GENIVAR

CONSOLIDATED FINANCIAL STATEMENTS

2012 year-end

GENIVAR Inc.

Consolidated Financial Statements
December 31, 2012 and 2011

(in millions of dollars)

March 12, 2013

Independent Auditor's Report

To the Shareholders of
GENIVAR Inc.

We have audited the accompanying consolidated financial statements of GENIVAR Inc, which comprise the consolidated statements of financial positions as at December 31, 2012 and December 31, 2011 and the consolidated statements of earnings, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GENIVAR Inc. as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP[1]

[1] CPA auditor, CA, public accountancy permit No. A116853

GENIVAR Inc.

Consolidated Statements of Financial Position

As at December 31, 2012, and 2011

(in millions of Canadian dollars)

	December 31, 2012 $	December 31, 2011 $
Assets		
Current assets		
Cash and cash equivalents (note 6)	127.7	144.0
Trade, prepaid and other receivables (note 7)	470.4	194.9
Income taxes receivable	14.7	1.5
Costs and anticipated profits in excess of billings	194.4	68.4
	807.2	408.8
Non-current assets		
Other assets (note 8)	33.7	2.2
Deferred income tax assets (note 22)	28.1	-
Property, plant and equipment (note 9)	88.1	39.3
Intangible assets (note 10)	157.1	76.0
Goodwill (note 11)	697.8	199.7
Total assets	1,812.0	726.0
Liabilities and equity		
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 13)	353.2	104.4
Income taxes payable	17.6	1.8
Billings in excess of costs and anticipated profits	100.0	17.7
Dividends payable to shareholders (note 23)	19.1	12.2
Loan payable (note 14)	5.0	5.4
Current portion of long-term debts (note 15)	4.6	-
Other current financial liabilities (note 16)	22.6	16.5
	522.1	158.0
Non-current liabilities		
Bank advances (note 12)	212.7	50.0
Long-term debts (note 15)	8.7	-
Other non-current financial liabilities (note 16)	1.2	5.4
Provisions (note 13)	6.9	-
Retirement benefit obligations (note 17)	105.4	-
Deferred income tax liabilities (note 22)	35.9	11.2
Total liabilities	892.9	224.6
Equity		
Equity attributable to shareholders		
Share capital (note 18)	903.3	484.3
Accumulated other comprehensive income (loss)	13.1	(0.2)
Retained earnings	0.7	17.2
	917.1	501.3
Non-controlling interest (note 19)	2.0	0.1
Total equity	919.1	501.4
Total liabilities and equity	1,812.0	726.0

Commitments and contingencies (note 27)

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

Approved by the Board of Directors

(signed) Pierre Shoiry Director

(signed) Pierre Seccareccia Director

GENIVAR Inc.

Consolidated Statements of Earnings

For the years ended December 31, 2012, and 2011

(in millions of Canadian dollars, except the number of shares and per share data)

	2012 $	2011 $
Revenues	1,257.5	651.9
Personnel costs*	753.5	371.9
Subconsultants and direct costs*	237.4	122.9
Other operational costs*	160.8	68.5
Depreciation of property, plant and equipment	16.2	8.0
Amortization of intangible assets	24.6	17.3
Exchange loss (gain)	1.5	(1.0)
Total operational costs	1,194.0	587.6
Operating income	63.5	64.3
Net finance expenses (note 21)	8.4	4.3
Share of income of associates (net of tax)	(1.9)	-
Earnings before income taxes	57.0	60.0
Income tax expenses (note 22)	10.7	9.9
Net earnings for the year	46.3	50.1
Net earnings attributable to:		
Shareholders	46.3	50.1
Non-controlling interests	-	-
	46.3	50.1
Basic and diluted net earnings per share	1.15	1.91
Basic and diluted weighted average number of shares	40,312,474	26,233,234

* The presentation of the comparative figures has been modified. Details of the reclassification are presented in note 2.

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

GENIVAR Inc.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2012, and 2011

(in millions of Canadian dollars)

	2012 $	2011 $
Comprehensive income		
Net earnings for the year	46.3	50.1
Other comprehensive income		
Actuarial gain on pension schemes (net of tax) (note 17)	2.2	-
Currency translation adjustments	17.6	0.1
Translation adjustments on financial instruments designated as net investment hedge (net of tax)	(6.6)	-
Changes in fair value of an investment	(0.1)	-
Total comprehensive income for the year	59.4	50.2
Comprehensive income attributable to:		
Shareholders	59.6	50.2
Non-controlling interests	(0.2)	-
	59.4	50.2

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

GENIVAR Inc.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2011

(in millions of Canadian dollars)

	Attributable to shareholders						
	Fund units $	**Share capital $**	**Retained earnings $**	**Accumulated other comprehen-sive loss $**	**Total $**	**Non-controlling interest $**	**Total equity $**
Balance – January 1, 2011	**275.8**	**-**	**8.7**	**(0.3)**	**284.2**	**88.2**	**372.4**
Reorganization							
Fund units exchanged for common shares (note 18)	(275.8)	275.8	-	-	-	-	-
Change in tax status (note 22)	-	(0.7)	-	-	(0.7)	-	(0.7)
Acquisition of the non-controlling interest (note 4c))							
Common shares issued	-	229.7	-	-	229.7	-	229.7
Adjustment to equity (note 4c))	-	(179.2)	-	-	(179.2)	-	(179.2)
Elimination of the non-controlling interest (notes 4c) and 19)	-	-	-	-	-	(88.2)	(88.2)
Common shares issued in business acquisitions (note 4d))	-	2.0	-	-	2.0	-	2.0
Common shares issued related to an equity private placement (note 18)	-	155.8	-	-	155.8	-	155.8
Common shares issued (note 18)	-	0.9	-	-	0.9	-	0.9
Investment by a non-controlling interest in GENIVAR France (note 19)	-	-	-	-	-	0.1	0.1
Comprehensive income							
Net earnings for the year	-	-	50.1	-	50.1	-	50.1
Currency translation adjustment	-	-	-	0.1	0.1	-	0.1
Changes in fair value of an investment	-	-	-	-	-	-	-
Total comprehensive income	**-**	**-**	**50.1**	**0.1**	**50.2**	**-**	**50.2**
Declared dividends to shareholders (note 23)	-	-	(41.6)	-	(41.6)	-	(41.6)
Balance – December 31, 2011	**-**	**484.3**	**17.2**	**(0.2)**	**501.3**	**0.1**	**501.4**

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

GENIVAR Inc.

Consolidated Statements of Changes in Equity

For the year ended December 31, 2012

(in millions of Canadian dollars)

	Attributable to shareholders					
	Share capital $	**Retained earnings $**	**Accumulated other comprehensive income (loss) $**	**Total $**	**Non-controlling interests $**	**Total equity $**
Balance – January 1, 2012	**484.3**	**17.2**	**(0.2)**	**501.3**	**0.1**	**501.4**
Common shares issued in business acquisitions (notes 4b) and 18)	1.8	-	-	1.8	-	1.8
Common shares issued (note 18)	4.1	-	-	4.1	-	4.1
Common shares issued under the DRIP (note 18)	13.2	-	-	13.2	-	13.2
Common shares issued related to an equity private placement and a bought-deal (note 18)	399.9	-	-	399.9	-	399.9
Non-controlling interest acquired in a business acquisition (note 4a))	-	-	-	-	2.1	2.1
Comprehensive income						
Net earnings for the year	-	46.3	-	46.3	-	46.3
Actuarial gain on pension schemes (net of tax) (note 17)	-	-	2.2	2.2	-	2.2
Currency translation adjustments	-	-	17.8	17.8	(0.2)	17.6
Net investment hedge (net of tax)	-	-	(6.6)	(6.6)	-	(6.6)
Changes in fair value of an investment	-	-	(0.1)	(0.1)	-	(0.1)
Total comprehensive income	**-**	**46.3**	**13.3**	**59.6**	**(0.2)**	**59.4**
Declared dividends to shareholders (note 23)	-	(62.8)	-	(62.8)	-	(62.8)
Balance – December 31, 2012	**903.3**	**0.7**	**13.1**	**917.1**	**2.0**	**919.1**

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

GENIVAR Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2012, and 2011

(in millions of Canadian dollars)

	2012 $	2011 $
Cash flows generated from operating activities		
Net earnings for the year	46.3	50.1
Adjustments (note 24a))	38.8	25.3
Income tax expenses (note 22)	10.7	9.9
Income taxes paid	(11.8)	(21.8)
Net finance expenses (note 21)	8.4	4.3
	92.4	67.8
Change in non-cash working capital items (note 24b))	3.6	4.6
Net cash and cash equivalents generated from operating activities	96.0	72.4
Cash flows generated from financing activities		
Dividends paid to shareholders	(42.7)	(41.6)
Repayment of promissory notes	(3.0)	(12.0)
Net variation of loan payable and long-term debts	0.9	(0.3)
Repayment of notes payable	(9.4)	(10.0)
Repayment of balances payable to former shareholders	(5.0)	(8.9)
Repayment of finance leases	(0.3)	-
Finance expenses paid and financing costs	(8.9)	(4.3)
Net variation in bank advances	158.1	(4.3)
Repayment of WSP bank advances	(151.5)	-
Issuance of common shares, net of issuance costs (note 18)	401.3	155.3
Investment by a non-controlling interest in GENIVAR France	-	0.1
Net cash and cash equivalents generated from financing activities	339.5	74.0
Cash flows used in investing activities		
Business acquisitions (note 4a) and b))	(408.0)	(19.9)
Cash acquired in the acquisition of the non-controlling interest	-	3.2
Additions to property, plant and equipment	(16.6)	(8.7)
Proceeds from disposal of property, plant and equipment	1.4	0.2
Additions to intangible assets	(3.0)	(3.7)
Investments in a joint venture and in securities	(33.6)	(0.5)
Net cash and cash equivalents used in investing activities	(459.8)	(29.4)
Effect of exchange rate change on cash and cash equivalents	1.6	-
Net change in cash and cash equivalents	(22.7)	117.0
Cash and cash equivalents – Beginning of year	144.0	27.0
Cash and cash equivalents including bank overdraft (note 6) – End of year	121.3	144.0

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

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(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

1 Business description

On January 1, 2011, GENIVAR Income Fund (the "Fund") completed a plan of arrangement providing for the reorganization of the Fund's income trust structure into a corporation named GENIVAR Inc. (the "Company" or "GENIVAR") and the simultaneous acquisition of the financial interest of the Fund's former non-controlling unitholder, GENIVAR Inc. ("Old GENIVAR"). As a result, GENIVAR directly and indirectly owns and operates the businesses which were previously owned and operated by the Fund and its subsidiaries and also owns the assets and liabilities previously owned by Old GENIVAR.

Pursuant to the plan, the unitholders received, for each unit of the Fund held, one common share of GENIVAR representing in the aggregate 18,103,589 common shares of GENIVAR and the shareholders of the non-controlling unitholder, Old GENIVAR, received an aggregate of 7,908,294 common shares of GENIVAR in exchange for their 33.35% indirect interest in a subsidiary of the Fund prior to the conversion. As a result, the conversion of the Fund was treated as a change in business form and the consolidated financial statements of GENIVAR were accounted for as a continuation of the consolidated financial statements of the Fund.

On August 1, 2012, the Company completed the acquisition of all issued and outstanding shares of WSP Group plc ("WSP"), a publicly-traded global multi-disciplinary professional services firm based in London, United Kingdom, for an amount of £4.35 per share for a total value of £277.7 ($437.6). Additional information on the WSP acquisition is disclosed in note 4a).

Through its combination with WSP, GENIVAR is a professional services firm, working with governments, businesses, architects and planners and providing integrated solutions across many disciplines, from designing zero-carbon cities to project managing large-scale Infrastructure projects. The Company offers a variety of project services throughout all project execution phases, from the initial development and planning studies through to the design, construction, commissioning and maintenance phases. GENIVAR operates in different industries: Buildings, Infrastructure (including Transportation and Municipal Infrastructure), Industrial and Energy (including Mining, Oil and Gas) and Environment. The address of its main registered office is 1600, René-Lévesque Boulevard West, Montreal, Quebec. The Company's common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "GNV."

2 Summary of significant accounting policies

Basis of preparation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards and IFRIC interpretations ("IFRS") as defined in the Handbook of the Canadian Institute of Chartered Accountants and adopted by the International Accounting Standards Board. These financial statements were prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities at fair value through the consolidated statement of earnings and the comprehensive income.

These financial statements were approved by the Company's Board of Directors on March 12, 2013.

Consolidation and joint ventures

These consolidated financial statements include the accounts of the Company, its subsidiaries and all its special purpose entities for the years ended December 31, 2012, and 2011.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries, attributable to non-controlling interests, is presented as a component of equity. Their share of net earnings and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

All significant intercompany transactions and balances have been eliminated.

Subsidiaries

Subsidiaries are entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the control ceases.

Joint ventures

The Company conducts certain activities in joint ventures with other parties qualified as jointly controlled operations. The interests in such joint ventures are accounted for using the proportionate consolidation method, which results in the Company recording its pro rata share of the assets, liabilities, revenues, costs and cash flows of each of these jointly controlled operations using the most recent financial statements of the joint ventures available, which are not necessarily the ones as at the end of the reporting period. The Company also has an interest in a jointly controlled entity which is accounted for using the equity method and presented as an investment in the statements of financial position (note 8).

Associates

Associates are all entities over which the Company has significant influence but not control. Investments in associates are accounted for using the equity method. Under this method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and of other comprehensive income after the date of acquisition.

Special purpose entities

Special purpose entities ("SPE"), as defined in SIC 12, "Consolidation – Special Purpose Entities" are entities which are created to accomplish a narrow and well-defined objective.

The Company consolidates SPEs when, based on the evaluation of the substance of the relationship with the Company, it concludes that it controls the SPE. A control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of the entity so that the Company obtains benefits from its activities, whether it holds shares or not. All of the Company's SPEs are consolidated.

Foreign currency

The consolidated financial statements are presented in Canadian dollars, which is GENIVAR Inc.'s functional currency.

Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities not denominated in the functional currency of an entity are recognized in the consolidated statement of earnings, except when deferred in other comprehensive income as qualifying for net investment hedges. Foreign exchange gains and losses that relate to borrowings are presented within finance expenses. All other foreign exchange gains and losses are presented within exchange loss (gain).

Assets and liabilities of entities with functional currencies other than Canadian dollars are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting changes are recognized in accumulated other comprehensive income in equity as currency translation adjustments.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments and has been identified as the Executive Committee.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax and after eliminating sales within the group. Following the acquisition of WSP, the Company's operations will be affected by seasonality.

The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenues and profits from cost-plus contracts with ceilings and from fixed-price contracts are accounted for using the percentage-of-completion method, which is calculated on the ratio of contract costs incurred to total anticipated costs.

Revenues and profits from cost-plus contracts without stated ceilings and from short-term projects are recognized when costs are incurred and are calculated based on billing rates for the services performed.

Certain costs incurred by the Company for subconsultants and other expenses that are recoverable directly from clients are billed to them and therefore are included in revenues. The value of goods and services purchased by the Company, when acting as a purchasing agent for a client, is not recorded as revenues.

The effect of revisions to estimated revenues and costs is recorded when the amounts are known and can be reasonably estimated. These revisions can occur at any time and could be significant. Where total contract costs exceed total contract revenues, the expected loss is recognized as an expense immediately via a provision for losses to completion, irrespective of the stage of completion and based on a best estimate of forecast results including, where appropriate, rights to additional income or compensation, where they are probable and can be determined reliably. Given the uncertainties associated with these types of contracts, it is possible for actual costs to vary from estimates previously made, which may result in reductions or reversals of previously recorded revenues and profits.

Personnel costs

Personnel costs include all payroll costs relating to the delivery of consulting services and projects and administrative salaries, such as finance, information technologies, human resources and communications.

Subconsultants and direct costs

Subconsultants and direct costs include subconsultant costs and other direct costs incurred to deliver consulting services and that are recoverable directly from the clients.

Other operational costs

Other operational costs include but are not limited to fixed costs, such as occupancy costs, non-recoverable client services costs, technology costs, office costs, professional services costs and insurance.

Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value, and their subsequent measurements are dependent on their classification, as described below. The classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments.

Loans and receivables

Cash and cash equivalents, trade and other receivables and costs and anticipated profits in excess of billings are classified as loans and receivables. Financial assets classified as loans and receivables are accounted for at amortized cost using the effective interest rate method less any impairment loss.

Available for sale financial assets

Financial assets available for sale are non-derivatives, are carried at their fair value and recorded in non-current assets, unless it is anticipated that they will be sold within twelve months of the statement of financial position date. Realized gains or losses arising from changes in the fair value of available for sale assets are included in the consolidated statement of earnings in the period in which they are realized. Unrealized gains and losses are recorded in other comprehensive income.

Other liabilities

Accounts payable and accrued liabilities, dividends payable to shareholders, the loan payable, notes payable, balances payable to former shareholders, obligations under finance leases, promissory notes, provisions, long-term debts and bank advances are classified as other liabilities and are recorded at amortized cost using the effective interest rate method.

Financial liabilities at fair value through profit and loss (FVTP&L)

The interest rate swap does not qualify for hedge accounting and is therefore classified as FVTP&L and is measured at the current value of the redemption amount, which approximates fair value at the date of the statement of financial position. Unrealized gains and losses from changes in fair value are recorded in the consolidated statement of earnings.

Transaction costs

Transaction costs related to loans and receivables and other liabilities are considered as part of the carrying value of the asset and liability and are then amortized over the expected life of the instrument using the effective interest rate method. In addition, transaction costs related to business acquisitions are expensed as incurred.

Determination of fair value

The fair value of a financial instrument is the amount of consideration that would be agreed on in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data when available.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

(a) hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedge);

(b) hedges of a particular risk associated with a recognized asset or liability or a highly probably forecast transaction (cash flow hedge);

(c) hedges of a net investment in a foreign operation (net investment hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of earnings together with any changes in the fair value of the hedged asset or liability that are attributable to the hedge risk. The Company does not currently have any fair value hedges.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of earnings.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of earnings. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of earnings.

The Company currently has one interest rate swap that was acquired as part of WSP's acquisition. This instrument does not qualify for hedge accounting. The Company does not currently have any cash flow hedges.

Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the statement of earnings.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks as well as all highly liquid short-term investments with original maturities of three months or less. For the purposes of the cash flow statement, cash and cash equivalents are net of bank overdraft.

Trade receivables

Trade receivables are amounts due from customers for the rendering of services in the ordinary course of business. Trade receivables are classified as current assets if payment is due within one year or less. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, less impairment.

Investments

Investment held in a jointly controlled entity is accounted for using the equity method. Investments in securities are accounted for at fair value with unrealized gains or losses recognized in other comprehensive income. Investments in associates are accounted for using the equity method.

Property, plant and equipment

Property, plant and equipment are recorded at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance costs are charged to the consolidated statement of earnings during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the methods described below to allocate their cost to their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

The following table summarizes the depreciation methods, rates and periods used:

	Methods	Rates and periods
Buildings	Declining balance	1% to 4%
Leasehold improvements	Straight-line	Lease term
Furniture and equipment	Declining balance	10% to 33%
	Straight-line	10 years
Computer equipment	Straight-line	3 to 8 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of earnings within other operational costs.

Intangible assets

Software and non-competition agreements

Software and non-competition agreements acquired separately from a business acquisition are carried at cost less accumulated amortization and accumulated impairment losses.

Intangible assets acquired in business acquisitions

Intangible assets acquired in business combinations consist of software, customer relationships, contract backlogs and trade name. They are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date. They are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization

Software, customer relationships, contract backlogs and non-competition agreements are considered intangible assets with finite useful lives. Based on the strength, long history and expected future use, trade names are indefinite-lived intangible assets. The useful life of intangible assets that are not being amortized is reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment. If not, the change in the assessment from indefinite to finite will be accounted for as a change in accounting estimates.

The other intangible assets are amortized as follows:

	Method	Periods
Software	Straight-line	3 to 7 years
Customer relationships	Straight-line	4 to 14 years
Contract backlogs	Straight-line	18 to 36 months
Non-competition agreements	Straight-line	3 to 5 years

Impairment of long-lived assets

Long-lived assets with finite useful lives are reviewed for impairment when events or circumstances indicate that the carrying amount may not be recoverable. Indefinite-lived assets are not subject to amortization but are tested for impairment on an annual basis in the fourth quarter, or more frequently if events or circumstances indicate that the carrying value may not be recoverable. Impairment exists when the recoverable amount of an asset is less than its carrying value. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"). The amount of impairment loss, if any, is the excess of the carrying value over its recoverable amount. Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill

Goodwill represents the excess of the consideration transferred for the acquired businesses over the estimated fair value at the acquisition date of net identifiable assets acquired. Goodwill is not subject to amortization and is carried at cost less accumulated impairment loss but is tested for impairment on an annual basis or more frequently if events or circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each CGU expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually in the fourth quarter. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill cannot be reversed in a subsequent period.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Notes payable and loan payable

Notes payable and loan payable are recognized initially at fair value, net of transaction costs incurred. Notes payable and the loan payable are subsequently stated at amortized cost with any difference between the proceeds (net of transaction costs) and the redemption value recognized in the consolidated statement of earnings over the term of the debt using the effective interest rate method. Interest on indebtedness is expensed as incurred unless capitalized for qualifying assets in accordance with IAS 23, “Borrowing Costs.”

Notes payable and the loan payable are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Income taxes

Tax is recognized in the consolidated statement of earnings except to the extent it relates to items recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

The Company follows the liability method when accounting for income taxes. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to temporary differences between the financial statement values and the tax values of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to be in effect for the year in which the differences are expected to reverse. The deferred income tax is not accounted for when arising from initial recognition of an asset or liability in a transaction other than a business combination, that affects at the time of the transaction neither accounting nor taxable profit or loss. Morever, deferred tax is not recognized if it arises from the initial recognition of goodwill.

Deferred tax liabilities are generally recognized for all taxable temporary differences and for taxable temporary differences arising on investments in subsidiaries and joint ventures, except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred income tax assets and liabilities are presented as non-current. They are offset when there is a legally enforceable right to offset tax assets against tax liabilities.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Leases

Leases are classified as either operating or finance, based on the substance of the transaction at inception of the lease. The Company leases certain office premises and equipment in which a significant portion of the risks and rewards of ownership are retained by the lessor. These are classified as operating leases. Payments made under these leases (net of any incentives received from the lessor) are charged to the consolidated statement of earnings on a straight-line basis over the period of the lease.

Finance leases which transfer to the Company substantially all the risks and benefits of ownership of the asset are capitalized at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Finance expenses are charged to the statement of earnings over the period of the agreement. Obligations under finance leases are included in financial liabilities net of finance costs allocated to future periods. Capitalized leased assets are depreciated over the estimated life of the asset or the lease term.

Pension schemes

The Company maintains a number of defined contribution schemes and contributions are charged to the statement of earnings in the year in which they are due. In addition, the Company operates defined benefit schemes which require contributions to be made to separately administered funds. The cost of providing benefits under defined benefit schemes is determined separately for each scheme using the projected unit credit actuarial valuation method. Current and past service costs together with curtailment and settlement costs are charged to operating profit. Interest costs which are based on a notional charge based on scheme liabilities during the year, less expected returns on scheme assets, are charged to net finance expenses. Actuarial gains and losses are fully recognized in equity through the statement of comprehensive income as they arise. The statement of financial position reflects the schemes' full surplus or deficit at the balance sheet date.

Share capital

Issuance costs directly attributable to the issuance of shares are recognized as a deduction from equity, net of income tax effects.

Dividends

Dividends on common shares are recognized in the Company's financial statements in the period in which the dividends are declared.

Earnings per share

Basic earnings per share are determined using the weighted average number of shares outstanding during the year.

Diluted earnings per share are determined using the weighted average number of shares outstanding during the period, plus the effects of dilutive potential shares outstanding during the period. The calculation of diluted earnings per share is made using the treasury stock method. The Company has no dilutive items for the years ended December 31, 2012, and December 31, 2011.

Comparative figures

The statement of earnings presentation has been modified following the acquisition of WSP to provide a better understanding of the nature of expenses incurred by the combined entity. The prior year comparative figures have been reclassified to conform to the presentation of the current year. These changes have no impact on the statements of financial position, the statements of cash flows or on the statements of comprehensive income.

In the year ended December 31, 2011, direct personnel costs amounting to $265.7 and subconsultants and direct costs amounting to $122.9 previously grouped in the line “Costs” were reclassified on separate lines in the statement of earnings. Personnel costs included in the line “Marketing, general and administrative” amounting to $106.2 were also reclassified to the “Personnel costs” line. All other expenses previously included in the heading “Marketing, general and administrative” were included in other operational costs.

Recent accounting pronouncements not yet adopted

IFRS 9, “Financial Instruments,” was issued in November 2009 and is mandatory for accounting periods beginning after January 1, 2015. This standard will replace IAS 39, “Financial Instruments: Recognition and Measurement.” This standard presents two measurement categories: amortized cost and fair value. The standard specifies which kind of financial instruments are measured at amortized cost or at fair value. Guidance on financial liabilities and derecognition of financial instruments is also included. The Company is in the process of assessing the impact of this new standard on its consolidated financial statements.

In 2011, the IASB issued standards that became effective starting January 1, 2013. Early adoption is permitted.

- IFRS 10, “Consolidated Financial Statements,” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard replaces SIC-12, “Consolidation – Special Purpose Entities” and parts of IAS 27, “Consolidated and Separate Financial Statements.”

- IFRS 11, “Joint Arrangements,” addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard replaces IAS 31, “Interest in Joint Ventures” and SIC-13, “Jointly Controlled Entities – Non-Monetary Contributions by Venturers.”

- IFRS 12, "Disclosure of Interests in Other Entities," is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, "Fair Value Measurement," sets out a framework for fair value measurement and specifies disclosures related to fair value measurement.

- In addition, there have been amendments to existing standards, including IAS 28, "Investment in Associates and Joint Ventures." This standard has been modified to include joint ventures in its scope and to address the changes brought to other standards.

These standards will increase the required disclosure. However, Management does not expect the standards to have a significant impact on the consolidated financial position of the Company.

- IAS 19, "Employee Benefits," has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits. A number of amendments have been made to recognition, measurement and classification including redefining short-term and other long-term benefits, guidance on the treatment of taxes related to benefit plans, guidance on risk or cost sharing features, and expanded disclosures.

  Following the application of these changes, the Company will have to recognize all past service costs; and to replace finance expenses and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability. As a result, the net finance expenses on pension obligations would increase by $0.1 for 2012 and are expected to be higher by $0.2 for 2013.

3 Critical accounting estimates and judgments

The preparation of financial statements requires Management to make estimates and judgments about the future.

Estimates and judgments are continually evaluated and are based on historical trends and other factors, including expectations of future events that are likely to materialize under reasonable circumstances. Accounting estimates will, by definition, seldom equal the actual results. The following discussion sets forth Management's:

- Most critical estimates and assumptions in determining the value of assets and liabilities; and
- Most critical judgments in applying accounting policies.

Allowance for doubtful accounts

The Company must make an assessment of whether accounts receivable are recoverable from customers. Accordingly, Management establishes an allowance for estimated losses arising from non-payment, taking into consideration customer creditworthiness, current economic trends and past

experience. If future collections differ from estimates, future earnings would be adjusted accordingly. As at December 31, 2012, the allowance was $4.2 ($5.3 as at December 31, 2011), of the gross trade receivable balance of $422.2 ($187.2 as at December 31, 2011). An increase to the reserve based on 1.0% of the trade receivable would decrease earnings by approximately $4.2 for the year ended December 31, 2012 ($1.9 for 2011).

Furthermore, trade receivables from one government agency that represent a net amount of $12.1 ($13.3 in 2011) are outstanding for more than 36 months. In assessing the value of these accounts, Management has used different assumptions about when those amounts will be collected and the percentage that can be recovered. Management believes, taking into account all actions that are undertaken, that the net carrying amount can be recovered. Further information can be found in note 26.

Other identifiable intangible assets and goodwill

Identifiable intangible assets and goodwill, excluding software and non-competition agreements, represented $833.3 of total assets on the consolidated statement of financial position as at December 31, 2012 ($263.4 as at December 31, 2011). These assets arise out of business combinations. The Company had a total consideration transferred of $477.7 for the 2012 business acquisitions ($27.6 for 2011) (notes 4a), b) and d)) and applied the acquisition method of accounting to these transactions. In measuring the fair value of the assets acquired and the liabilities assumed and estimating their useful lives, Management used significant estimates and assumptions regarding cash flow projections, economic risk and weighted cost of capital.

These estimates and assumptions determine the amount allocated to other identifiable intangible assets and goodwill, as well as the amortization period for identifiable intangible assets with finite lives. If results differ from estimates, the Company may increase amortization or impairment charges.

Costs and anticipated profits in excess of billings

The Company values its costs and anticipated profits in excess of billings based on the time and materials charged into each project. Costs and anticipated profits in excess of billings for each project are reviewed on a monthly basis to determine whether the amount is a true reflection of the amount that will be invoiced on the project. Where the review determines that the value of costs and anticipated profits in excess of billings exceed the amount that can be invoiced, adjustments are made to the costs and anticipated profits in excess of billings. The valuation of costs and anticipated profits in excess of billings involves estimates of the volume of work required to complete the project. Errors in the estimation of work required to complete the projects could lead to the undervaluation or overvaluation of costs and anticipated profits in excess of billings.

Retirement benefit obligations and related deferred tax

The present value of obligations is calculated on an actuarial basis which depends on a number of assumptions relating to the future. These key assumptions are assessed regularly according to market conditions and data available to Management. Additional details are given in note 17.

Income taxes

Current Income Taxes

The Company is subject to income tax laws and regulations in several jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's most recent approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, this deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

4 Business acquisitions

The acquisitions have been accounted for using the acquisition method, and the operating results have been included in the consolidated financial statements from the date of acquisition. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company will report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The measurement period is the period from the date of acquisition to the date the Company obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

a) Acquisition of WSP

On August 1, 2012, the Company concluded the transaction pertaining to the acquisition of WSP by acquiring all the remaining shares of WSP for an amount of £256.8 ($405.0). GENIVAR had previously acquired 7.53% of WSP common shares on the open market in June 2012 for an amount of £20.9 ($32.6). WSP operates in more than 30 countries through subsidiaries and joint ventures with activities in the following market segments: Buildings; Transport and Infrastructure; Environment and Energy; and Management and Industrial. This transaction will result in the creation of a global platform positioning GENIVAR to pursue its strategy of expanding its network.

Consideration as at August 1, 2012

	$
Cash transferred	405.0
Fair value of equity interest held before the business combination	32.6
Total consideration	437.6

The Company recognized an exchange loss of $0.7 as a result of remeasuring, at fair value at acquisition date, the interest previously held in WSP.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

The table below presents Management's preliminary assessment of the fair values of the assets acquired and the liabilities assumed. Management was assisted by an independent valuator. The final assessment of the fair values will be finalized after the values of assets and liabilities have been definitively determined. Accordingly, the following values are subject to changes and such changes may be material.

	$
Assets acquired	
Current assets	409.6
Investment in associates (note 8)	24.7
Property, plant and equipment	
Land and buildings	0.9
Leasehold improvements	7.3
Furniture and equipment	10.2
Computer equipment	17.6
Intangible assets	96.0
Deferred income tax assets	26.9
	593.2
Goodwill	459.8
	1,053.0
Liabilities assumed	
Current liabilities	312.9
Long-term financial liabilities	164.1
Retirement benefit obligations (note 17)	106.5
Deferred income tax liabilities	29.8
Non-controlling interest	2.1
	615.4
Consideration	437.6

Goodwill is attributable to the workforce of the acquired business and the synergies expected to arise with the Company after the acquisition. None of the goodwill recognized is expected to be deductible for income tax purposes.

The receivables acquired (which mainly comprise trade receivables) had a fair value of $208.1 and a gross contractual amount of $247.2.

At the acquisition date, the acquired company had a committed syndicated facility amounting to $238.2 (£152.5). WSP also had some additional minor facilities with local relationship banks in

the countries in which it operates. The main credit facility was closed shortly after the acquisition (note 12).

Acquisition-related costs of $12.3 have been expensed and included in the other operational costs.

The acquired business contributed revenues of $545.1 and net earnings of $16.6 from August 1, 2012, to December 31, 2012. If the acquisition of WSP had occurred on January 1, 2012, the Company's revenues and net earnings for the year would have increased to $1,972.7 and to $62.2, respectively.

b) Other acquisitions made by the Company in 2012

- On January 1, 2012, the Company acquired all the outstanding shares of Consultores Regionales Asociados - CRA S.A.S. ("CRA"), an engineering firm specialized in civil engineering, energy and telecommunications based in Bogotá, Colombia. This acquisition is part of the international growth strategy of the Company and represents an ideal platform in this region to build and grow the Company's activities in all market segments.

- On February 26, 2012, the Company acquired all the outstanding shares of Les Investissements R.J. Inc. ("Investissements R.J."), a Quebec-based engineering firm specialized in mechanical and electrical engineering. This new expertise enables the Company to meet the growing client demand in the Building sector.

- On February 29, 2012, the Company acquired all the outstanding shares of GRB Engineering Ltd. ("GRB"), a Calgary-based engineering firm specialized in engineering services and project management for the oil and gas industry. This acquisition fits very well in the Company's development strategy and strengthens the Company's leadership both in Alberta and in the oil and gas industry.

- On March 14, 2012, the Company and a special purpose entity controlled by the Company acquired all the outstanding shares of Smith Carter Architects and Engineers Inc. and of Smith Carter (USA) LLC, collectively "Smith Carter," an international leader in the areas of integrated architectural design and engineering. This firm has headquarters in Winnipeg and offices in Calgary and Ottawa in Canada, as well as in Atlanta and Washington, D.C. in the United States. With this transaction, the Company achieved two expansion objectives, which were to strengthen the Company's presence in Western Canada and enter the United States market.

- On June 15, 2012, a special purpose entity controlled by the Company acquired all the outstanding shares of North 46 Architecture Inc. ("North 46"), an Atlantic-based firm specialized in architecture, which enables the Company to strengthen its presence in both architecture and engineering in Prince Edward Island.

The final assessment of the fair values of the assets acquired and liabilities assumed of CRA, Investissements R.J., GRB, Smith Carter and North 46 is completed by Management, which was assisted by an independent valuator for the CRA, GRB and Smith Carter assessments. None of these acquisitions were individually material, therefore the Company has chosen to disclose the required information in aggregates.

	$
Assets acquired	
Current assets	21.3
Property, plant and equipment	12.6
Intangible assets	3.8
	37.7
Goodwill	28.1
	65.8
Liabilities assumed	
Current liabilities	15.9
Long-term debts	7.6
Deferred income tax liabilities	2.2
	25.7
Consideration	40.1
Less:	
Net cash acquired	(2.6)
Notes payable	(7.7)
74,707 common shares issued*	(1.8)
Net cash used for the acquisitions	28.0

* The shares issued were valued using the closing price at the acquisition date, less issuance-related costs.

Goodwill is attributable to the workforce of the acquired businesses and the significant synergies expected to arise, after the acquisitions, with the Company's current market segments. Out of the goodwill recognized, an amount of $4.0 should be deductible for income tax purposes.

The aggregated acquired businesses, excluding WSP, contributed revenues of $47.4 to the Company's results, from the date of their acquisitions to December 31, 2012. If these acquisitions had occurred on January 1, 2012, the Company's revenues for the year would have increased to $1,265.2. The Company integrates the operations and systems of these businesses

shortly after their acquisition. Therefore, it is impracticable for the Company to disclose these acquirees' net earnings since the acquisition date.

The receivables acquired (which principally comprise trade receivables) had a fair value of $12.2, which is similar to the gross contractual amount.

These acquired companies had available credit facilities amounting to $2.5 at the time of their acquisition. Out of these credit facilities, $0.2 is still available as at December 31, 2012.

As at December 31, 2012, no amounts were recognized in the statement of earnings for the contingent consideration arrangements recognized in previous periods as there were no changes in fair value.

c) Acquisition of the non-controlling interest in 2011

As part of the reorganization that occurred on January 1, 2011, the Company acquired Old GENIVAR, the legal entity holding a non-controlling interest in GENIVAR LP, a subsidiary of the Fund. The consideration transferred for the acquisition of the non-controlling interest was adjusted for the fair value of the net liabilities assumed in Old GENIVAR. As the transaction primarily reflects a transaction amongst equity holders, the difference between the consideration transferred and the non-controlling interest (adjusted for the net liabilities assumed) was recorded as an adjustment to equity.

	$
Issuance of 7,908,294 common shares (note 18)	229.7
Less: Acquisition of the units held in GENIVAR LP	(88.2)
Plus: Net liabilities assumed	33.4
Plus: Deferred income tax liabilities related to the acquisition of the non-controlling interest	4.3
Adjustment to equity	179.2

The acquisition of the non-controlling interest was made as part of the reorganization and conversion from an income trust structure to a corporation (note 1). The common shares issued were valued at the closing price on December 31, 2010, which was $30.43 per unit for a total amount of $240.6 less a discount of $10.9 relative to the lock-up agreements. The discount was calculated using the Black & Scholes model with a discount rate of 4.3%, 6.1% or 8.7% depending on the lock-up periods.

The Company had to recognize the deferred income tax assets and liabilities related to the acquisition of its non-controlling interest. On January 1, 2011, an amount of $4.3 was recognized as an increase of the deferred income tax liabilities and as a decrease of the shareholders' equity since this transaction is considered to be amongst equity holders.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

d) Other acquisitions made by the Company in 2011

- On February 1, 2011, the Company acquired all the outstanding shares of Delcom Engineering Ltd. ("Delcom"), a Prince Edward Island-based engineering consulting and land surveying firm. Through this acquisition, the Company reinforces its approach of being a global player with a strong local presence in Atlantic Canada.
- On February 28, 2011, the Company acquired all the outstanding shares of Decibel Consultants Inc. ("Decibel"), a Quebec-based engineering consulting firm specializing in architectural acoustics and industrial environmental noise measurement and control, which are additional specializations to the Company's range of expertise.
- On May 28, 2011, a special purpose entity controlled by the Company acquired all the outstanding shares of WHW Architects Incorporated ("WHW"), an Atlantic-based architectural consulting firm, which enables GENIVAR to increase the array of services previously offered and accelerates the Company's growth in Atlantic Canada.
- On July 1, 2011, the Company acquired all the outstanding shares of Groupe OptiVert inc. ("OptiVert"), a Quebec-based engineering consulting firm specialized in forest management consulting services. This acquisition adds to the Company's current array of expertise in environment.
- On July 1, 2011, the Company acquired all the outstanding shares of JMH Environmental Solutions Ltd. ("JMH"), an Alberta-based engineering consulting firm specialized in oil and gas environmental consulting. The Company diversifies its environmental expertise through this acquisition.
- On July 15, 2011, the Company acquired all the outstanding shares of Dakins Engineering Group Ltd. ("Dakins"), an Ontario-based engineering firm specialized in water and wastewater management, which allows the Company to better serve the Municipal Infrastructure market segment, as well as leverage its expertise into the Industrial and Energy market segment.
- On August 28, 2011, a special purpose entity controlled by the Company acquired all the outstanding shares of Arcop while it established a strong alliance with Le Groupe Arcop S.E.N.C., a Quebec-based architectural consulting firm. This alliance allows the Company to offer integrated solutions for its national and regional clients in the Building market segment.
- On October 2, 2011, the Company acquired all the outstanding shares of ISACtion Inc. ("ISAC"), a Quebec-based firm specialized in industrial automation integration. This acquisition should help the Company to meet its clients' growing needs in the aluminum and mining sectors.
- On October 2, 2011, the Company acquired an interest in a Quebec-based geomatics group and land surveying firm ("Giroux") by acquiring all the preferred shares and 49% of the common shares of Groupe Giroux Inc. and Groupe Giroux arpenteurs-géomètres Inc. and all the shares of Giroux équipement d'arpentage Inc. and Entreprise Normand Juneau Inc. This acquisition enables the Company to build a solid platform in Quebec in these fields and reinforces GENIVAR's range of client services.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

- On December 1, 2011, a special purpose entity controlled by the Company acquired all the outstanding shares of AE Consultants, a professional services firm in architecture and engineering based in Newfoundland and Labrador. Through this acquisition, the Company is delivering its growth strategy of expanding across Canada as the Company is now established in all ten Canadian provinces.

In 2011, the final assessment of the fair values of the assets acquired and liabilities assumed of Delcom, Decibel, WHW, OptiVert, JMH, Dakins, ISAC and Giroux was completed by Management, in certain cases with the assistance of an independent valuator. The assessment of the fair values of the identifiable net assets acquired from Arcop and AE Consultants was preliminary and has been finalized in 2012 with no significant adjustments to the preliminary amounts. No individual acquisitions were material, therefore the Company has chosen to present them aggregated.

	$
Assets acquired	
Current assets	18.6
Property, plant and equipment	2.7
Intangible assets	4.0
	25.3
Goodwill	18.0
	43.3
Liabilities assumed	
Current liabilities	14.4
Deferred income tax liabilities	1.3
	15.7
Consideration	27.6
Plus (less):	
Net cash acquired	0.9
Notes payable	(6.6)
92,912 common shares issued*	(2.0)
Net cash used for the acquisitions	19.9

* The shares issued were valued using the closing price at the acquisition dates, less issuance-related costs.

The contingent consideration arrangements require the Company to pay the former owners of the acquired business considerations that are contingent on achieving a specified level of earnings in future periods. A total amount of $2.4 was recorded at the acquisition date, which represents the fair value of the contingent considerations. The potential undiscounted amount of all future payments that the Company could have been required to make under those arrangements is between $0 and $3.0. As of December 31, 2012, and 2011, no amounts were recognized in the statement of earnings for contingent consideration arrangement as there were no changes in fair value.

Goodwill is attributable to the workforce of the acquired businesses and the significant synergies expected to arise after the acquisition with the Company's current market segments. None of the goodwill recognized is expected to be deductible for income tax purposes.

The aggregated acquired businesses contributed revenues of $20.1 to the Company's results, from the date of their acquisitions to December 31, 2011. If the acquisitions had occurred on January 1, 2011, the Company revenues for the year would have increased to $681.8. The Company integrates the operations and systems of acquired businesses shortly after their acquisition date. Therefore, it is impracticable for the Company to disclose the acquiree's earnings since the acquisition date.

The receivables acquired (which principally comprise trade receivables) had a fair value and a gross contractual amount of $13.3.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

5 Joint ventures

The Company holds interests in jointly controlled operations. The lists below present the most significant ones.

2012

Name	Interest	Country	Main activity
SM Gespro inc.	50%	Canada	Engineering services
Consortium GENIVAR / AECOM TECSULT	55%	Canada	Engineering services
Consortium GENIVAR / DESSAU / ROCHE	40%	Canada	Engineering services
Consortium GENIVAR / DESSAU	50%	Canada	Engineering services
Consortium GENIVAR / CIMA+ / DESSAU	33%	Canada	Engineering services
Groupement SLG	43%	Canada	Engineering services
Consortium SNC-LAVALIN / CIMA+ / GENIVAR	33%	Canada	Engineering services
Consortium SNC-LAVALIN / CIMA+ / GENIVAR	33%	Canada	Engineering services
GENIVAR / WASKA	80%	Canada	Engineering services
Consortium GENIVAR / CIMA+ / DESSAU-SOPRIN	33%	Canada	Engineering services
GENIVAR / NUVUMIUT	50%	Canada	Engineering services
The ARCOP Group / Gersovitz Moss Architects	50%	Canada	Architecture Services
Consortium ROCHE / GENIVAR	50%	Canada	Engineering services
TWSP	50%	Australia	Engineering services
Carillion WSP	40%	England	Engineering services
WSP May Gurney	50%	England	Engineering services
Barhale WSP	35%	England	Engineering services
KAWSP	40%	Qatar	Engineering services

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

	2011
Name	**Interest**
SM Gespro inc.	50%
Consortium SNC-LAVALIN / CIMA+ / GENIVAR	33%
GENIVAR / WASKA	80%
Groupement SLG	43%
Consortium GENIVAR / CIMA+ / DESSAU	33%
Consortium GENIVAR / DESSAU / ROCHE	40%
Consortium GENIVAR / AECOM TECSULT	55%
Consortium SM / DESSAU-SOPRIN / GENIVAR	33%
Consortium GENIVAR / CIMA+ / DESSAU-SOPRIN	33%
Consortium SNC-LAVALIN / GENIVAR	50%
Consortium SNC-LAVALIN / CIMA+ / GENIVAR	33%
Consortium BPR-GENIVAR	50%

In 2011, all significant jointly controlled operations operated in Canada and provided engineering services.

The following is a summary of the Company's proportionate share in the assets, liabilities, revenues and costs of the jointly controlled operations, included in the consolidated financial statements:

	2012 $	2011 $
Statements of earnings		
Revenues	105.5	62.1
Costs	82.9	40.9
Share of earnings before income taxes	22.6	21.2

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

	December 31, 2012 $	December 31, 2011 $
Assets		
Current assets	57.9	35.2
Property, plant and equipment	0.9	-
Other non-current assets	0.1	-
Total assets	58.9	35.2
Liabilities		
Current liabilities	39.3	15.0
Non-current liabilities	2.2	-
Total liabilities	41.5	15.0

There are no contingent liabilities relating to the Company's interest in jointly controlled operations, and no contingent liabilities of the venture itself.

The Company also has a 50% interest in a jointly controlled entity, which is accounted for using the equity method (note 8).

6 Cash and cash equivalents

	December 31, 2012 $	December 31, 2011 $
Cash		
Cash at banks and on hand	127.7	144.0
Cash and cash equivalents		
Less: Bank overdraft (note 16)	(6.4)	-
Cash and cash equivalents less bank overdraft	121.3	144.0

As at December 31, 2012, and 2011, the Company has set aside in a bank account an amount of $2.5 as a security for the payment and performance of its guarantor's obligations for a jointly controlled entity (note 8). As at December 31, 2012, the Company has also restricted cash of $3.3 that was deposited as collateral for borrowing, letters of credit and commitments. This cash is not available for general operating purposes.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

7 Trade, prepaid and other receivables

	December 31, 2012 $	December 31, 2011 $
Trade receivables	422.2	187.2
Allowance for doubtful accounts	(4.2)	(5.3)
Net trade receivables*	418.0	181.9
Amounts due from joint ventures and associates undertaking	2.1	-
Other receivables*	18.8	7.3
Prepaid expenses	31.5	5.7
	470.4	194.9

* Net trade receivables and other receivables include holdbacks amounting to $4.9 ($3.9 as at December 31, 2011).

The aging of gross trade receivables past due was as follows:

	December 31, 2012 $	December 31, 2011 $
Past due 0-30 days	75.3	32.3
Past due 31-60 days	33.3	16.7
Past due 61-90 days	18.1	11.9
Past due 91-180 days	28.8	13.5
Past due over 180 days*	45.8	35.0
Balance – End of year	201.3	109.4

* The trade receivables past due for more than 180 days included accounts from one government agency that represents an amount of $13.2 as at December 31, 2012 ($16.3 in 2011) (note 26). This age group also includes some accounts that were acquired as part of business acquisitions for which purchase adjustment clauses were signed.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Allowance for doubtful accounts
The changes in the allowance for doubtful accounts were as follows:

	2012 $	2011 $
Balance – Beginning of year	5.3	7.3
Adjustments of allowance	(0.8)	(2.1)
Exchange differences	(0.3)	0.1
Balance – End of year	4.2	5.3

The Company is exposed to credit risk with respect to its accounts receivable and maintains provisions for potential credit losses. Potential for such losses is mitigated because customer creditworthiness is evaluated before credit is extended and there is no significant exposure to a single customer, except for the information disclosed in note 26.

8 Other assets

	December 31, 2012 $	December 31, 2011 $
Deferred financing fees	1.9	-
Investments		
Investment in associates (note 4a))*	28.5	-
Investment in a joint venture at equity method**	2.0	1.9
Financial assets available for sale***	1.3	0.3
	33.7	2.2

* GENIVAR acquired, as part of the acquisition of WSP, two associates, Multiconsult AS and LINK Arkitketur AB, in which it ultimately holds a 24.7% and a 27.9% interest.

** Investment in a jointly controlled entity in which the Company holds a 50% interest. The entity was created to build and manage an office building.

*** Financial assets available for sale include the capital value of life insurance policies and minor investments in equity instruments.

The Company has granted security interest for the credit facilities made available to a jointly controlled entity for the construction of the office building. Its liability is limited to a maximum amount of $4.0 ($4.0 in 2011).

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

The changes in the investments were as follows:

	Joint venture at equity method $	Associates $
Balance as at January 1, 2011	-	-
Acquisition through Old GENIVAR's acquisition	1.6	-
Investment	0.3	-
Balance as at December 31, 2011	1.9	-
Investment	0.1	-
Business acquisition (note 4a))	-	24.7
Share of earning for the year (net of tax)*	-	1.9
Exchange differences	-	1.9
Balance as at December 31, 2012	2.0	28.5

* For the year, the Company's share of revenues in associates is $31.7. The share of earnings includes an income tax expense of $0.7 and an amortization expense of $0.7.

The following is a summary of the Company's proportionate share in the assets and liabilities of the associates:

	December 31, 2012 $
Assets	
Current assets	29.5
Property, plant and equipment	2.4
Other non-current assets	9.1
Total assets	41.0
Liabilities	
Current liabilities	20.9
Non-current liabilities	2.0
Total liabilities	22.9

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

9 Property, plant and equipment

	Land and buildings $	Leasehold improvements $	Furniture and equipment $	Computer equipment $	Total $
Balance as at January 1, 2011					
Cost	11.5	7.6	15.6	15.3	50.0
Accumulated depreciation	(1.3)	(2.9)	(5.8)	(5.4)	(15.4)
Net value	10.2	4.7	9.8	9.9	34.6
Additions	0.1	0.7	3.1	4.8	8.7
Additions through business acquisitions (note 4)	1.5	0.5	1.8	0.4	4.2
Disposals	-	-	(0.2)	-	(0.2)
Depreciation for the year	(0.4)	(1.2)	(2.8)	(3.6)	(8.0)
	1.2	-	1.9	1.6	4.7
Balance as at December 31, 2011	11.4	4.7	11.7	11.5	39.3
Balance as at December 31, 2011					
Cost	13.1	8.8	19.8	20.5	62.2
Accumulated depreciation	(1.7)	(4.1)	(8.1)	(9.0)	(22.9)
Net value	11.4	4.7	11.7	11.5	39.3
Additions	-	3.8	5.1	7.7	16.6
Additions through business acquisitions (note 4a) and b))	11.5	7.6	11.2	18.3	48.6
Disposals	-	-	(0.9)	(0.5)	(1.4)
Depreciation for the year	(0.7)	(2.2)	(5.2)	(8.1)	(16.2)
Exchange differences	-	0.1	0.6	0.5	1.2
	10.8	9.3	10.8	17.9	48.8
Balance as at December 31, 2012	22.2	14.0	22.5	29.4	88.1
Balance as at December 31, 2012					
Cost	24.7	19.6	35.3	46.2	125.8
Accumulated depreciation	(2.5)	(5.6)	(12.8)	(16.8)	(37.7)
Net value	22.2	14.0	22.5	29.4	88.1

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

10 Intangible assets

	Software $	Contract backlogs $	Customer relationships $	Non-competition agreements $	Trade names $	Total $
Balance as at January 1, 2011						
Cost	19.8	6.2	88.2	3.2	4.6	122.0
Accumulated amortization	(8.4)	(1.7)	(24.6)	(1.7)	-	(36.4)
Net value	11.4	4.5	63.6	1.5	4.6	85.6
Additions	3.4	-	-	0.3	-	3.7
Additions through business acquisitions (note 4d))	0.1	1.0	2.9	-	-	4.0
Disposals	-	-	-	-	-	-
Amortization for the year	(3.6)	(3.1)	(9.8)	(0.8)	-	(17.3)
Exchange differences	-	-	-	-	-	-
	(0.1)	(2.1)	(6.9)	(0.5)	-	(9.6)
Balance as at December 31, 2011	11.3	2.4	56.7	1.0	4.6	76.0
Balance as at December 31, 2011						
Cost	23.1	4.7	91.2	2.7	4.6	126.3
Accumulated amortization	(11.8)	(2.3)	(34.5)	(1.7)	-	(50.3)
Net value	11.3	2.4	56.7	1.0	4.6	76.0
Additions	2.8	-	-	0.2	-	3.0
Additions through business acquisitions (note 4a) and b))	13.7	20.2	21.4	-	44.5	99.8
Disposal	-	-	-	-	-	-
Amortization for the year	(7.3)	(5.0)	(11.6)	(0.7)	-	(24.6)
Exchange differences	0.6	0.3	0.3	-	1.7	2.9
	9.8	15.5	10.1	(0.5)	46.2	81.1
Balance as at December 31, 2012	21.1	17.9	66.8	0.5	50.8	157.1
Balance as at December 31, 2012						
Cost	40.0	23.6	112.8	2.4	50.8	229.6
Accumulated amortization	(18.9)	(5.7)	(46.0)	(1.9)	-	(72.5)
Net value	21.1	17.9	66.8	0.5	50.8	157.1

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

The carrying amount of intangible assets assessed as having an indefinite useful life, which consists of the trade names, is $50.8 as at December 31, 2012 ($4.6 in 2011).

During the year, the Company acquired intangible assets amounting to $102.8 ($7.7 in 2011), all of which are subject to amortization except for the trade name, which represents $44.5.

11 Goodwill

	2012 $	2011 $
Balance – Beginning of year	199.7	181.7
Goodwill resulting from business acquisitions (note 4a), b) and d))	487.9	18.0
Exchange differences	10.2	-
Balance – End of year	697.8	199.7

As at December 31, 2012, goodwill amounting to $61.8 ($39.4 as at December 31, 2011) is deductible for income tax purposes.

Due to the acquisition of WSP and the change in operating segment, the Company has revisited its CGU and reallocated goodwill accordingly. The Company conducted its annual goodwill impairment tests using the revised CGUs.

Goodwill amounting to $697.8 ($199.7 as at December 31, 2011) and trade name amounting to $4.6 ($4.6 in 2011) are allocated to the Company's CGUs. The WSP trade name is not allocated to a specific CGU since it is considered to be a corporate asset. The carrying value of goodwill and trade name by CGU are identified in the table below:

	December 31, 2012 $	December 31, 2011 $
Cash generating unit		
Canada	232.6	204.3
United States	88.0	-
United Kingdom	105.3	-
Northern Europe	223.9	-
Rest of the World	52.6	-
WSP trade name	46.2	
Total of goodwill and trade names	748.6	204.3

Impairment test of goodwill and trade names

The Company performed its annual impairment test for goodwill and trade names in December 2012 and 2011 in accordance with its policy described in note 2. The recoverable value of each CGU exceeded their carrying values. As a result, no goodwill impairment was recorded.

Valuation technique

Fair value less costs to sell

The recoverable value of each CGU was based on fair value less costs to sell. The following methodology and assumptions were applied to determine the fair value less costs to sell for all CGUs.

The fair value less costs to sell is calculated using the 2013 net revenues and EBITDA margin budgeted and a constant growth for the next four years by the CGU. The EBITDA is defined as earnings before financial expenses, taxes, depreciation and amortization. The Company considered past experience, economic trends as well as industry and market trends in assessing if the level of EBITDA can be maintained in the future. For the purpose of this test, Management used a 5-year period to project future cash flows. Beyond this period, the Company uses a growth rate varying between 2.0% to 5.0% with an EBITDA margin varying between 6.5% and 12.4%. The Company also uses a discount rate varying between 9.5% and 11.1%. The discount rate represents the weighted average cost of capital ("WACC") that was used at the acquisition date. The WACC is an estimate of the overall rate of return required by debt and equity holders on their investments. Determining the WACC requires analyzing the cost of equity and debt separately, and takes into account a risk premium that is based on the applicable CGU. Costs to sell are calculated based on 1% of the total fair value so determined, which is in line with the transaction costs incurred in past acquisitions. As WSP was acquired on August 1, 2012, some key assumptions included in this test are the same as the ones used for the preliminary assessment of the fair value at the acquisition date. As such, the carrying value of the related CGU does not materially exceed its recoverable amount.

12 Credit facilities

On June 7, 2012, the Company signed new credit facilities with a syndication of financial institutions providing for committed revolving credit facilities in the maximum amount of $400.0. The credit facilities were available (i) to finance a portion of the cash consideration payable on the closing date of the acquisition of WSP, (ii) to repay any outstanding amounts due under the existing credit agreement of GENIVAR, (iii) to refinance all or part of the existing indebtedness of WSP, (iv) to finance the transaction costs, (v) to finance future business acquisitions and (vi) for general corporate purposes, including to finance working capital and capital expenditure requirements of the Company.

Under the credit facilities, the Company may issue irrevocable letters of credit up to $40.0, decreasing the amount available on such credit facilities.

The revolving credit facilities have a four-year term and mature in June 2016. After the maturity date, the term can be extended each year for an additional one-year period, subject to the approval of the lenders.

The credit facilities are secured by a first ranking hypothec over the universality of the movable assets of the Company and some of its subsidiaries. The credit facilities bear interest at Canadian prime rate, US-based rate and LIBOR plus an applicable margin up to 2.5% that will vary depending on the type of advances and the Company's ratios, as defined in the agreement. The Company shall pay a commitment fee on the available credit facilities.

Under these credit facilities, the Company is required, among other conditions, to respect certain covenants on a consolidated basis. The main covenants are in regard to its consolidated funded debt to consolidated EBITDA and the fixed charge coverage ratios, which are non-IFRS measures. The consolidated funded debt includes bank overdraft, loan payable, notes payable and balances payable to former shareholders, including their current portions, bank advances less cash and cash equivalent. The fixed charge coverage ratio is defined as the consolidated earnings before financial expense and income taxes on the total consolidated interest expense. Management reviews compliance with these covenants on a quarterly basis in conjunction with filing requirements under its credit facilities. All covenants have been met as at December 31, 2012.

On August 31, 2012, WSP's main credit facilities of a total amount of $151.5 were repaid out of GENIVAR's existing credit facilities. Shortly after, these facilities were closed.

As at December 31, 2012, the Company has available credit facilities coming from acquisitions amounting to $8.8 ($3.1 in 2011), of which $1.4 (none in 2011) were unused at year-end.

The Company issued, in the normal course of business, irrevocable letters of credit totalling $3.6 as at December 31, 2012 ($0.1 in 2011) for its own commitments, thus decreasing such available credit facilities.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

13 Accounts payable and accrued liabilities

	December 31, 2012 $	December 31, 2011 $
Trade payables	91.4	40.2
Employee benefits payable	123.1	43.3
Sale taxes	23.3	5.6
Amounts due to joint ventures and associated undertakings	0.2	-
Other payables and accrued expenses	82.2	13.1
Provisions	39.9	2.2
	360.1	104.4
Less: Non-current provisions	6.9	-
Accounts payable and accrued liabilities	353.2	104.4

The following table presents the movement in provisions for the years ended December 31, 2012, and 2011.

	Claims provisions $	Property provisions $	Total $
Balance as at January 2011	2.1	-	2.1
Additional provision	1.5	-	1.5
Paid or otherwise settled*	(1.4)	-	(1.4)
Balance as at December 31, 2011	2.2	-	2.2
Business acquisitions	21.1	12.0	33.1
Additional provision	6.5	1.2	7.7
Paid or otherwise settled*	(3.2)	(1.2)	(4.4)
Exchange differences	0.9	0.4	1.3
Balance as at December 31, 2012	27.5	12.4	39.9

* Out of this amount, the Company received a reimbursement of $1.7 ($0.8 in 2011) by its insurance company.

The property provisions relate to the rent, service charge and other associated costs relating to properties that are vacant or nearing the end of their lease term.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

14 Loan payable

The loan bears interest at 2.85% (2.60% in 2011) and is payable in monthly instalments, capital and interest, of less than $0.1 (less than $0.1 in 2011). This loan is renewable in September of each year and is secured by a building. As at December 31, 2012, the carrying amount of that building was $5.1 ($5.4 as at December 31, 2011).

15 Long-term debts

	December 31, 2012 $	December 31, 2011 $
Mortgage bearing interest at 5.75%, payable in monthly instalments of less than $0.1 including principal and interest, secured by a hypothec over land and building with a net book value of $10.4, renewable in January 2015	6.7	-
Debts bearing interest at Colombia's prime rate plus a margin varying from 7.8% to 15.9%, maturing between February 2013 and June 2015	2.1	-
Other long-term debts	4.5	-
	13.3	-
Less: Current portion	4.6	-
	8.7	-

The instalments due on long-term debts over each of the next three years amount to $4.6 in 2013, $0.7 in 2014 and $8.0 in 2015.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

16 Other financial liabilities

	December 31, 2012 $	December 31, 2011 $
Bank overdraft	6.4	-
Notes payable*	13.6	11.4
Balances payable to former shareholders**	2.5	7.5
Obligations under finance leases	0.6	-
Other obligations	0.7	-
Promissory notes	-	3.0
	23.8	21.9
Less: Current portion	22.6	16.5
	1.2	5.4

* Notes payable to the vendors in business acquisitions bear interest at fixed rate varying from 3.0% to 4.6%, prime rate or are without interest. As at December 31, 2012, the prime rate was 3.0% (3.0% in 2011).

** Balances payable to former shareholders are payable in annual instalments or in advance at the Company's option and bear interest at prime rate.

The instalments due on financial liabilities over each of the next three years amount to $22.6 in 2013, $1.1 in 2014 and $0.1 in 2015.

17 Pensions schemes

Pension costs included in personnel costs consist of the following:

	2012 $	2011 $
Defined benefit schemes	0.4	-
Defined contribution schemes	24.4	6.6
	24.8	6.6

The Company operated both defined contribution and defined benefit pension schemes. Defined contributions are charged to the statement of earnings as they are incurred.

In Canada, the Company has defined contribution retirement savings plans for its employees. Pursuant to these plans, the Company pays a contribution equivalent to the employee contribution up

to a maximum varying from 3% to 5% of the employee's salary. An employee acquires the whole employer contributions after two years of continuous service or if he loses his job due to a layoff resulting from a lack of work.

In the United Kingdom, there are five separate defined benefit schemes, all of which are closed to new members. The assets of the schemes are held separately from those of the Company in independently administered funds. Pensionable salaries are frozen following consultation with staff.

In Sweden, a proportion of the multi-employer Government-run defined benefit plan is carried on the Company's consolidated balance sheet. Future service accrual under this arrangement ceased in 2008 where the employees became fully included in the Government plan's arrangements. The multi-employer Government plan retains substantial other assets to meet the balance of pension liabilities. As the directors are unable to identify the underlying assets and liabilities of this element of the scheme, it is treated as a defined contribution scheme for the purposes of IAS 19 "Employee Benefits."

For funded and unfunded defined benefit plans, any deficit of the fair value of plan assets over the present value of the defined benefit obligation is recognized as a liability in the balance sheet. Actuarial gains and losses are recognized in full as they arise in the statement of comprehensive income. These reflect changes in actuarial assumptions, and differences between actuarial assumptions and what has actually occurred.

The actuarial cost charged to the statement of earnings in respect of defined benefit plans consists of current service costs, finance expense, expected return on plan assets, past service costs and costs of curtailments.

The liabilities of the Company arising from defined benefit obligations and their related current service cost are determined using the projected unit credit method. Valuations are performed annually. Actuarial advice is provided both by external consultants and actuaries. The actuarial assumptions used to calculate the benefit obligations vary according to the economic conditions of the country in which the plan is located and are set out below. To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk-free investments (primarily UK government bonds) and the historical level of risk premium associated with the other asset classes in which the portfolio is invested. The expected return for each asset class was then applied to the schemes' asset allocations to develop the overall expected long-term rate of return on assets for the combined portfolios.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Assumptions

	December 31, 2012
United Kingdom	
Rate of increase in pensionable salaries	-
Rate of increase in pensions in payment	3.1%
Discount rate	4.3%
Inflation assumption	2.4%-3.2%
Expected return on plan assets	4.5%
Life expectancy at age 65 (for member currently aged 65)	
- Men	87.6
- Women	90.0
Life expectancy at age 65 (for member currently aged 50)	
- Men	89.1
- Women	91.4
Sweden	
Rate of increase in pensionable salaries	-
Rate of increase in pensions in payment	-
Discount rate	3.5%
Inflation assumption	2.0%
Expected return on plan assets	N/A
Life expectancy at age 65 (for member currently aged 65)	
- Men	88.0
- Women	90.0
Life expectancy at age 65 (for member currently aged 50)	
- Men	87.0
- Women	89.0

The major categories of plan assets as a percentage of total plan assets are as follows:

	December 31, 2012
Equities	34%
Bonds	61%
Others	5%

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

	December 31, 2012 $
Fair value of plan assets	110.4
Present value of funded obligations (United Kingdom)	(178.7)
	(68.3)
Present value of unfunded obligations (Sweden)	(37.1)
Pension liability	(105.4)

Amounts recognized in the statement of earnings are as follows:

	2012 $
Current service costs	0.4
Employee benefit costs	0.4

	2012 $
Finance expenses	3.7
Expected return on plan assets	(2.2)
Net finance expenses on pension obligations	1.5

Changes in the present value of the defined benefit obligation are as follows:

	$
Present value of obligation as at August 1, 2012 (note 4a))	209.3
Service cost	0.4
Contributions from scheme members	0.1
Benefits paid	(3.4)
Finance expenses	3.7
Actuarial gain	(2.9)
Foreign exchange differences	8.6
Present value of obligation as at December 31, 2012	215.8

Changes in the fair value of plan assets are as follows:

	$
Fair value of plan assets as at August 1, 2012 (note 4a))	102.8
Expected return on plan assets	2.2
Contributions from scheme members	0.1
Contributions from employer	3.8
Benefits paid	(3.2)
Actuarial gain	0.6
Foreign exchange differences	4.1
Fair value of plan assets as at December 31, 2012	110.4

Analysis of the movement in net deficit

	$
As at August 1, 2012 (note 4a))	106.5
Employee benefit costs	0.4
Net finance expenses	1.5
Benefits paid	(0.2)
Contributions from employer	(3.8)
Net actuarial gain recognized in the period	(3.5)
Foreign exchange movements	4.5
As at December 31, 2012	105.4

Cumulative actuarial gains recognized in equity are as follows:

	2012 **$**
Balance – Beginning of year	-
Net actuarial gain recognized in the year	3.5
Balance – End of year	3.5

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

History of experienced gains and losses

	2012 $
Experience adjustments arising on scheme assets:	
Amount – gain (loss)	0.6
Percentage of scheme assets	1%
Experience adjustments arising on scheme liabilities:	
Amount – gain (loss)	0.3
Percentage of scheme liabilities	-
Changes in the assumptions underlying the value of scheme liabilities:	
Amount – gain (loss)	2.5
Percentage of scheme liabilities	1%
Present value of scheme assets	110.4
Fair value of scheme liabilities	(215.8)
Deficit	105.4

Sensitivity analysis of the overall pension deficit to changes in principal assumptions is shown below:

Assumption	**Change**	**Impact on deficit**
Discount rate	+/- 0.1%	Decrease/increase $2.8
Inflation rate	+/- 0.1%	Decrease/increase $1.5
Mortality	+/- 1 year	Decrease/increase $5.6

The combined employee and employer contributions expected to be paid during the financial year ending December 31, 2013, amount to $6.9.

18 Share capital

Authorized

An unlimited number of common shares without par value, voting and participating.

An unlimited number of preferred shares without par value, participating, issuable in series.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Issued and paid

	Common shares	
	Number	**$**
Balance as at January 1, 2011	-	-
Fund units exchanged for common shares pursuant to the plan of arrangement (note 1)	18,103,589	275.8
Changes in tax status (note 22)	-	(0.7)
Common shares issued for the acquisition of the non-controlling interest (note 4c))	7,908,294	229.7
Adjustment to equity (note 4c))	-	(179.2)
Shares issued in business acquisitions (note 4d))	92,912	2.0
Shares issued*	33,121	0.9
Shares issued related to an equity private placement**	6,500,000	155.8
Balance as at December 31, 2011	32,637,916	484.3
Shares issued in a business acquisition (note 4b))	74,707	1.8
Shares issued***	150,651	4.1
Shares issued related to an equity private placement and a bought deal****	17,585,610	399.9
Shares issued under the DRIP*****	607,557	13.2
Balance as at December 31, 2012	51,056,441	903.3

* During the year ended December 31, 2011, the Company issued a total of 33,121 shares for proceeds of $0.9 less issuance-related costs.

** On December 21, 2011, the Company completed an equity private placement with two Canadian institutional investors. The Company issued 6,500,000 common shares at a price of $24.57 per share for aggregate gross proceeds of $159.7. Issuance-related costs of $5.3 and deferred income tax assets of $1.4 are both accounted against the gross proceeds.

*** The Company issued a total of 150,651 common shares for proceeds of $4.1, net of issuance-related costs.

**** In connection with the acquisition of WSP, the Company entered into an agreement with a syndicate of underwriters to sell 9,375,000 subscription receipts from treasury. Each subscription receipt represented the holder's right to receive, without payment of additional consideration, one common share of the issuer. The Company had completed its offering on June 27, 2012, at an individual price of $24.00 for gross proceeds of $225.0. Following the conclusion of the acquisition on August 1, 2012, each subscription receipt was automatically exchanged for one common share of the Company.

On June 27, 2012, GENIVAR also entered into subscription agreements whereby the Canada Pension Plan Investment Board ("CPPIB") and the Caisse de dépôt et placement du Québec (the "Caisse") purchased, on a private placement basis, 8,210,610 subscription receipts. On August 1, 2012, the Company issued 8,210,610 common shares in exchange of the concurrent placement subscription receipts for gross proceeds of $197.1.

Total issuance-related costs of these transactions of $18.3 less deferred income tax assets of $2.7 are accounted for against the gross proceeds.

The holders of the subscription receipts and the placement subscription receipts were also entitled to receive an equivalent of the dividend declared on May 9, 2012. At the conclusion of the acquisition, they received a dividend equivalent payment of $6.6, of which $3.1 was reinvested in

144,393 common shares of the Company under the dividend reinvestment plan (DRIP). The dividend equivalent payment is presented against the net proceed.

***** Under the DRIP (note 23), 463,164 new common shares were issued following the payment of the dividend declared on May 9, 2012, and on August 8, 2012, for a total of 607,557 common shares including the shares issued after the payment of the dividend equivalent payment.

As at December 31, 2012, and 2011, no preferred shares were issued.

19 Non-controlling interests

	$
Balance as at January 1, 2011	88.2
Acquisition of the non-controlling interest by the Company (note 4c))	(88.2)
Investment by a non-controlling interest in GENIVAR France	0.1
Balance as at December 31, 2011	0.1
Addition through business acquisition (note 4a))	2.1
Share of comprehensive income for the year	(0.2)
Balance as at December 31, 2012	2.0

On January 1, 2011, the Company completed a plan of arrangement providing for the reorganization of the Fund's income trust structure into a corporation (note 1). Following the reorganization, the Company acquired the non-controlling interest of the Fund. The shares of Old GENIVAR were exchanged for common shares of the Company. The Company became the owner of Old GENIVAR after the completion of the plan of arrangement resulting in the elimination of the non-controlling interest in the statement of financial position.

20 Capital management

The Company's primary objectives when managing capital structure are as follow:

- maintain financial flexibility in order to meet financial obligations, to provide dividend, to execute growth plan and to continue the growth through business acquisitions;
- manage the Company's activities in a responsible way in order to provide an adequate return for its shareholders; and
- comply with financial covenants required under the credit facilities.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

For capital management, the Company has defined its capital as the combination of loan payable, long-term debts, bank advances, non-controlling interests and shareholders' equity, net of cash, cash equivalents and bank overdraft. The non-recourse debts are excluded.

	2012 $	2011 $
Long-term debts	13.3	-
Loan payable	5.0	5.4
Bank advances	212.7	50.0
Shareholders' equity	917.1	501.3
Non-controlling interest	2.0	0.1
	1,145.9	556.8
Less: Cash and cash equivalents less bank overdraft	(121.3)	(144.0)
	1,024.6	412.8

The Company's financing strategy is defined to maintain a flexible structure consistent with the objectives stated above, to respond adequately to changes in economic conditions and to allow growth through business acquisitions. The Company monitors its capital structure using the consolidated funded debt to consolidated EBITDA ratio. This ratio is used to determine what would be the maximum debt level.

In order to maintain and adjust its capital structure, the Company may issue new shares in the market, contract bank advances and negotiate new credit facilities. In August 2012, the Company issued 17,585,610 shares through an equity private placement and a bought-deal. The net proceed was used to finance the consideration and the related expenses for the WSP acquisition. In December 2011, the Company issued new common shares in an equity private placement. The gross proceed was used to reimburse its bank advances at their maturity and to maintain its growth strategy by business acquisitions.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

21 Net finance expenses

	2012 $	2011 $
Interest on bank advances	3.2	1.8
Interest on notes payable and on balances payable to former shareholders	1.1	0.8
Net finance expenses on pension obligations	1.5	-
Exchange loss on liabilities in foreign currencies	0.5	-
Other interest and bank charges	3.1	1.8
Interest income	(1.0)	(0.1)
	8.4	4.3

22 Income taxes

The components of income tax expenses (recovery) for 2012 and 2011 were as follows:

	2012 $	2011 $
Current tax		
Current tax on earnings for the year	19.4	20.5
Adjustments in respect of prior years	(2.3)	-
Total current tax	17.1	20.5
Deferred tax		
Origination and reversal of temporary differences	(4.9)	(3.4)
Impact of change in tax status	-	(7.2)
Impact of change in tax rates	(3.9)	-
Adjustments in respect of prior years	2.4	-
Total deferred tax	(6.4)	(10.6)
Total income tax expenses	10.7	9.9

Deferred income tax assets related to the issuance-related costs of an equity private placement and a bought-deal in August 2012 amounting to $2.7 and of the equity private placement in December 2011 amounting to $1.4 were recognized in equity.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Following the change in the tax status of the Company on January 1, 2011, the deferred income tax assets and liabilities have been recalculated. The adjustments were included in the statement of earnings for the year 2011, except for the adjustments related to transactions that were previously accounted for in equity. As a result, equity decreased by $0.7 in 2011 and a deferred income tax recovery of $7.2 was recognized in the consolidated statement of earnings in 2011. An adjustment related to the acquisition of the non-controlling interest (note 4c)) of $4.3 was also recognized in the equity.

The reconciliation of the difference between the income tax expenses using the domestic statutory tax rate and the effective tax rate is as follows:

	2012		2011	
	$	**%**	**$**	**%**
Earnings before income tax expenses	57.0	100.0	60.0	100.0
Combined Canadian federal and provincial statutory tax rate	26.62%		28.07%	
Income taxes based on statutory income tax rates	15.2	26.6	16.8	28.0
Non-deductible expenses	3.1	5.4	1.0	1.7
Foreign tax rate differences	(3.2)	(5.6)	0.1	0.2
Effect of change in tax rates	(3.9)	(6.8)	(0.6)	(1.0)
Adjustment in respect of prior years	0.1	0.2	-	-
Change in tax status	-	-	(7.2)	(12.0)
Adjustment for associates' tax	(0.7)	(1.2)	-	-
Other	0.1	0.2	(0.2)	(0.4)
	10.7	18.8	9.9	16.5

In December 2012, the Swedish corporate tax rate decrease by 4.3% generating a deferred income tax recovery of $3.5 mainly resulting from the decrease of the deferred income tax liability. Some of the company's foreign subsidiaries are subjected to corporate tax rates that differed from the Company statutory tax rate. The global impact of these differences has generated a lower tax expense by $3.2. Moreover, the effective tax rate was impacted by non-deductible fees of $10.5 related to the WSP acquisition.

The 2011 effective tax rate was impacted by the change in the tax status which created a deferred income tax recovery of $7.2.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

As at December 31, 2012, and 2011, the significant components of deferred income tax assets and liabilities were as follows:

							2012
	As at January 1 $	**Credited (charged) to statement of earnings $**	**Credited (charged) to other compre-hensive income $**	**Charged directly to equity $**	**Business acquisi-tions $**	**Exchange differences $**	**As at Dec. 31 $**
Deferred income tax assets							
Deductible provisions upon settlement	0.5	0.5	-	-	-	-	1.0
Non-capital losses	0.6	4.9	-	-	2.8	0.1	8.4
Deferred issuance-related costs	1.9	(1.0)	-	2.7	-	-	3.6
Property, plant and equipment	-	0.5	-	-	4.7	0.2	5.4
Benefit obligations	-	(0.2)	(1.5)	-	15.1	0.6	14.0
Other temporary differences	-	(3.9)	0,5	-	17.3	0.8	14.7
	3.0	0.8	(1.0)	2.7	39.9	1.7	47.1
Deferred income tax liabilities							
Costs and anticipated profits in excess of billings	(7.3)	-	-	-	(26.0)	(1.4)	(34.7)
Holdbacks	(0.7)	0.1	-	-	-	-	(0.6)
Property, plant and equipment, intangible assets and goodwill	(6.2)	5.5	-	-	(19,0)	0.1	(19.6)
	(14.2)	5.6	-	-	(45.0)	(1.3)	(54.9)
Total	(11.2)	6.4	(1.0)	2.7	(5.1)	0.4	(7.8)

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

					2011
	As at January 1 $	**Credited (charged) to statement of earnings $**	**Credited (charged) directly to equity $**	**Business acquisitions $**	**As at December 31 $**
Deferred income tax assets					
Deductible provisions upon settlement	0.6	(0.2)	0.1	-	0.5
Non-capital losses	-	0.6	-	-	0.6
Deferred issuance-related costs	1.8	(1.2)	1.3	-	1.9
	2.4	(0.8)	1.4	-	3.0
Deferred income tax liabilities					
Costs and anticipated profits in excess of billings	(10.1)	5.9	(3.0)	(0.1)	(7.3)
Holdbacks	(1.1)	0.7	(0.3)	-	(0.7)
Property, plant and equipment, intangible assets and goodwill	(7.7)	4.8	(1.8)	(1.5)	(6.2)
	(18.9)	11.4	(5.1)	(1.6)	(14.2)
Total	(16.5)	10.6	(3.7)	(1.6)	(11.2)

	31 décembre 2012 $	**31 décembre 2011 $**
Deferred income tax assets		
To be recovered after more than 12 months	30.0	1.7
To be recovered within 12 months	17.1	1.3
	47.1	3.0
Deferred income tax liabilities		
To be paid after more than 12 months	(13.9)	(4.5)
To be paid within 12 months	(41.0)	(9.7)
	(54.9)	(14.2)
Deferred income tax liabilities (net)	(7.8)	(11.2)

Certain subsidiaries of the Company incurred net operating losses of $15.0 and have a deductible temporary difference of $4.5, for which no deferred tax assets were recognized.

A deferred liability relating to taxable temporary differences amounting to $27.6 as at December 31, 2012, and to $4.4 as at December 31, 2011, has not been recognized for taxes relating to investments in foreign subsidiaries as the Company does not expect these temporary differences to reverse in the foreseeable future. Upon distribution of these earnings in the form of dividends or otherwise, the Company may be subject to corporation or withholding taxes.

23 Dividends

The Company aims to declare and pay cash dividends on a quarterly basis to shareholders. The total amount of dividends declared by the Company for the year ended December 31, 2012, was $62.8 or $1.50 per share ($41.6 or $1.50 per share in 2011).

Dividend reinvestment plan (DRIP)

Concurrently with the announcement of the WSP acquisition, the Company has adopted a DRIP.

Under the DRIP, the holders of common shares may elect to have cash dividends reinvested into additional common shares. The shares to be delivered can be purchased on the open market or issued from treasury at the discretion of Management. The shares issued from treasury will be issued at a discount of up to 5% of the applicable average market price.

CPPIB and the Caisse have undertaken to have substantially all of their common shares participate in the DRIP for all dividends with a record date on or before July 1, 2013.

Following the payment of the dividends declared on May 9, 2012, and on August 8, 2012, $13.2 was reinvested in 607,557 common shares under the DRIP.

On November 6, 2012, the Company declared a dividend of 0.375 per share payable on January 15, 2013, of which $7.1 was reinvested in 361,888 additional shares under the DRIP.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

24 Statements of cash flows

a) Adjustments

	2012 $	2011 $
Depreciation and amortization	40.8	25.3
Share of earnings of associates	(1.9)	-
Defined benefit pension scheme expense	0.4	-
Cash contribution to defined benefit pension schemes	(4.0)	-
Foreign exchange and non-cash movements	(0.4)	-
Others	3.9	-
	38.8	25.3

b) Change in non-cash working capital items

	2012 $	2011 $
Decrease (increase) in:		
Trade, prepaid and other receivables	(7.8)	8.0
Costs and anticipated profits in excess of billings	0.8	(2.8)
Increase (decrease) in:		
Accounts payable and accrued liabilities	(9.4)	4.0
Billings in excess of costs and anticipated profits	20.0	(4.6)
	3.6	4.6

25 Related party transactions

In 2011, as part of the Plan of Arrangement, key management and employees that were shareholders of Old GENIVAR received common shares of GENIVAR in exchange of their shares. As at December 31, 2011, the promissory notes of $3,0, assumed in this transaction, were payable to current shareholders of the Company.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

a) Controlled entities

	Country of incorporation	Interest 2012	Interest 2011
Principal subsidiaries			
7247923 Canada Inc.	Canada	100%	100%
AdeB Consultants Ltd. (AdeB)	Trinidad & Tobago	100%	100%
CRA Servicios S.A.S.	Colombia	100%	-
Design Collaborative & Associates Ltd. (DCAL)	Trinidad & Tobago	100%	100%
GENIVAR Construction Nord Inc.	Canada	100%	100%
GENIVAR France	France	70%	70%
GENIVAR Trinidad & Tobago (GENIVAR TT)	Trinidad & Tobago	100%	100%
GENIVAR Wind USA Inc.	USA	100%	100%
Giroux équipement d'arpentage Inc.	Canada	100%	100%
Groupe Giroux Inc.*	Canada	49%	49%
Groupe Giroux arpenteurs-géomètres Inc.*	Canada	49%	49%
Magnate Communication Corp.	Canada	100%	100%
Smith Carter (USA) LLC	USA	100%	-
WSP Group Limited	England	100%	-
WSP UK Limited	England	100%	-
WSP CEL Limited	England	100%	-
WSP Environmental Limited	England	100%	-
WSP Remediation Limited	England	100%	-
WSP Management Services Limited	England	100%	-
WSP Sverige AB	Sweden	100%	-
WSP Finland Limited	Finland	100%	-
WSP USA Corp.	USA	100%	-
WSP Group Africa (Pty) Limited	South Africa	74%	-
WSP Middle East Limited	Jersey	100%	-
WSP Hong Kong Limited	Hong Kong	100%	-
Shanghai WSP Consulting Limited	China	100%	-
WSP Environmental Australia Pty Limited	Australia	100%	-
WSP Consultants India Limited	India	100%	-
WSP Deutschland AG	Germany	100%	-
WSP Buildings Pty	Australia	100%	-
Special purpose entities			
AE Consultants Ltd.	Canada	-	-
Arcop Design Inc.	Canada	-	-
Le Groupe Arcop S.E.N.C.	Canada	-	-
North 46 Architecture Inc.	Canada	-	-
PBK Architects Inc.	Canada	-	-
Smith Carter Architects and Engineers Incorporated	Canada	-	-
WHW Architects Incorporated	Canada	-	-
Arcop Inc.	Canada	-	-

* These subsidiaries are consolidated since an agreement provides the Company with the power to govern the financial policies of those entities, so as to obtain benefits from their activities.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

b) Key management compensation

Key management includes the members of the Board, the President and Chief Executive Officer, the Chief Financial Officer and the members of the Executive team. The compensation paid or payable to key management is shown below:

	2012 $	2011 $
Short-term employee benefits	6.2	5.3
Post-employment benefits	0.3	0.1
	6.5	5.4

26 Financial instruments

Fair value

Cash and cash equivalents, trade and other receivables, costs and anticipated profits in excess of billings, accounts payable and accrued liabilities, dividends, promissory notes, bank overdrafts, loan payable, notes payable, balances payable to former shareholders, provisions, long-term debts, obligations under finance leases and bank advances are financial instruments whose fair values approximate their carrying values due to their short-term maturity, variable interest rates or current market rates for instruments with fixed rates.

The fair value hierarchy under which the Company's financial instruments are valued is as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly;
- Level 3 includes inputs for the assets or liability that are not based on observable market data.

As at December 31, 2012, and 2011, the fair value of the investments available for sale is valued under Level 1. These are the only assets measured at fair value.

Financial risk management

The Company is exposed to credit risk, foreign exchange risk, interest rate risk and liquidity risk. The following analyses provide a measurement of those risks as at December 31, 2012, and 2011.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Financial instruments which potentially subject the Company to significant credit risk consist principally of cash and cash equivalents, accounts receivable, and costs and anticipated profits in excess of billings. The Company's maximum amount of credit risk exposure is limited to the carrying amount of these financial instruments, which is $761.0 as at December 31, 2012, and $401.6 as at December 31, 2011.

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

The Company's credit risk is principally attributable to its trade receivables. The amounts presented in the balance sheet are net of an allowance for doubtful accounts, estimated by the Company's Management and based, in part, on the age of the specific receivable balance and the current and expected collection trends. Generally, the Company does not require collateral or other security from customers for trade accounts receivable; however, credit is extended following an evaluation of creditworthiness. In addition, the Company performs ongoing credit reviews of all its customers and establishes an allowance for doubtful accounts when the likelihood of collecting the account has significantly diminished. The Company believes that the credit risk of accounts receivable is limited. During the year ended December 31, 2012, and 2011, bad debts accounted for were not significant.

The Company mitigates its credit risk by providing services to diverse clients in various industries and sectors of the economy.

Specific credit risk

As at December 31, 2012, the Company still had accounts receivable from a government agency of Trinidad and Tobago, the "Agency," which have remained unpaid for over 36 months.

In 2011, the following events occurred in relation to the accounts receivable owed by this Agency. The payments were first delayed by a change of government control and secondly, following the removal of the Agency's board of directors. On January 26, 2011, a new board of directors was appointed. Furthermore, a new CEO and a new CFO were hired mid-year and are currently working, under the supervision of the board, to resolve the payments due to the Company and to other service providers.

In June 2012, the Company filed two debt collection claims totaling $19.4 for accounts receivable and interest. The first claim being for accounts receivable of $3.5 pertaining to a specific project and the second claim for several accounts receivable on a number of projects totaling $15.9, including interest. Regarding the first claim, the Agency was ordered in January 2013, by judgment from Court, to pay the Company the entire amount due. The delay to appeal has now lapsed and the judgment may be executed as of March 1, 2013.

In regards to the second claim, the Company received $3.2 of cash for projects included in the bulk claim during the year 2012. Discussions are ongoing between the Company and the Agency to enter into an out of court settlement for this claim, while the Agency is still attempting to push the matter into arbitration.

The gross contractual amount associated with those receivables was $13.5 as at December 31, 2012 ($16.3 in 2011). The carrying value amounted to $12.1, net of an allowance of $1.4 ($13.3, net of an allowance of $3.0 in 2011). Therefore, Management believes that the maximum exposure to financial loss in relation to this client is $8.3 ($10.0 in 2011), taking into account the favorable judgment of the court for an amount of $3.5. Management will pursue the litigation while still attempting every necessary action to collect the accounts receivable within the next year.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to currency risks arising from its operating activities denominated in Sterling, Swedish krona, US dollars, Euros and TT dollars and to its net asset in foreign operations. These risks are partially offset by purchases and operating expenses incurred in these currencies.

The Company has investments in foreign operations, whose net assets are exposed to foreign currency risk. This risk is partly offset through borrowings denominated in the relevant foreign currency. The exchange gains or losses on the net equity investment of these operations are reflected in the accumulated other comprehensive income (loss) account in shareholders' equity, as part of the currency translation adjustment.

Taking into account the amounts denominated in foreign currencies and presuming that all of the other variables remain unchanged, a fluctuation in exchange rates would have an impact on the Company's net earnings. Management believes that a 10% change (10% in 2011) in exchange rates could be reasonably possible.

The table below summarizes the impacts of a 10% weakening or strengthening in the exchange rates on the net earnings:

	2012 **$**	**2011** **$**
Sterling	8.4	-
US dollar	1.3	(0.7)
Euro	(0.3)	(0.1)
Others	(0.2)	(1.1)

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

Interest rate risk

The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its bank advances, notes payable, certain long-term debts and the balances payable to former shareholders with floating interest rates. This risk is partially offset by cash held at variable rates.

A fluctuation in interest rates would have an impact on the Company's net earnings. Management believes that a 0.5% change in interest rate could be possible and that the impact on net earnings, with all other variables held constant, would be approximately $0.4 ($0.3 in 2011).

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations as they fall due.

A centralized treasury function ensures that the Company maintains funding flexibility by assessing future cash flow expectations and by maintaining sufficient headroom on its committed borrowing facilities. Borrowing limits, cash restrictions and compliance with debt covenants are also taken into account.

The Company watches for liquidity risks arising from financial instruments on an ongoing basis. Management monitors the liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. GENIVAR has access to committed lines of credit with banks (note 12).

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

The tables below present the contractual maturities of financial liabilities as at December 31, 2012, and 2011. The amounts disclosed are contractual undiscounted cash flows.

					2012
	Carrying amount $	**Contractual cash flows $**	**Less than a year $**	**Between 1 and 2 years $**	**More than 2 years $**
Accounts payable and accrued liabilities, including non-current portion provisions	360.1	360.2	353.2	0.7	6.3
Dividends payable to shareholders	19.1	19.1	19.1	-	-
Loan payable	5.0	5.1	5.1	-	-
Long-term debts, including current portion	13.3	14.6	5.3	1.3	8.0
Financial liabilities, including current portion	23.8	24.2	22.9	1.2	0.1
Bank advances	212.7	227.8	4.4	4.4	219.0
	634.0	651.0	410.0	7.6	233.4

					2011
	Carrying amount $	**Contractual cash flows $**	**Less than a year $**	**Between 1 and 2 years $**	**More than 2 years $**
Accounts payable and accrued liabilities	104.4	104.4	104.4	-	-
Dividends payable to shareholders	12.2	12.2	12.2	-	-
Loan payable	5.4	5.5	5.5	-	-
Financial liabilities, including current portion	21.9	23.3	17.2	6.1	-
Bank advances	50.0	50.0	50.0	-	-
	193.9	195.4	189.3	6.1	-

As at December 31, 2012, the Company had unused credit facilities of $185.1 ($175.0 in 2011), net of outstanding letters of credit of $3.6 ($0.1 in 2011), and cash and cash equivalents less bank overdraft of $121.3 ($144.0 in 2011).

27 Commitments and contingencies

Leases

The Company leases various office premises and equipment under non-cancellable operating lease agreements. The lease terms vary from six months to ten years, and the majority of lease agreements are renewable at the end of the lease period for an additional period varying from 30 months to 10 years at market rate.

The lease expenditure included in the statement of earnings amounts to $44.2 for the year ended December 31, 2012 ($20.8 for the year ended December 31, 2011).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2012 $	2011 $
No later than 1 year	77.6	21.1
Later than 1 year and no later than 5 years	196.9	53.0
Later than 5 years	103.1	22.5
	377.6	96.6

Contingencies

The Company is currently facing legal proceedings for work carried out in the normal course of its business. The Company takes out a professional liability insurance policy in order to manage the risks related to such proceedings. Based on advice and information provided by its legal advisors and on its experience in the settlement of similar proceedings, Management believes that the Company has accounted for sufficient provisions in that regard and that the final settlement should not exceed the insurance coverage significantly or should not have a material effect on the financial position or operating results of the Company.

As a government contractor, the Company may be subject to laws and regulations that are more restrictive than those applicable to non-government contractors. Government scrutiny of contractors' compliance with those laws and regulations through audits and investigations is inherent in government contracting, and, from time to time, Management receives inquiries and similar demands related to our ongoing business with government entities. In November 2012, the Unité Permanente Anti-Corruption executed search warrants in the Company's offices located in the City of Laval in the

province of Quebec in relation to certain contracts awarded in the City of Laval. On February 11, 2013, the Company announced that it was in possession of information confirming that inappropriate conduct in the province of Quebec in the financing of political parties and the awarding of municipal contracts had occurred in the past. On or about February 28, 2013, the Competition Bureau executed search warrants at the Company's offices located in Gatineau and Quebec City. On March 12, 2013, no charges have been brought against the Company in respect of any of these facts nor has the Company received any claims for fines, penalties or other monetary compensation. The Company cannot predict at this time the final outcome or potential losses, if any, with respect to any investigation by government authorities in respect of these facts, including the possibility that their scope may be broadened which could have a material adverse impact on its future results of operations.

28 Segment information

(a) Major customers

As at December 31, 2012, and 2011, no individual customer represented more than 10% of the Company’s consolidated revenues.

(b) Segmented information

In prior years, Management organized and analyzed the Company’s financial information by geographic area for all types of services, except for architectural services, which were analyzed separately.

Following the acquisition of WSP, the internal reporting structure is under review. As a preliminary assessment, the Company will manage through five reportable operating segments, which are the following: Canada, United States, United Kingdom, Northern Europe and Rest of the World. Management may modify this structure once the integration has been completed.

The Executive Committee assesses the performance of the operating segments based on revenues, net revenues and adjusted EBITDA. Adjusted EBITDA excludes unusual items identified by Management as non-recurring costs, like restructuration and integration expenses, and also excludes global corporate costs. Global corporate costs are expenses and salaries related to centralized functions, like global finance, human resources and technology teams, which are not allocated to segments. This measure also excludes the effects of financial expenses, amortization, depreciation and income taxes.

Sales between segments are carried out at arm’s length. The revenues reported to the Executive Team are measured in a similar manner as in the statements of earnings and exclude intercompany sales.

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

The table below presents the Company's operations based on the new reportable operating segments. The comparative information was revised to conform to the actual structure.

						2012
	Canada	**United States**	**United Kingdom**	**Northern Europe**	**Rest of the World**	**Total**
Revenues	710.8	74.5	139.1	222.0	111.1	1,257.5
Less: Subconsultants and direct costs	133.6	10.6	31.4	34.0	27.8	237.4
Net revenues	577.2	63.9	107.7	188.0	83.3	1,020.1
Adjusted EBITDA	89.1	7.5	11.7	29.1	3.3	140.7
Global corporate costs						(15.3)
Unusual items						(16.8)
Financial expenses						(9.4)
Depreciation and amortization						(40.8)
Share of taxation and amortization of associates						(1.4)
Earnings before income tax						57.0

Under the new reportable segments, the 2011 results are gathered in one segment.

	2011
	Canada
Revenues	651.9
Less: Subconsultants and direct costs	122.9
Net revenues	529.0
Adjusted EBITDA	98.9
Global corporate costs	(9.3)
Financial expenses	(4.3)
Depreciation and amortization	(25.3)
Earnings before income tax	60.0

(in millions of Canadian dollars, except the number of shares and per share data and unless otherwise stated)

(c) Geographic information

The following revenues have been allocated to geographic regions based on the country of operation of the Company.

	2012 $	2011 $
Canada	710.8	623.8
Sweden	182.4	-
United Kingdom	136.7	-
United States	77.2	-
South Africa	39.9	-
Germany	21.4	-
Others	89.1	28.1
	1,257.5	651.9

The property, plant and equipment and intangible assets are allocated in the following countries:

	December 31, 2012 $	December 31, 2011 $
Canada	116.5	115.3
Sweden	45.2	-
United States	26.7	-
United Kingdom	33.1	-
Australia	12.5	-
Others	11.2	-
	245.2	115.3