



GENIVAR Income Fund

Second Quarter Report

For the three-month period ended June 27, 2009

Management's Discussion & Analysis



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis of financial condition and results of operations ("MD&A") dated as of August 10, 2009, is intended to assist readers in understanding the GENIVAR Income Fund (the "Fund" or "GENIVAR"), its business environment, strategies, performance and risk factors. In this MD&A, the "Fund", "we", "us" and "our" mean GENIVAR Income Fund. This MD&A should be read together with the unaudited consolidated financial statements and accompanying notes of the Fund for the quarter ended June 27, 2009, and the MD&A and the audited consolidated financial statement and accompanying notes of the Fund for the year ended December 31, 2008, included in our 2008 Annual Report. The Fund's consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

This MD&A focuses on the Fund's second-quarter results, being from March 29, 2009, to June 27, 2009. The Fund's quarters usually comprise 13 weeks except the last one, which has to end on December 31 of each year and the first quarter which follows.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. These statements relate to future events or future performance and reflect the expectations of management (the "Management"), regarding the growth, results of operations, performance and business prospects and opportunities of GENIVAR Limited Partnership ("GENIVAR LP") or of the Engineering Services industry. Such forward-looking statements reflect current beliefs of Management and are based on information currently available. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, investors should specifically consider various factors, including the risks outlined under the heading "Risk Factors" of this MD&A, which may cause actual events or results to differ materially from the results discussed in any forward-looking statement. Although the forward-looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

NON-GAAP MEASURES

The Fund uses non-GAAP measures that are used by Canadian open-ended income funds as indicators of financial performance measures under GAAP and may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable. The Fund believes these measures are useful supplemental measures that may assist investors in assessing an investment in units of the Fund.

Non-GAAP measures used by the Fund are net revenues, EBITDA, distributable cash, and payout ratio. These measures are defined at the end of this MD&A in the glossary.

OVERVIEW OF THE FUND

The Fund offers a broad diversity of professional consulting services in planning, engineering, architecture, environmental services, project management and a variety of project services throughout all execution phases: from the initial development studies through the design, construction, commissioning and maintenance phases. We have developed a multidisciplinary team approach where resources work closely with clients to develop optimized solutions which are on time and on budget. We are a fee-for-service business which operates in five distinct market segments, which are: Building, Municipal Infrastructure, Transportation, Industrial and Power, and Environment.

The Fund is one of the largest Engineering Services firm in Canada in terms of number of employees, with about 3,800 managers, professionals, technicians, technologists and support staff in over 70 locations in Canada and abroad.

Highlights

The Fund had a solid financial performance in the second quarter of 2009, despite a challenging business environment and softness in activity of certain markets and regions. Revenues for the second quarter of 2009 rose to \$120.0 million, up from \$97.3 million for the same period in 2008, representing an increase of 23.3%. Net revenues came in at \$100.6 million, representing a year over year increase of 24.4% for the second quarter. Organic growth accounted for almost half of the increase in revenues and net revenues, the remaining increase being generated by the acquisitions completed since the second quarter of 2008.

EBITDA, during the second quarter of 2009, stood at \$19.5 million, up from \$17.5 million for the same period last year. The EBITDA margin on net revenues came in at 19.4% at the higher end of our 18 to 20% target range but down from our level of 21.6% for the same period in 2008. Our results were impacted negatively by an exchange loss of \$1.1 million as a result of a stronger Canadian dollar. Without this additional charge, our EBITDA margin would have been 20.4%. Gross margin in the second quarter represented 50.1% of net revenues, in line with previous quarters while marketing, general and administrative expenses and others were slightly higher as a result of the impact of the exchange loss.

Overall utilization rate of our workforce billable on projects was down by about 2.4% in the second quarter of 2009 as compared to the same period in 2008 with public sector markets continuing to perform strongly and Quebec, Eastern Ontario and Saskatchewan showing the strongest regional results in Canada. Proposal activity remained strong with significant efforts being allocated to design-build and P3 projects in the tender stage. Private sector markets showed signs of recovery in this second quarter with stronger request for proposal activity particularly in the industrial, power and telecommunications markets. Backlog increased to \$321.3 million as at June 27, 2009, representing 8,4 months of revenues based on our trailing-twelve-months revenues, which were adjusted to reflect the full contribution of the acquisitions completed during this period.

Net earnings before non-controlling interest for the second quarter of 2009 were \$12.6 million or \$0.54 per unit on a diluted basis. Second quarter results included \$0.8 million in income taxes, mainly related to our international activities, \$0.6 million in interest expenses, \$1.6 million in depreciation of property, plant and equipment and \$4.0 million in amortization of intangible assets.

During this second quarter, adjusted distributable cash totalled \$14.5 million or \$0.62 per unit, of which \$8.8 million was distributed to unitholders, representing an adjusted payout ratio of 60.4%.

As at June 27, 2009, the Fund had a net cash position of (\$34.9) million and unused credit facilities of \$35.3 million.

At the end of June 2009, the Fund had a total workforce of 3,862 employees as compared to 3,108 as of the same date in 2008. We continued the integration of the acquisitions made during the first quarter and maintained our acquisition strategy by adding approximately 125 employees to the Fund in the second quarter with the additions of Algal & Associates (“Algal”), Jagger Hims Limited (“Jagger”) and ENAQ. These three firms enable us to strengthen our capabilities in the environment and power sectors and also to enter the nuclear power market. Algal is recognized as a leading provider of electrical engineering services for power generation, transmission and distribution systems. Jagger enhances the earth and environmental sciences capabilities of GENIVAR and expands the Ontario operating platform by adding six new offices in that province. ENAQ is a niche player in the nuclear sector and brings world class expertise in the fields of nuclear licensing, safety analysis, risk assessment and nuclear engineering design.

Subsequent to the quarter-end, the Fund completed the acquisition of Walker Engineering (“Walker”), a prominent Sault Ste. Marie multidisciplinary engineering firm. The Fund intends to pursue its strategy of continued development across Canada both through strategic acquisitions and organic growth. We expect to continue our consolidation strategy and to that effect, we are currently in discussions with several firms across Canada.

The Fund held its annual offsite meeting on June 3 and 4, 2009, where 360 members of GENIVAR's leadership and management team met to discuss business strategy and development, to share technical knowledge and to reaffirm the firm's vision for the future as well as the GENIVAR culture and values.

Capital expenditures in the second quarter of 2009 were \$3.5 million (\$7.0 million for the six-month period ended June 27, 2009), of which \$1.9 million were allocated to IT equipment and software (\$3.7 million for the six-month period ended June 27, 2009); \$0.9 million were spent for furniture and equipment (\$1.4 million for the six-month period ended June 27, 2009) and finally, \$0.6 million was invested in tenant improvements (\$1.9 million for the six-month period ended June 27, 2009). These last capital expenditures are non-recurrent and relate to the relocation of our two Winnipeg offices into one new location and the expansion of several offices in Quebec.

We secured several interesting contracts during the second quarter of 2009. Among these mandates, are:

- Preliminary design for the rail track restoration (144 km) between Quebec City and La Malbaie Region (New tourist train), Groupe Le Massif, Quebec.
- Multidisciplinary prefeasibility study and impact analysis (transportation, mining, environment and economic) for a potential road link to Hudson's Bay in view to develop Quebec Government's Northern Plan, Quebec Ministry of Transportation.
- Construction administration for the QEW widening (2009-2015), Greater Toronto Area, Ontario Ministry of Transportation.
- Design and contract administration mandates across Ontario, Ontario Ministry of Transportation.
- Engineering design and contract administration services, Highway 2 & Highway 27 interchange reconfiguration, Alberta Transportation.
- Wastewater treatment plant upgrade, Ile-Perrot Water Authority, Montreal, Quebec.
- Water treatment park expansions in the Greater Toronto Area, Region of Peel (Lorne Park) and Regional Municipality of Niagara (Baker Road), Ontario.
- Design and contract administration services, Kneehill rural water distribution system (Phase 3), Kneehill County, Alberta.
- Kincardine wind farms evaluation assessment study, Private developer, Ontario.
- Environmental impact assessment and characterization study, Opemiska Mine, Cree Regional Authority, Quebec.

- Engineering services, Canadian Malartic Gold Mine, Osisko, Malartic, Quebec.
- Safety and viability analysis, nuclear reactors replacement, Bruce Power, Ontario.
- Project management services, Kam Kotia Mine rehabilitation, Timmins, Ontario.
- Mechanical, electrical and structural engineering services, New Premier Centre for Cold Weather Testing building, MDS Aero Support Corp., Manitoba.
- Prime consultant and civil, structural and electrical engineering services, new production control building, The Mosaic Company, Saskatchewan.
- Structural engineering services, Clearihue and MacLaurin Buildings, University of Victoria, British Columbia.
- Project management services, St. Andrews Tower, Public Works and Government Services Canada, Ottawa, Ontario.
- Engineering services and implementation of telecommunications equipment, Hydro-Quebec, Quebec.
- Design, engineering and site supervision services and quality control, outside plant electrical distribution network, Hydro-Quebec, Quebec.

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

SUMMARY OF QUARTERLY RESULTS

IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA										
		2009			2008				2007	
	TTM	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	
	TRAILING TWELVE MONTHS (UNAUDITED)	FOR THE PERIOD FROM MARCH 29 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO MARCH 28 (UNAUDITED)	FOR THE PERIOD FROM SEPTEMBER 28 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JUNE 29 TO SEPTEMBER 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO MARCH 29 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	
Results of operations										
Revenues	\$ 437,844	\$ 120,045	\$ 97,431	\$ 115,718	\$ 104,650	\$ 97,348	\$ 70,087	\$ 70,528	\$ 68,543	
Net revenues (1)	\$ 364,515	\$ 100,634	\$ 84,804	\$ 93,263	\$ 85,814	\$ 80,869	\$ 60,148	\$ 57,999	\$ 53,602	
Gross margin	\$ 184,534	\$ 50,422	\$ 42,410	\$ 47,910	\$ 43,792	\$ 40,440	\$ 29,966	\$ 28,762	\$ 26,233	
EBITDA	\$ 75,500	\$ 19,507	\$ 16,725	\$ 19,598	\$ 19,670	\$ 17,463	\$ 11,878	\$ 12,788	\$ 11,685	
Net earnings	\$ 28,629	\$ 7,674	\$ 6,404	\$ 6,226	\$ 8,325	\$ 6,666	\$ 4,598	\$ 5,676	\$ 4,344	
Net earnings per unit										
Basic (2)		\$ 0.54	\$ 0.45	\$ 0.44	\$ 0.65	\$ 0.52	\$ 0.36	\$ 0.44	\$ 0.38	
Diluted		\$ 0.54	\$ 0.45	\$ 0.44	\$ 0.64	\$ 0.52	\$ 0.35	\$ 0.43	\$ 0.38	
Weighted average number of units		14,276,730	14,277,078	14,192,428	12,870,030	12,870,364	12,870,664	12,858,533	11,305,396	
Diluted weighted average number of units		23,348,960	23,345,696	23,224,760	21,352,768	21,350,781	21,347,826	21,332,787	19,347,454	
Distributable cash										
Distributable cash										
Standardized	\$ 24,165	(\$ 2,484)	\$ 9,504	\$ 10,321	\$ 6,824	\$ 5,278	\$ 5,461	\$ 18,293	\$ 4,784	
Adjusted	\$ 56,469	\$ 14,512	\$ 12,125	\$ 13,754	\$ 16,078	\$ 13,242	\$ 9,798	\$ 11,218	\$ 9,575	
Distributable cash, per unit (3)										
Standardized	\$ 1.06	(\$0.11)	\$ 0.41	\$ 0.44	\$ 0.32	\$ 0.25	\$ 0.26	\$ 0.86	\$ 0.25	
Adjusted	\$ 2.48	\$0.62	\$ 0.52	\$ 0.59	\$ 0.75	\$ 0.62	\$ 0.46	\$ 0.53	\$ 0.49	
Distributions declared	\$ 44,795	\$ 8,758	\$ 8,758	\$ 19,268	\$ 8,011	\$ 5,340	\$ 5,340	\$ 11,749	\$ 4,933	
Distributions declared, per unit (3)	\$ 1.97	\$ 0.38	\$ 0.38	\$ 0.83	\$ 0.38	\$ 0.25	\$ 0.25	\$ 0.55	\$ 0.25	
Payout ratio										
Adjusted	79.3%	60.4%	72.2%	140.1%	49.8%	40.3%	54.5%	104.7%	51.5%	

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

(2) As at June 27, 2009, 14,294,089 Fund units and 9,060,387 Exchangeable Class B and Class C LP units were outstanding for a total of 23,354,476 units. As at August 10, 2009, the number of units is identical to what it was as at June 27, 2009.

(3) Distributable cash per unit and distributions declared per unit amounts are calculated using the diluted weighted average number of units.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

FINANCIAL HIGHLIGHTS

IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA	3 months		6 months	
	2009	2008	2009	2008
	FOR THE PERIOD FROM MARCH 29 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)
Net revenues	\$ 100,634	\$ 80,869	\$ 185,438	\$ 141,017
EBITDA	\$ 19,507	\$ 17,463	\$ 36,232	\$ 29,341
Net earnings	\$ 7,674	\$ 6,666	\$ 14,078	\$ 11,264
Net earnings per unit				
Basic	\$0.54	\$0.52	\$0.99	\$0.88
Diluted	\$0.54	\$0.52	\$0.99	\$0.88

IN THOUSANDS OF DOLLARS	3 months		6 months	
	2009	2008	2009	2008
	FOR THE PERIOD FROM MARCH 29 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)
Distributable cash				
Standardized	(\$ 2,484)	\$ 5,278	\$ 7,020	\$ 10,739
Adjusted	\$ 14,512	\$ 13,242	\$ 26,637	\$ 23,040
Aggregate Distributions, all units	\$ 8,758	\$ 5,340	\$ 17,516	\$ 10,680
Payout ratio				
Adjusted	60.4%	40.3%	65.8%	46.4%

BALANCE SHEETS

IN THOUSANDS OF DOLLARS	2009	2008
	AS AT JUNE 27 (UNAUDITED)	AS AT DECEMBER 31 (AUDITED)
Total assets	\$ 453,834	\$ 427,187
Long-term financial liabilities (1)	\$ 62,644	\$ 26,546

(1) Long-term financial liabilities consist of balances of purchase price payable and long-term debt, including current portions, and bank advances.

RESULTS OF OPERATIONS

IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA	3 months		6 months	
	2009	2008	2009	2008
	FOR THE PERIOD FROM MARCH 29 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)
Revenues	\$ 120,045	\$ 97,348	\$ 217,476	\$ 167,435
Deduct: Subconsultants and other direct expenses	\$ 19,411	\$ 16,479	\$ 32,038	\$ 26,418
Net revenues	\$ 100,634	\$ 80,869	\$ 185,438	\$ 141,017
Direct project costs	\$ 50,212	\$ 40,429	\$ 92,606	\$ 70,611
Gross margin	\$ 50,422	\$ 40,440	\$ 92,832	\$ 70,406
Marketing, general, and administrative expenses and others	\$ 30,915	\$ 22,977	\$ 56,600	\$ 41,065
EBITDA	\$ 19,507	\$ 17,463	\$ 36,232	\$ 29,341
Interest	\$ 567	\$ 592	\$ 886	\$ 713
Depreciation of property, plant and equipment	\$ 1,571	\$ 1,033	\$ 2,969	\$ 1,887
Amortization of intangible assets	\$ 3,961	\$ 3,783	\$ 8,104	\$ 7,223
Earnings before income taxes and non-controlling interest	\$ 13,408	\$ 12,055	\$ 24,273	\$ 19,518
Income taxes (1)	\$ 799	\$ 986	\$ 1,246	\$ 879
Earnings before non-controlling interest	\$ 12,609	\$ 11,069	\$ 23,027	\$ 18,639
Non-controlling interest	\$ 4,935	\$ 4,403	\$ 8,949	\$ 7,375
Net earnings	\$ 7,674	\$ 6,666	\$ 14,078	\$ 11,264
Basic net earnings per unit	\$ 0.54	\$ 0.52	\$ 0.99	\$ 0.88
Weighted average number of units	14,276,730	12,870,364	14,276,900	12,870,512
Diluted net earnings per unit	\$ 0.54	\$ 0.52	\$ 0.99	\$ 0.88
Diluted weighted average number of units	23,348,960	21,350,781	23,348,944	21,350,786

(1) See section "Results of operations – Income taxes."

RESULTS OF OPERATIONS

Revenues

We operate in one reporting segment, which is commonly referred to as consulting services. We believe that our financial performance and our results should be measured and analyzed in relation to our fee-based revenues, or net revenues, since direct recoverable costs can vary significantly from contract to contract and are not indicative of our Engineering Services business.

Our revenues for the three-month period ended June 27, 2009, increased by \$22.7 million (23.3%) from \$97.3 million in 2008, to \$120.0 million in 2009.

Our revenues for the six-month period ended June 27, 2009, increased by \$50.1 million (29.9%) from \$167.4 million in 2008, to \$217.5 million in 2009.

Our net revenues, expressed as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from our clients, amounted to \$100.6 million for the three-month period ended June 27, 2009, and to \$80.9 million for the corresponding period in 2008, which represents an increase of \$19.7 million (24.4%).

Our net revenues increased from \$141.0 million for the six-month period ended June 28, 2008, to \$185.4 million for the corresponding period in 2009, which represents an increase of 31.5%.

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

IN THOUSANDS OF DOLLARS				
	3 months		6 months	
	Variation 2009 vs. 2008	%	Variation 2009 vs. 2008	%
Revenues				
Acquisition growth (1)	\$ 12,486	12.83%	\$ 28,940	17.28%
Organic growth (1)	\$ 10,211	10.49%	\$ 21,101	12.60%
Total increase	\$ 22,697	23.32%	\$ 50,041	29.89%

IN THOUSANDS OF DOLLARS				
	3 months		6 months	
	Variation 2009 vs. 2008	%	Variation 2009 vs. 2008	%
Net revenues				
Acquisition growth (1)	\$ 10,905	13.48%	\$24,758	17.56%
Organic growth (1)	\$ 8,860	10.96%	\$19,663	13.94%
Total increase	\$ 19,765	24.44%	\$44,421	31.50%

(1) Acquisition growth is calculated from the average per quarter revenues of the acquired business at the acquisition's date. The total growth of the Fund that exceeds the acquisition growth is presented as organic growth.

From June 2008 to June 2009, the number of employees increased by 24.3%, from 3,108 to 3,862 employees.

Despite a challenging business environment, we maintained an organic growth of more than 10.0 % during the quarter on both revenues and net revenues, at the higher end of our 5-10% target.

Expenses

Our operating expenses consist of two major components which are our direct project costs and marketing, general and administrative expenses and others. Direct project costs include payroll costs relating to the delivery of consulting services and project delivery. Marketing, general and administrative expenses and others include payroll costs of marketing and other administrative support staff, such as

accounting, communications, information technology, quality, health and safety, purchasing and human resources, as well as other fixed costs such as occupancy costs, non-recoverable client services costs, technology costs, office costs, professional services costs and insurance.

Other expenses include depreciation of property, plant and equipment, amortization of intangible assets, interest expenses and exchange gain or loss.

We believe that the key performance indicators of our business are direct project costs, gross margin and marketing, general, and administrative expenses and others, all of which are expressed as a percentage of net revenues.

Direct project costs

For the three-month period ended June 27, 2009, direct project costs represented 49.9% of net revenues compared to 50.0% for the same period in 2008.

For the six-month period ended June 27, 2009, direct project costs represented 49.9% of net revenues compared to 50.1% for the same period in 2008.

Direct project costs, as a percentage of net revenues, are in line with the percentage of the corresponding period of 2008.

As a percentage of net revenues, direct project costs for the last four quarters were as follows:

- 49.9% Q2-2009
- 50.0% Q1-2009
- 48.6% Q4-2008
- 49.0% Q3-2008

Gross margin

For the three-month period ended June 27, 2009, the gross margin represented 50.1% of net revenues compared to 50.0% for the same period in 2008.

For the six-month period ended June 27, 2009, the gross margin represented 50.1% of net revenues compared to 49.9% for the same period in 2008.

As a percentage of net revenues, gross margin over the last four quarters was as follows:

- 50.1% Q2-2009
- 50.0% Q1-2009
- 51.4% Q4-2008
- 51.0% Q3-2008

Marketing, general and administrative expenses and others

Marketing, general and administrative expenses and others for the three-month period ended June 27, 2009, increased to \$30.9 million compared to \$23.0 million for the same period in 2008. As a percentage of net revenues, marketing, general and administrative expenses and others represented 30.7% for the three-month period ended June 27, 2009, compared to 28.4% for the same period in 2008.

Marketing, general and administrative expenses and others for the six-month period ended June 27, 2009, increased to \$56.6 million compared to \$41.1 million for the same period in 2008. As a percentage of net revenues, marketing, general and administrative expenses and others represented 30.5% for the six-month period ended June 27, 2009, compared to 29.1% for the same period in 2008.

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

- 30.7% Q2-2009
- 30.3% Q1-2009
- 30.4% Q4-2008
- 28.1% Q3-2008

Marketing, general and administrative expenses and others are not in direct relation with net revenues and therefore may fluctuate from quarter to quarter.

As a percentage of net revenues, marketing, general and administrative expenses and others were slightly higher in the second quarter than in the first quarter of 2009 due to an exchange loss of \$1.1 million recorded in Q2-2009, which is attributable to a stronger Canadian dollar. Without the exchange loss, the marketing, general and administrative expenses and others, as a percentage of net revenues, would have been 29.7%.

On the other hand, the overall utilization rate of our workforce billable on projects continues to be slightly lower in 2009 than in 2008, which results in more staff time charged to non-billable projects.

EBITDA

EBITDA for the three-month period ended June 27, 2009, stood at \$19.5 million, up \$2.0 million from \$17.5 million for the same period in 2008, thus representing a 11.7% increase. As a percentage of net revenues, EBITDA margin stood at 19.4% for the three-month period ended June 27, 2009, compared to 21.6% for the same period in 2008. Without the impact of the exchange loss, the EBITDA margin would have been 20.4%.

EBITDA for the six-month period ended June 27, 2009, stood at \$36.2 million, up \$6.9 million from \$29.3 million for the same period in 2008, thus representing a 23.5% increase. As a percentage of net revenues, EBITDA margin stood at 19.5% for the six-month period ended June 27, 2009, compared to 20.8% for the same period in 2008.

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

- 19.4% Q2-2009
- 19.7% Q1-2009
- 21.0% Q4-2008
- 22.9% Q3-2008

Despite the decrease in the EBITDA margin in 2009, we are still in our target range of 18% to 20% EBITDA margin on net revenues.

Depreciation and amortization

Depreciation of property, plant and equipment for the three-month period ended June 27, 2009, was \$1.6 million compared to \$1.0 million for the same period in 2008. For the six-month period ended June 27, 2009, depreciation of property, plant and equipment was \$3.0 million compared to \$1.9 million for the same period in 2008. The underlying cause is the depreciation of additional assets acquired through various business acquisitions.

Amortization of intangible assets for the three-month period ended June 27, 2009, was \$4.0 million compared to \$3.8 million for the same period in 2008. For the six-month period ended June 27, 2009, amortization of intangible assets increased by \$0.9 million, from \$7.2 million in 2008 to \$8.1 million in 2009. The amortization expense increase is attributable to the various business acquisitions.

Interest

Interest expense for both the three-month period ended June 27, 2009, and the same period in 2008, amounted to \$0.6 million. Interest expense for the six-month period ended June 27, 2009 amounted to \$0.9 million compared to \$0.7 million for the same period in 2008.

Income taxes

For the three-month period ended June 27, 2009, the Fund recognized an amount of \$0.8 million as an income tax expense compared to \$1.0 million for the same period in 2008. For the six-month period ended June 27, 2009, the Fund recognized an amount of \$1.2 million as an income tax expense compared to \$0.9 million for the same period in 2008. Current income taxes are mainly related to our international activities.

On October 31, 2006, the Minister of Finance (Canada) announced new tax measures proposing changes to the manner in which certain specified investment flow-through entities ("SIFT"), such as publicly-traded income trusts, and the distributions from such entities are taxed (the "SIFT Rules"). Bill C-52, which received Royal Assent on June 22, 2007, contained and implemented the SIFT Rules.

The SIFT Rules will subject the Fund to trust level taxation as of January 1, 2011, at a rate comparable to the combined federal and provincial corporate tax rate applicable to certain types of income (other than taxable dividends). In addition, the taxable distributions received by Unitholders will, as of January 1, 2011, be treated as dividends from a taxable Canadian corporation but the tax treatment of distributions that are paid as a return of capital by a SIFT will not be changed. There can be no assurance that the Fund will be able to maintain the same level of distributions commencing in 2011.

The Fund will be able to retain the benefit of the deferred application of the SIFT Rules. If, during the period from and including November 1, 2006 to December 31, 2010, the Fund is deemed to have undergone "undue expansion", as described in the guidelines on normal growth issued by the Department of Finance (Canada) (the "Normal Growth Guidelines"), the SIFT Rules will become applicable to the Fund on a date earlier than January 1, 2011.

Under the Normal Growth Guidelines, a SIFT will not lose the benefit of the deferred application of the new tax regime to 2011 if the aggregate amount of new equity (which will include units and debt that is convertible into units and potentially other substitutes for such equity) issued by it during any of intervening years up to 2011 does not exceed the greater of \$50.0 million and an objective "safe harbor" amount equal to a certain percentage of the Fund's market capitalization as of the end of trading on October 31, 2006 ("October 31, 2006, Market Capitalization").

On February 25, 2009, the Minister of Finance released explanatory notes related to the Normal Growth Guidelines to accelerate the safe harbor amounts of 2009 and 2010 to make them available immediately, as initially announced in 2008. This change would generally allow a trust like the Fund to use the remaining growth room (including where applicable the \$50.0 million "de minimis" amount) in a single year rather than incrementally over 2009 and 2010.

Considering its October 31, 2006, Market Capitalization and the 2008 and 2007 issuance of Fund units and interests convertible into Fund units, \$100.0 million of Fund units and interests convertible into Fund units may be issued in a single year rather than incrementally over 2009 and 2010.

Recent legislative changes allow a SIFT to “convert” to taxable Canadian corporations without any adverse tax consequences to either the Trust or its unitholders (the “Conversion Rules”). More precisely, the Conversion Rules contemplate two distinct alternative approaches to converting a SIFT into a corporation and collapsing the underlying structure. The first involves the wind-up of a SIFT onto a taxable Canadian corporation. The second involves the distribution by a SIFT of shares of an underlying taxable Canadian corporation to unitholders. In light of the Conversion Rules and the upcoming tax under the SIFT Rules, the Fund will continue its review and analysis of these rules taking into account what would be in the best interest of the unitholders.

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

Net earnings and earnings per unit

The Fund’s net earnings for the three-month period ended June 27, 2009, were \$7.7 million or \$0.54 per unit on a basic and diluted basis compared to \$6.7 million or \$0.52 per unit on both a basic and diluted basis for the same period in 2008.

The Fund’s net earnings for the six-month period ended June 27, 2009, were \$14.1 million or \$0.99 per unit on a basic and diluted basis compared to \$11.3 million or \$0.88 per unit on both a basic and diluted basis for the same period in 2008.

DISTRIBUTABLE CASH

Distributable cash is calculated in accordance with the recommendations provided in CICA’s publication “Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities.” A complete definition of distributable cash is provided at the end of this MD&A in the glossary. The Fund also calculated an adjusted distributable cash, which is defined as standardized distributable cash adjusted for items that management believes are appropriate for the determination of levels of distributions. Distributions are based on actual historical and estimated future performance of the Fund on a full-year basis. Consequently, periodic fluctuations in non-cash working capital are not considered when evaluating the cash flows available for distribution.

DISTRIBUTABLE CASH

	3 months		6 months	
	2009	2008	2009	2008
	FOR THE PERIOD FROM MARCH 29 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)
IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA				
Cash flows from operating activities	\$ 991	\$ 7,954	\$ 14,041	\$ 15,345
Capital expenditures paid	(\$ 3,475)	(\$ 2,676)	(\$ 7,021)	(\$ 4,606)
Standardized distributable cash	(\$ 2,484)	\$ 5,278	\$ 7,020	\$ 10,739
Change in non-cash working capital items (1)	\$ 16,996	\$ 7,964	\$ 19,617	\$ 12,301
Adjusted distributable cash	\$ 14,512	\$ 13,242	\$ 26,637	\$ 23,040
Adjusted distributable cash, per unit (2)	\$ 0.62	\$ 0.62	\$ 1.14	\$ 1.08
Payout ratio				
Standardized	(352.6%)	101.2%	249.5%	99.5%
Adjusted	60.4%	40.3%	65.8%	46.4%
Distributions				
Fund's units distributions	\$ 5,360	\$ 3,224	\$ 10,720	\$ 6,448
Class B Exchangeable LP Unit distributions	\$ 1,623	\$ 934	\$ 3,246	\$ 1,868
Class C Exchangeable LP Unit distributions	\$ 1,775	\$ 1,182	\$ 3,550	\$ 2,364
Aggregate distributions, all units	\$ 8,758	\$ 5,340	\$ 17,516	\$ 10,680
Aggregate distributions, all units, per unit (2)	\$ 0.38	\$ 0.25	\$ 0.75	\$ 0.50

(1) Distributions are based on actual historical and estimated future performance of the Fund on a full-year basis. Consequently, periodic fluctuations in non-cash working capital are not considered when evaluating the cash flows available for distribution.

(2) Distributable cash per unit and distributions declared per unit amounts are calculated using the diluted weighted average number of units.

During the three-month period ended June 27, 2009, the Fund generated \$14.5 million of adjusted distributable cash compared to \$13.2 million for the same period in 2008.

The adjusted payout ratio for the quarter is 60.4% compared to 40.3% for the same period in 2008. This increase is mainly due to the level of distributions raised from \$0.250 per unit in the second quarter of 2008 to \$0.375 per unit in the second quarter of 2009.

Relation between capital expenditure and productive capacity

The Fund is not a capital-intensive business. Capital expenditures incurred by the Fund consist mainly of expenditures pertaining to office furniture and information technology software and hardware. Although these capital expenditures are affected by a change in the number of employees, they are mainly driven by an employee's productivity maintenance objective. To reach this objective, the Fund recognized the need to ensure a stimulating work environment, enjoyable working conditions and ongoing training. Investments in capital expenditures are primarily required to update technology and systems in a context of organic growth but also to upgrade to our standards the information technology software and hardware of the acquired businesses.

Long-term incentive plan (“LTIP”)

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

CASH DISTRIBUTION

Since the beginning of its operations on May 2006 and until June 2008, the Fund declared a monthly distribution of \$0.0833 per unit or \$1.00 per unit on an annualized basis. Since July 2008, the monthly distribution is \$0.1250 per unit or \$1.50 per unit on an annualized basis. On December 2008, the Fund announced a one-time special distribution of \$0.45 per unit for unitholders of record at the close of business on December 31, 2008, compared to a one-time special distribution of \$0.30 per unit on November 2007. The one-time special distribution of December 2008 was paid in January 2009.

	3 months		6 months	
	2009	2008	2009	2008
	FOR THE PERIOD FROM MARCH 29 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)
IN THOUSANDS OF DOLLARS				
Cash flows from operating activities	\$ 991	\$ 7,954	\$ 14,041	\$ 15,345
Net earnings	\$ 7,674	\$ 6,666	\$ 14,078	\$ 11,264
Non-controlling interest	\$ 4,935	\$ 4,403	\$ 8,949	\$ 7,375
Earnings before non-controlling interest	\$ 12,609	\$ 11,069	\$ 23,027	\$ 18,639
Actual cash distributions declared	\$ 8,758	\$ 5,340	\$ 17,516	\$ 10,680
Excess (shortfall) of cash flows from operating activities over cash distributions declared	(\$ 7,767)	\$ 2,614	(\$ 3,475)	\$ 4,665
Excess of earnings before non-controlling interest over cash distributions declared	\$ 3,851	\$ 5,729	\$ 5,511	\$ 7,959

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

Cash flows from operating activities are lower than the cash distributions by \$7.8 million for the three-month period ended June 27, 2009, compared to an excess of cash flows over cash distributions of \$2.6 million for the same period in 2008.

In the second quarter, cash flows from operating activities have been impacted by the increase of the number of days required to recover accounts receivable and costs and anticipated profits in excess of billings. From Q1-2009 to Q2-2009, the number of days required to recover accounts receivable and costs and anticipated profits in excess of billings increased from 101 to 114 days. This increase is mainly

due to the economic context and the continued integration of our recent acquisitions.

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

For the three-month period ended June 27, 2009, earnings before non-controlling interest are higher than the cash distributions declared by \$3.9 million. It is important to note that the Fund does not use net earnings as a basis to calculate cash distributions because net earnings, in accordance with GAAP, are determined after deducting expenses which do not affect cash such as amortization of intangible assets including non-competition agreements, customer relationships and contract backlogs. As a result of the Fund's acquisitions over the past years, its net earnings have been impacted by significant intangible amortization. The costs of these intangible assets are included in the purchase price but there are no future cash outflows associated with these intangible assets. If the impact of intangible amortization is excluded, cash distributions declared exceeded earnings before non-controlling interest by \$7.2 million for the three-month period ended June 27, 2009, compared to the \$9.2 million for the corresponding period of 2008.

BACKLOG

As at June 27, 2009, our backlog, which represents future revenues that stem from existing signed contracts to be executed, stood at \$321.3 million. As at June 28, 2008, our backlog was \$300.4 million. On a comparative basis, this represents an increase of \$20.9 million (7.0%). If we consider that our field of business measures backlog in terms of months of work, we can foresee that it represents 8.4 months of upcoming work.

- \$321.3 million Q2-2009
- \$316.9 million Q1-2009
- \$314.1 million Q4-2008
- \$305.0 million Q3-2008

LIQUIDITY

	3 months		6 months	
	2009	2008	2009	2008
	FOR THE PERIOD FROM MARCH 29 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM MARCH 30 TO JUNE 28 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 27 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO JUNE 28 (UNAUDITED)
IN THOUSANDS OF DOLLARS				
Cash Flows				
Cash flows from operating activities	\$ 991	\$ 7,954	\$ 14,041	\$ 15,345
Cash flows from financing activities	\$ 6,767	(\$ 667)	\$ 3,710	\$ 23,457
Cash flows from investing activities	(\$ 11,971)	(\$ 7,852)	(\$ 21,136)	(\$ 36,681)
Net change in cash position during the period	(\$ 4,213)	(\$ 565)	(\$ 3,385)	\$ 2,121
Distributions paid	(\$ 8,758)	(\$ 5,340)	(\$ 28,026)	(\$ 10,680)
Capital expenditures	(\$ 3,475)	(\$ 2,676)	(\$ 7,021)	(\$ 4,606)

Cash flows from operating activities

For the three-month period ended June 27, 2009, operating activities generated \$18.0 million and non-cash working capital items used \$17.0 million, for a total net cash flows from operating activities of \$1.0 million. The use of \$17.0 million is mainly attributable to an increase in costs and anticipated profits in excess of billings of \$14.5 million. Accounts receivable generated \$4.5 million but billings in excess of costs and anticipated profits used \$5.2 million. Accrued liabilities used \$2.1 million from which \$7.2 million came from the full payment of 2008 annual performance bonuses. The remaining \$0.3 million was generated by other items.

Accounts receivables and costs and anticipated profits in excess of billings represent approximately 114 days of annual sales, which is higher than the previous quarters due in particular to the high level of accounts receivable and costs and anticipated profits in excess of billings at quarter-end.

As previously discussed, the economic context and the continued integration of our recent acquisitions negatively impacted the working capital and the number of days required to recover accounts receivable and costs and anticipated profits in excess of billings.

Cash flows from financing activities

For the three-month period ended June 27, 2009, net financing activities generated \$6.7 million of cash. Out of this amount, \$16.6 million was generated by the bank advances. On the other hand, \$8.8 million was used to pay distributions to unitholders and \$1.1 million was used for the payment of balances of purchase prices related to business acquisitions.

Cash flows from investing activities

For the three-month period ended June 27, 2009, investing activities used \$11.9 million of cash. Business acquisitions totalled \$8.7 million of this amount and capital expenditures, net of proceeds from disposal of property, plant and equipment, \$3.2 million.

Net cash position

As at June 27, 2009, the net cash position of the Fund amounted to (\$34.9) million as detailed hereafter:

	2009	2008
IN THOUSANDS OF DOLLARS	AS AT JUNE 27 (UNAUDITED)	AS AT DECEMBER 31 (AUDITED)
Cash and cash equivalents	\$ 11,324	\$ 14,709
Bank advances	(\$46,232)	(\$ 10,668)
Net cash position	(\$ 34,908)	\$ 4,041

Management believes that the cash flows are strong enough to sustain organic growth and continue to finance the distributions to unitholders through cash generated from its operations. Up until now, the credit facilities have been mainly used to complete business acquisitions and to pay distributions to unitholders.

The Fund has credit facilities, totalling \$82.0 million, allocated as follows:

Term facility

Term facility of \$80.0 million for operations and for the financing of acquisitions. The term facility may also be used for the payment of distributions to unitholders up to a maximum amount of \$10.0 million.

Treasury facility

Facility of \$2.0 million to hedge against interest rate risks and foreign exchange risks.

These credit facilities 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 level 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 June 27, 2009.

As at June 27, 2009, the Fund had unused credit facilities of \$35.4 million, net of outstanding letters of credit of \$0.4 million.

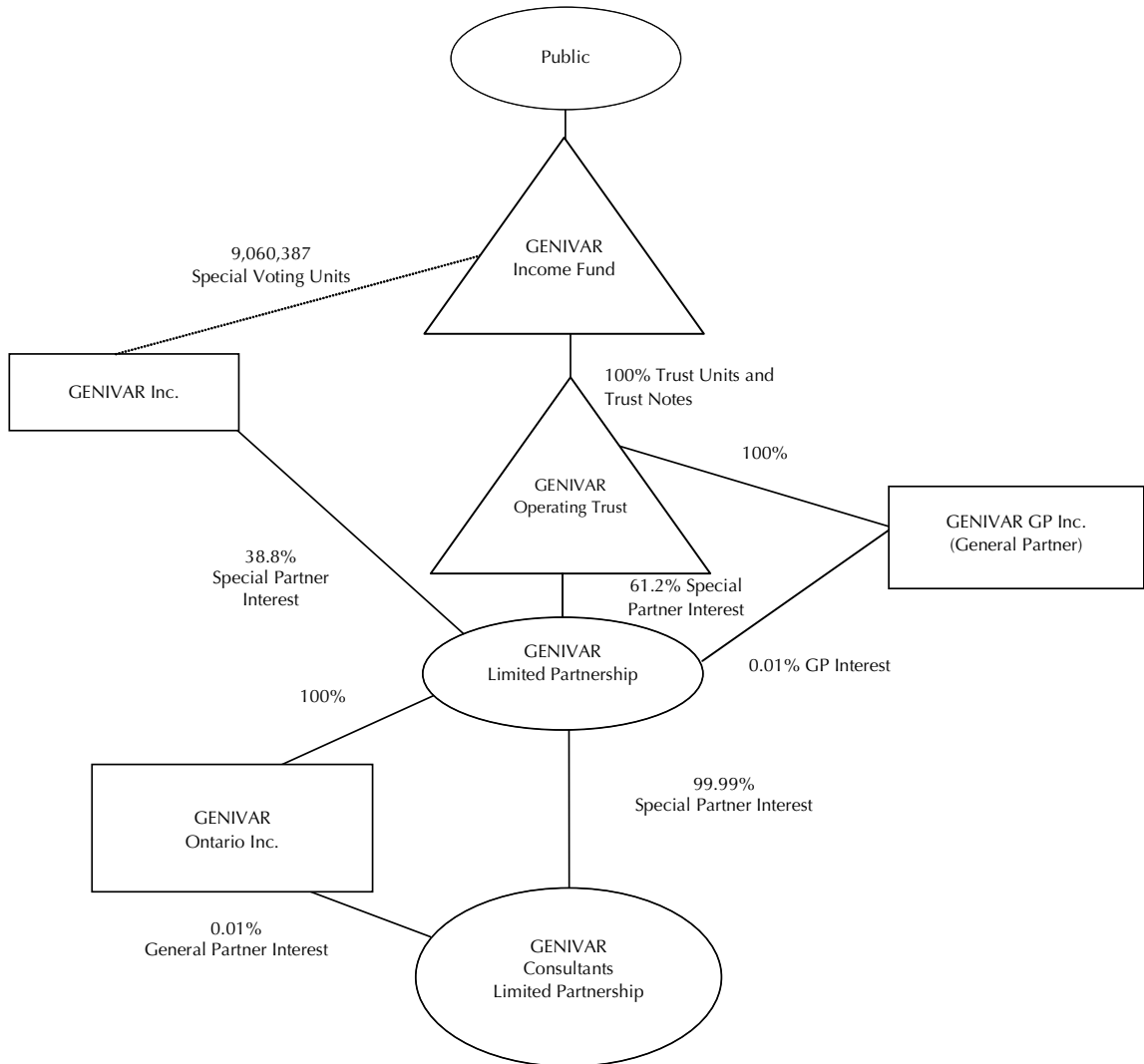
THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Quebec pursuant to the Fund's declaration of trust made as of March 31, 2006, as amended and restated on May 16, 2006. The Fund was created to indirectly acquire and hold a limited partnership interest in GENIVAR LP and all of the outstanding shares of GENIVAR GP Inc., the general partner of GENIVAR LP. GENIVAR LP has been formed to acquire, own and operate the GENIVAR Engineering Services Business. The Fund is entirely dependent upon the operations and assets of GENIVAR LP and its subsidiaries. The Fund began its operations on May 25, 2006, after the completion of an initial public offering.

On September 13, 2007, the Fund issued, pursuant to a public offering, \$50.0 million in new equity from which \$11.0 million were invested directly and indirectly by GENIVAR inc., the Non-controlling Unitholder. After this transaction, the Fund owned 12,902,439 Class A LP Units of GENIVAR LP representing a 60.4% interest (58.1% before this transaction). The Non-controlling Unitholder holds 3,732,121 Exchangeable Class B LP Units and 4,731,845 Exchangeable Class C LP Units of GENIVAR LP, together representing the remaining 39.6% interest in GENIVAR LP (41.9% before this transaction). In addition, the Non-controlling Unitholder held 8,463,966 Special Voting Units of the Fund.

On October 2, 2008, the Fund issued pursuant to a public offering, \$50.0 million in new equity from which \$15.0 million were invested directly and indirectly by GENIVAR inc., the Non-Controlling Unitholder. After this transaction, the Fund owns 14,294,089 Class A LP Units of GENIVAR LP representing a 61.2% interest (60.4% before this transaction). The Non-controlling Unitholder holds 9,060,387 Exchangeable LP Units (4,328,542 Exchangeable Class B LP Units and 4,731,845 Exchangeable Class C LP Units), together representing the remaining 38.8% interest in GENIVAR LP (39.6% before this transaction). The Exchangeable LP Units are exchangeable at any time into units on a one-for-one basis, subject to an adjustment. In addition, the Non-controlling Unitholder holds 9,060,387 Special Voting Units of the Fund. These Special Voting Units are the only ones currently outstanding. Each Special Voting Units will be cancelled upon the exchange of an Exchangeable LP Unit. The net proceeds of the public offering have been used to reimburse the bank advances.

The following chart illustrates, on a simplified basis, the structure of the Fund as at June 27, 2009:



Certain subsidiaries, each of which represent not more than 10% of the consolidated assets and not more than 10% of the consolidated revenues of the Fund, and all of which, in the aggregate, represent not more than 20% of the total consolidated assets and the total consolidated revenues of the Fund as at June 27, 2009, have been omitted.

GOVERNANCE

Internal control over financial reporting

There were no changes in the Fund's internal control over financial reporting that occurred during the period ended June 27, 2009, that has materially affected, or is reasonably likely to materially affect the Fund's internal controls over financial reporting.

CRITICAL ACCOUNTING POLICIES

The Fund's unaudited interim consolidated financial statements have been prepared in accordance with Canadian GAAP and are based on the same accounting policies as the ones used in the preparation of the Fund's 2008 annual audited consolidated financial statements, except for the standards described below. Please refer to the Fund's 2008 annual audited consolidated financial statements for more information about the significant accounting principles used to prepare the financial statements.

New accounting standards

On January 1, 2009, the Fund adopted Section 3064, "Goodwill and Intangible Assets," issued by the Canadian Institute of Chartered Accountants ("CICA"). This Section replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs." This Section establishes standards for the recognition measurement, presentation and disclosure of goodwill and intangible assets.

On January 20, 2009, the Fund adopted Emerging Issues Committee No. 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" (EIC-173) issued by the CICA. This Abstract clarifies that an entity's own credit risk and the credit risk of its counterparty should be taken into account in determining the fair value of financial assets and liabilities.

The application of these standards had no significant impact on the Fund's consolidated results of operations or financial position.

Future accounting standards

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011, will require the restatement for comparative figures reported by the Fund for the year ended December 31, 2010.

The Fund has begun the process to transition from Canadian GAAP to IFRS. It has established a project plan and project team. A steering committee has been formed to provide directional leadership for the conversion project and to assist in developing accounting policy recommendations. The project team is led by finance management and includes representatives from various areas of the organization as necessary to plan for and achieve a proper transition to IFRS.

The project plan consists of four phases: conception and evaluation, solution development, implementation and analysis after implementation. The Fund has completed the first phase, and is currently engaged in the solution development phase. It involves choosing the appropriate accounting standards, calculating the impacts of change in accounting standards, assessing the effects on information systems, training and updating the processes and controls. During the implementation phase, the Fund will execute the required changes to business processes and financial systems. All employees affected by IFRS will receive training.

During the second quarter of 2009, the Fund maintained its efforts in the solution development phase by focusing on the significant differences identified in the initial diagnostic. The project team received proper training to ensure an in-depth understanding of relevant IFRS. The Fund actively monitors all proposed projects by AcSB and by International Accounting Standards Board that may affect the timing, nature or disclosure of its adoption of IFRS. Regular reporting is provided to the Fund's senior executive management and to the audit committee. At the current stage of the project, the impact of the adoption of IFRS on consolidated financial statements cannot be reasonably established.

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. This section provides the Canadian equivalent to IFRS 3, "Business Combinations."

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. This section is equivalent to the corresponding requirements of International Accounting Standard IAS 27, "Consolidated and Separate Financial Statements."

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

RELATED PARTY TRANSACTIONS

The Fund enters into transactions with GENIVAR inc., the Non-controlling Unitholder, in connection with certain business acquisitions. Generally, GENIVAR inc. acquires all of the outstanding shares of a company and sells the net assets of the acquired company to GENIVAR LP or one of its subsidiaries. The purchase price for GENIVAR LP or one of its subsidiaries is identical to the shares' purchase price paid by GENIVAR inc., taking into account certain assets or liabilities that are not or cannot be transferred, which price has been concluded with unrelated parties. This acquisition strategy has been realized to facilitate the Fund's negotiations related to the acquisition of targeted companies. As a result, the transaction yields fiscal benefits for both the vendors and GENIVAR LP or one of its subsidiaries. The Fund acquired Envirotel, WSA, ENTRA, WES, Algal, ENAQ and Jagger during the six-month period and Walker subsequent to the quarter end.

OFF-BALANCE SHEET AGREEMENTS

There were no off-balance sheet agreements as at June 27, 2009.

CONTRACTUAL OBLIGATIONS

The following tables provide a summary of the Fund's long-term contractual obligations.

IN THOUSANDS OF DOLLARS	Less than a year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	After 5 years	Total
Bank advances	-	-	46,232	-	-	-	46,232
Balances of purchase price payable, including current portion	14,644	1,768	-	-	-	-	16,412

IN THOUSANDS OF DOLLARS	2009 (6 months)	2010	2011	2012	2013	2014	There-after	Total
Operating lease commitments	7,255	13,078	11,696	10,218	8,452	7,807	21,917	80,423

SUBSEQUENT EVENT

In July 2009, the Fund acquired all the assets and liabilities of Walker, an Ontario-based consulting and engineering firm.

RISK FACTORS

The results of operations, business prospects and the financial condition of the Fund are subject to a number of risks and uncertainties and are affected by a number of factors outside of our control. This may cause a decline of the price of the Units and our ability to make distributions on the Units could be adversely affected.

The Fund's risks and uncertainties have not materially changed from those described in the Fund's 2008 Annual Report.

GLOSSARY

Net revenues

Net revenues are defined as revenues from consulting services less direct costs for subconsultants and other direct expenses that are recoverable directly from our clients. Net revenues are not a measure in accordance with GAAP and do not have standardized meaning prescribed by GAAP. Therefore, net revenues may not be comparable to similar measures presented by other issuers. Investors are cautioned that net revenues should not be construed as an alternative to revenues for the period (as determined in accordance with GAAP), as an indicator of the Fund's performance.

EBITDA

EBITDA is defined as earnings before interest, tax, depreciation, and amortization. EBITDA is not an earnings measure in accordance with GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers.

Distributable cash

Distributable cash is calculated in accordance with the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities." Standardized distributable cash is defined as cash flows from operating activities as reported in the GAAP financial statements, including the effects of changes in non-cash working capital items and any operating cash flows provided from or used in discontinued operations, less adjustments for:

- (a) total capital expenditures as reported in the GAAP financial statements; and
- (b) restrictions on distributions arising from compliance with financial covenants restrictive at the date of the calculation of standardized distributable cash and limitations arising from the existence of a minority interest in a subsidiary.

The Fund also calculated an adjusted distributable cash, which is defined as standardized distributable cash adjusted for entity-specific adjustment items that management believes are appropriate for the determination of levels of distributions.

Payout ratio

Standardized payout ratio is defined as aggregate cash distributions divided by standardized distributable cash. Adjusted payout ratio is defined as aggregate cash distributions divided by adjusted distributable cash.