



January 1, 2010, to April 3, 2010, period

Interim consolidated financial statements

Unaudited

GENIVAR Income Fund

Interim Consolidated Financial Statements
(unaudited)
April 3, 2010

(in thousands of dollars)

GENIVAR Income Fund

Interim Consolidated Balance Sheet

(in thousands of dollars)

	As at April 3, 2010 \$ (unaudited)	As at December 31, 2009 \$ (audited)
Assets		
Current assets		
Cash and cash equivalents	22,692	51,887
Accounts receivable	138,601	143,256
Costs and anticipated profits in excess of billings	59,805	51,292
Prepaid expenses	7,947	4,710
	229,045	251,145
Property, plant and equipment	33,862	33,029
Intangible assets (note 3)	108,789	100,167
Goodwill (note 4)	152,787	148,756
	524,483	533,097
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	70,362	69,388
Income taxes payable	246	347
Billings in excess of costs and anticipated profits	24,318	24,836
Future income tax liabilities	389	389
Distributions payable to unitholders	3,395	15,619
Current portion of balances of purchase price payable	7,663	5,300
Current portion of long-term debt	330	330
	106,703	116,209
Balances of purchase price payable	1,768	1,768
Long-term debt	5,588	5,670
Future income tax liabilities	3,829	3,695
Non-controlling interest (note 5)	128,641	128,361
	246,529	255,703
Unitholders' Equity		
Fund units (note 6)	275,065	275,065
Retained Earnings	2,889	2,329
	277,954	277,394
	524,483	533,097
Commitments (note 11)		
Subsequent events (note 13)		

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

Approved by the Trustees

(signed) Pierre Shoiry _____ Trustee

(signed) Pierre Seccareccia _____ Trustee ⁽³⁾

GENIVAR Income Fund

Interim Consolidated Statement of Retained Earnings (unaudited)

(in thousands of dollars)

	First quarter ended	
	April 3, 2010 \$ (93 days)	March 28, 2009 \$ (87 days)
Retained Earnings – Beginning of period	2,329	2,252
Net earnings for the period	7,349	6,404
	9,678	8,656
Declared distributions to unitholders	(6,789)	(5,360)
Retained Earnings – End of period	2,889	3,296

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

GENIVAR Income Fund

Interim Consolidated Statements of Earnings and Comprehensive Income (unaudited)

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

	First quarter ended	
	April 3, 2010 \$ (93 days)	March 28, 2009 \$ (87 days)
Revenues	125,961	97,431
Costs	73,679	55,021
Gross margin	52,282	42,410
Expenses		
Marketing, general and administrative	32,484	25,821
Depreciation of property, plant and equipment	1,510	1,398
Amortization of intangible assets	4,732	4,143
Net interest expense (note 8)	248	304
Exchange loss (gain)	1,283	(121)
	40,257	31,545
Earnings before income taxes and non-controlling interest	12,025	10,865
Income taxes		
Current	865	804
Future	134	(357)
	999	447
Earnings before non-controlling interest	11,026	10,418
Non-controlling interest (note 5)	(3,677)	(4,014)
Net earnings and comprehensive income for the period	7,349	6,404
Basic net earnings per unit	0.41	0.45
Weighted average number of units (note 7)	18,103,589	14,277,078
Diluted net earnings per unit	0.41	0.45
Diluted weighted average number of units (note 7)	27,163,976	23,345,696

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

GENIVAR Income Fund

Interim Consolidated Statements of Cash Flows (unaudited)

(in thousands of dollars)

	First quarter ended	
	April 3, 2010 \$ (93 days)	March 28, 2009 \$ (87 days)
Cash flows from operating activities		
Net earnings for the period	7,349	6,404
Items not affecting cash and cash equivalents		
Depreciation and amortization	6,242	5,541
Compensation costs under the LTIP	-	69
Future income taxes	134	(357)
Non-controlling interest	3,677	4,014
	<u>17,402</u>	<u>15,671</u>
Change in non-cash working capital items (note 9)	(1,202)	(2,621)
	<u>16,200</u>	<u>13,050</u>
Cash flows used in financing activities		
Variation in advances to the non-controlling unitholder	2,192	(487)
Distributions paid to unitholders	(14,935)	(11,792)
Distributions paid to the non-controlling unitholder	(7,475)	(7,476)
Repayment of balances of purchase price payable	(2,634)	(346)
Repayment of long-term debt	(82)	(1,884)
Net variation in bank advances	-	18,947
Distributions reinvested in units under the LTIP	-	(14)
	<u>(22,934)</u>	<u>(3,052)</u>
Cash flows used in investing activities		
Business acquisitions (note 2a)	(18,079)	(5,627)
Variation in advances to companies and a joint venture controlled by the non-controlling unitholder	18	(5)
Additions to property, plant and equipment	(1,437)	(2,447)
Proceeds from disposal of property, plant and equipment and software	50	8
Acquisition of software	(3,013)	(1,099)
	<u>(22,461)</u>	<u>(9,170)</u>
Net change in cash and cash equivalents	(29,195)	828
Cash and cash equivalents – Beginning of period	<u>51,887</u>	<u>14,709</u>
Cash and cash equivalents – End of period	<u>22,692</u>	<u>15,537</u>
Additional information		
Interest paid	261	319
Interest received	(13)	(15)
Income taxes paid	966	772

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

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

April 3, 2010

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

1 Summary of significant accounting policies

Basis of presentation

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

The financial information as at April 3, 2010, is unaudited. However, in the opinion of management, all adjustments necessary to present fairly the results of this period have been included. The adjustments made were of a normal and recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

Change in accounting policies

On January 1, 2010, the Fund adopted amended Section 1506, "Accounting Changes," issued by the Canadian Institute of Chartered Accountants ("CICA"). This section excludes from its scope changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. This section relates to disclosures and presentation and has no impact on the Fund's consolidated results or financial position.

Future accounting standards

Business combinations

The CICA published Section 1582, "Business Combinations." This 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.

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.

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.

Should the Fund decide to adopt one of these three new sections early, it must then adopt all three on the same date.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

April 3, 2010

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

The Fund has not yet determined the impact of the adoption of these new sections on its consolidated financial statements.

Comparative figures

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

2 Business acquisitions

The acquisitions have been accounted for using the purchase method, and the operating results have been included in the consolidated financial statements from the date of acquisition. Upon a change in the purchase price, the net assets acquired and the balances 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 during the first quarter ended April 3, 2010

- On February 1, 2010, the Fund acquired all the assets and liabilities of V.B. Cook Co. ("Cook"), an Ontario multidisciplinary consulting engineering firm.
- On March 1, 2010, the Fund acquired all the assets and liabilities of Thompson Rosemount Group ("Thompson"), an Ontario multidisciplinary consulting engineering firm.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

April 3, 2010

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

The purchase price allocations of Cook and Thompson 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.

	\$
Assets acquired	
Current assets	
Accounts receivable	10,595
Advances to the non-controlling unitholder	23
Costs and anticipated profits in excess of billings	525
Prepaid expenses	88
	<u>11,231</u>
Property, plant and equipment	924
Intangible assets	
Finite useful life	
Software	364
Customer relationships	7,723
Contract backlogs	2,246
Non-competition agreements	421
	<u>22,909</u>
Liabilities assumed	
Current liabilities	
Bank advances	928
Accounts payable and accrued liabilities	3,408
Billings in excess of costs and anticipated profits	75
	<u>4,411</u>
Net identifiable assets acquired	18,498
Goodwill	3,650
	<u>22,148</u>
Purchase price	22,148
Plus (less):	
Bank advances assumed	928
Balances of purchase price payable	(4,997)
	<u>18,079</u>
Net cash used for the acquisitions	18,079

(b) Finalization of purchase price allocations

During the first quarter ended April 3, 2010, the Fund finalized the purchase price allocations pertaining to the acquisitions of ENAQ and Algal & Associates realized in 2009. The final allocations, completed by management with the assistance of an independent valuator, resulted in a decrease in customer relationships of \$397, an increase in contract backlogs of \$46 and a decrease in non-competition agreements of \$30. As a result of these changes, goodwill increased by \$381.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

April 3, 2010

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

3 Intangible assets

			As at April 3, 2010	As at December 31, 2009
	Cost \$	Accumulated amortization \$	Net value \$ (unaudited)	Net value \$ (audited)
Finite useful life				
Software	16,918	5,963	10,955	8,322
Customer relationships	94,691	18,457	76,234	70,945
Contract backlogs	9,662	2,542	7,120	6,473
Non-competition agreements	5,487	3,519	1,968	1,915
Indefinite useful life				
Trade name	12,512	-	12,512	12,512
	<u>139,270</u>	<u>30,481</u>	<u>108,789</u>	<u>100,167</u>

During the first quarter ended April 3, 2010, the Fund acquired intangible assets amounting to \$13,767, subject to amortization. As at April 3, 2010, software not in use amounting to \$2,254 is not amortized. As a result of the finalization of purchase price allocations, the Fund allocated an amount of \$381 (note 2(b)) from intangible assets to goodwill.

4 Goodwill

	\$
Balance as at December 31, 2009	148,756
Goodwill resulting from business acquisitions (note 2(a))	3,650
Finalization of purchase price allocations (note 2(b))	<u>381</u>
Balance as at April 3, 2010	<u>152,787</u>

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

April 3, 2010

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

5 Non-controlling interest

As at April 3, 2010, 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, 2009	4,328,542	68,497	4,731,845	59,864	9,060,387	128,361
Share in earnings attributable to the non-controlling unitholder	-	1,756	-	1,921	-	3,677
Distributions	-	(1,623)	-	(1,774)	-	(3,397)
Balance as at April 3, 2010	4,328,542	68,630	4,731,845	60,011	9,060,387	128,641

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

As at April 3, 2010, an amount of \$1,133 has been accounted for as distributions payable to the non-controlling unitholder.

6 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

	As at April 3, 2010 \$	As at December 31, 2009 \$
18,103,589 units	275,065	275,065

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

Special Voting Units

The Special Voting Units will not be entitled to any right 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 and 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 April 3, 2010, Special Voting Units outstanding amounted to 9,060,387 (note 5).

7 Earnings per unit

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

	First quarter ended	
	April 3, 2010 \$ (93 days)	March 28, 2009 \$ (87 days)
Basic net earnings	7,349	6,404
Non-controlling interest	3,677	4,014
Diluted net earnings	<u>11,026</u>	<u>10,418</u>

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

April 3, 2010

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

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

	<u>First quarter ended</u>	
	April 3, 2010 (93 days)	March 28, 2009 (87 days)
Weighted average number of:		
Units outstanding – basic	18,103,589	14,277,078
LTIP awards	-	8,231
Exchangeable GENIVAR LP units	9,060,387	9,060,387
	<hr/>	<hr/>
Diluted weighted average number of units outstanding	27,163,976	23,345,696
	<hr/>	<hr/>

8 Net interest expense

	<u>First quarter ended</u>	
	April 3, 2010 \$ (93 days)	March 28, 2009 \$ (87 days)
Interest on bank advances	-	140
Interest on long-term debt and other interest	261	179
Interest income	(13)	(15)
	<hr/>	<hr/>
	248	304
	<hr/>	<hr/>

9 Statements of cash flows

Change in non-cash working capital items

	<u>First quarter ended</u>	
	April 3, 2010 \$ (93 days)	March 28, 2009 \$ (87 days)
Decrease (increase) in:		
Accounts receivable	13,063	7,555
Costs and anticipated profits in excess of billings	(7,988)	(616)
Prepaid expenses	(3,149)	(736)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,434)	(6,812)
Income taxes payable	(101)	32
Billings in excess of costs and anticipated profits	(593)	(2,044)
	<hr/>	<hr/>
	(1,202)	(2,621)
	<hr/>	<hr/>

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

April 3, 2010

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

10 Related party transactions

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 period, the Fund has acquired Cook and Thompson for a total consideration of \$22,008, excluding acquisition-related costs of \$140 assumed directly by the Fund (note 2(a)).

11 Commitments

The Fund is bound by lease commitments for office premises and equipment. Minimum payments required during the next quarters and for each of the next five fiscal years ending December 31 and thereafter, amount to \$11,925 for the next nine months, \$14,168 in 2011, \$11,827 in 2012, \$9,670 in 2013, \$8,990 in 2014, \$6,556 in 2015 and \$16,331 thereafter.

12 Segment information

The Fund is organized into geographic areas. Market segments are 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 Energy 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.

13 Subsequent events

On April 16, 2010, the Fund announced that it has entered into an agreement to convert from an income trust structure to a publicly-traded corporation on or around January 1, 2011 (the "Arrangement"). The unitholders of the Fund will vote on the Arrangement at the meeting that will take place on May 27, 2010.

Subsequent to the quarter-end, the Fund acquired all the outstanding shares of Beaubien Glover Maskell Engineering North inc. and Bearden Engineering Consultants Ltd., two Alberta-based building engineering firms.