



GENIVAR

January 1, 2008 to March 29, 2008 period

Interim consolidated financial statements

Unaudited

GENIVAR Income Fund

Interim Consolidated Financial Statements
(unaudited)
March 29, 2008

(in thousands of dollars)

GENIVAR Income Fund

Interim Consolidated Balance Sheet

(in thousands of dollars)

	As at March 29, 2008 \$ (unaudited)	As at December 31, 2007 \$ (audited)
Assets		
Current assets		
Cash and cash equivalents	15,541	12,855
Accounts receivable (notes 5 and 11)	77,741	75,016
Income taxes receivable	69	65
Costs and anticipated profits in excess of billings (note 5)	35,670	27,523
Advances to companies controlled by the non-controlling unitholder	20	20
Prepaid expenses	2,125	1,069
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	131,166	116,548
Property, plant and equipment	22,871	17,141
Intangible assets (note 3)	65,741	45,585
Goodwill (notes 2 and 4)	142,153	126,698
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	361,931	305,972
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	44,924	41,629
Current portion of balances of purchase prices payable (note 2)	12,287	1,710
Advances payable to the non-controlling unitholder	118	224
Income taxes payable	1,291	235
Billings in excess of costs and anticipated profits	19,211	17,567
Future income tax liabilities	881	859
Distributions payable to unitholders	2,568	2,568
Current portion of long-term debt	1,690	-
	<hr/>	<hr/>
	82,970	64,792
Balances of purchase prices payable (note 2)	3,000	-
Long-term debt	1,444	-
Bank advances (note 5)	31,273	-
Future income tax liabilities	1,651	1,923
Non-controlling interest (note 6)	94,408	93,507
	<hr/>	<hr/>
	214,746	160,222
Unitholders' Equity		
Fund units (note 7)	146,225	146,233
Contributed surplus	69	-
Retained earnings (deficit)	891	(483)
	<hr/>	<hr/>
	147,185	145,750
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	361,931	305,972
Commitments (note 13)		
Subsequent event (note 15)		

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

Approved by the Trustees

(signed) Pierre Shoiry _____ Trustee

(2)
(signed) Pierre Seccareccia _____ Trustee

GENIVAR Income Fund

Interim Consolidated Statements of Retained Earnings and Contributed Surplus (unaudited)

(in thousands of dollars)

	Three-month period ended	
	March 29, 2008	March 31, 2007
	\$	\$
Deficit – Beginning of period	(483)	(278)
Net earnings for the period	4,598	2,672
Declared distributions to unitholders	(3,224)	(2,749)
Retained earnings (deficit) – End of period	891	(355)
	Three-month period ended	
	March 29, 2008	March 31, 2007
	\$	\$
Contributed surplus – Beginning of period	-	-
Compensation costs under the Long-Term Incentive Plan (“LTIP”)	69	69
Contributed surplus – End of period	69	69

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

GENIVAR Income Fund

Interim Consolidated Statement of Earnings and Comprehensive Income (unaudited)

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

	Three-month period ended	
	March 29, 2008 \$	March 31, 2007 \$
Revenues	70,087	54,343
Costs	40,121	33,267
Gross margin	29,966	21,076
Expenses		
Marketing, general and administrative	18,193	12,983
Depreciation of property, plant and equipment	854	599
Amortization of intangible assets	3,440	2,458
Net interest expense (note 9)	91	281
Exchange loss (gain)	(75)	17
	22,503	16,338
Earnings before income taxes and non-controlling interest	7,463	4,738
Income tax expense (recovery)		
Current	98	75
Future	(250)	66
	(152)	141
Earnings before non-controlling interest	7,615	4,597
Non-controlling interest (note 6)	(3,017)	(1,925)
Net earnings and comprehensive income for the period	4,598	2,672
Basic net earnings per unit	\$ 0.36	\$ 0.24
Weighted average number of units (note 8)	12,870,664	11,000,000
Diluted net earnings per unit	\$ 0.36	\$ 0.24
Diluted weighted average number of units (note 8)	21,347,826	18,927,381

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

GENIVAR Income Fund

Interim Consolidated Statement of Cash Flows (unaudited)

(in thousands of dollars)

	Three-month period ended	
	March 29, 2008 \$	March 31, 2007 \$
Cash flows from operating activities		
Net earnings for the period	4,598	2,672
Items not affecting cash and cash equivalents		
Depreciation and amortization	4,294	3,057
Compensation costs under the LTIP	69	69
Future income taxes	(250)	66
Non-controlling interest	3,017	1,925
	11,728	7,789
Change in non-cash working capital items (note 10(a))	(4,337)	(6,135)
	7,391	1,654
Cash flows from financing activities		
Repayment of balances of purchase prices payable	(1,272)	-
Variation in advances payable to the non-controlling unitholder	(112)	(474)
Long-term debt contracted	58	-
Repayment of long-term debt	(147)	-
Distributions paid to unitholders	(3,224)	(2,749)
Distributions paid to the non-controlling unitholder	(2,116)	(1,449)
Bank advances contracted	30,945	15,802
Distributions reinvested in units under the LTIP	(8)	-
	24,124	11,130
Cash flows from investing activities		
Business acquisition, less cash acquired (note 2)	(26,924)	(10,160)
Variation in advances to companies controlled by the non-controlling unitholder	-	91
Additions to property, plant and equipment (note 10(b))	(988)	(1,773)
Proceeds from disposal of property, plant and equipment	25	449
Acquisition of software (note 10(b))	(942)	(832)
	(28,829)	(12,225)
Increase in cash and cash equivalents	2,686	559
Cash and cash equivalents – Beginning of period*	12,855	8,186
Cash and cash equivalents – End of period	15,541	8,745
Additional information (note 10(b))		
Interest paid	113	175
Interest received	(30)	(14)
Income taxes paid	211	50

* Cash and cash equivalents as at December 31, 2006, consist of cash and cash equivalents and cash held in trust.

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

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

(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 March 29, 2008, 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.

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 on Financial Statement Presentation.” This standard has been amended to include requirements to assess and disclose an entity’s ability to continue as a going concern.
- 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 7.
- 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 12.
- Section 3863, “Financial Instruments – Presentation.” This section establishes standards for presentation of financial instruments and non-financial derivatives. It details the presentation of standards described in Section 3861, “Financial Instruments – Disclosure and Presentation.”

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

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

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

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 June 12, 2007, reflects only those temporary differences expected to reverse within two of the Fund's operating subsidiaries subject to CICA Handbook Section 3465 and to corporate income taxes as computed under the prescribed legislation.

On June 12, 2007, draft legislative proposals to implement a tax on distributions from publicly traded income trusts and partnerships passed third reading in the House of Commons and received Royal Assent on June 22, 2007 (Bill C-52). The Bill contained what has become known as the "SIFT Rules" to bring these tax changes into force. Since the second quarter of 2007, the Fund accounts for future income taxes. The cumulative effect of estimated future income taxes is based on existing temporary differences that are expected to reverse from January 1, 2011, when the new tax rules take effect.

Income taxes are accounted for using the liability method of tax allocation. Under this method, future income tax assets and liabilities are determined based on deductible or taxable temporary differences between financial statement values and tax values of assets and liabilities using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse based on a stand-alone basis. A 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.

Future accounting standards

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," which is effective for the Fund for interim and annual financial statements beginning on January 1, 2009. This section established standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Fund has not yet completed its assessment of the effect of this new standard on its consolidated financial statements.

2 Business acquisitions

The acquisitions have been accounted for using the purchase method, and the operating results have been included in the interim 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.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

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

Acquisitions made by the Fund during the three-month period ended March 29, 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 previously owned by GENIVAR inc., for a consideration of \$1,653, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of TL for a consideration of \$1,605 (note 11).
- 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 previously owned by GENIVAR inc., for a consideration of \$2,832, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of RFA for a consideration of \$2,677 (note 11).
- On January 31, 2008, the Fund acquired all the assets and liabilities of Phoenix Engineering (“Phoenix”), a Western Canada-based wind power consulting firm previously owned by GENIVAR inc., for a consideration of \$6,894, including acquisition-related costs. On the same day, GENIVAR inc. had acquired all the outstanding shares of Phoenix for a consideration of \$6,808 (note 11).
- 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, for a consideration of \$33,262, including acquisition-related costs.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

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

The purchase price allocations of TL, RFA, Phoenix, and EXH are preliminary, but the Fund does not anticipate any significant changes upon the finalization of the evaluation of the intangible assets in the final purchase price allocations.

	Phoenix \$	EXH \$	Others* \$	Total \$
Assets acquired				
Current assets				
Cash	-	2,867	1	2,868
Accounts receivable	2,091	6,044	2,717	10,852
Costs and anticipated profits in excess of billings	223	636	99	958
Prepaid expenses	18	253	9	280
	2,332	9,800	2,826	14,958
Property, plant and equipment	471	4,959	141	5,571
Intangible assets				
Finite useful life				
Software	45	201	17	263
Customer relationships	3,085	10,820	1,385	15,290
Contract backlogs	48	4,843	568	5,459
Non-competition agreements	177	800	119	1,096
	6,158	31,423	5,056	42,637
Liabilities assumed				
Current liabilities				
Bank advances	(85)	-	(243)	(328)
Accounts payable and accrued liabilities	(603)	(6,347)	(1,881)	(8,831)
Billings in excess of costs and anticipated profits	(408)	-	-	(408)
Income taxes payable	-	(1,165)	-	(1,165)
Advances payable to the non-controlling unitholder	23	-	(29)	(6)
Current portion of long-term debt	(775)	(920)	-	(1,695)
	(1,848)	(8,432)	(2,153)	(12,433)
Long-term debt	-	(1,528)	-	(1,528)
	(1,848)	(9,960)	(2,153)	(13,961)
Net identifiable assets acquired	4,310	21,463	2,903	28,676
Goodwill**	2,584	11,799	1,582	15,965
Purchase price	6,894	33,262	4,485	44,641
Less:				
Cash acquired	-	(2,867)	(1)	(2,868)
Balances of purchase prices payable	(1,201)	(13,034)	(614)	(14,849)
Net cash used for the acquisitions	5,693	17,361	3,870	26,924

* Others include TL and RFA.

** Goodwill is deductible for income tax purposes.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

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

3 Intangible assets

			As at March 29, 2008	As at December 31, 2007
	Cost \$	Accumulated amortization \$	Net value \$	Net value \$
Finite useful life				
Software	5,344	1,556	3,788	2,815
Customer relationships	51,996	4,672	47,324	32,608
Contract backlogs	19,502	12,206	7,296	3,765
Non-competition agreements	3,816	1,083	2,733	1,797
Indefinite useful life				
Trade name	4,600	-	4,600	4,600
	<u>85,258</u>	<u>19,517</u>	<u>65,741</u>	<u>45,585</u>

During the three-month period ended March 29, 2008, the Fund acquired intangible assets amounting to \$23,085, subject to amortization and allocated an amount of \$510 from goodwill to intangible assets as a result of an adjustment to a preliminary purchase price allocation.

4 Goodwill

	\$
Balance as at December 31, 2007	126,698
Goodwill resulting from business acquisitions (note 2)	15,965
Allocation of goodwill to intangible assets, as a result of an adjustment to a preliminary purchase price allocation	<u>(510)</u>
Balance as at March 29, 2008	<u>142,153</u>

As at March 29, 2008, goodwill amounting to \$24,752 is deductible for income tax purposes.

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

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

5 Credit facilities

The Fund has credit facilities totalling \$42,000 (\$57,000 since May 8, 2008) allocated as follows:

Term facility

Term facility of \$40,000 (\$55,000 since May 8, 2008) 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 \$5,000.

Treasury facility

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

These credit facilities mature in May 2010. The term of the credit facilities can be extended each year, for an additional one-year period, subject to the prior approval of the lender. The credit facilities are fully repayable at maturity without any prepayment penalties, except for banker's acceptances and LIBOR advances.

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

Under these credit facilities, the Fund is required, among other conditions, to respect certain covenants, which are described in note 7.

As at March 29, 2008, the Fund issued, in the normal course of business, irrevocable letters of credit totalling \$351 for its own commitments, thus decreasing such available credit facilities.

6 Non-controlling interest

As at March 29, 2008, the non-controlling interest is as follows:

	Non-Subordinated Exchangeable LP Units		Subordinated Exchangeable LP Units		Total	
	Number	\$	Number	\$	Number	\$
Balance as at December 31, 2007	3,732,121	44,291	4,731,845	49,216	8,463,966	93,507
Share in earnings attributable to the non-controlling unitholder	-	1,330	-	1,687	-	3,017
Distributions	-	(934)	-	(1,182)	-	(2,116)
Balance as at March 29, 2008	<u>3,732,121</u>	<u>44,687</u>	<u>4,731,845</u>	<u>49,721</u>	<u>8,463,966</u>	<u>94,408</u>

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

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

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

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

As at March 29, 2008, an amount of \$1,493 has been accounted for as distributions payable to the non-controlling unitholder.

7 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, however, be redeemed at the holder’s request at any time for an amount related to the quoted market price, cash redemptions being limited to \$50 per month.

Issued and paid

	Number of units			
	Issued	Held by a trustee under the LTIP	Total	\$
Balance as at December 31, 2007	12,902,439	(31,634)	12,870,805	146,233
Distributions reinvested in units under the LTIP	-	(322)	(322)	(8)
Balance as at March 29, 2008	<u>12,902,439</u>	<u>(31,956)</u>	<u>12,870,483</u>	<u>146,225</u>

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

(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 to nor interest in any distribution from the Fund, whether of net earnings, net realized capital gains or other amounts, or in the net assets of the Fund in the event of a termination or winding-up of the Fund.

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

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

One Special Voting Unit will be outstanding for each Non-Subordinated Exchangeable LP Unit and Subordinated Exchangeable LP Unit issued by GENIVAR LP. As at March 29, 2008, 8,463,966 Special Voting Units are outstanding.

Capital disclosures

The Fund's objectives when managing capital 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 each year to the unitholders an appropriate distribution.

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

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

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

	As at March 29, 2008 \$	As at December 31, 2007 \$
Cash and cash equivalents	(15,541)	(12,855)
Balances of purchase prices payable, including current portion	15,287	1,710
Long-term debt, including current portion	3,134	-
Bank advances	31,273	-
Letters of credit (note 5)	351	348
Non-controlling interest	94,408	93,507
	<u>128,912</u>	<u>82,710</u>
Unitholders' equity	147,185	145,750
	<u>276,097</u>	<u>228,460</u>

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.

The Fund's financial 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 the 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.

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

- 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. As at March 29, 2008, the standardized distributable cash and the standardized payout ratio amount respectively to \$5,461 and 97.8%.
- 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. As at March 29, 2008, the adjusted distributable cash and the adjusted payout ratio amount respectively to \$9,798 and 54.5%.

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

The Fund is subject to a number of covenants and restrictions under the credit facilities, including the requirements to meet certain financial ratios which are described hereafter:

- Funded debt to consolidated EBITDA ratio

Funded debt is calculated as obligations under advances payable to the non-controlling unitholder, letters of credit, balances of purchase prices payable, long-term debt including current portion and bank advances, net of cash and cash equivalents.

Consolidated EBITDA is calculated as earnings before interest, tax, depreciation and amortization. EBITDA is not an earnings measure in accordance with GAAP.

- Fixed charge coverage ratio

The fixed charge coverage ratio is defined as the consolidated earnings before interest and tax ("EBIT") divided by total interest expense.

- Working capital

The working capital is defined as current assets less current liabilities.

As at March 29, 2008, all financial ratios have been met.

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

8 Earnings per unit

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

	Three-month period ended	
	March 29, 2008	March 31, 2007
	\$	\$
Basic net earnings	4,598	2,672
Non-controlling interest	3,017	1,925
Diluted net earnings	7,615	4,597

GENIVAR Income Fund

Notes to Interim Consolidated Financial Statements (unaudited)

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(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>Three-month period ended</u>	
	March 29, 2008	March 31, 2007
	\$	\$
Weighted average number of:		
Units outstanding – basic	12,870,664	11,000,000
LTIP awards	13,196	-
Exchangeable LP units (note 6)	8,463,966	7,927,381
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Diluted weighted average number of units outstanding	21,347,826	18,927,381
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9 Net interest expense

	<u>Three-month period ended</u>	
	March 29, 2008	March 31, 2007
	\$	\$
Interest on bank advances	110	175
Interest on long-term debt	8	-
Interest on advances payable to the non-controlling unitholder	3	120
Interest income	(30)	(14)
	<hr/>	<hr/>
	91	281
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Notes to Interim Consolidated Financial Statements (unaudited)

March 29, 2008

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

10 Statement of cash flows

(a) Change in non-cash working capital items

	<u>Three-month period ended</u>	
	March 29, 2008	March 31, 2007
	\$	\$
Decrease (increase) in:		
Accounts receivable	8,127	(3,886)
Income taxes receivable	(4)	(7)
Costs and anticipated profits in excess of billings	(7,189)	(6,711)
Prepaid expenses	(776)	(923)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(5,622)	4,458
Income taxes payable	(109)	32
Billings in excess of costs and anticipated profits	1,236	902
	<u>(4,337)</u>	<u>(6,135)</u>

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

	<u>Three-month period ended</u>	
	March 29, 2008	March 31, 2007
	\$	\$
Accounts payable and accrued liabilities for additions to property, plant and equipment	597	1,190
Accounts payable and accrued liabilities for acquisition of software	498	561

GENIVAR Income Fund

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March 29, 2008

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

11 Related party transactions

The Fund entered into the following transactions with related parties:

	<u>Three-month period ended</u>	
	<u>March 29, 2008</u>	<u>March 31, 2007</u>
	\$	\$
Non-controlling unitholder		
Marketing, general and administrative expenses	(49)	(24)
Net interest expense	17	116
Companies controlled by the non-controlling unitholder		
Revenues	305	935
Costs	15	112
Marketing, general and administrative expenses	34	31

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

Business acquisitions

The Fund enters into transactions with GENIVAR inc., the non-controlling unitholder, in connection with certain business acquisitions. Generally, GENIVAR inc. acquires all the outstanding shares of a company and sells the net assets of the acquired company to GENIVAR LP or one of its subsidiaries. The purchase price for GENIVAR LP or one of its subsidiaries is identical to the shares' purchase price paid by GENIVAR inc., taking into account certain assets or liabilities that are not or cannot be transferred, which price has been concluded with unrelated parties. The Fund acquired TL, RFA, Phoenix, and DAC in this manner (notes 2 and 15).

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

Accounts receivable

	<u>As at March 29, 2008</u>	<u>As at December 31, 2007</u>
	\$	\$
Companies controlled by the non-controlling unitholder	281	406
Non-controlling unitholder	350	74
	<hr/>	<hr/>
	631	480
	<hr/>	<hr/>

GENIVAR Income Fund

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

Accounts payable and accrued liabilities

	As at March 29, 2008 \$	As at December 31, 2007 \$
Non-controlling unitholder	22	70
Companies controlled by the non-controlling unitholder	5	37
	<hr/> 27	<hr/> 107

12 Financial instruments

The Fund is exposed to credit risk, foreign exchange risk, interest rate risk and liquidity risk. The following analyses provides a measurement of those risks as at March 29, 2008.

Credit risk

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

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. A provision is established 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.

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 accounts are determined to be uncollectible.

GENIVAR Income Fund

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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 March 29, 2008, the balances dominated in foreign currencies are as follows:

	<u>As at March 29, 2008</u>
	Foreign currencies converted into CAN\$
Current assets	17,083
Current liabilities	8,181

In order to reduce the potential negative impact of fluctuations in the Canadian dollar, the Fund has entered into foreign currency forward options to cover future sales anticipated in US dollars. Pursuant to these foreign currency forward options, the Fund is required to sell US dollars at a predetermined rate.

As at March 29, 2008, the Fund held foreign currency forward options to exchange, during the next eight months, US\$250 each month at a rate of CAN\$0.984/US\$1. If the exchange rate reaches CAN\$1.04/US\$1 before the expiration date of the foreign currency forward options, all the foreign currency forward options not expired must be exercised before the expiration date. These foreign currency forward options, whose unrealized loss amounts to \$70, 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 number of transactions in these currencies. The Fund could be affected by a variation in the exchange rates but will be able to continue to meet its obligations under 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. Based on the previous fiscal year's exchange rate changes, a 10% exchange rate change would reasonably be considered possible. Management believes that the impact on earnings of a 10% change in exchange rate would be approximately \$901, which is not significant for the Fund.

GENIVAR Income Fund

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

Interest rate risk

The Fund is exposed to interest rate risks with regard to cash and cash equivalents, advances to companies controlled by the non-controlling unitholder, balances of purchase prices payable, advances payable to the non-controlling unitholder, long-term debt and bank advances.

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. Based on the previous fiscal year's rate changes, a 0.5% interest rate change would be considered possible. Management believes that the impact on earnings of a 0.5% change in interest rates would be approximately \$30 for the three-month period ended March 29, 2008, which is not significant for the Fund.

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 March 29, 2008.

	Carrying amount \$	Contractual cash flows \$	Less than a year \$	Between 1 and 2 years \$	More than 2 years \$
Accounts payable and accrued liabilities	44,924	44,924	44,924	-	-
Advances payable to the non-controlling unitholder	118	118	118	-	-
Distributions payable to unitholders	2,568	2,568	2,568	-	-
Balances of purchase prices payable	15,287	15,287	12,287	3,000	-
Long-term debt	3,134	3,134	1,690	1,444	-
Bank advances	31,273	31,273	-	-	31,273
	<u>97,304</u>	<u>97,304</u>	<u>61,587</u>	<u>4,444</u>	<u>31,273</u>

As at March 29, 2008, the Fund had unused credit facilities of \$8,375, net of outstanding letters of credit of \$351, and cash and cash equivalents of \$15,541.

On May 8, 2008, the Fund increases its credit facilities by \$15,000. 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.

GENIVAR Income Fund

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

13 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 \$6,717 for the next nine months, \$8,417 in 2009, \$7,099 in 2010, \$6,623 in 2011, \$5,711 in 2012, \$4,480 in 2013 and \$14,348 thereafter.

14 Segment 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 revised its segments and defined them as the following geographic areas: Quebec, Ontario, Western Canada and International.

The geographic areas provide the same nature of services and serve similar clients in similar industries. Each of the areas provides its clients with the same complete range of specialized services, viewed as convergent disciplines by the Fund's management: building, urban infrastructures, transportation, industrial, and power and environment. The Canadian operations present similar long-term financial performance and the same long-term economic conditions and characteristics, and account for more than 93% of all revenues. Each geographic area has comparable operating margins. Therefore, given these similarities, the Fund's management aggregates its geographic areas into one reporting segment.

15 Subsequent event

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, for a consideration of \$5,000 (note 11).

