



BOYD GROUP INCOME FUND

Interim Condensed Consolidated Financial Statements

Three and Nine Months Ended September 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 STATEMENT OF FINANCIAL POSITION (Unaudited)
(Canadian dollars)

	September 30, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash	\$ 16,966,785	\$ 9,593,773	\$ 5,085,548
Accounts receivable	22,460,407	18,704,749	15,471,712
Income taxes recoverable	-	-	102,021
Inventory	6,712,568	5,779,603	3,611,341
Prepaid expenses	2,521,337	1,866,785	1,465,989
Derivative contracts (Note 14)	639,300	64,000	329,400
	49,300,397	36,008,910	26,066,011
Property, plant and equipment	34,273,016	26,129,675	19,744,350
Deferred income tax asset	10,080,753	10,761,194	1,063,482
Intangible assets (Note 6)	27,745,208	18,963,657	13,848,185
Goodwill (Note 5)	28,470,746	16,956,764	16,812,650
	\$ 149,870,120	\$ 108,820,200	\$ 77,534,678
Liabilities and Equity			
Current liabilities:			
Bank indebtedness	\$ -	\$ 223,715	\$ 2,099,999
Accounts payable and accrued liabilities	38,107,449	31,259,210	20,800,281
Income taxes payable	13,112	16,409	-
Distributions payable (Note 10)	438,428	323,463	269,390
Dividends payable (Note 14)	14,033	25,361	21,397
Derivative contracts (Note 14)	-	382,500	269,600
Current portion of long-term debt (Note 7)	2,245,032	1,753,768	1,911,478
Current portion of obligations under capital leases	2,368,677	1,751,050	1,437,702
	43,186,731	35,735,476	26,809,847
Long-term debt (Note 7)	27,989,844	19,003,741	12,704,760
Obligations under capital leases	3,559,594	2,844,121	3,164,735
Convertible exchange note	-	-	523,300
Unearned rebates (Note 8)	24,723,307	18,606,489	12,744,410
Exchangeable class A shares (Note 14)	3,195,726	6,535,017	4,526,023
Unit based payment obligation (Note 15)	1,092,847	731,492	347,054
	103,748,049	83,456,336	60,820,129
Equity			
Accumulated other comprehensive gain (loss)	875,320	(1,357,080)	-
Deficit	(33,704,840)	(35,264,805)	(45,220,254)
Unitholders' capital (Note 9)	74,949,520	57,983,678	57,932,732
Contributed surplus	4,002,071	4,002,071	4,002,071
	46,122,071	25,363,864	16,714,549
	\$ 149,870,120	\$ 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 Comprehensive Gain	Deficit	Total
	Units	Amount	Surplus	(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	-	(1,293,967)				(1,293,967)
Units issued from treasury (Note 9)	1,300,000	13,975,000				13,975,000
Retractions	444,426	4,284,809				4,284,809
Other comprehensive earnings				2,232,400		2,232,400
Net earnings					5,019,521	5,019,521
Comprehensive earnings				2,232,400	5,019,521	7,251,921
Distributions to unitholders					(3,459,556)	(3,459,556)
Balances - September 30, 2011	12,526,528	\$ 74,949,520	\$ 4,002,071	\$ 875,320	\$ (33,704,840)	\$ 46,122,071
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	9,843	53,497				53,497
Other comprehensive loss				(288,576)		(288,576)
Net earnings					5,523,441	5,523,441
Comprehensive earnings				(288,576)	5,523,441	5,234,865
Distributions to unitholders					(2,573,764)	(2,573,764)
Balances - September 30, 2010	10,781,434	\$ 57,979,576	\$ 4,002,071	\$ (288,576)	\$ (42,270,577)	\$ 19,422,494

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

*Nine Months Ended September 30,
(Canadian dollars)*

	2011	2010
Sales	\$ 256,473,274	\$ 176,201,037
Cost of sales	141,440,509	96,157,345
Gross margin	115,032,765	80,043,692
Operating expenses	98,342,164	68,329,409
Foreign exchange gains	(46,177)	(67,123)
Acquisition and transaction costs	1,611,666	764,300
Depreciation	4,247,735	2,911,129
Amortization of financing fees and intangible assets	1,329,358	812,764
Fair value adjustment to exchangeable shares (Note 14)	945,517	566,080
Fair value adjustment to unit options (Note 15)	361,355	107,678
Interest expense	1,474,789	1,029,438
	108,266,407	74,453,675
Earnings before income taxes	6,766,358	5,590,017
Income tax expense		
Current	80,556	36,327
Deferred	1,666,281	30,249
	1,746,837	66,576
Net earnings	\$ 5,019,521	\$ 5,523,441
<i>The accompanying notes are an integral part of these interim condensed consolidated financial statements</i>		
Basic earnings per unit (Note 13)	\$ 0.462	\$ 0.512
Diluted earnings per unit (Note 13)	\$ 0.462	\$ 0.512
Weighted average number of units outstanding	10,854,139	10,780,093

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)

Nine Months Ended September 30,

	2011	2010
Net earnings	\$ 5,019,521	\$ 5,523,441
Other comprehensive earnings (loss),		
Change in unrealized earnings (loss) on translating financial statements of foreign operations	2,232,400	(288,576)
Other comprehensive earnings (loss), net of income taxes	2,232,400	(288,576)
Comprehensive earnings	\$ 7,251,921	\$ 5,234,865

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Nine Months Ended September 30,
(Canadian dollars)

	2011	2010
Cash flows from operating activities		
Net earnings	\$ 5,019,521	\$ 5,523,441
Items not affecting cash		
Deferred income taxes	1,666,281	30,249
Amortization of financing fees and intangible assets	1,329,358	812,764
Depreciation	4,247,735	2,911,129
Amortization of unearned rebates	(1,615,336)	(1,115,608)
Gain on disposal of equipment	(4,246)	(15,319)
Adjustment in liability for exchangeable class A shares	945,517	566,080
Interest accrued on class A exchangeable shares	248,600	202,296
Unit option compensation expense	361,355	107,678
Unrealized foreign exchange loss (gain) on internal loans	409,200	(130,500)
Unrealized (gain) loss on derivative contracts	(441,940)	82,330
Cash realized on settlement of internal loan	569,700	296,500
Realized (loss) gain on derivative contracts	(515,860)	80,170
	12,219,885	9,351,210
Changes in non-cash working capital items	(1,174,648)	2,085,731
	11,045,237	11,436,941
Cash flows provided by financing activities		
Fund units issued from treasury	13,975,000	-
Issue costs	(1,743,186)	(6,653)
Increase in obligations under long-term debt	6,529,908	7,261,363
Repayment of long-term debt	(1,713,668)	(1,532,392)
Decrease in bank indebtedness	(235,381)	(684,198)
Repayment of obligations under capital leases	(1,580,518)	(1,184,092)
Proceeds on sale-leaseback agreement	1,154,521	1,116,222
Dividends paid on Class A common shares	(259,928)	(199,369)
Distributions paid to unitholders	(3,344,591)	(2,533,188)
Increase in unearned rebates	6,301,448	6,574,006
Repayment of unearned rebates	(144,460)	(65,251)
Increase in financing costs	(4,938)	(97,420)
Collection of rebates receivable	1,183,952	875,474
Repayment of convertible debt	-	(79,135)
	20,118,159	9,445,367
Cash flows used in investing activities		
Proceeds on sale of equipment	63,352	44,651
Equipment purchases and facility improvements	(867,615)	(878,809)
Acquisition and development of businesses	(22,081,447)	(16,133,247)
Software purchases	(178,665)	(41,840)
	(23,064,375)	(17,009,245)
Foreign exchange	(726,009)	(331,646)
Net increase in cash position	7,373,012	3,541,417
Cash, beginning of period	9,593,773	5,085,548
Cash, end of period	\$ 16,966,785	\$ 8,626,965
Income taxes paid	\$ 279,248	\$ 42,773
Interest paid	\$ 1,553,739	\$ 784,403

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

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

	2011	2010
Sales	\$ 97,333,007	\$ 68,999,455
Cost of sales	53,812,320	37,485,240
Gross margin	43,520,687	31,514,215
Operating expenses	37,248,660	26,457,977
Foreign exchange (gains) losses	(106,967)	15,187
Acquisition and transaction costs	150,706	470,600
Depreciation	1,789,699	1,153,812
Amortization of financing fees and intangible assets	571,866	339,161
Fair value adjustment to exchangeable shares (Note 14)	(3,285,284)	590,846
Fair value adjustment to unit options (Note 15)	(676,328)	104,823
Interest expense	588,394	434,153
	36,280,746	29,566,559
Earnings before income taxes	7,239,941	1,947,656
Income tax expense		
Current	(2,745)	-
Deferred	723,823	7,440
	721,078	7,440
Net earnings	\$ 6,518,863	\$ 1,940,216

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

Basic earnings per unit (Note 13)	\$	0.593	\$	0.180
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Diluted earnings per unit (Note 13)	\$	0.220	\$	0.180
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Weighted average number of units outstanding		10,986,438		10,781,358
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INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)*Three Months Ended September 30,*

	2011	2010
Net earnings	\$ 6,518,863	\$ 1,940,216
Other comprehensive earnings (loss)		
Change in unrealized earnings (loss) on translating financial statements of foreign operations	3,260,861	(582,344)
Other comprehensive earnings (loss)	3,260,861	(582,344)
Comprehensive earnings	\$ 9,779,724	\$ 1,357,872

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Three Months Ended September 30,

(Canadian dollars)

	2011	2010
Cash flows from operating activities		
Net earnings	\$ 6,518,863	\$ 1,940,216
Items not affecting cash		
Deferred income taxes	723,823	7,440
Amortization of financing fees and intangible assets	571,866	339,161
Depreciation	1,789,699	1,153,812
Amortization of unearned rebates	(638,181)	(444,441)
Gain on disposal of equipment	(8,449)	(2,944)
Adjustment in liability for exchangeable class A shares	(3,285,284)	590,846
Interest accrued on class A exchangeable shares	72,067	70,863
Unit option compensation expense	(676,328)	104,823
Unrealized foreign exchange loss (gain) on internal loans	596,800	(154,000)
Unrealized (gain) loss on derivative contracts	(652,000)	169,630
Cash realized on settlement of derivative contracts	-	32,170
	5,012,876	3,807,576
Changes in non-cash working capital items	728,997	1,701,558
	5,741,873	5,509,134
Cash flows provided by financing activities		
Fund units issued from treasury	13,975,000	-
Issue costs	(1,733,529)	-
Increase in obligations under long-term debt	-	7,261,363
Repayment of long-term debt	(635,365)	(567,355)
(Decrease) increase in bank indebtedness	(3,516,134)	1,028,523
Repayment of obligations under capital leases	(576,694)	(436,252)
Proceeds on sale-leaseback agreement	303,342	81,221
Dividends paid on Class A common shares	(87,173)	(69,808)
Distributions paid to unitholders	(1,133,713)	(889,459)
Increase in unearned rebates	203,027	6,355,588
Repayment of unearned rebates	(79,929)	-
Increase in financing costs	-	(97,420)
Collection of rebates receivable	475,047	377,508
	7,193,879	13,043,909
Cash flows used in investing activities		
Proceeds on sale of equipment	14,909	17,337
Equipment purchases and facility improvements	(321,416)	(275,142)
Acquisition and development of businesses (net of cash acquired)	(1,738,309)	(15,466,517)
Software Purchases	(122,359)	(593)
	(2,167,175)	(15,724,915)
Foreign exchange	(205,507)	(144,656)
Net increase in cash position	10,563,070	2,683,472
Cash, beginning of period	6,403,715	5,943,493
Cash, end of period	\$ 16,966,785	\$ 8,626,965
Income taxes recovered	\$ (1,433)	\$ -
Interest paid	\$ 653,250	\$ 311,731

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 third 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 November 8, 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	September 30, 2010	January 1, 2010
Equity as reported under Canadian GAAP		\$ 33,923,869	\$ 25,547,317	\$ 21,448,449
IFRS adjustments increase (decrease):				
Reset cumulative translation account	(i)	-	-	-
Liability treatment for exchangeable class A shares	(ii)	(6,535,017)	(5,038,607)	(4,526,023)
Liability treatment for unit options	(iii)	(742,690)	(454,732)	(347,054)
Deferred gain on sale-leaseback transaction	(iv)	95,016	132,816	139,177
Business combinations acquisition costs	(v)	(1,246,449)	(764,300)	-
Impairment of goodwill	(vi)	(130,865)	-	-
Equity as reported under IFRS		\$ 25,363,864	\$ 19,422,494	\$ 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 September 30, 2010 and nine months ended September 30, 2010.

Net earnings		Year ended December 31, 2010	Three months ended September 30, 2010	Nine months ended September 30, 2010
Net earnings as reported under Canadian GAAP		\$ 17,591,598	\$ 3,169,213	\$ 7,139,390
IFRS adjustments increase (decrease):				
Adjustment in liability for exchangeable class A shares	(i)	(2,066,592)	(590,846)	(566,080)
Exchangeable class A share dividends treated as interest	(ii)	(276,304)	(70,863)	(202,296)
Adjustment in liability for unit options	(iii)	(354,616)	(94,568)	(76,913)
Deferred gain on sale-leaseback transaction	(iv)	(44,160)	(2,120)	(6,360)
Business combinations acquisition costs	(v)	(1,246,449)	(470,600)	(764,300)
Impairment of goodwill measurement difference	(vi)	(130,865)	-	-
Net earnings as reported under IFRS		\$ 13,472,612	\$ 1,940,216	\$ 5,523,441

(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 September 30, 2010	Nine months ended September 30, 2010
Comprehensive earnings as reported under Canadian GAAP		\$ 16,234,518	\$ 2,586,869	\$ 6,850,814
IFRS adjustments (decrease) increase:				
Adjustments to net earnings	(i)	(4,118,986)	(1,228,997)	(1,615,949)
Comprehensive earnings as reported under IFRS		\$ 12,115,532	\$ 1,357,872	\$ 5,234,865

(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:

Identifiable net assets acquired at fair value:	2011		
	Cars	Other Acquisitions	Total
Current assets	\$ 3,060,437	\$ -	\$ 3,060,437
Property, plant and equipment	5,284,677	554,933	5,839,610
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	(7,210,450)	-	(7,210,450)
Identifiable net assets acquired	9,409,664	554,933	10,713,293
Goodwill	10,300,003	-	10,300,003
<hr/>			
Total purchase consideration	\$ 19,709,667	\$ 554,933	\$ 20,264,600
<hr/>			
Consideration provided			
Cash	\$ 16,816,767	\$ 288,513	\$ 17,105,280
Vendor exchange notes	2,892,900	266,420	3,159,320
Total consideration provided	\$ 19,709,667	\$ 554,933	\$ 20,264,600

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

September 30, 2011 December 31, 2010

Goodwill	\$ 28,470,746	\$ 16,956,764
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During 2011, \$10,300,003 (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

	<u>September 30, 2011</u>		<u>December 31, 2010</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Customer relationships	\$ 27,360,565	\$ (5,563,370)	\$ 18,856,712	\$ (4,512,666)
Brand name	4,262,607	-	3,620,344	-
Computer software	2,354,446	(1,624,619)	1,844,983	(1,471,711)
Non-compete agreements	1,483,549	(538,590)	849,388	(237,342)
Zoned property rights	52,669	(42,049)	50,423	(36,474)
	\$ 35,513,836	\$ (7,768,628)	\$ 25,221,850	\$ (6,258,193)

Net Book Value	<u>\$ 27,745,208</u>	<u>\$ 18,963,657</u>
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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:

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
2006 U.S. senior term facility	\$ 10,296,923	\$ 10,965,450
2010 U.S. senior term facility	7,079,713	6,769,770
2011 U.S. senior term facility	6,945,047	-
Seller notes	5,913,193	3,022,289
	30,234,876	20,757,509
Current portion	2,245,032	1,753,768
	\$ 27,989,844	\$ 19,003,741

2006 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 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 \$92,077 (2010 - \$99,475).

2010 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 was 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, at the then current market terms, 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 \$155,187 (2010 - \$156,625).

2011 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, at the then current market terms, 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%.

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 October 2011 to October 2025 in the same currency as the related note.

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	\$ 2,245,035
2013	2,223,488
2014	2,745,296
2015	4,863,388
2016	3,154,825

8. UNEARNED REBATES

During the second quarter of 2011, 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 additional regularly scheduled rebates are collectible in quarterly instalments of \$120,000 U.S. for a period of six years ending on May 31, 2017. The prepaid rebate and the additional quarterly rebates are 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.

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. Including the rebates described above, aggregate quarterly rebates of \$482,500 U.S. are collectible by the Company until February 28, 2012, reducing to quarterly rebates of \$245,000 U.S. collectible from May 31, 2012 until May 31, 2016 and then reducing to \$120,000 U.S. collectible from August 31, 2016 to May 31, 2017. 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.

9. CAPITAL

Unitholders' Capital

Authorized:

Unlimited number of trust units

On September 27, 2011 the Fund completed a bought deal public offering where it sold to an underwriting syndicate 1,963,231 trust units, of which 1,300,000 units were issued out of treasury, 463,231 units were sold by Terry Smith who at the time was the Executive Chairman of the Fund and 200,000 units were sold by Eddie Cheskis, an officer of one of the Company's subsidiaries. The price of the offering was \$10.75 per unit, resulting in gross proceeds to the Fund of \$13,975,000. The cost, net of tax, to issue the units was \$1,284,310 (tax of \$449,219) and was netted against the proceeds.

10. 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:

<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution per Unit</u>	<u>Distribution Amount</u>
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
July 31, 2011	August 29, 2011	0.035	377,918
August 31, 2011	September 28, 2011	0.035	377,972
September 30, 2011	October 27, 2011	0.035	438,428
		\$ 0.315	\$ 3,459,556

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, 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.

	<u>Revenues</u>		<u>Reportable Assets</u>	
	<u>September 30,</u> <u>2011</u>	<u>September 30,</u> <u>2010</u>	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Canada	\$ 56,279,605	\$ 53,230,713	\$ 15,905,172	\$ 15,634,215
United States	200,193,669	122,970,324	74,583,798	46,415,881
Total	\$ 256,473,274	\$ 176,201,037	\$ 90,488,970	\$ 62,050,096

12. 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.

13. EARNINGS PER UNIT

	<u>Three Months</u> <u>Ended September 30,</u> <u>2011</u> <u>2010</u>		<u>Nine Months</u> <u>Ended September 30,</u> <u>2011</u> <u>2010</u>	
a) Earnings:				
Net earnings	\$ 6,518,863	\$ 1,940,216	\$ 5,019,521	\$ 5,523,441
Add:				
Net after tax interest on 2005 Vendor exchange note	-	-	-	1,621
Less:				
Dilutive impact of exchange of class A exchangeable shares	(3,213,218)	-	-	-
Dilutive impact of calculated unit option conversion	(676,328)	-	-	-
Net earnings – diluted basis	\$ 2,629,317	\$ 1,940,216	\$ 5,019,521	\$ 5,525,062
b) Number of units and Class A common shares:				
Average number of units and Class A common shares outstanding	10,986,438	10,781,358	10,854,139	10,780,093
Add:				
Dilutive impact of exchange of class A exchangeable shares	689,457	-	-	-
Calculated unit option conversion	268,143	-	-	-
Potential conversion of 2005 Vendor exchange note	-	-	-	4,404
Average number of units and Class A common shares outstanding – diluted basis	11,944,036	10,781,358	10,854,139	10,784,497
Earnings per unit (a) divided by (b)				
Basic	\$ 0.593	\$ 0.180	\$ 0.462	\$ 0.512
Diluted	\$ 0.220	\$ 0.180	\$ 0.462	\$ 0.512

14. 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 September 30, 2011 there were no contracts outstanding.

For the nine month period ending September 30, 2011 the Fund has recorded to earnings unrealized losses related to these contracts in the amount of \$64,000 (2010 – \$304,700). During the first nine months of 2011, the Fund realized foreign exchange gains in the amount of \$84,340 (2010 – \$398,770).

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 nine 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 which was also settled in June 2011. During the nine months ending September 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 September 30, 2011 was \$607,200 and the unrealized gain and fair value receivable related to the forward foreign exchange contract was \$639,300.

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 September 30, 2011 there were 375,526 (December 31, 2010 – 819,952) shares outstanding with a carrying value of \$3,195,726 (December 31, 2010 - \$6,535,017). During the quarter, Terry Smith, who at the time was the Executive Chairman of the Fund, retracted 427,766 Class A common shares which were later sold as part of the bought deal public offering as described in Note 9. The retraction was recorded at a carrying value of \$4,121,666.

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

<u>Record Date</u>	<u>Payment Date</u>	<u>Dividend per Share</u>	<u>Dividend Amount</u>
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
July 31, 2011	August 29, 2011	0.035	29,044
August 31, 2011	September 28, 2011	0.035	28,990
September 30, 2011	October 27, 2011	0.035	14,033
		\$ 0.315	\$ 248,600

During the three and nine month periods ending September 30, 2011, income in the amount of \$3,285,284 (2010 – expense of \$590,846) and an expense of \$945,517 (2010 – \$566,080) was recorded to earnings related to these exchangeable shares.

15. 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 September 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	\$ 554,697
November 8, 2007	January 2, 2008	150,000	\$2.70	January 2, 2018	\$ 226,386
November 8, 2007	January 2, 2009	150,000	\$3.14	January 2, 2019	\$ 184,770
November 8, 2007	January 2, 2010	<u>150,000</u>	<u>\$5.41</u>	<u>January 2, 2020</u>	<u>\$ 126,993</u>
		<u>650,000</u>			<u>\$ 1,092,847</u>

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 nine month periods ending September 30, 2011, income in the amount of \$676,328 (2010 – expense of \$104,823) and an expense of \$361,355 (2010 –\$107,678) was recorded to earnings related to these unit options.

16. SUBSEQUENT EVENT

Effective October 15, 2011, the Fund announced the retirement of Terry Smith from both his position as Executive Chairman of the Fund and as a member of the Fund's Board of Trustees. The Company is obligated to continue with the payment of Mr. Smith's salary and benefits until January 31, 2014, being the date upon which his employment agreement would have ended, but for this agreement. Mr. Smith will receive no other material compensation in respect of the end of his employment, although his right to payment under his retirement compensation agreement will continue. Although there is no acceleration of any of these payments, approximately \$3,000,000 will be accrued in the fourth quarter of 2011 related to these obligations. Mr. Smith is subject to a non-compete agreement in effect until January 31, 2016, under which he will not compete with Boyd and its subsidiaries in the auto glass and vehicle collision repair businesses anywhere in North America.