



BOYD GROUP INCOME FUND

Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2010

Notice: These interim consolidated financial statements have not been audited or reviewed by the Fund's independent external auditors, Deloitte & Touche LLP.

INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)*September 30, 2010 and December 31, 2009*

	September 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash	\$ 8,626,965	\$ 5,085,548
Accounts receivable	18,877,601	15,471,712
Income taxes recoverable	106,976	102,021
Inventory	4,691,604	3,611,341
Prepaid expenses	1,769,084	1,465,989
Derivative contracts <i>(Note 13)</i>	24,700	329,400
	34,096,930	26,066,011
Property, plant and equipment	27,071,736	19,744,350
Future income tax asset	1,017,951	1,063,482
Goodwill <i>(Note 4)</i>	22,906,523	16,812,650
Intangible assets <i>(Note 5)</i>	19,717,319	13,848,185
	\$ 104,810,459	\$ 77,534,678
Liabilities and Equity		
Current liabilities:		
Bank Indebtedness	\$ 1,443,801	\$ 2,099,999
Accounts payable and accrued liabilities	31,710,299	20,800,282
Distributions payable <i>(Note 9)</i>	309,966	269,390
Dividends payable <i>(Note 9)</i>	24,324	21,397
Derivative Contracts <i>(Note 13)</i>	127,400	269,600
Current portion of long-term debt <i>(Note 6)</i>	1,817,007	1,911,478
Current portion of obligations under capital leases	1,718,784	1,437,702
	37,151,581	26,809,848
Long-term debt <i>(Note 6)</i>	20,053,553	12,704,760
Obligations under capital leases	3,032,627	3,164,735
Convertible exchange note	-	523,300
Unearned rebates <i>(Note 7)</i>	19,025,381	12,883,586
	79,263,142	56,086,229
Equity		
Accumulated other comprehensive loss <i>(Note 10)</i>	(12,336,061)	(12,047,485)
Deficit	(24,190,554)	(28,553,884)
	(36,526,615)	(40,601,369)
Unitholders' capital <i>(Note 8)</i>	57,926,709	57,932,732
Shareholders' capital <i>(Note 8)</i>	52,417	53,046
Contributed surplus	4,094,806	4,064,040
	25,547,317	21,448,449
	\$ 104,810,459	\$ 77,534,678

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

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT (Unaudited)*Nine Months Ended September 30,*

	2010	2009
Deficit, beginning of period	\$ (28,553,884)	\$ (34,299,356)
Net earnings for period	7,139,390	6,345,395
Dividends on BGHI Class A common shares (<i>Note 9</i>)	(202,296)	(167,538)
Distributions to unitholders (<i>Note 9</i>)	(2,573,764)	(2,123,663)
Deficit, end of period	\$ (24,190,554)	\$ (30,245,162)

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INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)*Nine Months Ended September 30,*

	2010	2009
Sales	\$ 175,989,853	\$ 170,629,862
Cost of sales	96,008,768	95,470,777
Gross margin	79,981,085	75,159,085
Operating expenses	68,116,864	64,662,827
Foreign exchange gains	(67,123)	(599,403)
Depreciation and amortization	2,842,043	2,827,535
Amortization of financing fees and other intangible assets	812,764	626,432
Interest expense	826,011	783,825
	72,530,559	68,301,216
Earnings before income taxes	7,450,526	6,857,869
Income tax expense		
Current	36,327	11,250
Future	30,249	251,516
	66,576	262,766
Net earnings from continuing operations	7,383,950	6,595,103
Loss from discontinued operations (Note 3)	(244,560)	(249,708)
Net earnings	\$ 7,139,390	\$ 6,345,395
Weighted average number of units and Class A common shares outstanding	11,627,485	11,795,925
Basic earnings per unit and Class A common share from continuing operations (Note 12)	\$ 0.635	\$ 0.559
Loss per unit and Class A common share from discontinued operations	(0.021)	(0.021)
Basic earnings per unit and Class A common share	\$ 0.614	\$ 0.538
Diluted earnings per unit and Class A common share from continuing operations (Note 12)	\$ 0.623	\$ 0.554
Diluted loss per unit and Class A common share from discontinued operations	(0.021)	(0.021)
Diluted earnings per unit and Class A common share	\$ 0.602	\$ 0.533

*The accompanying notes are an integral part of these interim consolidated financial statements***CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)***Nine Months Ended September 30,*

	2010	2009
Net earnings	\$ 7,139,390	\$ 6,345,395
Other comprehensive earnings (loss), net of income taxes		
Change in unrealized loss on translating financial statements of self-sustaining foreign operations	(288,576)	(1,882,316)
Other comprehensive loss, net of income taxes	(288,576)	(1,882,316)
Comprehensive earnings	\$ 6,850,814	\$ 4,463,079

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)*Nine Months Ended September 30,*

	2010	2009
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net earnings from continuing operations	\$ 7,383,950	\$ 6,595,103
Items not affecting cash		
Future income taxes	30,249	251,516
Amortization of discount on long-term debt	-	14,756
Amortization of financing fees and other intangible assets	812,764	626,432
Depreciation and amortization	2,842,043	2,827,535
Amortization of unearned rebates	(1,121,968)	(1,034,392)
Unit option compensation expense	30,765	22,593
Gain on disposal of equipment	(15,319)	(4,004)
Unrealized foreign exchange gain on internal loans	(130,500)	(166,500)
Cash realized on settlement of internal loan	296,500	-
Unrealized loss (gain) on derivative contracts	82,330	(439,213)
Cash realized on settlement of derivative contracts	80,170	183,440
	10,290,984	8,877,266
Changes in non-cash working capital items	2,131,343	1,333,958
	12,422,327	10,211,224
Cash flows provided by (used in) financing activities		
Issue costs	(6,653)	(6,653)
Increase in obligations under long-term debt	7,261,363	-
Repayment of long-term debt	(1,514,899)	(545,789)
Decrease in bank indebtedness	(684,198)	(2,672,303)
Repayment of obligations under capital leases	(1,184,092)	(970,788)
Proceeds on sale-leaseback agreement	1,116,222	403,129
Dividends paid on Class A common shares	(199,369)	(164,547)
Distributions paid to unitholders	(2,533,188)	(2,089,720)
Increase in unearned rebates	6,574,006	325,258
Repayment of unearned rebates	(65,251)	-
Increase in financing costs	(97,420)	(32,000)
Collection of rebates receivable	875,474	827,497
Units purchased under the Fund's Normal Course Issuer Bid	-	(942,862)
Repayment of convertible debt	(79,135)	-
	9,462,860	(5,868,778)
Cash flows used in investing activities		
Proceeds on sale of equipment	44,651	5,980
Equipment purchases and facility improvements	(920,649)	(1,445,480)
Acquisition and development of businesses (net of cash acquired)	(16,897,547)	(934,922)
	(17,773,545)	(2,374,422)
Foreign exchange	(331,646)	(723,314)
Net increase in cash position provided by continuing operations	3,779,996	1,244,710
DISCONTINUED OPERATIONS		
Operating activities	(221,086)	(548,872)
Financing activities	(17,493)	-
Net decrease in cash position used in discontinued operations	(238,579)	(548,872)
Net increase in cash position	3,541,417	695,838
Cash, beginning of period	5,085,548	3,530,167
Cash, end of period	\$ 8,626,965	\$ 4,226,005
Income taxes paid	\$ 42,773	\$ 11,509
Interest paid	\$ 784,403	\$ 956,624

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

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)*Three Months Ended September 30,*

	2010	2009
Sales	\$ 68,999,455	\$ 52,215,663
Cost of sales	37,485,240	28,761,308
Gross margin	31,514,215	23,454,355
Operating expenses	26,466,112	20,017,269
Foreign exchange losses (gains)	15,187	(393,134)
Depreciation and amortization	1,153,812	985,930
Amortization of financing fees and other intangible assets	339,161	194,312
Interest expense	363,290	239,367
	28,337,562	21,043,744
Earnings before income taxes	3,176,653	2,410,611
Income tax expense		
Current	-	6,250
Future	7,440	88,995
	7,440	95,245
Net earnings from continuing operations	3,169,213	2,315,366
Loss from discontinued operations (Note 3)	-	(85,652)
Net earnings	\$ 3,169,213	\$ 2,229,714
Weighted average number of units and Class A common shares outstanding	11,627,485	11,712,037
Basic earnings per unit and Class A common share from continuing operations (Note 12)	\$ 0.273	\$ 0.198
Loss per unit and Class A common share from discontinued operations	-	(0.007)
Basic earnings per unit and Class A common share	\$ 0.273	\$ 0.191
Diluted earnings per unit and Class A common share from continuing operations (Note 12)	\$ 0.267	\$ 0.195
Diluted loss per unit and Class A common share from discontinued operations	-	(0.007)
Diluted earnings per unit and Class A common share	\$ 0.267	\$ 0.188

*The accompanying notes are an integral part of these interim consolidated financial statements***INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)***Three Months Ended September 30,*

	2010	2009
Net earnings	\$ 3,169,213	\$ 2,229,714
Other comprehensive loss, net of income taxes		
Change in unrealized loss on translating financial statements of self-sustaining foreign operations	(582,344)	(1,157,338)
Other comprehensive loss, net of income taxes	(582,344)	(1,157,338)
Comprehensive earnings	\$ 2,586,869	\$ 1,072,376

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)*Three Months Ended September 30,*

	2010	2009
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net earnings from continuing operations	\$ 3,169,213	\$ 2,315,366
Items not affecting cash		
Future income taxes	7,440	88,995
Amortization of discount on long-term debt	-	3,364
Amortization of financing fees and other intangible assets	339,161	194,312
Depreciation and amortization	1,153,812	985,930
Amortization of unearned rebates	(446,561)	(332,688)
Unit option compensation expense	10,255	7,531
Gain on disposal of equipment	(2,944)	-
Unrealized foreign exchange gain on internal loans	(154,000)	(166,500)
Gain/(loss) on early settlement of convertible debt	-	-
Unrealized loss (gain) on derivative contracts	169,630	(227,200)
Cash realized on settlement of derivative contracts	32,170	148,200
	4,278,176	3,017,310
Changes in non-cash working capital items	1,724,131	331,029
	6,002,307	3,348,339
Cash flows provided by (used in) financing activities		
Increase in obligations under long-term debt	7,261,363	-
Repayment of long-term debt	(567,355)	(400,189)
Increase (decrease) in bank indebtedness	1,028,523	(1,103,374)
Repayment of obligations under capital leases	(436,252)	(337,164)
Proceeds on sale-leaseback agreement	81,221	-
Dividends paid on Class A common shares	(69,808)	(58,287)
Distributions paid to unitholders	(889,459)	(736,003)
Increase in unearned rebates	6,355,588	325,258
Increase in financing costs	(97,420)	(32,000)
Collection of rebates receivable	377,508	258,447
Units purchased under the Fund's Normal Course Issuer Bid	-	(321,671)
	13,043,909	(2,404,983)
Cash flows used in investing activities		
Proceeds on sale of equipment	17,337	-
Equipment purchases and facility improvements	(275,735)	(338,626)
Acquisition and development of businesses (net of cash acquired)	(15,937,117)	(423,941)
	(16,195,515)	(762,567)
Foreign exchange	(144,656)	(411,952)
Net increase (decrease) in cash position provided by (used in) continuing	2,706,045	(231,163)
DISCONTINUED OPERATIONS		
Operating activities	(22,573)	(156,062)
Net decrease in cash position used in discontinued operations	(22,573)	(156,062)
Net increase (decrease) in cash position	2,683,472	(387,225)
Cash, beginning of period	5,943,493	4,613,230
Cash, end of period	\$ 8,626,965	\$ 4,226,005
Interest paid	\$ 311,731	\$ 292,671

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

These interim consolidated financial statements of the Boyd Group Income Fund (the “Fund”), Boyd Group Holdings Inc. (“BGHI”) and subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles and contain the consolidated financial position, results of operations and cash flows of the Fund, BGHI, The Boyd Group Inc. (the “Company”) and the Company’s direct subsidiary companies as at September 30, 2010. These financial statements are consistent with the policies and methods of computation as disclosed in the audited consolidated financial statements and related notes of the Fund for the year ended December 31, 2009. Readers should be aware that these interim consolidated financial statements and related notes are unaudited and do not include all the information required for complete financial statements, and should be read in conjunction with the audited consolidated financial statements and related notes of the Fund for the year ended December 31, 2009.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. ACQUISITIONS

On July 30, 2010, the Company completed a transaction acquiring True2Form Collision Repair Centers, Inc., (“True2Form”) one of the largest multi-location collision repair companies in the United States. True2Form was a private company operating 37 locations in four U.S. states; 17 locations in North Carolina, eight locations in Ohio, seven locations in Maryland and five locations in Pennsylvania. Funding for the transaction was a combination of cash, U.S. bank debt, third-party financing and a vendor take-back note.

The Fund also completed four other acquisitions during the year. On May 7, 2010, the Company acquired the business and assets of The Collision Center of Owasso, Inc. located in Owasso, Oklahoma. On June 21, 2010, the Company acquired the business and assets of M & D Auto Body, Inc. located in Evanston, Illinois. On August 2, 2010, the Company acquired the business and assets of Northwest Autobody & Paint, Inc. located in Las Vegas, Nevada. On September 20, 2010, the Company acquired the business and assets of Collision One of Buckhead, Inc. and Auto Collision Center of Roswell, Inc., both with locations in the Atlanta, Georgia area.

The Fund has accounted for the acquisitions using the purchase method as follows:

Identifiable net assets acquired at fair value:	2010		
	True2Form	Other Acquisitions	Total
Cash	\$ 1,709,492	\$ -	\$ 1,709,492
Other current assets	4,106,290	23,103	4,129,393
Property, plant and equipment	6,681,389	1,767,166	8,448,555
Identified intangible assets			
Customer relationships	5,900,000	-	5,900,000
Brand name	450,000	-	450,000
Non-compete agreements	550,000	-	550,000
Liabilities assumed	(7,728,615)	-	(7,728,615)
Identifiable net assets acquired	11,668,556	1,790,269	13,458,825
Goodwill	6,229,712	-	6,229,712
Total purchase consideration, including acquisition costs	\$ 17,898,268	\$ 1,790,269	\$ 19,688,537
Consideration provided			
Cash	\$ 15,840,268	\$ 1,790,269	\$ 17,630,537
Vendor exchange notes	2,058,000	-	2,058,000
Total consideration provided	\$ 17,898,268	\$ 1,790,269	\$ 19,688,537

U.S. acquisition transactions are initially recognized and shown as above in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the balance sheet date. The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition.

The preliminary purchase price for acquisitions as disclosed above may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized.

3. DISCONTINUED OPERATIONS

On March 31, 2010, the Company ceased operations of an under-performing collision repair facility located in Park Forest, Illinois.

The consolidated balance sheets include the following assets and liabilities which relate to this discontinued operation:

	September 30, <u>2010</u>	December 31, <u>2009</u>
Current assets	\$ 16,414	\$ 126,099
Equipment	19,551	133,475
	<u>35,965</u>	<u>259,574</u>
Current liabilities	<u>386,841</u>	571,817
Net liabilities	<u>\$ (350,876)</u>	<u>\$ (312,243)</u>

The results of discontinued operations are summarized below:

	Three Months Ended September 30, <u>2010</u> <u>2009</u>		Nine Months Ended September 30, <u>2010</u> <u>2009</u>	
Sales	\$ -	\$ 246,717	\$ 211,184	\$ 933,623
Net loss from discontinued operations	<u>\$ -</u>	<u>\$ (85,652)</u>	<u>\$ (244,560)</u>	<u>\$ (249,708)</u>

The loss from discontinued operations has not been adjusted for its income tax effect because the Company is not in a position to recognize the benefit of these losses.

4. GOODWILL

September 30, 2010 December 31, 2009

Goodwill	\$ 22,906,524	\$ 16,812,650
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During 2010, \$6,229,712 (2009 - \$263,600) in goodwill was recorded on current year acquisitions. The change in goodwill for the period is also impacted by the translating of the U.S. goodwill into Canadian dollars at different period end exchange rates.

5. INTANGIBLE ASSETS

	<u>September 30, 2010</u>		<u>December 31, 2009</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Customer relationships	\$ 19,740,330	\$ (4,419,067)	\$ 14,129,100	\$ (3,894,667)
Brand name	3,532,214	-	3,139,800	-
Computer software	1,477,355	(1,456,212)	1,590,816	(1,413,844)
Non-compete agreements	874,300	(164,517)	349,564	(72,568)
Zoned property rights	52,208	(36,459)	53,059	(33,075)
	\$ 25,676,407	\$ (6,076,255)	\$ 19,262,339	\$ (5,414,154)
Net Book Value	<u>\$ 19,600,152</u>		<u>\$ 13,848,185</u>	

As a result of the acquisition of True2Form, \$5,900,000 was recorded to customer relationships, \$550,000 was recorded to non-compete agreements and \$450,000 was recorded to brand name. These additions are only preliminary and may change as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized. The change in intangible assets is also impacted by the translating of the U.S. denominated intangible assets into Canadian dollars at different period end exchange rates.

6. LONG-TERM DEBT

Long-term debt is comprised of the following:

September 30, 2010 **December 31, 2009**

U.S. senior term facility, with a U.S. bank for \$11.5 million U.S. secured by the shares and assets, excluding receivables, of The Gerber Group, Inc. (a subsidiary of the Company) as well as a third party guarantee with terms and conditions customary for an income trust. The facility was supported by an initial five year promissory note due January 31, 2011 with six quarterly principal repayments, in the amount of \$375,000 U.S., beginning October 31, 2009 and continuing thereafter on the last day of January, April, July and October 2010 as well as January 31, 2011. On July 30, 2010 the facility was extended with a new 3 year promissory note due July 31, 2013 with continuing quarterly repayments of \$375,000 U.S. The final quarterly installment shall also include the remaining principal amount of the term loan unless the facility is further extended. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for an additional seven years. Interest rates are based on LIBOR plus 2.5% for LIBOR loans or for a prime rate loan, the greater of (i) the U.S. prime rate less 0.25%, or (ii) the sum of Fed Funds Open Rate plus 0.5%, or (iii) LIBOR plus 1.5%. At Boyd's option, a fixed rate loan is also available for the extended term of the loan at the U.S. Bank's cost of funds plus 2.5%. The 2010 balance is net of financing fees of \$101,942 (2009 - \$109,340).

\$ 11,740,758 **\$ 13,103,985**

U.S. senior term facility, with a U.S. bank for \$6.964 million U.S. secured by the shares and assets, excluding receivables, of True2Form (a subsidiary of the Company) as well as a third party guarantee with terms and conditions similar to the existing U.S. senior term facility. The facility is supported by an initial three year, interest only, promissory note due July 31, 2013 unless extended. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for an additional twelve years with quarterly principle repayments beginning on October 31, 2013. Interest rates are based on LIBOR plus 3.75% for LIBOR loans or for a prime rate loan, the greater of (i) the U.S. prime rate plus 1.0%, or (ii) the sum of Fed Funds Open Rate plus 1.75%, or (iii) LIBOR plus 2.75%. At Boyd's option, a fixed rate loan is also available for the initial term of the loan at the U.S. Bank's cost of funds plus 3.75%. The balance is net of financing fees of \$96,030.

7,075,497

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Subordinated supplier debt at prime plus 2% (interest forgivable at the discretion of the supplier) with quarterly principal payments of \$25,000 U.S. The final instalment was made on January 20, 2010 in U.S. funds.

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26,021

Vendor notes payable of \$2,933,222 U.S. and \$33,673 Cdn. on the financing of certain acquisitions, unsecured, at interest rates ranging from 5.0% to 8.0%. The notes are repayable from October 2010 to December 2017 in the same currency as the related note.

3,054,305

1,486,232

21,870,560

14,616,238

Current portion

1,817,009

1,911,478

\$ 20,053,551

\$ 12,704,760

The following schedule of expected principal payments over the next five years has been prepared assuming the renewal of the U.S. senior term facilities, the renewal and repayment of which are guaranteed by a third party.

2011	\$ 1,817,009
2012	1,781,319
2013	1,790,590
2014	2,292,447
2015	4,007,806

7. UNEARNED REBATES

The Company has an agreement with strategic trading partners providing it prepaid rebate funding. Rebates received are deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over the 15 year term of the agreement. The Company is obliged to purchase the suppliers' products on an exclusive basis over this term. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Company. Additional prepaid rebates are available for new acquisitions and start-ups and regular testing of the criteria used to determine additional rebates will apply, with any under-funded (or over-funded) amounts to be collected (or repaid) by the Company at that time. Termination of the arrangement by the Company, the occurrence of an event of default by the Company or a change in control of the Company, as defined by the agreement, would require the Company to repay all un-amortized balances and all other amounts as outlined within the agreement. Additional quarterly rebates of \$237,500 U.S. are collectible by the company until February 28, 2012. Other amounts received or receivable to reimburse specific costs are applied against the identified cost in the period the cost is incurred, with the balance deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over the remaining term of the agreement.

During the quarter, in connection with a new acquisition and under a new addendum to its existing supply agreement, the Company received a one-time enhanced prepaid rebate from its trading partners of \$6,187,318. Beginning on October 30, 2010, the Company will also receive additional regularly scheduled rebates in quarterly instalments of \$125,000 U.S. for a period of six years ending on July 30, 2016. The prepaid rebate and the additional quarterly rebates will be deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over a period of 15 years. The enhanced prepaid rebate will be tested after three years, with any over funding being adjusted against the additional quarterly rebates.

8. CAPITAL

Unitholders' Capital of the Fund

Authorized:

Unlimited number of Trust Units

Issued:

The ownership percentages of the Company between the Fund and BGHI continue to change as new units are issued and Class A common shares of BGHI are retracted. At September 30, 2010, the ownership percentage held by the Fund was 83.94% and BGHI was 16.06%.

The following provides a continuity of unitholders' capital of the Fund:

	<u>September 30, 2010</u>		<u>December 31, 2009</u>	
	<u>Units</u>	<u>Amount</u>	<u>Units</u>	<u>Amount</u>
Unitholders' capital, beginning of year	10,771,591	\$ 57,932,732	11,091,271	\$ 59,755,478
Issue costs	-	(6,653)	-	(6,653)
Units issued to settle retraction of Class A common shares of BGHI	9,843	629	18,320	1,170
Units purchased for cancellation under the Fund's Normal Course Issuer Bid	-	-	(338,000)	(1,817,263)
Unitholders' capital, end of period	10,781,434	\$ 57,926,708	10,771,591	\$ 57,932,732

Shareholders' Capital of BGHI

Authorized:

2,062,863 Class A common, retractable, voting shares of BGHI

Issued:

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Class A common shares		
Number of shares outstanding	820,620	830,463
Carrying Value of shares outstanding	\$ 52,417	\$ 53,046

9. DISTRIBUTIONS AND DIVIDENDS

The Fund's Trustees have discretion in declaring distributions. The Fund's distribution policy is to make distributions of its available cash from operations taking into account current and future performance, amounts necessary for principal and interest payments on debt obligations, amounts required for maintenance capital expenditures and amounts allocated to reserves.

Distributions to unitholders and dividends to the BGHI shareholders were declared and paid as follows:

<u>Record date</u>	<u>Payment date</u>	<u>Distribution per unit</u>	<u>Dividend per share</u>	<u>Distribution amount</u>	<u>Dividend amount</u>
January 31, 2010	February 24, 2010	\$ 0.025	\$ 0.025	\$ 269,368	\$ 21,319
February 28, 2010	March 29, 2010	0.025	0.025	269,498	21,189
March 31, 2010	April 28, 2010	0.025	0.025	269,500	21,187
April 30, 2010	May 27, 2010	0.02625	0.02625	282,987	22,235
May 31, 2010	June 28, 2010	0.02625	0.02625	282,986	22,234
June 30, 2010	July 28, 2010	0.0275	0.0275	296,486	23,269
July 31, 2010	August 25, 2010	0.0275	0.0275	296,486	23,269
August 31, 2010	September 24, 2010	0.0275	0.0275	296,487	23,270
September 30, 2010	October 25, 2010	0.02875	0.02875	309,966	24,324
		\$ 0.23875	\$ 0.23875	\$ 2,573,764	\$ 202,296

On March 25, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.02625 per unit commencing May 2010, for unitholders and shareholders of record on April 30, 2010.

On May 13, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.0275 per unit commencing July 2010, for unitholders and shareholders of record on June 30, 2010.

On August 12, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.02875 per unit commencing October 2010, for unitholders and shareholders of record on September 30, 2010.

On November 9, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.03 per unit commencing January 2011, for unitholders and shareholders of record on December 31, 2010.

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Accumulated other comprehensive loss, beginning of year,	\$ (12,047,485)	\$ (9,803,867)
Unrealized loss on translating financial statements of self-sustaining foreign operations	(288,576)	(2,243,618)
Total	\$ (12,336,061)	\$ (12,047,485)

11. SEGMENTED REPORTING

The Company has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, Canadian generally accepted accounting principles requires the Company to provide geographical disclosure of segments. For the periods reported, all of the Company's revenues were derived within Canada or the United States of America. All property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

	<u>Revenues</u>		<u>Property, Plant, Equipment Intangible Assets and Goodwill</u>	
	<u>September 30, 2010</u>	<u>September 30, 2009</u>	<u>September 30, 2010</u>	<u>December 31, 2009</u>
Canada	\$ 53,230,713	\$ 55,804,692	\$ 17,028,707	\$ 17,543,800
United States	122,759,140	114,825,170	52,666,871	32,861,385
Total	\$ 175,989,853	\$ 170,629,862	\$ 69,695,578	\$ 50,405,185

12. EARNINGS PER UNIT AND CLASS A COMMON SHARE FROM CONTINUING OPERATIONS

	<u>Three Months Ended September 30, 2010</u>		<u>Nine Months Ended September 30, 2010</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
a) Earnings:				
Net earnings from continuing operations	\$ 3,169,213	\$ 2,315,366	\$ 7,383,950	\$ 6,595,103
Add:				
Net after tax interest on 2005 Vendor exchange note	1,196	3,681	1,196	10,924
Net earnings from continuing operations – diluted basis	\$ 3,170,409	\$ 2,319,047	\$ 7,385,146	\$ 6,606,027
b) Number of units and Class A common shares:				
Average number of units and Class A common shares outstanding	11,627,485	11,712,037	11,627,485	11,795,925
Add:				
Potential conversion of 2005 Vendor exchange note	17,472	51,852	5,888	51,852
Calculated unit option conversion	240,362	113,425	221,426	79,834
Average number of units and Class A common shares outstanding – diluted basis	11,885,319	11,877,314	11,854,799	11,927,611
Earnings per unit and Class A common share from continuing operations (a) divided by (b)				
Basic	\$ 0.273	\$ 0.198	\$ 0.635	\$ 0.559
Diluted	\$ 0.267	\$ 0.195	\$ 0.623	\$ 0.554

13. FINANCIAL INSTRUMENTS

Derivative Contracts

In order to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the U.S. operations, the Company has entered into a series of foreign exchange contracts. In accordance with GAAP, these contracts are marked to market monthly with unrealized gains and losses included in income. At September 30, 2010 these contracts are summarized as follows:

	<u>Notional Amount</u>	<u>Expiry</u>	<u>Average Rate</u>
The Fund selling U.S. Dollars			
	\$ 400,000	October 2010	\$1.0341
	\$ 400,000	November 2010	\$1.0341
	\$ 400,000	December 2010	\$1.0341
	\$ 300,000	January 2011	\$1.0493
	\$ 300,000	February 2011	\$1.0493
	\$ 300,000	March 2011	\$1.0493
	\$ 300,000	April 2011	\$1.0493

For the nine month period ending September 30, 2010 the Fund has recorded to earnings unrealized losses related to these contracts in the amount of \$304,700 (2009 – gain of \$437,773). During the first nine months of 2010, the Fund realized foreign exchange gains in the amount of \$398,770 (2009 – \$183,440). The fair value receivable of these contracts at September 30, 2010 was \$25,000 (December 31, 2009 - \$329,400).

Transactional foreign currency risk also exists in limited circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. During 2009, \$5,000,000 U.S. was lent to the Canadian operations on a short-term basis and exchanged into Canadian dollars. In the first nine months of 2010, the Company recorded a foreign exchange gain of \$2,000 (2009 – \$nil) on this loan. These funds were repaid in June 2010. The Company had also entered into a \$5,000,000 forward foreign exchange contract to purchase U.S. funds to protect against foreign exchange exposure during the loan term. During the nine months ending September 30, 2010 the Company recorded to earnings foreign exchange loss related to this contract in the amount of \$49,000 (2009 – \$nil). In June 2010, the Company made a new short-term loan for \$5,000,000 and entered into a new forward foreign exchange contract. The unrealized gain on this loan at September 30, 2010 was \$128,500 and the unrealized loss and fair value payable related to the forward foreign exchange contract was \$127,400.

14. COMPARATIVE FIGURES

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