



BOYD GROUP INCOME FUND

2012 Annual Report

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BOYD GROUP INCOME FUND

2012 REPORT TO UNITHOLDERS

To Our Unitholders,

We are pleased to report that 2012 was another record year for the Fund in terms of sales, Adjusted EBITDA and distributable cash.

It was a very busy year of execution of our growth strategy, in an industry that has continued to experience protracted headwinds. We completed the acquisitions of Master Collision Repair, Inc. (“Master”) in January, Pearl Auto Body (“Pearl”) in July, and The Recovery Room (“TRR”) and Autocrafters (“Autocrafters”) in November and December. Combined with 15 other new single locations, which was toward the high end of our 6%-10% single location growth target, we added 54 new locations to our footprint in 2012 bringing our total to 221 locations across North America. Our platform of growth was key to our strong results during the year. These results and our continued confidence in our business propelled us to announce a 4.0% increase in our monthly distributions to unitholders, from \$0.0375 to \$0.039 per unit, or an annualized distribution of \$0.468 per unit, beginning with our November 2012 distribution (payable in December).

For the year ended December 31, 2012, sales increased by 21.7% to \$434.4 million, from \$357.0 million in the prior year. The substantial increase was due in large part to the addition of \$80.1 million of sales generated from five multi-location acquisitions (including incremental contribution of Cars Collision acquired in 2011) and 24 other new collision repair locations acquired or started within the last 2 years. Additionally, \$0.8 million of the increase came from 0.3% growth in same-store sales and another \$2.4 million from a favourable currency translation rate on sales generated from our U.S. operations, offset by \$5.8 million in lost sales from the closure of five underperforming locations in 2011 and 2012. Same-store sales growth remains an important component of our overall growth strategy, and we are pleased to report positive growth in a generally soft and challenged environment (partly due to prolonged dry and mild weather). We believe that this indicates market share increases, and is a testament to the quality of our service offerings, the reputation of our brands, and the continuing consolidation of the industry.

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, acquisition and settlement costs (“Adjusted EBITDA”)¹ for the year was \$29.8 million, or 6.9% of sales, compared with Adjusted EBITDA of \$24.4 million, or 6.8% of sales, in the prior year. The 22.4% increase in Adjusted EBITDA was primarily due to multi-location acquisitions, new single location additions, along with EBITDA contribution from same-store sales increases and favorable currency translation..

Net earnings were \$7.1 million, or \$0.563 per diluted unit, an increase from \$2.9 million, or \$0.262 per diluted unit, for the prior year. Net earnings were affected by fair value adjustments for exchangeable shares and unit options, as well as acquisition and transaction costs, put option adjustment, and accelerated amortization of acquired brand names. Excluding these adjustments, net earnings would have increased to \$14.7 million, or 3.4% of sales, compared with adjusted net earnings of \$11.7 million, or 3.3% of sales, in 2011. The increase in adjusted net earnings is due to the contribution of new acquisitions and new location growth and increases in same-store sales.

¹ EBITDA, Adjusted EBITDA, distributable cash, adjusted distributable cash and adjusted net earnings are not recognized measures under International Financial Reporting Standards (“IFRS”). Management believes that in addition to revenue, net earnings and cash flows, the supplemental measures of distributable cash, adjusted distributable cash, adjusted net earnings, EBITDA and Adjusted EBITDA are useful as they provide investors with an indication of earnings from operations and cash available for distribution, both before and after debt management, productive capacity maintenance and non-recurring and other adjustments. Investors should be cautioned, however, that EBITDA, Adjusted EBITDA, distributable cash, adjusted distributable cash and adjusted net earnings should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Fund’s performance. Boyd’s method of calculating these measures may differ from other public issuers and, accordingly, may not be comparable to similar measures used by other issuers. For a detailed explanation of how the Fund’s non-GAAP measures are calculated, please refer to the Fund’s MD&A filing for the year ended December 31, 2012.

For the year ended December 31, 2012, the Fund generated adjusted distributable cash of \$17.9 million and declared distributions and dividends of \$5.8 million, resulting in a payout ratio based on adjusted distributable cash of 32.6% for the year. This compares with a payout ratio of 31.3% a year ago. In November, the Board of Trustees of the Fund approved an increase in the annual level of distributions to \$0.468, or 4.0%. This increase, combined with the 7.1% increase announced in November 2011, accounted for the increase in payout ratio in 2012. As a growth company 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 \$47.0 million, compared with \$32.9 million at September 30, 2012 and \$16.9 million at December 31, 2011. We now have a cash position of \$39.0 million, compared with \$13.9 million as at September 30, 2012 and \$18.4 million a year ago. The increase in cash in the fourth quarter was primarily due the \$34.2 million convertible debenture offering completed in December 2012 as well as excess cash generated from operations and working capital during the quarter. 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. The increase in net debt during the year was related to acquisitions and single location growth.

As we enter another year, we expect to continue to execute the growth strategy that we have proven successful over the past few years. We will continue to target 6%-10% growth through single-location additions in existing and adjacent markets. We continue to see many low-cost opportunities in the market for these additions. The second component of our strategy is accelerated growth through opportunistic acquisitions of multi-location businesses. Since the second half of 2010, we have completed six of these large transactions and have successfully integrated and rebranded most of them. While we sense that sellers of these businesses may have growing price expectations, we continue to believe that there are many opportunities for this kind of growth, and we will continue to be prudent in identifying and assessing potential acquisitions. The last component of our growth strategy is same-store sales growth. As we look at our fourth quarter performance, we are pleased with being able to record 5.2% same-store sales growth in Canada and 1.3% in the U.S., despite continuing market headwinds and generally mild weather in many of our US markets. We expect to continue this performance by continuing to leverage our brand, business model and geographic footprint.

Overall, we remain positive about long-term market conditions remaining favourable to grow our business. We believe the trend of consolidation in the collision repair industry will continue, and that the Boyd Group is favourably positioned to benefit through consolidation and economies of scale.

Our commitment to being a growth company with an attractive payout remains strong, as demonstrated by the growth in our distributions over the last three years, while managing our financial position to ensure the ability to support our stated growth strategy. We have an exceptional management team, systems, experience, and strong balance sheet to continue to successfully grow our business and continue to 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

BOYD GROUP INCOME FUND

2012 CHAIRMAN'S MESSAGE

To Our Unitholders,

We are happy to report another strong year for the Boyd Group Income Fund.

2012 was a year of growth, as the Fund continued to execute on its growth strategy. We significantly added to our North American footprint through four acquisitions of multi-location businesses and new single-store additions – a total of 54 new locations bringing our total number of repair centers to 221 by the end of the year.

The Board of Trustees, working with the management team, will endeavour to continue growing the Fund's business and creating value for its unitholders. We will maintain our proven growth strategies and continue to guide with prudent financial strategies in 2013.

During the year, we were pleased to add Tim O'Day, Dave Brown, and Rob Gross to our Board, who collectively brought deep, solid, and extensive management experience. Their collective expertise covers a broad spectrum of disciplines ranging from operations in the automotive service industry to law, finance, and the capital markets. Dave and Rob are independent Trustees.

It is with regret that we announce the decision of Robert Chipman to retire from the Board effective May 27, 2013. Bob has been a key member of the Board since the Fund's predecessor became a public company in 1998, and we will miss his contributions and business insights. We would like to express our sincerest gratitude to Bob for his many years of dedication and service to the Board, and wish him the very best for the future.

On behalf of the Trustees of the Boyd Group Income Fund, a big thank you to the management team and all employees for their continued commitment and hard work, and to our stakeholders for their continued support. We look forward to another successful year in 2013.

Sincerely,

(signed)

Allan Davis
Independent Chair

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, with 221 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", "The Recovery Room" and "AutoCrafters Collision" 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.

	39		157		14
	centers		centers		centers
<ul style="list-style-type: none">• Manitoba (14)• Alberta (12)• British Columbia (11)• Saskatchewan (2)		<ul style="list-style-type: none">• Arizona (12)• Illinois (36)• Georgia (13)• Washington (14)• Indiana (9)• Colorado (12)• Nevada (4)• Oklahoma (3)• Kansas (1)• Florida (12)	<ul style="list-style-type: none">• North Carolina (19)• Ohio (9)• Maryland (7)• Pennsylvania (5)	<ul style="list-style-type: none">• Florida (14)	
					11
				<ul style="list-style-type: none">• Florida (11)	centers

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, 2012, including material transactions and events up to and including March 21, 2013, 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, 2012 included on pages 50 to 84 of this report.

SIGNIFICANT EVENTS

On January 3, 2012, the Company completed the acquisition of Master Collision Repair, Inc. ("Master"), a multi-location collision repair company operating eight locations in the Florida market. The transaction was completed for total consideration of \$11.7 million U.S., 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, a single location collision repair business located in Spring Grove, Illinois.

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

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

On March 22, 2012, Tim O'Day was appointed to the Board of Trustees of the Fund.

On April 1, 2012, the Company ceased operations in its existing Redmond, Washington location and opened a new expanded location also in Redmond, Washington.

On April 27, 2012, the Company acquired the business and assets of Colonial Auto Body, a single location collision repair business located in Orlando, Florida.

On May 4, 2012, the Company acquired the business and assets of K & J Collision and Service Center, a single location collision repair business located in Orlando, Florida.

On May 25, 2012, the Company acquired the business and assets of Auto Collision, a single location collision repair business located in Jessup, Maryland.

On June 15, 2012, the Company acquired the business and assets of Carson Automotive Recycling, a single location collision repair business located in Alpharetta, Georgia.

On June 25, 2012, David Brown was appointed to the Board of Trustees of the Fund.

On June 26, 2012, the Company acquired the business and assets of Burlington Collision, a single location collision repair business located in Burlington, Washington.

On June 26, 2012, the Company acquired the business and assets of Auto Glass Authority, an auto glass replacement business serving the Las Vegas, Nevada market area.

On July 3, 2012, the Company completed the acquisition of Pearl Auto Body ("Pearl"), a multi-location collision repair company operating six locations in the Colorado market. The transaction was completed for total consideration of \$4.1 million U.S. 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 July 12, 2012, the Company ceased operations in its Beltsville, Maryland location.

On July 25, 2012, the Company acquired the business and assets of Turn 2 Collision Center, a single location collision repair business located in Concord, North Carolina.

On August 1, 2012, the Company acquired the business and assets of Robert's Body Shop, a single location collision repair business located in Havelock, North Carolina.

On September 7, 2012, as part of a new start-up, the Company commenced operations in a new collision repair facility in Pearl City, Florida.

On September 14, 2012, the Company acquired the business and assets of Shant Real Estate, a single location collision repair business located in Germantown, Maryland.

On October 1, 2012, the Company acquired the business and assets of Preferred Auto Body, a single location collision repair business located in Portage, Indiana.

On November 13, 2012, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.039 per unit commencing November 2012, for unitholders and shareholders of record on November 30, 2012.

November 19, 2012, the Company completed the business and assets of Coachworks Collision Center, a single location collision repair business located in Las Vegas, Nevada.

On November 16, 2012, the Company completed the acquisition of the assets of The Recovery Room of Central Florida, ("TRR"), a multi-location collision repair company operating eleven locations in the Florida market. The transaction was completed for total consideration of \$7.3 million and was financed by a combination of cash and third party financing. No new equity was issued related to the transaction.

On November 23, 2012, Robert Gross was appointed to the Board of Trustees of the Fund.

On November 30, 2012, the Company completed the acquisition of Ellice Hopkins, Inc., Timron Holdings Inc., and S&L Auto Glass Inc. (collectively "Autocrafters"), operating 14 locations in the Florida market. The transaction was completed for total consideration of \$19.5 million subject to normal post-closing working capital adjustments and was financed by a combination of cash, bank debt, and third-party financing. No new equity was issued related to the transaction.

On November 30, 2012, the Company ceased operations in its Airpark, Maryland location.

On December 19, 2012, the Fund issued \$30,000,000 aggregate principal amount of convertible unsecured subordinated debentures due December 31, 2017 (the "Debentures") with a conversion price of \$23.40. The Debentures bear interest at an annual rate of 5.75% payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2013. On redemption or maturity, the Debentures may, at the option of the Fund, be repaid in cash, or subject to regulatory approval, with units of the Fund. The Fund granted the Underwriters of the Debenture Offering an over-allotment option to purchase an additional \$4,500,000 aggregate principal amount of Debentures.

On December 24, 2012 the Underwriters exercised the overallotment option and the Fund issued an additional \$4,200,000 aggregate principal amount of Debentures bringing the total gross proceeds of the Debenture Offering to \$34,200,000.

On January 16, 2013, the Company acquired the business and assets of Wilmington Paint & Body Works, Inc., a single location collision repair business located in Wilmington, North Carolina.

On February 9, 2013, the Company acquired the assets of Twin City Collision a single location collision repair business in Stanwood, Washington.

OUTLOOK

Boyd demonstrated its commitment to its growth strategy in 2012 by completing the addition of 15 new single locations along with four opportunistic acquisitions of multi-location business which added a further 39 new locations. In 2013, and for the foreseeable future, the goal for the addition of new single repair locations is 6-10% annually, which will translate into 13-22 new single locations for 2013. Boyd will also continue to remain alert to opportunities for accelerated growth through the acquisition of additional multi-location collision repair businesses. Boyd continues to believe that there are many opportunities for this kind of growth and the Company will continue to be prudent in identifying and assessing these potential acquisitions.

An important initiative undertaken in 2012 was the standardization of the Company's management information systems and infrastructure. Significant progress was made on this initiative in 2012, with the completion of the standardization of our shop level management systems across our U.S. repair centers. The conversion of a collection of systems being utilized today into a common management information 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 effectiveness.

Mild weather has continued to be a challenge in many of the Company's markets. While the second half of the Company's first quarter of 2013 experienced inclement weather in some of its northern markets, this weather has not generally been sustained and therefore has had little impact on the business. Also impacting the beginning of 2013 will be the seasonality in certain operating expenses, such as employee payroll taxes and utilities, which are typically highest during the first quarter of the year and then decline over the course of the year. In addition, the positive impact of the recent acquisitions of The Recovery Room and Autocrafters is expected to be tempered in early 2013 by a gradual ramp up in sales as well as by planned integration and systems conversions. Notwithstanding these factors, 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 2013 and beyond is to continue 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 the balance sheet and financing options, to continue to successfully grow its business. Boyd continues to remain positive on the long-term dynamics of its industry and the merits of its business model. 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 approximately 23% in recent years as the auto industry rationalizes the number of dealers in their networks. It is believed that multi-unit collision repair operators with greater than \$20 million in annual revenues (including multi-unit car dealerships), now have approximately 13% 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 5 years to complement and supplement its DRP growth strategies, and during 2012 Boyd began to expand this into other U.S. markets. The Company believes this strategy is effective in increasing its brand awareness and overall sales. Boyd plans to continue this strategy and to continue to expand it into other U.S. markets, as it achieves sufficient critical mass in these other markets to do so.

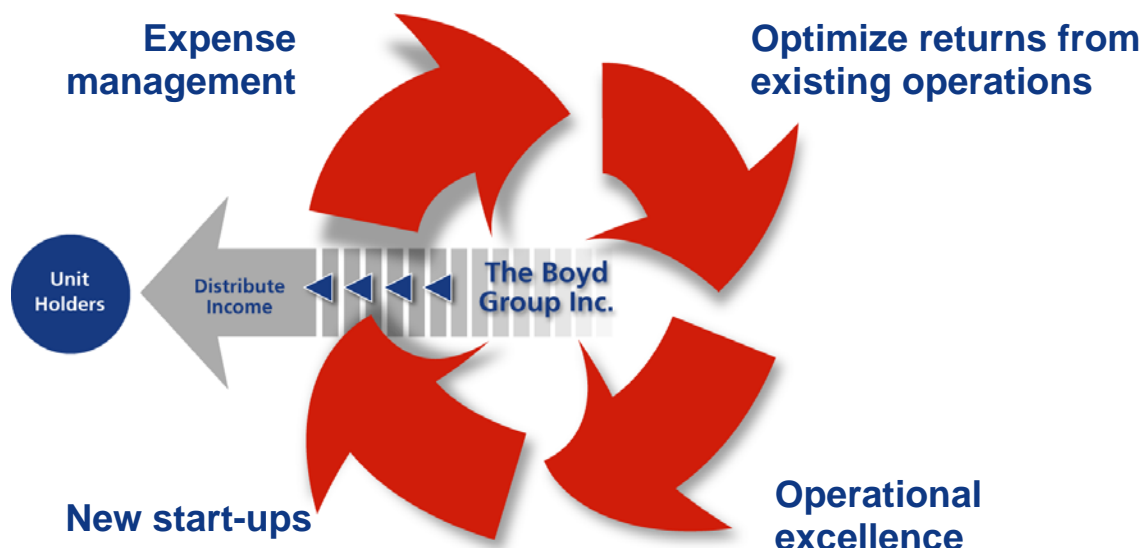
Boyd has continued to diversify and broaden its product offerings through growth in the automobile glass repair and replacement business and auto glass network business. Boyd has expanded its auto glass business in Indiana, Colorado and Florida. Boyd also operates its Gerber National Glass Services ("GNGS") business, an auto glass repair and replacement network business with approximately 3,000 affiliated service providers throughout the United States. In order to support growth in the glass business, 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, with value and profit sharing only beginning 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.

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 15 new locations in 2012 and nine locations in 2011. Boyd believes that it is well positioned to continue 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. Boyd successfully completed four such acquisitions in 2012 being Master, Pearl, TRR and Autocrafters.

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 2027.

The following table outlines the new single 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\$) ⁽¹⁾	EBITDA (C\$) ⁽¹⁾	EBITDA Margin (%)	Return on Capital Invested (%) ⁽¹⁾⁽³⁾
2006 Tacoma, WA Renton, WA Scottsdale, AZ	\$8,063,000	\$723,000	9.0%	31.7%
2007 Glenview, IL Tempe, AZ	\$8,757,000	\$1,465,000	16.7%	181.8%
2008 Lacey, WA Las Vegas, NV Calgary, AB	\$9,130,000	\$1,008,000	11.0%	90.0%
2009 Scurfield, MB Mesa, AZ Glendale, AZ Anthem, AZ Tucson, AZ (4 locations) Rome	\$14,398,000	\$861,000	6.0%	18.1%
2010 Cartersville, GA Tulsa, OK Evanston, IL Las Vegas, NV Buckhead, GA Roswell, GA Bellingham, WA Yuma, AZ	\$14,425,000	\$981,000	6.8%	32.1%
2011 Savannah, GA McDonough, GA Richmond, BC Edmonton North, AB Grove City, OH Seattle, WA Everett, WA Winnipeg, MB Kent, WA	\$15,358,000	\$786,000	5.1%	16.1%
Cumulative to December 31, 2011	\$70,131,000	\$5,824,000	8.3%	34.5%
2012 First Half ⁽²⁾ Spring Grove, IL Marysville, WA Redmond, WA	\$4,910,000	\$279,000	5.7%	19.2%
2012 Second Half ⁽²⁾ Kirkman, FL Amelia, FL Forsythe, FL Jessup, MD Alpharetta, GA Burlington, WA Havelock, NC Concord, NC Plant City, FL Germantown, MD Portage, IN Las Vegas, NV	\$12,256,000	\$298,000	2.4%	6.5%
Combined	\$87,297,000	\$6,401,000	7.3%	28.0%
Average per store	\$1,782,000	\$131,000	7.3%	
<p>(1) Annualized based on last twelve months results (2) Annualized based on actual results for 2012 excluding the start-up period or pre-opening (3) Return on capital invested is based on the store level EBITDA for the last 12 months actual or annualized, burdened for regional overhead and centralized services, divided by the total initial investment (before reduction of amounts contributed through supplier funding) Excludes the results for True2Form, Cars, Master, Pearl, The Recovery Room and AutoCrafters as these were strategic acquisitions outside the scope of this growth plan</p>				

During 2012, the majority of new locations were added in the second half of the year. During 2011, there were two locations that began operations mid-year, while the remaining new locations were added late in the year. Typically, there is

a start up period in which new locations are integrated into Boyd’s business and in which sales levels increase over time. The table clearly shows the financial impact of the locations still in their integration and ramp up phase. A primary decision consideration on whether to open a new location is the expected return on capital invested. The table demonstrates that despite variability in EBITDA margins, the strategy is delivering targeted returns.

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	<p>Opportunities continue to be available and are at attractive prices</p> <p>Financing options continue to be available at reasonable rates and on acceptable terms and conditions</p> <p>New and existing customer relationships are expected to provide acceptable levels of revenue opportunities</p> <p>Anticipated operating results would be accretive to overall Company results</p>	<p>Acquisition market conditions change and repair shop owner demographic trends change</p> <p>Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies</p> <p>Changes in market conditions and operating environment</p> <p>Significant declines in the number of insurance claims</p> <p>Integration of new stores is not accomplished as planned</p> <p>Increased competition which prevents achievement of acquisition and revenue goals</p>
The Fund will continue to work to maintain same store sales growth and improve gross margins and EBITDA margins	<p>Continued improvement in economic conditions and employment rates</p> <p>Pricing in the industry remains stable</p> <p>The Company’s customer and supplier relationships provide it with competitive advantages to increase sales over time</p> <p>Market share growth will more than offset systemic changes in the industry and environment</p> <p>Able to maintain/reduce costs as a percentage of sales</p>	<p>Poor economic conditions</p> <p>Loss of one or more key customers</p> <p>Significant declines in the number of insurance claims</p> <p>Inability of the Company to pass cost increases to customers over time</p> <p>Increased competition which may prevent achievement of revenue goals</p> <p>Changes in market conditions and operating environment</p> <p>Changes in energy costs</p> <p>Changes in weather conditions</p> <p>Inability to effectively manage costs over time</p> <p>EBITDA margins are negatively impacted by low EBITDA margin growth.</p>
Stated objective to gradually increase distributions over time	<p>Growing profitability of the Company and its subsidiaries</p> <p>The continued and increasing ability of the Company to generate cash available for distribution</p> <p>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</p> <p>No change in the Fund’s structure</p>	<p>The Fund is dependent upon the operating results of the Company and its ability to pay interest and dividends to the Fund</p> <p>Economic conditions deteriorate</p> <p>Changes in weather conditions</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers</p> <p>Changes in government regulation</p>
Positive impact of recent acquisitions is expected to be tempered in early	Growing profitability of recently acquired subsidiaries	Integration activities are unsuccessful or delayed

2013 by both gradual ramp up in sales as well as by planned integration and systems conversions	Successful integration of recently acquired subsidiaries	Loss of one or more key customers
	Successful conversion of management information systems	Economic conditions deteriorate Employee relations deteriorate

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 (Loss) (000’s)	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net earnings (loss)	\$ 2,356	\$ (2,070)	\$ 7,061	\$ 2,950
Add:				
Finance costs (net of income)	964	542	2,953	2,017
Income tax expense	586	708	2,408	2,455
Depreciation	1,519	2,032	7,204	6,279
Amortization of other intangible assets	675	1,079	3,470	2,409
Standardized EBITDA	\$ 6,100	\$ 2,291	\$ 23,096	\$ 16,110
Add (deduct):				
Fair value adjustment to exchangeable shares	280	964	1,910	1,910
Fair value adjustment to unit options	370	558	1,917	919
Acquisition and transaction costs	1,562	336	2,274	1,947
Settlement cost	-	3,278	-	3,278
Non controlling interest put option	289	215	636	215
Adjusted EBITDA	\$ 8,601	\$ 7,642	\$ 29,833	\$ 24,379

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 unusual or 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:

Adjusted Net Earnings Reconciliation to Net Earnings (Loss) (000's)	Three months ended December 31,		Year ended December 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net earnings (loss)	\$ 2,356	\$ (2,070)	\$ 7,061	\$ 2,950
Add:				
Fair value adjustment to exchangeable shares	280	964	1,910	1,910
Fair value adjustment to unit options	370	558	1,917	919
Acquisition and transaction costs	1,562	336	2,274	1,947
Settlement cost	-	3,278	-	3,278
Non controlling interest put option	289	215	636	215
Accelerated amortization of True2Form, Cars, Master, and Pearl brands	138	486	905	486
Adjusted net earnings	\$ 4,995	\$ 3,767	\$ 14,703	\$ 11,705
<i>Weighted average number of units outstanding</i>	12,537,950	12,527,711	12,534,933	11,275,971
<i>Adjusted net earnings per unit</i>	\$ 0.398	\$ 0.301	\$ 1.173	\$ 1.038
<i>Units and class A shares outstanding</i>	12,927,485	12,927,060	12,927,485	11,675,320
<i>Adjusted net earnings per unit and class A share</i>	\$ 0.386	\$ 0.291	\$ 1.137	\$ 1.003

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, 2012	December 31, 2011	December 31, 2010
Sales	434,424	356,966	257,009
Net Earnings	7,061	2,950	13,473
Basic earnings per unit	0.563	0.262	1.250
Diluted earnings per unit	0.563	0.262	1.249
Total assets	224,559	149,595	108,820
Total long-term financial liabilities	92,756	38,980	29,114
Cash distributions per unit declared:			
Trust unit distributions	0.453	0.425	0.326

Acquisitions and new single location growth had the largest impact on growing sales from 2010 to present. True2Form's 37 locations were added in 2010 along with eight new single locations. 2011 saw the Company add 28 Cars locations in the markets as well as nine more single locations in various markets. During 2012 there have been 39 locations added through the multi-shop acquisitions of Master, Pearl, TRR and Autocrafters. For the year ended December 31, 2012, sales increases from Cars, Master and Pearl were \$65.5 million, \$20.1 million and \$5.6 million respectively.

In addition the Company has added 15 new single locations for a total of 54 new locations in 2012.

The growth in net earnings for 2012 reflects the addition of multi-shop acquisitions as well as single store location growth offset by higher unit option fair value adjustments compared to the prior year. 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 \$6.8 million during the period. Net earnings for 2010 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 was significantly impacted by the 2010 acquisition of True2Form, the 2011 acquisition of Cars and the 2012 acquisitions of Master, Pearl, TRR and Autocrafters . 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. Cash has also significantly improved as a result of completing a bought deal public offering that resulted in net proceeds to the Fund of \$12.7 million in 2011 and a further increase of net proceeds of \$30.7 million as a result of the convertible debenture offering completed at the end of 2012. Long term financial liabilities have increased primarily due to new debt that was drawn as part of the True2Form, Cars and 2012 acquisitions as well as the 2012 convertible debenture offering. 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 21, 2013 the distribution/dividend rate is \$0.039 per month or \$0.468 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 up to the end of 2010. Distributions to unitholders, when paid by the Fund, were 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”). Distributions since 2010 are funded from a combination of interest income on the New Notes as well as continuing dividends on the Class I common shares. There was no return of capital in 2011 and 2012. The Class I common shares held by the Fund currently, through March 21, 2013, 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 21, 2013, represent 14.1% of the common shares of the Company. The share structure of BGHI at March 21, 2013, consists of 100 million Voting shares, 387,472 Class A common shares and 1,675,391 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 387,472 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 17,450 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 in 2011 and the convertible debenture offering completed at the end of 2012.

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, 2012. In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”), and to require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, these consolidated financial statements have been 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:

<u>Record date</u>	<u>Payment date</u>	<u>Distribution per unit/share</u>	<u>Distribution amount</u>	<u>Dividend amount</u>
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

<u>Record date</u>	<u>Payment date</u>	<u>Distribution per unit/share</u>	<u>Distribution amount</u>	<u>Dividend amount</u>
January 31, 2012	February 27, 2012	\$ 0.0375	\$ 469,854	\$ 14,926
February 29, 2012	March 28, 2012	0.0375	469,918	14,862
March 31, 2012	April 26, 2012	0.0375	469,939	14,842
April 30, 2012	May 29, 2012	0.0375	469,952	14,829
May 31, 2012	June 27, 2012	0.0375	470,036	14,744
June 30, 2012	July 27, 2012	0.0375	470,112	14,668
July 31, 2012	August 29, 2012	0.0375	470,115	14,665
August 31, 2012	September 26, 2012	0.0375	470,128	14,652
September 30, 2012	October 29, 2012	0.0375	470,141	14,640
October 31, 2012	November 28, 2012	0.0375	470,147	14,633
November 30, 2012	December 21, 2012	0.039	488,992	15,180
December 31, 2012	January 29, 2013	0.039	489,002	15,170
		\$ 0.453	\$ 5,678,336	\$ 177,811

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 maintenance 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 has programs in place to rebrand its multi-shop acquisitions and single store new locations as well as a program to enhance its company-wide technology infrastructure.

This technology infrastructure includes computer and telephone hardware, software, management information systems and the methods by which information will be captured, stored and communicated. The Company expected that expenditures in these areas over a period of one to two years would utilize \$2.0 - \$3.0 million of cash resources in excess of normal budget levels. To date the Company has spent \$1.6 million on rebranding and \$1.1 million on technology infrastructure.

In many circumstances, large equipment expenditures including automobiles, shop equipment and computers can be financed using either operating or finance leases. Cash spent on maintenance capital expenditures plus the repayment of operating and finance 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 significant prepaid rebate repayment requirements. Acquisition costs are added back to distributable cash as they occur.

Debt Management

In addition to finance 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 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 2012 and 2011.

Standardized and Adjusted Distributable Cash ⁽¹⁾

	Years Ended December 31	
	2012	2011
Cash flow from operating activities before changes in non-cash working capital items	\$ 20,682,396	\$ 17,281,613
Changes in non-cash working capital items	(1,229,948)	(945,228)
Cash flows from operating activities	19,452,448	16,336,385
Less adjustment for:		
Sustaining expenditures on plant, software and equipment ⁽²⁾	(3,027,975)	(1,883,410)
Standardized distributable cash	\$ 16,424,473	\$ 14,452,975
Standardized distributable cash per average unit and Class A common share		
Per average unit and Class A common share	\$ 1.271	\$ 1.238
Per diluted unit and Class A common share	\$ 1.271	\$ 1.238
Standardized distributable cash from above	\$ 16,424,473	\$ 14,452,975
Add (deduct) adjustments for:		
Collection of rebates ⁽³⁾	1,498,374	1,678,901
Acquisition searches and transaction costs ⁽⁴⁾	2,274,413	1,947,404
Proceeds of sale of equipment	100,078	96,632
Principal repayments of capital leases ⁽⁵⁾	(2,376,998)	(2,207,990)
Adjusted distributable cash	\$ 17,920,340	\$ 15,967,922
Adjusted distributable cash per average unit and Class A common share		
Per average unit and Class A common share	\$ 1.387	\$ 1.368
Per diluted unit and Class A common share	\$ 1.387	\$ 1.368
Distributions paid		
Unitholders	\$ 5,659,139	\$ 4,691,264
Class A common shareholders	177,616	302,959
Total distributions paid	\$ 5,836,755	\$ 4,994,223
Distributions paid		
Per Unit	\$ 0.452	\$ 0.418
Per Class A common share	\$ 0.452	\$ 0.418
Payout ratio based on standardized distributable cash	35.5%	34.6%
Payout ratio based on adjusted distributable cash	32.6%	31.3%

- (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) Includes sustaining expenditures on plant and equipment, information technology hardware and computer software but excludes capital expenditures associated with acquisition and development activities including rebranding of acquired locations. In addition to the maintenance capital expenditures paid with cash, during 2012 the Company acquired a further \$2,450,000 (2011 - \$1,798,000) in capital assets which were financed through finance leases and did not affect cash flows in the current period.
- (3) The Company receives prepaid rebates, under its trading partner arrangements, in quarterly installments for a period of six years subsequent to the date of initial receipt.
- (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 2012, the Fund declared distributions totaling \$5.7 million (2011 - \$4.7 million) while BGHI declared dividends to Class A common shareholders during this same period of \$178 thousand (2011 - \$303 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.

	2012	2011	2010	2009 ⁽¹⁾	2008 ⁽¹⁾	2007 ⁽¹⁾	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾	2003 ⁽¹⁾
	<i>IFRS</i>	<i>IFRS</i>	<i>IFRS</i>	<i>Previous GAAP</i>	<i>Previous GAAP</i>	<i>Previous GAAP</i>	<i>Previous GAAP</i>	<i>Previous GAAP</i>	<i>Previous GAAP</i>	<i>Previous GAAP</i>
Cash flow provided by operating activities	19,452	16,336	15,793	14,531	13,794	6,527	3,454	6,715	7,835	5,992
Earnings	7,061 ⁽⁵⁾	2,950 ⁽⁴⁾	13,473 ⁽³⁾	8,882	4,503	3,436	(21,909) ⁽²⁾	1,051	1,679	1,480
Adjusted distributable cash	17,920	15,968	15,112	12,626	11,074	5,940	2,903	6,270	7,088	6,424
Net distributable cash paid	5,837	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	13,615	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	1,224	(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	12,083	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 \$6.8 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

⁽⁵⁾ 2012 earnings includes \$3.8 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, 2012	% change	December 31, 2011
Total Sales	434,424	21.7%	356,966
Same Store Sales <i>(excluding foreign exchange)</i>	311,128	0.3%	310,286
Sales - Canada	74,153	(1.7%)	75,410
Same Store Sales - Canada	69,950	(3.9%)	72,785
Sales - U.S.	360,271	28.0%	281,556
Same Store Sales - U.S. <i>(excluding foreign exchange)</i>	241,178	1.5%	237,501
Gross Margin %	44.8%	(0.2%)	44.9%
Operating Expense %	37.9%	(0.3%)	38.0%
Adjusted EBITDA	29,833	22.4%	24,379
Depreciation and Amortization	10,674	22.9%	8,688
Finance Costs	2,953	46.4%	2,017
Fair Value Adjustments to Exchangeable Shares and Unit Options	4,463	46.7%	3,043
Income Tax Expense	2,408	n/a	2,455
Net Earnings	7,061	139.4%	2,950
Basic earnings per unit	0.563	114.9%	0.262
Diluted earnings per unit	0.563	114.9%	0.262
Standardized Distributable Cash	16,424	13.6%	14,453
Adjusted Distributable Cash	17,920	12.2%	15,968
Distributions Paid	5,837	16.9%	4,994

Performance of Multi-shop Acquisitions in 2012

The Cars locations delivered sales of \$65.5 million. This compares to \$34.4 million delivered for 6 months in 2011. EBITDA¹ contributed by Cars for the year was \$4.5 million compared to \$2.8 million for 6 months in 2011.

In 2012, the Master locations delivered sales of \$20.1 million and EBITDA of \$1.5 million

In 2012, the Pearl locations delivered sales of \$5.6 million and EBITDA of \$0.4 million

Sales

Sales increased \$77.5 million or 21.7% to \$434.4 million for the year ended December 31, 2012 when compared to 2011. The increase in sales was the result of the following:

- \$80.1 million of incremental sales were generated from 24 new single locations as well as 27 Cars locations acquired in 2011 and eight Master locations, six Pearl locations, 11 TRR locations and 14 Autocrafters locations acquired in 2012.
- Same-store sales excluding foreign exchange increased \$0.8 million or 0.3%, and increased a further \$2.4 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of five under-performing facilities which decreased sales by \$5.8 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)		2012	2011
<i>Year Ended December 31,</i>			
Canada	\$	74,153	\$ 75,410
United States		360,271	281,556
Total	\$	434,424	\$ 356,966
Canada - % of total		17.1%	21.1%
United States - % of total		82.9%	78.9%

Sales in Canada for 2012 totalled \$74.2 million, a decrease of \$1.3 million or 1.7%. Sales of \$3.8 million were generated from three new locations in Edmonton, Alberta; Richmond, B.C. and Winnipeg, Manitoba. These sales were offset by a sales decrease of \$2.3 million from a location closure as well as a same-store sales decrease of 3.9% or \$2.8 million primarily due to mild and dry weather conditions in 2012.

Sales in the U.S. totalled \$360.3 million for 2012, an increase from 2011 of \$78.7 million, or 28.0% when compared to \$281.6 million for the prior year. Sales increases in the U.S. were comprised of:

- \$15.6 million of sales were generated from 21 new locations acquired or started over the last two years.
- \$31.1 million of incremental sales were generated from 27 Cars locations over the \$34.4 million that was generated for six months in 2011. \$20.1 million of sales were generated from eight Master locations, \$5.6 million of sales were generated by six Pearl locations, \$1.6 million of sales were generated by 11 TRR locations and \$2.1 million of sales were generated by 14 Autocrafters locations.
- Same-store sales increased \$3.7 million or 1.5% excluding foreign exchange, and increased \$2.4 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of four under-performing facilities which decreased sales by \$3.5 million.

Gross Margin

Gross Margin was \$194.6 million or 44.8% of sales for the year ended December 31, 2012 compared to \$160.1 million or 44.9% of sales for the same period in 2011. Gross margin dollars increased as a result of higher sales from new locations compared to the prior period. The gross margin percentage reduced slightly when compared with the prior period. Gross margin percentage was impacted by lower gross margins from late 2012 acquisitions.

Operating Expenses

Operating Expenses for the year ended December 31, 2012 increased \$29.1 million to \$164.8 million from \$135.7 million for the same period of 2011, primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation of approximately \$1.1 million, expenses increased \$29.0 million from 2011 as a result of new locations including Cars, Master, Pearl, TRR and Autocrafters as well as a further \$0.7 million at same-store locations. Closed locations lowered operating expenses by a combined \$1.7 million.

Operating expenses as a percentage of sales was 37.9% for 2012 compared to 38.0% for 2011. The operating expense ratio was slightly below last year due to lower utility costs and lower incentive compensation resulting from the mild and dry weather conditions.

Acquisition and Transaction Costs

Acquisition and Transaction Costs for 2012 were \$2.3 million compared to \$1.9 million recorded for the same period of 2011. Expenditures in 2012 relate primarily to the acquisitions of Master, Pearl, TRR and Autocrafters with the balance related to the acquisition of other completed or potential acquisitions. The costs in 2011 primarily relate to the acquisition of Cars, which includes a broker fee of approximately \$0.4 million. In addition to the acquisition costs, other one-time corporate development costs of approximately \$0.4 million were incurred 2011. No corporate development costs were incurred in 2012.

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”)*² for the year ended December 31, 2012 totaled \$29.8 million or 6.9% of sales compared to Adjusted EBITDA of \$24.4 million or 6.8% of sales in the same period of the prior year. The increase of \$5.5 million was the result of improvements in same store sales which contributed \$1.3 million, combined with \$1.7 million of incremental EBITDA contribution from the acquisition of Cars, and an additional \$1.5 million from the acquisition of Master and the combined contribution from Pearl, TRR and Autocrafters which added \$0.5 million. In addition, other new stores contributed another \$1.0 million. Changes in U.S. dollar exchange rates in 2012 positively impacted Adjusted EBITDA by \$0.2 million, while the closure of under-performing stores reduced Adjusted EBITDA by \$0.7 million.

Depreciation and Amortization

Depreciation Expense related to plant and equipment totalled \$7.2 million or 1.7% of sales for the year ended December 31, 2012, an increase of \$0.9 million when compared to the \$6.3 million or 1.8% of sales recorded in the same period of the prior year. The increase was primarily due to the acquisitions of Cars, Master and Pearl as well as new location growth.

Amortization of intangible assets for 2012 totalled \$3.5 million or 0.8% of sales, an increase of \$1.1 million when compared to the \$2.4 million or 0.7% of sales expensed for the same period in the prior year. The increase is primarily the result of recording additional intangible assets as a result of the acquisitions of Cars, Master and Pearl. TRR and Autocrafters were added at the end of the year and so did not have an impact on amortization for 2012. The rebranding of the True2Form, Cars, Master and Pearl locations and the conversion of their management systems accelerated amortization on these items in 2012 in the amount of \$1.1 million (2011 - \$0.5 million).

Settlement Cost

Settlement Cost of \$3.3 million recorded in 2011 was 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 was expensed and accrued in 2011 as a \$3.3 million settlement cost.

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 2012 compared to \$1.9 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 \$1.9 million for 2012 compared to \$0.9 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.

² 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.

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. The put option increased during 2011 by \$0.2 million and then a further \$0.6 million in 2012 as a result of an increase in the estimated value of the business.

Finance Costs

Finance Costs of \$3.0 million or 0.7% of sales for 2012 increased from \$2.0 million or 0.6% of sales for the prior year. The increase in interest expense primarily resulted from increases in long-term debt as a result of the acquisitions of Cars, Master, Pearl, TRR and Autocrafters as well as the issuance of convertible debt. These increases were offset by reductions and repayments on other long-term debt and reduced operating line borrowings.

Income Taxes

Current and Deferred Income Tax Expense of \$2.4 million in 2012 compares to an expense of \$2.5 million in 2011. Income tax expense is impacted by permanent differences such as mark to market adjustments which impacts the tax computed on accounting income. In addition, the 2011 tax expense was burdened by \$0.4 million in withholding taxes on dividends paid during that year related to an internal capital restructuring. At the end of 2012, the Fund reported remaining loss carryforward amounts in Canada of \$3.0 million and in the U.S. of \$5.5 million. The U.S. amounts relate to the True2Form acquisition in the amount of \$3.8 million, and the Master acquisition in the amount of \$1.7 million, and are limited in their utilization to \$1.9 million and \$1.7 million per year respectively.

Net Earnings and Earnings Per Unit

Net Earnings for the year ended December 31, 2012 was \$7.1 million or 1.6% of sales compared to earnings of \$2.9 million or 0.8% of sales last year. The earnings in 2012 were impacted by recording fair value adjustments for exchangeable shares in the amount of \$1.9 million and unit options in the amount of \$1.9 million, as well as the recording of acquisition and transaction costs of \$2.3 million, accelerated brand name amortization of \$1.1 million and the non-controlling interest put option adjustment of \$0.6 million. Excluding the impact of these adjustments, net earnings would have increased to \$14.7 million or 3.4% of sales. This compares to adjusted earnings of \$11.7 million or 3.3% of sales for the same period in 2011 if the same items were adjusted as well as the settlement cost of \$3.3 million. 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 \$0.563 per unit for the year ended December 31, 2012 compared to \$0.262 per unit in the same period in 2011. The increase to the basic and diluted earnings per unit amounts is primarily attributed to the contribution of new acquisitions and new location growth offset by higher depreciation, amortization, finance costs, the impact of the fair value adjustments to unit options and the non-controlling put option adjustment. The year ended December 31, 2011 was also negatively impacted by the \$3.3 million settlement cost resulting from the retirement of the Executive Chairman of the Fund.

SUMMARY OF QUARTERLY RESULTS

(\$000's, except per unit data)

	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Sales	115,000	109,080	102,940	107,404	100,493	97,333	77,567	81,573
Net earnings	2,356	1,504	1,123	2,078	(2,070)	6,519	(2,387)	888
Basic earnings per unit	0.188	0.119	0.090	0.166	(0.192)	0.593	(0.221)	0.082
Diluted earnings per unit	0.188	0.119	0.090	0.166	(0.181)	0.220	(0.221)	0.082
Adjusted net earnings ⁽¹⁾	4,995	3,269	3,164	3,275	4,475	2,709	2,662	2,569
Adjusted net earnings per unit ⁽¹⁾	0.398	0.261	0.252	0.261	0.357	0.247	0.247	0.238
Adjusted net earnings per unit and class A share ⁽¹⁾	0.386	0.253	0.245	0.253	0.346	0.210	0.229	0.221

⁽¹⁾ Non-GAAP financial measures

Sales have increased in recent quarters due to the acquisition of Cars Collision, Master, Pearl, TRR, Autocrafters and other new locations as well as same store sales increases. The decrease in earnings in the second and fourth 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 fourth quarter was also impacted negatively by 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 tax regime effective for 2010 and years thereafter 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 at that time and continues to believe that a change to a share corporation structure would not be advantageous to the Fund or its unitholders. This determination is 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 Boyd’s 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. Lastly, 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 has concluded that it was not advantageous to utilize these rollover rules before December 31, 2012.

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 \$5.7 million for the year ended December 31, 2012. 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 in the U.S.

Effective tax rate (illustration only)

	35.0%	35.0%	35.0%
Example blended tax rate (U.S. and Canada)	35.0%	35.0%	35.0%
Net income level ⁽¹⁾	\$ 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%

(1) Net income level is before tax and excludes other non-taxable adjustments such as fair value and put option adjustments.

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, 2012, the Fund had cash, net of outstanding deposits and cheques, held on deposit in U.S. bank accounts totaling \$39.0 million (December 31, 2011 - \$18.4 million). The net working capital ratio (current assets divided by current liabilities) was 1.41:1 at December 31, 2012 (December 31, 2011 – 1.13:1). The increase in the net working capital ratio is the result of the Fund completing a \$34.2 million convertible debenture offering in the fourth quarter which significantly increased its cash on hand.

At December 31, 2012, the Fund had total debt outstanding, net of cash, of \$47.0 million compared to \$32.9 million at September 30, 2012, \$30.6 million at June 30, 2012, \$27.4 million at March 31, 2012 and \$16.9 million at December 31, 2011. The decrease in cash and increase in total debt in the first quarter of 2012 was due to the Master acquisition, which was completed using \$2.3 million cash and a \$7.0 million seller loan. During the second quarter of 2012 an additional \$3.2 million was used for single store growth and rebranding of Cars and True2Form locations. The increase in debt and cash during the fourth quarter of 2012 was primarily the result of the \$34.2 million completion of the convertible debenture offering, cash used to acquire TRR and new US senior bank debt and seller notes issued for the acquisition of Autocrafters.

Total Debt, Net of Cash (\$ Millions)	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Bank indebtedness	\$ -	\$ 3.7	\$ 3.0	\$ -	\$ -
U.S. senior bank debt	\$ 30.2	21.5	22.7	22.6	23.4
Convertible debentures	\$ 30.3	-	-	-	-
Seller loans	\$ 19.3	15.2	13.3	13.0	5.5
Obligations under capital lease	6.2	6.4	7.1	6.4	6.4
	\$ 86.0	\$ 46.8	\$ 46.1	\$ 42.0	\$ 35.3
Cash	39.0	13.9	15.5	14.6	18.4
Total Debt, Net of Cash	\$ 47.0	\$ 32.9	\$ 30.6	\$ 27.4	\$ 16.9

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, 2012 and required payments over the next five years:

Contractual Obligations (000's) As at December 31, 2012	Payments Due By Period				
	Total	Due < 1 year	1-3 years	4-5 years	After 5 years
Long-term debt	\$ 44,776	\$ 4,865	\$ 10,408	\$ 24,580	\$ 4,923
Convertible debentures ⁽¹⁾	34,200	-	-	34,200	-
Capital lease obligations (principal & interest)	7,421	2,803	3,295	1,306	17
Operating lease obligations	120,046	24,556	39,984	24,468	31,038
Settlement accrual	1,994	1,298	696	-	-
Purchase obligations:					
Prepaid rebate repayments ⁽²⁾	-	Unknown	Unknown	Unknown	Unknown
Total Contractual Obligations	\$ 208,437	\$ 33,522	\$ 54,383	\$ 84,554	\$ 35,978

⁽¹⁾ The Fund has the right, at its option, to settle at maturity the convertible debenture obligations either by issuing additional trust units or by payment of cash.

⁽²⁾ 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 \$20.7 million for 2012 compared to \$17.3 million in 2011. The increase was due to increased adjusted EBITDA in 2012, resulting from new location growth as well as the acquisitions of Cars, Master, Pearl and other new single locations.

In 2012, changes in working capital items required net cash of \$1.2 million compared with \$0.9 million in 2011. 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.

Financing Activities

Cash provided by financing totaled \$40.8 million for the year ended December 31, 2012 compared to \$18.8 million in the prior year. During 2012, cash was provided from the bought deal convertible debenture public offering in the amount of \$32.3 million net of issue costs, of \$1.9 million, increases in long-term debt in the amount of \$8.8 million, unearned rebates of \$9.4 million and the collection of rebates receivable of \$1.5 million. Cash was used for the repayment of long-term debt totaling \$3.2 million, the repayment of obligations under finance leases totaling \$2.4 million, distributions paid to unitholders and dividends to Class A common shareholders totaling \$5.8 million. During 2011, cash was provided from a bought deal unit public offering in the amount of \$12.2 million net of 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 totaling \$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 totaling \$5.0 million.

Unitholders' Capital

On September 27, 2011 the Fund completed a bought deal unit 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 2012 or 2011.

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, 2012, BGHI received requests and retracted 10,380 (2011 – 446,034) Class A common shares, issued 10,380 (2011 – 446,034) Class B common shares to the Fund and received 10,380 (2011 – 446,034) 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, 2012, BGHI has received requests to retract a total of 1,497 Class A common shares, has issued a total of 1,497 Class B common shares to the Fund, and has received a total of 1,497 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 21, 2013.

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	12,538,516	12,538,516	12,538,516
Class A common shares of BGHI ⁽¹⁾	388,969	388,969	388,969
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
Convertible debentures ⁽⁴⁾	\$34,200,000	1,461,538	Unknown
Total		15,039,023	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.

- (4) The convertible debentures are convertible, at the option of the holder, to units of the Fund at any time, at a fixed conversion price of \$23.40 per unit. On and after December 31, 2015, the Fund, through the Company, has the right to settle the principal amount of the debentures at maturity through the issue of units, at then market prices.

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. 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.

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.

On July 30, 2010, in connection with a new acquisition and under a new addendum to its existing supply agreement, the Company received an enhanced prepaid rebate from its trading partners of \$6.0 million U.S. This prepaid rebate and the additional quarterly rebates noted below are deferred as unearned rebates and will be amortized to earnings, as a reduction of cost of sales, over a period of 15 years from the date of the addendum. The enhanced prepaid rebate will be tested after three years, with any over funding being adjusted against any additional quarterly rebates receivable. 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, in connection with a new acquisition and under a new trading addendum to its existing supply agreement, the Company received an enhanced prepaid rebate from its trading partners of approximately \$5.6 million U.S. In 2012, the Company received additional enhanced prepaid rebates under new addendums from its trading partners of approximately: \$2.0 million U.S., \$2.8 million U.S. and \$2.8 million U.S. in connection with its acquisition of Master, TRR and Autocrafters respectively. These prepaid rebates and the additional quarterly rebates noted below are deferred as unearned rebates and will be amortized to earnings, as a reduction of cost of sales, over a period of 15 years from the date of each new addendum. The terms and conditions of addendums are consistent with those found in the 2010 addendum.

Additional rebates related to these acquisitions are receivable in quarterly installments totaling \$1.6 million U.S. for the next three years and reducing thereafter until the final payments are received in 2018. During 2012, \$0.4 million U.S. was received to support rebranding efforts. The amounts received or receivable for rebranding efforts or to reimburse other specific costs are applied against the identified cost in the period the cost is incurred.

Debt Financing

As at December 31, 2012 and December 31, 2011 the Company had no borrowings under its operating line of credit. Under the Fund's amended senior credit facilities, the Fund has access to a \$16 million operating line, subject to accounts receivable margining.

The operating line of credit is secured by a General Security Agreement and subsidiary guarantees and is subject to customary terms, conditions, covenants and other provisions for an income trust.

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 guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions customary for an income trust. On June 30, 2011 the facility was extended

with a new three year promissory note due July 31, 2014 with quarterly payments of \$375,000 U.S. and a final quarterly installment inclusive of the remaining principal amount of the term loan. On November 7, 2012 the facility was further extended with a new five year promissory note due October 31, 2017. Principal repayments are disclosed in the table below. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for up to an additional four years with continuing quarterly repayments.

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 Collision Repair Centers, Inc. (a subsidiary of the Company) as well as guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions similar to the 2006 U.S. senior term facility. 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 with quarterly principal repayments disclosed in the table below. On November 7, 2012 the facility was amended with a new five year promissory note due October 31, 2017. Subject to certain conditions, the Company has the option to renew the facility, at the then current market terms, for an additional eight years with quarterly principal repayments.

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 Collision Center, LLC (a subsidiary of the Company) as well as guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee. The facility supported by an initial three year, interest only, promissory note due July 31, 2014, was amended on November 7, 2012 with a new five year promissory note due October 31, 2017. Subject to certain conditions, the Company has the option to renew the facility, at the then current market terms, for up to an additional nine years with quarterly principal repayments in the amount of \$192,500 U.S. commencing on October 31, 2014.

The 2012 U.S. senior term facility, with a U.S. bank is secured by the shares and assets, excluding cash and receivables, of Master Collision Repair, Inc. a subsidiary of the company as well as guarantees by The Boyd Group, Inc., BGIF, BGHI 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 five year promissory note due October 31, 2017. Subject to certain conditions, the Company has the option to renew the facility, at the then current market terms, for up to an additional ten years with quarterly principal repayments in the amount of \$254,500 U.S. commencing on January 31, 2016.

The interest rate for each of the Company's US senior term facilities is variable. At December 31, 2012 the annual fiscal repayment amounts associated with these loans in U.S. dollars, are scheduled to be as follows:

Fiscal Year	2006 U.S. senior term facility	2010 U.S. senior term facility	2011 U.S. senior term facility	2012 U.S. senior term facility	Total
2013	1,500,000	201,000	-	-	1,701,000
2014	1,275,000	804,000	192,500	-	2,271,500
2015	1,125,000	804,000	770,000	-	2,699,000
2016	950,000	804,000	770,000	1,018,000	3,542,000
2017	825,000	777,000	770,000	1,018,000	3,390,000
2018	800,000	656,000	745,000	1,018,000	3,219,000
2019	800,000	522,500	631,000	1,018,000	2,971,500
2020	687,500	468,500	501,250	882,000	2,539,250
2021	162,500	428,000	450,250	679,000	1,719,750
2022	-	428,000	412,000	611,000	1,451,000
2023	-	428,000	412,000	543,000	1,383,000
2024	-	401,500	412,000	543,000	1,356,500
2025	-	241,500	386,500	543,000	1,171,000
2026	-	-	232,500	543,000	775,500
2027	-	-	-	407,000	407,000
	8,125,000	6,964,000	6,685,000	8,823,000	30,597,000

(1) This schedule of expected principal repayments 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.

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.

On December 19, 2012, the Fund issued \$30,000,000 aggregate principal amount of convertible unsecured subordinated debentures due December 31, 2017 with a conversion price of \$23.40. On December 24, 2012, as allowed under provisions of the agreement to issue the Debentures, the Underwriters purchased an additional \$4,200,000 aggregate principal amount of Debentures increasing the aggregate gross proceeds of the Debenture Offering to \$34,200,000. The Debentures bear interest at an annual rate of 5.75% payable semi-annually, and are convertible at the option of the holder, into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after December 31, 2015 provided that certain thresholds are met surrounding the weighted average market price of the units at that time. On redemption or maturity, the Debentures may at the option of the Fund be repaid in cash or subject to regulatory approval, units of the Fund.

Upon issuance, the Debentures were bi-furcated with \$2,008,699 related to the conversion feature treated as a financial liability measured at fair value, due to the units of the Fund being redeemable for cash. Transactions costs of 2,002,650 were incurred in relation to issuance of the Debentures, which included the underwriter's fee and other expenses of the offering.

The Company supplements its debt financing 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 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 \$375,000 US was paid in 2012 (2011 - \$93,750 US). 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 of which \$466,668 U.S. was paid in 2012. On July 3, 2012, as part of the acquisition of Pearl, the Company issued a 5% seller note in the amount of \$2.7 million U.S. repayable in monthly payments of principal and interest over five years of which \$143,712 was paid in 2012. On November 30, 2012 as part of the acquisition of Autocrafters, the Company issued a 4% seller note in the amount of \$2.2 million U.S. with monthly payments of interest and principal over three years and a 5% seller note in the amount of \$2.2 million U.S. with monthly payments of interest and principal over two years. The Company repaid seller loans in 2012 totaling approximately \$1.7 million (2011 - \$0.9 million).

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 2012, \$2.7 million (2011 - \$3.9 million) of new equipment and courtesy cars was financed through capital leases, of which \$0.5 million (2011 - \$2.1 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.

Refer to notes 13 and 14 to the Fund's annual consolidated financial statements for further details of the Company's Debentures and other debt instruments.

Investing Activities

Cash used in investing activities totalled \$39.6 million for the year ended December 31, 2012, compared to \$25.8 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 January 3, 2012, the Company completed a transaction acquiring Master a multi-location collision repair company operating eight locations in the Florida market. Total consideration for the transaction of approximately \$11.7 million was funded with a combination of cash, third-party financing and a seller take-back note.

On July 3, 2012, the Company completed the acquisition of Pearl, a multi-location collision repair company operating six locations in the Colorado market. Total consideration for the transaction of approximately \$4.1 million was funded with a combination of cash, third-party financing, and a seller take-back note.

On November 16, 2012, the Company completed the acquisition of TRR, a multi-location collision repair company operating eleven locations in the Florida market. Total consideration for the transaction of approximately \$7.3 million was funded with a combination of cash and third-party financing.

On November 30, 2012, the Company completed the acquisition of Autocrafters, operating 14 locations in the Florida market. Total consideration for the transaction of \$19.5 million, subject to normal post-closing working capital adjustments, was funded with a combination of cash, bank debt, third-party financing and two seller notes.

The Fund also completed fifteen other acquisitions during 2012 related to its stated objective of growing through acquisition of single locations by 6 - 10%.

Start-ups

In 2012, the Company commenced operations in one new start-up collision repair facility located in Plant City, Florida. The total combined investment in leaseholds and equipment for this facility was approximately \$0.2 million, financed through a combination of cash and trading partner prepaid rebates. The Company anticipates it will use similar start-up strategies to continue growth in the future.

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.

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 also rebranded its True2Form, Master and Pearl locations and enhanced company-wide management information systems. During 2012, the enhancement to management information systems includes computer hardware, software, telephony, management information systems and the methods by which information is captured, stored and communicated. The Company expected that expenditures in these areas over a period of one to two years would utilize \$2.0 - \$3.0 million of cash resources in excess of normal budget levels. To date the Company has spent \$1.6 million on rebranding and \$1.1 million on management information systems. Excluding expenditures related to acquisition and development, the Company spent approximately \$3.0 million or 0.7% of sales on sustaining capital expenditures during 2012, compared to \$1.9 million or 0.5% of sales during 2011.

During 2012, the Fund disposed of equipment, principally consisting of courtesy vehicles, for net proceeds totaling \$0.1 million, comparable with total proceeds from equipment and vehicle disposals of \$0.1 million in 2011. 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:

To broaden and deepen management ownership in the Fund, the Company established the Senior Managers Unit Loan Program (“Unit Loan Program”) in December 2012, which facilitated the one-time purchase of 121,607 of trust units held by Brock Bulbuck, President and Chief Executive Officer, and Tim O’Day, President and Chief Operating Officer US Operations, by existing Boyd trustees and senior managers. An additional 70,293 units were sold by Mr. Bulbuck and Mr. O’Day on the open markets. Only senior managers were eligible to receive loan support, and only up to 75% of each senior manager’s purchase. The loans bear interest at a fixed rate of 3% per annum with interest payable monthly. Each year, two percent of the original loan amount will be forgiven and applied as a reduction of the loan principal for the first five years of the loan. This forgiveness is conditional of the employee being employed by the Company and the employee not being in default of the loan. Participants are required to make monthly payments equal to .25% of the original principal amount plus interest. Beginning March 31, 2013 participants are required to make additional minimum repayments of principal equal to the lesser of 12.5% of their annual pre-tax bonus or 12.5% of the original loan amount. Participants are required to repay the loan in full on the earlier of: termination of employment, sale of the units, ten years from the date of loan issuance. The loan can be repaid at any time without penalty; however, the 2% annual forgiveness would be forfeited. All units purchased under the Unit Loan Program are held by the Company as security until the loan is repaid. At December 31, 2012, the carrying value of loans made under the Unit Loan Program included in Note Receivable was \$1,048,834 and the amount included in accrued liabilities due to Mr. Bulbuck and Mr. O’Day related to the purchase was \$1,760,885.

In certain circumstances the Company has entered into or assumed 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:

<u>Landlord</u>	<u>Affiliated Person(s)</u>	<u>Location</u>	<u>Lease Expires</u>		<u>2012</u>	<u>2011</u>
3577997 Manitoba Inc.	Terry Smith & Brock Bulbuck	Selkirk, MB	2017	\$	60,330	\$ 55,692
Gerber Building No. 1 Ptrnp	Eddie Cheskis & Tim O’Day	South Elgin, IL	2013		106,264	103,125

The Fund’s subsidiary, The Boyd Group Inc., has declared dividends totaling \$91,484 (2011 - \$193,504), through BGHI to 4612094 Manitoba Inc., an entity owned directly or indirectly by a senior officer of the Fund. At December 31, 2012, 4612094 Manitoba Inc. owned 207,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

FOURTH QUARTER

Sales for the three months ended December 31, 2012 totaled \$115.0 million, an increase of \$14.5 million or 14.4% compared to the same period in 2011. Overall same store sales excluding foreign exchange increased \$2.0 million, or 2.0% in the fourth quarter of 2012 when compared to the fourth quarter of 2011 but decreased \$2.5 million due to the translation of same-store sales at a lower U.S. dollar exchange rate. Sales growth of \$16.3 million was attributable to the acquisition of Master, Pearl, TRR and Autocrafters as well as eighteen new single collision repair centers. The closure of three under-performing facilities during the year accounted for a decrease in sales of \$1.3 million.

Sales in Canada for the fourth quarter of 2012 increased \$1.0 million, or 5.4%, to \$20.2 million. Sales increases in Canada were due almost entirely to a 5.2% increase in same store sales with a 0.2% increase coming from one new location.

In the U.S., sales totalled \$94.8 million for the three months ended December 31, 2012, an increase of \$13.5 million when compared to \$81.4 million for the prior year. In addition to \$11.5 million in sales from Master, Pearl, TRR and Autocrafters, sales in the U.S. included \$4.8 million from 17 new collision repair facilities. Overall same store sales increased \$1.0 million, or 1.3% in the fourth quarter of 2012 when compared to the fourth quarter of 2011 and excluding the impact of foreign currency. Foreign currency translation decreased sales by \$2.5 million. The closure of under-performing facilities during the quarter accounted for a decrease in sales of \$1.3 million.

Adjusted EBITDA for the fourth quarter of 2012 totaled \$8.6 million or 7.5% of sales compared to Adjusted EBITDA of \$7.6 million or 7.6% of sales in the same period of the prior year. Adjusted EBITDA for 2012 benefited from both same

store sales increases as well as new locations, including the acquisition of Master, Pearl and Autocrafters. Offsetting these improvements was a reduction due to the closure of under-performing facilities and the translation of U.S. results to Canadian dollars.

Current and Deferred Income Tax Expense of \$0.6 million in 2012 compared to an expense of \$0.7 million in 2011.

Net Earnings (Loss) for the fourth quarter, was earnings of \$2.4 million or \$0.19 per fully diluted unit improved when compared to a loss of \$2.1 million or \$0.19 per fully diluted unit for the same period in the prior year. The earnings for both 2012 and 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 and the accelerated amortization of the True2Form, Cars and Master brand names. Excluding these impacts, adjusted net earnings for the fourth quarter was \$5.0 million or \$0.386 per unit compared to adjusted net earnings of \$3.8 million or \$0.291 per unit for the same period in the prior year. The increase in adjusted net earnings of \$1.2 million is primarily due to growth related to new acquisitions and start ups as well as lower depreciation and amortization expense.

Standardized Distributable cash for the fourth quarter increased to \$9.2 million from \$4.5 million for the same period in 2011. 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 \$10.5 million from \$4.7 million for the same period a year ago, representing a payout ratio of 14.0% for 2012 compared to 29.6% 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 2012 when compared to the fourth quarter of 2011.

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. There were no such contracts in place at December 31, 2012. In the prior year, the Fund recorded to earnings previously unrealized losses related to such contracts in the amount of \$64,000 and realized foreign exchange gains in the amount of \$84,340.

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. At the start of 2011, \$8,000,000 U.S. was on loan to the Canadian operations. 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 expired and was settled in October 2011. The Fund realized a loss of \$683,000 on this loan offset by a gain of \$639,000 on the contract. 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 which expired and was settled in April 2012. 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. During 2012 the Company recorded to earnings a loss related to this contract in the amount of \$107,600 and a gain of \$96,500 on the loan. Another \$5,000,000 U.S. loan and foreign exchange contract were also entered into in April 2012 which expired and was settled in October 2012. The Fund realized a loss of \$24,000 on this loan with no gain or loss on the contract.

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, 2012 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 2012 (2011 – \$nil).

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 Non-Financial Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the cash generating unit (“CGU”) or 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 and intangible asset write downs, when recognized, are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period.

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 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. Based on its initial investigation, the Fund does not expect these standards will have a material impact on the Fund.

IAS 32, Financial Instruments: Presentation, and IFRS 7, Financial Instruments: Disclosures have been amended to include

additional presentation and disclosure requirements for financial assets and liabilities that can be offset in the statement of financial position. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. The effective date for the amendments to IFRS 7 is annual periods beginning on or after January 1, 2013.

IAS 1, Presentation of Financial Statements (“IAS 1”), has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before income taxes will be required to show the amount of income taxes related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The amendments to IAS 1 relate only to presentation and will not impact the financial results of the Fund.

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, 2012, 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.

In addition, during the fourth quarter of 2012, 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 controls and disclosures and sound operating policies and 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 a 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 and principle obligations under the Notes and to declare dividends, return capital, 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 on income or on 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 maintain and grow DRP relationship, 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 continued to improve, 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 since 2009, 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 50% (2011 – 41%) of total sales, one insurance company represents approximately 17% (2011 – 14%) of the Company's total sales, while a second insurance company represents approximately 16% (2011 – 11%).

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 will not 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 acquisitions, 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 3,280 people, of which 480 are in Canada and 2,800 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, new vehicle production, 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. In 2012, the Company upgraded its U.S. management information systems. A process of testing and gradual implementation was used to mitigate any material risks associated with this change. 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 technologies 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 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 also converts all new U.S. operations to waterborne basecoat technology and will have converted all new locations since August 2009, which will include The Recovery Room and Autocrafters. 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 are 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.

There can be no assurance that additional changes to the taxation of income trusts or corporations or changes to other government laws, rules and regulations, either in Canada or the U.S., will not be undertaken which could have a material adverse effect on the Fund's unit price and business. There can be no assurance the Fund will benefit from these rules, that the rules will not change in the future or that the Fund will avail itself of them.

Canadian Tax Related Risks

Expenses incurred by the Fund are only deductible to the extent they are reasonable. There can be no assurance that the taxation authorities will not challenge the reasonableness of certain expenses. If such a challenge were successful against the Fund, it may materially and adversely affect the distributable cash flow of the Fund. Management of the Fund believes the expenses inherent in the structure of the Fund are supportable and reasonable in the circumstances.

The Fund's convertible debentures will cease to be qualified investments for a Registered Plan under the Tax Act if they cease to be listed on a designated stock exchange (as defined in the Tax Act) and either the Fund ceases to qualify as a mutual fund trust or the Units cease to be listed on a designated stock exchange in Canada; and the Units will cease to be so qualified if the Fund ceases to qualify as a mutual fund trust and the Units are not listed on a designated stock exchange.

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 and improving 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 missed jobs 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 merge, or 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, convertible debenture offerings, 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.

Unitholder Liability Limitations

The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with the Fund or its obligations and affairs and, in the event that a court determines Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Fund's assets.

However, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be held personally liable, despite such statement in the Declaration of Trust, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund.

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, 2012**.
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:** N/A
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, 2012 and ended on December 31, 2012 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 22, 2013

(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, 2012**.
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:** N/A
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, 2012 and ended on December 31, 2012 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 22, 2013

(signed)

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



BOYD GROUP INCOME FUND
CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2012

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 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

Winnipeg, Manitoba
March 21, 2013

(signed)

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

INDEPENDENT AUDITOR'S REPORT

To the Unitholders 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, 2012 and December 31, 2011, and the consolidated statements of earnings, comprehensive earnings, changes in equity and cash flows for the years then ended, 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, 2012 and December 31, 2011, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Accountants

March 21, 2013
Winnipeg, Manitoba

BOYD GROUP INCOME FUND
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,
(Canadian dollars)

	2012	2011
Assets		
Current assets:		
Cash	\$ 38,976,398	\$ 18,443,269
Accounts receivable	28,944,908	22,470,947
Income taxes recoverable	1,364,530	-
Inventory (Note 6)	8,665,638	7,258,233
Prepaid expenses	4,311,623	2,606,836
	82,263,097	50,779,285
Note receivable (Note 26)	1,048,834	-
Property, plant and equipment (Note 7)	45,897,362	34,622,017
Deferred income tax asset (Note 8)	4,386,844	10,004,769
Intangible assets (Note 9)	41,271,177	26,137,868
Goodwill (Note 10)	49,691,918	28,051,434
	\$ 224,559,232	\$ 149,595,373
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 50,231,017	\$ 38,515,851
Income taxes payable	-	479,453
Distributions payable (Note 11)	489,002	469,805
Dividends payable	15,170	14,975
Derivative contracts (Note 16)	-	7,900
Current portion of long-term debt (Note 12)	4,756,972	2,201,464
Current portion of obligations under finance leases (Note 14)	2,006,469	2,302,462
Current portion of settlement accrual (Note 15)	1,101,464	1,093,843
	58,600,094	45,085,753
Long-term debt (Note 12)	44,775,928	26,744,640
Obligations under finance leases (Note 14)	4,182,570	4,076,921
Convertible debenture (Note 13)	30,327,395	-
Convertible debenture conversion feature (Note 16)	2,008,699	-
Unearned rebates (Note 18)	31,598,860	24,269,749
Settlement accrual (Note 15)	892,717	1,919,393
Exchangeable class A shares (Note 16)	5,929,304	4,146,751
Unit based payment obligation (Note 17)	3,567,136	1,650,370
Non-controlling interest put option (Note 16)	1,072,391	442,395
	182,955,094	108,335,972
Equity		
Accumulated other comprehensive loss (Note 21)	(1,264,776)	(192,026)
Deficit	(35,998,484)	(37,381,319)
Unitholders' capital (Note 22)	74,865,327	74,830,675
Contributed surplus (Note 23)	4,002,071	4,002,071
	41,604,138	41,259,401
	\$ 224,559,232	\$ 149,595,373

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 Surplus	Accumulated Other Comprehensive (Loss) Earnings	Deficit	Total Equity
	Units	Amount				
Balances - January 1, 2011	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 <i>(Note 22)</i>	1,300,000	13,975,000				13,975,000
Retractions	446,034	4,298,493				4,298,493
Other comprehensive earnings				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 <i>(Note 16)</i>					(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
Issue costs	-	(92,496)				(92,496)
Retractions	10,380	127,148				127,148
Other comprehensive loss				(1,072,750)		(1,072,750)
Net earnings					7,061,171	7,061,171
Comprehensive earnings				(1,072,750)	7,061,171	5,988,421
Distributions to unitholders <i>(Note 11)</i>					(5,678,336)	(5,678,336)
Balances - December 31, 2012	12,538,516	\$ 74,865,327	\$ 4,002,071	\$ (1,264,776)	\$ (35,998,484)	\$ 41,604,138

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)

	2012	2011
Sales	\$ 434,424,195	\$ 356,965,961
Cost of sales	239,782,334	196,851,972
Gross margin	194,641,861	160,113,989
Operating expenses	164,763,226	135,685,037
Foreign exchange losses	45,250	49,521
Acquisition and transaction costs	2,274,413	1,947,404
Depreciation (Note 7)	7,203,935	6,279,303
Amortization of intangible assets (Note 9)	3,469,596	2,408,788
Fair value adjustment to exchangeable shares (Note 16)	1,909,701	1,910,226
Fair value adjustment to unit options (Note 17)	1,916,767	918,878
Non-controlling interest put option adjustment (Note 16)	636,199	214,998
Finance costs	2,966,230	2,035,938
Finance income	(12,877)	(18,984)
Settlement cost (Note 15)	-	3,278,081
	185,172,440	154,709,190
Earnings before income taxes	9,469,421	5,404,799
Income tax expense (Note 8)		
Current	71,851	977,363
Deferred	2,336,399	1,477,519
	2,408,250	2,454,882
Net earnings	\$ 7,061,171	\$ 2,949,917
<i>The accompanying notes are an integral part of these consolidated financial statements</i>		
Basic earnings per unit (Note 31)	\$ 0.563	\$ 0.262
Diluted earnings per unit (Note 31)	\$ 0.563	\$ 0.262
Weighted average number of units outstanding	12,534,933	11,275,971

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

Years Ended December 31,

	2012	2011
Net earnings	\$ 7,061,171	\$ 2,949,917
Other comprehensive (loss) earnings		
Change in unrealized (loss) earnings on translating financial statements of foreign operations	(1,072,750)	1,165,054
Other comprehensive (loss) earnings	(1,072,750)	1,165,054
Comprehensive earnings	\$ 5,988,421	\$ 4,114,971

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)

	2012	2011
Cash flows from operating activities		
Net earnings	\$ 7,061,171	\$ 2,949,917
Items not affecting cash		
Non-controlling interest put option adjustment	636,199	214,998
Deferred income taxes	2,336,399	1,477,519
Amortization of intangible assets (Note 9)	3,469,596	2,408,788
Depreciation (Note 7)	7,203,935	6,279,303
Amortization of unearned rebates	(3,013,470)	(2,274,762)
Gain on disposal of equipment	(11,758)	(15,163)
Adjustment in liability for exchangeable class A shares (Note 16)	1,909,701	1,910,226
Interest accrued on class A exchangeable shares (Note 16)	177,811	292,573
Unit option compensation expense (Note 17)	1,916,767	918,878
Unrealized foreign exchange (gain) loss on internal loans	(169,320)	486,300
Unrealized loss (gain) on derivative contracts	204,420	(434,040)
Realized foreign exchange loss on internal loan	192,320	569,700
Realized loss on derivative contracts	(212,320)	(515,860)
Settlement (paid) accrued (Note 15)	(1,019,055)	3,013,236
	20,682,396	17,281,613
Changes in non-cash working capital items (Note 32)	(1,229,948)	(945,228)
	19,452,448	16,336,385
Cash flows provided by financing activities		
Fund units issued from treasury	-	13,975,000
Issue costs	(19,713)	(1,778,671)
Increase in obligations under long-term debt	8,797,413	6,529,908
Repayment of long-term debt	(3,179,820)	(2,371,195)
Decrease in bank indebtedness	-	(235,381)
Repayment of obligations under finance leases	(2,376,998)	(2,207,990)
Proceeds on sale-leaseback agreement	482,840	2,113,018
Proceeds on issue of convertible debentures	32,336,094	-
Dividends paid on Class A common shares	(177,616)	(302,959)
Distributions paid to unitholders	(5,659,139)	(4,691,264)
Increase in unearned rebates	9,358,011	6,197,036
Repayment of unearned rebates	(247,368)	(144,460)
Increase in financing costs	-	(10,057)
Collection of rebates receivable	1,498,374	1,678,901
	40,812,078	18,751,886
Cash flows used in investing activities		
Proceeds on sale of equipment	100,078	96,632
Equipment purchases and facility improvements	(2,799,022)	(1,669,428)
Acquisition and development of businesses (net of cash acquired)	(36,622,196)	(24,042,884)
Software purchases and licensing	(228,953)	(213,982)
	(39,550,093)	(25,829,662)
Foreign exchange	(181,304)	(409,113)
Net increase in cash position	20,533,129	8,849,496
Cash, beginning of year	18,443,269	9,593,773
Cash, end of year	\$ 38,976,398	\$ 18,443,269
Income taxes paid	\$ 1,666,814	\$ 707,500
Interest paid	\$ 2,917,724	\$ 2,048,500

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

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and December 31, 2012
(in Canadian dollars)

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 14 U.S. states under the trade names Gerber Collision & Glass, The Recovery Room and Autocrafters Collision. 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, 2012 (including comparatives) were approved and authorized for issue by the Board of Trustees on March 21, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements of the Fund have been prepared in compliance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The financial Statements are prepared using International Financial Reporting Standards accounting policies which became Canadian generally accepted accounting principles for publicly accountable enterprises and were adopted by the Fund for fiscal years beginning on or after January 1, 2011.

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.

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and December 31, 2012

(in Canadian dollars)

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.

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and December 31, 2012

(in Canadian dollars)

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.

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and December 31, 2012
(in Canadian dollars)

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 Fund's dilutive instruments comprise options and convertible debentures. 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. The dilutive impact of the convertible debentures is calculated using the "if converted" method.

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:

BOYD GROUP INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2011 and December 31, 2012

(in Canadian dollars)

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 including convertible debenture conversion options 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, the non-derivative component of convertible debentures, 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.

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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 Non-Financial Assets

When testing goodwill and intangibles for impairment, the Fund uses the recorded historical cash flows of the CGU or 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. The methods used to value intangible assets and goodwill require critical estimates to be made regarding the future cash flows and useful lifetimes of the assets. Goodwill and intangible asset write downs, when recognized, are recorded as a separate charge to earnings, and could materially impact the operating results of the Fund for any particular accounting period.

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 Fund'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

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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 Fund 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. 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 of adopting IFRS 9 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 is currently evaluating the impact of the above standards on its financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1"), has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before income taxes will be required to show the amount of income taxes related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The amendments to IAS 1 relate only to presentation and will not impact the financial results of the Fund.

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5. ACQUISITIONS

On January 3, 2012, the Company completed a transaction acquiring Master Collision Repair, Inc. (“Master”) a multi-location collision repair company operating eight locations in the Florida market. Funding for the transaction was a combination of cash, third-party financing and a seller take-back note.

On July 3, 2012, the Company completed the acquisition of Pearl Auto Body (“Pearl”), a multi-location collision repair company operating six locations in the Colorado market. Funding for the transaction was a combination of cash, third-party financing and a seller take-back note.

On November 16, 2012, the Company completed the acquisition of The Recovery Room of Central Florida, Inc. (“TRR”), a multi-location collision repair company operating eleven locations in the Florida market. Funding for the transaction was a combination of cash, bank debt and third-party financing.

On November 30, 2012, the Company completed the acquisition of Autocrafters Collision Repair, Walker Collision Repair, and S&L Auto Glass (collectively “Autocrafters”), a multi-location collision repair company operating fourteen locations in the Florida market. Funding for the transaction was a combination of cash, bank debt, seller notes and third-party financing.

The Fund also completed 14 other acquisitions during 2012 related to its stated objective of growing through individual locations by between six and ten percent per year.

<u>Acquisition Date</u>	<u>Business & Assets Purchased</u>	<u>Location</u>
February 17, 2012	Advanced Collision Solutions	Spring Grove, Illinois
March 19, 2012	Body Craft Collision Center	Marysville, Washington
March 22, 2012	Leading Edge Collision & Custom Painting	Orlando, Florida
April 27, 2012	Colonial Auto Body	Orlando, Florida
May 4, 2012	K & J Collision and Service Center	Orlando, Florida
May 25, 2012	Auto Collision	Jessup, Maryland
June 15, 2012	Carson Automotive Recycling, LLC	Alpharetta, Georgia
June 26, 2012	Burlington Collision	Burlington, Washington
June 26, 2012	Auto Glass Authority	Las Vegas, Nevada
July 25, 2012	Turn 2 Collision Center	Concord, North Carolina
August 1, 2012	Robert’s Body Shop	Havelock, North Carolina
September 14, 2012	Shant Real Estate	Germantown, Maryland
October 1, 2012	Preferred Auto Body	Portage, Indiana
November 19, 2012	Coachworks Collision Center	Las Vegas, Nevada

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 (collectively “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 Company also completed two other acquisitions during 2011. 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.

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

2012						
Identifiable net assets acquired at fair value:	Master	Pearl	The Recovery Room	Autocrafters	Other Acquisitions	Total
Cash	\$ 564,887	\$ -	\$ -	\$ 308,060	\$ -	\$ 872,947
Other current assets	1,252,511	157,012	241,810	1,786,763	\$ 21,980	3,460,076
Property, plant and equipment	1,663,016	692,179	1,084,868	1,518,239	3,774,749	8,733,051
Deferred income tax assets	1,100,560	-	-	-	-	1,100,560
Identified intangible assets						
Customer relationships	4,121,320	1,201,680	3,376,880	7,846,280	214,011	16,760,171
Brand name	216,118	135,189	248,300	337,688	-	937,295
Non-compete agreements	221,144	200,280	99,320	685,308	-	1,206,052
Liabilities assumed	(1,653,616)	(84,056)	(54,892)	(2,212,277)	-	(4,004,841)
Deferred income tax liability	(1,297,220)	-	-	-	-	(1,297,220)
Identifiable net assets acquired	6,188,720	2,302,284	4,996,286	10,270,061	4,010,740	27,768,091
Goodwill	6,082,815	1,839,566	2,347,986	9,097,339	152,607	19,520,313
Total purchase consideration	\$ 12,271,535	\$ 4,141,850	\$ 7,344,272	\$ 19,367,400	\$ 4,163,347	\$ 47,288,404
Consideration provided						
Cash	\$ 5,235,135	\$ 1,438,070	7,344,272	\$ 15,096,640	\$ 3,130,583	\$ 32,244,700
Seller notes	7,036,400	2,703,780	-	4,270,760	1,032,764	15,043,704
Total consideration provided	\$ 12,271,535	\$ 4,141,850	\$ 7,344,272	\$ 19,367,400	\$ 4,163,347	\$ 47,288,404
2011						
Identifiable net assets acquired at fair value:				Cars	Other Acquisitions	Total
Cash				\$ -	\$ -	\$ -
Other current assets				3,060,437	-	3,060,437
Property, plant and equipment				5,284,677	929,933	6,214,610
Deferred income tax assets				-	-	-
Identified intangible assets						
Customer relationships				7,115,000	-	7,115,000
Brand name				445,000	-	445,000
Non-compete agreements				445,000	-	445,000
Software				270,000	-	270,000
Liabilities assumed				(7,210,450)	-	(7,210,450)
Deferred income tax liability				-	-	-
Identifiable net assets acquired				9,409,664	929,933	10,339,597
Goodwill				10,300,003	-	10,300,003
Total purchase consideration				\$ 19,709,667	\$ 929,933	\$ 20,639,600
Consideration provided						
Cash				\$ 16,816,767	\$ 663,513	\$ 17,480,280
Seller notes				2,892,900	266,420	3,159,320
Total consideration provided				\$ 19,709,667	\$ 929,933	\$ 20,639,600

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

Acquisition-related costs of \$2,274,413 have been charged as an expense in the consolidated statement of earnings for the year ended December 31, 2012 (2011 - \$1,947,404).

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.

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The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition as reflected in the following table.

	Revenue	Net earnings (net of tax)
Master	\$ 20,072,723	\$ 448,000
Pearl	5,603,321	98,000
The Recovery Room	1,615,396	(70,000)
Autocrafters	2,147,333	95,000
	<u>\$ 29,438,773</u>	<u>\$ 571,000</u>

If the above significant acquisitions had been acquired on January 1, 2012, revenue for the Fund for 2012 would have been approximately \$491 million and earnings would have been approximately \$10.0 million (unaudited).

A significant part of the goodwill added in 2011 and 2012 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 is deductible for tax purposes, other than for Master which is non-deductible for tax purposes.

6. INVENTORY

	December 31, 2012	December 31, 2011
Materials	\$ 4,111,554	\$ 3,505,045
Work in process	4,554,084	3,753,188
	<u>\$ 8,665,638</u>	<u>\$ 7,258,233</u>

Included in cost of sales for the year ended December 31, 2012 are approximate costs for parts and material costs of \$135,748,000 (2011 – \$110,672,000) and labour costs of \$74,176,000 (2011 – \$58,252,000) with the balance of cost of sales primarily made up of sublet charges.

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7. 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, 2011									
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
Year ended Dec 31, 2012									
Additions	78,215	1,988,874	5,619,252	795,994	914,789	1,676,243	1,666,654	6,494,789	19,234,810
Proceeds	-	-	-	-	-	-	(100,078)	-	(100,078)
Gain / (loss)	-	-	-	-	-	-	11,758	-	11,758
Depreciation	-	(33,856)	(3,024,632)	(196,713)	(523,083)	(147,530)	(972,121)	(2,306,000)	(7,203,935)
Exchange	(470)	(11,831)	(403,849)	(16,825)	(14,758)	(16,147)	(25,500)	(177,830)	(667,210)
	\$130,217	\$2,107,534	\$20,624,308	\$1,399,527	\$1,802,016	\$2,107,548	\$3,069,659	\$14,656,553	\$45,897,362
At Dec 31, 2012									
Cost	130,217	2,283,729	38,981,440	3,074,676	4,561,538	3,147,986	7,055,982	23,715,269	82,950,837
Accumulated Depreciation	-	(176,195)	(18,357,132)	(1,675,149)	(2,759,522)	(1,040,438)	(3,986,323)	(9,058,716)	(37,053,475)
Net Book Value	\$ 130,217	\$ 2,107,534	\$ 20,624,308	\$ 1,399,527	\$ 1,802,016	\$ 2,107,548	\$ 3,069,659	\$ 14,656,553	\$ 45,897,362

Included in the above are assets under capital lease with a cost of \$12,698,322 (2011 - \$11,682,968) and a net book value of \$7,753,504 (2011 - \$7,651,788). Depreciation on these assets under capital lease was \$883,664 (2011 - \$1,083,090). During the year, assets acquired through capital lease arrangements amounted to \$2,286,737 (2011 - \$3,910,569).

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8. 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. Deferred income tax assets and liabilities which relate to the same jurisdiction are netted on the statement of financial position.

a) Deferred income taxes consist of the following:

	December 31, 2012	December 31, 2011
Intangible assets	\$ (3,185,132)	\$ 373,230
Accrued liabilities	2,565,115	2,417,308
Non-capital losses carried forward	2,909,565	3,794,764
Rebates received	4,670,481	4,658,899
Property, plant and equipment	(3,768,333)	(2,137,474)
US alternative minimum tax paid	-	203,400
Issue costs	295,574	369,072
Acquisition costs	1,043,506	380,570
Other	(143,932)	(55,000)
	\$ 4,386,844	\$ 10,004,769

b) Tax expense is made up as follows:

	2012	2011
Earnings, before income taxes	\$ 9,469,421	\$ 5,404,799
Earnings subject to tax in the hands of the unitholders, not the Fund	(5,678,336)	(4,837,607)
Earnings subject to income taxes	\$ 3,791,085	\$ 567,192
Combined basic Canadian and U.S. Federal, provincial and state tax rates	34.97%	33.81%
Income taxes at combined statutory rates	\$ 1,325,742	\$ 191,768
Adjustments for the tax effect of -		
Non-deductible depreciation	210,834	169,652
Other non-deductible expenses	81,599	60,005
Amortization of permanent goodwill deductions	(75,355)	(74,593)
Changes in deferred tax assets and liabilities resulting from changes in substantively enacted tax rates	(2,991)	76,620
Dividends treated as interest	239,191	63,168
Non-deductible fair value adjustments	1,237,881	852,804
Effective rate adjustment	156,007	472,861
Withholding tax (refund) cost related to internal capital restructuring	(170,099)	409,520
Net impact of state taxes	(147,147)	401,517
Items affecting equity – issue costs	(97,806)	(97,835)
Non-taxable gains	(219,727)	(78,700)
Other	(129,879)	8,095
Income tax expense	\$ 2,408,250	\$ 2,454,882

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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 \$5,299,945 (2011 - \$4,759,200). 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:

	<u>2012</u>	<u>2011</u>
Balance at January 1	\$ 10,004,769	\$ 10,761,194
Acquired through business combination	(192,002)	-
Recognition of deferred tax on True2Form intangible assets	(2,587,755)	-
Deferred income tax (expense) recovery	(2,336,399)	(1,477,519)
Amounts charged to equity	(72,783)	352,175
Alternative minimum tax	(246,460)	195,303
Foreign exchange	(182,526)	173,616
	\$ 4,386,844	\$ 10,004,769

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, 2012, the Fund has recognized all of its deferred income tax assets with the exception of \$7,907,000 in capital losses available in Canada. At December 31, 2012, the Fund has non-capital losses in Canada of \$3,020,000 (2011 - \$3,902,000) and net operating losses in the U.S. of \$5,462,000 (2011 - \$6,935,000). The U.S net operating losses amounts relate to the True2Form acquisition in the amount of \$3,749,000 million, and the Master acquisition in the amount of \$1,713,000 million, and are limited in their utilization to \$1,900,000 million and \$1,100,000 million per year respectively.

The losses expire as follows:

<u>Year of Expiry</u>	<u>Canada</u>	<u>United States</u>
2020	\$ -	\$ 1,095,000
2023	-	278,000
2022	-	80,000
2023	-	1,206,000
2024	-	767,000
2025	-	565,000
2026	1,794,000	4,000
2027	-	6,000
2028	-	8,000
2029	-	1,453,000
2030	1,226,000	-

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9. INTANGIBLE ASSETS

	Customer Relationships	Brand Name	Computer Software	Non-compete Agreements	Zoned Property Rights	Total
At Jan 1, 2011						
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
Year ended Dec 31, 2012						
Additions	16,767,780	981,040	246,714	1,231,306	-	19,226,840
Amortization	(1,611,763)	(867,290)	(445,337)	(540,139)	(5,067)	(3,469,596)
Exchange	(507,952)	(82,183)	(12,313)	(21,313)	(174)	(623,935)
	\$ 35,644,507	\$ 3,721,921	\$ 482,990	\$ 1,417,893	\$ 3,866	\$ 41,271,177
At Dec 31, 2012						
Cost	\$ 42,866,352	\$ 5,057,077	\$ 1,708,508	\$ 2,728,016	\$ 50,438	\$ 52,410,391
Accumulated Amortization	(7,221,845)	(1,335,156)	(1,225,518)	(1,310,123)	(46,572)	(11,139,214)
Net Book Value	\$ 35,644,507	\$ 3,721,921	\$ 482,990	\$ 1,417,893	\$ 3,866	\$ 41,271,177

During 2012, the Company completed the rebranding of True2Form and Cars, commenced rebranding Master and Pearl and implemented a plan to rebrand TRR and Autocrafters in 2013. Amortization expense for the True2Form, Cars, Master, and Pearl brands was \$863,321 in 2012.

10. GOODWILL

	<u>2012</u>	<u>2011</u>
Balance at January 1	\$ 28,051,434	\$ 16,956,764
Acquired through business combination	19,520,313	10,300,003
Recognition of deferred tax on True2Form intangible assets	2,587,755	-
Foreign exchange	(467,584)	794,667
	<u>\$ 49,691,918</u>	<u>\$ 28,051,434</u>

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 11.5% 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 \$48,875,622 (2011 - \$27,518,135). The recognition of deferred tax on True2Form intangible assets relates to intangible assets acquired in a prior year for which there is no tax basis.

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11. DISTRIBUTIONS

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

Distributions to unitholders were declared and paid as follows:

<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution per Unit</u>	<u>Distribution Amount</u>
January 31, 2011	February 24, 2011	\$ 0.035	\$ 377,391
February 28, 2011	March 29, 2011	0.035	377,397
March 31, 2011	April 27, 2011	0.035	377,397
April 30, 2011	May 27, 2011	0.035	377,413
May 31, 2011	June 28, 2011	0.035	377,817
June 30, 2011	July 27, 2011	0.035	377,823
July 31, 2011	August 29, 2011	0.035	377,918
August 31, 2011	September 28, 2011	0.035	377,972
September 30, 2011	October 27, 2011	0.035	438,428
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

<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution per Unit</u>	<u>Distribution Amount</u>
January 31, 2012	February 27, 2012	\$ 0.0375	\$ 469,854
February 29, 2012	March 28, 2012	0.0375	469,918
March 31, 2012	April 26, 2012	0.0375	469,939
April 30, 2012	May 29, 2012	0.0375	469,952
May 31, 2012	June 27, 2012	0.0375	470,036
June 30, 2012	July 27, 2012	0.0375	470,112
July 31, 2012	August 29, 2012	0.0375	470,115
August 31, 2012	September 26, 2012	0.0375	470,128
September 30, 2012	October 29, 2012	0.0375	470,141
October 31, 2012	November 28, 2012	0.0375	470,147
November 30, 2012	December 21, 2012	0.039	488,992
December 31, 2012	January 29, 2013	0.039	489,002
		\$ 0.453	\$ 5,678,336

Further distributions were declared for the months of January, February and March 2013 in the monthly amounts of \$0.039 per unit. The total amount of distributions declared after the reporting date was \$1,467,006.

12. 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.

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Long-term debt is comprised of the following:	December 31, 2012	December 31, 2011
2006 U.S. senior term facility	\$ 8,003,817	\$ 9,699,015
2010 U.S. senior term facility	6,793,750	6,933,219
2011 U.S. senior term facility	6,650,907	6,798,645
2012 U.S. senior term facility	8,778,003	-
Seller notes	19,306,423	5,515,225
	49,532,900	28,946,104
Current portion	4,756,972	2,201,464
	\$ 44,775,928	\$ 26,744,640

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 guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions customary for an income trust. On June 30, 2011 the facility was extended with a new three year promissory note due July 31, 2014 with quarterly payments of \$375,000 U.S. and a final quarterly installment inclusive of the remaining principal amount of the term loan. On November 7, 2012 the facility was further extended with a new five year promissory note due October 31, 2017, with quarterly payments reducing to: \$300,000 U.S. on April 30, 2014, \$275,000 U.S. on April 30, 2015, \$225,000 U.S. on April 30, 2016 and \$200,000 U.S. on April 30, 2017. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for up to an additional four 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 \$79,746 (December 31, 2011 - \$89,610).

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 Collision Repair Centers, Inc. (a subsidiary of the Company) as well as a guarantee by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions similar to the 2006 U.S. senior term facility. 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 a final quarterly instalment inclusive of the remaining principle amount of the term loan. On November 7, 2012 the facility was amended with a new five year promissory note due October 31, 2017. Subject to certain conditions, the Company has the option to renew the facility, at the then current market terms, for an additional eight years with quarterly principal repayments. Interest rates are based on LIBOR plus 3.0% for LIBOR loans or for a prime rate loan, 1.25% plus 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 initial term of the loan at the U.S. Bank's cost of funds plus 3.0%. The balance is net of financing fees of \$134,734 (2011 - \$149,169).

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 Collision Center, LLC (a subsidiary of the Company) as well as guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee. The facility supported by an initial three year, interest only, promissory note due July 31, 2014, was amended on November 7, 2012 with a new five year promissory note due October 31, 2017. Subject to certain conditions, the Company has the option to renew the facility, at the then current market terms, for up to an additional nine years with quarterly principal repayments in the amount of \$192,500 commencing on October 31, 2014. Interest rates are based on LIBOR plus 3.0% for LIBOR loans or for a prime rate loan, 1.25% plus 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 initial term of the loan at the U.S. Bank's cost of funds plus 3.0%.

The 2012 U.S. senior term facility, with a U.S. bank is secured by the shares and assets, excluding cash and receivables, of Master Collision Repair, Inc. (a subsidiary of the company) as well as guarantees by The Boyd Group, Inc., BGIF, BGHI and a third party guarantee with terms and conditions similar to the existing U.S. senior term

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facilities. The facility is supported by an initial five year promissory note due October 31, 2017. Subject to certain conditions, the Company has the option to renew the facility, at the then current market terms, for up to an additional ten years with quarterly principal repayments in the amount of \$254,500 commencing on January 31, 2016. Interest rates are based on LIBOR plus 3.0% for LIBOR loans or for a prime rate loan, 1.25% plus 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 initial term of the loan at the U.S. Bank's cost of funds plus 3.0%.

Seller notes payable of \$19,306,423 U.S. on the financing of certain acquisitions are unsecured, at interest rates ranging from 4.0% to 8.0%. The notes are repayable from January 2013 to December 2027 in the same currency as the related note.

Included in finance costs is interest on long-term debt of \$1,799,131 (2011 - \$1,060,211).

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	4,756,972
>1 year <= 5 years	21,568,893
> 5 years	23,207,035

13. CONVERTIBLE DEBENTURES

On December 19, 2012, the Fund issued \$30,000,000 aggregate principal amount of convertible unsecured subordinated debentures due December 31, 2017 (the "Debentures") with a conversion price of \$23.40. On December 24, 2012, as allowed under the provisions of the agreement to issue the Debentures, the Underwriters purchased an additional \$4,200,000 aggregate principal amount of Debentures increasing the aggregate proceeds of the Debenture Offering to \$34,200,000.

The Debentures bear interest at an annual rate of 5.75% payable semi-annually, and are convertible at the option of the holder, into units of the Fund at any time prior to the maturity date and may be redeemed by the Fund on or after December 31, 2015 provided that certain thresholds are met surrounding the weighted average market price of the Trust Units at that time. On redemption or maturity, the Debentures may at the option of the Fund be repaid in cash or subject to regulatory approval, units of the Fund.

Upon issuance, the Debentures were bi-furcated with \$2,008,699 related to the conversion feature treated as a financial liability measured at fair value due to the units of the Fund being redeemable for cash. Transactions costs of \$2,002,650 were incurred in relation to issuance of the Debentures, which included the underwriter's fee and other expenses of the offering. Details of the Debentures carrying value at December 31, 2012 are as follows:

Proceeds of initial offering	\$ 30,000,000
Proceeds of underwriter exercise of overallotment option	4,200,000
<u>Gross proceeds</u>	<u>34,200,000</u>
Adjusted for:	
Fair value of conversion feature	(2,008,699)
Transaction costs	(2,002,650)
Expensed transaction costs attributable to conversion feature	117,623
Accretion charges	21,121
<u>Carrying value at December 31, 2012</u>	<u>\$ 30,327,395</u>

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14. OBLIGATIONS UNDER FINANCE LEASES

	December 31, 2012	December 31, 2011
Equipment leases, at interest rates ranging from 5.31% to 14.66%, due January 2013 to June 2017 (2011 – January 2012 to June 2017), secured by equipment with a net book value of \$5,355,159 (December 31, 2011 - \$5,584,468)	\$ 4,304,455	\$ 5,553,878
Vehicle leases, at interest rates ranging from 7.04% to 9.95%, due January 2013 to November 2016 (2011 – January 2012 to August 2016), secured by vehicles with a net book value of \$2,938,545 (December 31, 2011 - \$2,067,320)	2,667,301	1,866,825
	6,971,756	7,420,703
Amounts representing interest	782,717	1,041,320
	6,189,039	6,379,383
Current portion	2,006,469	2,302,462
	\$ 4,182,570	\$ 4,076,921

Included in interest expense is interest related to finance leases of \$617,813 (2011 - \$549,804).

Minimum lease payments required are as follows:

	Principal & Interest	Amounts Representing Interest	Principal
< 1 year	2,374,458	(367,989)	2,006,469
>1 year <= 5 years	4,597,298	(414,728)	4,182,570
> 5 years	-	-	-

15. 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 his compensation until January 31, 2014, being the date upon which his employment agreement would have ended. The right to payment under his retirement compensation agreement will continue with a final payment occurring in January 2014. The unpaid balance of the obligation at December 31, 2012 is \$1,994,181 (2011 - \$3,013,236), the current portion of which is \$1,101,464 (2011 - \$1,093,843). The former Executive Chairman 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.

16. FINANCIAL INSTRUMENTS

Carrying Value and Estimated Fair Value of Financial Instruments:

Asset (liability) (\$000's)	<u>December 31, 2012</u>		<u>December 31, 2011</u>		
	Carrying Value	Fair Value	-	Carrying Value	Fair Value
Cash	38,976	38,976	-	18,443	18,443
Accounts receivable	28,945	28,945	-	22,471	22,471

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Accounts payable & accrued liabilities	(50,231)	(50,231)	-	(38,516)	(38,516)	-
Long-term debt	(49,533)	(49,533)	-	(28,946)	(28,946)	-
Convertible debentures	(30,327)	(34,183)	(3,856)	-	-	-
Convertible debenture conversion feature	(2,009)	(2,009)	-	-	-	-
Exchangeable class A shares	(5,929)	(5,929)	-	(4,147)	(4,147)	-
Non-controlling interest put option	(1,072)	(1,072)	-	(435)	(435)	-
Forward foreign exchange contracts - The Fund buying U.S. dollars	-	-	-	(8)	(8)	-

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, 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 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 fair value for the convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price \$16.20, dividend yield 5.26%, expected volatility 31.81%, risk free interest rate of 1.31%, terms of five years. The fair value for the Fund's debentures will change based on the movement in bond rates. The fair value of the cash flows associated with the debentures outstanding at December 31, 2012 is \$34,182,900.

The Fund's financial instruments measured at fair value are limited to cash, the exchangeable class A shares, the non-controlling interest put option, the convertible debenture conversion feature and the derivative contracts. Cash is classified as a level one while the exchangeable class A shares, the non-controlling interest put option, the convertible debenture conversion feature 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, 2012 was approximately \$67.9 million (December 31, 2011 - \$41.2 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. Convertible debentures are at a fixed interest rate and included as a component of long-term debt are seller notes with fixed interest rates.

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. During 2012 there were no such contracts in place. In the prior year, the Fund recorded to earnings previously unrealized losses related to such contracts in the amount of \$64,000 and realized foreign exchange gains in the amount of \$84,340.

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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. At the start of 2011, \$8,000,000 U.S. was on loan to the Canadian operations. 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 expired and was settled in October 2011. The Fund realized a loss of \$683,000 on this loan offset by a gain of \$639,000 on the contract. 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 which expired and was settled in April 2012. 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. During 2012 the Company recorded to earnings a loss related to this contract in the amount of \$107,600 and a gain of \$96,500 on the loan. Another \$5,000,000 U.S. loan and foreign exchange contract were also entered into in April 2012 which expired and was settled in October 2012. The Fund realized a loss of \$24,000 on this loan with no gain or loss on the contract.

The Fund earns interest on promissory notes issued to The Boyd Group (U.S.) Inc., the parent of the Fund's U.S. operations. As at December 31, 2012 there are denominated in Canadian dollars notes, as follows:

- \$41,800,000 at 10.8% due January 1, 2018
- 6,800,000 at 7.8% due September 27, 2016
- 25,000,000 at 7.8% due December 19, 2019

Currently the Fund's U.S. operations purchase Canadian dollars at market rates to fund the monthly interest payments.

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 comprises mostly 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)

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
90-120 days	467	611
Over 120 days	886	942
Total	1,353	1,553

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.

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Balance of allowance account, beginning of year	240	278
(Decrease) increase in allowance (net of recoveries and amounts written off)	(33)	(38)
Balance of allowance account, end of year	207	240

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Liquidity risk

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

Liquidity Risk (000's) As at December 31, 2012	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	50,231	-	-	-	-	-
Long-term debt	4,757	4,864	6,002	5,419	5,284	23,207
Obligations under finance lease	2,006	1,780	1,283	1,071	49	-
Convertible debentures	-	-	-	-	34,200	-
Total Contractual Obligations	\$ 56,994	\$ 6,644	\$ 7,285	\$ 6,490	\$ 39,533	\$ 23,207

The Fund is provided an operating line under the credit agreement from its senior lender, collateralized by a General Security Agreement and subsidiary guarantees. 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 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, 2011 - \$16,000,000). 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, 2012 it is estimated that the impact of a 1% change to market rates would result in a \$235,000 change (2011 – \$210,000) 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, 2012 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 2012 (2011 – \$ nil).

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, 2012 there were 363,538 (2011 – 373,918) shares outstanding with a carrying value of \$5,929,305 (2011 – \$4,146,751). Total retractions for the year were 10,380 (2011 – 446,304) for \$127,147 (2011 – \$4,298,493). During the fourth quarter of 2011, 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 22. The retraction was recorded at a carrying value of \$4,121,666.

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

<u>Record Date</u>	<u>Payment Date</u>	<u>Dividend per Share</u>	<u>Dividend Amount</u>
January 31, 2011	February 24, 2011	\$ 0.035	\$ 29,572
February 28, 2011	March 29, 2011	0.035	29,565
March 31, 2011	April 27, 2011	0.035	29,565
April 30, 2011	May 27, 2011	0.035	29,548
May 31, 2011	June 28, 2011	0.035	29,144
June 30, 2011	July 27, 2011	0.035	29,139
July 31, 2011	August 29, 2011	0.035	29,044
August 31, 2011	September 28, 2011	0.035	28,990
September 30, 2011	October 27, 2011	0.035	14,033
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
		<u>\$ 0.425</u>	<u>\$ 292,573</u>

<u>Record Date</u>	<u>Payment Date</u>	<u>Dividend per Share</u>	<u>Dividend Amount</u>
January 31, 2012	February 27, 2012	\$ 0.0375	\$ 14,926
February 28, 2012	March 28, 2012	0.0375	14,862
March 31, 2012	April 26, 2012	0.0375	14,842
April 30, 2012	May 29, 2012	0.0375	14,829
May 31, 2012	June 27, 2012	0.0375	14,744
June 30, 2012	July 27, 2012	0.0375	14,668
July 31, 2012	August 29, 2012	0.0375	14,665
August 31, 2012	September 26, 2012	0.0375	14,652
September 30, 2012	October 29, 2012	0.0375	14,640
October 31, 2012	November 28, 2012	0.0375	14,633
November 30, 2012	December 21, 2012	0.039	15,180
December 31, 2012	January 25, 2013	0.039	15,170
		<u>\$ 0.453</u>	<u>\$ 177,811</u>

During 2012, an expense in the amount of \$1,909,701 (2011 –\$1,910,226) was recorded to earnings related to these exchangeable shares.

Further dividends were declared for the months of January, February and March 2013 in the monthly amounts of \$0.039 per share. The total amount of dividends declared after the reporting date was \$45,450.

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 \$1,072,391 (2011 -\$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 increase in the value of the put resulted from additional put option expense of \$636,199 being recorded during the year (2011 -\$214,998), and reflects an increase in the estimated value of the business.

BOYD GROUP INCOME FUND
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17. 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, 2012:

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	\$ 1,685,663
November 8, 2007	January 2, 2008	150,000	\$2.70	January 2, 2018	\$ 784,278
November 8, 2007	January 2, 2009	150,000	\$3.14	January 2, 2019	\$ 645,542
November 8, 2007	January 2, 2010	<u>150,000</u>	\$5.41	January 2, 2020	<u>\$ 451,653</u>
		<u>650,000</u>			<u>\$ 3,567,136</u>

On January 11, 2006, the Fund granted options which permit the purchase of in the aggregate up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on September 23, 2015. The exercise price, which was set at the time of granting, is the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being \$1.91 per unit. The fair value of each option is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price \$16.31, dividend yield 5.22%, expected volatility 31.81% (determined as a weighted standard deviation of the unit price over the past four years), risk free interest rate 1.15%, initial term 10 years, remaining term 3 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 \$16.31, dividend yield 5.22%, expected volatility 31.81%, risk free interest rates of 1.38%, 1.48% and 1.57% respectively, initial terms of 10, 11 and 12 years respectively, remaining terms of 5, 6 and 7 years respectively.

During the year ended December 31, 2012, an expense representing the change in fair value over the prior year of \$1,916,767 (2011 - \$918,878) was recorded to earnings related to these unit options.

18. UNEARNED REBATES

The Company has an agreement with strategic trading partners providing it with prepaid rebate funding. During 2012, in connection with its 2012 acquisitions and under new addendums to its existing supply agreement, the Company received enhanced prepaid rebates from its trading partners of \$8,233,440. Beginning in 2012, additional regularly scheduled rebates are collectible in quarterly instalments of \$158,333 U.S. for a period of six years ending in 2018. The enhanced prepaid rebates will be tested after three years, with any over funding being adjusted against the additional quarterly rebates receivable.

Other rebates received during 2012 related to opening single locations and to support rebranding efforts amounted to \$1,124,571.

During 2011, in connection with a new acquisition and under a new addendum to its existing supply agreement, the Company received a one-time prepaid rebate from its trading partners of \$5,573,075. Beginning on September 30, 2011 additional regularly scheduled rebates became collectible in quarterly instalments of \$120,000 U.S. for a period of six years ending on May 31, 2017.

BOYD GROUP INCOME FUND
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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. During 2012, \$247,368 was repaid as an over-funded amount related to rebates previously received (2011 - \$144,460). 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 are collectible as follows:

2013	\$1,613,334	2016	\$1,363,334
2014	\$1,613,334	2017	\$873,332
2015	\$1,613,334	2018	\$350,000

During 2012, \$412,646 was received to support rebranding efforts. These and any other amounts received or receivable to reimburse specific costs are applied against the identified cost in the period the cost is incurred.

19. LEASE COMMITMENTS

The Fund has various operating lease commitments, primarily in respect of leased premises. The aggregate amount of future minimum lease payments associated with these leases is \$120,046,087 \$ (2011 - \$97,161,808). The minimum amounts payable over the next five years are as follows:

< 1 year	\$ 24,556,418
>1 year <= 5 years	54,944,602
> 5 years	40,545,067

20. CONTINGENCIES

The Fund has a Canadian denominated letter of credit for \$25,000 \$ (2011 -\$25,000). In addition, the Fund has two U.S. denominated letters of credit for \$ U.S. \$225,000 (2011 -\$225,000 U.S.).

21. ACCUMULATED OTHER COMPREHENSIVE LOSS

	<u>2012</u>	<u>2011</u>
Accumulated other comprehensive loss, beginning of year	\$ (192,026)	\$ (1,357,080)
Unrealized (loss) gain on translating financial statements of foreign operations	(1,072,750)	1,165,054
Accumulated other comprehensive loss, end of year	\$ (1,264,776)	\$ (192,026)

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

BOYD GROUP INCOME FUND

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22. 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 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.

23. CONTRIBUTED SURPLUS

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. The Fund purchased units for cancellation under Normal Course Issuer Bids in 2009, 2008, and 2007.

24. 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, convertible debentures, 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, issue convertible debentures, 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.

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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, convertible debt offerings, 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 Master, TRR and Autocrafters. The proceeds from the convertible debenture public offering has strengthened the Company's current ratio. The debt service coverage ratio has declined slightly due to increased tax payments in 2012. The increased debt from the Master and Autocrafters acquisitions has resulted in a higher debt to EBITDA ratio.

The adjusted distributable cash payout ratio for the year ended December 31, 2012 was 32.6% (2011 - 31.3%). A modest increase in the rate of distributions during the year, as well as the need to service new units issued at the end of 2011, was 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 \$0.563 and \$0.452 respectively, for the year ended December 31, 2012 (2011 – \$0.262 and \$0.418). The current annualized distribution level of \$0.468 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.

25. 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.

26. RELATED PARTY TRANSACTIONS

To broaden and deepen management ownership in the Fund, the Company established the Senior Managers Unit Loan Program ("Unit Loan Program") in December 2012, which facilitated the one-time purchase of 121,607 of trust units held by Brock Bulbuck, President and Chief Executive Officer, and Tim O'Day, President and Chief Operating Officer US Operations, to existing Boyd trustees and senior managers. An additional 70,293 units were sold by Mr. Bulbuck and Mr. O'Day on the open markets. Only senior managers were eligible to receive loan support, and only up to 75% of each senior manager's purchase. The loans bear interest at a fixed rate of 3% per annum with interest payable monthly. Each year, two percent of the original loan amount will be forgiven and applied as a reduction of the loan principal for the first five years of the loan. This forgiveness is conditional of the employee being employed by the Company and the employee not being in default of the loan. Participants are required to make monthly payments equal to .25% of the original principal amount plus interest. Beginning March 31, 2013 participants are required to make additional minimum repayments of principal equal to the lesser of 12.5% of their annual pre-tax bonus or 12.5% of the original loan amount. Participants are required to repay the loan in full on the earlier of: termination of employment, sale of the units, ten years from the date of loan issuance. The loan can be repaid at any time without penalty; however, the 2% annual forgiveness would be forfeited. Units purchased are held by the Company as security for repayment of the loan. At December 31, 2012, the carrying value of loans made under the Unit Loan Program included in Note Receivable was \$1,048,834 and the amount included in accrued liabilities due to Mr. Bulbuck and Mr. O'Day related to the purchase was \$1,760,885.

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.

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The following are the facilities currently under lease with related parties:

<u>Landlord</u>	<u>Affiliated Person(s)</u>	<u>Location</u>	<u>Lease Expires</u>	<u>2012</u>	<u>2011</u>
3577997 Manitoba Inc.	Brock Bulbuck	Selkirk, MB	2017	\$ 60,330	\$ 55,692
Gerber Building No. 1 Ptnrp	Eddie Cheskis & Tim O'Day	South Elgin, IL	2013	106,264	103,125
Farelane Properties Ltd.	Terry Smith ⁽¹⁾	Winnipeg, MB	2014	n/a	105,617

⁽¹⁾ This related party association resulted from the acquisition of a property in 2011 by an individual, who at the time was the Fund's Executive Chairman.

The Fund's subsidiary, The Boyd Group Inc., has declared dividends totaling \$91,484 (2011 - \$193,504), through BGHI to 4612094 Manitoba Inc., an entity owned directly or indirectly by a senior officer of the Fund. At December 31, 2012, 4612094 Manitoba Inc. owned 207,329 Class A common shares and 30,000,000 voting common shares of BGHI, representing approximately 30% of the total voting shares of BGHI.

Prior to 2012, C.C. Collision Repair Management Limited Partnership ("C.C. Repair"), an entity owned by parties related to senior officers of the Fund, employed all of the Fund's operations managers for its Manitoba locations, as well as certain senior corporate management staff and provided the services of these personnel to the Fund under contract. Effective December 31, 2011, the C.C. Repair Management Limited agreement was terminated. In 2012, Management services fees totaling \$nil (2011 - \$1,048,727) were paid to C.C. Repair. In 2011, other than \$50,000, 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.

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 in 2011. 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.

In 2011, certain advertising and related expenses were paid to CMS Inc., a company owned by the spouse of an officer of the Company. Effective June 30, 2011, the arrangement with CMS Inc. was terminated. In 2011 these expenses amounted to \$35,686 and are accounted for at the exchange amount.

27. 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.

	<u>Revenues</u>		<u>Reportable Assets</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Canada	\$ 74,153,242	\$ 75,409,889	\$ 16,129,213	\$ 16,207,609
United States	360,270,953	281,556,072	120,731,244	73,086,107
Total	\$ 434,424,195	\$ 356,965,961	\$ 136,860,457	\$ 89,293,716

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 10% (2011 - 12%) 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-

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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 50% (2011 – 41%) of total sales, one insurance company represents approximately 17% (2011 – 14%) of the Company’s total sales, while a second insurance company represents approximately 16% (2011 – 11%).

28. COMPENSATION OF KEY MANAGEMENT

Compensation awarded to key management included:

	2012	2011
Salaries and short-term employee benefits	\$ 2,720,873	\$ 2,796,477
Post-employment benefits	72,700	216,900
Unit options	1,916,767	918,878
Settlement expense (Note 15)	-	3,278,081
	\$ 4,710,340	\$ 7,210,336

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

29. EMPLOYEE EXPENSES

	2012	2011
Salaries and short-term employee benefits	\$ 163,662,407	\$ 136,609,230
Post-employment benefits	72,700	216,900
Unit options	1,916,767	918,878
	\$ 165,651,874	\$ 137,745,008

30. 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 \$411,635 (2011 - \$408,864). 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 (5th 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 2012 \$227,581 (2011 - \$216,948) was accrued and paid related to these arrangements.

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(in Canadian dollars)

31. EARNINGS PER UNIT

	<u>2012</u>	<u>2011</u>
a) Earnings:		
Net earnings	\$ 7,061,171	\$ 2,949,917
b) Number of units:		
Average number of units outstanding	12,534,933	11,275,971
Earnings per unit (a) divided by (b)		
Basic	\$ 0.563	\$ 0.262
Diluted	\$ 0.563	\$ 0.262

Class A exchangeable shares, unit options and convertible debentures 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.

32. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

	<u>2012</u>	<u>2011</u>
Accounts receivable	\$ (5,932,185)	\$ (2,063,135)
Inventory	(713,131)	(568,072)
Prepaid expenses	(1,416,697)	(286,276)
Accounts payable and accrued liabilities	8,673,488	1,702,392
Income taxes (recoverable) / payable	(1,841,423)	269,863
	<u>\$ (1,229,948)</u>	<u>\$ (945,228)</u>

BOARD OF TRUSTEES

The Boyd Group Income Fund Board of Trustees consists of eight members – two that are officers of the Fund and six that are independent Trustees. The Chairman of the Board is Allan Davis. 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.

David Brown is currently President and CEO of Richardson Capital. Previously, he was Corporate Secretary of James Richardson & Sons, Limited, and a partner in the independent law and accounting firm of Gray & Brown. In addition to serving on the Board of Trustees of the Fund, he also serves as a Director of Plastic Moulders Limited, Trillium Health Care Products, and Richardson Financial Group. He graduated from the University of Manitoba law school, and is a Chartered Accountant and member of the Manitoba Bar Association.

Brock Bulbuck is Boyd's President and Chief Executive Officer. Since joining the Company in 1993, he has played a leading role in the development and growth of the business. He is a Chartered Accountant and is responsible for the affairs of the Fund and the Company including their strategy, operations and performance. In addition to serving on the Board of Trustees of the Fund, he is also Vice Chair of Winnipeg Football Club Board of Directors, a member of the CFL Board of Governors and a Director of the Pan Am Clinic Foundation.

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 serves as Independent Chairman of the Fund's Board of Trustees. He is also President and Director of AFD Investments Inc. a Winnipeg based management consulting firm. 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.

Gene Dunn is the Chairman of Monarch Industries Ltd. of Winnipeg, a leading Canadian manufacturing company. In addition to serving on the Board of Trustees of the Fund, 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).

Robert Gross is the Executive Chairman of Monro Muffler Brake Inc., the largest chain of company-operated automotive undercar repair and tire service facilities in the United States. He served as Chief Executive Officer of Monro from 1999 until October 2012. Prior to his time at Monro, he served as Chairman and Chief Executive Officer at Tops Appliance City, Inc. and before that as President and Chief Operating Officer at Eye Care Centers of America, Inc., a Sears, Roebuck & Co. company.

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.

CORPORATE DIRECTORY

COMPANY OFFICERS & SUBSIDIARY COMPANY OFFICERS

Brock Bulbuck
President &
Chief Executive Officer

Dan Dott
Vice President Secretary &
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

Jeff Murray
Vice President,
Finance

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

Vince Claudio *
Vice President
Washington Operations

** Officers of subsidiary companies only*

CORPORATE OFFICE

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Fax: (204) 895-1283
Website: www.boydgroup.com

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

The Fund's convertible debentures are listed on the Toronto Stock Exchange under the symbol BYD.DB

Registrar, Transfer Agents and Distribution Agents

Valiant Trust Company
310 – 606 – 4th Street S.W.
Calgary, Alberta
T2P 1T1

Legal Counsel

Thompson Dorfman Sweatman
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U.S. Senior Banker

PNC Bank, National Association
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Pittsburgh, Pennsylvania
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Auditors

Deloitte LLP
2200 – 360 Main Street
Winnipeg, Manitoba
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Canadian Senior Banker

TD Bank Financial Group
4th Floor, 201 Portage Avenue
Winnipeg, Manitoba
R3C 2T2

Annual General Meeting

Monday, May 27, 2013
Victoria Inn Hotel and Convention Centre
1808 Wellington Avenue
Winnipeg, Manitoba
R3H 0G3
5:00 p.m. (CDT)