Boyd Group Income Fund

BOYD GROUP INCOME FUND

Interim Condensed Consolidated Financial Statements

Three and Six Months Ended June 30, 2011

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

(Canadian dollars)

	June 30, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash	**$ 6,403,715**	$ 9,593,773	$ 5,085,548
Accounts receivable	**21,314,393**	18,704,749	15,471,712
Income taxes recoverable	**-**	-	102,021
Inventory	**5,885,769**	5,779,603	3,611,341
Prepaid expenses	**2,393,019**	1,866,785	1,465,989
Derivative contracts	**-**	64,000	329,400
Deferred income tax asset	**3,557,377**	3,062,814	-
	39,554,273	39,071,724	26,066,011
Property, plant and equipment	**32,325,285**	26,129,675	19,744,350
Deferred income tax asset	**6,184,502**	7,698,380	1,063,482
Intangible assets *(Note 6)*	**26,191,146**	18,963,657	13,848,185
Goodwill *(Note 5)*	**26,361,893**	16,956,764	16,812,650
	$ 130,617,099	$ 108,820,200	$ 77,534,678
Liabilities and Equity			
Current liabilities:			
Bank indebtedness	**$ 3,516,134**	$ 223,715	$ 2,099,999
Accounts payable and accrued liabilities	**35,367,063**	31,259,210	20,800,281
Income taxes payable	**14,306**	16,409	-
Distributions payable *(Note 9)*	**377,823**	323,463	269,390
Dividends payable *(Note 13)*	**29,139**	25,361	21,397
Derivative contracts *(Note 13)*	**12,700**	382,500	269,600
Current portion of long-term debt	**2,079,081**	1,753,768	1,911,478
Current portion of obligations under capital leases	**2,348,734**	1,751,050	1,437,702
	43,744,980	35,735,476	26,809,847
Long-term debt *(Note 7)*	**26,592,883**	19,003,741	12,704,760
Obligations under capital leases	**3,041,394**	2,844,121	3,164,735
Convertible exchange note	**-**	-	523,300
Unearned rebates	**24,141,682**	18,606,489	12,744,410
Exchangeable class A shares *(Note 13)*	**10,645,926**	6,535,017	4,526,023
Unit based payment obligation *(Note 14)*	**1,769,175**	731,492	347,054
	109,936,040	83,456,336	60,820,129
Equity			
Accumulated other comprehensive loss	**(2,385,541)**	(1,357,080)	-
Deficit	**(39,029,385)**	(35,264,805)	(45,220,254)
Unitholders' capital	**58,093,914**	57,983,678	57,932,732
Contributed surplus	**4,002,071**	4,002,071	4,002,071
	20,681,059	25,363,864	16,714,549
	$ 130,617,099	$ 108,820,200	$ 77,534,678

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

(Canadian dollars)

	Unitholders' Capital		Contributed	Accumulated Other	Deficit	Total
	Units	Amount	Surplus	Comprehensive Loss		Equity
Balances - January 1, 2010	10,771,591	$ 57,932,732	$ 4,002,071	$ -	$ (45,220,254)	$ 16,714,549
Issue costs	-	(6,653)				(6,653)
Retractions	10,511	57,599				57,599
Other comprehensive loss				(1,357,080)		(1,357,080)
Net earnings					13,472,612	13,472,612
Comprehensive earnings				(1,357,080)	13,472,612	12,115,532
Distributions to unitholders					(3,517,163)	(3,517,163)
Balances - December 31, 2010	10,782,102	$ 57,983,678	$ 4,002,071	$ (1,357,080)	$ (35,264,805)	$ 25,363,864
Issue costs	-	(9,657)				(9,657)
Retractions	12,831	119,893				119,893
Other comprehensive loss				(1,028,461)		(1,028,461)
Net earnings					(1,499,342)	(1,499,342)
Comprehensive earnings				(1,028,461)	(1,499,342)	(2,527,803)
Distributions to unitholders					(2,265,238)	(2,265,238)
Balances - June 30, 2011	10,794,933	$ 58,093,914	$ 4,002,071	$ (2,385,541)	$ (39,029,385)	$ 20,681,059
Balances - January 1, 2010	10,771,591	$ 57,932,732	$ 4,002,071	$ -	$ (45,220,254)	$ 16,714,549
Issue costs	-	(6,653)				(6,653)
Retractions	9,730	52,885				52,885
Other comprehensive loss				293,768		293,768
Net earnings					3,583,225	3,583,225
Comprehensive earnings				293,768	3,583,225	3,876,993
Distributions to unitholders					(1,670,825)	(1,670,825)
Balances - June 30, 2010	10,781,321	$ 57,978,964	$ 4,002,071	$ 293,768	$ (43,307,854)	$ 18,966,949

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS (Unaudited)
Six Months Ended June 30,
(Canadian dollars)

		2011		2010
Sales	**$**	**159,140,267**	$	107,201,581
Cost of sales		**87,628,189**		58,672,106
Gross margin		**71,512,078**		48,529,475
Operating expenses		**61,093,504**		41,871,430
Foreign exchange losses (gains)		**60,790**		(82,310)
Acquisition and transaction costs		**1,460,960**		293,700
Depreciation		**2,458,036**		1,757,317
Amortization of financing fees and intangible assets		**757,492**		473,603
Fair value adjustment to exchangeable shares *(Note 13)*		**4,230,801**		(24,766)
Fair value adjustment to unit options *(Note 14)*		**1,037,683**		2,855
Interest expense		**886,395**		595,285
(Loss) earnings before income taxes		**(473,583)**		3,642,361
Income tax expense				
Current		**83,301**		36,327
Deferred		**942,458**		22,809
		1,025,759		59,136
Net (loss) earnings	**$**	**(1,499,342)**	$	3,583,225

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Basic (loss) earnings per unit *(Note 12)*	**$**	**(0.139)**	$	0.332
Diluted (loss) earnings per unit *(Note 12)*	**$**	**(0.139)**	$	0.299
Weighted average number of units outstanding		**10,786,894**		10,780,734

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)
Six Months Ended June 30,

		2011		2010
Net (loss) earnings	**$**	**(1,499,342)**	$	3,583,225
Other comprehensive (loss) earnings,				
Change in unrealized loss on translating financial statements of foreign operations		**(1,028,461)**		293,768
Other comprehensive (loss) earnings, net of income taxes		**(1,028,461)**		293,768
Comprehensive (loss) earnings	**$**	**(2,527,803)**	$	3,876,993

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
Six Months Ended June 30,
(Canadian dollars)

	2011	2010
Cash flows from operating activities		
Net (loss) earnings	**$ (1,499,342)**	$ 3,583,225
Items not affecting cash		
Deferred income taxes	**942,458**	22,809
Amortization of financing fees and other intangible assets	**757,492**	473,603
Depreciation	**2,458,036**	1,757,317
Amortization of unearned rebates	**(977,155)**	(671,167)
Loss (gain) on disposal of equipment	**4,203**	(12,375)
Adjustment in liability for exchangeable class A shares	**4,230,801**	(24,766)
Interest accrued on class A exchangeable shares	**176,533**	131,433
Unit option compensation expense	**1,037,683**	2,855
Unrealized foreign exchange (gain) loss on internal loans	**(187,600)**	23,500
Unrealized loss (gain) on derivative contracts	**210,060**	(87,300)
Cash realized on settlement of internal loan	**569,700**	296,500
Realized (loss) gain on derivative contracts	**(515,860)**	48,000
	7,207,009	5,543,634
Changes in non-cash working capital items	**(1,903,645)**	384,173
	5,303,364	5,927,807
Cash flows provided by (used in) financing activities		
Issue costs	**(9,657)**	(6,653)
Increase in obligations under long-term debt	**6,529,908**	-
Repayment of long-term debt	**(1,078,303)**	(965,037)
Increase (decrease) in bank indebtedness	**3,280,753**	(1,712,721)
Repayment of obligations under capital leases	**(1,003,824)**	(747,840)
Proceeds on sale-leaseback agreement	**851,179**	1,035,001
Dividends paid on Class A common shares	**(172,755)**	(129,561)
Distributions paid to unitholders	**(2,210,878)**	(1,643,729)
Increase in unearned rebates	**6,098,421**	218,418
Repayment of unearned rebates	**(64,531)**	(65,251)
Increase in financing costs	**(4,938)**	-
Collection of rebates receivable	**708,905**	497,966
Repayment of convertible debt	**-**	(79,135)
	12,924,280	(3,598,542)
Cash flows used in investing activities		
Proceeds on sale of equipment	**48,443**	27,314
Equipment purchases and facility improvements	**(546,199)**	(603,667)
Acquisition and development of businesses	**(20,343,138)**	(666,730)
Software purchases	**(56,306)**	(41,247)
	(20,897,200)	(1,284,330)
Foreign exchange	**(520,502)**	(186,990)
Net (decrease) increase in cash position	**(3,190,058)**	857,945
Cash, beginning of period	**9,593,773**	5,085,548
Cash, end of period	**$ 6,403,715**	$ 5,943,493
Income taxes paid	**$ 280,681**	$ 42,773
Interest paid	**$ 900,490**	$ 602,233

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS (Unaudited)
Three Months Ended June 30,
(Canadian dollars)

		2011		2010
Sales	**$**	**77,567,348**	$	52,287,594
Cost of sales		**42,905,069**		28,394,524
Gross margin		**34,662,279**		23,893,070
Operating expenses		**29,757,768**		20,415,330
Foreign exchange losses		**37,594**		6,086
Acquisition and transaction costs		**1,290,508**		277,300
Depreciation		**1,199,294**		864,232
Amortization of financing fees and other intangible assets		**406,269**		234,607
Fair value adjustment to exchangeable shares *(Note 13)*		**3,042,846**		65,659
Fair value adjustment to unit options *(Note 14)*		**715,416**		30,097
Interest expense		**444,972**		301,607
		36,894,667		22,194,918
(Loss) earnings before income taxes		**(2,232,388)**		1,698,152
Income tax expense				
Current		**83,301**		36,327
Deferred		**71,191**		9,964
		154,492		46,291
Net (loss) earnings	**$**	**(2,386,880)**	$	1,651,861

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

Basic (loss) earnings per unit ***(Note 12)***	**$**	**(0.221)**	$	0.153
Diluted (loss) earnings per unit ***(Note 12)***	**$**	**(0.221)**	$	0.153
Weighted average number of units outstanding		**10,791,026**		10,780,734

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)
Three Months Ended June 30,

		2011		2010
Net (loss) earnings	**$**	**(2,386,880)**	$	1,651,861
Other comprehensive (loss) earnings				
Change in unrealized loss on translating financial statements of foreign operations		**(273,230)**		792,123
Other comprehensive (loss) earnings		**(273,230)**		792,123
Comprehensive (loss) earnings	**$**	**(2,660,110)**	$	2,443,984

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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
Three Months Ended June 30,
(Canadian dollars)

	2011	2010
Cash flows from operating activities		
Net (loss) earnings	**$ (2,386,880)**	$ 1,651,861
Items not affecting cash		
Deferred income taxes	**71,191**	9,964
Amortization of financing fees and other intangible assets	**406,269**	234,607
Depreciation	**1,199,294**	864,232
Amortization of unearned rebates	**(487,883)**	(334,862)
Loss on disposal of equipment	**2,726**	10,668
Adjustment in liability for exchangeable class A shares	**3,042,846**	65,659
Interest accrued on class A exchangeable shares	**87,831**	67,738
Unrealized foreign exchange (gain) loss on internal loans	**(5,200)**	178,500
Unrealized loss (gain) on derivative contracts	**9,160**	(153,900)
Cash realized on settlement of internal loan	**569,700**	296,500
Realized loss on derivative contracts	**(572,860)**	(202,200)
	2,651,610	2,699,022
Changes in non-cash working capital items	**(626,704)**	14,156
	2,024,906	2,713,178
Cash flows provided by (used in) financing activities		
Increase in obligations under long-term debt	**6,529,908**	-
Repayment of long-term debt	**(533,735)**	(448,601)
Increase (decrease) in bank indebtedness	**1,984,896**	(326,550)
Repayment of obligations under capital leases	**(518,023)**	(388,222)
Proceeds on sale-leaseback agreement	**659,571**	1,035,001
Dividends paid on Class A common shares	**(88,257)**	(65,656)
Distributions paid to unitholders	**(1,132,627)**	(835,473)
Increase in unearned rebates	**5,969,217**	126,348
Repayment of unearned rebates	**(64,531)**	(65,251)
Collection of rebates receivable	**350,900**	246,976
	13,157,319	(721,428)
Cash flows used in investing activities		
Proceeds on sale of equipment	**21,773**	17,741
Equipment purchases and facility improvements	**(273,216)**	(281,243)
Acquisition and development of businesses	**(19,692,192)**	(528,289)
Software Purchases	**(25,862)**	(19,824)
	(19,969,497)	(811,615)
Foreign exchange	**(475,467)**	(136,387)
Net (decrease) increase in cash position	**(5,262,739)**	1,043,748
Cash, beginning of period	**11,666,454**	4,899,745
Cash, end of period	**$ 6,403,715**	$ 5,943,493
Income taxes paid	**$ 3,297**	$ 6,968
Interest paid	**$ 446,313**	$ 302,283

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(UNAUDITED)*

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Boyd Group Income Fund (the "Fund") is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba on December 16, 2002. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the "Company"). A minority interest in the Company is held by Boyd Group Holdings Inc. ("BGHI"), which is controlled by the Fund. These financial statements reflect the activities of the Fund, the Company and all its subsidiaries including BGHI. The Company's business consists of the ownership and operation of autobody/autoglass repair facilities acquired either through the acquisition of existing businesses, or through site development resulting in new locations. The units of the Fund are listed on the Toronto Stock Exchange and trade under the symbol "BYD.UN". The head office and principal address of the Fund are located at 3570 Portage Avenue, Winnipeg, Manitoba, R3K 0Z8.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The Fund prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Fund has commenced reporting on this basis in these interim condensed consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These are the second interim condensed consolidated financial statements that the Fund has prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in Note 3, the Fund has consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 3 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's consolidated financial statements for the year ended December 31, 2010.

The policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of August 11, 2011, the date the Board of Trustees approved the statements. Any subsequent changes to IFRS that are given effect in the Fund's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim condensed consolidated financial statements, including the transition adjustments recognized on change-over to IFRS as disclosed in Note 3.

The interim condensed consolidated financial statements should be read in conjunction with the Fund's Canadian GAAP annual consolidated financial statements for the year ended December 31, 2010 as well as the interim condensed consolidated financial statements for the three months ended March 31, 2011 which discloses IFRS information for the year ended December 31, 2010 that is material to an understanding of these condensed consolidated interim financial statements.

b) Revenue recognition

The Fund recognizes revenue to the extent that it is probable that the economic benefits will flow to the Fund, the sales price is fixed or determinable and collectability is reasonably assured. Revenue is measured at the fair value of the consideration received. Revenue from the operation of autobody/autoglass facilities is recognized when the profitability of the repair can be measured reliably. As the majority of repairs are of short duration, revenue is recognized when the repair is complete or substantially complete.

c) *Inventory*

Inventory is valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

d) *Property, plant and equipment*

Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is calculated using the declining balance and straight line rates as disclosed in the property, plant and equipment note. Leasehold improvements are amortized on the straight-line basis over the period of estimated benefit.

An item of property, plant and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of earnings.

The Fund conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property, plant and equipment and any changes arising from the assessment are applied by the Fund prospectively.

e) *Consolidation*

The financial statements of the Fund consolidate the accounts of the Fund and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Subsidiaries are those entities which the Fund controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Fund controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Fund and are de-consolidated from the date that control ceases.

f) *Business combinations, goodwill and other intangible assets*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Fund in exchange for control of the acquired company. Acquisition costs are expensed as incurred. The acquired company's identifiable assets (including previously unrecognized intangible assets), liabilities and contingent liabilities are recognized at their fair values at the acquisition date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Fund's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Fund and the cost can be reliably measured. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets that do not have indefinite lives are amortized over their useful lives using an amortization method which reflects the economic benefit of the intangible asset. Customer relationships are amortized on a straight-line basis over the expected period of benefit of 20 years. Contractual rights are amortized on a straight-line basis over the term of the contract. Computer software is amortized on a straight-line basis over periods of three and five years.

g) Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Brand names are considered to have indefinite lives and are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit or "CGU"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists. As well, newly acquired goodwill is reviewed for impairment at the end of the year in which it was acquired.

Goodwill acquired through a business combination is allocated to each CGU, or group of CGUs, that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment losses on goodwill are not reversed.

The Fund evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

i) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of earnings except to the extent that it relates to items recognized directly in equity, in which case the income tax is recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Fund and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as current or non-current, depending on expected period of realization.

Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings.

j) Unearned rebates

Pre-paid purchase rebates are recorded as unearned rebates on the statement of financial position and amortized, as a reduction of the cost of purchases, on a straight-line basis over the term of the contract.

k) Unitholders' Capital

Under IAS 32, a financial instrument that gives the holder the right to put the instrument back to the issuer for cash or another financial asset (a 'puttable instrument') is a financial liability, except for those instruments that meet the exceptions to be classified as equity instruments. The trust units of the Fund meet the puttable equity exceptions and therefore are classified as equity.

The Fund's declaration of trust allows a unitholder to tender their units for cash redemption. This cash redemption right is restricted, at the Fund's option, to an aggregate cash amount of $25,000. Historically, the Fund has not been asked to redeem units for cash. As a result, the Fund does not have policies or processes for managing the potential redemption of units for cash.

l) Unit-Based Compensation

The Fund issues unit-based awards to certain employees in the form of unit options. The unit options are financial liabilities since the units are ultimately puttable back to the Fund in exchange for cash. The cost of cash-settled unit-based transactions is measured at fair value using a black-scholes model and expensed over the vesting period with the recognition of a corresponding liability. The liability is re-measured at each reporting date with changes in fair value recognized in earnings.

m) Earnings per unit

Basic earnings per unit is calculated by dividing the net earnings for the period attributable to equity owners of the Fund by the weighted average number of units outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of units outstanding and corresponding earnings impact for dilutive instruments. The number of shares included with respect to options is computed using the treasury stock method. The exchangeable Class A shares are evaluated as to whether or not they are dilutive based on the affect on earnings per unit of eliminating the liability adjustment for the period and increasing the weighted average number of units outstanding for the units that would be exchanged for the Class A shares.

n) Foreign currency translation

Items included in the financial statements of each subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the Fund's functional currency. The financial statements of entities that have a functional currency different from that of the Fund are translated into Canadian dollars. Assets and liabilities are translated into Canadian dollars at the noon rate of exchange prevailing at the statement of financial position dates and income and expense items are translated at the average exchange rate during the period (as this is considered a reasonable approximation to actual rates). The adjustment arising from the translation of these accounts is recognized in other comprehensive earnings as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive earnings related to the foreign operation are recognized in earnings. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive earnings related to the subsidiary are reallocated between controlling and non-controlling interests.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in earnings.

o) Financial instruments

Financial assets and liabilities are recognized when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Fund classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

Cash is classified as "Financial Assets at Fair Value Through Profit or Loss". This financial asset is marked-to-market through net earnings at each period end.

Derivative contracts are classified as "Financial Assets or Financial Liabilities at Fair Value Through Profit or Loss" with marked-to-market adjustments being recorded to net earnings at each period end.

Accounts receivable are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method, as reduced by appropriate allowances for estimated unrecoverable amounts.

Bank indebtedness, accounts payable and accrued liabilities, dividends payable, distributions payable and long-term debt are classified as "at Amortized Cost" and are net of any related financing fees or issue costs. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

As a result of the Fund's units being redeemable for cash, unit options and the exchangeable Class A shares of the Fund's subsidiary BGHI, are presented as financial liabilities and classified as "at Amortized Cost". The cost of cash-settled unit-based transactions is measured at fair value using a black-scholes model and expensed over the vesting period. The liability is re-measured at each reporting date with changes in fair value recognized in earnings. Exchangeable Class A shares are measured at the market price of the units of Fund as of the statement of financial position date. The market price is based on the ten day trading average for the units after such date.

Foreign exchange contracts entered into have not been designated as hedges. The unrealized portions of these derivatives are marked-to-market each period and recorded on the statement of financial position with unrealized gains/losses recognized in earnings each period.

For net investment hedging relationships, foreign exchange gains and losses are recognized in other comprehensive earnings. Amounts recorded in AOCI are recognized in net earnings when there is a disposition of the foreign subsidiary.

p) Pensions and other post-retirement benefits

The Company contributes to defined contribution pension plans of employees. Contributions are recognized within operating earnings at an amount equal to contributions payable for the period. Any outstanding contributions are recognized as liabilities within accruals.

q) Provisions

Provisions are recognized when the Fund has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The increase in the provision due to the passage of time is recognized as interest expense.

r) Use of estimates

The preparation of financial statements 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 statement of financial position date and reported amounts of revenues and expenses during the reporting period. The nature of estimation means that actual outcomes could differ from those estimates. The estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis. The valuation of accounts

receivable, property, plant and equipment, goodwill and intangible assets, and the benefit of deferred income tax assets are the most significant components of the Fund's financial statements subject to management estimates.

s) Accounting standards issued but not yet applied

Certain new or revised standards or interpretations have been issued but are not required to be adopted in the current period. The Fund has not early adopted these standards or interpretations.

IFRS 9 *Financial Instruments*, effective for annual periods beginning on or after January 1, 2013, is part of the International Accounting Standards Board's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The Fund is evaluating the potential effect of this new standard.

There are no other standards or interpretations that have been issued, but are not yet effective, that the Fund anticipates will have a material effect on the consolidated financial statements once adopted.

3. TRANSITION TO IFRS

The Fund has adopted IFRS effective January 1, 2010 ("the Transition Date") and has prepared its opening IFRS statement of financial position as at that date. Prior to the adoption of IFRS the Fund prepared its financial statements in accordance with Canadian GAAP. The Fund's consolidated financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply with IFRS. The Fund will ultimately prepare its opening IFRS statement of financial position by applying existing IFRS with an effective date of December 31, 2011 or prior. Accordingly, the opening IFRS statement of financial position and the December 31, 2010 comparative statement of financial position presented in the consolidated financial statements for the period ending December 31, 2011 may differ from those presented at this time.

(a) Elected exemptions from full retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, First ‐ time Adoption of International Financial Reporting Standards, the Fund has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described below.

(i) Business combinations

The Fund has applied the business combinations exemption in IFRS 1 such that IFRS 3, "Business Combinations" will not apply retrospectively to past business combinations. Accordingly, the Fund has not restated business combinations that took place prior to the Transition Date.

(ii) Cumulative translation differences

The Fund has elected to set the previously accumulated cumulative translation account, which was included in accumulated other comprehensive earnings, to zero at January 1, 2010.

(iii) Share ‐ based payment transactions

The Fund has elected to apply IFRS 2, Share ‐ based Payments to equity instruments that have not vested by the transition date.

(b) Mandatory exceptions to retrospective application

In preparing these condensed consolidated financial statements in accordance with IFRS 1 the Fund has applied a mandatory exception from full retrospective application of IFRS. The mandatory exception applied from full retrospective application of IFRS is described below.

(i) Estimates

Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Fund under Canadian GAAP are consistent with their application under IFRS.

(c) Reconciliation of equity as reported under Canadian GAAP and IFRS

The following is a reconciliation of the Fund's total equity reported in accordance with Canadian GAAP to its total equity in accordance with IFRS at the transition date:

Equity		**December 31, 2010**	**June 30, 2010**	**January 1, 2010**
Equity as reported under Canadian GAAP		$ 33,923,869	$ 23,923,993	$ 21,448,449
IFRS adjustments increase (decrease):				
Reset cumulative translation account	(i)	-	-	-
Liability treatment for exchangeable class A shares	(ii)	(6,535,017)	(4,448,373)	(4,526,023)
Liability treatment for unit options	(iii)	(742,690)	(349,909)	(347,054)
Deferred gain on sale-leaseback transaction	(iv)	95,016	134,938	139,177
Business combinations acquisition costs	(v)	(1,246,449)	(293,700)	-
Impairment of goodwill	(vi)	(130,865)	-	-
Equity as reported under IFRS		$ 25,363,864	$ 18,966,949	$ 16,714,549

(i) Cumulative Translation Differences

The Fund elected to set the cumulative translation amount of approximately $12 million under Canadian GAAP to zero upon transition to IFRS. This has been reflected as a reclassification between accumulated other comprehensive loss and retained earnings and thus does not affect reported equity.

(ii) Exchangeable Class A Shares

The Fund's units are puttable - meaning that holders of units may request that their units be redeemed for cash. This feature can result in units being classified as a liability. A "puttable exemption" exists that permits units to be classified as equity instead of a liability, despite this obligation to redeem units for cash. The Fund's units meet the conditions for the puttables exemption resulting in the units continuing to be presented as equity.

The "puttable exemption" does not apply to the exchangeable class A shares of Boyd Group Holdings Inc. and therefore these shares are reflected as a liability on the consolidated statement of financial position of the Fund.

(iii) Unit Options

The puttable feature of the units impacts the valuation and accounting for the unit options. The "puttable exemption" as described in item (ii) does not transfer to the classification of other instruments such as these options. Therefore, the commitment to deliver units in the future is recognized as a liability and valued at fair value at each statement of financial position date with changes in valuation recorded in earnings.

(iv) Sale-leaseback Transaction

During 2001, the Fund entered into a sale-leaseback transaction on property previously owned. Under Canadian GAAP, the gain on the transaction had been deferred and was being amortized into earnings over the term of the subsequent lease. IFRS permits the recognition of the gain on sale unless the transaction is not at fair value, in which case the difference between the transaction amount and fair value is reflected in the future lease payments. The sale was completed at fair value and the gain was immediately recognized in earnings under IFRS.

(v) Business combinations acquisition costs

A significant difference between previous Canadian GAAP and IFRS is the treatment of acquisition costs. Under previous Canadian GAAP, all acquisition related costs were included as part of the purchase price. IFRS requires all acquisition related costs to be expensed when incurred.

(vi) Impairment measurement difference

IFRS measures impairment by considering the higher of the selling price (measured as the fair value less selling costs) or the value in use. Applying IFRS to goodwill impairment has required the re-evaluation of many elements such as future cash flows, volatility, discount rate, treatment of taxes and overhead allocations. The impact has been to further write-down the goodwill for a business which was partially impaired under Canadian GAAP.

(d) Reconciliation of Net Earnings as Reported Under Canadian GAAP and IFRS

The following is a reconciliation of the Fund's net earnings reported in accordance with Canadian GAAP to its net earnings in accordance with IFRS for the year ended December 31, 2010, three months ended June 30, 2010 and six months ended June 30, 2010.

Net earnings		**Year ended December 31, 2010**	**Three months ended June 30, 2010**	**Six months ended June 30, 2010**
Net earnings as reported under Canadian GAAP		$ 17,591,598	$ 2,084,520	$ 3,970,177
IFRS adjustments increase (decrease):				
Adjustment in liability for exchangeable class A shares	(i)	(2,066,592)	(65,659)	24,766
Exchangeable class A share dividends treated as interest	(ii)	(276,304)	(67,738)	(131,433)
Adjustment in liability for unit options	(iii)	(354,616)	(19,842)	17,655
Deferred gain on sale-leaseback transaction	(iv)	(44,160)	(2,120)	(4,240)
Business combinations acquisition costs	(v)	(1,246,449)	(277,300)	(293,700)
Impairment of goodwill measurement difference	(vi)	(130,865)	-	-
Net earnings as reported under IFRS		$ 13,472,612	$ 1,651,861	$ 3,583,225

(i) Exchangeable Class A Shares

The exchangeable class A shares are treated as financial liabilities as described in 3(c)(ii). Period to period changes in this liability as a result of changes to the market price for the Fund's units are recognized in earnings. The impact of this treatment is that unit price increases the exchangeable class A share liability with an expense being recorded to earnings.

(ii) Dividends on Class A Shares

As a result of the exchangeable class A shares being treated as liabilities, dividends are recorded to net earnings rather than directly to equity.

(iii) Unit Options

As described in 3(c)(iii), changes in the valuation of the unit options are recorded in earnings.

(iv) Sale-leaseback Transaction

As a result of eliminating the deferred gain related to the sale-leaseback transaction, the amortization of the gain which had been recorded to earnings is also eliminated.

(v) Business combinations acquisition costs

As described in 3(c)(v), acquisition costs pertaining to 2010 acquisitions are expensed as incurred under IFRS.

(vi) Impairment measurement difference

As described in 3(c)(vi), a measurement difference resulted from the application of the IFRS impairment standard.

(e) Reconciliation of Comprehensive Earnings as Reported Under Canadian GAAP to IFRS

The following is a reconciliation of the Fund's comprehensive earnings reported in accordance with Canadian GAAP to its comprehensive earnings in accordance with IFRS for the year ended December 31, 2010, three months ended June 30, 2010 and six months ended June 30, 2010.

Comprehensive Earnings		**Year ended December 31, 2010**	**Three months ended June 30, 2010**	**Six months ended June 30, 2010**
Comprehensive earnings as reported under Canadian GAAP		$ 16,234,518	$ 2,876,643	$ 4,263,945
IFRS adjustments (decrease) increase:				
Adjustments to net earnings	(i)	(4,118,986)	(432,659)	(386,952)
Comprehensive earnings as reported under IFRS		$ 12,115,532	$ 2,443,984	$ 3,876,993

(i) Adjustments to Net Earnings

Reflects the differences in net earnings under Canadian GAAP and IFRS as described in 3(d) for the respective periods.

(f) Adjustments to the Statement of Cash Flows
The transition from Canadian GAAP to IFRS had no significant impact on cash flows generated by the Fund. The IFRS adjustments as described in 3(d)(iv) did result in the reclassification of cash flows related to acquisition costs from investing activities to operating activities.

4. ACQUISITIONS

On June 30, 2011, the Company completed a transaction acquiring Cars Collision Center of Colorado, LLC and Cars Collision Center, LLC (together, "Cars"). Cars operates a total of 28 collision repair centers in the U.S. states of Illinois, Indiana, and Colorado. Funding for the transaction was a combination of cash, U.S. senior term bank debt, third-party financing and a seller take-back note.

The Fund also completed one other acquisition during the year. On May 1, 2011, the Company acquired the business and assets of McDonough Collision. located in McDonough, Georgia.

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

	2011		
Identifiable net assets acquired at fair value:	Cars	Other Acquisitions	**Total**
Current assets	$ 2,970,508	$ -	**$ 2,970,508**
Property, plant and equipment	5,914,724	554,933	**6,469,657**
Identified intangible assets			
Customer relationships	7,115,000	-	**7,115,000**
Brand name	445,000	-	**445,000**
Non-compete agreements	445,000	-	**445,000**
Computer software	270,000	-	**270,000**
Liabilities assumed	(7,001,872)	-	**(7,001,872)**
Identifiable net assets acquired	10,158,360	554,933	**10,713,293**
Goodwill	9,619,491	-	**9,619,491**
Total purchase consideration	$ 19,777,851	$ 554,933	**$ 20,332,784**
Consideration provided			
Cash	$ 16,884,951	$ 288,513	**$ 17,173,464**
Vendor exchange notes	2,892,900	266,420	**3,159,320**
Total consideration provided	$ 19,777,851	$ 554,933	**$ 20,332,784**

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.

5. GOODWILL

	June 30, 2011	December 31, 2010
Goodwill	**$ 26,361,893**	$ 16,956,764

During 2011, $9,744,532 (2010 - $3,214,419) 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.

6. INTANGIBLE ASSETS

	June 30, 2011		December 31, 2010	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Customer relationships	**$ 25,395,893**	**$ (4,840,299)**	$ 18,856,712	$ (4,512,666)
Brand name	**3,956,523**	**-**	3,620,344	-
Computer software	**2,142,357**	**(1,524,159)**	1,844,983	(1,471,711)
Non-compete agreements	**1,462,839**	**(413,088)**	849,388	(237,342)
Zoned property rights	**48,887**	**(37,807)**	50,423	(36,474)
	$ 33,006,499	**$ (6,815,353)**	$ 25,221,850	$ (6,258,193)
Net Book Value	**$ 26,191,146**		$ 18,963,657	

As a result of the acquisition of Cars, $7,115,000 was recorded to customer relationships, $445,000 was recorded to non-compete agreements, $445,000 was recorded to brand name and $270,000 was recorded to computer software. 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.

7. LONG-TERM DEBT

Long-term debt is comprised of the following:	**June 30, 2011**	December 31, 2010

U.S. senior term facility, with a U.S. bank secured by the shares and assets, excluding receivables, of The Gerber Group, Inc. (a subsidiary of the Company) as well as a guarantee by The Boyd Group, Inc. and 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 three year promissory note due July 31, 2013 with quarterly repayments of $375,000 U.S. and then on June 30, 2011 the facility was further extended with a new three year promissory note due July 31, 2014 with quarterly payments 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 up to an additional seven years with continuing quarterly repayments. 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

	2011	2010
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 balance is net of financing fees of $94,543 (2010 - $99,475).	**$ 9,910,071**	$ 10,965,450
U.S. senior term facility, with a U.S. bank secured by the shares and assets, excluding receivables, of True2Form (a subsidiary of the Company) as well as a guarantee by The Boyd Group, Inc. and a third party guarantee with terms and conditions similar to the initial U.S. senior term facility. The facility was supported by an initial three year, interest only, promissory note due July 31, 2013. On June 30, 2011 the facility ws extended with a new three year promissory note due July 31, 2014 with quarterly repayments of $201,000 U.S. commencing on October 31, 2013 and continuing thereafter on the last day of each of January, April, July 2014. The final quarterly instalment also includes the remaining principle 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 eleven years with quarterly principle repayments. 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 $146,647 (2010 - $156,625).	**6,568,738**	6,769,770
U.S. senior term facility, with a U.S. bank secured by the shares and assets, excluding receivables, of Cars (a subsidiary of the Company) as well as a guarantee by The Boyd Group, Inc. and a third party guarantee with terms and conditions similar to the existing U.S. senior term facilities. The facility is supported by an initial three year, interest only, promissory note due July 31, 2014 unless extended. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for up to an additional twelve years with quarterly principle repayments beginning on October 31, 2014. 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%.	**6,446,346**	-
Seller notes payable of $5,959,366 U.S. on the financing of certain acquisitions, unsecured, at interest rates ranging from 5.0% to 8.0%. The notes are repayable from July 2011 to October 2025 in the same currency as the related note.	**5,746,809**	3,022,289
	28,671,967	20,757,509
Current portion	**2,079,081**	1,753,768
	$ 26,592,883	$ 19,003,741

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.

2012	$ 2,079,081
2013	2,069,330
2014	2,472,184
2015	2,905,485
2016	4,518,674

8. 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 initial 15 year term of the agreement or any addendums to 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 or a change in control, 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 and quarterly rebates of $125,000 U.S. are collectible by the Company until May 31, 2016. 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 $5,573,075. Beginning on September 30, 2011, the Company will also receive additional regularly scheduled rebates in quarterly instalments of $120,000 U.S. for a period of six years ending on June 30, 2017. 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.

9. DISTRIBUTIONS

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 were declared and paid as follows:

Record Date	Payment Date	Distribution per Unit	Distribution Amount
January 31, 2011	February 24, 2011	$ 0.035	**$ 377,391**
February 28, 2011	March 29, 2011	0.035	**377,397**
March 31, 2011	April 27, 2011	0.035	**377,397**
April 30, 2011	May 27, 2011	0.035	**377,413**
May 31, 2011	June 28, 2011	0.035	**377,817**
June 30, 2011	July 27, 2011	0.035	**377,823**
		$ 0.210	**$ 2,265,238**

10. 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, IFRS requires the Fund to provide geographical disclosure of segments. For the periods reported, all of the Fund's revenues were derived within Canada or the United States of America. Reportable assets include property, plant and equipment, goodwill and intangible assets which are all located within these two geographic areas.

	Revenues		Reportable Assets	
	June 30, 2011	June 30, 2010	**June 30, 2011**	December 31, 2010
Canada	**$ 38,250,953**	$ 35,428,882	**$ 16,043,335**	$ 15,634,215
United States	**120,889,314**	71,772,699	**68,834,989**	46,415,881
Total	**$ 159,140,267**	$ 107,201,581	**$ 84,878,324**	$ 62,050,096

11. SEASONALITY

The Fund's financial results for any individual quarter are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to regional and local weather, market conditions, and in particular, to cyclical variations in economic activity.

12. EARNINGS PER UNIT

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
a) Earnings:				
Net (loss) earnings	**$ (2,386,880)**	$ 1,651,861	**$ (1,499,342)**	$ 3,583,225
Less:				
Dilutive impact of exchange of class A exchangeable shares	**-**	-	**-**	(77,650)
Dilutive impact of calculated unit option conversion	**-**	-	**-**	2,855
Net (loss) earnings – diluted basis	**$ (2,386,880)**	$ 1,651,861	**$ (1,499,342)**	$ 3,508,430
b) Number of units and Class A common shares:				
Average number of units and Class A common shares outstanding	**10,791,026**	10,780,734	**10,786,894**	10,779,451
Add:				
Dilutive impact of exchange of class A exchangeable shares	**-**	-	**-**	846,751
Calculated unit option conversion	**-**	-	**-**	117,152
Average number of units and Class A common shares outstanding – diluted basis	**10,791,026**	10,780,734	**10,786,894**	11,743,354
(Loss) earnings per unit (a) divided by (b)				
Basic	**$ (0.221)**	$ 0.153	**$ (0.139)**	$ 0.332
Diluted	**$ (0.221)**	$ 0.153	**$ (0.139)**	$ 0.299

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 enters into foreign exchange contracts. In accordance with IFRS, these contracts are marked to market monthly with unrealized gains and losses included in earnings. At June 30, 2011 there were no contracts outstanding.

For the six month period ending June 30, 2011 the Fund has recorded to earnings unrealized losses related to these contracts in the amount of $64,000 (2010 – gains of $271,900). During the first six months of 2011, the Fund realized foreign exchange gains in the amount of $84,340 (2010 – $366,600).

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 2010, $8,000,000 U.S. was lent to the Canadian operations on a short-term basis and exchanged into Canadian dollars. In the first six months of 2011, the Company recorded a foreign exchange gain of $198,000 on this loan. These funds were repaid in June 2011. The Company had also entered into a $8,000,000 forward foreign exchange contract to purchase U.S. funds to protect against foreign exchange exposure during the loan term. During the six months ending June 30, 2011 the Company recorded to earnings a loss related to this contract in the amount of $217,700. In June 2011, the Company made a new short-term loan for $8,000,000 and entered into a new forward foreign exchange contract. The unrealized loss on this loan at June 30, 2011 was $10,400 and the unrealized loss and fair value payable related to the forward foreign exchange contract was $12,700.

Exchangeable Class A Shares

The Class A common shares of BGHI are exchangeable into units of the Fund. To facilitate the exchange, BGHI issues one Class B common share to the Fund for each Class A common share that has been retracted. The Fund in turn issues a trust unit to the Class A common shareholder. The exchangeable feature results in the Class A common shares of BGHI being presented as financial liabilities of the Fund. Exchangeable Class A shares are measured at the market price of the units of the Fund as of the statement of financial position date. The market price is based on a ten day trading average for the units at such date. Exchanges are recorded at carrying value. At June 30, 2011 there were 807,121 (December 31, 2010 – 819,952) shares outstanding with a carrying value of $10,645,926 (December 31, 2010 - $6,535,017).

Dividends on the exchangeable class A shares are recorded as interest expense and were declared and paid as follows:

Record Date	Payment Date	Dividend per Share	Dividend Amount
January 31, 2011	February 24, 2011	$ 0.035	$ 29,572
February 28, 2011	March 29, 2011	0.035	29,565
March 31, 2011	April 27, 2011	0.035	29,565
April 30, 2011	May 27, 2011	0.035	29,548
May 31, 2011	June 28, 2011	0.035	29,144
June 30, 2011	July 27, 2011	0.035	29,139
		$ 0.210	$ 176,533

During the three and six month periods ending June 30, 2011, an expense in the amount of $3,042,846 (2010 - $65,659) and $4,230,801 (2010 – income of $24,766) was recorded to earnings related to these exchangeable shares.

14. UNIT BASED PAYMENT OBLIGATION

Pursuant to the Fund's Option Agreement and Confirmation, the Fund has granted options to purchase units of the Fund to certain key executives. The following options are outstanding at June 30, 2011:

Date Granted	Issue Date	Number of Units	Exercise Price	Expiry Date	Fair Value
January 11, 2006	January 11, 2006	200,000	$1.91	January 11, 2016	$ 891,981
November 8, 2007	January 2, 2008	150,000	$2.70	January 2, 2018	$ 364,576
November 8, 2007	January 2, 2009	150,000	$3.14	January 2, 2019	$ 298,687
November 8, 2007	January 2, 2010	150,000	$5.41	January 2, 2020	$ 213,931
		650,000			$ 1,769,175

On January 11, 2006, the Fund granted options which permit the purchase of in the aggregate up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on September 23, 2015. The exercise price, which was set at the time of granting, is the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being $1.91 per unit. The weighted-average fair value of the options at issuance was estimated at $66,000 or $0.33 per option. The fair value of each option was estimated using a binomial option pricing model with the following weighted average assumptions used for the options granted: dividend yield 8.0%, expected volatility 39.57%, risk free interest rate 4.16%, term 9 years and 255 days.

On November 8, 2007, the Fund granted additional options to certain key employees allowing them to purchase in the aggregate up to 450,000 units of the Fund, such options to be issued to purchase up to 150,000 units on each of January 2, 2008, 2009 and 2010 exercisable on, but not before, the 10th anniversary of the respective issue date. The purchase price per Fund unit under the options issued on each issue date shall be the greater of the closing price for Fund units on the Toronto Stock Exchange on the option grant date (being $2.70 per unit) and the weighted average trading price of the Fund units on the Toronto Stock Exchange for the first 15 trading days in the month of January in which each issue date falls. Such options shall not be exercisable if, for any reason, other than dismissal "without cause", the grantee is not an officer or employee of the Fund, or any of its subsidiaries 9 years, 255 days after each of the option issue dates in question. However, the grantee has the right to exercise the option to purchase the Fund units if there is a "takeover bid" for Fund units. The weighted-average fair value of the options is estimated at $344,000 or $0.76 per option. The fair value of each option was estimated using a binomial option pricing model with the following weighted average assumptions used for the options granted: dividend yield 8.0%, expected volatility 68.30%, risk free interest rate 4.38%, term 10, 11 and 12 years respectively.

During the three and six month periods ending June 30, 2011, an expense in the amount of $715,416 (2010 - $30,097) and $1,037,683 (2010 –$2,855) was recorded to earnings related to these unit options.