven months, US\$250,000 each month at a rate of CAN\$0.984/US\$1. If the exchange rate reaches CAN \$1.04/US\$1 before the expiration date of the foreign currency forward options, all the foreign currency forward options not expired must be exercised before the expiration date. These foreign currency forward options, whose unrealized loss amounts to less than \$0.1 million, have been classified as liabilities.

## SUBSEQUENT EVENT

In January and February 2008, the Fund acquired all the assets and liabilities of Transenco Limited ("TL"), RFA Consulting Electrical Engineers Inc ("RFA"), Phoenix Engineering Inc. ("Phoenix"), and EXH Engineering Services Ltd. ("EXH"), four Canadian engineering firms for a total consideration of \$44 million.

## 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 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 will cease to apply to such employees to 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 5% of its revenues for the year ended December 31, 2007 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 options and contracts during the period to cover future sales anticipated in US dollars. Pursuant to these foreign currency forward options and contracts, GENIVAR is required to sell US dollars at a predetermined rate.

## 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 60.4% 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 shareholders 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 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.

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 Minister 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 Ministre des finances (Quebec) (the "Ministere") 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 Ministere 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 Minister 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 Non-Subordinated Exchangeable LP Units and Subordinated 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 3,732,121 Non-Subordinated Exchangeable LP Units and 4,731,845 Subordinated Exchangeable LP Units representing, in the aggregate, 39.6% of the outstanding GENIVAR LP Units. Under the Exchange Agreement, the Non-Subordinated 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. The Subordinated Exchangeable LP Units may be exchangeable for Units at any time after the Subordination End Date 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.



## CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2007 and 2006 (in thousands of dollars)

## MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of GENIVAR Income Fund and all the information in this annual report are the responsibility of management and are approved by the Board of Fund Trustees.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it considers most appropriate for the circumstances.

The significant accounting policies used are described in Note 3 to the consolidated financial statements. Certain amounts in the financial statements are based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Fund maintains systems of internal accounting and administrative controls which are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Fund's assets are appropriately accounted for and adequately safeguarded.

The Board of Fund Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Fund Trustees carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Fund Trustees, and three of its members are outside directors. The Audit Committee meets periodically with management, as well as with the external auditors, to discuss internal controls, accounting, auditing and financial reporting issues, to ensure that each party is properly discharging its responsibilities, and to review the consolidated financial statements, the management's discussion and analysis and the external auditors' report. The Audit Committee reports its findings to the Board of Fund Trustees for consideration when the latter approves the consolidated financial statements for issuance to the unitholders. The Audit Committee also considers, for review by the Board of Fund Trustees and approval by the unitholders, the engagement or reappointment of the external auditors.

The consolidated financial statements have been audited, on behalf of the unitholders, by PricewaterhouseCoopers LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. The external auditors have full and free access to the Audit Committee and may meet with or without the presence of management.

**Pierre Shoiry, Eng., M. A. Sc.,**  
President and Chief Executive Officer

**Marcel Boucher, CA, CFE,**  
Chief Financial Officer

Montreal, Quebec, Canada  
March 10, 2008

## AUDITORS' REPORT

### To the Unitholders of GENIVAR Income Fund

We have audited the consolidated balance sheets of GENIVAR Income Fund as at December 31, 2007 and 2006 and the consolidated statements of earnings and comprehensive income, deficit and contributed surplus and cash flows for the year ended December 31, 2007 and for the period from May 25, to December 31, 2006. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the year ended December 31, 2007 and for the period from May 25, to December 31, 2006 in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

**Chartered Accountants**  
Montreal, Quebec, Canada  
March 10, 2008

*PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l. and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.*

**CONSOLIDATED BALANCE SHEETS (AS AT DECEMBER 31)**

IN THOUSANDS OF DOLLARS	2007 (\$)	2006 (\$)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	12,855	3,986
Cash held in trust	-	4,200
Accounts receivable (notes 6 and 10)	75,016	51,445
Income taxes receivable	65	87
Costs and anticipated profits in excess of billings (note 10)	27,523	17,910
Advances to companies controlled by the non-controlling unitholder	20	105
Prepaid expenses	1,069	708
	116,548	78,441
<b>Property, plant and equipment</b> (note 7)	17,141	12,126
<b>Intangible assets</b> (note 8)	45,585	41,834
<b>Goodwill</b> (notes 4 and 9)	126,698	116,437
	305,972	248,838
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 11)	41,629	28,585
Balances of purchase prices payable (notes 4 and 12)	1,710	-
Advances payable to the non-controlling unitholder	224	8,763
Income taxes payable	235	166
Billings in excess of costs and anticipated profits	17,567	10,783
Future income tax liabilities (note 19)	859	690
Distributions payable to unitholders (note 16)	2,568	2,365
	64,792	51,352
<b>Bank advances</b> (note 10)	-	6,957
<b>Future income tax liabilities</b> (note 19)	1,923	1,734
<b>Non-controlling interest</b> (note 13)	93,507	79,073
	160,222	139,116
<b>UNITHOLDERS' EQUITY</b>		
<b>Fund units</b> (note 14)	146,233	110,000
<b>Deficit</b>	(483)	(278)
	145,750	109,722
	305,972	248,838
<b>Commitments and contingencies</b> (note 23)		
<b>Subsequent event</b> (note 26)		

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

Approved by the Trustees,

(signed) Pierre Shoiry , Trustee / (signed) Pierre Seccareccia , Trustee

## CONSOLIDATED STATEMENTS OF DEFICIT AND CONTRIBUTED SURPLUS

IN THOUSANDS OF DOLLARS	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
<b>Deficit – Beginning of period</b>	278	–
Net earnings for the period	(15,295)	(6,344)
Declared distributions to unitholders (note 16)	15,500	6,622
<b>Deficit – End of period</b>	483	278

IN THOUSANDS OF DOLLARS	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
<b>Contributed Surplus – Beginning of period</b>	–	–
Compensation costs under the LTIP (note 17)	275	–
Units vested under the LTIP (note 14)	(275)	–
<b>Contributed Surplus – End of period</b>	–	–

## CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
<b>Revenues</b>	257,205	109,781
<b>Costs</b>	156,556	68,876
<b>Gross margin</b>	100,649	40,905
<b>Expenses</b>		
Marketing, general and administrative	57,819	23,063
Depreciation of property, plant and equipment	2,893	1,245
Amortization of intangible assets	10,687	5,391
Net interest expense (note 18)	1,528	404
Exchange loss	793	98
	73,720	30,201
<b>Earnings before income taxes and non-controlling interest</b>	26,929	10,704
<b>Income tax expense (recovery) (note 19)</b>	1,034	(211)
<b>Earnings before non-controlling interest</b>	25,895	10,915
<b>Non-controlling interest (note 13)</b>	(10,600)	(4,571)
<b>Net earnings and comprehensive income for the period</b>	15,295	6,344
Basic net earnings per unit	1.32	0.58
Weighted average number of units (note 15)	11,543,532	11,000,000
Diluted net earnings per unit	1.32	0.58
Diluted weighted average number of units (note 15)	19,635,498	18,927,381

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

IN THOUSANDS OF DOLLARS	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
<b>Cash flows from operating activities</b>		
Net earnings for the period	15,295	6,344
Items not affecting cash and cash equivalents		
Depreciation and amortization	13,580	6,636
Compensation costs under the LTIP	275	-
Future income taxes	512	(332)
Non-controlling interest	10,600	4,571
	40,262	17,219
Change in non-cash working capital items (note 20a)	(8,461)	(3,887)
	31,801	13,332
<b>Cash flows from financing activities</b>		
Repayment of balances of purchase prices payable	(599)	-
Variation in advances to the non-controlling unitholder	(9,204)	1,310
Distributions paid to unitholders	(15,341)	(5,705)
Distributions paid to the non-controlling unitholder	(10,598)	(3,324)
Variation in bank advances	(7,715)	4,148
Repayment of note payable (note 4c)	-	(62,768)
Issuance of units (note 14)	39,000	110,000
Redemption of units from the non-controlling unitholder (note 13)	-	(10,000)
Investment by the non-controlling unitholder (note 13)	11,000	-
Issuance-related costs (note 1)	(2,450)	-
Purchase of units in the market under the LTIP (note 17)	(825)	-
Distributions reinvested in units under the LTIP (note 17)	(24)	-
	3,244	33,661
<b>Cash flows from investing activities</b>		
Business acquisition, less net cash acquired (note 4)	(22,866)	(37,171)
Variation in advances to companies controlled by the non-controlling unitholder	85	(105)
Additions to property, plant and equipment (note 20b)	(6,440)	(1,323)
Proceeds from disposal of property, plant and equipment	457	52
Acquisition of software (note 20b)	(1,612)	(260)
	(30,376)	(38,807)
<b>Increase in cash and cash equivalents</b>	4,669	8,186
<b>Cash and cash equivalents - Beginning of period *</b>	8,186	-
<b>Cash and cash equivalents - End of period*</b>	12,855	8,186
<b>Additional information</b> (note 20b)		
Interest paid	1,929	194
Interest received	(123)	(41)
Income taxes paid	431	327

\*Cash and cash equivalents as at December 31, 2006 consist of cash and cash equivalents and cash held in trust.  
The accompanying notes are an integral part of these consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### 1. DESCRIPTION OF THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust created pursuant to the Fund Declaration of Trust made as of March 31, 2006, as amended and restated on May 16, 2006, and is governed by the laws of the Province of Quebec. The Fund has been created to invest, through GENIVAR Operating Trust (the "Trust"), a wholly-owned trust, in limited partnership units of GENIVAR Limited Partnership ("GENIVAR LP") and in shares of GENIVAR GP Inc. ("Genivar GP"), the general partner of GENIVAR LP.

The Fund offers services ranging from planning to execution and including conceptual and development studies, feasibility and economic studies, preliminary engineering and detailed design, plans and specifications, work supervision as well as environmental planning.

The Fund began its operations on May 25, 2006. It has not carried on any business from March 31, to May 25, 2006, except for the issuance of initial units.

On May 25, 2006, the Fund issued, pursuant to an initial public offering ("IPO"), 10,000,000 units for proceeds of \$100,000. On June 5, 2006, the underwriters exercised their over-allotment option in full through the issuance of 1,000,000 additional units for proceeds of \$10,000. The Fund has indirectly acquired, through the Trust, 11,000,000 Class A LP units of GENIVAR LP representing a 58.12% interest.

On September 13, 2007, the Fund issued, pursuant to a public offering, 1,902,439 units for gross proceeds of \$39,000. Issuance-related costs amounted to \$2,340 less future income taxes of \$147. Concurrently with the closing of the offering, GENIVAR inc., the non-controlling unitholder, subscribed, directly and indirectly, for 536,585 Non-Subordinated Exchangeable LP Units of GENIVAR LP and 536,585 Special Voting Units of the Fund for gross proceeds of \$11,000. Issuance-related costs amounted to \$110 less future income taxes of \$7. Following this transaction, the Fund now owns 12,902,439 Class A LP Units of GENIVAR LP, representing a 60.4% interest.

### 2. CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the Fund adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA").

- Section 1506, "Accounting Changes". This section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors.
- Section 1530, "Comprehensive Income". This section establishes standards for reporting and display of certain gains and losses recognized in comprehensive income, but excluded from net income. The adoption of this section implied that the Fund now presents a consolidated statement of earnings and comprehensive income as a part of the consolidated financial statements.
- Section 3855 "Financial Instruments - Recognition and Measurement". This section describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the consolidated financial statements. Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, whether they are part of a hedging relationship or not, have to be measured at fair value. The Fund does not use hedge accounting.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

The Fund has made the following classifications:

- Cash and cash equivalents are classified as financial assets held for trading and are measured at fair value. Gains and losses related to periodical revaluation are recorded in net earnings.
- Accounts receivable, costs and anticipated profits in excess of billings, and advances to companies controlled by the non-controlling unitholder are classified as loans and receivables and are initially measured at fair value, except for the related party transactions, which are measured at cost, and subsequently at amortized cost using the effective interest rate method. For the Fund, the measured amount corresponds to cost since the transactions occurred with related parties or as a result of their short-term maturity.
- Accounts payable and accrued liabilities, balances of purchase prices payable, advances payable to the non-controlling unitholder, billings in excess of costs and anticipated profits, distributions payable to unitholders, and bank advances are classified as other liabilities and are initially measured at fair value except for the related party transactions, which are measured at cost and subsequently at amortized cost using the effective interest rate method. For the Fund, the measured amount corresponds to cost since the transactions occurred with related parties or as a result of their short-term maturity.
- Section 3251, "Equity". This section describes standards for the presentation of equity and changes in equity for a reporting period as a result of the application of Section 1530, "Comprehensive Income."
- Section 3865, "Hedges." This section provides an alternative to Section 3855 for entities that choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline AcG-13, "Hedging Relationships," and on the hedging guidance in Section 1650, "Foreign Currency Translation."
- Section 1540, "Cash Flow Statements." This section has been amended to include disclosure of the extent to which cash distributions are non-discretionary. These requirements apply to all cash distributions on financial instruments classified as equity, which are determined in accordance with a contractual agreement or relevant constating document.

The Fund adopted these new recommendations prospectively. The implementation of these standards had no significant impact on the consolidated financial statements of the Fund.

In October 2007, the CICA issued EIC-167, "Future Income Tax Liabilities – Income Trusts and Other Specified Investment Flow-Throughs" and modified EIC-107, "Application of CICA 3465 to Mutual Fund Trusts, Real Estate Investment Trusts, Royalty Trusts and Income Trusts." EIC-167 addresses when future income tax assets and liabilities should be recognized as a result of changes to the Income Tax Act, whether the recognition of a future income tax asset and liability is a charge to income or a charge to equity, how to measure the future income tax asset or liability, and which disclosures should be made in the financial statements pertaining to the future income tax asset and liability. EIC-107 was amended as a consequence of a change to the Income Tax Act, which affects income trusts and specified income flow-throughs and the issuance of EIC-167. The impact of the implementation of these standards is presented in note 19.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 period. Actual results could differ from those estimates.

#### CONSOLIDATION AND JOINT VENTURES

These financial statements include the accounts of the Fund, the Trust, GENIVAR GP, GENIVAR LP and its subsidiaries.

The Fund conducts certain activities in joint ventures with other parties. The interests in such joint ventures are accounted for using the proportionate consolidation method, which results in the Fund recording its pro rata share of the assets, liabilities, revenues, costs and cash flows of each of these joint ventures using the most recent financial statements of the joint ventures available, which are not necessarily the ones as at December 31, 2007.

All significant intercompany transactions and balances have been eliminated.

#### VARIABLE INTEREST ENTITIES

Entities that are subject to control on a basis other than ownership of voting interests are accounted for using the accounting requirement on the consolidation of variable interest entities ("VIEs") under Accounting Guideline 15 (AcG-15), "Consolidation of Variable Interest Entities". VIEs are characterized as entities in which the equity is not sufficient to permit them to finance their activities without external support, or equity investors lack either voting control, an obligation to absorb expected losses or the right to receive expected residual returns.

Where a reporting entity is determined to have a variable interest in such an entity, and where that interest will absorb a majority of the VIE's expected losses, receive a majority of the VIE's expected returns, or both at the end of the VIE's existence, the reporting entity is deemed to be the primary beneficiary, and must consolidate the VIE. VIEs controlled by the Fund, otherwise than by voting control, and for which the Fund is the primary beneficiary, are consolidated.

#### TRANSLATION OF FOREIGN CURRENCIES

For foreign currency transactions and foreign entities, which are considered financially and operationally integrated, the temporal method of translation of foreign currencies has been used. Monetary items are translated at the rate in effect at the balance sheet date, non-monetary items are translated at their historical rate (as well as the related depreciation and amortization) and revenues and expenses are translated at the rate in effect at the transaction date or at the average exchange rates during the period as appropriate. Translation gains and losses are recorded in earnings.

#### FOREIGN CURRENCY FORWARD OPTIONS AND CONTRACTS

The Fund's foreign currency forward options and contracts do not qualify for hedge accounting. Accordingly, these options and contracts are accounted for at fair value, and any subsequent variation in the fair value is allocated to earnings as an unrealized exchange gain or loss.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### REVENUE RECOGNITION

Revenues and profits from cost-plus contracts with ceilings and from fixed price contracts are accounted for using the percentage-of-completion method, which is calculated on the ratio of contract costs incurred to total anticipated costs.

Revenues and profits from cost-plus contracts without stated ceilings and from short-term projects are recognized as costs are incurred and are calculated based on billing rates for the services performed.

Certain costs incurred by the Fund for subconsultants and other expenses that are recoverable directly from clients are billed to them and therefore, are included in revenues. In all cases, the value of goods and services purchased by the Fund, when acting as purchasing agent for a client, is not recorded as revenue.

Revisions of estimates are reflected in the accounts on a periodic basis and all foreseeable losses are included in earnings, when it is determined that such losses are estimated to be likely to occur.

Deferred revenue represents deposits on contracts received in advance (note 11).

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks as well as all highly liquid short-term investments with original maturities of three months or less. They are accounted for at their estimated fair value which approximates cost.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost and are depreciated as follows:

	Methods	Rates and periods
Buildings	Declining balance	4% and 10%
Building under construction	-	-
Leasehold improvements	Straight-line	Lease term
Furniture and equipment	Declining balance	20% and 25%
Computer equipment	Declining balance	30%
Automotive equipment	Declining balance	30%

### INTANGIBLE ASSETS

Intangible assets with finite useful lives consist of software, customer relationships, contract backlogs and non-competition agreements. 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. The other intangible assets are amortized as follows:

	Methods	Rates and periods
Software	Declining balance	30%
Customer relationships	Straight-line	9 to 14 years
	Sum-of-the-years-digits	7 years
Contract backlogs	Straight-line	1 to 2 years
Non-competition agreements	Straight-line	4 years

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### 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.

### 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. 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.

### INCOME TAXES

Before June 12, 2007, under the terms of the *Income Tax Act (Canada)*, the Fund was not subject to income taxes to the extent that its taxable income in a year was paid or payable to a unitholder. Accordingly, no provision for current income taxes for the Fund was made. In addition, the Fund was not subject to the recommendations of CICA Handbook Section 3465, Income Taxes regarding future income tax recognition, as the Fund was contractually committed to distribute to its unitholders all or virtually all of its taxable income and taxable capital gains that would otherwise be taxable in the Fund.

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 Fund's operating subsidiaries subject to CICA Handbook Section 3465 and to corporate income taxes as computed under the prescribed legislation.

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 future income taxes recognized, in addition to the taxes recognized by operating subsidiaries subject to income taxes, is based on existing temporary differences that are expected to reverse from January 1, 2011, when the new tax rules take effect.

Income taxes are accounted for using the liability method of tax allocation. Under this method, 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 using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse based on a stand-alone basis. Valuation allowance is established against future income tax assets if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### LONG-TERM INCENTIVE PLAN ("LTIP")

The officers and key employees are eligible to participate in GENIVAR LP's LTIP (note 17). The plan provides that one third of the units will vest equally over a three-year period following the grant of the awards. The Fund accounts for a compensation cost, on a straight-line basis, over the vesting period of the units. Units purchased in the market have been applied against unitholders' equity.

### EARNINGS PER UNIT

Basic earnings per unit are determined using the weighted average number of units outstanding during the period.

Diluted earnings per unit are determined using the weighted average number of units outstanding during the period, plus the effects of dilutive potential units outstanding during the period. The calculation of diluted earnings per unit is made using the treasury stock method.

### FUTURE ACCOUNTING STANDARDS

The CICA published the following new sections that are effective for the Fund for interim and annual financial statements beginning on January 1, 2008:

- 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."
- 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 1400, "General Standards on 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.

These standards will be adopted by the Fund as of January 1, 2008. The application of these standards does not have a material impact on the financial position or results of operations of the Fund.

## 4. BUSINESS ACQUISITIONS

The acquisitions 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. Upon a change in the purchase price, the net assets acquired and the balance of purchase price payable are modified when it is determined that such change is estimated to be likely to occur. Such change occurs when there is a price adjustment provision to the carrying value of the net assets acquired.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### A) ACQUISITIONS MADE BY THE FUND DURING 2007

- On January 1, 2007, the Fund acquired certain assets and liabilities of Cochrane Design Group ("CDG"), a Western-Canada-based multidisciplinary engineering consulting firm, for a consideration of \$4,962, including acquisition-related costs.
- On January 1, 2007, the Fund acquired certain assets of Kazmar Associates ("Kazmar"), an Ontario-based structural engineering firm, for a consideration of \$2,154, including acquisition-related costs.
- On February 25, 2007, the Fund acquired all assets and liabilities of Groupe G.L.D. ("GLD"), a Quebec-based multidisciplinary engineering consulting firm previously owned by GENIVAR inc., for a consideration of \$4,035, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of GLD for a consideration of \$4,000 (note 21).
- On April 28, 2007, the Fund acquired all the assets and liabilities, except for the building (valued at \$500), of NOVE Environnement ("NOVE"), a Quebec-based environment consulting firm previously owned by GENIVAR inc., for a consideration of \$1,234, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of NOVE for a consideration of \$1,700 (note 21).
- On July 3, 2007, the Fund acquired all of the assets and liabilities, except for the assets used exclusively in connection with the Value Engineering Business (valued at \$400), of National Capital Engineering ("NCE"), an Ontario-based transportation planning and design engineering firm previously owned by GENIVAR inc., for a consideration of \$2,739, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of NCE for a consideration of \$3,051 (note 21).
- On July 10, 2007, the Fund acquired all the assets and liabilities of SEG Engineering ("SEG"), a Manitoba-based municipal infrastructure firm previously owned by GENIVAR inc., for a consideration of \$2,876, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of SEG for a consideration of \$2,800 (note 21).
- On July 28, 2007, the Fund acquired all the assets and liabilities of Harmer Podolak Engineering Consultants ("Harmer"), an Ontario-based bridge and civil infrastructure design firm previously owned by GENIVAR inc., for a consideration of \$2,448, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of Harmer for a consideration of \$2,405 (note 21).
- On September 1, 2007, the Fund acquired all the assets and liabilities of TERRA experts conseils ("TERRA"), a Quebec-based municipal infrastructure firm previously owned by GENIVAR inc., for a consideration of \$401, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of TERRA for a consideration of \$396 (note 21).
- On October 1, 2007, the Fund acquired all the assets and liabilities of André Simard et Associés ("ASA"), a Québec-based municipal infrastructure and environmental firm previously owned by GENIVAR inc., for a consideration of \$1,718, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of ASA for a consideration of \$1,699 (note 21).
- On October 27, 2007, the Fund acquired all the assets and liabilities of B.H. Martin Consultants Ltd. ("BHM"), an Ontario-based multidisciplinary engineering firm previously owned by GENIVAR inc., for a consideration of \$2,833, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of BHM for a consideration of \$2,765 (note 21).
- On October 31, 2007, the Fund acquired all the assets and liabilities of 9142-1362 Québec Inc. ("VIZ"), a Québec-based visual simulation firm previously owned by GENIVAR inc., for a consideration of \$538, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of VIZ for a consideration of \$523 (note 21).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

The final purchase price allocations of CDG, GLD, Kazmar and NOVE shown below are based on an independent valuation report. The purchase price allocations of NCE, SEG, Harmer, TERRA, ASA, and VIZ are preliminary, but the Fund does not anticipate any significant changes upon the finalization of the evaluation of the intangible assets in the final purchase price allocations. The purchase price allocation of BHM has not been completed, and as such, any excess of the consideration paid over management's best estimate of the fair value of net tangible assets acquired has been allocated to goodwill.

	CDG (\$)	GLD (\$)	NCE (\$)	SEG (\$)	BHM (\$)	Others** (\$)	Total (\$)
Assets acquired							
Current assets							
Cash	-	92	-	-	185	486	763
Accounts receivable	-	1,372	857	1,024	1,051	2,500	6,804
Costs and anticipated profits in excess of billings	58	294	1,086	-	-	1,338	2,776
Prepaid expenses	418	149	19	5	27	162	780
	476	1,907	1,962	1,029	1,263	4,486	11,123
Property, plant and equipment	882	293	37	17	685	446	2,360
Intangible assets							
Finite useful life							
Software	118	-	4	18	14	89	243
Customer relationships	2,766	915	310	1,105	-	4,064	9,160
Contract backlogs	745	494	156	205	-	834	2,434
Non-competition agreements	322	92	-	-	-	167	581
	5,309	3,701	2,469	2,374	1,962	10,086	25,901
Liabilities assumed							
Current liabilities							
Bank advances	-	(380)	(94)	(118)	-	(166)	(758)
Accounts payable and accrued liabilities	(347)	(830)	(1,216)	(210)	(536)	(2,295)	(5,434)
Advances payable to the non controlling unitholder	-	(91)	(27)	(119)	(161)	(223)	(621)
	(347)	(1,301)	(1,337)	(447)	(697)	(2,684)	(6,813)
Net identifiable assets acquired	4,962	2,400	1,132	1,927	1,265	7,402	19,088
Goodwill *	-	1,635	1,607	949	1,568	1,091	6,850
Purchase price	4,962	4,035	2,739	2,876	2,833	8,493	25,938
Less:							
Cash acquired	-	(92)	-	-	(185)	(486)	(763)
Balances of purchase prices payable	(561)	-	-	-	(1,015)	(733)	(2,309)
Net cash used for the acquisitions	4,401	3,943	2,739	2,876	1,633	7,274	22,866

\*Goodwill is deductible for income tax purposes.

\*\*Others include Kazmar, NOVE, Harmer, TERRA, ASA, and VIZ.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### B) FINALIZATION OF A PURCHASE PRICE ALLOCATION

During the third quarter of 2007, the Fund finalized the allocation of the purchase price pertaining to the acquisition of Martoni, Cyr & Associates ("Martoni") realized on December 1, 2006. The final allocation, based on an independent valuation report, resulted in an increase in customer relationships of \$135, a decrease in contract backlogs of \$3, and the recognition of non-competition agreements of \$80. Purchase price increased by \$44 due to a change in the acquisition-related costs. As a result of these changes, goodwill decreased by \$168.

### C) ACQUISITIONS FROM MAY 25, TO DECEMBER 31, 2006

- Upon the closing that occurred on May 25, 2006, GENIVAR LP acquired certain operating assets related to GENIVAR Engineering Services Business as well as all of the outstanding shares of GENIVAR Ontario Inc. and GENIVAR (Trinidad Tobago) Ltd. directly or indirectly held by GENIVAR inc., the non-controlling unitholder. The purchase price amounting to \$189,274 has been settled as follows: a cash amount of \$37,232, a note payable of \$62,768 and the issuance of 4,195,536 Non-Subordinated Exchangeable LP Units and 4,731,845 Subordinated Exchangeable LP Units having respective values of \$41,955 and \$47,319 (note 13).
- On December 1, 2006, GENIVAR LP acquired all of the assets and liabilities of Martoni, a Quebec based engineering consulting firm previously owned by GENIVAR inc. The purchase price of \$4,000 was fully settled in cash. On the same day, GENIVAR inc. had acquired all the outstanding shares of Martoni for a consideration of \$4,000 (note 21).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

The purchase price allocation of GENIVAR shown below is based on an independent valuation report. The purchase price allocation of Martoni is preliminary and has been finalized during 2007 (note 4b).

	GENIVAR (\$)	MARTONI (\$)	TOTAL (\$)
Assets acquired			
Current assets			
Cash	4,061	-	4,061
Accounts receivable	42,567	1,191	43,758
Income taxes receivable	159	-	159
Costs and anticipated profits in excess of billings	17,799	658	18,457
Prepaid expenses	1,210	112	1,322
	65,796	1,961	67,757
Property, plant and equipment	10,876	242	11,118
Intangible assets	45,766	929	46,695
	122,438	3,132	125,570
Liabilities assumed			
Current liabilities			
Accounts payable and accrued liabilities	(25,417)	(1,558)	(26,975)
Income taxes payable	(445)	-	(445)
Billings in excess of costs and anticipated profits	(8,295)	-	(8,295)
Advances payable to the non-controlling unitholder	(7,282)	(171)	(7,453)
	(41,439)	(1,729)	(43,168)
Bank advances	(2,791)	(18)	(2,809)
Future income tax liabilities	(2,756)	-	(2,756)
	(46,986)	(1,747)	(48,733)
Net identifiable assets acquired	75,452	1,385	76,837
Goodwill	113,822	2,615	116,437
Purchase price including acquisition-related costs of \$9,200 of GENIVAR	189,274	4,000	193,274
Less:			
Cash acquired	(4,061)	-	(4,061)
Note payable	(62,768)	-	(62,768)
LP units (note 13)	(89,274)	-	(89,274)
Net cash used for the acquisitions	33,171	4,000	37,171

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 5. JOINT VENTURES ACTIVITIES

The following is a summary of the Fund's proportionate share in the assets, liabilities, revenues, costs and cash flows of the joint ventures, included in the consolidated financial statements:

	2007 (\$)	2006 (\$)
<b>Statements of earnings</b>		
Revenues	27,050	15,612
Costs	17,537	11,180
Gross margin	9,513	4,432
<b>Statements of cash flows</b>		
Cash flows provided from operating activities	8,883	2,751
<b>Current assets</b>		
Cash	3,041	2,242
Accounts receivable	8,526	6,942
Costs and anticipated profits in excess of billings	2,027	2,043
<b>Total assets</b>	13,594	11,227
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	4,773	4,252
Billings in excess of costs and anticipated profits	2,397	1,980
Advances to the non-controlling unitholder	-	2,881
<b>Total liabilities</b>	7,170	9,113

## 6. ACCOUNTS RECEIVABLE

	2007 (\$)	2006 (\$)
Trade receivables *	74,536	50,486
Companies controlled by the non-controlling unitholder	406	959
Non-controlling unitholder	74	-
	75,016	51,445

\*Trade receivables include holdbacks amounting to \$2,225 (\$1,275 in 2006).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 7. PROPERTY, PLANT AND EQUIPMENT

	2007		
	COST (\$)	ACCUMULATED DEPRECIATION (\$)	NET VALUE (\$)
Land	355	-	355
Buildings	6,498	263	6,235
Leasehold improvements	1,847	533	1,314
Furniture and equipment	5,917	1,326	4,591
Computer equipment	6,370	1,892	4,478
Automotive equipment	257	89	168
	21,244	4,103	17,141

	2006		
	COST (\$)	ACCUMULATED DEPRECIATION (\$)	NET VALUE (\$)
Land	525	-	525
Buildings	3,430	82	3,348
Building under construction	1,042	-	1,042
Leasehold improvements	1,165	160	1,005
Furniture and equipment	3,770	428	3,342
Computer equipment	3,235	540	2,695
Automotive equipment	204	35	169
	13,371	1,245	12,126

## 8. INTANGIBLE ASSETS

	2007		
	COST (\$)	ACCUMULATED AMORTIZATION (\$)	NET VALUE (\$)
Finite useful life			
Software	4,107	1,292	2,815
Customer relationships	36,346	3,738	32,608
Contract backlogs	13,939	10,174	3,765
Non-competition agreements	2,671	874	1,797
Indefinite useful life			
Trade name	4,600	-	4,600
	61,663	16,078	45,585

	2006		
	COST (\$)	ACCUMULATED AMORTIZATION (\$)	NET VALUE (\$)
Finite useful life			
Software	2,056	330	1,726
Customer relationships	27,051	1,235	25,816
Contract backlogs	11,508	3,522	7,986
Non-competition agreements	2,010	304	1,706
Indefinite useful life			
Trade name	4,600	-	4,600
	47,225	5,391	41,834

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

During the year, the Fund acquired intangible assets amounting to \$14,438 (\$47,225 for the period from May 25, to December 31, 2006). Of this sum, an amount of \$14,438 (\$42,625 for the period from May 25, to December 31, 2006) is subject to amortization.

## 9. GOODWILL

	2007 (\$)	2006 (\$)
Balance - Beginning of period	116,437	-
Goodwill resulting from business acquisitions (note 4a and 4c)	6,850	116,437
Goodwill resulting from a step-by-step acquisition *	3,579	-
Finalization of a purchase price allocation (note 4b)	(168)	-
Balance - End of period	126,698	116,437

\*On September 13, 2007, the Fund acquired 1,902,439 units issued by GENIVAR LP for a cash consideration of \$39,000 less acquisition-related costs of \$2,450. Concurrently, GENIVAR Inc., the non-controlling unitholder, subscribed for 536,585 Non-Subordinated Exchangeable LP Units of GENIVAR LP for a cash consideration of \$11,000. As a result of this transaction, the Fund increased its interest in GENIVAR LP to 60.4% (58.12% before this transaction). This transaction has been accounted for as a step-by-step acquisition. The excess of the purchase price over the net identifiable assets on the date of acquisition amounted to \$3,579 and has been recorded as goodwill not deductible for income tax purposes. Accordingly, the non-controlling interest has increased by \$3,579.

As at December 31, 2007, goodwill amounted to \$9,297 (\$2,615 in 2006) is deductible for income tax purposes.

## 10. CREDIT FACILITIES

The Fund has credit facilities totalling \$42,000 allocated as follows:

**Term facility**

Term facility of \$40,000 for operations purposes 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 \$5,000.

**Treasury facility**

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

These credit facilities have a three-year term and mature in May 2010. 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. Consistent with the original provisions of the credit facilities agreement, the bank advances balance of \$6,957 as at December 31, 2006, have been reclassified as a long-term liability.

These credit facilities are secured by a first hypothec over the universality of movable assets and bear interest at prime rate, US base rate or LIBOR rate 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, the Fund is required, among other conditions, to respect certain covenants, which have been met as at December 31, 2007 and 2006.

As at December 31, 2007, the credit is unused since the Fund reimbursed the bank advances with the proceeds of the units issued in September. The Fund issued, in the normal course of business, irrevocable letters of credit totalling \$348 for its own commitments, thus decreasing such available credit facilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2007 (\$)	2006 (\$)
Trade payables and accrued liabilities	41,333	27,299
Non-controlling unitholder	70	-
Companies controlled by the non-controlling unitholder	37	1,083
Deferred revenue	178	113
Fair value of foreign currency forward options and contracts (note 22)	11	90
	41,629	28,585

## 12. BALANCES OF PURCHASE PRICES PAYABLE

	2007 (\$)	2006 (\$)
Non-controlling unitholder		
Prime rate, payable in 2008	202	-
Vendors		
Prime rate, payable in 2008	483	-
Fixed rate of 5%, payable in 2008	525	-
Fixed rate of 5%, payable at the earliest of the receipt of a credit letter from a former shareholder of \$500 or 10 days after the date on which a claim is finally resolved or settled	500	-
	1,710	-

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 13. NON-CONTROLLING INTEREST

As at December 31, 2007 and 2006, the non-controlling interest is as follows:

	NON-SUBORDINATED EXCHANGEABLE LP UNITS		SUBORDINATED EXCHANGEABLE LP UNITS		TOTAL	
	NUMBER	\$	NUMBER	\$	NUMBER	\$
Balance as at May 25, 2006	-	-	-	-	-	-
Units issued pursuant to the business acquisition (note 4c)	4,195,536	41,955	4,731,845	47,319	8,927,381	89,274
Units disposed of upon exercise of over-allotment option (note 1)	(1,000,000)	(10,000)	-	-	(1,000,000)	(10,000)
Share in earnings attributable to the non-controlling unitholder	-	1,842	-	2,729	-	4,571
Distributions	-	(1,923)	-	(2,849)	-	(4,772)
Balance as at December 31, 2006	3,195,536	31,874	4,731,845	47,199	7,927,381	79,073
Units issued pursuant to a public offering (note 1)	536,585	11,000	-	-	536,585	11,000
Issuance-related costs less future income taxes (note 1)	-	(103)	-	-	-	(103)
Increase of the non-controlling interest as a result of a step-by-step acquisition (note 9)	-	1,578	-	2,001	-	3,579
Share in earnings attributable to the non-controlling unitholder	-	4,435	-	6,165	-	10,600
Distributions	-	(4,493)	-	(6,149)	-	(10,642)
Balance as at December 31, 2007	3,732,121	44,291	4,731,845	49,216	8,463,966	93,507

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

The Non-Subordinated Exchangeable LP Units will be exchangeable for units on a one-for-one basis (subject to customary anti-dilution protections). The Subordinated Exchangeable LP Units will be exchangeable for units at any time after the Subordination End Date on a one-for-one basis (subject to customary anti-dilution protections), which date cannot occur before July 1, 2008. The Subordinated Exchangeable LP Units may also be exchanged for units before the Subordination End Date in certain specified circumstances.

As at December 31, 2007, an amount of \$1,493 (\$1,449 in 2006) has been accounted for as distributions payable to the non-controlling unitholder.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 14. FUND UNITS

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

**Units**

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

**Issued and paid**

	NUMBER OF UNITS			\$
	ISSUED	HELD BY A TRUSTEE	TOTAL	
Balance as at May 25, 2006	10	-	10	-
Units issued pursuant to the IPO (note 1)	10,000,000	-	10,000,000	100,000
Units acquired upon exercise of over-allotment option (note 1)	1,000,000	-	1,000,000	10,000
Redemption of units	(10)	-	(10)	-
Balance as at December 31, 2006	11,000,000	-	11,000,000	110,000
Units issued pursuant to a public offering (note 1)	1,902,439	-	1,902,439	39,000
Issuance-related costs less future income taxes (note 1)	-	-	-	(2,193)
Units purchased in the market under the LTIP (note 17)	-	(46,142)	(46,142)	(825)
Distributions reinvested in units under the LTIP	-	(871)	(871)	(24)
Units vested under the LTIP (note 17)	-	15,379	15,379	275
Balance as at December 31, 2007	12,902,439	(31,634)	12,870,805	146,233

**Special Voting Units**

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

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

One Special Voting Unit will be outstanding for each Non-Subordinated Exchangeable LP Unit and Subordinated Exchangeable LP Unit issued by GENIVAR LP. As at December 31, 2007, 8,463,966 Special Voting Units are outstanding (7,927,381 in 2006).

## 15. EARNINGS PER UNIT

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

	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
Basic net earnings	15,295	6,344
Non-controlling interest	10,600	4,571
Diluted net earnings	25,895	10,915

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

	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
Weighted average number of:		
Units outstanding - basic	11,543,532	11,000,000
LTIP awards	4,344	-
Exchangeable GENIVAR LP units (note 13)	8,087,622	7,927,381
Diluted weighted average number of units outstanding (note 3)	19,635,498	18,927,381

## 16. DISTRIBUTIONS TO UNITHOLDERS

The Fund has committed to distributing to its unitholders all or virtually all of its taxable income and taxable capital gains.

The Fund makes distributions on a monthly basis to unitholders of record as of the last business day of each month with distributions being paid on or about the fifteenth day, if such day is not a business day, following the end of each month.

In December 2007, the Fund paid a one-time special distribution of \$0.30 per unit.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 17. LONG-TERM INCENTIVE PLAN ("LTIP")

The officers and key employees are eligible to participate in GENIVAR LP's LTIP. The purpose of the LTIP is to reward officers and key employees for significant performance and associated per unit cash flows growth of the Fund. Pursuant to the LTIP, GENIVAR LP will set aside a pool of funds based upon the amount, if any, by which the Fund's per unit distributions exceed certain defined per unit distributable cash threshold amounts. The LTIP Administrator approved by the board of directors of GENIVAR GP will purchase units in the market with this pool of funds and will hold the units until such time as ownership vests in each participant. Generally, one-third of these units will vest equally over the three years following the grant of the awards. The LTIP administrator will remit any distributions on units acquired pursuant to the LTIP to GENIVAR LP. GENIVAR LP may, as its sole and entire discretion, contribute an amount equivalent to part or all of the amount received from the LTIP administrator to the LTIP administrator who will then apply such amounts to purchase additional units. Additional units shall vest on the same date as the units to which they relate. For the year ended December 31, 2007, all distributions not vested were reinvested in units. Unvested units held by the Administrator for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those units will be sold and the proceeds returned to GENIVAR LP.

The board of directors of GENIVAR GP or any other authorized committee will have the power to, among other things (i) determine those individuals who will participate in the LTIP, (ii) determine the level of participation of each participant, and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

Initially, the LTIP will provide for awards that may be earned based on the amount by which Distributable Cash per annum per unit (calculated on a fully-diluted basis) exceeds a base threshold per unit per annum. The percentage amount of that excess will be determined in accordance with the table below:

PERCENTAGE BY WHICH DISTRIBUTABLE CASH PER UNIT EXCEEDS THE BASE THRESHOLD <sup>(1)</sup>	MAXIMUM PROPORTION OF DISTRIBUTABLE CASH AVAILABLE FOR LTIP PAYMENTS
5% or less	10% of any excess up to 5%
Over 5% to 10%	10% of the first 5% and 15% of any excess over 5% but not exceeding 10%
Greater than 10%	10% of the first 5% and 15% of any excess over 5% but not exceeding 10% and 20% of any excess over 10%

<sup>(1)</sup> Annualized for fiscal periods of less than twelve months.

Until December 31, 2008, the base threshold will be \$1.00 per unit. After December 31, 2008, the board of directors of GENIVAR GP or any authorized committee will review and assess the base threshold.

On March 12, 2007, the board of directors of GENIVAR GP and the Fund trustees approved, pursuant to the LTIP, the purchase of units in the market.

In June 2007, the Fund created a trust (the LTIP Administrator) to hold units, which is considered to be a variable interest entity (note 3). In June 2007, an amount of \$825 was disbursed for the purchase of 46,142 units in the market under the LTIP, and an equivalent number of LTIP units was granted to officers and key employees of the Fund. The cost of units acquired has been accounted for as a reduction of Fund units (note 14).

Since compensation costs are recognized over the vesting period, an amount of \$275 has been recorded as compensation costs for the year ended December 31, 2007 (nil for the period from May 25, to December 31, 2006).

As at December 31, 2007, one-third of the units have vested as well as the distributions on these units (note 14).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 18. NET INTEREST EXPENSE

	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
Interest on bank advances	1,199	194
Interest on advances payable to the non-controlling unitholder	452	282
Interest income	(123)	(72)
	1,528	404

## 19. INCOME TAXES

The reconciliation of the income tax expense with the income tax expense per the consolidated financial statements is as follows:

	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
Earnings before income tax expense and non-controlling interest	26,929	10,704
Fund's earnings not subject to income taxes	(25,132)	(10,885)
	1,797	(181)
Combined Canadian federal and provincial statutory tax rate	35.28%	36.12%
Income taxes based on statutory income tax rates	634	(65)
Implementation of the SIFT Rules*	582	-
Non-deductible expenses	62	6
Foreign tax rate differences	(51)	(29)
Effect of change in tax rate	(211)	(76)
Other	18	(47)
	1,034	(211)
Current	522	121
Future	512	(332)
	1,034	(211)

\*To calculate the adjustment required on future income taxes since the application of the new fiscal rules (notes 2 and 3), the Fund forecasted the changes in its tax attributes between December 31, 2007, 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 and any change will be reflected in net earnings.

The tax rate used is the tax rate that is substantively enacted to be in effect for 2011 (29.50%). For the year ended December 31, 2007, the Fund recognized an amount of \$428 as future income tax liabilities and recorded \$582 as a charge to income tax expense and \$154 as a reduction of issuance-related costs as a result of the implementation of the SIFT rules.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

As at December 31, 2007 and 2006, the significant components of future income tax assets and liabilities are as follows:

	2007 (\$)	2006 (\$)
Future income tax assets		
Deductible provision upon settlement	130	117
Cumulative eligible capital deduction	152	4
Non-capital losses	227	558
Deferred issuance-related costs	270	-
Future income tax liabilities		
Costs and anticipated profits in excess of billings	(768)	(807)
Holdbacks	(448)	-
Property, plant and equipment and software	(843)	(161)
Intangible assets except software	(1,502)	(2,135)
Future income taxes, net	(2,782)	(2,424)
Classified as:		
Current future income tax liabilities	(859)	(690)
Long-term future income tax liabilities	(1,923)	(1,734)
	(2,782)	(2,424)

As at December 31, 2007 and 2006, a Fund's subsidiary has accumulated non-capital losses totaling \$673 and \$1,631. These losses, which can be carried forward in the future, will expire as follows:

Expiry date	2007 (\$)	2006 (\$)
2022	-	21
2023	-	91
2024	-	1
2025	673	1,518

The tax attributes of GENIVAR LP and a non-taxable GENIVAR LP's subsidiary are transferred to the Fund unitholders and, accordingly, are not recognized in these consolidated financial statements. As at December 31, 2007, the carrying amounts of the assets owned by GENIVAR LP and a non taxable GENIVAR LP's subsidiary, which create temporary differences, exceeded their tax basis by \$6,131 (\$6,354 in 2006).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## 20. STATEMENT OF CASH FLOWS

## A) CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
Decrease (increase) in:		
Accounts receivable	(16,767)	(7,687)
Income taxes receivable	22	72
Costs and anticipated profits in excess of billings	(6,837)	547
Prepaid expenses	419	614
Increase (decrease) in:		
Accounts payable and accrued liabilities	7,849	358
Income taxes payable	69	(279)
Billings in excess of costs and anticipated profits	6,784	2,488
	(8,461)	(3,887)

## B) OPERATING AND INVESTING ACTIVITIES NOT AFFECTING CASH AND CASH EQUIVALENTS

	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
Accounts payable and accrued liabilities for additions to property, plant and equipment	547	982
Accounts payable and accrued liabilities for acquisition of software	466	270

## 21. RELATED PARTY TRANSACTIONS

The Fund entered into the following transactions with related parties:

	FOR THE YEAR ENDED DECEMBER 31, 2007 (\$)	PERIOD FROM MAY 25, TO DECEMBER 31, 2006 (\$)
Non-controlling unitholder		
Marketing, general and administrative expenses	132	99
Net interest expense	452	282
Companies controlled by the non-controlling unitholder		
Revenues	3,082	2,137
Costs	503	355
Additions to property, plant and equipment	1,622	-
Marketing, general and administrative expenses	96	150

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 to by the related parties.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## BUSINESS ACQUISITIONS

The Fund enters into transactions with GENIVAR inc., the non-controlling unitholder, in connection with certain business acquisitions. Generally, GENIVAR inc. acquires all the outstanding shares of a company and sells the net assets of the acquired company to GENIVAR LP or one of its subsidiaries. The purchase price for GENIVAR LP or one of its subsidiaries is identical to the shares' purchase price paid by GENIVAR inc., taking into account certain assets or liabilities that are not or cannot be transferred, which price has been concluded with unrelated parties. The Fund acquired GLD, NOVE, NCE, SEG, Harmer, TERRA, ASA, VIZ, BHM, TL, RFA, and Phoenix (Martoni in 2006) in this manner (notes 4 and 26).

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

## 22. FINANCIAL INSTRUMENTS

## FAIR VALUE

Cash and cash equivalents, cash held in trust, accounts receivable, costs and anticipated profits in excess of billings, advances to companies controlled by the non-controlling unitholder, accounts payable and accrued liabilities, balances of purchase prices payable, advances payable to the non-controlling unitholder, billings in excess of costs and anticipated profits, distributions payable to unitholders and bank advances are financial instruments whose fair values approximate their carrying value due to their short-term maturity or to variable interest rates.

## CREDIT RISK

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

Financial instruments which potentially subject the Fund to significant credit risk consist principally of accounts receivable.

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

Generally, the Fund does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Fund performs on-going credit reviews of all its customers and establishes an allowance for doubtful accounts when accounts are determined to be uncollectible.

## INTEREST RISK

As at December 31, 2007 and 2006, the Fund's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable interest rate
Cash held in trust	Variable interest rate
Accounts receivable	Non-interest bearing
Costs and anticipated profits in excess of billings	Non-interest bearing
Advances to companies controlled by the non-controlling unitholder	Prime rate
Accounts payable and accrued liabilities	Non-interest bearing
Balances of purchase prices payable	As described in note 12
Advances payable to the non-controlling unitholder	Prime rate
Billings in excess of costs and anticipated profits	Non-interest bearing
Distributions payable to unitholders	Non-interest bearing
Bank advances	As described in note 10

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

## CURRENCY RISK

The Fund is exposed to currency risks, as transactions with customers outside Canada are predominantly denominated in US dollars and TT dollars. These risks are partially offset by purchases and operating expenses incurred in US dollars and TT dollars. As at December 31, 2007 and 2006, the balances denominated in US dollars and TT dollars are as follows:

	2007		2006	
	US\$ converted into CAN\$	TT dollars converted into CAN\$	US\$ converted into CAN\$	TT dollars converted into CAN\$
Cash and cash equivalents	4,183	638	937	919
Accounts receivable	2,249	5,163	863	2,950
Costs and anticipated profits in excess of billings	161	1,551	65	1,157
Accounts payable and accrued liabilities	625	831	162	658
Billings in excess of costs and anticipated profits	1,863	4,931	1,076	2,390

## FOREIGN EXCHANGE RISK

Since the Fund 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, the Fund entered into foreign currency forward options and contracts to cover future sales anticipated in US dollars. Pursuant to these foreign currency forward options and contracts, the Fund is required to sell US dollars at a predetermined rate.

As at December 31, 2007, the Fund held foreign currency forward options to exchange, during the next eleven months, US\$250 each month at a rate of CAN\$0.984/US\$1. If the exchange rate reaches CAN\$1.04/US\$1 before the expiration date of the foreign currency forward options, all the foreign currency forward options not expired must be exercised before the expiration date. These foreign currency forward options, whose unrealized loss amounts to \$11, have been classified as liabilities (note 11).

As at December 31, 2006, the Fund held foreign currency forward contracts to exchange, during the next five months, US\$1,250 at an average of CAN\$1.09/US\$1. These foreign currency forward contracts, whose unrealized loss amounts to \$90, have been classified as liabilities (note 11).

## 23. COMMITMENTS AND CONTINGENCIES

The Fund is bound by lease commitments for office premises and equipment. Minimum payments required during the next five fiscal years ending December 31 and thereafter, amount to \$7,772 in 2008, \$6,890 in 2009, \$5,774 in 2010, \$5,395 in 2011, \$4,650 in 2012, and \$17,336 thereafter.

The Fund is currently facing legal proceedings for work carried out in the normal course of its business. Management believes that most of the claims are unfounded. The Fund takes out a professional liability insurance policy in order to hedge against such proceedings. Based on advice and information provided by its legal advisors and on its experience of the settlement of similar proceedings, management believes that the Fund has accounted for sufficient provisions in that regard and that the final settlement should not exceed the insurance coverage significantly or should not have a material effect on the financial position or operating results of the Fund.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006 (IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA AND UNLESS OTHERWISE STATED)

### 24. EMPLOYEE FUTURE BENEFITS

The Fund participates in defined contribution retirement savings plans. Pursuant to these plans, the Fund pays a contribution equivalent to the employee contribution up to a maximum varying from 2% to 5% of the employee's salary. An employee acquires the whole employer contributions after two years of continuous service or if he loses his job due to a layoff resulting from a lack of work. The Fund's portion of the contributions, net of repayments received following the departure of employees having non-vested contributions, amounts to \$1,212 for the year ended December 31, 2007, and \$488 for the period from May 25, to December 31, 2006.

### 25. SEGMENT INFORMATION

#### A) MAJOR CUSTOMERS

As at December 31, 2007, no customers represented more than 10% of the Fund's consolidated revenues. During the period from May 25, to December 31, 2006, one customer represents 10% of the Fund's consolidated revenues.

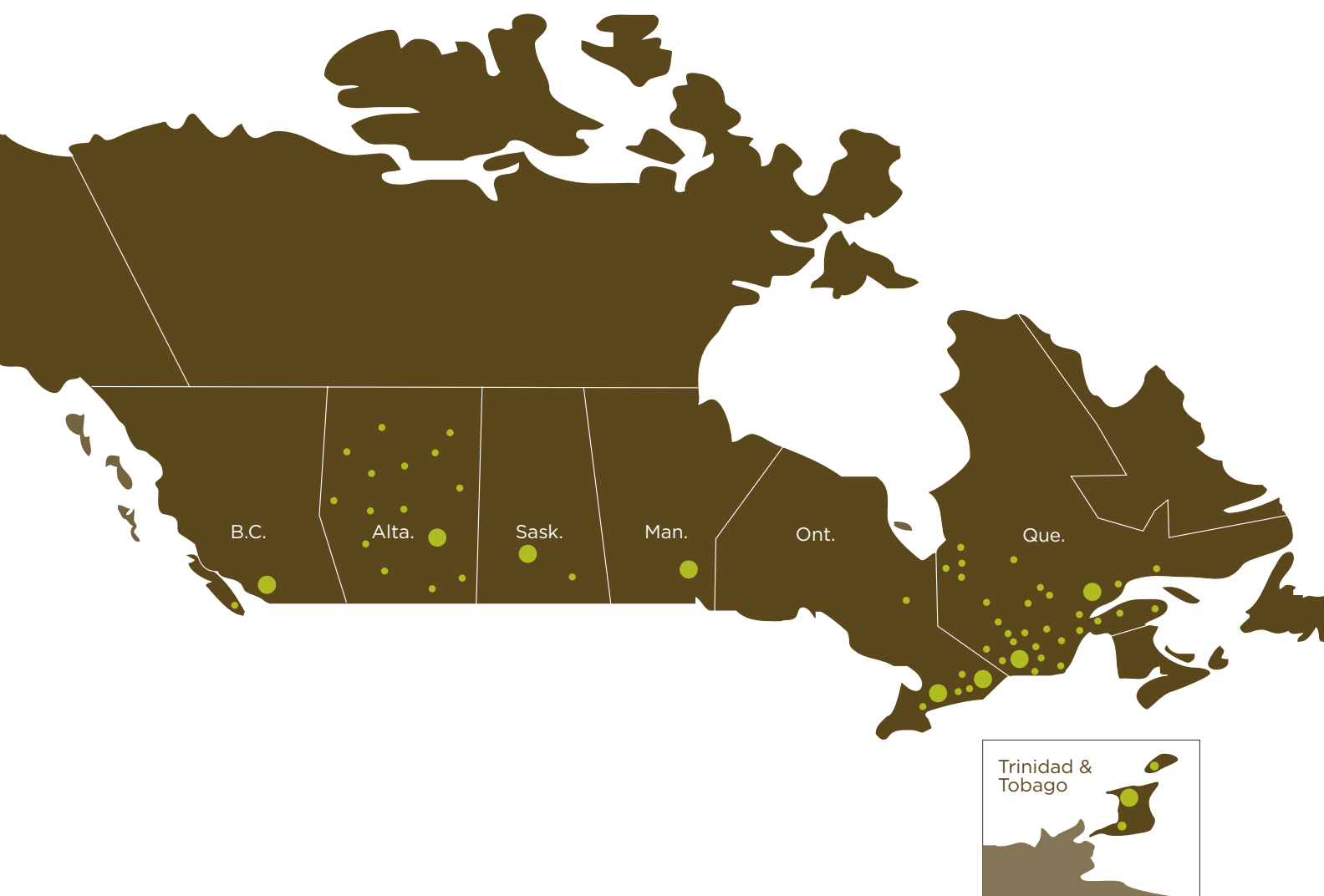
#### B) GEOGRAPHIC AREAS

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

The geographic areas provide the same nature of services and serve similar clients in similar industries. Each of them provides its clients with the same complete range of specialized services, viewed as convergent disciplines by the Fund's management: building, urban infrastructures, transportation, industrial and power and environment. The Canadian operations present similar long-term financial performance and the same long-term economic conditions and characteristics, and account for more than 95% of all revenues. Each geographic areas has comparable operating margins. Therefore, given these similarities, the Fund's management aggregates its geographic areas into one reporting segment.

### 26. SUBSEQUENT EVENT

In January and February 2008, the Fund acquired all the assets and liabilities of Transenco Limited ("TL"), RFA Consulting Electrical Engineers Inc ("RFA"), Phoenix Engineering Inc. ("Phoenix"), and EXH Engineering Services Ltd. ("EXH"), four Canadian engineering firms for a total consideration of \$44,085.



## MAIN OFFICES

### CANADA

#### Quebec

Amos  
Baie-Comeau  
Chibougamau  
Donnacona  
Drummondville  
Gaspé  
Gatineau  
Joliette  
Lac-Mégantic  
La Tuque  
Laval  
Lévis  
L'Île-Perrot  
Longueuil  
Malartic  
Mont-Laurier

Montreal  
Mont-Tremblant  
Quebec City  
Rivière-du-Loup  
Rouyn-Noranda  
Saguenay  
Saint-Félicien  
Saint-Georges  
Saint-Jean-sur-Richelieu  
Saint-Jérôme  
Sept-Îles  
Trois-Rivières  
Val-d'Or

#### Ontario

Bancroft  
Brockville  
Burlington

Markham  
Ottawa  
Timmins  
Toronto

#### Manitoba

Winnipeg  
  
Saskatchewan  
Regina  
Saskatoon

#### Alberta

Calgary  
Edmonton  
Edson  
Fort McMurray  
Grande Prairie

Grimshaw  
Lac La Biche  
La Crete  
Lethbridge  
Medicine Hat  
Red Deer  
Rocky Mountain House  
Slave Lake  
Valleyview  
Wabasca

#### British Columbia

Vancouver  
Victoria

#### TRINIDAD & TOBAGO

Port of Spain, Trinidad  
San Fernando, Trinidad  
Scarborough, Tobago

## MANAGEMENT TEAM

### **Pierre Shoiry**

President and  
Chief Executive Officer

### CORPORATE

#### **Marcel Boucher**

Chief Financial Officer

#### **Louis-Martin Richer**

Chief Legal Affairs  
and Corporate Secretary

#### **Tony Veilleux**

Corporate Controller

#### **Robert Dandurand**

Vice-President, Administration

#### **Jacques Angers**

Director, Health and Safety

#### **Marlène Casciaro**

Director, Communications

#### **Marcel Comtois**

Director, Quality

#### **Nadia Michaud**

Director, Information Technology

#### **Normand Rheault**

Director, Human Resources

### QUEBEC

#### **François Perreault**

Vice-President, Western Quebec  
Region

#### **André Boudreault**

Vice-President, Industrial,  
Quebec

#### **Roger Cyr**

Vice-President, Building

#### **Pierre-André Dugas**

Vice-President, Transportation

#### **Léandre Gervais**

Vice-President,  
Abitibi-Temiscamingue and  
Northern Quebec Regions

#### **Yves Lortie**

Vice-President,  
Municipal Infrastructure

#### **Éric Tremblay**

Vice-President, Eastern Quebec  
Region

#### **Jean Boudreault**

Vice-President, Environment,  
Quebec

#### **André Bossé**

Vice-President, Transportation

#### **Francis Gauthier**

Vice-President, Power, Quebec

#### **André Lapointe**

Vice-President, Building

#### **Valmont Robichaud**

Vice-President,  
Municipal Infrastructure

### ONTARIO

#### **Anita Smith**

Vice-President, Central and Western  
Ontario

#### **Brian Barber**

Vice-President,  
Municipal Infrastructure, Linear

#### **Gary Scott**

Vice-President,  
Municipal Infrastructure, Water  
and Wastewater Treatment

#### **Marc Rivard**

Vice-President, Eastern Ontario

#### **Marz Kord**

Vice-President, Northern Ontario

#### **Steve Taylor**

Vice-President, Transportation,  
Ontario

### WESTERN CANADA

#### **J. Rob Harmer**

Vice-President, Western Canada

#### **David Baker**

Vice-President, Wind Energy

#### **Elisa Brandts**

President, PBK Architects Inc.

#### **Bill Brant**

Vice-President, Manitoba

#### **Brian Oshust**

Vice-President, Alberta

#### **Dennis Rutten**

Vice-President, Saskatchewan

#### **Daryl Thomas**

Vice-President, British Columbia

### INTERNATIONAL

#### **Ali Ettehadieh**

Vice-President, Project Services



01



02



03



04



05



06



07

## BOARD OF TRUSTEES

**01 Richard Bélanger** <sup>(1)</sup> <sup>(2)</sup>

President of Toryvel Group Inc.  
President of Stetson Timberlands  
President and Chief Executive Officer  
of Theseus Capital Inc.  
Fund Trustee and Chairman of the Corporate  
Governance, Nominating and Compensation Committee

**02 Ali Ettehadieh**

Vice-President, Project Services and International  
GENIVAR Limited Partnership  
Fund Trustee

**03 Daniel Fournier**

President of ACNG Capital Inc.  
Fund Trustee  
Chairman of the Board

**04 Pierre Seccareccia** <sup>(1)</sup>

Corporate Director  
Fund Trustee and Chairman of  
the Audit Committee

**05 Pierre Shoiry**

President and Chief Executive Officer  
GENIVAR Limited Partnership  
Fund Trustee

**06 Pierre Simard** <sup>(1)</sup> <sup>(2)</sup>

Associate Director  
Champlain Financial Corporation (Canada) Inc.  
Fund Trustee

**07 Lawrence E. Smith** <sup>(2)</sup>

Associate  
Bennett Jones LLP  
Fund Trustee

<sup>(1)</sup> Member of the Audit Committee

<sup>(2)</sup> Member of the Corporate Governance, Nominating and Compensation Committee

## UNITHOLDER INFORMATION

### STOCK EXCHANGE

GENIVAR Income Fund unit is listed on the  
Toronto Stock Exchange, under the symbol GNV.UN

### TRANSFER AGENT AND REGISTRAR

CIBC Mellon Trust Company  
2001 University Street, Room 1600  
Montreal, Quebec, Canada H3A 2A6

T 1-800-387-0825  
[www.cibcmellon.com](http://www.cibcmellon.com)

### AUDITORS

PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.

### HEAD OFFICE

1600 René-Lévesque Boulevard West, 16<sup>th</sup> Floor  
Montreal, Quebec, Canada H3H 1P9

T 514-340-0046  
[www.genivar.com](http://www.genivar.com)

### ANNUAL MEETING

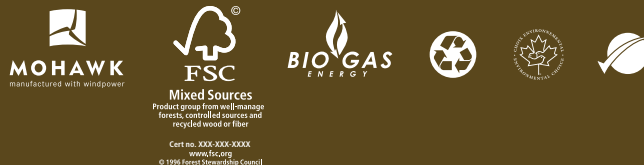
The Annual Unitholders' Meeting will be held at 10 a.m.,  
on Thursday May 22, 2008, at:

Montreal Convention Centre  
201 Viger Street West, Room 520-AD  
Montreal, Quebec, Canada

For more information, please contact:  
Communications Department  
GENIVAR Income Fund  
1600 René-Lévesque Boulevard West, 16<sup>th</sup> Floor  
Montreal, Quebec, Canada H3H 1P9

T 514-340-0046  
F 514-340-1337

*Pour recevoir ce rapport en français, veuillez vous  
adresser au service des Communications*



The editorial section of this annual report is printed on **Mohawk Option** paper, manufactured using wind-generated energy and contains 100% post-consumer recycled fiber. This paper is certified by the Forest Stewardship Council (FSC) and Green Seal.

The financial section is printed on **Rolland ST30** paper, manufactured using biogaz energy and contains 30% post-consumer fiber. This paper is certified FSC and Environmental Choice.

Writing & Design: GENIVAR Limited Partnership  
Printing: Transcontinental



[WWW.GENIVAR.COM](http://WWW.GENIVAR.COM)