

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007 (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 9, 2009

AUDITORS' REPORT

To the Unitholders of GENIVAR Income Fund

We have audited the consolidated balance sheets of **GENIVAR Income Fund** as at December 31, 2008 and 2007 and the consolidated statements of earnings and comprehensive income, retained earnings (deficit) and contributed surplus and cash flows for the years then ended. 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, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP¹

Montreal, Quebec, Canada
March 9, 2009

¹ Chartered accountant auditor permit No. 19042

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l., an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

CONSOLIDATED BALANCE SHEETS (As at December 31)

IN THOUSANDS OF DOLLARS	2008 (\$)	2007 (\$)
ASSETS		
Current assets		
Cash and cash equivalents	14,709	12,855
Accounts receivable (note 6)	115,443	75,036
Income taxes receivable	-	65
Costs and anticipated profits in excess of billings	46,076	27,523
Prepaid expenses	2,230	1,069
	178,458	116,548
Property, plant and equipment (note 7)	30,021	17,141
Intangible assets (note 8)	78,453	45,585
Goodwill (note 9)	140,450	126,698
	427,382	305,972
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	62,012	41,853
Income taxes payable	428	235
Billings in excess of costs and anticipated profits	29,481	17,567
Future income tax liabilities (note 21)	953	859
Distributions payable to unitholders (note 18)	13,429	2,568
Balances of purchase price payable (note 12)	13,763	1,710
Current portion of long-term debt (note 13)	1,662	-
	121,728	64,792
Long-term debt (note 13)	222	-
Bank advances (note 10)	10,668	-
Future income tax liabilities (note 21)	1,044	1,872
Non-controlling interest (note 14)	111,832	93,558
	245,494	160,222
UNITHOLDERS' EQUITY		
Fund units (note 15)	179,636	146,233
Retained earnings (deficit)	2,252	(483)
	181,888	145,750
	427,382	305,972
Commitments and contingencies (note 25)		
Subsequent events (note 28)		

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 RETAINED EARNINGS (DEFICIT) AND CONTRIBUTED SURPLUS

For the years ended December 31, 2008 and 2007

IN THOUSANDS OF DOLLARS	2008 (\$)	2007 (\$)
Deficit - Beginning of year	(483)	(278)
Net earnings for the year	25,815	15,295
	25,332	15,017
Declared distributions to unitholders (note 18)	(23,080)	(15,500)
Retained earnings (deficit) - End of year	2,252	(483)

IN THOUSANDS OF DOLLARS	2008 (\$)	2007 (\$)
Contributed Surplus - Beginning of year	-	-
Compensation costs under the LTIP (note 19)	275	275
Units vested under the LTIP (note 15)	(275)	(275)
Contributed Surplus - End of year	-	-

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

For the years ended December 31, 2008 and 2007

IN THOUSANDS OF DOLLARS, EXCEPT THE NUMBER OF UNITS AND PER UNIT DATA	2008 (\$)	2007 (\$)
Revenues	387,803	257,205
Costs	225,695	156,556
Gross margin	162,108	100,649
Expenses		
Marketing, general and administrative	95,898	57,819
Depreciation of property, plant and equipment	4,705	2,893
Amortization of intangible assets	16,527	10,687
Net interest expense (note 20)	2,198	1,528
Exchange loss (gain)	(2,256)	793
	117,072	73,720
Earnings before income taxes and non-controlling interest	45,036	26,929
Income taxes (note 21)	2,518	983
Earnings before non-controlling interest	42,518	25,946
Non-controlling interest (note 14)	(16,703)	(10,651)
Net earnings and comprehensive income for the year	25,815	15,295
Basic net earnings per unit	1.95	1.32
Weighted average number of units (note 17)	13,213,513	11,543,532
Diluted net earnings per unit	1.95	1.32
Diluted weighted average number of units (note 17)	21,829,087	19,635,498

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2008 and 2007

IN THOUSANDS OF DOLLARS	2008 (\$)	2007 (\$)
Cash flows from operating activities		
Net earnings for the year	25,815	15,295
Items not affecting cash and cash equivalents		
Depreciation and amortization	21,232	13,580
Compensation costs under the LTIP	275	275
Future income taxes	(715)	461
Non-controlling interest	16,703	10,651
	63,310	40,262
Change in non-cash working capital items (note 22(a))	(24,988)	(8,461)
	38,322	31,801
Cash flows from financing activities		
Variation in advances payable to the Non-Controlling Unitholder	(85)	(9,204)
Distributions paid to unitholders	(15,936)	(15,341)
Distributions paid to the Non-Controlling Unitholder	(11,162)	(10,598)
Repayment of balances of purchase price payable	(3,298)	(599)
Long-term debt contracted	307	-
Repayment of long-term debt	(1,311)	-
Variation in bank advances	10,668	(6,957)
Issuance of units (note 15)	35,000	39,000
Investment by the Non-Controlling Unitholder (note 14)	15,000	11,000
Issuance-related costs (note 1)	(2,250)	(2,450)
Purchase of units in the market under the LTIP (note 19)	-	(825)
Distributions reinvested in units under the LTIP (note 15)	(7)	(24)
	26,926	4,002
Cash flows from investing activities		
Business acquisitions (note 4)	(53,570)	(23,624)
Variation in advances to companies and a joint venture controlled by the Non-Controlling Unitholder	(175)	85
Additions to property, plant and equipment (note 22(b))	(8,129)	(6,440)
Proceeds from disposal of property, plant and equipment	789	457
Acquisition of software (note 22(b))	(2,309)	(1,612)
	(63,394)	(31,134)
Increase in cash and cash equivalents	1,854	4,669
Cash and cash equivalents - Beginning of year	12,855	8,186
Cash and cash equivalents - End of year	14,709	12,855
Additional information		
Interest paid	2,341	1,929
Interest received	(143)	(123)
Income taxes paid	8,270	431

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 and 2007 (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, including conceptual and development studies, feasibility and economic studies, preliminary engineering and detailed design, plans and specifications, work supervision and environmental planning.

On September 13, 2007, the Fund issued, pursuant to a public offering, 1,902,439 units for gross proceeds of \$39,000. Concurrently with the closing of the offering, GENIVAR inc., the Non-Controlling Unitholder, subscribed, directly and indirectly, for 536,585 Exchangeable Class B LP Units of GENIVAR LP and 536,585 Special Voting Units of the Fund for gross proceeds of \$11,000. Total issuance-related costs amounted to \$2,450 less future income taxes of \$154. Following this transaction, the Fund owned 12,902,439 Class A LP Units of GENIVAR LP, representing a 60.4% interest.

On October 2, 2008, the Fund issued, pursuant to a public offering, 1,391,650 units for gross proceeds of \$35,000. Concurrently with the closing of the offering, GENIVAR inc., the Non-Controlling Unitholder, subscribed, directly and indirectly, for 596,421 Exchangeable Class B LP Units of GENIVAR LP and 596,421 Special Voting Units of the Fund for gross proceeds of \$15,000. Total issuance related costs amounted to \$2,250 less future income taxes of \$235. Following this transaction, the Fund now owns 14,294,089 Class A LP Units of GENIVAR LP, representing a 61.2% interest.

2. CHANGES IN ACCOUNTING POLICIES

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

- Section 1400, "General Standards of Financial Statement Presentation." This standard has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern.
- Section 1535, "Capital Disclosures." This Section establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital as well as summary quantitative data on the elements included in the management of capital. The Section seeks to establish whether the entity has complied with capital requirements and, if not, the consequences of such non-compliance. These new disclosures are included in note 16.
- Section 3862, "Financial Instruments – Disclosures." This Section describes the required disclosures to evaluate the significance of financial instruments for the entity's financial position and performance as well as the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks. These new disclosures are included in note 24.
- Section 3863, "Financial Instruments – Presentation." This Section establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, "Financial Instruments – Disclosure and Presentation."

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 and 2007 (in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

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

On January 1, 2007, the Fund adopted the following new accounting standards issued by the 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 the 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 earnings.
- Accounts receivable, costs and anticipated profits in excess of billings, and advances to companies and a joint venture 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 exchange amount, 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 price payable, advances payable to the Non-Controlling Unitholder, distributions payable to unitholders, bank advances, and long-term debt are classified as other liabilities and are initially measured at fair value except for the related party transactions, which are measured at exchange amount and subsequently at amortized cost using the effective interest rate method.
- 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.
- 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.

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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 21.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

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

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, 2008 or 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 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 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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 CONTRACTS AND OPTIONS

The Fund's foreign currency forward contracts and options 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.

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%
Leasehold improvements	Straight-line	Lease term
Furniture and equipment	Declining balance	20% and 25%
Computer equipment	Declining balance	30%
Automotive equipment	Declining balance	30%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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ASSETS UNDER CAPITAL LEASE OBLIGATION

Leases that transfer substantially all of the benefits and risks of ownership of the assets to the Fund are accounted for as capital lease obligations. At the time a capital lease obligation is entered into, an asset is recorded together with the related obligation. Assets under capital lease obligations are amortized over their estimated useful lives at the same rate as other similar assets.

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	Straight-line Declining balance	6 years 30%
Customer relationships	Straight-line Sum-of-the-years-digits	10 and 14 years 7 years
Contract backlogs	Straight-line	4 months to 2 years
Non-competition agreements	Straight-line	1 to 5 years

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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.

Draft legislative proposals to implement a tax on distributions from publicly traded income trusts and partnerships passed third reading in the House of Commons on June 12, 2007, 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 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.

LONG-TERM INCENTIVE PLAN ("LTIP")

During 2007, the officers and key employees were eligible to participate in GENIVAR LP's LTIP. The plan provided 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 year.

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

FUTURE ACCOUNTING STANDARDS

Goodwill and intangible assets

The CICA published the new Section 3064, "Goodwill and Intangible Assets," which replaces Section 3062, "Goodwill and Other Intangible Assets," and Section 3450, "Research and Development Costs." This Section applies to the Fund's interim and annual financial statements for the year beginning on January 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The application of this standard will not have a material impact on the financial position or results of operations of the Fund.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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International Financial Reporting Standards

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

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

Business combinations

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

Consolidated financial statements

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

Non-controlling interest

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

COMPARATIVE FIGURES

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

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.

A) ACQUISITIONS MADE BY THE FUND IN 2008

- On January 1, 2008, the Fund acquired all the assets and liabilities of Transenco ("TL"), an Ontario-based transportation planning and design engineering firm.
- On January 31, 2008, the Fund acquired all the assets and liabilities of RFA Consulting Electrical Engineers ("RFA"), a British Columbia-based electrical engineering and lighting design services firm.
- On January 31, 2008, the Fund acquired all the assets and liabilities of Phoenix Engineering ("Phoenix"), a Western Canada-based wind power consulting firm.
- On February 29, 2008, the Fund ultimately acquired all the assets and liabilities of EXH Engineering Services ("EXH"), an Alberta-based transportation and municipal infrastructure firm.
- On May 5, 2008, the Fund acquired all the assets and liabilities of Doucet & Associés Conseils (Québec) ("DAC"), a Quebec-based telecommunications and utilities infrastructure engineering and consulting firm.

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- On June 1, 2008, the Fund acquired all the assets and liabilities of Bullock Baur Associates ("BBA"), a British Columbia-based civil and municipal engineering firm.
- On June 30, 2008, the Fund acquired all the assets and liabilities of Peterson Galloway ("PG"), a British Columbia-based civil and building engineering consulting firm.
- On August 1, 2008, the Fund acquired all the assets and liabilities of ZENIX Engineering ("ZE"), an Ontario-based electrical and building engineering consulting firm.
- On August 1, 2008, the Fund acquired all the assets and liabilities of Solmers, a Quebec-based environmental engineering consulting firm.
- On August 1, 2008, the Fund acquired all the assets and liabilities of Henderson Paddon & Associates/Oweson ("HP&O"), an Ontario-based civil engineering and environmental consulting firm.
- On October 31, 2008, the Fund acquired all the assets and liabilities of Consultants GÉNIPLUS/Nageco ("GÉNIPLUS"), a Quebec-based municipal infrastructure, structural buildings and bridge engineering firm.
- On November 1, 2008, the Fund acquired all the assets and liabilities of Consumaj Estrie ("CE"), a Quebec-based environmental and municipal infrastructure engineering firm.
- On December 1, 2008, the Fund acquired all the assets and liabilities of DDH Environnement ("DDH"), a Quebec-based earth sciences and environmental engineering firm.
- On December 1, 2008, the Fund acquired all the assets and liabilities of Pomeroy Consulting Engineers ("Pomeroy"), a British Columbia-based structural and building engineering firm.

The final purchase price allocations of TL, RFA, Phoenix and EXH shown below are completed by management with the assistance of an independent valuator. The purchase price allocations of DAC, BBA, PG, ZE, Solmers, HP&O, and GÉNIPLUS are preliminary, but the Fund does not anticipate any significant changes upon the finalization of the evaluation of the intangible assets in the purchase price allocations. The purchase price allocations of CE, DDH and Pomeroy have 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	EXH (\$)	Others* (\$)	Total (\$)
Assets acquired			
Current assets			
Cash	2,867	1,616	4,483
Accounts receivable	6,044	15,939	21,983
Costs and anticipated profits in excess of billings	636	3,811	4,447
Prepaid expenses	253	432	685
	9,800	21,798	31,598
Property, plant and equipment	6,798	2,778	9,576
Intangible assets			
Finite useful life			
Software	201	2,197	2,398
Customer relationships	16,500	14,709	31,209
Contract backlogs	5,300	3,406	8,706
Non-competition agreements	990	702	1,692
	39,589	45,590	85,179
Liabilities assumed			
Current liabilities			
Bank advances	-	(1,919)	(1,919)
Accounts payable and accrued liabilities	(6,463)	(9,961)	(16,424)
Billings in excess of costs and anticipated profits	-	(2,078)	(2,078)
Income taxes payable	(1,165)	-	(1,165)
Advances payable to the Non-Controlling Unitholder	-	(287)	(287)
Current portion of long-term debt	(885)	(287)	(1,172)
	(8,513)	(14,532)	(23,045)
Long-term debt	(1,447)	(269)	(1,716)
	(9,960)	(14,801)	(24,761)
Net identifiable assets acquired	29,629	30,789	60,418
Goodwill	3,450	11,747	15,197
Purchase price	33,079	42,536	75,615
Plus (less):			
Cash acquired	(2,867)	(1,616)	(4,483)
Bank advances assumed	-	1,919	1,919
Balances of purchase price payable	(8,711)	(6,640)	(15,351)
Income taxes payable	(4,130)	-	(4,130)
Net cash used for the acquisitions	17,371	36,199	53,570

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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B) FINALIZATION IN 2008 OF PURCHASE PRICE ALLOCATIONS

During the year 2008, the Fund finalized the purchase price allocations pertaining to the acquisitions of National Capital Engineering ("NCE"), SEG Engineering ("SEG"), Harmer Podolak Engineering Consultants ("Harmer"), TERRA experts conseils ("TERRA"), André Simard et Associés ("ASA"), B.H. Martin Consultants ("BHM") and 9142-1362 Québec ("VIZ"), realized in 2007. The final allocations, completed by management with the assistance of an independent valuator, resulted in an increase in customer relationships by \$1,302, an increase in contract backlogs of \$472 and the recognition of non-competition agreements of \$215. Purchase price increased by \$5 due to a change in the acquisition-related costs. As a result of these changes, goodwill decreased by \$1,984.

C) ACQUISITIONS MADE BY THE FUND IN 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.
- On January 1, 2007, the Fund acquired certain assets of Kazmar Associates ("Kazmar"), an Ontario-based structural engineering firm.
- On February 25, 2007, the Fund acquired all the assets and liabilities of Groupe G.L.D. ("GLD"), a Quebec-based multidisciplinary engineering consulting firm.
- 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.
- On July 3, 2007, the Fund acquired all the assets and liabilities, except for the assets used exclusively in connection with the Value Engineering Business (valued at \$400), of NCE, an Ontario-based transportation planning and design engineering firm.
- On July 10, 2007, the Fund acquired all the assets and liabilities of SEG, a Manitoba-based municipal infrastructure firm.
- On July 28, 2007, the Fund acquired all the assets and liabilities of Harmer, an Ontario-based bridge and civil infrastructure design firm.
- On September 1, 2007, the Fund acquired all the assets and liabilities of TERRA, a Quebec-based municipal infrastructure firm.
- On October 1, 2007, the Fund acquired all the assets and liabilities of ASA, a Québec-based municipal infrastructure and environmental firm.
- On October 27, 2007, the Fund acquired all the assets and liabilities of BHM, an Ontario-based multidisciplinary engineering firm.
- On October 31, 2007, the Fund acquired all the assets and liabilities of VIZ, a Québec-based visual simulation firm.

The final purchase price allocations of CDG, GLD, Kazmar and NOVE shown below are completed by management with the assistance of an independent valuator. The purchase price allocations of NCE, SEG, Harmer, TERRA, ASA, and VIZ was preliminary in 2007 and have been finalized in 2008 (note 4(b)). The purchase price allocation of BHM had not been completed in 2007, and as such, any excess of the consideration paid over management's best estimate of the fair value of net tangible assets acquired had been allocated to goodwill in 2007. This final purchase price allocation has been finalized in 2008 (note 4(b)).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	Total (\$)
Assets acquired	
Current assets	
Cash	763
Accounts receivable	6,804
Costs and anticipated profits in excess of billings	2,776
Prepaid expenses	780
	11,123
Property, plant and equipment	2,360
Intangible assets	
Finite useful life	
Software	243
Customer relationships	9,160
Contract backlogs	2,434
Non-competition agreements	581
	25,901
Liabilities assumed	
Current liabilities	
Bank advances	(758)
Accounts payable and accrued liabilities	(5,434)
Advances payable to the Non-Controlling Unitholder	(621)
	(6,813)
Net identifiable assets acquired	19,088
Goodwill	6,850
Purchase price	25,938
Plus (less):	
Cash acquired	(763)
Bank advances assumed	758
Balances of purchase price payable	(2,309)
Net cash used for the acquisitions	23,624

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 and 2007 (in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

D) FINALIZATION IN 2007 OF A PURCHASE PRICE ALLOCATION

During 2007, the Fund finalized the allocation of the purchase price pertaining to the acquisition of Martoni, Cyr & Associates realized on December 1, 2006. The final allocation, completed by management with the assistance of an independent valuator, resulted in an increase in 2007 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 cost. As a result of these changes, goodwill decreased by \$168.

5. JOINT VENTURES ACTIVITIES

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

	2008 (\$)	2007 (\$)
Statements of earnings		
Revenues	31,929	27,050
Costs	20,917	17,537
Gross margin	11,012	9,513
Statements of cash flows		
Cash flows provided from operating activities	6,427	8,883
Current assets		
Cash	2,956	3,041
Accounts receivable	11,082	8,526
Costs and anticipated profits in excess of billings	4,051	2,027
Total assets	18,089	13,594
Current liabilities		
Accounts payable and accrued liabilities	4,544	4,773
Billings in excess of costs and anticipated profits	2,621	2,397
Total liabilities	7,165	7,170

6. ACCOUNTS RECEIVABLE

	2008 (\$)	2007 (\$)
Trade receivables *	115,008	74,536
Companies controlled by the Non-Controlling Unitholder	111	406
Non-Controlling Unitholder	129	74
Advances to companies and a joint venture controlled by the Non-Controlling Unitholder	195	20
	115,443	75,036

* Trade receivables include holdbacks amounting to \$3,473 (\$2,225 in 2007).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 and 2007 (in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	2008		
	COST (\$)	ACCUMULATED DEPRECIATION (\$)	NET VALUE (\$)
Land	1,396	-	1,396
Buildings	9,671	617	9,054
Leasehold improvements	4,467	986	3,481
Furniture and equipment	10,481	2,683	7,798
Computer equipment	11,748	3,901	7,847
Automotive equipment	667	222	445
	38,430	8,409	30,021

	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

Property, plant and equipment include assets held under capital lease obligations amounting to \$1,482 (none in 2007) with accumulated depreciation of \$273 (none in 2007).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 and 2007 (in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

8. INTANGIBLE ASSETS

	2008		
	COST (\$)	ACCUMULATED AMORTIZATION (\$)	NET VALUE (\$)
Finite useful life			
Software	8,629	3,016	5,613
Customer relationships	69,850	9,243	60,607
Contract backlogs	9,788	4,791	4,997
Non-competition agreements	4,578	1,942	2,636
Indefinite useful life			
Trade name	4,600	-	4,600
	97,445	18,992	78,453

	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

During the year, the Fund acquired intangible assets amounting to \$47,405 (\$14,226 in 2007) subject to amortization, including an amount of \$1,277 (nil for 2007) from the step-by-step acquisition. The Fund allocated an amount of \$1,989 (\$212 in 2007) (note 4(b) and (d)) from goodwill to intangible assets as a result of the finalization of purchase price allocations.

9. GOODWILL

	2008 (\$)	2007 (\$)
Balance - Beginning of year	126,698	116,437
Goodwill resulting from business acquisitions (note 4(a) and (c))	15,197	6,850
Finalization of purchase price allocations (note 4(b) and (d))	(1,984)	(168)
Goodwill resulting from a step-by-step acquisition including future income taxes*	539	3,579
Balance - End of year	140,450	126,698

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2008 and 2007 (in thousands of dollars, except the number of units and per unit data and unless otherwise stated)

- * On October 2, 2008, the Fund acquired 1,391,650 units issued by GENIVAR LP for a cash consideration of \$35,000. Concurrently, GENIVAR inc., the Non-Controlling Unitholder subscribed for 596,421 Exchangeable Class B LP Units of GENIVAR LP for a cash consideration of \$15,000. As a result of this transaction, the Fund increased its interest in GENIVAR LP to 61.2% (60.4% 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 including future income taxes amounted to \$1,816 and has been recorded as contract backlogs for \$282, customer relationships for \$995 and goodwill for \$ 539 not deductible for income tax purposes. Accordingly, the non-controlling interest has increased by \$1,600 and future income taxes liabilities have increased by \$216.

On September 13, 2007, the Fund acquired 1,902,439 units issued by GENIVAR LP for a cash consideration of \$39,000. Concurrently, GENIVAR Inc., the Non-Controlling Unitholder, subscribed for 536,585 Exchangeable Class B 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, 2008, goodwill amounting to \$22,510 (\$9,297 in 2007) is deductible for income tax purposes.

10. CREDIT FACILITIES

The Fund has credit facilities totalling \$82,000 (\$42,000 in 2007) allocated as follows:

TERM FACILITY

Term facility of \$80,000 (\$40,000 in 2007) for operations and for the financing of acquisitions. The term facility may also be used for the payment of distributions to unitholders up to a maximum amount of \$10,000 (\$5,000 in 2007).

TREASURY FACILITY

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

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

These credit facilities are secured by a first ranking hypothec over the universality of movable assets of GENIVAR LP and those of some of its subsidiaries. These credit facilities bear interest at prime rate for Canadian currency advances and US base rate for US currency advances. A variable fee, based on different levels of covenants, is applicable on LIBOR advances.

Under these credit facilities, GENIVAR LP, a Fund's subsidiary, is required, among other conditions, to respect certain covenants on a consolidated basis, which have been met as at December 31, 2008 and 2007.

As at December 31, 2008, the Fund issued, in the normal course of business, irrevocable letters of credit totalling \$303 (\$348 in 2007) for its own commitments, thus decreasing such available credit facilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2008 (\$)	2007 (\$)
Trade payables and accrued liabilities	61,359	41,451
Advances payable to the Non-Controlling Unitholder	426	224
Deferred revenue	227	178
	62,012	41,853

12. BALANCES OF PURCHASE PRICE PAYABLE

	2008 (\$)	2007 (\$)
Payable in less than a year		
Non-Controlling Unitholder		
Prime rate	183	202
Vendors		
Without interest	3,276	-
Prime rate	7,011	483
Fixed rate of 4%	716	-
Fixed rate of 5%	2,077	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	500
	13,763	1,710

13. LONG-TERM DEBT

	2008 (\$)	2007 (\$)
Loan bearing interest at prime rate plus 0.75%, payable in monthly principal instalments of \$13 plus interest, maturing in December 2009 secured by a building.*	900	-
Capital lease obligations bearing interest at prime rate plus 1%, payable in monthly instalments totalling \$55, maturing between May 2009 and February 2010. These obligations are secured by property, plant and equipment.*	677	-
Capital lease obligations bearing interest at 16.25%, payable in monthly instalments totalling \$11, maturing in December 2011. These obligations are secured by property, plant and equipment.	307	-
	1,884	-
Less: Current portion	1,662	-
	222	-

* Reimbursed entirely in January 2009.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Principal instalments on long-term debt and minimum payments on capital lease obligations over the next three years are as follows:

	Principal instalments on long-term debt	Future minimum payments on capital leases obligations
2009	900	817
2010	-	130
2011	-	130
		1,077
Less: Interest		93
		984

14. NON-CONTROLLING INTEREST

As at December 31, 2008 and 2007, the non-controlling interest is as follows:

	EXCHANGEABLE CLASS B LP UNITS		EXCHANGEABLE CLASS C LP UNITS		TOTAL	
	NUMBER	\$	NUMBER	\$	NUMBER	\$
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 private placement (note 1)	536,585	11,000	-	-	536,585	11,000
Issuance-related costs (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	-	4,457	-	6,194	-	10,651
Distributions	-	(4,493)	-	(6,149)	-	(10,642)
Balance as at December 31, 2007	3,732,121	44,313	4,731,845	49,245	8,463,966	93,558
Units issued pursuant to a private placement (note 1)	596,421	15,000	-	-	596,421	15,000
Issuance-related costs (note 1)	-	(150)	-	-	-	(150)
Increase of the non-controlling interest as a result of a step-by-step acquisition (note 9)	-	764	-	836	-	1,600
Share in earnings attributable to the Non- Controlling Unitholder	-	7,510	-	9,193	-	16,703
Distributions	-	(6,836)	-	(8,043)	-	(14,879)
Balance as at December 31, 2008	4,328,542	60,601	4,731,845	51,231	9,060,387	111,832

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The subordination period for the Exchangeable Class C LP Units ended as of July 1, 2008, in accordance with the terms of the GENIVAR LP Agreement. As a result, distributions are now made to all unitholders of GENIVAR LP Units concurrently and on a pro rata basis.

The Exchangeable Class B LP Units and Exchangeable Class C LP Units are economically equivalent to Class A LP Units held by the Trust. The Exchangeable Class B LP Units and the Exchangeable Class C LP Units could be exchangeable for units on a one-for-one basis (subject to customary anti-dilution protections).

As at December 31, 2008, an amount of \$5,210 (\$1,493 in 2007) has been accounted for as distributions payable to the Non-Controlling Unitholder.

15. FUND UNITS

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

UNITS

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

Issued and paid

	NUMBER OF UNITS			\$
	ISSUED	HELD BY A TRUSTEE	TOTAL	
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 19)	-	(46,142)	(46,142)	(825)
Distributions reinvested in units under the LTIP (note 19)	-	(871)	(871)	(24)
Units vested under the LTIP (note 19)	-	15,379	15,379	275
Balance as at December 31, 2007	12,902,439	(31,634)	12,870,805	146,233
Units issued pursuant to a public offering (note 1)	1,391,650	-	1,391,650	35,000
Issuance-related costs less future income taxes (note 1)	-	-	-	(1,865)
Distributions reinvested in units under the LTIP (note 19)	-	(404)	(404)	(7)
Units vested under the LTIP (note 19)	-	15,381	15,381	275
Balance as at December 31, 2008	14,294,089	(16,657)	14,277,432	179,636

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

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

One Special Voting Unit will be outstanding for each Exchangeable Class B and Class C LP Unit issued by GENIVAR LP. As at December 31, 2008, 9,060,387 Special Voting Units are outstanding (8,463,966 in 2007).

16. CAPITAL DISCLOSURES

The Fund’s objectives when managing capital structure are:

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

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

	2008 (\$)	2007 (\$)
Cash and cash equivalents	(14,709)	(12,855)
Balances of purchase price payable	13,763	1,710
Long-term debt, including current portion	1,884	-
Bank advances	10,668	-
	11,606	(11,145)
Non-controlling interest	111,832	93,558
Unitholders’ equity	181,888	145,750
	305,326	228,163

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

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The Fund's financing strategy is defined to maintain a flexible structure consistent with the objectives stated above, to respond adequately to change in economic conditions and to permit growth by business acquisitions. In order to adjust its capital structure, the Fund may issue new units in the market, contract bank advances and negotiate new credit facilities. In October 2008, the Fund issued, pursuant to a public offering, and the Non-Controlling Unitholder subscribed for new units. The gross proceeds were used to reimburse a part of the bank advances contracted in 2008 to realize business acquisitions and pay distributions to unitholders.

In order for the Fund to retain the benefit of the deferred application of the SIFT Rules (note 3), the amount of new equity that the Fund may issue is limited to \$100,000 until 2011.

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

- Standardized payout ratio is defined as aggregate cash distributions divided by standardized distributable cash. The standardized distributable cash is defined as cash flows from operating activities, including the effects of changes in non-cash working capital items and any operating cash flows provided from or used in discontinued operations, less total capital expenditures and restrictions on distributions arising from compliance with financial covenants and limitations arising from the existence of a minority interest in a subsidiary. For the year ended December 31, 2008, the standardized distributable cash and the standardized payout ratio amount respectively to \$27,884 and 136.1% (\$23,749 and 110.1% in 2007).
- Adjusted payout ratio is defined as aggregate cash distributions divided by adjusted distributable cash. The adjusted distributable cash is defined as standardized distributable cash adjusted for entity-specific adjustment items that management believes are appropriate for the determination of levels of distributions. For the year ended December 31, 2008, the adjusted distributable cash and the adjusted payout ratio amount respectively to \$52,872 and 71.8% (\$33,952 and 77.0% in 2007).

The Fund is not subject to any external requirements arising from regulatory or similar authorities.

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

17. EARNINGS PER UNIT

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

	2008 (\$)	2007 (\$)
Basic net earnings	25,815	15,295
Non-controlling interest	16,703	10,651
Diluted net earnings	42,518	25,946

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

	2008	2007
Weighted average number of:		
Units outstanding – basic	13,213,513	11,543,532
LTIP awards	4,947	4,344
Exchangeable GENIVAR LP units	8,610,627	8,087,622
Diluted weighted average number of units outstanding (note 3)	21,829,087	19,635,498

18. 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 2008 and November 2007, the Fund declared a one-time special distribution of \$0.45 and \$0.30 per unit respectively

19. LONG-TERM INCENTIVE PLAN (“LTIP”)

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

In 2007, the officers and key employees were eligible to participate in GENIVAR LP’s LTIP. The purpose of the LTIP was 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 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 has purchased 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, which are 2007, 2008 and 2009. The LTIP Administrator will remit any distributions on units acquired pursuant to the LTIP to GENIVAR LP. GENIVAR LP may, at its sole and entire discretion, contribute an amount equivalent to part of 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 years ended December 31, 2008 and 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.

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.

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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 15). In 2008, no amount was disbursed by the Fund in regard to the LTIP.

Since compensation costs are recognized over the vesting period, an amount of \$275 has been recorded as compensation costs for the years ended December 31, 2008 and 2007.

As at December 31, 2008, two-thirds (one-third in 2007) of the units have vested as well as the distributions on these units (note 15).

20. NET INTEREST EXPENSE

	2008 (\$)	2007 (\$)
Interest on bank advances	2,089	1,199
Interest on advances payable to the Non-Controlling Unitholder	127	452
Interest on long-term debt	125	-
Interest income	(143)	(123)
	2,198	1,528

21. INCOME TAXES

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

	2008 (\$)	2007 (\$)
Earnings before income tax expense and non-controlling interest	45,036	26,929
Fund's earnings not subject to income taxes	(36,583)	(25,132)
	8,453	1,797
Combined Canadian federal and provincial statutory tax rate	32.57%	35.28%
Income taxes based on statutory income tax rates	2,753	634
Implementation of the SIFT Rules*	(243)	531
Non-deductible expenses	24	62
Foreign tax rate differences	(115)	(51)
Effect of change in tax rate	24	(211)
Other	75	18
	2,518	983
Current	3,233	522
Future	(715)	461
	2,518	983

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- * To calculate the adjustment required on future income taxes since the application of the new fiscal rules (note 3), the Fund forecasted the changes in its tax attributes between year-end, and December 31, 2010. These forecasts will be updated quarterly and any change will be reflected in net earnings.

The tax rates used is the tax rate that is substantively enacted to be in effect for 2011. For the year ended December 31, 2008, the Fund recognized an amount of \$115 as future income tax liabilities (\$377 in 2007) and recorded \$243 as an income tax recovery (\$531 as an income tax expense in 2007), \$235 (\$154 in 2007) as a reduction of issuance-related costs and \$216 (none in 2007) as an increase of goodwill resulting from step-by-step acquisition as a result of the implementation of the SIFT rules.

As at December 31, 2008 and 2007, the significant components of future income tax assets and liabilities are as follows:

	2008 (\$)	2007 (\$)
Future income tax assets		
Deductible provision upon settlement	521	130
Non-capital losses	242	227
Deferred issuance-related costs	312	162
Future income tax liabilities		
Costs and anticipated profits in excess of billings	(859)	(768)
Holdbacks	(617)	(448)
Property, plant and equipment and software	(547)	(561)
Intangible assets except software	(1,049)	(1,473)
Future income taxes, net	(1,997)	(2,731)
Classified as:		
Current future income tax liabilities	(953)	(859)
Long-term future income tax liabilities	(1,044)	(1,872)
	(1,997)	(2,731)

As at December 31, 2008 and 2007, a Fund's subsidiary has accumulated non-capital losses totaling \$830 and \$673. These losses, which can be carried forward in the future, will expire as follows:

Expiry date	2008 (\$)	2007 (\$)
2026	776	673
2028	54	-

The tax attributes of GENIVAR LP and a non-taxable GENIVAR LP's subsidiary are transferred to the Fund's unitholders and, accordingly, are not recognized in these consolidated financial statements. As at December 31, 2008 and 2007, the carrying amounts of the assets owned by GENIVAR LP and a non taxable GENIVAR LP subsidiary, which create temporary differences, exceeded their tax basis by \$10,939 and \$6,131.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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22. STATEMENTS OF CASH FLOWS

a) Change in non-cash working capital items

	2008 (\$)	2007 (\$)
Decrease (increase) in:		
Accounts receivable	(18,249)	(16,767)
Income taxes receivable	65	22
Costs and anticipated profits in excess of billings	(14,106)	(6,837)
Prepaid expenses	(476)	419
Increase (decrease) in:		
Accounts payable and accrued liabilities	3,044	7,849
Income taxes payable	(5,102)	69
Billings in excess of costs and anticipated profits	9,836	6,784
	(24,988)	(8,461)

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

	2008 (\$)	2007 (\$)
Accounts payable and accrued liabilities for additions to property, plant and equipment	1,216	547
Accounts payable and accrued liabilities for acquisition of software	281	466

23. RELATED PARTY TRANSACTIONS

The Fund entered into the following transactions with related parties:

	2008 (\$)	2007 (\$)
Non-Controlling Unitholder		
Marketing, general and administrative expenses	(362)	(132)
Companies controlled by the Non-Controlling Unitholder		
Revenues	994	3,082
Costs	26	503
Additions to property, plant and equipment	39	1,622

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.

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BUSINESS ACQUISITIONS

The Fund enters into transactions with GENIVAR inc., the Non-Controlling Unitholder, in connection with certain business acquisitions. Generally, GENIVAR inc. acquires all the outstanding shares of a company and sells the net assets of the acquired company to GENIVAR LP or one of its subsidiaries. The purchase price for GENIVAR LP or one of its subsidiaries is identical to the shares' purchase price paid by GENIVAR inc., taking into account certain assets or liabilities that are not or cannot be transferred, which price has been concluded with unrelated parties. This acquisition strategy has been realized to facilitate the Fund's negotiations related to the acquisition of targeted companies. During the year, the Fund has acquired TL, RFA, Phoenix, DAC, BBA, PG, ZE, Solmers, HP&O, GÉNIPLUS, CE, DDH, and Pomeroy (GLD, NOVE, NCE, SEG, Harmer, TERRA, ASA, BHM, and VIZ in 2007) for a total consideration of \$41,603 (\$18,440 in 2007), excluding acquisition-related costs of \$933 (\$382 in 2007) assumed directly by the Fund (notes 4(a) and 4(c)). After the year-end, the Fund has acquired Envirotel, WSA, ENTRA, DCA and WES (note 28).

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

24. FINANCIAL INSTRUMENTS

FAIR VALUE

Cash and cash equivalents, accounts receivable, costs and anticipated profits in excess of billings, advances to companies and a joint venture controlled by the Non-Controlling Unitholder, accounts payable and accrued liabilities, advances payable to the Non-Controlling Unitholder, distributions payable to unitholders, balances of purchase price payable, long-term debt, and bank advances are financial instruments whose fair values approximate their carrying value due to their short-term maturity or to variable interest rates.

As at December 31, 2008, the fair value of the capital lease obligations with fixed interest rate was \$369 (nil in 2007). The Fund uses an interest rate of 3.50% to determine the fair value of financial instruments and their future cash flows.

The Fund is exposed to credit risk, foreign exchange risk, interest rate risk and liquidity risk. The following analyses provide a measurement of those risks as at December 31, 2008.

CREDIT RISK

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

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

The Fund's credit risk is principally attributable to its trade receivables. The amounts presented in the balance sheet are net of an allowance for doubtful accounts, estimated by the Fund's management based, in part, on the age of the specific receivable balance and the current and expected collection trends. As at December 31, 2008, less than 13.17% of trade receivable are outstanding for more than 180 days. Generally, the Fund does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Fund performs ongoing credit reviews of all its customers and establishes an allowance for doubtful accounts when the likelihood of collecting the account has significantly diminished. The Fund believes that the credit risk of accounts receivable is limited.

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

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FOREIGN EXCHANGE RISK

The Fund is exposed to currency risks as transactions with customers outside Canada are predominantly denominated in US dollars, TT dollars and Euros. These risks are partially offset by purchases and operating expenses incurred in US dollars, TT dollars and Euros. As at December 31, 2008 and 2007, the balances denominated in foreign currencies are as follows:

	Foreign currencies converted into CAN\$	
	2008 (\$)	2007 (\$)
Current assets	32,659	13,945
Current liabilities	17,764	8,250

In order to reduce the potential negative impact of fluctuations in the Canadian dollar, the Fund has entered into foreign currency forward contract and options to cover future sales anticipated in US dollars.

As at December 31, 2008, the Fund did not hold any foreign currency forward contracts or options.

As at December 31, 2007, the Fund held 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 options, all the options not expired must be exercised before the expiration date. These options, whose unrealized loss amounts to \$11, have been classified as liabilities.

The Fund considers that its exposure to a variation in the US, TT and Euro exchange rates is not an important currency risk because of the limited amount of transactions in these currencies.

Taking into account the amounts denominated in currencies indicated above and supposing that all of the other variables remain unchanged, a fluctuation in exchange rates would have an impact on the Fund's net earnings. Management believes that a 10% change in exchange rates would be reasonably possible and that the impact on earnings of a 10% change in exchange rates would be approximately \$1,490.

INTEREST RATE RISK

As at December 31, 2008 and 2007, the Fund's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable interest rate
Accounts receivable, excluding advances	Non-interest bearing
Costs and anticipated profits in excess of billings	Non-interest bearing
Advances to companies and a joint venture controlled by the Non-Controlling Unitholder	Prime rate
Accounts payable and accrued liabilities, excluding advances	Non-interest bearing
Advances payable to the Non-Controlling Unitholder	Prime rate
Distributions payable to unitholders	Non-interest bearing
Balances of purchase price payable	As described in note 12
Long-term debt	As described in note 13
Bank advances	As described in note 10

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

A fluctuation in interest rates would have an impact on the Fund's net earnings. Management believes that a 0.5% change in interest rate would be possible and that the impact on earnings of a 0.5% change in interest rates would be approximately \$2 for the year ended December 31, 2008.

LIQUIDITY RISK

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities as at December 31, 2008.

	CARRYING AMOUNT (\$)	CONTRACTUAL CASH FLOWS (\$)	LESS THAN A YEAR (\$)	BETWEEN 1 AND 2 YEARS (\$)	MORE THAN 2 YEARS (\$)
Trades payable and accrued liabilities	61,359	61,359	61,359	-	-
Advances payable to the Non-Controlling Unitholder	426	436	436	-	-
Distributions payable to unitholders	13,429	13,429	13,429	-	-
Balances of purchase price payable	13,763	13,966	13,966	-	-
Long-term debt, including current portion	1,884	1,980	1,720	130	130
Bank advances	10,668	11,571	-	-	11,571
	101,529	102,741	90,910	130	11,701

As at December 31, 2008 and 2007, the Fund had unused credit facilities of \$71,029 and \$41,652, net of outstanding letters of credit of \$303 and \$348, and cash and cash equivalents of \$14,709 and \$12,855.

The Fund is confident that the future cash flows from operations, cash and cash equivalents, and availability under credit facilities will be adequate to support these financial liabilities.

25. 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 \$13,333 in 2009, \$11,885 in 2010, \$10,897 in 2011, \$9,655 in 2012, \$7,956 in 2013 and \$29,186 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; however, the outcome cannot be predicted with certainty. 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.

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26. 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 \$2,181 and \$1,212 for the years ended December 31, 2008 and 2007.

27. SEGMENT INFORMATION

a) Major customers

As at December 31, 2008 and 2007, no customers represented more than 10% of the Fund's consolidated revenues.

b) Segmented information

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

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

c) Geographic areas

The following sales have been allocated to geographic regions based on the country in which the majority of the projects have been realized.

	2008 (\$)	2007 (\$)
Canada	355,829	245,919
Trinidad	21,170	10,075
Other	10,804	1,211
	387,803	257,205

The property, plant and equipment, intangible assets and goodwill are mainly associated with activities in Canada.

28. SUBSEQUENT EVENTS

In January and February 2009, the Fund acquired all the assets and liabilities of Envirotel 3000 ("Envirotel"), WSA Trenchless Consultants ("WSA"), ENTRA Consultants ("ENTRA"), Design Collaborative Associates ("DCA") and Wiebe Environmental Services (WES), four Canadian consulting and engineering firms and one Caribbean architectural and planning firm.