BOYD GROUP INCOME FUND

2011 Annual Report

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2011 REPORT TO UNITHOLDERS

To Our Unitholders,

We are pleased with the financial results for 2011, as this was another record year for the Fund in terms of sales, Adjusted EBITDA and distributable cash.

We achieved many important milestones in 2011, with our continued growth at the forefront. In this regard, we demonstrated our further commitment to our growth strategy with the acquisition of Cars Collision Center of Colorado, LLC and Cars Collision Center, LLC (together, "Cars Collision"), the announcement of the acquisition of Master Collision Repair, Inc. ("Master"), with closing of the transaction coming early in 2012, as well as the addition of nine new collision repair centers under our single location growth strategy. As the largest multi-location collision operator in North America, with a current total of 179 locations, we are in a favourable market position and we will look to continue to capitalize on this strength as we move into 2012.

For the year ended December 31, 2011, sales increased by 38.9% to $357.0 million, from $257.0 million in the prior year. The substantial increase was due in large part to the addition of $94.1 million of sales from 37 True2Form locations, 28 Cars Collision locations, and sixteen other new collision repair locations. Additionally, $13.0 million was added from growth in same-store sales, offset by $5.6 million due to a lower U.S. dollar translation rate on sales generated from Boyd Group's U.S. operations. Growth in same-store sales is an important focus of our overall strategy and we are committed to operational execution to achieve same-store sales growth.

Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability, unit option liability, non-controlling interest put option, and settlement costs ("Adjusted EBITDA")[1] for the full year in 2011 totaled $24.4 million, or 6.8% of sales, compared with Adjusted EBITDA of $18.8 million, or 7.3% of sales in the prior year. The 29.8% increase in Adjusted EBITDA was the result of improvements in same-store sales which contributed $3.2 million, combined with $1.4 million of incremental EBITDA contribution from the acquisition of True2Form, $2.8 million of EBITDA contribution from the acquisition of Cars Collision, and $0.4 million contribution from other new locations. Adjusted EBITDA was negatively impacted by changes in the U.S. dollar and foreign exchange losses in the amount of $0.9 million. This increase was also offset by the impact of a significant hailstorm experienced in the Arizona market in the fourth quarter of 2010, which we estimate increased EBITDA between $1.1 million and $1.3 million in that period.

Net earnings for the full year of 2011 decreased to $2.9 million, or $0.262 per diluted unit from net earnings of $13.5 million, or $1.249 per diluted unit for the prior year. The decrease was the result of recording fair value adjustments for exchangeable shares in the amount of $1.9 million, unit options in the amount of $0.9 million as well as a non controlling interest put option cost of $0.2 million related to our glass business, the recording of acquisition and transaction costs of $1.9 million, settlement costs of $3.3 million, the accelerated amortization of True2Form and Cars brands of $0.5 million and income tax expense of $2.5 million. Excluding the impact of these adjustments, net earnings would have increased to $14.2 million, or 4.0% of sales, compared with adjusted earnings of $11.9 million, or 4.6% of sales in the prior year if the same items were adjusted as well as including an additional $1.3 million write down of goodwill. This increase in adjusted net earnings is the result of the contribution of new acquisitions and new location growth as well as increases in same-store sales.

For the year ended December 31, 2011, the Fund generated adjusted distributable cash of $16.0 million and declared distributions and dividends of $5.0 million, resulting in a payout ratio based on adjusted distributable cash of 31.3% for the year. This compares with a payout ratio of 24.7% a year ago. During the year, the Board of Trustees of the Fund approved an increase in the annual level of distributions to $0.45, accounting for the increase in payout ratio. As a growth company

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[1] EBITDA and Adjusted EBITDA are not recognized measures under International Financial Reporting Standards ("IFRS"). Management believes that in addition to net earnings, EBITDA and Adjusted EBITDA are useful supplemental measures as they provides investors with an indication of operational performance. Investors should be cautioned, however, that EBITDA and Adjusted EBITDA should not be construed as alternatives to net earnings determined in accordance with IFRS as an indicator of the Fund's performance.

offering an attractive payout, our objective continues to be to maintain a conservative distribution policy that will provide us with the financial flexibility necessary to support our growth initiatives while gradually increasing distributions over time.

With respect to our balance sheet, the Fund now holds total debt, net of cash, of $16.9 million, compared with $19.2 million at September 30, 2011 and $16.0 million at December 31, 2010. We now have a cash position, net of bank indebtedness, of $18.4 million, compared with $17.0 million as at September 30, 2011 and $9.4 million a year ago. The decrease in debt and increase in cash in the fourth quarter was due to solid operations during the quarter. The increase in debt during the year related to our new store growth, including Cars Collision and the increase in our cash position during 2011 related to a bought deal public offering of trust units in September. This capital raise has served to further strengthen the Fund's capital structure and balance sheet, providing additional flexibility to execute on our growth strategy in the future.

We believe the trend of consolidation in the collision repair industry will continue, and as such we will look to pursue attractive opportunities to execute on our plans for expansion through the acquisition of other multi-location businesses as well as single collision repair locations. In 2012, and for the foreseeable future, our goal for the addition of new single repair locations will be in the range of 6-10% growth annually. The nine new locations that we added in 2011 represent 7% growth in this respect and the 6-10% growth target will translate into 11-18 new single locations for 2012. We have also undertaken an important initiative to standardize our management information systems across our organization in 2012. The conversion of a collection of systems being utilized today into one common management system platform will better position our business for growth and the integration of future acquisitions, as well as help to increase our operational and administrative efficiency.

In addition to achieving record financial performance and successfully executing our growth strategy to expand our presence geographically in furtherance of our industry leadership position, we were also pleased to see the Fund added to the S&P/TSX SmallCap Index during the year. Amidst the success we have experienced in 2011, we are focused on transferring our experiences to fuel continued progress and further growth for 2012 and beyond. We remain positive on the long-term dynamics of our industry and feel that the Boyd Group is favourably positioned to benefit through consolidation and economies of scale. Important to the execution of our strategy, we believe that we have an exceptional management team, systems, experience, and strong balance sheet to continue to successfully grow our business and drive value for our unitholders going forward.

On behalf of the Trustees of the Boyd Group Income Fund and Boyd Group employees, thank you for your continued support.

Sincerely,

(signed)

Brock Bulbuck
President & Chief Executive Officer

Management's Discussion & Analysis

OVERVIEW

Boyd Group Income Fund (the "Fund"), through its operating company, The Boyd Group Inc. and its subsidiaries ("Boyd" or the "Company"), is the largest multi-site operator of automotive collision repair service centres in North America, currently operating 179 locations in the four western Canadian provinces and fourteen U.S. states. Boyd carries on business in Canada under the trade name "Boyd Autobody & Glass" and in the U.S., Boyd operates under the "Gerber Collision & Glass", "True2Form" and "Master Collision Repair" names. The Company operates its autoglass repair and replacement network business with approximately 3,000 affiliated service providers throughout the United States under the "Gerber National Glass Services" name. The following is a geographic breakdown of the collision repair locations by trade name.

BOYD AUTOBODY & GLASS	**39 centers**	gerber	**94 centers**	TRUE2FORM Collision Repair Centers	**38 centers**	Master COLLISION REPAIR	**8 centers**
• Manitoba (14) • Alberta (12) • British Columbia (11) • Saskatchewan (2)		• Arizona (12) • Illinois (36) • Georgia (12) • Washington (12) • Indiana (8) • Colorado (6) • Nevada (3) • Oklahoma (3) • Kansas (1) • Florida (1)		• North Carolina (17) • Ohio (9) • Maryland (7) • Pennsylvania (5)		• Florida (8)	

Boyd provides collision repair services to insurance companies, individual vehicle owners, as well as fleet and lease customers, with a high percentage of the Company's revenue being derived from insurance-paid collision repair services. In Canada, government-owned insurers operating in Manitoba, Saskatchewan and British Columbia, dominate the insurance-paid collision repair markets in which they operate. In the U.S. and Canadian markets other than Manitoba and Saskatchewan, private insurance carriers compete for consumer policyholders, and in many cases significantly influence the choice of collision repairer through Direct Repair Programs ("DRP's").

The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN. The Fund's consolidated financial statements as well as Annual Information Form have been filed on SEDAR at www.sedar.com.

The following review of the Fund's operating and financial results for the year ended December 31, 2011, including material transactions and events up to and including March 22, 2012, as well as management's expectations for the year ahead should be read in conjunction with the annual audited consolidated financial statements of Boyd Group Income Fund for the year ended December 31, 2011 included on pages 48 to 84 of this report.

SIGNIFICANT EVENTS

On April 25, 2011, as part of a new start-up, the Company commenced operations in a new collision repair facility in Savannah, Georgia.

On May 1, 2011, the Company acquired the business and assets of McDonough Collision located in McDonough, Georgia.

On June 30, 2011, the Company acquired Cars Collision Center of Colorado, LLC and Cars Collision Center, LLC (together, "Cars"). Cars was a private company operating 14 locations in Illinois, eight locations in northern Indiana, and six locations in Colorado. It generated sales of approximately US$65 million in the 12 months ended April 30, 2011. The total consideration for the transaction of approximately US$20.5 million was funded with a combination of cash, U.S. senior bank term debt, third-party financing, and a seller take-back note. No new equity was issued related to the transaction. During the first quarter of 2012, the Company rebranded the Cars locations to the Gerber brand.

On July 31, 2011, the Company ceased operations in its collision repair facility in South Holland, Illinois.

On September 1, 2011, the Company ceased operations in its Edmonton North, Alberta location and commenced operations in a new collision repair facility in Edmonton Yellowhead, Alberta.

On September 16, 2011, the Fund was added to the S&P/TSX SmallCap Index.

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 at a gross price of $10.75 per unit.

On October 1, 2011, the Company acquired the business and assets of Mastercraft Collision located in Richmond, British Columbia.

On October 1, 2011, the Company ceased operations in one of its new Cars collision repair facilities in Northwest Highway, Illinois.

On October 3, 2011, as part of a new start-up, the Company commenced operations in a new collision repair facility in Grove City, Ohio.

On October 3, 2011, as part of a new start-up, the Company commenced operations in a new collision repair facility in Seattle, Washington.

On October 10, 2011, as part of a new start-up, the Company commenced operations in a new collision repair facility in Everett, Washington.

During the fourth quarter, the Fund announced the retirement of its Executive Chairman. The Fund is obligated to continue with the payment of the Executive Chairman's compensation until January 31, 2014. A full provision for these continuing payments were expensed and accrued in the fourth quarter as a $3.3 million settlement cost.

On December 12, 2011, as part of a new start-up, the Company commenced operations in a new satellite and glass repair and replacement facility in Winnipeg, Manitoba.

On December 30, 2011, as part of a new start-up, the Company commenced operations in a new collision repair facility in Kent, Washington

On January 3, 2012, the Company completed the acquisition of Master Collision Repair, Inc., a multi-location collision repair company operating eight locations in the Florida market. The transaction was completed for total consideration of approximately $11.5 million U.S. to $12.0 million U.S., subject to normal post-closing working capital adjustments, and was funded by a combination of cash, trading partner financing, and a seller take-back note. No new equity was issued related to the transaction.

On February 17, 2012, the Company acquired the business and assets of Advanced Collision Solutions located in Spring Grove, Illinois.

On March 19, 2012, the Company acquired the business and assets of Body Craft Collision Center located in Marysville, Washington.

On March 22, 2012, the Company acquired the business and assets of Leading Edge Collision & Custom Painting located in Orlando, Florida.

OUTLOOK

Boyd demonstrated its further commitment to its growth strategy in 2011 by completing the acquisition of Cars Collision, which added 28 new locations across three states. The Company also announced the intention to acquire Master Collision, which added eight new locations in Florida subsequent to year-end. Along with this opportunistic growth through the acquisition of multi-location businesses, Boyd's goal in 2011 was to also add eight to 13 new single collision repair locations as part of its unit growth strategy. This goal was accomplished as Boyd added nine new locations representing a 7% growth factor in new locations. In 2012, and for the foreseeable future, the continuing goal for the addition of new single repair locations will be for new unit growth of 6-10% annually, which will translate into 11-18 new single locations for 2012. Boyd will also continue to remain alert to opportunities for accelerated growth through the acquisition of additional multi-location collision repair businesses.

An important initiative undertaken for 2012 is the standardization of the Company's management information systems. The conversion of a collection of systems being utilized today into a common management system platform will better position our business for growth and the integration of future acquisitions as well as help to increase our operational and administrative efficiency.

The extremely warm winter weather conditions seen in late 2011 and which have continued into 2012, is in contrast to the strong winter that helped drive results last year. This undoubtedly will have some impact on the Company's first and perhaps second quarter results for 2012. Notwithstanding the mild winter, the strength in Boyd's business model and its core business is very encouraging as the Company continues to increase market share and expand throughout the U.S. with key strategic acquisitions and unit growth. The focus for 2012 will continue to be to grow revenues, both organically and through new locations and acquisitions, while working to enhance margins by increasing efficiency throughout operations. The collision repair industry in both the U.S. and Canada remains highly fragmented and offers attractive opportunities for industry leaders to build value through focused consolidation and economies of scale. Management believes the Company has the management team, systems, experience and the market opportunity, along with a strong balance sheet, to continue to successfully grow its business. In this respect, a long-term objective remains to increase distributions over time, while maintaining the financial flexibility to support a growth strategy that will build unitholder value.

BUSINESS ENVIRONMENT & STRATEGY

The collision repair industry in North America is estimated by Boyd to represent approximately $30 to 40 billion U.S. in annual revenue. The industry is highly fragmented, consisting primarily of small independent family owned businesses operating in local markets. It is estimated that car dealerships historically had approximately one-third of the total market. This market position has reduced to under 21% in recent years as the auto industry rationalizes the number of dealers in their networks. It is believed that large multi-unit collision repair operators (including multi-unit car dealerships), have approximately 10%-11% of the total market.

Customer relationship dynamics in the Company's principal markets differ from region to region. In three of the Canadian provinces where Boyd operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to automobile owners. Although Boyd's services in these markets are predominantly paid for by government-owned insurance companies, these insurers do not typically refer insured automobile owners to specific collision repair centres. In these markets Boyd focuses its marketing to attract business from individual vehicle owners primarily through consumer based advertising. Boyd manages relationships in the government-owned insurance markets through active participation in industry associations.

In Alberta, British Columbia and in the United States, where private insurers operate, a greater emphasis is placed on establishing and maintaining referral arrangements and DRP's with insurance, fleet and lease companies. DRP's are established between insurance companies and collision repair shops to better manage automobile repair claims and increase levels of customer satisfaction. Insurance, fleet and lease companies select collision repair operators to participate in their programs based on integrity, convenience and physical appearance of the facility, quality of work, customer service, cost of repair, cycle time and other key performance metrics. There is a trend among major insurers in both the public and private insurance markets towards using performance-based criteria for selecting collision repair partners. Local and regional DRP's, and more recently national DRP relationships, represent an opportunity for Boyd to increase its business as the percentage of insurance paid collision claims handled through DRP's continues to increase. Along with the growth in DRP's, insurers have also moved to consolidate DRP repair volumes with a fewer number of repair shops. There has also been some preference among some insurance carriers to do business with multi-location collision repairers in order to reduce the number and complexity of contacts necessary to manage their networks of collision repair providers and to achieve a higher level of consistent performance. Boyd continues to develop and strengthen its DRP relationships with insurance carriers in both Canada and the United States and believes it is well positioned to take advantage of these trends.

In addition, Boyd has used consumer based advertising into its Illinois market over the last few years to complement and supplement its DRP growth strategies. The Company believes this strategy is effective in increasing its brand awareness and overall sales. Boyd plans to continue this strategy and expand it into other U.S. markets, as it achieves sufficient critical mass in these other markets.

Boyd has continued to diversify and broaden its product offerings through growth in the automobile glass repair and replacement business and auto glass network business. Boyd has expanded its auto glass business in the Province of British Columbia and the States of Illinois, Arizona, Nevada, Washington, Georgia, Oklahoma, Maryland, North Carolina, Texas, Indiana, Colorado and Florida. Boyd is also committed to further growing its Gerber National Glass Services ("GNGS") business, an auto glass repair and replacement network business with approximately 3,000 affiliated service providers throughout the United States. In order to support these offerings, effective January 1, 2011, the Fund committed to an agreement with a senior member of its U.S. management team that secures the necessary senior management leadership necessary for the future growth of the Fund's U.S. glass business. The Fund continues to control the assets and business operations of the U.S. glass business and profit sharing only begins after performance exceeds the historical profitability of the business.

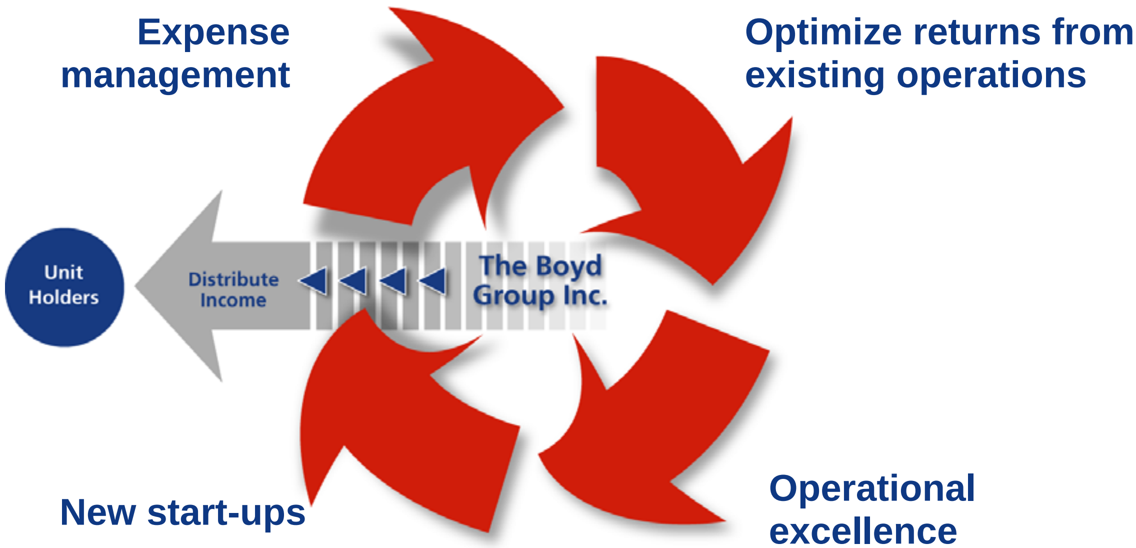
As described further under Business Risks and Uncertainties, operating results are expected to be subject to fluctuations due to a variety of factors including changes in customer purchasing patterns, pricing policies, general operating effectiveness, general and regional economic downturns and weather conditions. A negative economic climate has the potential to affect results negatively. The Fund has worked to mitigate this risk by continuing to focus on meeting insurance companies' performance requirements, and in doing so, grow market share.

Boyd's primary strategy is to continue to focus on maximizing its opportunities through a commitment to:

- Optimizing returns from existing operations by achieving same store sales growth;
- Grow the business by 6% - 10% through the opening or acquiring of new locations in addition to being alert to opportunities for accelerated growth through the acquisition of other multi-location businesses.
- Expense management through a focus on cost containment and efficiency improvements; and

- Use of best practices, economies of scale and infrastructure and systems to enhance profitability and achieve operational excellence;

BUSINESS STRATEGY



Expense Management

Boyd continues to manage its operating expenses as a percentage of sales. By working continuously to identify cost savings and to achieve same store sales growth, Boyd will continue to manage this expense ratio. Operating expenses have a high fixed component and therefore same store sales growth contributes to a lower percentage of operating expenses to sales.

Same-Store Sales / Optimize Returns

Increasing same store sales and running shops at or near capacity has a positive impact on financial performance. Boyd also continues to seek opportunities to broaden its product and service offerings in all markets to help grow same store sales. During the last few years, the Company has focused energy and resources on increasing its share of the automobile glass repair and replacement business.

Operational Excellence

Operational excellence has been a key component of Boyd's past success and has contributed to the Company being viewed as a best-in-class service provider. Delivering on our customers' expectations related to cost of repair, time to repair, quality and customer service are critical to being successful and being rewarded with same store sales growth. We focus on wowing every single customer with our quality and service and to be the best.

In support of this objective, Boyd achieved North America's first International Organization for Standardization (ISO) 9002 multi-site registration in automotive collision repair in its Canadian operations in 2000. The ISO 9002 standard establishes best practice process and procedures for providing the highest quality in collision repair services.

Boyd also conducts extensive customer satisfaction polling at all operating locations to assist in keeping customer satisfaction at the forefront of its mandate.

Boyd will also continue to invest in its infrastructure and IT systems to contribute to best-in-class service to its customers and improved operational efficiencies.

New Location and Acquisition Growth

In line with stated growth strategies, Boyd was successful in opening nine new locations in 2011 and eight locations in 2010. Boyd believes that it is well positioned to increase this growth plan by adding new locations to grow the business between 6% - 10% in the coming year and each year in the foreseeable future. Boyd also plans to continue to be alert to opportunities for accelerated growth through the acquisition of other multi-location businesses.

As a critical component of its strategy, Boyd has established relationships with strategic trading partners providing it with prepaid rebates which represent available funding for new acquisitions and start-ups and which are forgivable over periods up to 2025.

The following table outlines the new locations that have been added in recent years and their current year's performance summarized by year of acquisition/ start-up.

New location results			
New Location:	Sales (C$) *	EBITDA (C$) *	EBITDA Margin (%)
2006 Tacoma, WA Renton, WA Scottsdale, AZ	$10,058,000	$1,422,000	14.1%
2007 Glenview, IL Tempe, AZ	$8,883,000	$1,533,000	17.3%
2008 Lacey, WA Las Vegas, NV Calgary, AB	$8,023,000	$786,000	9.8%
2009 Scurfield, MB Mesa, AZ Glendale, AZ Anthem, AZ Tucson, AZ (4 locations) Rome	$13,398,000	$757,000	5.7%
2010 *** Cartersville, GA Tulsa, OK Evanston, IL Las Vegas, NV Buckhead, GA Roswell, GA Bellingham, WA Yuma, AZ	$11,142,000	$439,000	3.9%
2011 – 1st half *** Savannah, GA ** McDonough, GA **	$4,785,000	$175,000	3.7%
2011 – 2nd half Richmond, BC ** Edmonton North, AB ** Grove City, OH ** Seattle, WA ** Everett, WA ** Winnipeg, MB **** Kent, WA ****	$6,865,000	$(435,000)	(6.3)%
Combined	$63,154,000	$4,677,000	7.4%
Average per store	$1,974,000	$146,000	7.4%

* Annualized based last twelve months results
** Annualized based on actual results for 2011 excluding the start-up period
*** Excludes the results for True2Form and Cars as these were strategic acquisitions outside the scope of this growth plan
**** Excludes the results of these locations as they were added at the end of the reporting period

During 2011, there were two locations that began operations mid-year, while the remaining new locations were added late in the second half of the year. Similarly in 2010, the majority of the shops were added in the second half of that year and still in process of ramping up. Typically, there is a start up period in which new locations are integrated into Boyd's business and in which sales levels are ramped up. The table clearly shows the financial impact of the locations still in their integration and ramp up phase.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this annual report, other than those concerning historical financial information, may be forward-looking and therefore subject to various risks and uncertainties. Some forward-looking statements may be identified by words like "may", "will", "anticipate", "estimate", "expect", "intend", or "continue" or the negative thereof or similar variations. Readers are cautioned not to place undue reliance on such statements, as actual results may differ materially from those expressed or implied in such statements.

The following table outlines forward-looking information included in this MD&A:

Forward-looking Information	**Key Assumptions**	**Most Relevant Risk Factors**
The stated objective of adding new locations to grow the business 6% - 10% per year for the foreseeable future	Opportunities continue to be available and are at attractive prices Financing options continue to be available at reasonable rates and on acceptable terms and conditions New and existing customer relationships are expected to provide acceptable levels of revenue opportunities Anticipated operating results would be accretive to overall Company results	Acquisition market conditions change and repair shop owner demographic trends change Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies Changes in market conditions and operating environment Significant declines in the number of insurance claims Integration of new stores is not accomplished as planned Increased competition which prevents achievement of acquisition and revenue goals
The Fund will continue to work to maintain same store sales growth and improve gross margins and EBITDA margins	Continued improvement in economic conditions and employment rates Pricing in the industry remains stable The Company's customer and supplier relationships provide it with competitive advantages to increase sales over time Market share growth will more than offset systemic changes in the industry and environment Able to maintain/reduce costs as a percentage of sales	Poor economic conditions Loss of one or more key customers Significant declines in the number of insurance claims Inability of the Company to pass cost increases to customers over time Increased competition which may prevent achievement of revenue goals Changes in market conditions and operating environment Changes in energy costs Changes in weather conditions Inability to effectively manage costs over time
Stated objective to gradually increase distributions over time	Growing profitability of the Company and its subsidiaries The continued and increasing ability of the Company to generate cash available for distribution Balance sheet strength & flexibility is maintained and the distribution level is manageable taking into consideration bank covenants, growth requirements and maintaining a distribution level that is supportable over time No change in the Fund's structure	The Fund is dependent upon the operating results of the Company and its ability to pay interest and dividends to the Fund Economic conditions deteriorate Changes in weather conditions Decline in the number of insurance claims Loss of one or more key customers Changes in government regulation
Expect Cars acquisition to achieve 5%-6% EBITDA margin in the first full year	Cars maintain or improve sales and margin levels Extend the benefits of Boyd's purchasing power to the True2Form/Cars operations Identified synergies are successfully	Loss of one or more key customers Inability to extend Boyd's purchasing power to the Cars operations A planned synergy is not implemented or there are no cost savings upon implementing a planned synergy

	implemented Integration of Cars into the Boyd business model in a timely manner	Failure to integrate effectively in a timely manner

We caution that the foregoing table contains what the Fund believes are the material forward looking statements and is not exhaustive. Therefore when relying on forward-looking statements, investors and others should refer to the "Risk Factors" section of the Fund's Annual Information Form, the "Business Risks and Uncertainties" and other sections of our Management's Discussion and Analysis and our other periodic filings with Canadian securities regulatory authorities. All forward-looking statements presented herein should be considered in conjunction with such filings.

NON-GAAP FINANCIAL MEASURES

EBITDA AND ADJUSTED EBITDA

Earnings before interest, taxes, depreciation and amortization ("EBITDA") is not a calculation defined in International Financial Reporting Standards ("IFRS"). EBITDA should not be considered an alternative to net earnings in measuring the performance of the Fund, nor should it be used as an exclusive measure of cash flow. The Fund reports EBITDA and Adjusted EBITDA because it is a key measure that management uses to evaluate performance of the business and to reward its employees. EBITDA is also a concept utilized in measuring compliance with debt covenants. EBITDA and Adjusted EBITDA are measures commonly reported and widely used by investors and lending institutions as an indicator of a company's operating performance and ability to incur and service debt, and as a valuation metric. While EBITDA is used to assist in evaluating the operating performance and debt servicing ability of the Fund, investors are cautioned that EBITDA and Adjusted EBITDA as reported by the Fund may not be comparable in all instances to EBITDA as reported by other companies.

The CICA's Canadian Performance Reporting Board defined standardized EBITDA to foster comparability of the measure between entities. Standardized EBITDA represents an indication of an entity's capacity to generate income from operations before taking into account management's financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological age and management's estimate of their useful life. Accordingly, Standardized EBITDA comprises sales less operating costs before interest expense, capital asset amortization and impairment charges, and income taxes. Adjusted EBITDA is calculated to exclude items of an unusual nature that do not reflect normal or ongoing operations of the Fund and which should not be considered in a valuation metric or should not be included in assessment of ability to service or incur debt. Included in this category of adjustments are the fair value adjustments to exchangeable shares and the fair value adjustment to unit options. Both of these items will ultimately be settled with units of the Fund and are not expected to have any cash impact on the Fund. Also included as an adjustment to EBITDA are acquisition and transaction costs which do not relate to the current operating performance of the business units but are typically costs incurred to expand operations. From time to time, the Fund may make other adjustments to its Adjusted EBITDA for items that are not expected to recur.

The following is a reconciliation of the Fund's net earnings to EBITDA and Adjusted EBITDA:

	Three months ended December 31,		Year ended December 31,	
Adjusted EBITDA Reconciliation to Net Earnings (000's)	**2011**	2010	**2011**	2010
Net earnings	**$ (2,070)**	$ 7,949	**$ 2,950**	$ 13,473
Add:				
Finance costs (net of income)	**542**	409	**2,017**	1,438
Income tax expense	**708**	(6,701)	**2,455**	(6,635)
Depreciation	**2,032**	1,232	**6,279**	4,143
Amortization of other intangible assets	**1,079**	486	**2,409**	1,299
Standardized EBITDA	**$ 2,291**	$ 3,375	**$ 16,110**	$ 13,718
Add (deduct):				
Fair value adjustment to exchangeable shares	**964**	1,501	**1,910**	2,067
Fair value adjustment to unit options	**558**	277	**919**	384
Acquisition and transaction costs	**336**	588	**1,947**	1,352
Settlement cost	**3,278**	-	**3,278**	-
Non controlling interest put option	**215**	-	**215**	-
Write down of goodwill	**-**	1,262	**-**	1,262
Adjusted EBITDA	**$ 7,642**	$ 7,003	**$ 24,379**	$ 18,783

ADJUSTED NET EARNINGS

In addition to EBITDA and Adjusted EBITDA, the Fund believes that certain users of financial statements are interested in understanding net earnings excluding certain fair value adjustments and other infrequent adjustments. This can assist these users in comparing current results to historical results that did not include such items. The following is a reconciliation of the Fund's net earnings to adjusted net earnings:

	Three months ended December 31,		Year ended December 31,	
Adjusted Net Earnings Reconciliation to Net Earnings (000's)	**2011**	2010	**2011**	2010
Net earnings	**$ (2,070)**	$ 7,949	**$ 2,950**	$ 13,473
Add (deduct):				
Fair value adjustment to exchangeable shares	**964**	1,501	**1,910**	2,067
Fair value adjustment to unit options	**558**	277	**919**	384
Acquisition and transaction costs	**336**	588	**1,947**	1,352
Income tax expense	**708**	(6,701)	**2,455**	(6,635)
Settlement cost	**3,278**	-	**3,278**	-
Non controlling interest put option	**215**	-	**215**	-
Accelerated amortization of True2Form and Cars brands	**486**	-	**486**	-
Write down of goodwill	-	1,262	-	1,262
Adjusted net earnings	**$ 4,475**	$ 4,876	**$ 14,160**	$ 11,903
Weighted average number of units outstanding	12,527,711	10,781,698	11,275,971	10,780,499
Adjusted net earnings per unit	**$ 0.357**	$ 0.452	**$ 1.256**	$ 1.104
Units and class A shares outstanding	12,927,060	11,627,081	11,675,320	11,625,882
Adjusted net earnings per unit and class A share	**$ 0.346**	$ 0.419	**$ 1.213**	$ 1.024

SELECTED ANNUAL INFORMATION

The following table summarizes selected financial information for the Fund over the prior three years:

($000's, except per unit figures)	December 31, 2011	December 31, 2010	December 31, 2009
	IFRS	*IFRS*	*Previous GAAP*
Sales	356,966	257,009	224,900
Net Earnings	2,950	13,473	8,882
Basic earnings per unit	0.262	1.250	0.756
Diluted earnings per unit	0.262	1.249	0.747
Total assets	149,595	108,820	77,535
Total long-term financial liabilities	38,980	29,114	19,742
Cash distributions per unit declared:			
Trust unit distributions	0.425	0.326	0.266

The acquisition of Cars and the addition of nine other locations in 2011 in combination with the acquisition of True2Form and the addition of eight other locations during 2010 had the largest impact on growing sales from 2009 to present. Cars was a private company operating 14 locations in Illinois, eight locations in northern Indiana, and six locations in Colorado. It generated sales of approximately US$65 million in the 12 months ended April 30, 2011 and contributed approximately $34.0 million in sales over the six months it was combined with the Fund. True2Form which was acquired on July 31, 2010 was a private company operating 37 locations in four U.S. states; 17 locations in North Carolina, eight locations in Ohio, seven locations in Maryland and five locations in Pennsylvania. True2Form reported revenues of approximately $81 million in the 12 months ended December 31, 2011.

The decrease in net earnings for 2011 was impacted by recording fair value adjustments for exchangeable shares and unit options of $2.8 million, as well as the recording of acquisition and transaction costs of $1.9 million and settlement cost of $3.3 million related to the retirement of a senior executive. 2010 was significantly impacted by the determination in the fourth quarter to record loss carryforwards and other future tax assets resulting in the recording of a future tax recovery of $6.7 million during the period. This determination was based on the Fund's assessment that it is now expecting to fully utilize its non-capital tax loss carryforwards in the future. The increase also reflects the addition of True2Form, improvement in gross margin percentage and the benefit of a significant hail storm experienced in the Arizona market. Negatively impacting 2010 net earnings was the decision to write down $1.3 million in goodwill related to an individual glass business in B.C.

The change in total assets and total long-term financial liabilities in 2011 and 2010 was significantly impacted by the 2010 acquisition of True2Form and the 2011 acquisition of Cars. In addition to these changes, fluctuations in total assets have primarily related to increases in property, plant and equipment as a result of new location growth as well as a growing cash balance from operating performance. Cash has also significantly improved as a result of completing a bought deal public offering that resulted in net after tax proceeds to the Fund of $12.7 million. Long term financial liabilities have increased primarily due to new debt that was drawn as part of the True2Form and Cars acquisitions. Additional growth in finance leases and the recognition of class A exchangeable shares and unit options as financial liabilities under IFRS has also contributed to the growth in long term financial liabilities.

Since the Fund reinstated monthly distributions at the end of 2007, the Fund has increased monthly distributions to unitholders and BGHI has increased dividends to its Class A shareholders such that as of March 22, 2012 the distribution/dividend rate is $0.0375 per month or $0.45 on an annualized basis.

BOYD GROUP INCOME FUND

Boyd Group Income Fund (the "Fund"), is an unincorporated, open-ended mutual fund trust. The Fund owns 100% of the Class I common shares and subordinated notes (the "Notes") issued by the Company. Distributions to unitholders, when paid by the Fund, are funded from a combination of interest income earned on the Notes and from dividends on the Class I common share investment or as a return of capital on Notes. As a result of the restructuring announced in December 2010, the original Notes issued by the Company were repaid and new notes were issued by a U.S. subsidiary of the Company, The Boyd Group U.S. Inc. (the "New Notes"). The Class I common shares held by the Fund currently, through March 22, 2012, represent 85.9% of the total common shares of the Company.

Boyd Group Holdings Inc. ("BGHI") owns 100% of the Class II common shares issued by the Company. The Class II common shares currently, through March 22, 2012, represent 14.1% of the common shares of the Company. The share structure of BGHI at March 22, 2012, consists of 100 million Voting shares, 399,349 Class A common shares and 1,663,514 Class B common shares. The Fund, through the ownership of 70 million or 70% of the Voting shares, has voting control of BGHI. The remaining 30% is held directly or indirectly by a senior officer of the Fund. Of the 399,349 Class A common shares, 207,329 are also held directly or indirectly by a senior officer of the Fund with the remaining shares being held by external third parties. The Class B common shares are all held by Boyd and are issued only upon exchange of Class A common shares for units of the Fund. Although the Fund has voting control it did not and continues not to have any significant economic interest in the activities of BGHI. All dividends received by BGHI from Boyd on the Class II common shares are passed on as dividends to Class A and B common shareholders of BGHI.

The Fund also holds 12,450 Class IV non-voting, redeemable, retractable preferred shares of the Company issued as a result of an internal restructuring in 2007 as well as the bought deal public offering completed on September 27, 2011.

The consolidated financial statements of the Fund, BGHI and their subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles and contain the consolidated financial position, results of operations and cash flows of the Fund, BGHI and the Company and the Company's subsidiary companies for the period ended December 31, 2011. 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, these are the Fund's first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

Distributable Cash

Boyd endeavors to ensure transparency and consistency in the calculation of distributable cash and follows the guidelines suggested by the Canadian Institute of Chartered Accountants ("CICA") released, in July 2007, *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities* to complement the Canadian Securities Administrators ("CSA") National Policy 41-201 which was also revised in July 2007. The Fund has endeavoured to follow the CICA guidance as well as CSA National Policy 41-201.

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

Record date	Payment date	Distribution per unit/share	**Distribution amount**	**Dividend amount**
January 31, 2010	February 24, 2010	$ 0.025	**$ 269,368**	**$ 21,319**
February 28, 2010	March 29, 2010	0.025	**269,498**	**21,189**
March 31, 2010	April 28, 2010	0.025	**269,500**	**21,187**
April 30, 2010	May 27, 2010	0.02625	**282,987**	**22,235**
May 31, 2010	June 28, 2010	0.02625	**282,986**	**22,234**
June 30, 2010	July 28, 2010	0.0275	**296,486**	**23,269**
July 31, 2010	August 27, 2010	0.0275	**296,486**	**23,269**
August 31, 2010	September 28, 2010	0.0275	**296,487**	**23,270**
September 30, 2010	October 27, 2010	0.02875	**309,966**	**24,324**
October 31, 2010	November 26, 2010	0.02875	**309,966**	**24,324**
November 30, 2010	December 23, 2010	0.02875	**309,970**	**24,323**
December 31, 2010	January 27, 2011	0.03	**323,463**	**25,361**
		$ 0.32625	**$ 3,517,163**	**$ 276,304**

Record date	Payment date	Distribution per unit/share	**Distribution amount**	**Dividend amount**
January 31, 2011	February 24, 2011	$ 0.035	**$ 377,391**	**$ 29,572**
February 28, 2011	March 29, 2011	0.035	**377,397**	**29,565**
March 31, 2011	April 27, 2011	0.035	**377,397**	**29,565**
April 30, 2011	May 27, 2011	0.035	**377,413**	**29,548**
May 31, 2011	June 28, 2011	0.035	**377,817**	**29,144**
June 30, 2011	July 27, 2011	0.035	**377,823**	**29,139**
July 31, 2011	August 29, 2011	0.035	**377,918**	**29,044**
August 31, 2011	September 28, 2011	0.035	**377,972**	**28,990**
September 30, 2011	October 27, 2011	0.035	**438,428**	**14,033**
October 31, 2011	November 28, 2011	0.035	**438,448**	**14,015**
November 30, 2011	December 22, 2011	0.0375	**469,797**	**14,983**
December 31, 2011	January 27, 2012	0.0375	**469,805**	**14,975**
		$ 0.425	**$ 4,837,606**	**$ 292,573**

Maintaining Productive Capacity

Productive capacity is defined by Boyd as the maintenance of the Company's facilities, equipment, signage, courtesy cars, systems, brand names and infrastructure. Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, systems and courtesy car fleets forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases. The Company budgets and manages its cash capital expenditures up to approximately 0.8% of sales.

Although maintenance capital expenditures may remain within budget on an annual basis, the timing of these expenditures often varies significantly from quarter to quarter.

In addition to normal maintenance capital expenditures, the Company rebranded its Cars locations in the final quarter of 2011 and is also in the process of rebranding its True2Form and Master locations as well as enhancing its company-wide technology infrastructure. This technology infrastructure includes computer hardware, software, management information systems and the methods by which information will be captured, stored and communicated. The Company believes that expenditures in these areas over the next one to two years may utilize $2.0 - $3.0 million of cash resources in excess of normal budget levels.

In many circumstances, large equipment expenditures including automobiles, shop equipment and computers can be financed using either operating or capital leases. Maintenance capital expenditures as well as the repayment of operating and capital leases, including the interest thereon, form part of the distributable cash calculations.

Non-recurring and Other Adjustments

Non-recurring and other adjustments may include, but are not limited to, post closure environmental liabilities, restructuring costs, acquisition search and transaction costs and repayment of prepaid rebates that are not refinanced. Management is not currently aware of any environmental remediation requirements or prepaid rebate repayment requirements. Acquisition costs are added back to distributable cash as they occur.

Debt Management

In addition to capital lease obligations arranged to finance growth and maintenance expenditures on property and equipment, the Company has historically utilized long-term debt to finance the expansion of its business, usually through the acquisition and start-up of collision and glass repair and replacement businesses. Repayments of this debt have, in part, been refinanced by replacement facilities or by drawing on the Company's operating line and therefore do not form part of distributable cash calculations. Boyd's bank facilities include restrictive covenants, which could limit the Fund's ability to distribute cash. These covenants, based upon current financial results, would not prevent the Fund from paying future distributions at conservative and sustainable levels. These covenants will continue to be monitored in conjunction with any future anticipated distributions.

The following is a standardized and adjusted distributable cash calculation for 2011 and 2010.

Standardized and Adjusted Distributable Cash [1]

	Years Ended December 31	
	2011	2010
Cash flow from operating activities before changes in non-cash working capital items	**$ 17,281,613**	$ 14,789,511
Changes in non-cash working capital items	**(945,228)**	1,003,492
Cash flows from operating activities	**16,336,385**	15,793,003
Less adjustment for:		
Sustaining expenditures on plant and equipment [2]	**(1,669,428)**	(1,398,952)
Sustaining expenditures on software [2]	**(213,982)**	(339,875)
Standardized distributable cash	**$ 14,452,975**	$ 14,054,176
Standardized distributable cash per average unit and Class A common share		
Per average unit and Class A common share	**$ 1.238**	$ 1.209
Per diluted unit and Class A common share	**$ 1.238**	$ 1.186
Standardized distributable cash from above	**$ 14,452,975**	$ 14,054,176
Add (deduct) adjustments for:		
Collection of rebates [3]	**1,678,901**	1,242,614
Acquisition searches and transaction costs [4]	**1,947,404**	1,352,100
Proceeds of sale of equipment	**96,632**	70,504
Principal repayments of capital leases [5]	**(2,207,990)**	(1,607,349)
Adjusted distributable cash	**$ 15,967,922**	$ 15,112,045
Adjusted distributable cash per average unit and Class A common share		
Per average unit and Class A common share	**$ 1.368**	$ 1.300
Per diluted unit and Class A common share	**$ 1.368**	$ 1.275
Distributions paid		
Unitholders	**$ 4,691,264**	$ 3,463,090
Class A common shareholders	**302,959**	272,340
Total distributions paid	**$ 4,994,223**	$ 3,735,430
Distributions paid		
Per Unit	**$ 0.4175**	$ 0.3213
Per Class A common share	**$ 0.4175**	$ 0.3213
Payout ratio based on standardized distributable cash	**34.6%**	26.6%
Payout ratio based on adjusted distributable cash	**31.3%**	24.7%

(1) Standardized and adjusted distributable cash are not recognized measures and do not have a standardized meaning under International Financial Reporting Standards (IFRS). Management believes that in addition to net earnings, standardized and adjusted distributable cash are useful supplemental measures as they provide investors with an indication of cash available for distribution. Investors should be cautioned however, that standardized and adjusted distributable cash should not be construed as an alternative to net earnings and cash flows determined in accordance with IFRS as an indicator of the Fund's performance. Boyd's method of calculating adjusted distributable cash may differ from other companies and income trusts and, accordingly, may not be comparable to similar measures used by other companies.

(2) Sustaining expenditures on plant and equipment, information technology hardware and computer software excluding capital expenditures associated with acquisition and development activities. In addition to the maintenance capital expenditures paid with cash, during 2011 the Company acquired a further $1,798,000 (2010 - $253,000) in capital assets which were financed through capital leases and did not affect cash flows in the current period.

(3) The Company receives prepaid rebates, under its trading partner arrangements, in equal quarterly instalments of $237,500 U.S. for a period of six years ending January 31, 2012. Beginning on August 31, 2010 the Company began receiving additional prepaid rebates in quarterly instalments of $125,000 U.S. for a period of six years ending May 31, 2016 and beginning August 31, 2011 the Company began receiving additional prepaid rebates in quarterly instalments of $120,000 U.S. for a period of six years ending May 31, 2017.

(4) The Company has added back to distributable cash the costs expensed to perform acquisition searches and to complete transactions.

(5) Repayments of these leases represent additional cash requirements to support the productive capacity of the Company and therefore have been deducted when calculating adjusted distributed cash.

Distributions

The Fund and BGHI make monthly distributions, in accordance with their distribution policies, to unitholders of the Fund and dividends to Class A common shareholders of BGHI of record on the last day of each month, payable on or about the last business day of the following month. The amount of cash distributed by the Fund is equal to the pro rata share of interest or principal repayments received on the New Notes and distributions received on or in respect of the Class I common shares of the Company held by the Fund, after deducting expenses of the Fund and any cash redemptions of the Fund during the period. The amount of cash distributed by BGHI is equal to the pro rata share of dividends received on or in respect of the Class II common shares of the Company held by BGHI, after deducting expenses of BGHI. All dividends paid or allocated to unitholders of the Fund or Class A shareholders of BGHI are considered to be eligible dividends for Canadian income tax purposes.

During 2011, the Fund declared distributions totaling $4.8 million (2010 - $3.5 million) while BGHI declared dividends to Class A common shareholders during this same period of $293 thousand (2010 - $276 thousand).

Distributable cash is a non-GAAP measure that provides an indication of the Fund’s ability to sustain distributions while maintaining productive capacity. In addition to comparing distributable cash to its nearest GAAP measure, cash flow provided by operating activities, a comparison can be made to earnings. The following table compares cash distributions paid to each of cash flow provided by operating activities, earnings and adjusted distributable cash.

	2011	**2010**	**2009** [1]	**2008** [1]	**2007** [1]	**2006** [1]	**2005** [1]	**2004** [1]	**2003** [1]
	IFRS	*IFRS*	*Previous GAAP*	*Previous GAAP*	*Previous GAAP*	*Previous GAAP*	*Previous GAAP*	*Previous GAAP*	*Previous GAAP*
Cash flow provided by operating activities	16,336	15,793	14,531	13,794	6,527	3,454	6,715	7,835	5,992
Earnings	2,950 [4]	13,473 [3]	8,882	4,503	3,436	(21,909) [2]	1,051	1,679	1,480
Adjusted distributable cash	15,968	15,112	12,626	11,074	5,940	2,903	6,270	7,088	6,424
Net distributable cash paid	4,994	3,735	3,087	2,429	157	-	4,597	4,702	3,639
Excess of cash provided by operating activities over cash distributions paid	11,342	12,058	11,444	11,365	6,370	3,454	2,118	3,133	2,353
Excess (deficiency) of earnings over cash distributions paid	(2,044)	9,738	5,795	2,074	3,279	(21,909)	(3,546)	(3,023)	(2,159)
Excess of adjusted distributable cash over cash distributions paid	10,974	11,377	9,539	8,645	5,783	2,903	1,673	2,386	2,785

(1) Comparative amounts for the years 2003 to 2009 represent the most recently published results for those years and have not been restated to conform with the presentation of the current year.

(2) 2006 earnings includes a $20.2 million non-cash write down of goodwill

(3) 2010 earnings includes a $5.2 million non-cash income tax recovery related to the recognition of its tax loss carryforwards and other future tax assets as well as a $1.1 million non-cash write down of goodwill

(4) 2011 earnings includes a $3.3 million settlement expense and $2.8 million of fair value adjustments related to unit options and exchangeable shares

Cash used to reduce indebtedness and support growth coupled with lower earnings made it difficult to sustain distribution levels paid between 2003 and 2005. Distributions were suspended at the end of 2005 and not reinstated until the end of 2007 as cash flows, earnings and distributable cash levels strengthened. Since 2007 there has been significant improvement in cash flow provided by operating activities, earnings and adjusted distributable cash, which has permitted the Fund to steadily increase its cash distributions since they were reinstated at the end of 2007. The Fund's distribution level is currently well below cash flow provided by operating activities and adjusted distributable cash. Excess funds have been used to grow the business and strengthen the balance sheet. A continuation of this trend would permit the Fund to continue to increase distributions over time while maintaining a strong balance sheet and executing its growth strategy.

RESULTS OF OPERATIONS

($000's, except per unit figures)	December 31, 2011	% change	December 31, 2010
Total Sales	356,966	38.9%	257,009
Same Store Sales *(excluding foreign exchange)*	229,390	6.0%	216,405
Sales - Canada	75,410	4.6%	72,068
Same Store Sales - Canada	72,785	4.1%	69,895
Sales - U.S.	281,556	52.2%	184,941
Same Store Sales - U.S. *(excluding foreign exchange)*	156,605	6.9%	146,510
Gross Margin %	44.9%	(0.9%)	45.3%
Operating Expense %	38.0%	0.0%	38.0%
Adjusted EBITDA	24,379	29.8%	18,783
Depreciation and Amortization	8,688	59.7%	5,441
Finance Costs	2,036	40.5%	1,449
Fair Value Adjustments to Exchangeable Shares and Unit Options	2,829	15.4%	2,451
Income Tax Expense	2,455	n/a	(6,635)
Net Earnings	2,950	(78.1%)	13,473
Basic earnings per unit	0.262	(79.0%)	1.250
Diluted earnings per unit	0.262	(79.0%)	1.249
Standardized Distributable Cash	14,453	2.8%	14,054
Adjusted Distributable Cash	15,968	5.7%	15,112
Distributions Paid	4,994	33.7%	3,735

Total same-store sales increased 8.0% and U.S. same-store sales increased 9.9% excluding the significant hail experienced in the fourth quarter of 2010.

Performance of CARS

In the first six months of operations, the Cars locations delivered sales of $34.0 million. This compares to $32.5 million delivered for the same period in the prior year and represents an increase in same store sales of 7.7%. EBITDA[1] contributed by Cars from July to December was $2.8 million, or 8.2% of sales.

Sales

Sales totalled $357.0 million for the year ended December 31, 2011, an increase of $100.0 million or 38.9% compared to the same period in 2010. The increase in sales was the result of the following:

- During 2011, $94.1 million of sales were generated from sixteen new single locations as well as 37 True2Form locations and 28 Cars Collision locations.
- Same-store sales increased $13.0 million or 6.0% excluding foreign exchange, but decreased $5.6 million due to the translation of same-store sales at a lower U.S. dollar exchange rate. Sales in 2010 benefitted from the impact of a significant hail storm in the Arizona market during the fourth quarter that contributed approximately $3.9 million in sales. Excluding these sales from 2010, same-store sales increased 8.0%.
- Sales were affected by the closure of two under-performing facilities which decreased sales by $1.5 million.

Same-store sales are calculated by including sales for stores that have been in operation for the full comparative period.

Sales by Geographic Region (000's)

Year Ended December 31,	2011	2010
Canada	$ 75,410	$ 72,068
United States	281,556	184,941
Total	$ 356,966	$ 257,009
Canada - % of total	21.1%	28.0%
United States - % of total	78.9%	72.0%

Sales in Canada for 2011 totaled $75.4 million, an increase of $3.3 million or 4.6%. Sales increases in Canada were due to same-store sales increases of $2.9 million or 4.1%. Sales of a further $1.1 million were generated from three new locations in Edmonton, Alberta; Richmond, B.C.; and Winnipeg, Manitoba, but were offset by a sales decrease of $0.7 million from a location closure.

Sales in the U.S. totalled $281.6 million for the year ended December 31, 2011, an increase from 2010 of $96.7 million or 52.2% when compared to $184.9 million for the prior year. Sales increases in the U.S. were comprised of:

- $11.6 million of sales were generated from new locations in Cartersville, Georgia; Owasso, Oklahoma; Evanston, Illinois; Las Vegas, Nevada; two new locations in the Atlanta, Georgia area; Bellingham, Washington; Yuma, Arizona; Savannah, Georgia; McDonough, Georgia; Everett, Washington; Seattle, Washington and Grove City, Ohio.
- $81.1 million of sales were generated from 37 True2Form locations, compared to $33.7 million of sales generated from August to December of 2010. True2Form achieved a same-store sales increase of 5.3% compared to its twelve month period ended December 30, 2010.
- $34.0 million of sales were generated from 28 Cars Collision locations.
- Same-store sales increased $10.1 million or 6.9% excluding foreign exchange, but decreased $5.6 million due to the translation of same-store sales at a lower U.S. dollar exchange rate. Sales in 2010 benefitted from the impact of a significant hail storm in the Arizona market during the fourth quarter that contributed approximately $3.9 million in sales. Excluding these sales from 2010, same-store sales increased 9.9%.
- Sales were affected by the closure of an under-performing facility which decreased sales by $0.8 million.

Gross Margin

Gross Margin was $160.1 million or 44.9% of sales for the year ended December 31, 2011 compared to $116.4 million or 45.3% of sales for the same period in 2010. Gross margin dollars increased $43.7 million due to additional sales from the True2Form and Cars acquisitions, new start-ups as well as other same store sales increases. The gross margin percentage decreased due to the inclusion of lower margins in the True2Form and Cars businesses. Paint and material margins were also lower due the continuing integration of new paint and waterborne technology into True2Form and Cars as well as fluctuations in the utilization and pricing of paint and related products in both Canada and the U.S.

Operating Expenses

Operating Expenses for the year ended December 31, 2011 increased $38.0 million to $135.7 million from $97.7 million for the same period of 2010, primarily due to the acquisition of True2Form, Cars Collision and other new locations. Excluding the impact of foreign currency translation of approximately $3.9 million, expenses increased $37.1 million from 2010 as a result of new locations including True2Form and Cars as well as a further $5.6 million at same-store locations. Closed locations and the reduced impact of not having the Arizona hail in 2011 lowered operating expenses by a combined $0.8 million.

Operating expenses as a percentage of sales was 38.0% for 2011 and 2010. Decreases from the fixed component of operating expenses as a result of higher same-store sales levels were offset by increases due to higher operating expenses at new store locations as they ramp up to expected sales levels over time.

Foreign Exchange Losses (Gains)

Foreign Exchange Losses (Gains) for the year ended December 31, 2011 of $50 thousand were the result of derivative contracts entered into during the year to minimize foreign exchange exposure on U.S. loans made to the Canadian operations from a U.S. subsidiary on a short-term basis and exchanged into Canadian dollars. The 2010 gain was primarily the result of foreign exchange gains on derivative contracts used to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of U.S. operations. Over the course of 2010 these derivative contracts began unwinding and were not replaced with additional contracts.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for 2011 were $1.9 million compared to $1.4 million recorded for the same period of 2010. The costs in 2011 primarily relate to the acquisition of Cars which includes a broker fee of approximately $0.4 million. The 2010 comparative period amount primarily relate to True2Form. In addition to the acquisition costs, other one-time corporate development costs of approximately $0.4 million were incurred 2011.

Adjusted EBITDA

Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability and unit option liability as well as acquisition and transaction costs and settlement costs ("Adjusted EBITDA")[1] for the year ended December 31, 2011 totaled $24.4 million or 6.8% of sales compared to Adjusted EBITDA of $18.8 million or 7.3% of sales in the same period of the prior year. The increase of $5.6 million was the result of improvements in same store sales which contributed $3.2 million, combined with $1.4 million of incremental EBITDA contribution from True2Form compared to 2010 and $2.8 million of EBITDA contribution from the acquisition of Cars Collision. In addition, other new stores contributed another $0.4 million. Changes in the U.S. dollar and foreign exchange losses recorded in 2011 negatively impacted Adjusted EBITDA by $0.9 million. The significant hail storm in Arizona, which occurred in the fourth quarter of 2010, increased Adjusted EBITDA by $1.3 million for that year and did not reoccur in 2011.

Depreciation and Amortization

Depreciation Expense related to plant and equipment totalled $6.3 million or 1.8% of sales for the year ended December 31, 2011 an increase of $2.1 million when compared to the $4.1 million or 1.6% of sales recorded in the same period of the prior year. The increase was primarily due to the acquisitions of True2Form and Cars as well as new location growth.

Amortization of intangible assets for 2011 totaled $2.4 million or 0.7% of sales, an increase of $1.1 million when compared to the $1.3 million or 0.5% of sales expensed for the same period in the prior year. The increase is the result of recording additional intangible assets as a result of the acquisitions of True2Form and Cars. Due to the planned rebranding of the Cars and True2Form locations in 2012, the Company also amortized these brand names in 2011 in the amount of $0.5 million.

Settlement Cost

Settlement Cost of $3.3 million is the result of the retirement of the Executive Chairman of the Fund in the fourth quarter of 2011. The Fund is obligated to continue with the payment of the Executive Chairman's compensation until January 31, 2014. A full provision for these continuing payments were expensed and accrued in the fourth quarter as a $3.3 million settlement cost.

[1] EBITDA and Adjusted EBITDA are not recognized measures under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, EBITDA and Adjusted EBITDA are useful supplemental measures as they provide investors with an indication of operational performance. Investors should be cautioned, however, that EBITDA and Adjusted EBITDA should not be construed as alternatives to net earnings determined in accordance with GAAP as an indicator of the Fund's performance.

Fair Value Adjustment to Exchangeable Shares

Fair Value Adjustment to Exchangeable Shares resulted in a non-cash expense related to the increase in the associated liability of $1.9 million during 2011 compared to $2.1 million in the prior year. The class A exchangeable shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as financial liabilities of the Fund. The liability represents the value of the Fund attributable to these shareholders. 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 increase in the liability and the related expense for both years is the result of increases in the value of the Fund's unit price.

Fair Value Adjustment to Unit Options

Fair Value Adjustment to Unit Options was a non-cash expense related to an increase in the associated liability of $0.9 million for 2011 compared to $0.4 million in the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the value of the Fund's unit price. 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 increase in the liability and the related expense is primarily the result of an increase in the value of the Fund's unit price.

Non-Controlling Interest Put Option Adjustment

In 2011, the Fund entered into an agreement that provides a member of its U.S. management team the opportunity to participate in the future growth of the Fund's U.S. glass business. Within the agreement is a put option held by the non controlling shareholder that allows the shareholder to put the business back to the Fund according to a valuation formula defined in the agreement. The put option is restricted during the first three years of the agreement but then may be exercised at any time by the non controlling shareholder. The value of the put option is determined by discounting the estimated future payment obligation at each statement of financial position date. The initial amount of the put option of $0.2 million was recorded to retained earnings and the put option increased during the year by $0.2 million as a result of an increase in the estimated value of the business.

Finance Costs

Finance Costs of $2.0 million or 0.6% of sales for 2011 increased from $1.4 million or 0.6% of sales for the prior year. The increase in interest expense resulted from increases in long-term debt as a result of the acquisitions of True2Form and Cars offset by reductions and repayments on other long-term debt and reduced operating line borrowings.

Write-down of Goodwill

The Fund follows International Accounting Standard 36 – Impairment of Assets as it pertains to evaluating goodwill. In accordance with the requirements, the Company tests its goodwill and other intangible and tangible assets for impairment on an annual basis or more frequently if it is believed circumstances would warrant. In 2010, due to the weakness in the B.C. glass market, management identified an impairment issue with a single glass operation and accordingly wrote-down $1.3 million in goodwill.

Income Taxes

Current and Deferred Income Tax Expense (Recovery) of $2.5 million in 2011 compares to a recovery of $6.6 million in 2010. The large recovery in 2010 was the result of the Company recording deferred tax benefits on loss carryforwards and other tax assets in that year. Income tax provisions and recoveries in both Canada and the U.S. had previously been impacted unrecognized tax losses and other tax assets. During 2010 it was determined that conditions had changed such that the Fund believed it is now probable that it would be able to utilize its non-capital loss carryforward amounts and other tax assets. Upon these balances being recorded on the balance sheet, deferred tax expense is charged to earnings in relation to reported income. At the end of 2011, the Fund reported remaining loss carryforward amounts in Canada of $3.9 million and in the U.S. of $7.2 million. Included in the U.S amount are loss carryforward amounts related to the True2Form acquisition in the amount of $7.0 million which are limited in their utilization to $1.7 million per year. As a result of the acquisition of Master Collision Repair on January 3, 2012, the Company added additional losses available in the U.S. of approximately $4.5 million, which are limited in their utilization to $1.1 million per year.

Net Earnings and Earnings Per Unit

Net Earnings for the year ended December 31, 2011 was $2.9 million or 0.8% of sales compared to earnings of $13.5 million or 5.2% of sales last year. The earnings in 2011 were impacted by recording fair value adjustments for exchangeable shares in the amount of $1.9 million and unit options in the amount of $0.9 million, as well as the recording of acquisition and transaction costs of $1.9 million, settlement cost of $3.3 million, accelerated brand name amortization of $0.5 million, the non-controlling interest put option adjustment of $0.2 million and income tax expense of $2.5 million. Excluding the impact of these adjustments, net earnings would have increased to $14.2 million or 4.0% of sales. This compares to adjusted earnings of $11.9 million or 4.6% of sales for the same period in 2010 if the same items were adjusted as well as the $1.3 million related to the write down of goodwill. The increase in the adjusted net income for the year is the result of the contribution of new acquisitions and new location growth as well as increases in same-store sales.

Basic and Diluted Earnings Per Unit was $0.262 per unit for the year ended December 31, 2011 compared to basic earnings per unit of $1.250 and diluted earnings per unit of $1.249 per unit in the same period in 2010. The decrease to the basic and diluted earnings per unit amounts is attributed to the impact of the fair value adjustments for exchangeable shares and unit options, the settlement cost as described previously, the non-controlling put option adjustment, accelerated brand name amortization as well as the acquisition and transaction costs.

SUMMARY OF QUARTERLY RESULTS

($000's, except per unit data)	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	100,493	97,333	77,567	81,573	80,808	68,999	52,288	54,914
Net earnings	(2,070)	6,519	(2,387)	888	7,950	1,940	1,652	1,931
Basic earnings per unit	(0.192)	0.593	(0.221)	0.082	0.738	0.180	0.153	0.179
Diluted earnings per unit	0.181	0.220	(0.221)	0.082	0.756	0.180	0.153	0.160

Sales have increased in recent quarters due to the acquisition of True2Form, Cars Collision and other new locations as well as same store sales increases. Earnings had been consistent until the fourth quarter of 2010 which benefited from a hail storm in Arizona and a return to same-store sales growth. The growth in earnings in the fourth quarter of 2010 was also impacted by the recognition of non-capital loss carryforward amounts and other tax assets that had previously been offset with a valuation allowance, offset by the impact of writing down $1.3 million in goodwill related to an individual glass business in B.C. The decrease in earnings in the first and second quarters of 2011 is primarily due to the fair value adjustments for exchangeable class A shares and unit options which reduced net earnings as well as expensing acquisition and transaction costs that under previous GAAP would have been recorded as part of the purchase price and the recording of deferred income tax expense. The third quarter of 2011 benefitted from the reversal of much of the fair value adjustments experienced during the first two quarters of the year, while the fourth quarter was again impacted negatively by fair value adjustments as well as the accrual of settlement costs associated with the retirement of the Executive Chairman.

STATUS AS A SPECIFIED INVESTMENT FLOW-THROUGH AND TAXATION

Under the previous taxation regime for income trusts, the Fund had been exempt from tax on its income to the extent that its income was distributed to unitholders. This exemption did not apply to the Company or its subsidiaries, which are corporations that are subject to income tax. Under the new tax regime for trusts, certain distributions from a "specified investment flow-through" trust or partnership ("SIFT") are no longer deductible in computing a SIFT's taxable income, and a SIFT is subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Foreign investment income from non-portfolio investments is not subject to the SIFT tax.

The Fund investigated and evaluated its structuring alternatives in connection with the SIFT rules with a view of preserving and maximizing unitholder value. Based upon its investigation, analysis and due diligence and given its size and circumstances, the Fund determined that a change to a share corporation structure would not be advantageous to the Fund or its unitholders at this time. This determination has been made based on several reasons. First, the Fund does not believe it will achieve any net tax savings by converting. Second, the Fund believes that the cost of conversion is not a prudent use of cash and is not justified by any perceived benefits from conversion for a fund of our size. Third, to the extent that the Fund pays SIFT tax, it believes that its taxable unitholders will benefit from the lower tax rate on distributions received, as it expects to be able to maintain distributions, despite any trust tax that the Fund will incur. In addition, the Fund's current distribution level to unitholders is being funded almost entirely by its U.S. operations and since distributions that are sourced from U.S. business earnings are not subject to the SIFT tax, the Fund benefits from a tax deduction at the U.S. corporate entity level for interest paid to the Fund which is distributed to unitholders.

On July 14, 2008 the Minister of Finance released draft legislative proposals that contain the rules for allowing a SIFT trust to convert into a publicly traded corporation without adverse consequences for the trust or its unitholders. The SIFT conversion rules will apply to conversions that are effected after July 14, 2008 and before 2013. The Fund is in the process of determining if it is advantageous to utilize these rollover rules before December 31, 2012.

Even though the Company is carrying tax loss-carryforward balances in both Canada and the U.S. that enable it to shelter taxes payable, the Fund is required to record income tax expense at its effective tax rate. The Fund's effective tax rate varies due to the fixed level of interest that is deducted from the U.S. operations and paid to the trust unitholders as distributions. This amount of interest was $4.8 million for the year ended December 31, 2011. The Fund estimates that its basic Canadian provincial and federal tax rate is approximately 26% and its U.S. federal and state tax rate is approximately 39%. In forecasting future tax obligations, the Fund deducts the interest amount above from the U.S. taxable income to estimate the U.S. tax expense. As a result of the fixed nature of the interest deduction, it is not possible to provide a reliable estimate of the effective tax rate for the Fund. The following illustration demonstrates the differences in the effective tax rate depending on the level of net income and a fixed interest deduction.

Effective tax rate (illustration only)			
Example blended tax rate (U.S. and Canada)	35.0%	35.0%	35.0%
Net income level	$ 10,000	$ 15,000	$ 20,000
U.S. interest deduction re: distributions	(5,000)	(5,000)	(5,000)
	5,000	10,000	15,000
Computed tax	1,750	3,500	5,250
Effective tax rate - % of total	17.5%	23.33%	26.25%

While the Fund intends on remaining in its current structure for the foreseeable future, it will continue to evaluate this decision in the context of changing circumstances.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow from operations, together with cash on hand and unutilized credit available on existing credit facilities are expected to be sufficient to meet operating requirements, capital expenditures and distributions. At December 31, 2011, the Fund had cash, net of outstanding deposits and cheques, held on deposit in U.S. bank accounts totaling $18.4 million (December 31, 2010 - $9.6 million). Offsetting this balance was $nil (December 31, 2010 - $0.2 million) outstanding under its operating line of credit, resulting in a cash position, net of bank indebtedness, of $18.4 million at December 31, 2011 (December 31, 2010 - $9.4 million). The net working capital ratio (current assets divided by current liabilities) was 1.13:1 at December 31, 2011 (December 31, 2010 - 1:1). The increase in the net working capital ratio is the result of the Fund completing a bought deal public offering on September 27, 2011 which significantly increased its cash on hand.

At December 31, 2011, the Fund had total debt outstanding, net of cash, of $16.9 million compared to $19.2 million at September 30, 2011, $31.2 million at June 30, 2011, $14.4 million at March 31, 2011 and $16.0 million at December 31, 2010. The increase in cash during the fourth quarter was primarily the result of operations generating positive cash flow in the quarter. The decrease in cash and increase in total debt in the second quarter of 2011 was due to the Company incurring approximately $6.4 million in new U.S. senior term debt, a $2.9 million seller loan and using approximately $4.9 million in cash as part of the Cars acquisition. The subsequent decrease in total debt was due to the Fund issuing 1,300,000 units from treasury during the quarter as part of a bought deal public offering as well as the generation of cash from operations and continued repayments of U.S. debt.

Total Debt, Net of Cash ($ Millions)	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011	December 31, 2010
Bank indebtedness	$ -	$ -	$ 3.5	$ 1.5	$ 0.2
U.S. senior bank debt	23.4	24.3	23.0	17.0	17.8
Seller loans	5.5	5.9	5.7	2.8	3.0
Obligations under capital lease	6.4	6.0	5.4	4.8	4.6
	$ 35.3	$ 36.2	$ 37.6	$ 26.1	$ 25.6
Cash	18.4	17.0	6.4	11.7	9.6
Total Debt, Net of Cash	$ 16.9	$ 19.2	$ 31.2	$ 14.4	$ 16.0

Seller loans are loans granted to the Company by the sellers of businesses related to the acquisition of those businesses

The following table summarizes the contractual obligations at December 31, 2011 and required payments over the next five years:

Contractual Obligations (000's)	Payments Due By Period				
As at December 31, 2011	Total	Due < 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	$ 28,946	$ 2,201	$ 5,132	$ 7,671	$ 13,942
Capital lease obligations (principal & interest)	7,421	2,803	3,295	1,306	17
Operating lease obligations	97,162	20,771	31,510	18,889	25,992
Settlement accrual	3,013	1,094	1,919	-	-
Purchase obligations:					
Prepaid rebate repayments (1)	-	Unknown	Unknown	Unknown	Unknown
Total Contractual Obligations	$ 136,542	$ 26,869	$ 41,856	$ 27,866	$ 39,951

(1) Subject to fulfilling certain conditions such as meeting the contractual purchase obligations, no change in control and not closing any locations, the repayment amount would be nil.

Operating Activities

Cash flow generated from operations, before considering working capital changes, was $17.3 million for 2011 compared to $14.8 million in 2010. The increase was due to stronger adjusted EBITDA in 2011, resulting from new location growth as well as the acquisitions of True2Form and Cars.

Changes in working capital items required net cash of $1.1 million for 2011 compared to providing $1.0 million in 2010. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures as well as changes in the foreign exchange translation of U.S. working capital items.

Financing Activities

Cash provided by financing totalled $18.8 million for the year ended December 31, 2011 compared to $7.0 million in the prior year. During 2011, cash was provided from the bought deal public offering in the amount of $13.975 million less issue costs of $1.8 million, increases in long-term debt in the amount of $6.5 million, unearned rebates of $6.2 million as well as the collection of rebates receivable of $1.7 million and proceeds received from the leasing of assets of $2.1 million. Cash was used for the repayment of long-term debt totalling $2.4 million, a reduction in bank indebtedness in the amount of $0.2 million and distributions paid to unitholders and dividends to Class A common shareholders totalling $5.0 million. During 2010, cash was provided from increases in long-term debt in the amount of $7.3 million, unearned rebates of $6.7 million as well as the collection of rebates receivable of $1.2 million and proceeds received from the leasing of assets of $1.5 million. Cash was used for the repayment of long-term debt totaling $2.1 million, a reduction in bank indebtedness in the amount of $1.9 million and distributions paid to unitholders and dividends to Class A common shareholders totaling $3.7 million.

Unitholders' Capital

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 the retiring Executive Chairman of the Fund and 200,000 units were sold by an officer of one of the Company's subsidiaries at a gross price of $10.75 per unit.

A unitholder is entitled to request the redemption of units at any time, and the Fund is obligated to redeem those units, subject to a cash redemption maximum of $25,000 for any one month. The redemption price is determined as the lower of 90% of the market price during the 10 trading day period commencing immediately after the date of the redemption or 100% of the closing market price on the date of redemption. No amounts were redeemed in either 2011 or 2010.

A Class A common shareholder of BGHI can exchange Class A common shares for units of the Fund upon request. The retraction of Class A common shares is achieved by BGHI issuing Class B common shares to the Fund in exchange for units of the Fund, and the units so received being delivered to the Class A shareholder requesting the retraction. For the year ended December 31, 2011, BGHI received requests and retracted 446,034 (2010 – 10,511) Class A common shares, issued 446,034 (2010 – 10,511) Class B common shares to the Fund and received 446,034 (2010 – 10,511) units of the Fund as consideration, which were delivered to the Class A shareholders in respect of the retraction.

The Fund sells the Class B shares to the Company in exchange for Notes and Class I shares to fund future distributions on the Trust units. The exchange value is equivalent to the unit value provided to the Class A common shareholder.

Subsequent to December 31, 2011, BGHI has received requests to retract a total of 3,561 Class A common shares, has issued a total of 3,561 Class B common shares to the Fund, and has received a total of 3,561 units of the Fund as consideration, which have been or will be delivered to the Class A shareholders in respect of the retraction. The Fund anticipates that it will continue to sell any Class B shares of BGHI that it receives as a result of these retractions, to the Company.

The holders of the Class A common shares receive cash dividends on a monthly basis at a rate equivalent to the monthly cash distribution paid to unitholders of the Fund.

The following chart discloses outstanding unit data of the Fund, including information on all outstanding securities of the Fund and its subsidiaries that are convertible or exchangeable for units of the Fund as of March 22, 2012.

Securities	# or $ Amount of Securities Outstanding	# of Units to be Issued on Conversion or Exchange by Holder	Maximum # of Units to be Issued
Units outstanding	12,531,697	12,531,697	12,531,697
Class A common shares of BGHI (1)	395,788	395,788	395,788
Unit options:			
Date Granted - January 11, 2006 (2)	200,000	200,000	200,000
Date Granted - November 8, 2007 (3)	450,000	450,000	450,000
Total		13,577,485	13,577,485

(1) The Fund is obligated to issue units to BGHI, in exchange for Class B shares of BGHI, upon a request for retraction by the holders of the Class A shares of BGHI on a 1:1 basis.

(2) On January 11, 2006, the Fund granted options to certain key employees allowing them to exercise the right to purchase, 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 granting of the options was approved at the unitholders' Annual Meeting in 2006. The options would permit the purchase of units at a price equal to 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 cost of the options is being recognized over the term between the date when unitholder approval is obtained and the date the options become exercisable.

(3) On November 8, 2007, the Fund granted options to certain key employees allowing them to exercise the right to purchase, in the aggregate, up to 450,000 units of the Fund, such options to purchase up to 150,000 units issued 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 unit under the options issued on each issue date shall be the greater of the closing price for units on the Toronto Stock Exchange on the option grant date (being $2.70 per unit) and the weighted average trading price of the units on the Toronto Stock Exchange for the first 15 trading days in the month of January of the year in which each issue date falls, being $2.70, $3.14 and $5.41, respectively. 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 nine 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 units if there is a "takeover bid" for units. The cost of the options is being recognized over the term between the date when unitholder approval is obtained and the date the options become exercisable.

Trading Partner Funding – Prepaid Rebates and Loans

The Company has an agreement with strategic trading partners providing it prepaid rebate funding in exchange for a long term exclusive supply arrangement. Rebates received are deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over the term of the agreement. The Company is obliged to purchase the suppliers' products on an exclusive basis over the 15 year term of the agreement, ending on January 31, 2021 (subject to extension in connection with the July 30, 2010, June 30, 2011 and January 3, 2012 addendums described below). In exchange for this exclusive arrangement, and subject to certain conditions, the trading partner is 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, or a change in control of the Company as defined by the agreement, would require the Company to repay all un-amortized balances and any other amounts as determined within the agreement. Additional quarterly rebates are receivable in quarterly instalments of $524,167 U.S. until February 28, 2012, reducing to $286,667 U.S. from May 31, 2012 to May 31, 2016 and reducing to $161,667 U.S. from August 31, 2016 until May 31, 2017, and then reducing to $41,667 U.S. from August 31, 2017 until November 30, 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.

Events of default under this agreement mirror those included in the Company's U.S senior term debt facility as described under the heading "Debt Financing" below. Further termination provisions can be triggered in the event Boyd, without the prior consent of the trading partners, was to experience a significant change in control, were to sell or otherwise transfer its ownership interests in any of its subsidiary operations or permit those subsidiaries to sell or otherwise transfer any material part of their assets. Finally, termination of the agreement can occur by mutual written agreement. Termination would require Boyd to repay all un-amortized balances and all other amounts as outlined within the agreement.

In addition to the regularly scheduled quarterly rebates, prepaid rebates are also available for new acquisitions and start-ups. Regular testing of the criteria used to determine these additional rebates is applied after a certain start up period, with any under-funded (or over-funded) amounts being collected (or repaid) by the Company at that time. During 2011, the Company received $0.9 million of new rebates and repaid $0.1 million as over-funded adjustments to rebates previously received. This compares to $0.7 million of new rebates and repayments of $0.1 million as over-funded adjustments to rebates previously received in the prior year.

On July 30, 2010, in connection with a new acquisition and under a new addendum to its existing supply agreement, the Company received as a capital contribution towards the acquisition a one-time enhanced prepaid rebate from its trading partners of $6.0 million U.S. This prepaid rebate and the additional quarterly rebates noted above 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. The Company's new operations are obligated to purchase the suppliers' products on an exclusive basis over the 15 year term of the addendum ending July 31, 2025. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively. Termination of the addendum would require the Company to repay all un-amortized balances and any other amounts as determined under the addendum.

On June 30, 2011 and then on January 3, 2012 in connection with new acquisitions and under new addendums to its existing supply agreement, the Company received one-time enhanced prepaid rebates from its trading partners of approximately $5.6 million U.S. and $2.0 million U.S., respectively. These prepaid rebates and the additional quarterly rebates noted above will be deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over a period of 15 years. The terms and conditions of addendums are consistent with those found in the 2010 addendum.

Debt Financing

As at December 31, 2011, the Company had no borrowings under its operating line of credit. This compared to $0.2 million outstanding at December 31, 2010. Under the Fund's amended senior credit facilities, the Fund has access to a $16 million operating line, subject to accounts receivable margining.

The Company had a Canadian senior term debt facility in place which was fully repaid in 2008. The Canadian senior term facility was a committed reducing facility, secured by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. Although fully repaid, the security described above remains in place to support the continuing operating line.

The Company also has a U.S. senior secured term debt facility with a U.S. bank. At December 31, 2011 the balance outstanding under the initial tranche of funding was $9.625 million U.S. This initial tranche was supported by a five year promissory note due January 31, 2011 with six quarterly principal repayments, in the amount of $375,000 U.S., which began October 31, 2009 and continued thereafter on the last day of January, April, July and October 2010 and 2011 as well as January 31, 2012. On July 30, 2010 the facility was extended with a new three year promissory note due July 31, 2013, and then on June 30, 2011 the facility was further extended with a new three year promissory note due July 31, 2014. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favorable, for an additional seven years providing quarterly principal repayments continue in annual U.S. amounts as scheduled below. Annual fiscal repayment amounts, in U.S. dollars, are scheduled to be as follows:

Year 6	February 1, 2011	to	January 31, 2012	$1,500,000
Year 7	February 1, 2012	to	January 31, 2013	$1,500,000
Year 8	February 1, 2013	to	January 31, 2014	$1,500,000
Year 9	February 1, 2014	to	January 31, 2015	$1,200,000
Year 10	February 1, 2015	to	January 31, 2016	$1,100,000
Year 11	February 1, 2016	to	January 31, 2017	$ 900,000
Year 12	February 1, 2017	to	January 31, 2018	$ 800,000
Year 13	February 1, 2018	to	January 31, 2019	$ 800,000
Year 14	February 1, 2019	to	January 31, 2020	$ 800,000
Year 15	February 1, 2020	to	January 31, 2021	$ 600,000

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 facility is secured by a pledge of the shares and assets (excluding accounts receivable) of The Gerber Group, Inc., a subsidiary of the Company, as well as a third party guarantee.

On July 30, 2010, the Company obtained, and fully drew, a new tranche of U.S. senior term debt with its U.S. bank for approximately $7.0 million U.S. This additional tranche is supported by an initial three year, interest only, promissory note due July 31, 2013. On June 30, 2011 the facility was further extended with a new three year promissory note due July 31, 2014. Subject to certain conditions, the Company has the option to renew the facility, at the then market terms, for an additional 11 years providing quarterly principle repayments are made beginning on October 31, 2013 and continuing thereafter on the last day of January, April, July and October for each year in annual U.S amounts as follows:

Year 4	August 1, 2013	to	July 31, 2014	$804,000
Year 5	August 1, 2014	to	July 31, 2015	$804,000
Year 6	August 1, 2015	to	July 31, 2016	$804,000
Year 7	August 1, 2016	to	July 31, 2017	$804,000
Year 8	August 1, 2017	to	July 31, 2018	$696,000
Year 9	August 1, 2018	to	July 31, 2019	$536,000
Year 10	August 1, 2019	to	July 31, 2020	$482,000
Year 11	August 1, 2020	to	July 31, 2021	$428,000
Year 12	August 1, 2021	to	July 31, 2022	$428,000
Year 13	August 1, 2022	to	July 31, 2023	$428,000
Year 14	August 1, 2023	to	July 31, 2024	$428,000
Year 15	August 1, 2024	to	July 31, 2025	$322,000

The interest rate for a floating rate loan is based on LIBOR plus 3.75% for a LIBOR loan 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 facility is secured by a pledge of the shares and assets, excluding cash and receivables, of True2Form as well as a third party guarantee. Other terms and conditions of the loan are similar to those contained in the Company's initial tranche under its U.S. senior bank debt facility.

On June 30, 2011, the Company obtained, and fully drew, a third tranche of U.S. senior term debt with its U.S. bank for approximately $6.7 million U.S. This additional tranche 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 market terms for an additional 12 years providing quarterly principle repayments are made beginning on October 31, 2014 and continuing thereafter on the last day of January, April, July and October for each year in annual U.S amounts as follows:

Year 4	August 1, 2014	to	July 31, 2015	$770,000
Year 5	August 1, 2015	to	July 31, 2016	$770,000
Year 6	August 1, 2016	to	July 31, 2017	$770,000
Year 7	August 1, 2017	to	July 31, 2018	$770,000
Year 8	August 1, 2018	to	July 31, 2019	$670,000
Year 9	August 1, 2019	to	July 31, 2020	$514,000
Year 10	August 1, 2020	to	July 31, 2021	$463,000
Year 11	August 1, 2021	to	July 31, 2022	$412,000
Year 12	August 1, 2022	to	July 31, 2023	$412,000
Year 13	August 1, 2023	to	July 31, 2024	$412,000
Year 14	August 1, 2024	to	July 31, 2025	$412,000
Year 15	August 1, 2025	to	July 31, 2026	$310,000

The interest rate for a floating rate loan is based on LIBOR plus 3.75% for a LIBOR loan 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 facility is secured by a pledge of the shares and assets, excluding cash and receivables, of Cars as well as a guarantee by the Company and a third party guarantee. Other terms and conditions of the loan are similar to those contained in the Company's initial tranche under its U.S. senior bank debt facility.

The company's senior credit facilities contain restrictive covenants that limit the discretion of the Company's management and the ability of the Company to incur additional indebtedness, to make acquisitions of collision repair businesses, to create liens or other encumbrances, to pay dividends, to redeem any equity or debt or make certain other payments, investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facilities contain financial covenants that require the Company and other restricted parties to meet certain financial ratios and financial condition tests which limit debt levels based upon earnings and test the Company's ability to make interest payments, debt principle repayments and distributions. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. In addition, there are cross default provisions in both the operating line and U.S. senior debt facilities that would, if an event of default were to occur in either agreement, cause acceleration of the indebtedness of both facilities.

The Company has supplemented its debt financing in the past by negotiating with sellers in certain acquisitions to provide financing to the Company in the form of term notes. The notes payable to sellers are typically at favourable interest rates and for terms of 5-10 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. On July 30, 2010, as part of the acquisition of True2Form, the Company issued a seller note in the amount of $2.0 million U.S. that is payable on July 30, 2015. This note is prepayable in part or in whole at the option of the Company. During 2011, the Company prepaid $400,000 U.S. of this note, compared to $200,000 U.S. that was prepaid in 2010. Interest on the note is fixed at 8.0% and is payable quarterly. On June 30, 2011, as part of the acquisition of Cars, the Company issued a 6.5% seller note in the amount of $3.0 million U.S. repayable in quarterly payments over eight years of which on payment for $93,750 was paid in 2011. In addition, during both 2011 and 2010, the Company was provided financing by a single seller for approximately $0.2 million. The Company repaid seller loans in 2011 totaling approximately $0.9 million (2010 - $0.6 million). On January 3, 2012, as part of the acquisition of Master Collision Repair, the Company issued a 8.0% seller note in the amount of $7.0 million U.S. repayable in monthly payments of principal and interest over 15 years.

The Fund has traditionally used capital leases to finance a portion of both its maintenance and expansion capital expenditures. The Fund expects to continue to use this source of financing where available at competitive interest rates and terms, although this financing also impacts the total leverage capacity covenants under both of the operating line and U.S. senior credit facilities. During 2011, $3.9 million (2010 - $1.7 million) of new equipment and courtesy cars was financed through capital leases, of which $2.1 million (2009 - $1.5 million) related to start-up facilities. The Fund anticipates continuing to use capital lease financing as a source of funding acquisition, development and sustaining equipment and vehicle capital expenditures.

On January 28, 2010, the Fund settled a $500,000 U.S. vendor exchangeable note related to the acquisition of the business now known as GNGS.

Investing Activities

Cash used in investing activities totalled $25.8 million for the year ended December 31, 2011, compared to $17.9 million used in the prior year. The large activity in both years relate primarily to the acquisitions and new location growth that occurred during these periods.

Acquisitions

On June 30, 2011, the Company acquired Cars Collision Center of Colorado, LLC and Cars Collision Center, LLC. Cars was a private company operating 14 locations in Illinois, eight locations in northern Indiana, and six locations in Colorado. The total consideration for the transaction of approximately US$20.5 million was funded with a combination of cash, U.S. senior bank term debt, trading partner funding and a seller note.

On July 30, 2010, the Company completed the acquisition of True2Form Collision Repair Centers, Inc., one of the largest multi-location collision repair companies in the United States for total consideration of approximately $17.0 million. True2Form was a private auto collision repair company operating 37 locations in four U.S. states; 17 locations in North Carolina, eight locations in Ohio, seven locations in Maryland and five locations in Pennsylvania. Funding for the transaction was a combination of cash, U.S. senior bank term debt, trading partner funding and a seller note.

Also during 2011, the Company separately purchased the equipment, work in progress and leased the premises of collision repair centers located in McDonough, Georgia; and Richmond, British Columbia.

In 2010, the Company separately purchased the equipment, work in progress and leased the premises of collision repair centers located in Evanston, Illinois; Owasso, Oklahoma; Las Vegas, Nevada; Bellingham, Washington and two locations in the Atlanta, Georgia area.

Start-ups

In 2011, the Company commenced operations in seven new start-up collision repair facilities located in Savannah, Georgia; Edmonton, Alberta; Grove City, Ohio; Seattle and Everett, Washington; Winnipeg, Manitoba; and Kent, Washington. The total combined investment in leaseholds, property and equipment for these facilities was approximately $2.3 million, financed through a combination of capital leases and trading partner prepaid rebates. The Company anticipates it will use similar start-up strategies to continue growth in the future.

In 2010, the Company commenced operations in two new start-up collision repair facilities located in Cartersville, Georgia and Yuma, Arizona. The total combined investment in leaseholds, property and equipment for these facilities was approximately $0.6 million, financed through a combination of capital leases and trading partner prepaid rebates. The Company anticipates it will use similar start-up strategies to continue growth in the future.

Capital Expenditures

Although most of Boyd's repair facilities are leased, funds are required to ensure facilities are properly repaired and maintained to ensure the Company's physical appearance communicates Boyd's standard of professional service and quality. The Company's need to maintain its facilities and upgrade or replace equipment, signage, computers, software and courtesy car fleets forms part of the annual cash requirements of the business. The Company manages these expenditures by annually reviewing and determining its capital budget needs and then authorizing major expenditures throughout the year based upon individual business cases. In addition to normal maintenance capital expenditures, the Company is also planning to rebrand its True2Form and Master locations and enhance its company-wide technology infrastructure. This technology infrastructure includes computer hardware, software, management information systems and the methods by which information will be captured, stored and communicated. Excluding expenditures related to acquisition and development, the Company spent approximately $1.9 million or 0.5% of sales on sustaining capital expenditures during 2011, compared to $1.7 million or 0.7% of sales during 2010.

During 2011, the Fund disposed of equipment, principally consisting of courtesy vehicles, for net proceeds totaling $0.1 million compared to total proceeds from equipment and vehicle disposals of less than $0.1 million in 2010. The Fund anticipates that it will continue to generate proceeds on disposal of equipment, particularly courtesy vehicles, as these vehicles are purchased by the Company as their leases expire, and are ultimately sold. Where courtesy vehicles have been replaced, these replacements have, in certain circumstances, been obtained using either capital or operating leases.

RELATED PARTY TRANSACTIONS

During the year, the Fund engaged in the following transactions with related parties:

Management services fees totaling $1,048,727 (2010 - $934,331) were paid to C.C. Collision Repair Management Limited Partnership ("C.C. Repair"). C.C. Repair, an entity owned by parties related to senior officers of the Fund, employs all of the Fund's operations managers for its Manitoba locations, as well as certain senior corporate management staff and provides the services of these personnel to the Fund under contract. Other than $50,000 (2010 - $24,000), all of the management fees collected by C.C. Repair were in turn paid out in expenses, either directly or indirectly to these employees of C.C. Repair for salaries, wages and benefits, or for other expenses associated with the delivery of management services. Effective December 31, 2011, the C.C. Repair Management Limited agreement was terminated.

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the leases are representative of fair market rent values. The following are the facilities currently under lease with related parties:

Landlord	Affiliated Person(s)	Location	Lease Expires	2011	2010
3577997 Manitoba Inc.	Terry Smith & Brock Bulbuck	Selkirk, MB	2017	**$ 55,692**	$ 55,692
Gerber Building No. 1 Ptnrp	Eddie Cheskis & Tim O'Day	South Elgin, IL	2013	**103,125**	103,952
Rex A. Dunn	Rex A. Dunn	Youngstown, OH	2015	**149,507**	57,832
RBMA, LLC	Rex A. Dunn	Warren, OH	2015	**144,142**	57,484
John S. Sanders	John S. Sanders	Dublin, OH	2015	**196,778**	83,806
Sun Coast Properties, LLC	John S. Sanders	Columbus, OH	2018	**118,395**	50,104
P & P, LLC	Richard M. Paukstitus & Clark W. Plucinski	College Park, MD	2016	**114,481**	52,869
BCP Realty, Inc.	Richard M. Paukstitus & Clark W. Plucinski	Gaithersburg, MD	2016	**172,950**	77,247
Thomas R. Carlton	Thomas R. Carlton	Morganton, NC	2013	**70,577**	30,397
Mooresville Commons, LLC	R. Steven McGlothlin	Mooresville, NC	2018	**198,968**	85,692
Farelane Properties Ltd.	Terry Smith(1)	Winnipeg, MB	2014	**105,617**	n/a

(1) This related party association resulted from the acquisition of a property in 2011 by Mr. Smith, who at the time was the Fund's Executive Chairman. Effective October 15, 2011, Mr. Smith retired from both his position as Executive Chairman of the Fund and as a member of the Fund's Board of Trustees.

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $193,504 (2010 - $195,926), through BGHI to 4612094 Manitoba Inc., an entity owned directly or indirectly by senior officers of the Fund. At December 31, 2011, 4612094 Manitoba Inc. owned 174,848 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

Autofit Retainers & Tools, a supplier of automotive parts affiliated with The Terry Smith Family Trust, recorded sales to the Fund in the amount of $84,152 (2010 - $83,324). The supplier relationship between Autofit Retainers & Tools and the Fund does not include any non-standard terms and the transactions of this arrangement are accounted for at the exchange amount.

Certain advertising and related expenses are paid to CMS Inc., a company owned by the spouse of an officer of the Company. During 2011, these expenses amounted to $35,686 (2010 - $71,199) and are accounted for at the exchange amount. Effective June 30, 2011, the arrangement with CMS Inc. was terminated.

FOURTH QUARTER

Sales for the three months ended December 31, 2011 totaled $100.5 million, an increase of $19.7 million or 24.4% compared to the same period in 2010. Overall same store sales decreased $0.4 million, or 0.5% in the fourth quarter of 2011 when compared to the fourth quarter of 2010. A significant hail storm was experienced in the Arizona market in 2010 which we estimate increased sales in 2010 by $3.9 million. After removing this impact and excluding the impact of foreign currency translation attributable to sales generated from the Company's U.S. operations which increased sales by $0.6 million, same store increased $3.5 million or 4.7% for the quarter. Sales growth of $20.4 million was attributable to the acquisition of Cars as well as nine new collision repair centers. The closure of two under-performing facilities during the year accounted for a decrease in sales of $0.9 million.

Sales in Canada for the fourth quarter of 2011 increased $0.3 million, or 1.6%, to $19.1 million. Sales increases in Canada were due to sales growth of $1.0 million from the start up of three new locations, offset by closure of an under-performing facility which reduced sales by $0.6 million. Same store sales decreased $0.1 million or 0.5% for the quarter.

In the U.S., sales totalled $81.4 million for the three months ended December 31, 2011, an increase of $19.4 million when compared to $62.0 million for the prior year. In addition to $17.2 million in sales from Cars, sales in the U.S. included $2.2 million from six new collision repair facilities. Overall same store sales decreased $0.3 million, or 0.5% in the fourth quarter of 2011 when compared to the fourth quarter of 2010 and excluding the impact of foreign currency. After adjusting for the impact of the significant hail storm in Arizona and excluding the impact of foreign currency translation and start-ups, U.S. same store sales increased by $3.6 million or 6.3% for the quarter. Foreign currency translation increased sales by $0.6 million. The closure of an under-performing facility during the year accounted for a decrease in sales of $0.3 million.

Adjusted EBITDA for the fourth quarter of 2011 totaled $7.6 million or 7.6% of sales compared to Adjusted EBITDA of $7.0 million or 8.7% of sales in the same period of the prior year. Improved adjusted EBITDA for 2011 was the result of the acquisition of Cars in 2011 as well as other new location growth. Offsetting these improvements was the fact that in the prior year the Company benefitted from the impact of a significant hail storm experienced in the Arizona market, which we estimate increased EBITDA between $1.1 million and $1.3 million in that year.

Current and Deferred Income Tax Expense of $0.7 million in 2011 compared to a $6.7 million recovery in 2010. The large recovery in 2010 was the result of the Company recording future tax benefits on loss carryforwards and other tax assets in the year. Income tax provisions and recoveries in both Canada and the U.S. had previously been impacted by a valuation allowance against its tax losses and other tax assets. During the fourth quarter of 2010 it was determined that conditions had changed such that the Fund believed it was more likely than not that it would be able to utilize its non-capital loss carryforward amounts and other tax assets that had previously been offset with a valuation allowance.

Net (Loss) Earnings for the fourth quarter, was a $2.1 million or $0.19 per fully diluted unit loss compared to earnings of $7.9 million or $0.80 per fully diluted unit for the same period in the prior year. The earnings in 2011 were impacted by recording fair value adjustments for exchangeable shares, unit options, non-controlling interest put option adjustment as well as the recording of acquisition and transaction costs, settlement costs, the accelerated amortization of the True2Form and Cars brand names and tax expense. Net earnings for the fourth quarter of 2010 was impacted by the recognition of future income tax benefits recorded in that period of $6.7 million as well as the write off of goodwill with a single glass operation in the British Columbia market of $1.3 million. Excluding these impacts, adjusted net earnings for the fourth quarter was $4.5 million or $0.36 per unit compared to adjusted net earnings of $4.9 million or $0.45 per unit for the same period in the prior year. The decrease of $0.9 million is primarily due to increased depreciation and amortization expense related to new acquisitions and start ups as well as the impact of the significant hail storm experienced in the Arizona market in the fourth quarter of 2010.

Standardized Distributable cash for the fourth quarter increased to $4.5 million from $3.5 million for the same period in 2010. Adjusted distributable cash for the fourth quarter, which includes adjustments for the collection of additional prepaid rebates, proceeds on the sale of equipment, payments related to acquisition search and transaction costs and capital lease repayments, increased to $4.7 million from $4.1 million for the same period a year ago, representing a payout ratio of 29.6% for 2011 compared to 24.5% for the same period last year. The increase in distributable cash is primarily the result of cash provided by working capital items in the fourth quarter of 2011 when compared to the fourth quarter of 2010.

FINANCIAL INSTRUMENTS

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 will at times enter into foreign exchange contracts. These contracts are marked to market monthly with unrealized gains and losses included in earnings. At December 31, 2011 there were no such contracts outstanding. However, during 2011, the Fund recorded net foreign exchange gains in the amount of $20,340 related to these contracts. The comparable amount during 2010 was a net gain of $158,920.

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. During 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 2011 the Company recorded to earnings a loss related to this contract in the amount of $217,700. An $8,000,000 loan and foreign exchange contract were also entered into in June 2011 and expired in October 2011. The Fund realized a loss of $683,000 on this loan offset by a gain of $639,000 on the contract. Finally, in October 2011, the Company made a new short-term loan for $5,000,000 and entered into a new forward foreign exchange contract. The unrealized loss on this loan at December 31, 2011 was $1,000 and the unrealized loss and fair value liability related to the forward foreign exchange contract was $7,900.

Currency risk sensitivity analysis has been performed on these contracts and was based on a 5% strengthening or weakening of the Canadian Dollar against the U.S. Dollar assuming that all other variables remain constant.

Under this assumption, net earnings for the year ended December 31, 2011 as well as comprehensive earnings would have changed by $nil due to the limited number of foreign exchange contracts in place at the end of 2011 (2010 – $45,000).

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial position, financial condition and results of operations requires that the Fund make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from these estimates. The following is a summary of critical accounting estimates and assumptions that the Fund believes could materially impact its financial position, financial condition or results of operations:

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of Goodwill and Intangible Assets

The Fund has acquired a significant number of collision repair businesses and has recorded goodwill and other intangible assets upon the acquisition of these businesses with a current carrying value of approximately $54.2 million. The Fund, in accordance with CICA Handbook Section 3064 Goodwill and Other Intangible Assets, has established a process for testing the valuation of goodwill and intangible assets on an annual basis, or more frequently if circumstances warrant, for purposes of determining impairment. In order to establish that the carrying value of net assets, including goodwill, for a particular business reporting unit, exceeds the fair value, the Fund is required to make significant estimates and assumptions that relate to matters that are uncertain at the time the estimates are made.

When evaluating goodwill, the Fund uses the recorded historical cash flows of the reporting unit for the most recent two years, and an estimate or forecast of cash flows for the next year to establish an estimate of the Fund's future cash flows. An estimate of the recoverable amount is then calculated as 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 write downs, when determined, reduce the carrying value of goodwill on the statement of financial position and are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period. The methods used to value intangible assets require critical estimates to be made regarding the future cash flows and useful lifetimes of the assets.

Goodwill and intangible asset write downs are non-cash charges since the valuations are being performed on assets acquired and related cash outflows from prior investments.

Impairment of Other Long-lived Assets

The Fund periodically assesses the recoverability of values assigned to long-lived assets, other than goodwill and intangibles, after considering the potential impairment indicated by such factors as business and market trends, the Company's ability to transfer the assets, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the assets and their potential disposition. If the sum of the expected future cash flows is less than the carrying value of the assets generating those cash flows, an impairment loss would be recognized based on the excess of the carrying amounts of the assets over their estimated recoverable value. The underlying estimates for cash flows include estimates for future sales, gross margin rates and operating expenses. Changes which may impact these estimates include, but are not limited to, business risks and uncertainties and economic conditions. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a material impact on the Fund's consolidated financial statements.

Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value and carrying values of certain financial liabilities and equity instruments recorded on the balance sheet, as well as disclosed in the notes to the financial statements.

The Fund also obtains mark-to-market valuations of forward foreign exchange contracts or other derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding future interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure, have a high degree of uncertainty. Unrealized gains or losses on these derivative financial instruments may not be realized as markets change.

Income Taxes

The Fund is subject to income tax in several jurisdictions and significant estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Fund's belief that its tax return positions are supportable, the Fund believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

FUTURE ACCOUNTING STANDARDS

The following is an overview of accounting standard changes that the Fund will be required to adopt in future years:

The IASB intends to replace IAS 39 "Financial Instruments: Recognition and Measurement" in its entirety with IFRS 9 "Financial Instruments" in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Fund is currently evaluating the impact the final standard is expected to have on its financial statements.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Fund: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement" and amended IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". Each of the new standards and amendments is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Fund has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

CERTIFICATION OF DISCLOSURE CONTROLS

Management's responsibility for financial information contained in this Annual Report is described on page 49. In addition, the Fund's Audit Committee of the Board of Trustees has reviewed this Annual Report, and the Board of Trustees has reviewed and approved this Annual Report prior to its release. The Fund is committed to providing timely, accurate and balanced disclosure of all material information about the Fund and to providing fair and equal access to such information. As of December 31, 2011, the Fund's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures, as defined under the rules adopted by the Canadian securities regulatory authorities. Disclosure controls are procedures designed to ensure that information required to be disclosed in reports filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis, and is accumulated and communicated to the Fund's management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure.

The Fund's management, including the CEO and the CFO, does not expect that the Fund's disclosure controls will prevent or detect all misstatements due to error or fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Fund have been detected. The Fund is continually evolving and enhancing its systems of controls and procedures. Based on the evaluation of disclosure controls, the CEO and the CFO have concluded that, subject to the inherent limitations noted above, the Fund's disclosure controls are effective in ensuring that material information relating to the Fund is made known to management on a timely basis, and is fairly presented in all material respects in this Annual Report.

CERTIFICATION ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design and effectiveness of internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles which incorporates International Financial Reporting Standards for publicly accountable enterprises. The Fund's management, including the CEO and the CFO, does not expect that the Fund's internal control over financial reporting will prevent or detect all misstatements due to error or fraud. Because of the inherent limitations in all control systems, an evaluation of controls can provide only reasonable, not absolute assurance, that all control issues and instances of fraud or error, if any, within the Fund have been detected. The Fund is continually evolving and enhancing its systems of internal controls over financial reporting. The CEO and CFO of the Fund have evaluated the design and effectiveness of the Fund's internal control over financial reporting as at the end of the period covered by the annual filings and have concluded that, subject to the inherent limitations noted above, the controls are sufficient to provide reasonable assurance. The design of internal controls at Cars has been considered and based on the pre-existing controls in place and oversight controls implemented, management has not identified any areas of immediate concern with respect to disclosure controls and procedures or internal controls. However, due to the short period since the acquisition, a full assessment has not been completed. As a result, management has noted this limitation in the certificates and provide the following summary information with respect to Cars. During the six month period ending December 31, 2011 Cars reported sales of $34.0 million and net earnings of $1.4 million. As at December 31, 2011, Cars reported current assets of $3.5 million, current liabilities of $5.9 million, $23.8 million of long-term assets and $9.4 million of long-term liabilities.

In addition, during the fourth quarter of 2011, there have been no changes in the Fund's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Fund's internal control over financial reporting.

BUSINESS RISKS AND UNCERTAINTIES

The following information is a summary of certain risk factors relating to the business of the Fund and Boyd, and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Report and the documents incorporated by reference herein.

The Fund and the Company are subject to certain risks inherent in the operation of the business. The Fund manages risk and risk exposures through a combination of management oversight, insurance, its system of internal control and sound operating practices.

The Board of Trustees has the responsibility to identify the principal risks of the Fund's business and ensure that appropriate systems are in place to manage these risks. The Audit Committee has the responsibility to discuss with management the Fund's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Fund's risk assessment and risk management policies. In order to support these responsibilities, management has an active risk management committee which meets on an ongoing basis to evaluate and assess the Fund's risks.

The process being followed by the management risk committee is a systematic one which includes identifying risks; analyzing the likelihood and consequence of risks; and then evaluating risks as to our risk tolerance and control effectiveness. This approach stratifies risks into four risk categories as follows:

Extreme Risks:	Immediate/ongoing action is required – involvement of senior management is required. Avoidance of the item may be necessary if risk reduction techniques are insufficient to address the risk.
High Risks:	Risk item is significant and management responsibility should be specified and appropriate action taken.
Moderate Risks:	Managed by specific monitoring or response procedures. Additional risk mitigation techniques could be considered if benefits exceed the cost.
Low Risks:	Managed by routine procedures. No further action is required at this time.

Risks can be reduced by limiting the likelihood or the consequence of a particular risk. This can be achieved by adjusting the company's activities, implementing additional control/monitoring processes, or insuring/ hedging against certain outcomes. Residual risk remains after mitigation and control techniques are applied to an identified risk. Awareness of the residual risk that the Fund ultimately accepts is a key benefit of the risk management process.

The following describes the risks that are most material to the Fund's business. This is not, however, a complete list of the potential risks the Fund faces. There may be other risks that the Fund is not aware of, or risks that are not material today that could become material in the future.

Dependence upon The Boyd Group Inc. and its Subsidiaries

The Fund is an unincorporated open-ended, limited purpose mutual fund trust which will be entirely dependent upon the operations and assets of the Company through the Fund's ownership of the Notes, Class I and Class IV shares of Company. Accordingly, the Fund's ability to make cash distributions to the unitholders will be dependent upon the ability of the Company and its subsidiaries to pay its interest obligations under the Notes and to declare dividends or other distributions.

Cash Distributions Not Guaranteed

The Fund and BGHI receive cash in the form of interest payments on the Notes and dividends from the Company. The Fund and BGHI distribute the cash they receive, net of expense and amounts reserved, to Class A common shareholders and unitholders. The actual amount of cash received and ultimately distributed by the Fund and BGHI in the future will depend upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins, required capital expenditures, the need to maintain productive capacity, required funding of long-term contractual obligations, repurchases of units, restrictions on distributions arising from compliance with financial debt covenants, taxation of distributions and debt repayments expected to be funded by cash flows generated from operations. There can be no assurance regarding the amount of distributable cash generated by the Company, and therefore no assurance as to the amount of cash which may be distributed by the Fund or BGHI in the future.

Inability to Successfully Integrate Acquisitions

A key element of the Company's strategy is to successfully integrate acquired businesses in order to sustain and enhance profitability. There can be no assurance that the Company will be able to profitably integrate and manage additional repair facilities. Successful integration can depend upon a number of factors, including the ability to retain and motivate certain key management and staff, retaining and leveraging customer and supplier relationships and implementing standardized procedures and best practices. In the event that any significant acquisition cannot be successfully integrated into Boyd's operations or performs below expectations, the business could be materially and adversely affected.

Economic Downturn

While the current economic outlook has improved compared to a year ago, regions where the Company operates could remain significantly challenged for an indeterminate period of time. Historically the auto collision repair industry has proven to be somewhat resistant to economic downturns along with the accompanying unemployment, and while the Company works to mitigate the affect of economic downturn on its operations, economic conditions, which are beyond the Company's control, could lead to a decrease in repair claims volumes due to fewer miles driven or due to vehicle owners being less inclined to have their vehicles repaired. It is difficult to predict the severity and the duration of any decrease in claims volumes resulting from an economic downturn and the accompanying unemployment and what affect it may have on the auto collision repair industry, in general, and the financial performance of the Company in particular. There can be no assurance that an economic downturn would not negatively affect the financial performance of the Company.

Operational Performance

In order to compete in the market place, the Company must consistently meet the operational performance metrics expected by its customers. Failing to deliver on metrics such as cycle time, quality of repair, customer satisfaction and cost of repair can, over time, result in reductions to repair volumes. The Company has implemented extensive measuring and monitoring systems to assist it in delivering on these key metrics. However, there are no guarantees that the Company will be able to continue to deliver on these metrics or that the metrics themselves won't change in the future.

Rapid Growth

The Company has grown rapidly of late, through acquisitions as well as single location growth opportunities. Rapid growth can put a strain on managerial, operational, financial, human and other resources. Risks related to rapid growth include administrative and operational challenges such as the management of an expanded number of locations, the assimilation of financial reporting systems, technology and other systems of acquired companies, increased pressure on senior management and increased demand on our systems and internal controls. The ability of our Company to manage its operations and expansion effectively depends on the continued development and implementation of plans, systems and controls that meet its operational, financial and management needs. If Boyd is unable to develop or implement these plans, systems or controls or otherwise manage its operations and growth effectively, the Company will be unable to maintain or increase margins or achieve sustained profitability, and the business could be harmed.

Loss of Key Customers

A high percentage of the Company's revenues are derived from insurance companies in both government owned and private insurance markets. Over the past two decades many private insurance companies have implemented DRP's with collision repair operators who have been recognized as consistent high quality, performance based repairers in the industry. The Company's ability to continue to grow its business in these markets, as well as maintain existing business volume and pricing, is largely reliant on its ability to maintain these DRP relationships. The Company continues to develop and monitor these relationships through ongoing measurement of the success factors considered critical by the insurance customer. The loss of any existing material DRP relationships could have a materially adverse effect on Boyd's operations and business prospects. Of the top five non-government owned insurance companies that the Company deals with, which in aggregate account for approximately 41% (2010 – 37%) of total sales, one insurance company represents approximately 14% (2010 – 12%) of the Company's total sales, while a second insurance company represents approximately 11% (2010 – 10%).

DRP relationships are governed by agreements that are usually cancellable upon short notice. These relationships can change quickly, both in terms of pricing and volumes, depending upon collision repair shop performance, cycle time, cost of repair, customer satisfaction, competition, insurance company management and program changes and general economic activity. To mitigate this risk, management fosters close working relationships with its customers and the Company continually seeks to diversify and grow its customer base both in Canada and the U.S. There can be no assurance given that relationships with DRP customers will not change in the future which could impair Boyd's revenues and result in a material adverse effect on the Company's business.

Brand Management and Reputation

The Company's success is impacted by its ability to protect, maintain and enhance the value of its brands. Brand value can be damaged by isolated incidents, particularly if the incident receives considerable publicity or if it draws litigation. Incidents may occur from events beyond the Company's control or may be isolated to actions that occur in one particular location. Demand for the Company's services could diminish significantly if an incident or other matter damages its brand or erodes the confidence of its public or private insurance company customers or directly with the vehicle owners themselves. With the advent of the Internet and the evolution of social media there is an increased ability for individuals to adversely affect the brand and reputation of the Company. There can be no assurance that future incidents may negatively affect the Company's brand or reputation.

Insurance Risk

The Fund insures its property, plant and equipment, including vehicles through insurance policies with insurance carriers located in Canada and the U.S. Included within these policies is insurance protection against property loss and general liability. The Fund also insures its directors and officers against liabilities arising from errors, omissions and wrongful acts. Management uses its knowledge, as well as the knowledge of experienced brokers, to ensure that insurable risks are insured appropriately under terms and conditions that would protect the Fund and its subsidiaries from losses. There can be no assurance that all perils would be fully covered or that a material loss would be recoverable under such insurance policies.

Quality of Corporate Governance

On December 31, 2005 amendments were brought into force within the Securities Act (Ontario) that introduced statutory civil liability for misrepresentations in continuous disclosure documents including failure to make timely disclosure. The amendments, for the first time, created a statutory civil liability for continuous disclosure to the secondary market. The amendments created a right of action for investors who are harmed by a misrepresentation in an issuer's disclosure document or in a public oral statement relating to an issuer, or the failure of an issuer to make timely disclosure of a material change. Potentially liable parties include the issuer, each officer or Trustee of the issuer who authorizes, permits or acquiesces in the release of the document containing a misrepresentation, the making of the public statement containing a misrepresentation or in the failure to make a timely disclosure.

Under the Ontario Securities Act, section 138.4(6), a due diligence defense is available. The due diligence defense requires the following items to be addressed:

- the issuer must have a system designed to ensure the issuer is meeting its disclosure obligations;
- the defendant must have conducted a reasonable investigation to support reliance on the system; and
- defendants must have no reasonable grounds to believe that the document or a public oral statement contained a misrepresentation or that the failure to make the required disclosure would occur.

The Fund is keenly aware of the significance of the amendments and the interrelationships between civil liability, disclosure controls and good governance. The Fund has adopted policies, practices and processes to reduce the risk of a governance or control breakdown. A statement of the Fund's governance practices is included in the Fund's most recent information circular which can be found at www.sedar.com. Although the Fund believes it follows good corporate governance practices, there can be no assurance that these practices will eliminate or mitigate the impact of a material lawsuit in this area.

Tax Position Risk

The Fund and its subsidiary account for its income tax positions in accordance with accounting standards for income taxes, which require that that the Company recognize in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on examination by taxation authorities, based on the technical merits of the position.

Inherent risks and uncertainties can arise over tax positions taken, or expected to be taken, with respect to matters including but not limited to transfer pricing, inter-company charges and allocations, financing charges, fees, related party transactions, tax credits, tax based incentives and stock based transactions. Management uses tax experts to assist the Fund in correctly applying the tax rules, however there can be no assurance that a position taken won't be challenged by the taxation authorities that could result in an unexpected material financial obligation.

Risk of Litigation

The Fund and its subsidiaries could become involved in various legal actions in the ordinary course of business. Litigation loss accruals may be established if it becomes probable that the Fund will incur an expense and the amount can be reasonably estimated. The Fund's management and internal and external experts are involved in assessing the probability and in estimating any amounts involved. Changes in these assessments may lead to changes in recorded loss accruals. Claims are reviewed on a case by case basis, taking into consideration all information available to the Fund.

The actual costs of resolving claims could be substantially higher or lower than the amounts accrued. In certain cases, legal claims may be covered under the Fund's various insurance policies.

Acquisition Risk

The Company's plans to continue to increase revenues and earnings through the acquisition of additional collision repair facilities and other businesses. The Company follows a detailed process of due diligence and approvals to limit the possibility of acquiring a non-performing location. However, there can be no assurance that the locations acquired will achieve sales and profitability levels to justify the Company's investment.

Credit & Refinancing Risks

The Company and its subsidiaries use financial leverage through the use of debt which have debt service obligations. The Company's ability to make scheduled payments of interest or principal on, or to refinance, its indebtedness will depend on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rates, and financial, competitive, business and other factors many of which are beyond its control.

The Company's Canadian operating and U.S. term debt facilities contain restrictive covenants that limit the discretion of the Company's management and the ability of the Company to incur additional indebtedness, to make acquisitions of collision repair businesses, to create liens or other encumbrances, to pay dividends and fund distributions, to redeem any equity or debt or make certain other payments, investments, capital expenditures, loans or guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facilities contain a number of financial covenants that require the Company and other restricted parties to meet certain financial ratios and financial condition tests. A failure to comply with the obligations under these credit facilities could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. In addition, there are cross default provisions in both the Canadian operating and U.S. term facilities that would, if an event of default were to occur in either agreement, cause acceleration of the indebtedness of both facilities. Such default would also trigger the potential to repay the unamortized balance of prepaid rebates. If the indebtedness were to be accelerated, there can be no assurance that the assets of the Company and its subsidiaries would be sufficient to repay the indebtedness in full. There can also be no assurance that the Company will be able to refinance the credit facilities as and when they mature. The U.S. bank debt is secured by certain assets of the Company and is also guaranteed by a third party, which Boyd has indemnified. There can be no assurance that the Company can replace this debt without the support of a third party guarantee.

Dependence on Key Personnel

The success of the Company is dependent on the services of a number of members of management. The experience and talent of these individuals is a significant factor in Boyd's continued success and growth. The loss of one or more of these individuals could have a material adverse effect on the Company's business operations and prospects. The Company has entered into management agreements with key members of management in order to mitigate this risk.

Employee Relations

Boyd currently employs approximately 2,800 people, of which 480 are in Canada and 2,320 are in the U.S. The current work force is not unionized, except for approximately 30 employees located in the U.S. who are subject to two separate collective bargaining agreements. In addition, the automobile collision repair industry typically experiences high employee turnover rates. Although the Company believes that it is on good terms with its employees, there are no assurances that a disruption in service would not occur as a result of employee unrest or employee turnover. There is no guarantee that a significant work disruption or the inability to maintain or replace existing staff levels would not have a material effect on the Fund.

Decline in Number of Insurance Claims

The automobile collision repair industry is dependent on the number of accidents which occur and, for the most part, become repairable insurance claims. The volume of accidents and related insurance claims can be significantly impacted by changes in technology such as collision avoidance systems and other safety improvements made to vehicles. Other changes which have and can continue to affect insurance claim volumes include, but are not limited to, general economic conditions, unemployment rates, changing demographics, vehicle miles driven, insurance policy deductibles, auto insurance premiums, photo radar and graduated licensing. In addition, repairable claims volumes have been and can continue to be impacted by an increased number of non-repairable claims or "write-offs". There can be no assurance that a significant decline in insurance claims will not occur, which could impair Boyd's revenues and result in a material adverse effect on the Company's business.

Market Environment Change

The collision repair market is subject to continual change in terms of regulations, technology, repair processes and changes in the strategic direction of customers, suppliers and competitors. The Company endeavors to stay abreast of developments in the industry and make strategic decisions to manage through these changes. In certain situations, the Company is involved in leading change by anticipating or developing new methods to address changing market needs. The Company however, may not be able to correctly anticipate the need for change or may not effectively implement changes to maintain or improve its relative position with competitors. There can be no assurance that market environment changes will not occur that could negatively affect the financial performance of the Company.

Reliance on Technology

As is the case with most businesses in today's environment, there is a risk associated with Boyd's reliance on computerized operational and reporting systems. Boyd makes reasonable efforts to ensure that back-up systems and redundancies are in place and functioning appropriately. Boyd has longer-term disaster recovery programs to protect against significant system failures. Although a computer system failure would not be expected to critically damage the Company in the long term, there can be no assurance that a computer system crash or like event would not have a material impact on its financial results. The Company has embarked upon a project to upgrade its management information systems. A process of testing and gradual implementation is used to mitigate any material risks associated with this change. In addition, reliance on technology in order to gain or maintain competitive advantage is becoming more significant and therefore the Company is faced with determining the appropriate level of investment in new technology in order to be competitive. There can be no assurance that the Company will correctly identify or successfully implement the appropriate technology for its operations.

Weather Conditions

The effect of weather conditions on collision repair volume represents an element of risk to the Company's ability to maintain sales. Historically, extremely mild winters and dry weather conditions have had a negative impact on collision repair sales volumes. Even with market share gains, this type of weather related decline in market size can result in sales declines which could result in a material adverse effect on the Company's business.

Expansion into New Markets

Boyd views the United States as having significant potential for further market expansion of its business. There can be no assurance that any market for the Company's services and products will develop either at the local, state or national level. Economic instability, laws and regulations and the presence of competition in all or certain jurisdictions may limit the Company's capability to successfully expand operations into the United States.

Fluctuations in Operating Results and Seasonality

The Company's operating results have been and are expected to continue to be subject to quarterly fluctuations due to a variety of factors including changes in customer purchasing patterns, pricing policies, general operating effectiveness, general and regional economic downturns, unemployment rates and weather conditions. These factors can affect Boyd's ability to fund ongoing operations and finance future activities.

Increased Government Regulation and Tax Risk

The Fund, the Company and its subsidiaries are subject to various federal, provincial, state and local laws, regulations and taxation authorities. Various federal, provincial, state and local agencies as well as other governmental departments administer such laws, regulations and their related rules and policies. New laws governing the Fund or its business could be enacted or changes or amendments to existing laws and regulations could be enacted which could have a significant impact on Boyd. The Fund utilizes the services of professional advisors in the areas of taxation, environmental, health and safety, labor and general business law to mitigate the risk of non-compliance. Failure by the Fund to comply with the applicable laws, regulations or tax changes may subject it to civil or regulatory proceedings and no assurance can be given that this may not have a material impact on the Fund or its financial results.

Environment Canada has regulations to limit emissions pollutants used in a number of consumer and commercial products including automotive paint and coatings. As a result, the automobile collision repair industry in Canada has adapted its current refinish processes and equipment to waterborne basecoat technology. The Company converts all new U.S. operations to waterborne basecoat technology and will have converted all new locations since August 2009, including True2Form, Cars and Master. Although to date, there have been no negative consequences to this conversion there can be no assurance that conversion to this new technology or compliance with the proposed new legislation will not have a material adverse affect on the Fund's business or financial results.

The Fund has investigated and evaluated its structuring alternatives in connection with the Specified Investment Flow-through ("SIFT") rules with a view of preserving and maximizing unitholder value. Based upon its investigation, analysis and due diligence to date, and given its current size and circumstances, the Fund has determined that a change to a share corporation structure at this time would not be advantageous to the Fund or its unitholders. This determination has been made based on several reasons. First, the Fund does not believe it will achieve any net tax savings by converting. Second, the Fund believes that the cost of conversion, which it estimates to be between $500,000 and $1 million, is not a prudent use of cash and is not justified by any perceived benefits from conversion for a fund of our size. Third, to the extent that the Fund pays SIFT tax it believes that its taxable unitholders will benefit from the lower tax rate on distributions received, as it expects to be able to maintain distributions, despite any trust tax that the Fund will incur.

On December 15, 2010 the Trustees of the Fund approved an internal capital restructuring plan that better reflects its significant U.S. base of business and its expected source of future growth. A consequence of this restructuring is that distributions to unitholders will be funded almost entirely by its U.S. operations. Fund distributions that are sourced from U.S. business earnings are not subject to the SIFT tax.

On July 14, 2008 the Minister of Finance released draft legislative proposals that contain the rules for allowing a SIFT trust to convert into a publicly traded corporation without adverse consequences for the trust or its unitholders. The SIFT conversion rules will apply to conversions that are effected after July 14, 2008 and before 2013. The Fund is in the process of determining if it is advantageous to utilize these rollover rules before December 31, 2012.

There can be no assurance given that this course of action may not have a material impact on the Fund or its financial results.

Execution on New Strategies

New initiatives are introduced from time to time in order to grow Boyd's business. Initiatives such as entering new markets or introducing related products and services have the potential to be accretive to the Company's business when the opportunity is accurately identified and executed. There can be no assurance that the Company identifies new strategies that are accretive to the business or that it is successful in implementing such opportunities.

Operating Hazards

The Company's revenues are dependent upon the continued operation of its facilities, which can experience a failure or substandard performance of equipment, natural disasters, suspension of operations, the effect of new regulatory requirements regarding the operations of such facilities and claims of injury by employees or members of the public among other risks. There can be no assurances that the Company will be able to continue to operate its facilities free of impact from these risks.

Energy Costs

The Company is exposed to fluctuations in the price of energy, particularly petroleum based products. These costs not only impact the costs associated with occupying and operating collision repair facilities but may also affect costs of parts and materials used in the repair process as well as miles driven by automobile owners. There can be no assurance that escalating costs which cannot be offset by energy conservation practices, price increases to customers or productivity gains, would not result in materially lower operating margins. As well, there can be no assurance that escalating energy costs will not materially reduce automobile miles driven and in turn reduce the number of collisions.

U.S. Health Care Costs and Workers Compensation Claims

The Fund accrues for the estimated amount of U.S. health care claims and workers compensation claims that may have occurred but were not reported at the end of the year under its health care plans. The accruals are based upon the Company's knowledge of current claims as well as third party estimates derived from past experience. A significant claim occurrence which remains unreported for a number of months could materially impact this accrual. In addition, as U.S health care costs increase, there can be no assurance given that the Company can continue to offer health care insurance to its employees at a reasonable cost.

Low Capture Rates

Sales growth can be enhanced if the Company is effective at booking repair orders for all sales opportunities that are identified. The Company is exposed to missing out on opportunities to the extent employees are ineffective at capturing all sales opportunities. Measurement of capture rates, management support and training are methods that are employed to enhance capture rates. However, it is possible that the Company may not be able to capture sales effectively enough to maximize sales.

Key Supplier Relationships

The Company has entered into key supplier relationships that have provided the Company with, among other things, prepaid rebates which are being amortized to earnings over time. There can be no assurance that prepaid rebate funding will continue to be available if Boyd cannot meet the conditions for the funding or that new funding will be available if the supplier is unable to fulfill its obligations.

Capital Expenditures

The business of the Company requires ongoing capital maintenance. Moreover, opportunities may arise for capital upgrades providing cost savings that may not be realized in the immediate future but, rather, over several years. To the extent that capital expenditures are in excess of amounts budgeted, the amounts of cash available for distribution may decrease.

Competition

The collision repair industry in North America, estimated at approximately $30 to 40 billion U.S. is very competitive. Competition in this industry exists mainly on a regional basis with the main competitive factors being price, service, quality and adherence to various insurance company performance indicators. There can be no assurance that Boyd's competitors will not achieve greater market acceptance due to pricing or other factors.

Although competition exists mainly on a regional basis, Boyd competes with a small number of other multi-location collision repair operators, in multiple markets in which it operates. Insurers are recognizing the benefits associated with utilizing the larger collision repair consolidators in multiple markets and as such, more and more DRP relationships are becoming national in scope. The Company estimates that, as a group, multi-location operators have approximately a 10% market share. The Company anticipates facing increasing competition in the markets in which it operates.

Given these industry characteristics, existing or new competitors may become significantly larger and have greater financial and marketing resources than Boyd. These competitors may compete with Boyd in rendering services in the markets in which Boyd currently operates and also in seeking existing facilities to acquire or new locations to open in markets in which Boyd desires to expand. There can be no assurance that the Company will be able to maintain or achieve its desired market share.

Potential Undisclosed Liabilities Associated with Acquisitions

To the extent that the prior owners of businesses acquired by Boyd failed to comply with or otherwise violated applicable laws, the Company, as the successor owner, may be financially responsible for these violations and any associated undisclosed liability. The discovery of any material liabilities, including but not limited to tax, legal and environmental liabilities, could have a material adverse effect on the Company's business, financial condition and future prospects. The Company seeks, through systematic investigation and due diligence, and through indemnification by former owners, to minimize the risk of material undisclosed liabilities associated with acquisitions.

Foreign Currency Risk

In the past, the Company has financed acquisitions of U.S. businesses in part by making U.S. denominated loans available under its credit facilities that could then be serviced and repaid from anticipated future U.S. earnings streams. Although this natural hedging strategy is partially effective in mitigating future foreign currency risks, a substantial portion of Boyd's revenue and cash flow are now, and are expected to continue to be, generated in U.S. dollars. Fluctuations in exchange rates between the Canadian dollar and the U.S. currency may have a material adverse effect on the Company's reported earnings and cash flows and its ability to make future Canadian dollar cash distributions.

There can be no guarantee that fluctuations in the U.S dollar relative to the Canadian dollar can be hedged effectively for long periods of time and there can be no assurances given that currency hedges or partial hedges in place today will remain effective in the future.

Margin Pressure

The Company's costs to repair vehicles, including the cost of parts, materials and labour are market driven and can fluctuate either suddenly or over time. The Company is not always able to pass these cost increases on to end users in the form of higher selling prices to its public and private insurance company customers. As a result, there can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from its customers. While negotiations with insurance companies and other influencing factors over time can result in selling price increases, the timing and extent of such increases is not determinable. As a result, there can be no assurance that increases in the costs to repair vehicles will ultimately be recoverable from the Company's customers.

Acquisition and Start-Up Growth and Ongoing Access to Capital

The Company grows, in part, through future acquisitions or start-up of collision and glass repair and replacement businesses, or other businesses. There can be no assurance that Boyd will have sufficient capital resources available to implement its growth strategy. Inability to receive supplier funding and/or to raise new capital, in the form of debt or equity, could limit Boyd's future growth by acquisition or start-up.

The Company will endeavour, through a variety of strategies, to ensure in advance that it has sufficient capital for growth. Potential sources of capital that the Company has been successful at accessing in the past include public and private equity placements, using equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, vendor financing, lease financing and both senior and subordinate debt facilities. There can be no assurance that the Company will be successful in accessing these or other sources of capital in the future.

Environmental, Health and Safety Risk

The nature of the collision repair business means that hazardous substances must be used, which could cause damage to the environment or individuals if not handled properly. The Company's environmental protection policy requires environmental site assessments to be performed on all business locations prior to acquisition, start-up or relocation so that any existing or potential environmental situations can be remedied or otherwise appropriately addressed. It is also Boyd's practice to secure environmental indemnification from landlords and former owners of acquired collision repair businesses, where such indemnification is available. Boyd also engages a private environmental consulting firm to perform regular compliance reviews to ensure that the Company's environmental and health and safety policies are followed.

To date, the Company has not encountered any environmental protection requirements or issues which would be expected to have a material financial or operational effect on its current business and it is not aware of any material environmental issues that could have a material impact on future results or prospects. No assurance can be given, however, that the prior activities of Boyd, or its predecessors, or the activities of a prior owner or lessee, have not created a material environmental problem or that future uses will not result in the imposition of material environmental, health or safety liability upon Boyd.

Interest Rates

The Company occasionally fixes the interest rate on its debt using interest rate swap contracts or other provisions available in its debt facilities. There can be no guarantee that interest rate swaps or other contract terms that effectively turn variable rate debt into fixed rates will be an effective hedge against long term interest rate fluctuations.

The Company has not fixed interest rates on either its operating line of credit or its U.S. senior secured bank term debt facility. There can be no assurance that interest rates either in Canada or the U.S. will not increase in the future, which could result in a material adverse effect on the Company's business.

FORM 52-109F1
CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

I, **Brock Bulbuck, Chief Executive Officer, Boyd Group Income Fund**, certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **Boyd Group Income Fund** (the "issuer") for the financial year ended **December 31, 2011**.
2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.
3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.
4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.
5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the financial year end

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** The issuer has disclosed in its annual MD&A

   (a) the fact that the issuer's other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

      i) N/A

      ii) N/A

      iii) A business that the issuer acquired not more than 365 days before the last day of the issuer's financial year end; and

   (b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer's financial statements.

6. ***Evaluation:*** The issuer's other certifying officer(s) and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on October 1, 2011 and ended on December 31, 2011 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. **Reporting to the issuer's auditors and board of directors or audit committee:** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 23, 2012

(signed)

Brock Bulbuck
President & Chief Executive Officer

FORM 52-109F1
CERTIFICATION OF ANNUAL FILINGS
FULL CERTIFICATE

I, **Dan Dott, Chief Financial Officer, Boyd Group Income Fund**, certify the following:

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of **Boyd Group Income Fund** (the "issuer") for the financial year ended **December 31, 2011**.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

4. ***Responsibility:*** The issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the issuer.

5. ***Design:*** Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the issuer's other certifying officer(s) and I have, as at the financial year end

   (a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

      (i) material information relating to the issuer is made known to us by others, particularly during the period in which the annual filings are being prepared; and

      (ii) information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

   (b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

5.1 ***Control framework:*** The control framework the issuer's other certifying officer(s) and I used to design the issuer's ICFR is Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission.

5.2 ***ICFR – material weakness relating to design:*** N/A

5.3 ***Limitation on scope of design:*** The issuer has disclosed in its annual MD&A

   (a) the fact that the issuer's other certifying officer(s) and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

      i) N/A

      ii) N/A

      iii) A business that the issuer acquired not more than 365 days before the last day of the issuer's financial year end; and

   (b) summary financial information about the proportionately consolidated entity, special purpose entity or business that the issuer acquired that has been proportionately consolidated or consolidated in the issuer's financial statements.

6. ***Evaluation:*** The issuer's other certifying officer(s) and I have

   (a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's DC&P at the financial year end and the issuer has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on that evaluation; and

   (b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the issuer's ICFR at the financial year end and the issuer has disclosed in its annual MD&A

      (i) our conclusions about the effectiveness of ICFR at the financial year end based on that evaluation; and

      (ii) N/A

7. ***Reporting changes in ICFR:*** The issuer has disclosed in its annual MD&A any change in the issuer's ICFR that occurred during the period beginning on October 1, 2011 and ended on December 31, 2011 that has materially affected, or is reasonably likely to materially affect, the issuer's ICFR.

8. **Reporting to the issuer's auditors and board of directors or audit committee:** The issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of ICFR, to the issuer's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the issuer's ICFR.

Date: March 23, 2012

(signed)

Dan Dott, C.A.
Vice President & Chief Financial Officer

BOYD GROUP INCOME FUND

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2011

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Management is responsible for their integrity, objectivity and reliability, and for the maintenance of financial and operating systems, which include effective controls, to provide reasonable assurance that the Fund’s assets are safeguarded and that reliable financial information is produced.

The Board of Trustees is responsible for ensuring that management fulfills its responsibilities for financial reporting, disclosure control and internal control. The Board exercises these responsibilities through its Audit Committee, all members of which are not involved in the daily activities of the Fund. The Audit Committee meets with management and, as necessary, with the independent auditors, Deloitte & Touche LLP, to satisfy itself that management’s responsibilities are properly discharged and to review and report to the Board on the consolidated financial statements.

In accordance with Canadian generally accepted auditing standards, the independent auditors conduct an examination each year in order to express a professional opinion on the consolidated financial statements.

(signed)

Brock Bulbuck
President & Chief Executive Officer

(signed)

Dan Dott, C.A.
Vice President & Chief Financial Officer

Winnipeg, Manitoba
March 22, 2012

INDEPENDENT AUDITOR'S REPORT

To the Unit holders of Boyd Group Income Fund

We have audited the accompanying consolidated financial statements of Boyd Group Income Fund, which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated statements of earnings, comprehensive earnings, changes in equity and of cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Boyd Group Income Fund as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP

Chartered Accountants

March 22, 2012
Winnipeg, Manitoba

BOYD GROUP INCOME FUND

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Canadian dollars)

	December 31, 2011	December 31, 2010	January 1, 2010 *(Note 4)*
Assets			
Current assets:			
Cash	**$ 18,443,269**	$ 9,593,773	$ 5,085,548
Accounts receivable	**22,470,947**	18,704,749	15,471,712
Income taxes recoverable	**-**	-	102,021
Inventory *(Note 7)*	**7,258,233**	5,779,603	3,611,341
Prepaid expenses	**2,606,836**	1,866,785	1,465,989
Derivative contracts *(Note 17)*	**-**	64,000	329,400
	50,779,285	36,008,910	26,066,011
Property, plant and equipment *(Note 8)*	**34,622,017**	26,129,675	19,744,350
Deferred income tax asset *(Note 9)*	**10,004,769**	10,761,194	1,063,482
Intangible assets *(Note 10)*	**26,137,868**	18,963,657	13,848,185
Goodwill *(Note 11)*	**28,051,434**	16,956,764	16,812,650
	$ 149,595,373	$ 108,820,200	$ 77,534,678
Liabilities and Equity			
Current liabilities:			
Bank indebtedness *(Note 12)*	**$ -**	$ 223,715	$ 2,099,999
Accounts payable and accrued liabilities	**38,515,851**	31,259,210	20,800,281
Income taxes payable	**479,453**	16,409	-
Distributions payable *(Note 13)*	**469,805**	323,463	269,390
Dividends payable	**14,975**	25,361	21,397
Derivative contracts (Note 17)	**7,900**	382,500	269,600
Current portion of long-term debt *(Note 14)*	**2,201,464**	1,753,768	1,911,478
Current portion of obligations under finance leases *(Note 15)*	**2,302,462**	1,751,050	1,437,702
Current portion of settlement accrual *(Note 16)*	**1,093,843**	-	-
	45,085,753	35,735,476	26,809,847
Long-term debt *(Note 14)*	**26,744,640**	19,003,741	12,704,760
Obligations under finance leases *(Note 15)*	**4,076,921**	2,844,121	3,164,735
Settlement accrual *(Note 16)*	**1,919,393**	-	-
Convertible exchange note	**-**	-	523,300
Exchangeable class A shares *(Note 17)*	**4,146,751**	6,535,017	4,526,023
Unit based payment obligation *(Note 18)*	**1,650,370**	731,492	347,054
Unearned rebates *(Note 19)*	**24,269,749**	18,606,489	12,744,410
Non-controlling interest put option *(Note 17)*	**442,395**	-	-
	108,335,972	83,456,336	60,820,129
Equity			
Accumulated other comprehensive loss *(Note 22)*	**(192,026)**	(1,357,080)	-
Deficit	**(37,381,319)**	(35,264,805)	(45,220,254)
Unitholders' capital *(Note 23)*	**74,830,675**	57,983,678	57,932,732
Contributed surplus *(Note 24)*	**4,002,071**	4,002,071	4,002,071
	41,259,401	25,363,864	16,714,549
	$ 149,595,373	$ 108,820,200	$ 77,534,678

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

Approved by the Board:

BROCK BULBUCK
Trustee

ALLAN DAVIS
Trustee

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(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	-	(1,426,496)				(1,426,496)
Units issued from treasury *(Note 9)*	1,300,000	13,975,000				13,975,000
Retractions	446,034	4,298,493				4,298,493
Other comprehensive loss				1,165,054		1,165,054
Net earnings					2,949,917	2,949,917
Comprehensive earnings				1,165,054	2,949,917	4,114,971
Non-controlling interest put option adjustment *(Note 17)*					(228,825)	(228,825)
Distributions to unitholders					(4,837,606)	(4,837,606)
Balances - December 31, 2011	12,528,136	$ 74,830,675	$ 4,002,071	$ (192,026)	$ (37,381,319)	$ 41,259,401

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

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF EARNINGS
Years Ended December 31,
(Canadian dollars)

		2011		2010
Sales	$	**356,965,961**	$	257,008,924
Cost of sales		**196,851,972**		140,604,950
Gross margin		**160,113,989**		116,403,974
Operating expenses		**135,685,037**		97,733,146
Foreign exchange losses (gains)		**49,521**		(112,009)
Acquisition and transaction costs		**1,947,404**		1,352,100
Depreciation *(Note 8)*		**6,279,303**		4,142,728
Amortization of intangible assets *(Note 10)*		**2,408,788**		1,298,532
Settlement cost *(Note 16)*		**3,278,081**		-
Fair value adjustment to exchangeable shares *(Note 17)*		**1,910,226**		2,066,592
Fair value adjustment to unit options *(Note 18)*		**918,878**		384,438
Non-controlling interest put option adjustment *(Note 17)*		**214,998**		-
Finance costs		**2,035,938**		1,448,935
Finance income		**(18,984)**		(10,813)
Write down of goodwill *(Note 11)*		**-**		1,262,360
		154,709,190		109,566,009
Earnings before income taxes		**5,404,799**		6,837,965
Income tax expense (recovery) *(Note 9)*				
Current		**977,363**		147,766
Deferred		**1,477,519**		(6,782,413)
		2,454,882		(6,634,647)
Net earnings	$	**2,949,917**	$	13,472,612

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

Basic earnings per unit *(Note 32)*	$	**0.262**	$	1.250
Diluted earnings per unit *(Note 32)*	$	**0.262**	$	1.249
Weighted average number of units outstanding		**11,275,971**		10,780,499

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
Years Ended December 31,

		2011		2010
Net earnings	$	**2,949,917**	$	13,472,612
Other comprehensive earnings (loss),				
Change in unrealized earnings (loss) on translating financial statements of foreign operations		**1,165,054**		(1,357,080)
Other comprehensive earnings (loss)		**1,165,054**		(1,357,080)
Comprehensive earnings	$	**4,114,971**	$	12,115,532

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

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31,
(Canadian dollars)

		2011		2010
Cash flows from operating activities				
Net earnings	**$**	**2,949,917**	$	13,472,612
Items not affecting cash				
Write down of goodwill		**-**		1,262,360
Deferred income taxes		**1,477,519**		(6,782,413)
Amortization of intangible assets *(Note 10)*		**2,408,788**		1,298,532
Depreciation *(Note 8)*		**6,279,303**		4,142,728
Amortization of unearned rebates		**(2,274,762)**		(1,608,175)
Gain on disposal of equipment		**(15,163)**		(24,568)
Adjustment in liability for exchangeable class A shares *(Note 17)*		**1,910,226**		2,066,592
Interest accrued on class A exchangeable shares *(Note 17)*		**292,573**		276,304
Unit option compensation expense *(Note 18)*		**918,878**		384,439
Non-controlling interest put option adjustment *(Note 17)*		**214,998**		
Settlement accrued *(Note 16)*		**3,013,236**		-
Unrealized foreign exchange loss (gain) on internal loans *(Note 17)*		**486,300**		(373,700)
Unrealized (gain) loss on derivative contracts *(Note 17)*		**(434,040)**		272,580
Cash realized on settlement of internal loan *(Note 17)*		**569,700**		296,500
Realized (loss) gain on derivative contracts *(Note 17)*		**(515,860)**		105,720
		17,281,613		14,789,511
Changes in non-cash working capital items *(Note 33)*		**(945,228)**		1,003,492
		16,336,385		15,793,003
Cash flows provided by financing activities				
Fund units issued from treasury		**13,975,000**		-
Issue costs		**(1,778,671)**		(6,653)
Increase in obligations under long-term debt		**6,529,908**		7,261,363
Repayment of long-term debt		**(2,371,195)**		(2,088,774)
Decrease in bank indebtedness		**(235,381)**		(1,914,284)
Repayment of obligations under finance leases		**(2,207,990)**		(1,607,349)
Proceeds on sale-leaseback agreement		**2,113,018**		1,499,403
Dividends paid on Class A common shares		**(302,959)**		(272,340)
Distributions paid to unitholders		**(4,691,264)**		(3,463,090)
Increase in unearned rebates		**6,197,036**		6,675,732
Repayment of unearned rebates		**(144,460)**		(65,251)
Increase in financing costs		**(10,057)**		(166,263)
Collection of rebates receivable		**1,678,901**		1,242,614
Repayment of convertible debt		**-**		(79,135)
		18,751,886		7,015,973
Cash flows used in investing activities				
Proceeds on sale of equipment		**96,632**		70,504
Equipment purchases and facility improvements		**(1,669,428)**		(1,398,952)
Acquisition and development of businesses		**(24,042,884)**		(16,205,976)
Software purchases		**(213,982)**		(339,875)
		(25,829,662)		(17,874,299)
Foreign exchange		**(409,113)**		(426,452)
Net increase in cash position		**8,849,496**		4,508,225
Cash, beginning of year		**9,593,773**		5,085,548
Cash, end of year	**$**	**18,443,269**	$	9,593,773
Income taxes paid	**$**	**707,500**	$	33,379
Interest paid	**$**	**2,048,500**	$	1,135,936

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

1. GENERAL INFORMATION

Boyd Group Income Fund (the "Fund") is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba, Canada on December 16, 2002. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the "Company"). The Company is partially owned 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. At the reporting date, the Company operated locations in the four Western Canadian provinces under the trade name Boyd Autobody & Glass, as well as in 13 U.S. states under the trade names Gerber Collision & Glass and True2Form. 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, Canada, R3K 0Z8.

The consolidated financial statements for the year ended December 31, 2011 (including comparatives) were approved and authorized for issue by the Board of Trustees on March 22, 2012.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The Fund prepares its financial statements in accordance with Canadian generally accepted accounting principles as defined 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, these are the Fund's first annual consolidated financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS. Subject to certain transition elections and exceptions disclosed in note 4, the Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 4 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 prepared under Canadian GAAP.

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 reclassified as held for sale or derecognized upon disposal, 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 acquisition date) 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. Brand names which the Company continues to use in the conduct of its business are considered indefinite life because their value is not expected to degrade over time. To the extent the Company decides to discontinue the use of a certain brand, an estimate of the remaining useful life is made and the intangible asset is amortized over the remaining period.

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 normally 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. In situations where a brand name is discontinued, the Fund amortizes the carrying amount over its remaining useful life. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (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.

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 are 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 (EPS) 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 effect 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 “Other Liabilities” 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, the exchangeable Class A shares of the Fund’s subsidiary BGHI, are presented as financial liabilities and classified as “at Amortized Cost”. Exchangeable Class A shares are measured at the market price of the units of Fund as of the statement of financial position date.

For net investment hedging relationships, foreign exchange gains and losses are recognized in other comprehensive earnings. Amounts recorded in accumulated other comprehensive earnings 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 significant. The increase in the provision due to the passage of time is recognized as interest expense.

r) *Segment reporting*

The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief executive officer of the Fund.

The Fund’s primary line of business is automotive collision repair and related services, with all revenues relating to this group of similar services. This line of business operates in Canada and the U.S. and exhibit similar long-term economic characteristics. In this circumstance, IFRS requires the Company to provide specific geographical disclosure. For the years reported, the Company’s revenues were derived within Canada or the U.S. and all property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

A second line of business, being an autoglass repair and replacement network business, does not meet the quantitative thresholds to require separate disclosure.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of Goodwill and Intangible Assets

The Fund has acquired a significant number of collision repair businesses and has recorded goodwill and other intangible assets upon the acquisition of these businesses with a current carrying value of approximately $38.7 million. The Fund, in accordance with International Accounting Standard 36 – Impairment of Assets, has established a process for testing the valuation of goodwill and intangible assets on an annual basis, or more frequently if circumstances warrant, for purposes of determining impairment. In order to establish that the carrying value of net assets, including goodwill, for a particular business reporting unit, exceeds the fair value, the Fund is required to make significant estimates and assumptions that relate to matters that are uncertain at the time the estimates are made.

When evaluating goodwill, the Fund uses the recorded historical cash flows of the reporting unit for the most recent two years, and an estimate or forecast of cash flows for the next year to establish an estimate of the Fund's future cash flows. An estimate of the recoverable amount is then calculated as 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 write downs, when determined, reduce the carrying value of goodwill on the statement of financial position and are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period. The methods used to value intangible assets require critical estimates to be made regarding the future cash flows and useful lifetimes of the assets.

Goodwill and intangible asset write downs are non-cash charges since the valuations are being performed on assets acquired and related cash outflows from prior investments.

Impairment of Other Long-lived Assets

The Fund periodically assesses the recoverability of values assigned to long-lived assets, other than goodwill and intangibles, after considering the potential impairment indicated by such factors as business and market trends, the Company's ability to transfer the assets, future prospects, current market value and other economic factors. In performing its review of recoverability, management estimates the future cash flows expected to result from the use of the assets and their potential disposition. If the discounted sum of the expected future cash flows is less than the carrying value of the assets generating those cash flows, an impairment loss would be recognized based on the excess of the carrying amounts of the assets over their estimated recoverable value. The underlying estimates for cash flows include estimates for future sales, gross margin rates and operating expenses. Changes which may impact these estimates include, but are not limited to, business risks and uncertainties and economic conditions. To the extent that management's estimates are not realized, future assessments could result in impairment charges that may have a material impact on the Fund's consolidated financial statements.

Fair Value of Financial Instruments

The Fund has applied discounted cash flow methods to establish the fair value and carrying values of certain financial liabilities and equity instruments recorded on the statement of financial position, as well as disclosed in the notes to the financial statements.

The Fund also obtains mark-to-market valuations of forward foreign exchange contracts or other derivative instruments, which are assumed to represent the current fair value of these instruments. These valuations rely on assumptions regarding future interest and exchange rates as well as other economic indicators, which at the time of establishing the fair value for disclosure, have a high degree of uncertainty. Unrealized gains or losses on these derivative financial instruments may not be realized as markets change.

Income Taxes

The Fund is subject to income tax in several jurisdictions and significant estimates are used to determine the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Fund recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Fund's belief that its tax return positions are supportable, the Fund believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Critical judgments in applying the entity's accounting policies

Deferred Tax Assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Fund's latest forecasts which are adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Fund operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, that deferred tax asset is recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. The judgments inherent in these assessments are subject to significant uncertainty and if changed could materially affect the Fund's assessment of its ability to realize the benefit of these tax assets.

Leases

In applying the classification of leases in IAS 17, management considers its premise leases as well as certain equipment and vehicle leases as operating lease arrangements. In some cases, the lease transaction is not always conclusive, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership or an operating lease where substantially all the risks and rewards incidental to ownership are not transferred.

4. 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. The Fund's consolidated financial statements for the year ending December 31, 2011 are the first annual financial statements that comply with IFRS.

(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.

(in Canadian dollars)

(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 liability instruments that are outstanding as at the transition date.

(b) Mandatory exceptions to retrospective application
In preparing these 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**	**January 1, 2010**
Equity as reported under Canadian GAAP		$ 33,923,869	$ 21,448,449
IFRS adjustments increase (decrease):			
Reset cumulative translation account	(i)	-	-
Liability treatment for exchangeable class A shares	(ii)	(6,535,017)	(4,526,023)
Liability treatment for unit options	(iii)	(742,690)	(347,054)
Deferred gain on sale-leaseback transaction	(iv)	95,016	139,177
Business combinations acquisition costs	(v)	(1,246,449)	-
Impairment of goodwill	(vi)	(130,865)	-
Equity as reported under IFRS		$ 25,363,864	$ 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 puttable 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.

(in Canadian dollars)

(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 transaction costs to be expensed when incurred other than costs related to the issuance of new debt or equity.

(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.

Net earnings		**Year ended December 31, 2010**
Net earnings as reported under Canadian GAAP		$ 17,591,598
IFRS adjustments increase (decrease):		
Adjustment in liability for exchangeable class A shares	(i)	(2,066,592)
Exchangeable class A share dividends treated as interest	(ii)	(276,304)
Adjustment in liability for unit options	(iii)	(354,616)
Deferred gain on sale-leaseback transaction	(iv)	(44,160)
Business combinations acquisition costs	(v)	(1,246,449)
Impairment of goodwill measurement difference	(vi)	(130,865)
Net earnings as reported under IFRS		$ 13,472,612

(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 an increase in the 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.

(in Canadian dollars)

(iii) Unit Options
As described in 4(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 a 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 4(c)(v), acquisition costs pertaining to 2010 acquisitions are expensed as incurred under IFRS.

(vi) Impairment measurement difference
As described in 4(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.

Comprehensive Earnings		**Year ended December 31, 2010**
Comprehensive earnings as reported under Canadian GAAP		$ 16,234,518
IFRS adjustments (decrease) increase:		
Adjustments to net earnings	(i)	(4,118,986)
Comprehensive earnings as reported under IFRS		$ 12,115,532

(i) Adjustments to Net Earnings
Reflects the differences in net earnings under Canadian GAAP and IFRS as described in 4(d).

(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 4(d)(iv) did result in the reclassification of cash flows related to acquisition costs from investing activities to operating activities.

5. FUTURE ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following is an overview of accounting standard changes that the Fund will be required to adopt in future years:

The IASB intends to replace IAS 39 "Financial Instruments: Recognition and Measurement" in its entirety with IFRS 9 "Financial Instruments" in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39, and is effective for annual periods beginning on or after January 1, 2015, with earlier adoption permitted. The Fund is currently evaluating the impact the final standard is expected to have on its financial statements.

In May 2011, the IASB issued the following standards which have not yet been adopted by the Fund: IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", IFRS 12 "Disclosure of Interests in Other Entities", IFRS 13 "Fair Value Measurement" and amended IAS 27 "Separate Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures". Each of the new standards and amendments is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Fund has not yet begun the process of assessing the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements.

(in Canadian dollars)

6. ACQUISITIONS

On June 30, 2011, the Company completed a transaction acquiring 100% of the membership interest in Cars Collision Center of Colorado, LLC and Cars Collision Center, LLC (together, "Cars"). Cars operated 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 two other acquisitions during the year. On May 1, 2011, the Company acquired the business and assets of McDonough Collision located in McDonough, Georgia and on October 1, 2011, the Company acquired the business and assets of Mastercraft Collision located in Richmond, British Columbia.

On July 30, 2010, the Company completed a transaction acquiring 100% of the shares of True2Form Collision Repair Centers, Inc., ("True2Form") one of the largest multi-location collision repair companies in the United States. True2Form was a private company operating 37 locations in four U.S. states; 17 locations in North Carolina, eight locations in Ohio, seven locations in Maryland and five locations in Pennsylvania. Funding for the transaction was a combination of cash, U.S. bank debt, third-party financing and a seller note.

The Fund also completed five other acquisitions in 2010. On May 7, 2010, the Company acquired the business and assets of The Collision Center of Owasso, located in Owasso, Oklahoma. On June 21, 2010, the Company acquired the business and assets of M & D Auto Body, located in Evanston, Illinois. On August 2, 2010, the Company acquired the business and assets of Northwest Autobody & Paint, located in Las Vegas, Nevada. On September 20, 2010, the Company acquired the business and assets of Collision One of Buckhead, and Auto Collision Center of Roswell, both with locations in the Atlanta, Georgia area. On October 1, 2010, the Company acquired the business and assets of Bellingham Collision Repair located in Bellingham, Washington.

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

	2011			2010		
Identifiable net assets acquired at fair value:	Cars	Other Acquisitions	**Total**	True2Form	Other Acquisitions	Total
Cash	$ -	$ -	**$ -**	$ 1,709,492	$ -	$ 1,709,492
Other current assets	3,060,437	-	**3,060,437**	4,105,735	52,427	4,158,162
Property, plant and equipment	5,284,677	929,933	**6,214,610**	6,559,403	1,754,737	8,314,140
Deferred income tax assets	-	-	-	4,005,621	-	4,005,621
Identified intangible assets						
Customer relationships	7,115,000	-	**7,115,000**	5,710,000	-	5,710,000
Brand name	445,000	-	**445,000**	660,000	-	660,000
Non-compete agreements	445,000	-	**445,000**	530,000	-	530,000
Software	270,000		**270,000**			
Liabilities assumed	(7,210,450)	-	**(7,210,450)**	(7,069,248)	-	(7,069,248)
Deferred income tax liability	-	-	-	(867,587)	-	(867,587)
Identifiable net assets acquired	9,409,664	929,933	**10,339,597**	15,343,416	1,807,164	17,150,580
Goodwill	10,300,003	-	**10,300,003**	1,886,002	-	1,886,002
Total purchase consideration	$ 19,709,667	$ 929,933	**$ 20,639,600**	$ 17,229,418	$ 1,807,164	$ 19,036,582
Consideration provided						
Cash	$ 16,816,767	$ 663,513	**$ 17,480,280**	$ 15,171,418	$1,557,558	$ 16,728,976
Seller notes	2,892,900	266,420	**3,159,320**	2,058,000	249,606	2,307,606
Total consideration provided	$ 19,709,667	$ 929,933	**$ 20,639,600**	$ 17,229,418	$1,807,164	$ 19,036,582

Acquisition-related costs of $1,947,404 have been charged as an expense in the consolidated statement of earnings for the year ended December 31, 2011 (2010 - $1,352,100).

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 revenue included in the consolidated statement of earnings since July 1, 2011 contributed by Cars was $34,364,500. Cars also contributed earnings of $1,566,000 over the same period (after tax, approximately $955,000). If Cars had been acquired on January 1, 2011, revenue for the Fund for 2011 would have been approximately $388 million and earnings would have been approximately $3.9 million.

A significant part of the goodwill for True2Form and Cars can be attributed to the assembled workforce and the operating know-how of key personnel. However, no intangible asset qualified for separate recognition in this respect. No goodwill was recorded on any of the other acquisitions.

Goodwill recognized during the year on the Cars transaction is deductible for tax purposes. All other goodwill recognized during 2011 and 2010 are non-deductible for tax purposes.

7. INVENTORY

	December 31, 2011	December 31, 2010	January 1, 2010
Materials	**$ 3,505,045**	$ 2,620,029	$ 1,928,698
Work in process	**3,753,188**	3,159,574	1,682,643
	$ 7,258,233	$ 5,779,603	$ 3,611,341

Included in cost of sales for the year ended December 31, 2011 are parts and material costs of $111,222,445 (2010 – $75,964,586) and labour costs of $62,773,600 (2010 – $45,460,644) with the balance of cost of sales primarily made up of sublet charges.

(in Canadian dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Shop Equipment	Office Equipment	Computer Hardware	Signage	Vehicles	Leasehold Improvements	Total
Rates		5%	15%	20%	30%	15%	30%	10-25 yrs S.L.	
At Jan 1, 2010									
Cost	$ 52,472	$ 345,505	$ 21,333,142	$ 1,916,228	$ 2,947,466	$ 1,058,633	$ 5,375,167	$ 13,455,079	$ 46,483,692
Accumulated Depreciation	-	(142,276)	(11,727,111)	(1,320,804)	(2,358,649)	(661,867)	(2,574,025)	(7,954,610)	(26,739,342)
Net Book Value	$ 52,472	$ 203,229	$ 9,606,031	$ 595,424	$ 588,817	$ 396,766	$ 2,801,142	$ 5,500,469	$ 19,744,350
Year ended Dec 31, 2010									
Additions	-	-	7,836,538	329,486	513,216	326,013	107,314	2,425,685	11,538,252
Proceeds	-	-	(5,742)	-	-	-	(64,762)	-	(70,504)
Gain / (loss)	-	-	249	-	-	-	24,319	-	24,568
Depreciation	-	(9,115)	(1,958,198)	(157,089)	(224,783)	(98,163)	(820,043)	(875,337)	(4,142,728)
Exchange	-	(1,040)	(589,975)	(27,179)	(17,677)	(17,498)	(28,390)	(282,504)	(964,263)
	$ 52,472	$ 193,074	$ 14,888,903	$ 740,642	$ 859,573	$ 607,118	$ 2,019,580	$ 6,768,313	$ 26,129,675
At Dec 31, 2010									
Cost	$ 52,472	$ 343,596	$ 27,823,550	$ 2,159,421	$ 3,330,271	$ 1,410,579	$ 5,095,072	$ 15,138,971	$ 55,353,932
Accumulated Depreciation	-	(150,522)	(12,934,647)	(1,418,779)	(2,470,698)	(803,461)	(3,075,492)	(8,370,658)	(29,224,257)
Net Book Value	$ 52,472	$ 193,074	$ 14,888,903	$ 740,642	$ 859,573	$ 607,118	$ 2,019,580	$ 6,768,313	$ 26,129,675
Year ended Dec 31, 2011									
Additions	-	-	6,191,420	289,362	940,881	104,250	1,311,355	5,317,559	14,154,827
Proceeds	-	(9,590)	-	-	-	-	(87,042)	-	(96,632)
Gain / (loss)	-	(9,639)	(310)	-	-	-	25,112	-	15,163
Depreciation	-	(8,835)	(3,040,839)	(228,796)	(404,858)	(125,041)	(801,277)	(1,669,657)	(6,279,303)
Exchange	-	(663)	394,363	15,863	29,472	8,655	21,218	229,379	698,287
	$ 52,472	$ 164,347	$ 18,433,537	$ 817,071	$ 1,425,068	$ 594,982	$ 2,488,946	$ 10,645,594	$ 34,622,017
At Dec 31, 2011									
Cost	$ 52,472	$ 306,807	$ 33,951,171	$ 2,315,006	$ 3,699,838	$ 1,516,646	$ 5,910,112	$ 17,573,036	$ 65,325,088
Accumulated Depreciation	-	(142,460)	(15,517,634)	(1,497,935)	(2,274,770)	(921,664)	(3,421,166)	(6,927,442)	(30,703,071)
Net Book Value	$ 52,472	$ 164,347	$ 18,433,537	$ 817,071	$ 1,425,068	$ 594,982	$ 2,488,946	$ 10,645,594	$ 34,622,017

Included in the above are assets under capital lease with a cost of $11,682,968 (2010 - $8,412,447, 2009 - $7,010,474) and a net book value of $7,651,788 (2010 - $5,291,752, 2009 - $5,090,842). Depreciation on these assets under capital lease was $1,083,090 (2010 - $1,311,358). During the year, assets acquired through capital lease arrangements amounted to $3,910,569 (2010 - $1,751,951).

(in Canadian dollars)

9. INCOME TAXES

The Fund is a “specified investment flow-through” (“SIFT”) and until December 31, 2010 was exempt from tax on its income to the extent that its income was distributed to unitholders. This exemption did not apply to the Company or its subsidiaries, which are corporations that are subject to income tax. On December 15, 2010 the Trustees of the Fund approved an internal capital restructuring plan that better reflects its significant U.S. base of business and its expected source of future growth. A consequence of this restructuring is that its current distribution level to unitholders will be funded almost entirely by its U.S. operations. Fund distributions that are sourced from U.S. business earnings are not subject to the SIFT tax.

The Fund accounts for deferred income tax assets and liabilities in respect of accounting and tax basis differences. During 2010 it was determined that conditions had changed such that the Fund believed it was probable that it would be able to utilize its non-capital loss carryforward amounts and other tax assets that had previously not been recognized.

a) Deferred income taxes consist of the following:

		December 31, 2011		December 31, 2010		January 1, 2010
Intangible assets	**$**	**373,230**	$	971,018	$	-
Accrued liabilities		**2,417,308**		1,225,196		-
Non-capital losses carried forward		**3,794,764**		5,906,497		-
Deferred capital gain		**-**		(166,212)		(166,212)
Rebates received		**4,658,899**		4,358,583		1,229,694
Property, plant and equipment		**(2,137,474)**		(1,602,021)		-
US alternative minimum tax paid		**203,400**		-		-
Issue costs		**369,072**		-		-
Acquisition costs		**380,570**		-		-
Other		**(55,000)**		68,133		-
	$	**10,004,769**	$	10,761,194	$	1,063,482

b) Tax expense is made up as follows:

		2011		2010
Earnings, before income taxes	**$**	**5,404,799**	$	6,837,965
Earnings subject to tax in the hands of the unitholders, not the Fund		**(4,837,607)**		(3,517,163)
Earnings subject to income taxes	**$**	**567,192**	$	3,320,802
Combined basic Canadian and U.S. Federal, provincial and state tax rates		**33.81%**		38.65%
Income taxes at combined statutory rates	**$**	**191,768**	$	1,283,490
Adjustments for the tax effect of -				
Non-deductible depreciation		**169,652**		48,534
Other non-deductible expenses		**60,005**		520,548
Amortization of permanent goodwill deductions		**(74,593)**		(77,330)
Changes in deferred tax assets and liabilities resulting from changes in substantively enacted tax rates		**76,620**		195,029
Dividends treated as interest		**63,168**		131,585
Recognition of non-capital losses		**-**		(10,102,726)
Non-deductible fair value adjustments		**852,804**		947,323
Effective rate adjustment		**472,861**		-
Withholding taxes related to internal capital restructuring		**409,520**		-
State taxes		**401,517**		-
Items affecting equity – issue costs		**(97,835)**		-
Non-taxable gains		**(78,700)**		-
Write off of non-deductible goodwill		**-**		377,581
Other		**8,095**		41,319
Income tax expense (recovery)	**$**	**2,454,882**	$	(6,634,647)

(in Canadian dollars)

The structure of the Fund is such that a portion of the Fund's earnings are subject to tax in the hands of the unitholders, not the Fund. This permits the Company to reduce its tax obligation. As a result during the year the company benefitted from an interest deduction in the amount of $4,759,200 (2010 - $3,488,834). This amount was received by the Fund who then is permitted to reduce its income for the distributions declared in the year.

c) The movement in deferred income tax assets and liabilities during the year is as follows:

	2011	2010
Balance at January 1	**$ 10,761,194**	$ 1,063,482
Acquired through business combination	-	3,033,128
Deferred income tax (expense) recovery	**(1,477,519)**	6,782,413
Amounts charged to equity	**352,175**	-
Alternative minimum tax	**195,303**	-
Foreign exchange	**173,616**	(117,829)
	$ 10,004,769	$ 10,761,194

d) Deferred income tax assets are recognized to the extent it is probable that sufficient future taxable income will be available to allow a deferred income tax asset to be realized. At December 31, 2011, the Fund has recognized all of its deferred income tax assets with the exception of $3,953,306 in capital losses available in Canada. At December 31, 2011, the Fund has non-capital losses in Canada of $3,902,000 (2010 - $3,890,000) and net operating losses in the U.S. of $6,935,000 (2010 - $12,330,000). The net operating losses which were acquired through the acquisition of True2Form are restricted to a maximum utilization of $1,700,000 per year. At December 31, 2011, the total amount of these losses outstanding was approximately $5,600,000.

The losses expire as follows:

Year of Expiry	Canada	United States
2015	$ 575,000	$ -
2021	-	830,000
2022	-	1,308,000
2023	-	82,000
2024	-	806,000
2025	-	655,000
2026	2,101,000	578,000
2027	-	1,177,000
2028	-	6,000
2029	-	8,000
2030	1,226,000	1,485,000

(in Canadian dollars)

10. INTANGIBLE ASSETS

	Customer Relationships	Brand Name	Computer Software	Non-compete Agreements	Zoned Property Rights	Total
At Jan 1, 2010						
Cost	$ 14,129,100	$ 3,139,800	$ 1,590,816	$ 349,564	$ 53,059	$ 19,262,339
Accumulated Amortization	(3,894,667)	-	(1,413,844)	(72,568)	(33,075)	(5,414,154)
Net Book Value	$ 10,234,433	$ 3,139,800	$ 176,972	$ 276,996	$ 19,984	$ 13,848,185
Year ended Dec 31, 2010						
Additions	5,786,841	667,311	430,317	542,191	-	7,426,660
Amortization	(839,083)	-	(219,311)	(174,102)	(5,214)	(1,237,710)
Adjustment	(92,932)	-			-	(92,932)
Exchange	(745,213)	(186,767)	(14,706)	(33,039)	(821)	(980,546)
	$ 14,344,046	$ 3,620,344	$ 373,272	$ 612,046	$ 13,949	$ 18,963,657
At Dec 31, 2010						
Cost	$ 18,856,712	$ 3,620,344	$ 1,844,983	$ 849,388	$ 50,423	$ 25,221,850
Accumulated Amortization	(4,512,666)	-	(1,471,711)	(237,342)	(36,474)	(6,258,193)
Net Book Value	$ 14,344,046	$ 3,620,344	$ 373,272	$ 612,046	$ 13,949	$ 18,963,657
Year ended Dec 31, 2011						
Additions	7,208,054	452,396	482,656	642,931	-	8,786,037
Amortization	(1,147,081)	(482,396)	(181,723)	(534,862)	(5,042)	(2,351,104)
Exchange	591,423	100,010	19,721	27,924	200	739,278
	$ 20,996,442	$ 3,690,354	$ 693,926	$ 748,039	$ 9,107	$ 26,137,868
At Dec 31, 2011						
Cost	$ 26,783,805	$ 4,172,750	$ 1,491,213	$ 1,537,704	$ 51,559	$ 34,037,032
Accumulated Amortization	(5,787,363)	(482,396)	(797,287)	(789,665)	(42,452)	(7,899,163)
Net Book Value	$ 20,996,442	$ 3,690,354	$ 693,926	$ 748,039	$ 9,107	$ 26,137,868

During 2011, the Company implemented a plan to convert all of its U.S. locations to the Gerber brand name. As a result, the Fund began phasing out the use of the True2Form and Cars brand names and began amortizing these names over a two year period.

11. GOODWILL

	2011	2010
Balance at January 1	**$ 16,956,764**	$ 16,812,650
Acquired through business combination	**10,300,003**	1,886,002
Foreign exchange	**794,667**	(479,528)
Impairment write-down	-	(1,262,360)
	$ 28,051,434	$ 16,956,764

The Fund has performed its ongoing goodwill impairment testing described in note 2(*g*), and in 2010 recorded a goodwill write down in the amount of $1,262,360 related to a glass repair business in British Columbia that has been impacted by certain economic factors in that market.

The Fund has used the value in use method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current cash flow, taxes, and a growth rate of 2% and capital maintenance expenditures. These assumptions are based on past experience. A discount rate of 10% has been applied to the expected cash flow, after adjusting the cash flow for an estimate of the taxes and capital maintenance expenditures. The amount of carrying value of goodwill that is related to the auto collision repair group of cash generating units and which has been evaluated using this method was $27,518,135 (2010 - $16,429,657).

(in Canadian dollars)

12. BANK INDEBTEDNESS

	December 31, 2011	December 31, 2010	January 1, 2010
Operating line at interest rates of prime/U.S. base rate plus 1.75%, or Bankers' Acceptances/LIBOR stamp fee plus 3.25%, secured by a General Security Agreement securing all Fund assets	**$ nil**	$ 223,715	$ 2,099,999

The Fund is provided an operating line of $16 million under the credit agreement from its senior lender, collateralized by a General Security Agreement and subsidiary guarantees. Gains on foreign exchange transactions associated with a Canadian domiciled U.S. dollar bank account within this facility amounted to $8,376 (2010 – $13,762). At December 31, 2011 the balance in the Canadian domiciled U.S. dollar bank account was $2,777 (December 31, 2010 – $2,001, January 1, 2010 - $9,650).

Included in interest expense is interest related to bank indebtedness of $133,349 (2010 - $128,939).

13. 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, 2010	February 24, 2010	$ 0.025	**$ 269,368**
February 28, 2010	March 29, 2010	0.025	**269,498**
March 31, 2010	April 28, 2010	0.025	**269,500**
April 30, 2010	May 27, 2010	0.02625	**282,987**
May 31, 2010	June 28, 2010	0.02625	**282,986**
June 30, 2010	July 28, 2010	0.0275	**296,486**
July 31, 2010	August 27, 2010	0.0275	**296,486**
August 31, 2010	September 28, 2010	0.0275	**296,487**
September 30, 2010	October 27, 2010	0.02875	**309,966**
October 31, 2010	November 26, 2010	0.02875	**309,966**
November 30, 2010	December 23, 2010	0.02875	**309,970**
December 31, 2010	January 27, 2011	0.03	**323,463**
		$ 0.32625	**$ 3,517,163**

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**
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**
October 31, 2011	November 28, 2011	0.035	**438,448**
November 30, 2011	December 22, 2011	0.0375	**469,797**
December 31, 2011	January 27, 2012	0.0375	**469,805**
		$ 0.425	**$ 4,837,606**

(in Canadian dollars)

Further distributions were declared for the months of January, February and March 2012 in the monthly amounts of $0.0375 per unit. The total amount of distributions declared after the reporting date was $1,409,708.

14. LONG-TERM DEBT

The Company maintains a Canadian operating line facility of $16,000,000 as described in Note 12. The agreement is collateralized by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and is subject to customary terms, conditions, covenants and other provisions for an income trust.

Long-term debt is comprised of the following:	**December 31, 2011**	December 31, 2010	January 1, 2010
2006 U.S. senior term facility	**$ 9,699,015**	$ 10,965,450	$ 13,103,985
2010 U.S. senior term facility	**6,933,219**	6,769,770	-
2011 U.S. senior term facility	**6,798,645**	-	-
Subordinated supplier debt	**-**	-	26,021
Seller notes	**5,515,225**	3,022,289	1,486,232
	28,946,104	20,757,509	14,616,238
Current portion	**2,201,464**	1,753,768	1,911,478
	$ 26,744,640	$ 19,003,741	$ 12,704,760

The 2006 U.S. senior term facility, with a U.S. bank is secured by the shares and assets, excluding cash and 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 $89,610 (December 31, 2010 - $99,475, January 1, 2010 - $109,340).

The 2010 U.S. senior term facility, with a U.S. bank is secured by the shares and assets, excluding cash and 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 2006 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 and 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 principal 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 $149,169 (2010 - $156,625).

The 2011 U.S. senior term facility, with a U.S. bank is secured by the shares and assets, excluding cash and 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 principal 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%.

(in Canadian dollars)

Seller notes payable of $5,959,366 U.S. on the financing of certain acquisitions are unsecured, at interest rates ranging from 5.0% to 8.0%. The notes are repayable from January 2012 to October 2025 in the same currency as the related note.

Included in interest expense is interest on long-term debt of $1,060,211 (2010 - $617,389).

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

< 1 year	2,201,464
>1 year <= 5 years	12,802,515
> 5 years	13,942,125

15. OBLIGATIONS UNDER FINANCE LEASES

	December 31, 2011	December 31, 2010	January 1, 2010
Equipment leases, at interest rates ranging from 5.16% to 10.11%, due January 2012 to June 2017 (2010 – January 2011 to June 2017, 2009 – January 2010 to June 2017), secured by equipment with a net book value of $5,584,468 (December 31, 2010 - $3,591,643, January 1, 2010 - $2,679,110).	**$ 5,553,878**	$ 3,582,786	$ 2,640,208
Vehicle leases, at interest rates ranging from 7.04% to 9.95%, due January 2012 to August 2016 (2010 – January 2011 to October 2014, 2009 – January 2010 to January 2012), secured by vehicles with a net book value of $2,067,320 (December 31, 2010 - $1,700,109, January 1, 2010 - $2,411,732)	**1,866,825**	1,753,771	2,725,707
	7,420,703	5,336,557	5,365,915
Amounts representing interest	**1,041,320**	741,386	763,478
	6,379,383	4,595,171	4,602,437
Current portion	**2,302,462**	1,751,050	1,437,702
	$ 4,076,921	$ 2,844,121	$ 3,164,735

Included in interest expense is interest related to finance leases of $549,804 (2010 - $425,171).

Minimum lease payments required are as follows:

	Principal & Interest	Amounts Representing Interest	Principal
< 1 year	2,803,152	(500,690)	2,302,462
>1 year <= 5 years	4,600,007	(540,138)	4,059,869
> 5 years	17,544	(492)	17,052

16. SETTLEMENT ACCRUAL

On 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 compensation until January 31, 2014, being the date upon which his employment agreement would have ended. 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 with a final payment occurring in January 2014. An amount of $3,278,081 was expensed in the fourth quarter of 2011 related to these obligations of which $3,013,236 remains unpaid at December 31, 2011, the current portion of which is $1,093,843. 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.

17. FINANCIAL INSTRUMENTS

Carrying Value and Estimated Fair Value of Financial Instruments:

Asset (liability)	**December 31, 2011**			December 31, 2010			January 1, 2010		
($000's)	Carrying Value	Fair Value		Carrying Value	Fair Value		Carrying Value	Fair Value	
Cash	**18,443**	**18,443**	-	9,594	9,594	-	5,086	5,086	-
Accounts receivable	**22,471**	**22,471**	-	18,705	18,705	-	15,472	15,472	-
Bank indebtedness	-	-	-	(224)	(224)	-	(2,100)	(2,100)	-
Accounts payable & accrued liabilities	**(38,516)**	**(38,516)**	-	(31,259)	(31,259)	-	(20,800)	(20,800)	-
Long-term debt	**(28,946)**	**(28,946)**	-	(20,758)	(20,758)	-	(14,616)	(14,616)	-
Convertible exchange note	-	-	-	-	-	-	(523)	(523)	-
Exchangeable class A shares	**(4,147)**	**(4,147)**	-	(6,535)	(6,535)	-	(4,526)	(4,526)	-
Non-controlling interest put option	**(435)**	**(435)**	-	-	-	-	-	-	-
Forward foreign exchange contracts -									
The Fund selling U.S. dollars	-	-	-	64	64	-	329	329	-
The Fund buying U.S. dollars	**(8)**	**(8)**	-	(383)	(383)	-	(270)	(270)	-

For the Fund's current financial assets and liabilities, which are short term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the Fund's long-term debt or convertible exchange note, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to their carrying value. The fair values for forward contract derivative instruments, the exchangeable class A shares and the non controlling interest put option are based on the estimated cash payment or receipt necessary to settle the contract at the balance sheet date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk.

The Fund's financial instruments measured at fair value are limited to cash, the exchangeable class A shares, the non controlling interest put option and the derivative contracts. Cash is classified as a level one while the exchangeable class A shares, the non controlling interest put option and the derivative contracts are classified as a level two, since they are determined by using observable market inputs.

Collateral

The Company's Canadian operating facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at December 31, 2011 was approximately $41.2 million (December 31, 2010 - $28.3 million, January 1, 2010 - $20.6 million).

Interest rate risk

The Company's operating line and U.S. senior term facility are exposed to interest rate fluctuations and the Company does not hold any financial instruments to mitigate this risk. Included as a component of long-term debt are seller notes with fixed interest rates that are held constant for the terms of the notes.

Foreign currency risk

The Company's operations in the U.S. are more closely tied to its domestic currency. Accordingly, the U.S. operations are measured in U.S. dollars and the Company's foreign exchange translation exposure relates to these operations. When the U.S. operation's net asset values are converted to Canadian dollars, currency fluctuations result in period to period changes in those net asset values. The Fund's equity position reflects these changes in net asset values as recorded in accumulated other comprehensive earnings. The income and expenses of the U.S. operations are translated into Canadian dollars at the average rate for the period in order to include their financial results in the consolidated financial statements. Period to period changes in the average exchange rates cause translation effects that have an impact on net earnings. Unlike the effect of exchange rate fluctuations on transaction exposure, the exchange rate translation risk does not affect local currency cash flows.

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 will at times enter into foreign exchange contracts. These contracts are marked to market monthly with unrealized gains and losses included in earnings. At December 31, 2011 there were no such contracts outstanding.

For the year ended December 31, 2011 the Fund recorded to earnings previously unrealized losses related to these contracts in the amount of $64,000 (2010 – $265,400). During 2011, the Fund realized foreign exchange gains in the amount of $84,340 (2010 – $424,320).

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. During 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 2011 the Company recorded to earnings a loss related to this contract in the amount of $217,700. An $8,000,000 U.S. loan and foreign exchange contract were also entered into in June 2011 and expiring in October 2011. The Fund realized a loss of $683,000 on this loan offset by a gain of $639,000 on the contract. Finally, in October 2011, the Company made a new short-term loan for $5,000,000 U.S. and entered into a new forward foreign exchange contract. The unrealized loss on this loan at December 31, 2011 was $1,000 and the unrealized loss and fair value liability related to the forward foreign exchange contract was $7,900.

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. Cash is in the form of deposits on demand with major financial institutions that have strong long-term credit ratings. The Fund is subject to risk of non-payment of accounts receivable, however the Fund's receivables are largely collected from the insurers of its customers. Accordingly, the Fund's accounts receivable are comprised mostly of amounts due from national and international insurance companies or provincial crown corporations. Derivative contracts are over-the-counter traded and are with a counter party that is a highly rated financial institution.

Aging of past due but not impaired accounts receivable:

($000's)	**December 31, 2011**	December 31, 2010	January 1, 2010
90-120 days	**611**	696	293
Over 120 days	**942**	503	569
Total	**1,553**	1,199	862

The Fund uses an allowance account to record an estimate of potential impairment for accounts receivables based on aging and other factors. The Fund has not identified specific accounts it believes to be impaired.

($000's)	**December 31, 2011**	December 31, 2010	January 1, 2010
Balance of allowance account, beginning of year	**278**	**270**	407
(Decrease) increase in allowance (net of recoveries and amounts written off)	**(38)**	**8**	(137)
Balance of allowance account, end of year	**240**	**278**	270

Liquidity risk

The following table details the Fund's remaining contractual maturities for its financial liabilities.

Liquidity Risk (000's) As at December 31, 2011	Contractual Payment Terms Due < 1 year	Due > 1 year, < 2 years	Due > 2 year, < 3 years	Due > 3 year, < 4 years	Due > 4 year, < 5 years	Due > 5 years
Bank indebtedness	$ -	$ -	$ -	$ -	$ -	$ -
Accounts payable & accrued liabilities	38,791	-	-	-	-	-
Long-term debt	2,201	2,351	2,781	4,634	3,037	13,942
Obligations under finance lease	2,302	1,423	1,405	854	359	36
Total Contractual Obligations	$ 43,294	$ 3,774	$ 4,186	$ 5,488	$ 3,396	$ 13,978

The Fund's bank indebtedness, when owing, is a current liability and is primarily a 364 day revolving credit facility. The bank indebtedness would only become due and payable in an event of default. The Fund has the ability to further draw on the facility to a maximum of $16 million, subject to accounts receivable margin limitations. Based on these limitations, the total available amount at the statement of financial position date was $16,000,000 (December 31, 2010 - $15,300,000, January 1, 2010 – $10,400,000). Obligations of the Fund are generally satisfied through future operating cash flows and the collection of accounts receivable.

Market Risk and Sensitivity Analysis

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Fund is exposed are interest rate risk and foreign exchange rate risk as discussed above.

The Fund has used a sensitivity analysis technique that measures the estimated change to net earnings and equity of a 1% (100 basis points) difference in market interest rates.

The sensitivity analysis assumes that changes in market interest rates only affect interest income or expense of variable financial instruments not covered by hedging instruments. For the year ended December 31, 2011 it is estimated that the impact of a 1% change to market rates would result in a $210,000 change (2010 – $115,000) to net earnings as well as comprehensive earnings.

The currency risk sensitivity analysis is based on a 5% strengthening or weakening of the Canadian Dollar against the U.S. Dollar and assumes that all other variables remain constant.

Under this assumption, net earnings for the year ended December 31, 2011 as well as comprehensive earnings would have changed by $nil due to the limited number of foreign exchange contracts in place at the end of 2011 (2010 – $45,000).

(in Canadian dollars)

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 December 31, 2011 there were 373,918 (2010 – 819,952) shares outstanding with a carrying value of $4,146,751 (2010 – $6,535,017). During the fourth quarter of 2011, 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 23. The retraction was recorded at a carrying value of $4,121,666. Total retractions for the year were 446,304 (2010 – 10,511) for $4,298,493 (2010 – $57,599).

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, 2010	February 24, 2010	$ 0.025	$ 21,319
February 28, 2010	March 29, 2010	0.025	21,189
March 31, 2010	April 28, 2010	0.025	21,187
April 30, 2010	May 27, 2010	0.02625	22,235
May 31, 2010	June 28, 2010	0.02625	22,234
June 30, 2010	July 28, 2010	0.0275	23,269
July 31, 2010	August 27, 2010	0.0275	23,269
August 31, 2010	September 28, 2010	0.0275	23,270
September 30, 2010	October 27, 2010	0.02875	24,324
October 31, 2010	November 26, 2010	0.02875	24,324
November 30, 2010	December 23, 2010	0.02875	24,323
December 31, 2010	January 27, 2011	0.03	25,361
		$ 0.32625	$ 276,304

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
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
October 31, 2011	November 28, 2011	0.035	14,015
November 30, 2011	December 22, 2011	0.0375	14,983
December 31, 2011	January 27, 2012	0.0375	14,975
		$ 0.425	$ 292,573

During 2011, an expense in the amount of $1,910,226 (2010 –$2,066,592) was recorded to earnings related to these exchangeable shares.

Further dividends were declared for the months of January, February and March 2012 in the monthly amounts of $0.0375 per share. The total amount of dividends declared after the reporting date was $44,630.

(in Canadian dollars)

Non controlling interest put option

Effective January 1, 2011, the Fund entered into an agreement that provides a member of its U.S. management team the opportunity to participate in the future growth of the Fund's U.S. glass business. The Fund will continue to control the assets and operations of its U.S. glass business but the agreement allows for participation in earnings in excess of the historical profitability levels. To date, the business has not reached the targets set out in the agreement and so there has been no non controlling interest allocation.

Within the agreement is a put option held by the non controlling shareholder that allows the shareholder to put the business back to the Fund according to a valuation formula defined in the agreement. The value of the put at the statement of financial position date was a liability of $442,395. The put option is restricted during the first three years of the agreement but then may be exercisable at the any time by the non controlling shareholder. The value of the put option is determined by discounting the estimated future payment obligation at each statement of financial position date. The initial amount of the put option of $228,825 was recorded to retained earnings and additional put option expense of $214,998, was recorded during the year, to reflect an increase in the estimated value of the business.

18. 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 December 31, 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	$ 821,858
November 8, 2007	January 2, 2008	150,000	$2.70	January 2, 2018	$ 346,231
November 8, 2007	January 2, 2009	150,000	$3.14	January 2, 2019	$ 283,141
November 8, 2007	January 2, 2010	150,000	$5.41	January 2, 2020	$ 199,140
		650,000			$ 1,650,370

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 fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $11.09, dividend yield 6.17%, expected volatility 43.65% (determined as a weighted standard deviation of the unit price over the past four years), risk free interest rate 1.22%, initial term 10 years, remaining term 4 years.

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 was determined as 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. The options are not 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 fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $11.09, dividend yield 6.17%, expected volatility 43.65%, risk free interest rates of 1.57%, 1.76% and 1.94% respectively , initial terms of 10, 11 and 12 years respectively, remaining terms of 6, 7 and 8 years respectively.

During the year ended December 31, 2011, an expense of $918,878 (2010 - $384,438) was recorded to earnings related to these unit options.

(in Canadian dollars)

19. UNEARNED REBATES

The Company has an agreement with strategic trading partners providing it prepaid rebate funding. During 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.

Rebates received under these agreements 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 January 31, 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.

20. LEASE COMMITMENTS

The Fund has various operating lease commitments, primarily in respect of leased premises. The aggregate amount of future minimum lease payments is $97,161,808 (2010 - $98,014,075). The minimum amounts payable over the next five years are as follows:

< 1 year	$ 20,771,342
>1 year <= 5 years	50,400,069
> 5 years	25,990,397

21. CONTINGENCIES

The Fund has a Canadian denominated letter of credit for $25,000 (2010 –$25,000). In addition, the Fund has two U.S. denominated letters of credit for $225,000 U.S. (2010 –$225,000 U.S.).

(in Canadian dollars)

22. ACCUMULATED OTHER COMPREHENSIVE LOSS

	2011	2010
Accumulated other comprehensive loss, beginning of year,	**$ (1,357,080)**	$ -
Unrealized gain (loss) on translating financial statements of foreign operations	**1,165,054**	(1,357,080)
Accumulated other comprehensive loss, end of year,	**$ (192,026)**	$ (1,357,080)

There is no tax impact of translating the financial statements of the foreign operation.

23. CAPITAL

Unitholders' Capital

Authorized:
Unlimited number of trust units

An unlimited number of Units are authorized and may be issued pursuant to the Declaration of Trust. All Units are of the same class with equal rights and privileges. Each Unit is redeemable and transferable. A Unit entitles the holder thereof to participate equally in distributions, including the distributions of net earnings and net realized capital gains of the Fund and distributions on termination or winding-up of the Fund, is fully paid and non-assessable and entitles the holder thereof to one vote at all meetings of Unitholders for each Unit held.

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.

24. CONTRIBUTED SURPLUS

The Fund records as contributed surplus the equity component of convertible debt on expiry or settlement of the related convertible debt.

Units purchased under the Fund's Normal Course Issuer Bid for a value below their carrying amount represent a contribution to the benefit of the remaining unitholders and the difference is credited to contributed surplus.

25. CAPITAL STRUCTURE

The Fund's and Company's objective when managing capital is to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk. The Fund includes in its definition of capital: equity (excluding accumulated other comprehensive loss), long-term debt, exchange notes, obligations under finance lease, unearned rebates, bank indebtedness and cash.

The Fund and Company manage the capital structure and make adjustments to it by taking into account changing economic conditions, operating performance and growth opportunities. In order to maintain or adjust the capital structure, the Fund or Company may adjust the amount of distributions and dividends it pays, purchase units for cancellation pursuant to a normal course issuer bid, issue new units, issue new debt or replace existing debt with different characteristics, expand the operating line, increase or decrease its obligations under finance lease, negotiate unearned rebates, or settle certain acquisition obligations using a greater amount of cash or units.

The Company monitors capital on a number of bases, including a debt service coverage ratio, a funded debt to EBITDA ratio, a debt to equity ratio, a current ratio, its adjusted distributable cash payout ratio, diluted earnings per unit and distributions per unit. The debt service coverage ratio is the ratio of operating profits, plus collection of rebates receivable, less maintenance capital expenditures to debt and capital lease payments, rebate repayments, dividends and distributions. Funded debt to EBITDA is calculated as the Company's funded debt, capital leases and operating line divided by EBITDA. EBITDA is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations. The distributable cash payout ratio is calculated by dividing the distributions paid during the period by adjusted distributable cash. Adjusted distributable cash is a non-GAAP measure, whose nearest GAAP measure is Cash Flow from Operations.

The Fund's strategy has been to monitor and adjust its distributions in order to maintain a strong statement of financial position and improve its cash position and financial flexibility. In addition, the Fund believes that, from time to time, the market price of the units may not fully reflect the underlying value of the units and that at such times the purchase of units would be in the best interest of the Fund. Such purchases increase the proportionate ownership interest of all remaining unitholders.

The Company grows, in part, through future acquisitions or start-up of collision and glass repair and replacement businesses, or other businesses. Sources of capital that the Company has been successful at accessing in the past include public and private equity placements, the use of equity securities to directly pay for a portion of acquisitions, capital available through strategic alliances with trading partners, capital lease financing, seller financing and both senior and subordinate debt facilities.

Total capitalization increased compared to the prior year primarily as a result of the completion of a bought deal public offering as well as the acquisition of CARS. The proceeds from the bought deal public offering has strengthened the Company's current ratio. The debt service coverage ratio has remained in a consistent range for the year ended December 31, 2011 compared to the prior year. The increased debt from the CARS acquisition has resulted in a higher debt to EBITDA ratio.

The adjusted distributable cash payout ratio for the year ended December 31, 2011 was 31.3% (2010 - 24.7%). A modest increase in distributions during the year was only partially offset with increases in distributable cash resulting in the ratio increasing between the two periods. Diluted earnings per unit and distributions paid per unit were $0.262 and $0.418 respectively, for the year ended December 31, 2011 (2010 – $1.249 and $0.321). The current annualized distribution level of $0.45 represents an annual payout ratio, which the Trustees of the fund consider to be a conservative and sustainable level, that allows for continued balance sheet improvement.

(in Canadian dollars)

26. 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.

27. RELATED PARTY TRANSACTIONS

Management services fees totaling $1,048,727 (2010 - $934,331) were paid to C.C. Collision Repair Management Limited Partnership ("C.C. Repair"). C.C. Repair, an entity owned by parties related to senior officers of the Fund, employs all of the Fund's operations managers for its Manitoba locations, as well as certain senior corporate management staff and provides the services of these personnel to the Fund under contract. Other than $50,000 (2010 - $24,000), all of the management fees collected by C.C. Repair were in turn paid out in expenses, either directly or indirectly to these employees of C.C. Repair for salaries, wages and benefits, or for other expenses associated with the delivery of management services. Effective December 31, 2011, the C.C. Repair Management Limited agreement was terminated.

In certain circumstances the Company has entered into property lease arrangements where an employee of the Company is the landlord. The property leases for these locations do not contain any significant non-standard terms and conditions that would not normally exist in an arm's length relationship, and the Fund has determined that the terms and conditions of the leases are representative of fair market rent values. The following are the facilities currently under lease with related parties:

Landlord	Affiliated Person(s)	Location	Lease Expires	**2011**	2010
3577997 Manitoba Inc.	Terry Smith & Brock Bulbuck	Selkirk, MB	2017	**$ 55,692**	$ 55,692
Gerber Building No. 1 Ptnrp	Eddie Cheskis & Tim O'Day	South Elgin, IL	2013	**103,125**	103,952
Rex A. Dunn	Rex A. Dunn	Youngstown, OH	2015	**149,507**	57,832
RBMA, LLC	Rex A. Dunn	Warren, OH	2015	**144,142**	57,484
John S. Sanders	John S. Sanders	Dublin, OH	2015	**196,778**	83,806
Sun Coast Properties, LLC	John S. Sanders	Columbus, OH	2018	**118,395**	50,104
P & P, LLC	Richard M. Paukstitus & Clark W. Plucinski	College Park, MD	2016	**114,481**	52,869
BCP Realty, Inc.	Richard M. Paukstitus & Clark W. Plucinski	Gaithersburg, MD	2016	**172,950**	77,247
Thomas R. Carlton	Thomas R. Carlton	Morganton, NC	2013	**70,577**	30,397
Mooresville Commons, LLC	R. Steven McGlothlin	Mooresville, NC	2018	**198,968**	85,692
Farelane Properties Ltd.	Terry Smith(1)	Winnipeg, MB	2014	**105,617**	n/a

(1) This related party association resulted from the acquisition of a property in 2011 by Mr. Smith, who at the time was the Fund's Executive Chairman. Effective October 15, 2011, Mr. Smith retired from both his position as Executive Chairman of the Fund and as a member of the Fund's Board of Trustees.

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling $193,504 (2010 - $195,926), through BGHI to 4612094 Manitoba Inc., an entity owned directly or indirectly by senior officers of the Fund. At December 31, 2011, 4612094 Manitoba Inc. owned 174,848 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

Autofit Retainers & Tools, a supplier of automotive parts affiliated with The Terry Smith Family Trust, recorded sales to the Fund in the amount of $84,152 (2010 - $83,324). The supplier relationship between Autofit Retainers & Tools and the Fund does not include any non-standard terms and the transactions of this arrangement are accounted for at the exchange amount.

Certain advertising and related expenses are paid to CMS Inc., a company owned by the spouse of an officer of the Company. During 2011, these expenses amounted to $35,686 (2010 - $71,199) and are accounted for at the exchange amount. Effective June 30, 2011, the arrangement with CMS Inc. was terminated.

(in Canadian dollars)

28. 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 Company to provide geographical disclosure. For the years reported, all of the Company'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	
	2011	2010	**2011**	2010
Canada	**$ 75,409,889**	$ 72,068,353	**$ 16,207,609**	$ 15,634,215
United States	**281,556,072**	184,940,571	**73,086,107**	46,415,881
Total	**$ 356,965,961**	$ 257,008,924	**$ 89,293,716**	$ 62,050,096

The Company's revenues are largely derived from the insurers of its customers, who are generally automobile owners. In three Canadian provinces where the Company operates, government-owned insurance companies have, by legislation, either exclusive or semi-exclusive rights to provide insurance to the Company's customers. Sales generated in these three markets represent approximately 12% (2010 – 15%) of the Company's total sales. Although the Company's services in these markets are predominately paid for by these government-owned insurance companies, the Company's customers (automobile owners) have freedom of choice of repair provider. In markets where non-government owned insurance companies are predominant, formal relationships with insurance companies such as Direct Repair Programs ("DRPs"), either at the local or national level, play an important role in generating sales volumes for the Company. Although automobile owners still have the freedom of choice of repair provider, that choice can be influenced by the insurance companies with DRPs. Of the top five non-government owned insurance companies that the Company deals with, which in aggregate account for approximately 41% (2010 – 37%) of total sales, one insurance company represents approximately 14% (2010 – 12%) of the Company's total sales, while a second insurance company represents approximately 11% (2010 – 10%).

29. COMPENSATION OF KEY MANAGEMENT

Compensation awarded to key management included:

	2011	2010
Salaries and short-term employee benefits	**$ 2,796,477**	$ 3,026,190
Post-employment benefits	**216,900**	206,800
Unit options	**918,878**	384,438
Settlement expense (Note 16)	**3,278,081**	-
	$ 7,210,336	$ 3,617,428

Key management includes the Fund's Trustees as well the most senior officers of the Company and Subsidiary Companies

30. EMPLOYEE EXPENSES

	2011	2010
Salaries and short-term employee benefits	**$ 136,609,230**	$ 98,760,939
Post-employment benefits	**216,900**	206,800
Unit options	**918,878**	384,438
	$ 137,745,008	$ 99,352,177

(in Canadian dollars)

31. DEFINED CONTRIBUTION PENSION PLANS

The Fund has defined contribution pension plans for certain employees. The Fund matches U.S. employee contributions at rates up to 6.0% of the employees' salary. The expense and payments for the year were $408,864 (2010 - $260,463). The Fund has established Retirement Defined Contribution Arrangement Trust Agreements for the CEO and previous Executive Chairman which qualify as retirement compensation arrangements as defined in the Income Tax Act (Canada), RSC 1985, c.1 (5^{th} Supplement), as amended. The agreements specify that quarterly contributions are to be made until the end of 2024. In the case of the previous Executive Chairman, payments will be made until January, 2014, at which time the balance will be paid to settle the remaining obligation. During 2011 $216,948 (2010 - $207,146) was accrued and paid related to these arrangements.

32. EARNINGS PER UNIT

	2011	2010
a) Earnings:		
Net earnings	**$ 2,949,917**	$ 13,472,612
Add:		
Net after tax interest on 2005 Vendor exchange notes	**-**	1,621
Net earnings – diluted basis	**$ 2,949,917**	$ 13,474,233
b) Number of units:		
Average number of units outstanding	**11,275,971**	10,780,499
Add:		
Potential conversion of 2005 Vendor exchange notes	**-**	4,404
Average number of units outstanding – diluted basis	**11,275,971**	10,784,903
Earnings per unit (a) divided by (b)		
Basic	**$ 0.262**	$ 1.250
Diluted	**$ 0.262**	$ 1.249

Class A exchangeable shares and unit options are instruments that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

33. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	2011	2010
Accounts receivable	**$ (2,063,135)**	$ (1,270,029)
Inventory	**(568,072)**	(654,956)
Prepaid expenses	**(286,276)**	(18,652)
Accounts payable and accrued liabilities	**1,702,392**	2,828,699
Income taxes payable	**269,863**	118,430
	$ (945,228)	$ 1,003,492

34. SUBSEQUENT EVENT

On January 3, 2012, the Company completed the acquisition of Master Collision Repair, Inc., a multi-location collision repair company operating eight locations in the Florida market. The transaction was completed for total consideration of approximately $12.0 million U.S., subject to normal post-closing working capital adjustments, and was funded by a combination of $3.0 million U.S. cash, $2.0 million third-party financing, and a 15 year, 8.0%, $7.0 million U.S. seller take-back note. No new equity was issued related to the transaction.

BOARD OF TRUSTEES

The Boyd Group Income Fund Board of Trustees consists of five members – one that is an officer of the Fund and four that are independent Trustees. The Boyd Group Income Fund Board of Trustees has established three standing committees: The Corporate Governance and Nomination Committee, The Audit Committee, and the Executive Compensation Committee.

The Corporate Governance and Nomination Committee is chaired by Wally Comrie and includes all of the independent Trustees. The Audit Committee is chaired by Allan Davis and includes Wally Comrie and Gene Dunn. The Executive Compensation Committee is chaired by Gene Dunn and includes Robert Chipman and Wally Comrie.

Brock Bulbuck, C.A., is Boyd's President and Chief Executive Officer. Since joining the Company in 1993, he has played a leading role, along with Mr. Smith, in the development and growth of the business. He is responsible for the affairs of the Fund and the Company including their strategy, operations and performance.

Robert Chipman is the retired Chairman and Director of National Leasing Group Inc. He is a Director of The Megill-Stephenson Company Ltd and Gendis Inc. Mr. Chipman is a past director of the Royal Bank of Canada, Manitoba Telecom Services Inc., Buhler Industries Ltd., and Jovian Capital Corporation.

Walter Comrie is the former General Sales Manager for CTV Television Winnipeg. Mr. Comrie continues to be actively engaged in management & marketing consulting for a variety of clients. Under the Fund's predecessor limited partnership structure, Mr. Comrie served as Chairman of the Advisory Committee. In addition to serving on the Board of Trustees of the Fund, he is a Past President of the Broadcasters Association of Manitoba and a past member of the Board of Directors of Habitat for Humanity.

Allan Davis, C.A., is President and Director of AFD Investments Inc. a Winnipeg based management consulting firm. Mr. Davis accepted the position of Chairman of the Board for Boyd Group Income Fund following the retirement and departure of Terry Smith, the previous Chairman. In addition to serving on the Boyd Group Income Fund Board of Trustees, he is also a member of the Manufacturing Advisory Board of Exchange Income Corporation. Mr. Davis was formerly Executive Vice-President, Chief Operating Officer, and Chief Financial Officer of the Angus Reid Group Inc. in Winnipeg from 1993 to 1998. Mr. Davis is a Chartered Accountant and holds a Bachelor of Commerce (Honours) degree from the University of Manitoba.

Gene Dunn is President and CEO of Monarch Industries Ltd. of Winnipeg, a leading Canadian manufacturing company. In addition to serving on the Boyd Board of Trustees, he is also a member of the Board of the Winnipeg Blue Bombers Football Club, The Never Alone Foundation and the Winnipeg Steelers Hockey Club. He is past Chairman of the Board of Governors for Balmoral Hall School for Girls and past Chairman of the Winnipeg Blue Bombers Football Club. Mr. Dunn is also the past Chairman of the Board of Governors of the Canadian Football League (CFL).

Tim O'Day is Boyd's President and Chief Operating Officer, U.S. Operations. Mr. O'Day joined Gerber Collision & Glass in February 1998. With Boyd Group's acquisition of Gerber in 2004, he was appointed Chief Operating Officer for Boyd's U.S Operations. In 2008, he was appointed President and Chief Operating Officer for U.S. Operations. Earlier in his career, he was with Midas International, where he was elevated to Vice President–Western Division, responsible for a territory that encompassed 500 Midas locations. Mr. O'Day is also a Certified Public Accountant.

CORPORATE DIRECTORY

COMPANY OFFICERS & SUBSIDIARY COMPANY OFFICERS

Brock Bulbuck
President &
Chief Executive Officer

Dan Dott
Vice President &
Chief Financial Officer

Tim O'Day *
President & Chief Operating Officer
US Operations

Eric Danberg
President
Canadian Operations

Kevin Comrie
Chief Marketing Officer

Eddie Cheskis *
Chief Strategy Officer
US Operations &
Chief Executive Officer, U.S. Glass

Derek Chatterley
Vice President,
British Columbia Operations

Kevin Burnett *
Vice President Operations,
Illinois, Oklahoma & Kansas

Tom Csekme *
Vice President Operations,
Arizona, Nevada & Georgia

Rex Dunn *
President,
True2Form Collision Repair Centers

Gary Bunce *
Senior Vice President,
Marketing & Sales
US Operations

Clark Plucinski *
Executive Vice President,
Sales & Marketing,
True2Form Collision Repair Centers

Larry Jaskowiak *
Vice President Operations,
Cars Collision Center, LLC, Master Collision Repair, Inc.

Paul J. Ruiter *
Assistant Secretary,
True2Form Collision Repair Centers

Frank Alessia *
Assistant Secretary,
Nevada

* *Officers of subsidiary companies*

CORPORATE OFFICE

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For location information, please visit us at ***www.boydgroup.com***

UNITHOLDER INFORMATION

BOYD GROUP INCOME FUND UNITS AND EXCHANGE LISTING

Units of the Fund are listed on the Toronto Stock Exchange under the symbol BYD.UN

Registrar, Transfer Agents and Distribution Agents	U.S. Senior Banker	Canadian Senior Banker
Valiant Trust Company 310 – 606 – 4th Street S.W. Calgary, Alberta T2P 1T1	PNC Bank, National Association One PNC Plaza, 2nd Floor 249 – 5th Avenue Pittsburgh, Pennsylvania 15222	TD Bank Financial Group 4th Floor, 201 Portage Avenue Winnipeg, Manitoba R3C 2T2
Legal Counsel	**Auditors**	
Thompson Dorfman Sweatman 2200 – 201 Portage Avenue Winnipeg, Manitoba R3B 3L3	Deloitte & Touche LLP 2200 – 360 Main Street Winnipeg, Manitoba R3C 3Z3	

Annual General Meeting

Monday, May 28, 2012
Victoria Inn Hotel and Convention Centre
1808 Wellington Avenue
Winnipeg, Manitoba
R3H 0G3
5:00 p.m. (CDT)