



GENIVAR Income Fund

Third-Quarter Report

From July 1, 2007 to September 30, 2007

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 November 9, 2007, is intended to assist readers in understanding GENIVAR Income Fund (the "Fund"), its business environment, strategies, performance and risk factors. In this MD&A, the "Fund", "we", "us" and "our" mean GENIVAR Income Fund. This MD&A should be read together with the interim consolidated financial statements and accompanying notes of the Fund for the three-month and nine-month periods ended September 30, 2007 and the audited consolidated financial statements of the Fund for the period extending from May 25, to December 31, 2006 included in the Fund's 2006 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 third-quarter results, being from July 1 to September 30, 2007. The Fund commenced operations on May 25, 2006 and accordingly, comparative information in the interim consolidated financial statements is for the 128-day period extending from May 25, 2006 to September 30, 2006. In order to enhance the purpose and the relevance of this MD&A, certain financial and operating results of the Fund for the nine-month period ended September 30, 2007, are compared to the unaudited combined results of the GENIVAR Engineering Services Business for the nine-month period ended September 30, 2006, which were carved out from GENIVAR inc. (the "Non-controlling Unitholder"). Such information is for reference purposes only and is not intended to represent a comprehensive comparison of the unaudited consolidated financial results.

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

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements. These statements relate to future events or future performance and reflect the expectations of management (the "Management"), regarding the growth, results of operations, performance and business prospects and opportunities of GENIVAR LP or of the Engineering Services industry. Such forward-looking statements reflect current beliefs of Management and are based on information currently available. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the

results discussed in the forward-looking statements. In evaluating these statements, investors should specifically consider various factors, including the risks outlined under the heading “Risk Factors,” which may cause actual events or results to differ materially from the results discussed in any forward-looking statement. Although the forward-looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

NON-GAAP MEASURES

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

Non-GAAP measures used by the Fund are Net revenues, EBITDA, Distributable Cash, and Payout ratio. These measures are defined at the end of this MD&A in the glossary. In the third quarter, the definitions of Distributable Cash and Payout ratio have been revised to comply with the recommendations provided in CICA’s publication “Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities.”

OVERVIEW OF THE 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, Urban 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 more than 2,200 managers, professionals, technicians and technologists and support staff in over 40 offices in Canada and abroad.

HIGHLIGHTS

The following MD&A covers the sixth reporting period of the Fund since it began its business operations, on May 25, 2006 and the first complete quarter for which comparative information is available in the fiscal 2006 year. The Fund maintained

continued quarter over quarter increases in revenues and net revenues as a result of strong organic growth and the contribution of recent acquisitions. The Fund's trailing twelve-month revenues, net revenues and EBITDA are respectively in the amounts of \$236.3 million, \$185.4 million and \$36.8 million, representing comparative increases of 12.3%, 12.0% and 14.5% since the end of the last quarter. Net earnings, during the last twelve months from October 1, 2006, to September 30, 2007 was \$1.09 per unit.

This third quarter was an active period for the Fund in all areas of the business. All market segments and regions met forecasted objectives, and the outlook remained positive with our backlog increasing to \$201.0 million as of September 30, 2007.

SUMMARY OF QUARTERLY RESULTS

	2007				2006		
	TTM	Q3	Q2	Q1	Q4	Q3	Q2 (37 days)
	TRAILING TWELVE MONTHS (UNAUDITED)	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM APRIL 1 TO JUNE 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO MARCH 31 (UNAUDITED)	FOR THE PERIOD FROM OCTOBER 1 TO DECEMBER 31 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM MAY 25 TO JULY 1 (UNAUDITED)
IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA							
Results of operations							
Revenues	236,380	68,543	\$ 63,791	\$ 54,343	\$ 49,703	\$ 42,555	\$ 17,523
Net revenues (1)	185,362	53,602	\$ 50,859	\$ 44,168	\$ 36,733	\$ 33,732	\$ 14,216
Gross margin	89,420	26,233	\$ 24,578	\$ 21,076	\$ 17,533	\$ 16,196	\$ 7,176
EBITDA	36,809	11,685	\$ 9,597	\$ 8,090	\$ 7,437	\$ 7,024	\$ 3,354
Net earnings	12,196	4,344	\$ 2,603	\$ 2,672	\$ 2,577	\$ 2,364	\$ 1,403
Basic and diluted net earnings per unit	1.09	0.38	\$ 0.24	\$ 0.24	\$ 0.23	\$ 0.21	\$ 0.13
Weighted average number of units (2)		11,305,396	10,992,394	11,000,000	11,000,000	11,000,000	11,000,000
Diluted weighted average number of units (2)		19,347,454	18,920,619	18,927,381	18,927,381	18,927,381	18,927,381
Distributable Cash							
Distributable Cash (3)(4)							
Standardized	13,374	4,784	\$ 1,623	(\$ 951)	\$ 7,918	\$ 5,682	(\$ 1,850)
Adjusted	29,003	9,575	\$ 6,718	\$ 6,441	\$ 6,269	\$ 6,097	\$ 3,269
Distributable Cash, per unit (3) (4)							
Standardized	\$ 0.68	\$ 0.22	\$ 0.09	(\$ 0.05)	\$ 0.42	\$ 0.30	(\$ 0.10)
Adjusted	\$ 1.47	\$ 0.45	\$ 0.35	\$ 0.34	\$ 0.33	\$ 0.32	\$ 0.17
Distributions declared	19,123	4,933	\$ 4,730	\$ 4,730	\$ 4,730	\$ 4,730	\$ 1,934
Distributions declared, per unit	\$ 1.00	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.25	\$ 0.10
Payout ratio							
Adjusted	65.9%	51.5%	70.4%	73.4%	75.5%	77.6%	59.2%

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

(2) The basic and diluted weighted average number of units has been adjusted to reflect units purchased in the market in Q2 in connection with the long-term incentive plan and units issued pursuant to a public offering in Q3.

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

(4) Distributable Cash and Distributable Cash per unit amounts are calculated for the combined interest of the Fund's units and Non-subordinated Exchangeable LP units and Subordinated LP units, which total 21,366,405 as at September 30, 2007 (18,927,381 at the same date in 2006). Number of units has not been adjusted to reflect units purchased in the market in connection with the long-term incentive plan since the distributions on these units continue to be declared and paid.

As at September 30, 2007, the GENIVAR Income Fund had more than 2,200 employees, up 10% from last quarter. The Fund offers multidisciplinary engineering, environmental, and project management services to public and private-sector clients in Canada and around the world. Our staff is based in some 40 offices, with 1,574 employees in Quebec, 400 in Ontario, 176 in Western Canada, and 100 overseas.

GENIVAR continued to promote the services in developing a green and sustainable approach in all elements of design including energy, air quality, water, waste reduction, and natural environmental enhancements. On the strength of this expertise, we were awarded several interesting assignments in the past few months. Among others, GENIVAR has been commissioned by the Township of Springwater to carry out a LEED® building involving a new administrative center. Also, GENIVAR has been selected by the City of Portage La Prairie, in Manitoba, to conduct a pilot project to determine the vulnerability of the water resources infrastructure to changes in climate conditions. Our environmental group has been selected by Health Canada to perform environmental and air quality inspections at 25 health clinics located in First Nations communities in the provinces of Quebec and New-Brunswick. Finally, the Toronto Community Housing Corporation mandated GENIVAR to manage the revitalization of the Regent Park's social housing project that will transform the neighborhood into a healthy, vibrant and sustainable community. In addition, GENIVAR continues to make headway in the mining sector. The company has been commissioned by First Nickel Inc., a new client, to provide engineering and environmental services as part of the development of two mining sites in Sudbury: Premiere Ridge Property and Lockerby.

During the quarter, the Fund successfully closed a \$50.0 million financing of which \$39.0 million was raised through a public offering of 1,902,439 units of the fund at a price of \$20.50 and the remainder by means of a private placement to GENIVAR inc. (the Non-controlling unitholder) of 536,585 units at the same price for proceeds of \$11.0 million. The net proceeds were used to reimburse our debt. The Fund has a solid financial balance sheet with a net cash position of \$9.5 million and unused credit facilities of \$42.0 million as of September 30, 2007. We are well-positioned to continue our growth through organic initiatives and selected acquisitions.

The Fund completed the acquisition of five firms during the third quarter, including Ontario transportation firms National Capital Engineering ("NCE") and Harmer Podolak Engineering Consultants ("Harmer Podolak"), as well as infrastructure firms TERRA Experts conseils ("TERRA") and André Simard et Associés ("ASA") (effective October 1, 2007) in Quebec City and SEG Engineering ("SEG") in Winnipeg. The integration process of these acquisitions has been successful to date, and ongoing business opportunities are being developed amongst our combined resources. Consolidation opportunities are numerous, and GENIVAR will remain an active participant in the market.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

FINANCIAL HIGHLIGHTS

IN THOUSANDS OF DOLLARS, EXCEPT PER UNIT DATA	3 months		9 months	
	2007	2006	2007	2006
	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (COMBINED-UNAUDITED) (1)
Net revenues	\$ 53,602	\$ 33,732	\$ 148,629	\$ 91,246
EBITDA	\$ 11,685	\$ 7,024	\$ 29,372	\$ 18,552
Net earnings (3)	\$ 4,344	\$ 2,364	\$ 9,619	–
Earnings per Fund unit (2) (3)				
Basic	0.38	\$ 0.21	0.87	–
Diluted	0.38	\$ 0.21	0.87	–

IN THOUSANDS OF DOLLARS	3 months		9 months
	2007	2006	2007
	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (UNAUDITED)
Distributable Cash (4)			
Standardized	\$ 4,784	\$ 5,682	\$ 5,456
Adjusted	\$ 9,575	\$ 6,097	\$ 22,734
Aggregate Distributions, all units	\$ 4,933	\$ 4,730	\$ 14,393
Payout ratio Adjusted	51.5%	77.6%	63.3%

BALANCE SHEETS

IN THOUSANDS OF DOLLARS	2007	2006
	AS AT SEPTEMBER 30 (UNAUDITED)	AS AT DECEMBER 31 (AUDITED)
Total Assets	\$ 300,058	\$ 248,838
Long-term financial liabilities (5)	-	\$ 6,957

- (1) This combined financial information is the combination of financial results of GENIVAR Engineering Services Business PRE-IPO and financial results of the Fund POST-IPO.
- (2) The basic and diluted weighted average number of units has been adjusted to reflect units purchased in the market in Q2 in connection with the long-term incentive plan and units issued pursuant to a public offering in Q3.
- (3) Net earnings and Earnings per Fund unit have not been presented on a comparative basis due to the changes made with respect to the capital structure of the preceding entities as a result of the IPO completed on May 25, 2006.
- (4) The definition of Distributable Cash has been revised to comply with the recommendations provided in CICA's publication "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities." See section "Distributable Cash."
- (5) Consistent with the original provisions of the credit facilities agreement, bank advances are reclassified as long-term liabilities.

RESULTS OF OPERATIONS

	3 months		9 months	
	2007	2006	2007	2006
	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (COMBINED - UNAUDITED) (1)
IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA				
Revenues	\$ 68,543	\$ 42,555	\$ 186,677	\$ 126,410
Deduct: Subconsultants and other direct expenses	\$ 14,941	\$ 8,823	\$ 38,048	\$ 35,164
Net revenues	\$ 53,602	\$ 33,732	\$ 148,629	\$ 91,246
Direct project costs	\$ 27,369	\$ 17,536	\$ 76,742	\$ 45,923
Gross margin	\$ 26,233	\$ 16,196	\$ 71,887	\$ 45,323
Marketing, general, and administrative expenses and others	\$ 14,548	\$ 9,172	\$ 42,515	\$ 26,771
EBITDA	\$ 11,685	\$ 7,024	\$ 29,372	\$ 18,552
Interest	\$ 746	\$ 245	\$ 1,493	\$ 413
Depreciation of property, plant, and equipment	\$ 693	\$ 512	\$ 1,969	\$ 1,333
Amortization of intangible assets	\$ 2,667	\$ 2,305	\$ 7,626	\$ 4,922
Earnings before income taxes and non-controlling interest	\$ 7,579	\$ 3,962	\$ 18,284	\$ 11,884
Income tax expense (recovery) (2) (4)	\$ 161	(\$ 105)	\$ 1,789	–
Earnings before non-controlling interest	\$ 7,418	\$ 4,067	\$ 16,495	–
Non-controlling interest (2)	\$ 3,074	\$ 1,703	\$ 6,876	–
Net earnings (2)	\$ 4,344	\$ 2,364	\$ 9,619	–
Basic net earnings per unit	\$ 0.38	\$ 0.21	\$ 0.87	–
Weighted average number of units (3) (5)	11,305,396	11,000,000	11,100,382	–
Diluted net earnings per unit	\$ 0.38	\$ 0.21	\$ 0.87	–
Diluted weighted average number of units (3) (5)	19,347,454	18,927,381	19,066,964	–

(1) This combined financial information is the combination of financial results of GENIVAR Engineering Services Business PRE-IPO and financial results of the Fund POST-IPO.

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

(3) The basic and diluted weighted average number of units has been adjusted to reflect units purchased in the market in Q2 in connection with the long-term incentive plan and units issued pursuant to a public offering in Q3.

(4) See section "Results of operations – Income tax expense."

(5) As at November 9, 2007, the number of units is identical to what it was as at September 30, 2007.

RESULTS OF OPERATIONS¹

Revenues

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

Our revenues for the three-month period ended September 30, 2007, increased by \$25.9 million (61.1%) from \$42.6 million in 2006 to \$68.5 million in 2007. Revenues for the nine-month period ended September 30, 2007, were \$186.7 million compared to \$126.4 million for the same period in 2006, which represents an increase of \$60.3 million (47.7%).

Our net revenues, expressed as revenues less direct costs for subconsultants and other direct expenses that are recoverable directly from our clients, were in the amount of \$53.6 million for the three-month period ended September 30, 2007, and \$33.7 million for the corresponding period in 2006, which represents an increase of \$19.9 million (58.9%). For the nine-month comparative period, net revenues increased from \$91.2 million for the nine months ended September 30, 2006 to \$148.6 million for the corresponding period ended September 30, 2007, which represents an increase of 62.9%.

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

IN THOUSANDS OF DOLLARS	3 months		9 months	
Revenues	Variation 2007 vs 2006	%	Variation 2007 vs 2006	%
Acquisition growth (2)	\$ 10,332	24.3%	\$ 37,757	29.9%
Organic growth	\$ 15,656	36.8%	\$22,510	17.8%
Total increase	\$25,988	61.1%	\$60,267	47.7%

IN THOUSANDS OF DOLLARS	3 months		9 months	
Net revenues	Variation 2007 vs 2006	%	Variation 2007 vs 2006	%
Acquisition growth (2)	\$9,554	28.3%	\$33,178	36.4%
Organic growth	\$10,316	30.6%	\$ 24,205	26.5%
Total increase	\$19,870	58.9%	\$ 57,383	62.9%

(1) Combined information for the nine-month period ended September 30, 2006, was carved out, for the period from January 1, to May 24, 2006, from GENIVAR Engineering Services Business.

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

For the three months ended September 30, 2007, on a net revenues basis, acquisition growth accounted for \$9.6 million from which \$1.6 million was generated by way of the NCE, SEG, Harmer Podolak, and Terra acquisitions concluded in the third quarter of 2007 and \$6.6 million originated from the Cochrane, Kazmar, GLD, and NOVE acquisitions concluded in the first two quarters of 2007. Finally, \$1.4 million originated from the Martoni acquisition concluded in fiscal 2006.

For the nine months ended September 30, 2007, on a net revenues basis, acquisition growth accounted for \$33.2 million from which \$1.6 million was generated by way of the NCE, SEG, Harmer Podolak and Terra acquisitions concluded in the third quarter of 2007 and \$18.3 million originated from the Cochrane, Kazmar, GLD, and NOVE acquisitions concluded in the first two quarters of 2007. Finally, \$13.3 million originated from the MacViro and Martoni acquisitions concluded in fiscal 2006.

Organic growth can be explained by an increase in the number of employees due to a higher level of both business activity and productivity as well as a growth within the acquired firms as a result of integration and cross-marketing. From September 2006 to September 2007, the number of employees increased by 47.0% from 1,500 to 2,200 employees. Of this percentage, approximately 20.0% came from organic growth.

Also, it is important to note that this significant growth will not necessarily be sustainable in the future. Also, these measures in terms of net revenues may slightly vary from one period to another and for analysis comparison, should be evaluated on a yearly basis.

Expenses

Our operating expenses consist of two major components which are our direct project costs and marketing, general, and administrative expenses. Direct project costs include payroll costs relating to the delivery of consulting services and project delivery. Marketing, general, and administrative expenses include payroll costs of marketing and other administrative support staff, such as accounting, communications, information technology, quality, health and safety, purchasing and human resources, as well as other fixed costs such as occupancy costs, non-recoverable client services costs, technology costs, office costs, professional services costs and insurance. It is important to note that these measures in terms of net revenues may slightly vary from one period to another and for analysis comparison, should be evaluated on a yearly basis.

Other expenses include depreciation of property, plant and equipment, amortization of intangible assets and interest expense.

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

Direct project costs

For the three months ended September 30, 2007, direct costs represented 51.1% of net revenues compared to 52.0% for the same period in 2006.

For the nine months ended September 30, 2007, direct costs represented 51.6% of net revenues compared to 50.3% for the same period in 2006. The \$1.5 million net revenues recognized in the first quarter of 2006 on some very profitable projects continue to impact positively the percentage of direct costs over net revenues in the nine months ended September 30, 2006.

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

- 51.1% Q3-2007
- 51.7% Q2-2007
- 52.3% Q1-2007
- 52.3% Q4-2006

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

Gross margin

For the three months ended September 30, 2007, the gross margin represented 48.9% of net revenues compared to 48.0% for the same period in 2006.

For the nine months ended September 30, 2007, the gross margin represented 48.4% of net revenues compared to 49.7% for the same period in 2006.

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

- 48.9% Q3-2007
- 48.3% Q2-2007
- 47.7% Q1-2007
- 47.7% Q4-2006

As previously mentioned, this improvement over the last quarters is attributable to higher productivity levels and better performance and profitability on projects.

Marketing, general and administrative expenses and others

Marketing, general and administrative expenses and others for the three months ended September 30, 2007 increased to \$14.5 million compared to \$9.2 million for the same period in 2006. As a percentage of net revenues, marketing, general and administrative expenses and others represent 27.1% for the three-month period ended September 30, 2007, compared to 27.2% for the same period in 2006.

For the nine months ended September 30, 2007, marketing, general, and administrative expenses represented 28.6% of net revenues compared to 29.3% for the same period in 2006.

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

- 27.1% Q3-2007
- 29.5% Q2-2007
- 29.4% Q1-2007
- 27.5% Q4-2006

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

EBITDA

EBITDA for the three months ended September 30, 2007 stood at \$11.7 million, up \$4.7 million from \$7.0 million for the same period in 2006, thus representing a 66.4% increase. As a percentage of net revenues, EBITDA margin stood at 21.8% for the three-month period ended September 30, 2007, compared to 20.8% for the same period in 2006. EBITDA for the nine months ended September 30, 2007, was \$29.4 million, up \$10.8 million from \$18.6 million for the same period in 2006, representing a 58.3% increase.

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

- 21.8% Q3-2007
- 18.9% Q2-2007
- 18.3% Q1-2007
- 20.2% Q4-2006

The increase in EBITDA during the third quarter of 2007 is attributable to the increase in gross margin and the decrease of marketing, general and administrative expenses.

Depreciation and amortization

Depreciation of property, plant and equipment for the three months ended September 30, 2007 was \$0.7 million compared to \$0.5 million for the same period in 2006. For the nine months ended September 30, 2007, depreciation of property, plant and equipment increased by \$0.7 million, from \$1.3 million in 2006 to \$2.0 million in 2007. The underlying cause is the depreciation of additional assets acquired through various business acquisitions during the last quarter of fiscal year 2006 and the first three quarters of fiscal year 2007.

Amortization of intangible assets, for the three months ended September 30, 2007, was \$2.7 million compared to \$2.3 million for the same period in 2006. For the nine months ended September 30, 2007, amortization of intangible assets increased by \$2.7 million, from \$4.9 million in 2006 to \$7.6 million in 2007. The amortization expense increase is attributable to the business acquisition completed in the last quarter of fiscal year 2006, as well as those completed in the three first quarters of fiscal year 2007.

Interest

Interest expense for the three months ended September 30, 2007, increased to \$0.7 million compared to \$0.2 million during the same period in 2006. Interest expense for the nine months ended September 30, 2007, increased to \$1.5 million compared to \$0.4 million during the same period in 2006. The increase can be explained by a higher debt position in 2007 than in 2006, which is directly related to business acquisitions. Since the Fund totally reimbursed the bank advances in September 2007 as well as the advances from the Non-controlling Unitholder, we anticipate a lower interest expense in the next quarter.

Income tax expense

Prior to June 12, 2007, the Fund was not subject to income taxes. The future income tax provision included in the Fund's financial statements before this date reflects only those temporary differences expected to reverse within two Fund's operating subsidiaries subject to income taxes.

On June 12, 2007, draft legislative proposals to implement a tax on distributions from publicly traded income trusts and partnerships passed third reading in the House of Commons and received Royal Assent on June 22, 2007. Since the second quarter, the Fund accounted for future income taxes. The cumulative effect of future income taxes recognized in addition to the taxes recognized by operating subsidiaries subject to income taxes, is based on existing temporary differences that are expected to reverse from January 1, 2011, when the new rules take effect. To

calculate the adjustment required, the Fund forecasted the changes in its tax attributes between September 30, 2007 and December 31, 2010. This calculation also takes into account the temporary differences attributable to the non-controlling interest. These forecasts will be updated quarterly and any change will be reflected in net earnings.

The tax rate used is the tax rate that is substantively enacted to be in effect for 2011 (31.5%). For the nine-month period ended September 30, 2007, the Fund recognized, in addition to the taxes already accounted for in the operating subsidiaries subject to income taxes, an amount of \$1.2 million as future income tax liabilities and recorded \$1.3 million (\$0.2 million for the three-month period ended September 30, 2007) as a charge to income tax expense and \$0.2 million as a reduction of issuance-related costs.

In response to these changes, management has analyzed the legislation and its implications. Consequently, we can formulate the following response to the issue at hand:

- The changes do not impact our business model and business strategies; management believes professional services firms are well-suited for income trusts since most professional services firms operate under a partnership structure where the most important assets are the employees and where low-capital expenditures are required to operate. The GENIVAR Income Fund remains a sustainable model even after the modifications will have been implemented in 2011.
- The changes do not impact our current strategy for cash distribution to Unitholders.
- The other changes included in the new law will not significantly impact our access to additional capital. Under the adopted rules, the Fund could issue for the period from November 1, 2006, to the end of 2007 up to 40.0% of its October 31, 2006, market capitalization (approximately \$135.0 million) and, for each calendar year 2008, 2009, and 2010, up to 20.0% of its October 31, 2006, market capitalization. This new equity, combined with our existing credit facilities, will sustain our growth plan. In September 2007, the Fund issued \$50.0 million in new equity from which \$11.0 million were invested by GENIVAR inc., the Non-controlling Unitholder.

Net earnings and earnings per Fund unit

The Fund's net earnings for the three months ended September 30, 2007 were \$4.3 million or \$0.38 per unit on both a basic and diluted basis.

The Fund's net earnings for the nine months ended September 30, 2007 were \$9.6 million or \$0.87 per unit on both a basic and a diluted basis.

Earnings per unit have been affected in the third quarter by the issuance of units in connection with the public offering realized in September 2007.

DISTRIBUTABLE CASH

	3 months		9 months
	2007	2006	2007
	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS EXCEPT PER UNIT DATA			
Cash flows from operating activities	\$ 6,400	\$ 6,321	\$ 12,066
Capital expenditures paid	(\$ 1,616)	(\$ 639)	(\$ 6,610)
Standardized Distributable Cash	\$ 4,784	\$ 5,682	\$ 5,456
Change in non-cash working capital items (1)	\$ 4,523	\$ 415	\$ 15,672
Purchase of units in the market under the long-term incentive plan	-	-	(\$ 825)
Capital expenditures paid for non-recurring items (2)	\$ 268	-	\$ 2,431
Adjusted Distributable Cash (3)	\$ 9,575	\$ 6,097	\$ 22,734
Adjusted Distributable Cash, per unit (3)	\$ 0.45	\$ 0.32	\$ 1.06
Payout ratio			
Adjusted	51.5%	77.6%	63.3%
Distributions			
Fund's units distributions	\$ 2,907	\$ 2,749	\$ 8,405
Class B Non-subordinated Exchangeable LP unit distributions	\$ 844	\$ 799	\$ 2,440
Class C Subordinated Exchangeable LP unit distributions	\$ 1,182	\$ 1,182	\$ 3,548
Aggregate distributions, all units (3)	\$ 4,933	\$ 4,730	\$ 14,393
Aggregate distributions, all units, per unit (3)	\$ 0.25	\$ 0.25	\$ 0.75

- (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) Non-recurring capital expenditures pertain to a construction project which had for objective to expand square footage of the main office in Quebec City.
- (3) Distributable Cash and Distributable Cash per unit amounts are calculated for the combined interest of the Fund's units and Non-subordinated Exchangeable LP units and Subordinated LP units, which total 21,366,405 as at September 30, 2007 (18,927,381 at the same date in 2006). Number of units has not been adjusted to reflect units purchased in the market in connection with the long-term incentive plan since the distributions on these units continue to be declared and paid.

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.

During the three months ended September 30, 2007, the Fund generated \$9.6 million of Adjusted Distributable Cash compared to \$6.1 million for the same period in 2006. The amount estimated in the Fund's prospectus, prorated for the same period, was \$5.3 million.

The adjusted payout ratio for the quarter is 51.5% compared to 77.6% for the same period in 2006.

CASH DISTRIBUTION

	3 months		9 months
	2007	2006	2007
	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS			
Cash flows from operating activities	\$6,400	\$ 6,321	\$ 12,066
Net earnings	\$4,344	\$ 2,364	\$ 9,619
Non-controlling interest	\$3,074	\$ 1,703	\$ 6,876
Earnings before non-controlling interest	\$7,418	\$ 4,067	\$ 16,495
Actual cash distributions declared	\$4,933	\$ 4,730	\$ 14,393
Excess (shortfall) of cash flows from operating activities over cash distributions declared	\$1,467	\$ 1,591	(\$ 2,327)
Excess (shortfall) of earnings before non-controlling interest over cash distributions declared	\$ 2,485	(\$ 663)	\$ 2,102

Following the acquisition in January 2007 of certain assets of CDG and Kazmar (excluding receivables and costs and anticipated profits in excess of billings), cash flows from operating activities for the nine-month period ended September 30, 2007 were affected by the required investments in working capital. Bank advances were used to finance the shortfall in accordance with the Credit Facilities. The

investments in working capital concerning these acquisitions amounted to \$4.5 million for the nine-month period ended September 30, 2007. If the impact of these non-recurring investments in working capital is excluded, cash flows from operating activities exceeded cash distributions declared by \$2.0 million for the nine-month period ended September 30, 2007. In addition, additional investments in working capital were required to fund organic growth in net revenues achieved in the nine-month period from January 1 to September 30, 2007. Management believes that this shortfall is specifically attributable to these two acquisitions and organic growth. Consequently, Management does not anticipate any reduction in the level of distributions.

Earnings before non-controlling interest exceeded cash distributions declared for both the three-month and nine-month periods ended September 30, 2007. The Fund does not use net earnings as a basis to calculate cash distributions as net earnings, in accordance with GAAP, include expenses which do not affect cash such as amortization of intangible assets including non-compete agreements, customer relationships and contract backlogs. As a result of GENIVAR's acquisitions over the past several years, its net earnings have been impacted by significant intangible amortization. The costs of these intangible assets are included in the purchase price but there are no future cash outflows associated with these intangible assets. If the impact of intangible amortization is excluded, earnings before non-controlling interest exceeded cash distributions declared by \$9.7 million for the nine-month periods ended September 30, 2007.

BACKLOG

As at September 30, 2007, our backlog, which represents future revenues that stem from existing signed contracts to be executed, stood at \$201.0 million. As at September 30, 2006, our backlog was \$140.2 million. On a comparative basis, this represents a 42.7% increase. If we consider that our field of business measures backlog in terms of months of work, we can foresee that it represents approximately ten months of upcoming work.

- \$201.0 million Q3-2007
- \$176.7 million Q2-2007
- \$156.4 million Q1-2007
- \$136.4 million Q4-2006

LIQUIDITY AND CAPITAL RESOURCES

	3 months		9 months
	2007	2006	2007
	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JULY 2 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (UNAUDITED)
IN THOUSANDS OF DOLLARS			
Cash Flows			
Cash flows from operating activities	\$ 6,400	\$ 6,321	\$ 12,066
Cash flows from financing activities	\$ 10,745	(\$ 12,613)	\$ 15,866
Cash flows from investing activities	(\$ 10,002)	(\$ 503)	(\$ 25,909)
Net change in cash position during the period	\$ 7,143	(\$ 6,795)	\$ 2,023
Distributions paid	(\$ 4,730)	(\$ 2,957)	(\$ 14,190)
Capital expenditures (including capital expenditures paid for non-recurring items)	(\$ 1,616)	(\$ 639)	(\$ 6,610)

Cash flows from operating activities

During the quarter, operations generated \$10.9 million of cash, of which \$4.5 million was used in non-cash working capital items for net cash from operating activities of \$6.4 millions. The use of \$4.5 million in non-cash working capital is mainly attributable to an increase of \$10.4 million in accounts receivable and of \$1.3 million in costs and anticipated profits in excess of billings. This increase is offset by an increase of \$2.9 million in accounts payable and of \$3.8 million in billings in excess of costs and anticipated profits.

The general increase is consistent with the increase resulting from organic growth.

Accounts receivables and costs and anticipated profits in excess of billings represent approximately 114 days of annual sales, which is higher than it was in the previous quarter (107 days). This ratio has been affected by the four business acquisitions realized in Q3, and if we remove the impact of these acquisitions, accounts receivables and costs and anticipated profits in excess of billings represent 112 days of annual sales, which is comparable to the industry standards for comparable businesses.

Cash flows from financing activities

For the three-month period ended September 30, 2007, financing activities generated up to \$10.7 million of cash. Out of this amount, \$47.6 million came from the issuance of units pursuant to a public offering and \$32.0 million was used

to reimburse bank advances and advances from the Non-controlling Unitholder. Finally, \$4.7 million was used to pay distributions to unitholders.

Cash flows from investing activities

For the three-month period ended on September 30, 2007, investing activities used up to \$10.0 million of cash. Business acquisitions used up \$8.5 million of this amount and capital expenditures incurred totaled \$1.6 million. Capital expenditures include a non-recurring amount of \$0.3 million pertaining to a construction project to expand square footage of the main office in Quebec City.

As at September 30, 2007, the net cash position of the Fund amounted to \$9.5 million as detailed hereafter:

IN THOUSANDS OF DOLLARS	2007
	AS AT SEPTEMBER 30
Cash	\$ 10,209
Bank advances	-
Advances payable to the Non-controlling Unitholder	(\$ 714)
Net cash position	\$ 9,495

As at September 30, 2007, the credit facilities are unused since the Fund reimbursed the bank advances with the proceeds of the units issued in September pursuant to a public offering. Advances payable to the Non-controlling Unitholder were also reimbursed in September with the proceeds of the units issued. The balance as at September 30, 2007, represents new advances in connection with certain business acquisitions realized in the third quarter.

Management believes that the cash flows are strong enough to sustain organic growth and continue to finance the distributions to unitholders through cash generated from its operations.

Up until now, the credit facility has been mainly used to complete business acquisitions.

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

Term facility

Term facility of \$40.0 million for operations purposes and for the financing of acquisitions. The term facility may also be used for the payment of distributions to unitholders up to a maximum amount of \$5.0 million.

Treasury facility

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

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

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

Under these credit facilities, the Fund is required, among other conditions, to respect certain covenants, which have been met as at September 30, 2007.

As at November 9, 2007, and since the beginning of its activities, the Fund doesn't have any commercial papers. Consequently, the Fund has not been affected by commercial papers.

FORMATION OF 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. The Fund was created to indirectly acquire and hold a limited partnership interest in GENIVAR LP and all of the outstanding shares of GENIVAR GP Inc. ("GENIVAR GP"), the general partner of GENIVAR LP. GENIVAR LP has been formed to acquire, own and operate the GENIVAR Engineering Services Business. The Fund is entirely dependent upon the operations and assets of GENIVAR LP.

On September 13, 2007, the Fund issued, pursuant to a public offering, 1,902,439 units for net proceeds of \$36.8 million after deduction of issuance-related costs of \$2.3 million and future income taxes of \$0.1 million. Concurrently with the closing of the offering, GENIVAR inc., the Non-controlling Unitholder, had subscribed, directly and indirectly, for 536,585 Non-Subordinated Exchangeable LP Units of GENIVAR LP and 536,585 Special Voting Units of the Fund for net proceeds of \$10.9 million after deduction of issuance-related costs and future income taxes of \$0.1 million. After this transaction, the Fund owned 12,902,439 Class A LP Units of GENIVAR LP representing a 60.4% interest (58.1% before this transaction). The Non-controlling Unitholder holds 3,732,121 Class B partnership units (the "Non-subordinated Exchangeable LP units") and 4,731,845 Class C partnership units of GENIVAR LP (the "Subordinated Exchangeable LP

units”), together representing the remaining 39.6% interest in GENIVAR LP (41.9% before this transaction). The Non-subordinated Exchangeable LP units are exchangeable at any time into units on a one-for-one basis, subject to an adjustment. The Subordinated LP units are exchangeable, no earlier than July 1, 2008, into units, on a one-for-one basis, subject to an adjustment. In addition, the Non-controlling Unitholder holds 8,463,966 Special Voting Units of the Fund. These Special Voting Units are the only ones currently outstanding. Each Special Voting Unit will be cancelled upon the exchange of a Non-subordinated Exchangeable LP Unit or Subordinated LP Unit.

GOVERNANCE

Disclosure controls

The Fund’s Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Fund’s disclosure controls and procedures. These disclosure controls and procedures are designed to ensure that information required to be disclosed by the Fund in reports filed with securities regulatory authorities is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to the Fund’s Management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer are assisted in this responsibility by the Disclosure Committee, which is composed of senior executives of the Fund. Based on an evaluation of the Fund’s disclosure controls and procedures, the Fund’s Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures operated effectively as of December 31, 2006 to ensure that material information relating to the Fund would have been known to them.

Internal control over financial reporting

Internal control over financial reporting (“ICFR”) is designed to provide reasonable assurances regarding the reliability of the Fund’s financial reporting and its compliance with GAAP in its financial statements. The Chief Executive Officer and Chief Financial Officer have evaluated whether there were changes to its ICFR during the three months ended September 30, 2007 that have materially affected, or that are reasonably likely to materially affect its ICFR. No such changes were identified through their evaluation.

CRITICAL ACCOUNTING POLICIES

Critical accounting policies are described in the consolidated financial statements of the Fund as at December 31, 2006, included in the Fund’s 2006 Annual Report. Critical accounting policies have not materially changed except for the application of accounting standards described below.

Variable Interest Entities

The Fund owns interests in variable interest entities ("VIEs"). VIEs are characterized as entities in which the equity is not sufficient to permit them to finance their activities without external support, or equity investors lack either voting control, an obligation to absorb expected losses or the right to receive expected residual returns. VIEs controlled by the Fund, otherwise than by voting control, and for which the Fund is the primary beneficiary, are consolidated.

Long-Term Incentive Plan ("LTIP")

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

New accounting standards

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

Section 3855 of the CICA Handbook: Financial Instruments, Recognition and Measurement. This section describes the standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives.

This section requires that:

- All financial assets are measured at fair value, with some exceptions such as loans and investments that are classified as held to maturity.
- All financial liabilities be measured at fair value if they are derivatives or classified as held for trading purposes. Other financial liabilities are measured at their carrying value.
- All derivative financial instruments are measured at fair value, even when they are part of a hedging relationship.

Section 3865 of the CICA Handbook: Hedges. This section provides an alternative to section 3855 for entities that choose to designate qualifying transactions as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13, Hedging Relationships, and on the hedging guidance in Section 1650, Foreign Currency Translation.

Section 1530 of the CICA Handbook: Comprehensive Income. This section establishes standards for reporting and display of certain gains and losses recognized in comprehensive income, but excluded from net income.

Section 1506 of the CICA Handbook: Accounting Changes. This section establishes criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and the correction of errors.

These new accounting standards did not have a material impact on the consolidated financial statements of the Fund.

Future accounting standards

The CICA published the following new sections that will apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007:

- a) 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.
- b) 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.”
- c) 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.

The Fund has not yet completed its assessment of the effect of these new standards on its consolidated financial statements, which will apply in the fiscal year beginning on January 1, 2008.

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. The purchase price for GENIVAR LP is identical to the shares’ purchase price paid by GENIVAR inc., taking into account

certain assets or liabilities that are not or cannot be transferred, which has been concluded with unrelated parties. As a result, the transaction yields fiscal benefits for both the vendors and GENIVAR LP. The Fund acquired GLD, NOVE, NCE, SEG, Harmer Podolak, Terra, and ASA in this manner .

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

IN THOUSANDS OF DOLLARS	2007	
	3 months	9 months
	FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30 (UNAUDITED)	FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30 (UNAUDITED)
Revenues	\$ 458	\$ 2,627
Costs	\$ 87	\$ 470

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties, taking in account the fair market value of comparable goods or services.

In the last three quarters, the Fund also retained the services of one of these companies to realize the expansion project of an existing building. These costs, capitalized by the Fund in fixed assets, amounted to \$0.2 million for the three months ended September 30, 2007, and \$1.6 million for the nine months ended September 30, 2007. Both the Fund and the Construction company occupy the building and the Construction company pays rent to the Fund based on square-footage at current market rates.

Some administrative employees and directors of the Fund also work for the Non-controlling Unitholder and its subsidiaries, and the cost pertaining to these employees is charged to them. These services amounted to less than 0.1 million for both the three and the nine months ended September 30, 2007.

Finally, there are advances made between the Fund and the Non-controlling Unitholder. The interest rate applied is identical to the one used by the Bank. As at September 30, 2007, advances totaled \$0.7 million. Net interest expense charged to the Fund by the Non-controlling Unitholder amounted to \$0.2 million for the three months ended September 30, 2007, and \$0.4 million for the nine months ended September 30, 2007.

OFF-BALANCE SHEET AGREEMENTS

There were no off-balance sheet agreements as at September 30, 2007.

COMMITMENTS

In the nine months ended September 30, 2007, the number of offices increased as a result of business acquisitions.

The following table provides a summary of our contractual obligations and should be read in conjunction with notes 15 and 17 to our interim consolidated financial statements.

	2007 <i>3 months</i>	2008	2009	2010	2011	2012	There- after	Total
IN THOUSANDS OF DOLLARS								
Lease commitments	\$ 1,663	\$ 5,269	\$ 3,742	\$ 2,887	\$ 2,505	\$ 1,876	\$ 4,389	\$ 22,331
Closing payment for acquisition completed after period end ¹	\$ 1,700	-	-	-	-	-	-	\$ 1,700

FOREIGN CURRENCY FORWARD CONTRACTS

As at September 30, 2007, there were no foreign currency forward contracts.

SUBSEQUENT EVENT

Effective October 1, 2007, the Fund acquired all assets and liabilities of André Simard et Associés, a Quebec-based municipal infrastructure and environmental firm. The purchase price of this acquisition amounted to \$1,7 million. Just before this transaction, GENIVAR inc. had acquired all the outstanding shares of André Simard et Associés for a consideration of \$1.7 million.

RISK FACTORS

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

¹ The closing payment is related to the acquisition of André Simard et Associés, which will be financed by way of the Fund's liquidities.

The Fund's risks and uncertainties have not materially changed from those described in the Fund's 2006 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 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 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.