



# **BOYD GROUP INCOME FUND**

INTERIM REPORT TO UNITHOLDERS

Third Quarter and Nine Months Ended September 30, 2014

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To Our Unitholders,

The third quarter of 2014 was a positive quarter for Boyd Group Income Fund, continuing the successful execution of our three-pronged growth strategy: to grow through the addition of single-store locations, acquiring multi-shop operations and increasing same-store sales. Additionally, in the third quarter the Fund completed a bought deal financing of \$112.8 million, thereby positioning for further growth in the future.

The Fund added five single locations in the quarter, with four added subsequent to quarter-end, for a total of 15 added in 2014. These additions are in line with our target of achieving 6% to 10% growth through single-store additions. In September, we acquired a multi-shop operation ("MSO") with seven locations in the state of Louisiana. Same-store sales in the quarter also grew to \$156.3 million, a 7.6% increase over \$145.3 million achieved in the third quarter of 2013.

As a result of this continued strong performance, the Board of Trustees has approved an increase to distributions to unitholders of 2.5% to \$0.041 from \$0.040 per month, or \$0.492 per annum.

Near the end of the quarter, the Fund also successfully completed a bought deal financing for gross proceeds of \$112.8 million. The financing consisted of 1,306,000 trust units at a price of \$42.35 per unit and \$57.5 million of convertible debentures maturing in 2021. The net proceeds were largely used to repay indebtedness under our revolving credit facility, positioning the Fund with significant funds and borrowing capacity for future growth.

Total sales for the quarter were \$218.1 million, a 45.8% increase over \$149.6 million in the same quarter a year earlier, reflecting the contribution of 91 additional locations, contributions from the glass business, including the Netcost acquisition and same-store sales growth. Earnings before interest, income taxes, depreciation and amortization, adjusted for fair value adjustments to financial instruments and acquisition, transaction and process improvement costs ("Adjusted EBITDA")<sup>1</sup> for the third quarter in 2014 totalled \$16.9 million, or 7.7% of sales, compared to \$10.6 million, or 7.1% of sales, in the same quarter a year earlier. This 58.8% increase in Adjusted EBITDA primarily reflects the growth in total sales along with the continued contributions of back-end paint discounts as well as foreign exchange gains.

In the third quarter of 2014, the Fund recorded net earnings of \$8.4 million, compared to a net loss of \$2.2 million in the same quarter last year. The Fund's net earnings include non-cash fair value adjustments that are caused primarily by changes in our unit value. Excluding the impact of fair value adjustments, acquisition, transaction and process improvement costs, and brand name amortization, net earnings would have been \$6.8 million, or 3.1% of sales compared to \$4.6 million or 3.1% of sales in the same period of 2013.

The Fund generated adjusted distributable cash<sup>1</sup> of \$12.4 million in the third quarter of 2014 and paid distributions and dividends of \$1.8 million, resulting in a payout ratio based on adjusted distributable cash of 14.8%. This compares with a payout ratio of 34.0% a year ago. The increase in adjusted distributable cash and decreased payout ratio were largely due to an increase in cash flow from operations. We believe that maintaining a conservative payout ratio, along with the financial flexibility to continue to grow our business, is important for our long-term success.

With respect to our balance sheet, the Fund held total debt, net of cash, of \$87.1 million at September 30, 2014, compared to \$109.9 million at June 30, 2014 and \$48.4 million at December 31, 2013. The decrease in the third quarter was due to higher

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<sup>1</sup> 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 sales, 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 period ended September 30, 2014, which can be accessed via the SEDAR Web site ([www.sedar.com](http://www.sedar.com)).

cash balances coming from operating cash flow and the net proceeds from our bought deal financing mentioned above, of which a portion was used to repay the revolving debt facility. Excluding convertible debentures, which the Fund has the ability to settle with units, this net debt reduces from \$87.1 million to \$5.8 million. This positions us with approximately \$175-\$200 million of “dry powder”, or available cash and credit facilities, for growth while remaining conservatively leveraged.

As we go into the fourth quarter of 2014, Boyd Group Income Fund is well-positioned to build on the success it has achieved year to date. We are confident that we will reach our goal of adding 16 to 26 single locations this year, and will continue to look for attractive MSO acquisitions. While the market for MSO acquisitions remains competitive we have been successful in adding three MSOs this year comprising 48 locations. With the successful bought deal financing in the third quarter, we have increased our financial strength and flexibility to execute acquisitions. Finally, we will continue to focus on optimizing our operational effectiveness to drive long-term growth in same-store sales.

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

Sincerely,

*(signed)*

Brock Bulbuck  
President & Chief Executive Officer

## Management's Discussion & Analysis

### OVERVIEW

Boyd Group Income Fund (the "Fund"), through its operating company, The Boyd Group Inc. and its subsidiaries ("Boyd" or the "Company"), is the largest operator of non-franchised collision repair centres in North America in terms of number of locations and one of the largest in terms of sales. The Company currently operates locations in five Canadian provinces under the trade name Boyd Autobody & Glass, as well as in 17 U.S. states under the trade names Gerber Collision & Glass, Collision Revision, Collex Collision Experts and Champ's Collision Centers. Collision Revision, Collex Collision Experts and Champ's Collision Centers will be rebranded within the next six to twelve months as part of the Company's single brand strategy. The Company is also a major retail auto glass operator in the U.S. with locations across 28 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Services, Auto Glass Authority and S&L Glass. The Company also operates two third party administrators that offer first notice of loss, glass and related services. Gerber National Glass Services is an auto glass repair and replacement referral business with approximately 3,000 affiliated service providers throughout the U.S. under the "Gerber National Glass Services" name and "Netcost Claims Services" which, in addition to its referral business, also owns and operates its own call center and offers roadside assistance services. The following is a geographic breakdown of the collision repair locations by trade name.

	<b>38</b> centers		<b>230</b> centers		<b>17</b> centers
Manitoba	14	Florida	40	Maryland	10
Alberta	12	Illinois	33	Indiana	10
British Columbia	9	Michigan	25	Ohio	9
Saskatchewan	2	North Carolina	25	Pennsylvania	5
Ontario	1	Arizona	17	Nevada	4
		Georgia	17	Oklahoma	3
		Washington	17	Kansas	1
		Colorado	13	Idaho	1
					<b>25</b> centers
				Illinois	22
				Indiana	2
				Florida	1
					<b>7</b> centers
				Louisiana	7

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 following review of the Fund's operating and financial results for the three and nine months ended September 30, 2014, including material transactions and events up to and including November 11, 2014, should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2014, as well as the audited annual consolidated financial statements, management discussion and analysis ("MD&A") and annual information form of Boyd Group Income Fund for the year ended December 31, 2013 as filed on SEDAR at [www.sedar.com](http://www.sedar.com). The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN.

## **SIGNIFICANT EVENTS**

On January 31, 2014, the Company announced that it entered into a letter of intent with its existing paint supplier for a new or amended agreement. Under the new agreement, the Company continued to benefit from a back-end purchase discount structure that was put in place as part of the amendment and restructuring of its paint supply agreement in October 2013.

On January 31, 2014, the Company completed the acquisition of Kustom Koachworks, Inc., a two-location collision repair business in Phoenix, Arizona.

On February 5, 2014, as part of a new start-up, the Company commenced operations in a new collision repair facility in Ellicott City, Maryland.

On March 24, 2014, the Board of Trustees of the Fund adopted a Majority Voting Policy in respect to the election of trustees of the Fund and directors of subsidiaries at the Annual General Meeting of Unitholders. If a candidate receives more votes withheld than are voted in his or her favour, the candidate shall submit his/her resignation to the Board, to be effective on the date if and when accepted by the Board.

On March 31, 2014, the Fund finalized and executed a new definitive agreement with its existing paint supplier. Under the new agreement, Boyd continues to benefit from the back-end purchase discount structure that was originally put in place as part of the amendment and restructuring of its paint supply agreement in October 2013.

On April 2, 2014, as part of a new start-up, the Company commenced operations in a new collision repair facility in Fayetteville, North Carolina.

On April 7, 2014, the Company ceased operations in one of its collision repair facilities in Glenview, Illinois.

On April 14, 2014, the Company signed a definitive agreement and concurrently completed the acquisition of Dora Holdings, Inc. and Collision Revision 13081 Inc., which collectively owns and operates 25 collision repair centers in Illinois, Indiana and Florida under the trade name "Collision Revision". Collision Revision generated sales of approximately \$50 million U.S. for the trailing twelve months ended December 31, 2013.

On April 30, 2014, the Company ceased operations in its collision repair facilities in Rockdale and Spring Grove, Illinois.

On May 1, 2014, the Company completed the acquisition of Performance Restorations, Inc., a single-location collision repair business in Mundelein, Illinois.

On May 30, 2014, the Company signed a definitive agreement and concurrently completed the acquisition of Netcost 866netglass LLC, operating as Netcost Claims Services ("Netcost"). Netcost is a third party administrator that offers first notice of loss, glass and related services. Netcost generated sales of approximately \$25 million U.S. in 2013.

On June 6, 2014, the Company signed a definitive agreement and concurrently completed, effective June 2, 2014, the acquisition of Collex Collision Experts Inc. and Collex Collision Experts of Florida Inc. ("Collex"), which own and operate 16 collision repair centres in Michigan and Florida. Collex generated sales of approximately \$46 million U.S. for the trailing twelve months ended January 2014.

On June 30, 2014, the Company acquired the assets of Crawford Auto Construction, Inc., doing business as Crawford Auto Construction, a single location collision repair business on Kedzie Avenue in Chicago, Illinois.

On June 30, 2014, the Company ceased operations in a facility in British Columbia and a facility in Cicero, Illinois.

On August 12, 2014, the Company acquired the collision repair assets of LaFontaine Subaru, Inc., in Commerce Township, Michigan.

On August 18, 2014, as part of a new start-up, the Company commenced operations in a new collision repair facility in Spokane, Washington.

On August 29, 2014, the Company acquired the collision repair assets of Atlanta Import Collision Center, Inc., in Atlanta, Georgia.

On September 2, 2014, as part of a new start-up, the Company commenced operations in a new collision repair facility in Roseville, Michigan.

On September 8, 2014, as part of a new start-up, the Company commenced operations in a new collision repair facility in Naples, Florida.

On September 12, 2014, the Company signed a definitive agreement and concurrently completed the acquisition of Champ's Holding Company, LLC. ("Champ's"), which owns and operates seven collision repair centres in Louisiana. Champ's generated sales of approximately \$37 million U.S. for the trailing twelve months ended June 2014.

On September 29, 2014, the Fund completed a bought deal public offering where it sold to an underwriting syndicate 1,181,000 trust units issued out of treasury at \$42.35 per unit and \$50,000,000 aggregate principal amount of convertible unsecured subordinated debentures due October 31, 2021 (the "2014 Debentures", and together with the units, the "Securities") with a conversion price of \$61.40. The Debentures bear interest at an annual rate of 5.25% payable semi-annually in arrears on April 30 and October 31 of each year, commencing April 30, 2015. 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. Concurrent with the closing, the Underwriters exercised an over-allotment option and purchased an additional 125,000 trust units at the offering price and an additional \$7,500,000 aggregate principal amount of debentures, which increased the gross proceeds under the offering to \$112,809,100.

On October 15, 2014, the Company acquired the collision repair assets of Advanced Auto Body, Inc., in Brunswick, Georgia.

On October 31, 2014, the Company acquired the collision repair assets of Lake City Auto Body, in Coeur d'Alene, Idaho.

On October 31, 2014, the Company acquired certain collision repair assets of San Jose Ventures, LLC, in Jacksonville, Florida.

On November 7, 2014, the Company acquired the collision repair assets of Malo's Auto Body, in Seattle, Washington.

## **OUTLOOK**

Boyd continues to execute on its growth strategy of new single locations. Single location growth opportunities continue to be available and a great avenue for accretive growth with attractive pricing and development costs within Boyd's targeted range. The Company has announced 15 new locations in 2014 with a number of others in progress. Boyd will maintain its target to grow with single location growth by 6% to 10% annually for the foreseeable future. For 2014, this translates into 16 to 26 new locations. As well, the Company remains both positive and patient for additional opportunities to grow by acquiring multi-shop operations ("MSO's"). While the Company remains opportunistic in its strategy to acquire MSO's, there has been more competition for these types of acquisitions. The Company maintains its position of being disciplined and selective in its identification and assessment of all acquisition opportunities.

Boyd furthered its MSO growth strategy in 2014 with the acquisition of Collision Revision in April, Collex in June, and Champ's in September.

In the fourth quarter of 2013 the Company amended its agreement with its paint supplier changing its paint supply arrangement away from a pre-purchase rebate system to a post-purchase discount system. The amendment was effective October 1, 2013 and provided the Company with the immediate benefit of higher value post-purchase discounts which have since reduced the cost of paint materials and supplies and increased gross margins and EBITDA margins. An agreement was signed with its paint supplier on March 31, 2014 that secures the continuation of these arrangements and their related benefits.

As performance based DRP programs with insurance companies continue to develop and evolve it is becoming increasingly important that top performing collision repairers, including Boyd, continue to drive towards higher levels of operating performance as measured primarily by customer satisfaction ratings, repair cycle times and average cost of repair. To this end, Boyd has undertaken incremental investments to enhance its processes and operational performance. Additional investments in 2014 are expected to total approximately \$3 million including costs incurred to date.

In response to the recent trend of aluminum based components becoming more prevalent in new vehicles, the Company is in the process of investing in specialized aluminum repair equipment. This equipment will allow the Company to support this anticipated market need. The Company believes that expenditures in this area over the next three to nine months may require \$2.5 to \$3.0 million of investment in excess of historical levels, some of which may be financed through finance leases. Additional investments in the future may also be required as the prevalence of aluminum components in the North American fleet increases.

Management remains confident in its business model and its ability to increase market share by expanding its presence in both the U.S. and Canada through strategic acquisitions alongside organic growth from Boyd's existing operations. Accretive growth remains the Company's focus whether it is through organic growth or acquisitions. The North American collision repair industry remains highly fragmented and offers attractive opportunities for industry leaders to build value through focused consolidation and economies of scale. As a growth company offering yield, Boyd's objective continues to be to maintain a conservative distribution policy that will provide the financial flexibility necessary to support growth initiatives while gradually increasing distributions over time. The Company remains confident in its management team, systems and experience. This, along with a strong statement of financial position and financing options, will continue to position Boyd well for success into the future.

## **BUSINESS ENVIRONMENT & STRATEGY**

As at November 11, 2014, the business environment of the Company and strategies adopted by management remain unchanged from those described in the Fund's 2013 annual MD&A.

## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

Statements made in this interim 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:

<b>Forward-looking Information</b>	<b>Key Assumptions</b>	<b>Most Relevant Risk Factors</b>
The stated objective of adding new locations to grow the business 6% to 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>
Boyd remains confident in its business model to increase market share by expanding its presence in both the U.S. and Canada through strategic and accretive acquisitions alongside organic growth from Boyd’s existing operations	<p>Continued stability 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>Anticipated operating results would be accretive to overall Company results</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 weather conditions</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 &amp; 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>

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 MD&A 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<sup>1</sup>

### 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 CPA’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 adjustment to exchangeable shares, the fair value adjustment to unit options, the fair value adjustment to convertible debenture conversion feature and the fair value adjustment to the non-controlling interest put option. These items are adjustments that did not have any cash impact on the Fund. Also included as an adjustment to EBITDA are acquisition, transaction and process improvement 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.

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
<i>(thousands of Canadian dollars)</i>	2014	2013	2014	2013
Net earnings (loss)	\$ 8,361	\$ (2,157)	\$ (4,505)	\$ (4,694)
Add:				
Finance costs (net of Finance income)	2,397	1,469	5,481	4,273
Income tax expense	2,676	1,146	8,742	2,685
Depreciation of property, plant and equipment	3,509	2,587	9,673	6,585
Amortization of intangible assets	1,906	939	4,487	2,842
<b>Standardized EBITDA</b>	<b>\$ 18,849</b>	<b>\$ 3,984</b>	<b>\$ 23,878</b>	<b>\$ 11,691</b>
Add (deduct):				
Fair value adjustments	(3,700)	6,407	21,238	15,207
Gain on sale of software	-	(336)	-	(336)
Acquisition, transaction and process improvement costs	1,719	567	4,859	1,405
<b>Adjusted EBITDA</b>	<b>\$ 16,868</b>	<b>\$ 10,622</b>	<b>\$ 49,975</b>	<b>\$ 27,967</b>

Included in acquisition, transaction and process improvement costs are process improvement costs for the three months ended September 30, 2014 of \$979 (2013 - \$nil) and for the nine months ended September 30, 2014 of \$2,520 (2013 - \$nil).

<sup>1</sup> 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.

## 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 (loss) to adjusted net earnings:

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net (loss) earnings	\$ 8,361	\$ (2,157)	\$ (4,505)	\$ (4,694)
Add:				
Fair value adjustments	(3,700)	6,407	21,238	15,207
Gain on sale of software	-	(336)	-	(336)
Acquisition, transaction and process improvement costs	1,719	567	4,859	1,405
Amortization of acquired brand names	453	109	963	453
Adjusted net earnings	\$ 6,833	\$ 4,590	\$ 22,555	\$ 12,035
Weighted average number of units	15,076,367	12,566,747	14,985,249	12,549,008
Adjusted net earnings per unit	\$ 0.453	\$ 0.365	\$ 1.505	\$ 0.959

Included in acquisition, transaction and process improvement costs are process improvement costs for the three months ended September 30, 2014 of \$979 (2013 - \$nil) and for the nine months ended September 30, 2014 of \$2,520 (2013 - \$nil).

## DISTRIBUTABLE CASH

During the first nine months of 2014, the Fund declared and paid distributions to unitholders and dividends to Boyd Group Holdings Inc.'s Class A shareholders as follows:

<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>		Dividend	Distribution	Dividend
Record date	Payment date	per Unit / Share	amount	amount
January 31, 2014	February 26, 2014	\$ 0.0400	\$ 597	\$ 15
February 28, 2014	March 27, 2014	0.0400	597	15
March 31, 2014	April 28, 2014	0.0400	598	15
April 30, 2014	May 28, 2014	0.0400	597	15
May 31, 2014	June 26, 2014	0.0400	598	15
June 30, 2014	July 29, 2014	0.0400	598	15
July 31, 2014	August 27, 2014	0.0400	602	10
August 31, 2014	September 26, 2014	0.0400	602	11
September 30, 2014	October 29, 2014	0.0400	654	11
		\$ 0.3600	\$ 5,443	\$ 122

## 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 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 is in the process of investing in specialized aluminum repair equipment. This equipment will allow the Company to support an anticipated market need as more vehicle components are produced using aluminum. The Company believes that expenditures in this area over the next three to nine months may require \$2.5 to \$3.0 million of investment in excess of historical levels, some of which may be financed through finance leases. Additional investments in the future will likely be required as the prevalence of aluminum components in the North American fleet increases.

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 and acquisition, transaction and process improvement costs. Management is not currently aware of any environmental remediation requirements. Acquisition, transaction and process improvement 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 2014 and 2013.

<b>Standardized and Adjusted Distributable Cash <sup>(1)</sup></b>				
<i>(thousands of Canadian dollars, except per unit and per share amounts)</i>	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Cash flow from operating activities before changes in non-cash working capital items	\$ 12,134	\$ 5,878	\$ 33,861	\$ 16,888
Changes in non-cash working capital items	621	(1,334)	7,952	(3,705)
Cash flows from operating activities	12,755	4,544	41,813	13,183
Less adjustment for:				
Sustaining expenditures on plant, software and equipment <sup>(2)</sup>	(1,094)	(323)	(4,006)	(1,935)
<b>Standardized distributable cash</b>	<b>\$ 11,661</b>	<b>\$ 4,221</b>	<b>\$ 37,807</b>	<b>\$ 11,248</b>
Standardized distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.760	\$ 0.326	\$ 2.467	\$ 0.870
Per diluted unit and Class A common share <sup>(6)</sup>	\$ 0.636	\$ 0.326	\$ 2.467	\$ 0.870
Standardized distributable cash from above	\$ 11,661	\$ 4,221	\$ 37,807	\$ 11,248
Add (deduct) adjustments for:				
Collection of rebates <sup>(3)</sup>	-	419	-	1,238
Acquisition, transaction and process improvement costs <sup>(4)</sup>	1,719	567	4,859	1,405
Proceeds on sale of equipment and software	96	374	171	635
Gain on disposal of software	-	(336)	-	(336)
Principal repayments of finance leases <sup>(5)</sup>	(1,059)	(796)	(3,041)	(2,176)
<b>Adjusted distributable cash</b>	<b>\$ 12,417</b>	<b>\$ 4,449</b>	<b>\$ 39,796</b>	<b>\$ 12,014</b>
Adjusted distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.809	\$ 0.343	\$ 2.597	\$ 0.929
Per diluted unit and Class A common share <sup>(6)</sup>	\$ 0.677	\$ 0.343	\$ 2.597	\$ 0.929
Distributions and dividends paid				
Unitholders	\$ 1,801	\$ 1,468	\$ 5,386	\$ 4,402
Class A common shareholders	36	45	126	136
Total distributions and dividends paid	\$ 1,837	\$ 1,513	\$ 5,512	\$ 4,538
Distributions and dividends paid				
Per unit	\$ 0.120	\$ 0.117	\$ 0.360	\$ 0.351
Per Class A common share	\$ 0.120	\$ 0.117	\$ 0.360	\$ 0.351
Payout ratio based on standardized distributable cash	15.8%	35.9%	14.6%	40.3%
Payout ratio based on adjusted distributable cash	14.8%	34.0%	13.9%	37.8%

(1) As defined in the non-GAAP financial measures section of the MD&A.

(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 2014 the Company acquired a further \$2,099 (2013 - \$2,989) in capital assets which were financed through finance leases and did not affect cash flows in the current period.

- (3) The Company received prepaid rebates, under its previous trading partner arrangements, in quarterly installments until cancelled at September 30, 2013 as part of its renegotiation with its paint supplier.
- (4) The Company has added back to distributable cash the costs related to acquisitions, completing transactions and process improvement initiatives.
- (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 distributable cash.
- (6) Per diluted unit and Class A common share amounts have been calculated in accordance with definitions of dilution and antidilution contained in IAS 33, *Earnings per Share*. Diluted distributable cash amounts will differ from average distributable cash amounts on a per unit basis if earnings per unit calculations show a dilutive impact.

## RESULTS OF OPERATIONS

Results of Operations	For the three months ended			For the nine months ended		
	September 30,			September 30,		
<i>(thousands of Canadian dollars, except per unit amounts)</i>	2014	% change	2013	2014	% change	2013
Sales - Total	<b>218,087</b>	45.8	149,615	<b>604,544</b>	44.9	417,132
Same-store sales - Total (excluding foreign exchange)	<b>156,315</b>	7.6	145,318	<b>397,434</b>	7.2	370,741
Sales - Canada	<b>19,837</b>	(1.1)	20,063	<b>60,359</b>	2.2	59,059
Same-store sales - Canada	<b>19,837</b>	(0.1)	19,848	<b>56,808</b>	0.1	56,762
Sales - U.S.	<b>198,250</b>	53.0	129,552	<b>544,185</b>	52.0	358,073
Same-store sales - U.S. (excluding foreign exchange)	<b>136,478</b>	8.8	125,470	<b>340,626</b>	8.5	313,979
Gross margin %	<b>45.6</b>	(1.9)	46.5	<b>46.3</b>	1.3	45.7
Operating expense %	<b>37.8</b>	(4.1)	39.4	<b>38.1</b>	(2.3)	39.0
Adjusted EBITDA <sup>(1)</sup>	<b>16,868</b>	58.8	10,622	<b>49,975</b>	78.7	27,967
Acquisition, transaction and process improvement costs	<b>1,719</b>	203.2	567	<b>4,859</b>	245.8	1,405
Depreciation and amortization	<b>5,415</b>	53.6	3,526	<b>14,160</b>	50.2	9,427
Fair value adjustments	<b>(3,700)</b>	(157.7)	6,407	<b>21,238</b>	39.7	15,207
Finance costs	<b>2,397</b>	63.2	1,469	<b>5,481</b>	28.3	4,273
Income tax expense	<b>2,676</b>	133.5	1,146	<b>8,742</b>	225.6	2,685
Adjusted net earnings <sup>(1)</sup>	<b>6,833</b>	48.9	4,590	<b>22,555</b>	87.4	12,035
Adjusted net earnings per unit <sup>(1)</sup>	<b>0.453</b>	24.1	0.365	<b>1.505</b>	56.9	0.959
Net earnings (loss)	<b>8,361</b>	(487.6)	(2,157)	<b>(4,505)</b>	(4.0)	(4,694)
Basic earnings (loss) per unit	<b>0.555</b>	(422.7)	(0.172)	<b>(0.301)</b>	(19.5)	(0.374)
Diluted earnings (loss) per unit	<b>0.220</b>	(227.9)	(0.172)	<b>(0.301)</b>	(19.5)	(0.374)
Standardized distributable cash <sup>(1)</sup>	<b>11,661</b>	176.3	4,221	<b>37,807</b>	236.1	11,248
Adjusted distributable cash <sup>(1)</sup>	<b>12,417</b>	179.1	4,449	<b>39,796</b>	231.2	12,014
Distributions and dividends paid	<b>1,837</b>	21.4	1,513	<b>5,512</b>	21.5	4,538

<sup>(1)</sup> As defined in the non-GAAP financial measures section of the MD&A.

### 3<sup>rd</sup> Quarter Comparison – Three months ended September 30, 2014 vs. 2013

#### Sales

Sales totalled \$218.1 million for the three months ended September 30, 2014, an increase of \$68.5 million or 45.8% compared to the same period last year. The increase in sales was the result of the following:

- \$52.3 million of incremental sales were generated from 18 new single locations as well as 25 Hansen Collision (“Hansen”) locations, 25 Collision Revision locations, 16 Collex locations, seven Champ’s locations and the incremental sales of Netcost.
- Same-store sales excluding foreign exchange increased \$11.0 million or 7.6%, and increased a further \$6.6 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$1.4 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 <i>(thousands of Canadian dollars)</i>	For the three months ended September 30,	
	2014	2013
Canada	\$ 19,837	\$ 20,063
United States	198,250	129,552
	\$ 218,087	\$ 149,615
Canada	9.1%	13.4%
United States	90.9%	86.6%

Sales in Canada for the three months ended September 30, 2014 totalled \$19.8 million, which was \$0.2 million below sales for the same period last year. Same-store sales were flat for the period. The closure of one under-performing glass facility decreased sales by \$0.2 million.

Sales in the U.S. for the three months ended September 30, 2014 totalled \$198.2 million, an increase from 2013 of \$68.7 million or 53.0% when compared to \$129.6 million for same period last year. Increased sales in the U.S. resulted from the following:

- \$7.4 million of incremental sales were generated from 18 new locations acquired or started since July 1, 2013.
- \$7.8 million of incremental sales were generated by 25 Hansen locations.
- \$15.9 million of incremental sales were generated by 25 Collision Revision locations.
- \$12.1 million of incremental sales were generated by 16 Collex locations.
- \$1.8 million of incremental sales were generated by seven Champ’s locations in under one month of operations.
- \$7.3 million of incremental sales were generated by Netcost.
- Same-store sales increased \$11.0 million or 8.8% excluding foreign exchange, and increased \$6.6 million due to the translation of same-store sales at higher U.S. dollar exchange rates.
- Closures of underperforming repair facilities resulted in sales decreases of \$1.2 million.

#### Gross Profit

Gross Profit was \$99.4 million or 45.6% of sales for the three months ended September 30, 2014 compared to \$69.6 million or 46.5% of sales for the same period in 2013. Gross profit dollars increased as a result of higher sales compared to the prior period. The gross margin percentage decreased when compared with the prior period due to the impact of a higher mix of lower margin glass network sales in relation to collision and retail glass sales. This had an estimated 1.1 percentage point reduction in the gross margin percentage. Higher back-end paint rebates were offset by lower margins in new and acquired businesses, lower retail glass margins in the quarter, the impact of wage increases and price increases for paint in 2014 and the impact of lower margin hail during the third quarter.

## Operating Expenses

*Operating Expenses* for the three months ended September 30, 2014 increased \$23.5 million to \$82.5 million from \$59.0 million for the same period of 2013, primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation of approximately \$3.4 million, expenses increased \$17.6 million from 2013 as a result of new locations and the expanded glass business as well as a further \$3.1 million increase at same-store locations due primarily to same-store sales growth. Closed locations lowered operating expenses by a combined \$0.6 million.

Operating expenses as a percentage of sales was 37.8% for the three months ended September 30, 2014 compared to 39.4% for the same period in 2013. The decrease in operating expenses as a percentage of sales was primarily due to a higher mix of low expenses in glass network sales in relation to collision and retail glass sales which had an estimated 0.9 percentage point reduction in operating expenses as a percentage of sales. Other reductions as a percentage of sales were due to the impact of higher sales levels leveraging the fixed component of operating expenses.

## Acquisition, Transaction and Process Improvement Costs

*Acquisition, Transaction and Process Improvement Costs* for the three months ended September 30, 2014 were \$1.7 million compared to \$0.6 million recorded for the same period of 2013. The costs in the third quarter of 2014 included approximately \$1.0 million of process improvement costs related to an investment in consulting fees to enhance operating performance. The balance of the costs relate to the acquisition of Collision Revision, Collex, Champ's, Netcost and other completed or potential acquisitions. The costs in 2013 primarily relate to the acquisition of Hansen with the balance related to the acquisition of other completed or potential acquisitions.

## Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability, unit option liability, convertible debenture conversion features and non-controlling interest put option, as well as acquisition, transaction and process improvement costs ("Adjusted EBITDA")*<sup>1</sup> for the three months ended September 30, 2014 totalled \$16.9 million or 7.7% of sales compared to Adjusted EBITDA of \$10.6 million or 7.1% of sales in the same period of the prior year. The increase of \$6.3 million was the result of improvements in same-store sales which contributed \$3.8 million, combined with \$1.8 million of incremental EBITDA contribution from the acquisition of Hansen, Collision Revision, Collex, Champ's, Netcost and other single location growth. Changes in U.S. dollar exchange rates in 2014 partially offset by the closure of underperforming stores increased Adjusted EBITDA by \$0.7 million.

## Depreciation and Amortization

*Depreciation of property, plant and equipment* totalled \$3.5 million or 1.6% of sales for the three months ended September 30, 2014, an increase of \$0.9 million when compared to the \$2.6 million or 1.7% of sales recorded in the same period of the prior year. The increase was primarily due to acquisitions of Hansen, Collision Revision, Collex, Champ's and Netcost as well as new location growth.

*Amortization of intangible assets* for the three months ended September 30, 2014 totalled \$1.9 million or 0.9% of sales, an increase of \$1.0 million when compared to the \$0.9 million or 0.6% 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 Hansen, Collision Revision, Collex and Champ's.

## Fair Value Adjustments

*Fair value adjustment to the convertible debenture conversion features* resulted in non-cash recovery related to the decrease in the associated liability of \$3.5 million, compared to an expense of \$2.4 million in the same period last year. The fair value for the convertible debenture conversion features is estimated using a Black-Scholes valuation model. The decrease in

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<sup>(1)</sup> As defined in the non-GAAP financial measures section of the MD&A.

the liability and the related expense is primarily the result of a decrease in the market value of the Fund's units over conversion price during the quarter.

*Fair value adjustment to exchangeable Class A common shares* resulted in a non-cash recovery related to the decrease in the associated liability of \$0.6 million for the third quarter of 2014 compared to an expense of \$1.4 million in the same period of the prior year. The exchangeable Class A common shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as a financial liability of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A common shares are measured at the market price of the units of the Fund as of the statement of financial position date. The decrease in the liability and the related recovery during the quarter was the result of decreases in the market value of the Fund's units.

*Fair value adjustment to unit based payment obligation* was a non-cash recovery related to a decrease in the associated liability of \$0.6 million for the third quarter of 2014 compared to an expense of \$1.9 million in the same period of the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the market value of the Fund's units. 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 decrease in the liability and the related recovery is primarily the result of a decrease in the market value of the Fund's units.

*Fair value adjustment to non-controlling interest put options* resulted in a non-cash expense of \$1.0 million for the third quarter of 2014 compared to \$0.7 million in the same period of the prior year. The expense relates to agreements the Fund entered into on May 31, 2013, in connection with the acquisition of Glass America, which provide the non-controlling interest partners with the right to require the Company to purchase their retained interest according to valuation formulas defined in the agreements. The value of the put options is determined by discounting the estimated future payment obligations at each statement of financial position date.

## **Finance Costs**

*Finance Costs* of \$2.4 million or 1.1% of sales for 2014, compared to \$1.5 million or 1.0% of sales for the prior year. The finance cost is primarily the result of interest on seller notes, convertible debentures and draws on the revolving credit facility.

## **Income Tax Expense**

*Current and deferred income tax expense* of \$2.7 million in 2014 compares to an expense of \$1.1 million in 2013. Income tax expense is impacted by permanent differences such as mark to market adjustments which impacts the tax computed on accounting income.

## **Net Earnings (Loss) and Earnings (Loss) Per Unit**

*Net earnings* for the three months ended September 30, 2014 was \$8.4 million compared to a net loss of \$2.2 million last year. The earnings in 2014 was impacted by the benefit of fair value adjustments to financial instruments of \$3.7 million offset by acquisition, transaction and process improvement costs of \$1.7 million. Excluding the impact of these adjustments as well as the amortization of brand names, net earnings would have been \$6.8 million or 3.1% of sales. This compares to adjusted earnings of \$4.6 million or 3.1% of sales for the same period in 2013 if the same items were adjusted. The increase in the adjusted net earnings 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 Earnings Per Unit* was \$0.555 for the three months ended September 30, 2014, an increase when compared to a loss per unit of \$0.172 in the same period in 2013. *Diluted Earnings Per Unit* was \$0.220 for the third quarter of 2014 compared to a diluted loss of \$0.172 per unit for the same period in the prior year. Excluding the impact of the fair value adjustments, acquisition, transaction and process improvement costs and brand name amortization, adjusted net earnings per unit would have been \$0.453 for the three months ended September 30, 2014 compared to \$0.365 for the same period in the prior year.

## Year-to-date Comparison – Nine months ended September 30, 2014 vs. 2013

### Sales

Sales totalled \$604.5 million for the nine months ended September 30, 2014, an increase of \$187.4 million or 44.9% compared to the same period last year. The increase in sales was the result of the following:

- \$106.8 million of incremental sales were generated from 28 new single locations as well as 25 Hansen Collision locations, 25 Collision Revision locations, 16 Collex locations, seven Champ's locations and the incremental sales of Netcost.
- The glass business, which generates its strongest sales during the spring and summer months, contributed incremental sales of \$33.6 million over the \$33.0 million contributed in the same period last year, primarily due to the acquisition of Glass America.
- Same-store sales excluding foreign exchange increased \$26.7 million or 7.2%, and increased a further \$23.6 million due to the translation of same-store sales at a higher U.S. dollar exchange rate.
- Sales were affected by the closure of under-performing facilities which decreased sales by \$3.3 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 (thousands of Canadian dollars)	For the nine months ended September 30,	
	2014	2013
Canada	\$ 60,359	\$ 59,059
United States	544,185	358,073
	\$ 604,544	\$ 417,132
Canada	10.0%	14.2%
United States	90.0%	85.8%

Sales in Canada for the nine months ended September 30, 2014 totalled \$60.4 million, which was \$1.3 million above sales for the same period last year. Increased sales resulted from \$2.2 million of sales from one new location. Same-store sales were flat for the period. The closure of one under-performing glass facility decreased sales by \$0.9 million.

Sales in the U.S. for the nine months ended September 30, 2014 totalled \$544.2 million, an increase from 2013 of \$186.1 million or 52.0% when compared to \$358.1 million for same period last year. Increased sales in the U.S. resulted from the following:

- \$25.0 million of incremental sales were generated from 27 new locations acquired or started since January 1, 2013.
- \$31.9 million of incremental sales were generated by 25 Hansen locations.
- \$29.6 million of incremental sales were generated by 25 Collision Revision locations in the five and a half months of operation.
- \$16.3 million of incremental sales were generated by 16 Collex locations in four months of operations.
- \$1.8 million of incremental sales were generated by seven Champ's locations in under a month of operations.
- The glass business, which generates its strongest sales during the spring and summer months, contributed incremental sales of \$33.6 million. The increase is primarily due to the acquisition of Glass America with some also coming from the acquisition of Netcost.
- Same-store sales increased \$26.7 million or 8.5% excluding foreign exchange, and increased \$23.6 million due to the translation of same-store sales at higher U.S. dollar exchange rates.
- Closures of underperforming repair facilities resulted in sales decreases of \$2.4 million.

### Gross Profit

Gross Profit was \$280.1 million or 46.3% of sales for the nine months ended September 30, 2014 compared to \$190.6 million or 45.7% of sales for the same period in 2013. Gross profit dollars increased as a result of higher sales compared to

the prior period. The gross margin percentage increased when compared with the prior period due to higher back-end paint discounts and higher margins in the retail glass business offset by the impact of a higher mix of lower margin glass network sales in relation to collision and retail glass sales.

## **Operating Expenses**

*Operating Expenses* for the nine months ended September 30, 2014 increased \$67.5 million to \$230.1 million from \$162.6 million for the same period of 2013, primarily due to the acquisition of new locations. Excluding the impact of foreign currency translation of approximately \$12.9 million, expenses increased \$47.4 million from 2013 as a result of new locations and the expanded glass business as well as a further \$8.4 million increase at same-store locations due primarily to same-store sales growth. Closed locations lowered operating expenses by a combined \$1.2 million.

Operating expenses as a percentage of sales was 38.1% for the nine months ended September 30, 2014 compared to 39.0% for the same period in 2013. The decrease in operating expenses as a percentage of sales was primarily due to the impact of higher sales levels leveraging the fixed component of operating expenses offset by higher operating expenses and the impact of a higher mix of the glass network business which has lower operating expenses as a percentage of sales.

## **Acquisition, Transaction and Process Improvement Costs**

*Acquisition, Transaction and Process Improvement Costs* for the nine months ended September 30, 2014 were \$4.9 million compared to \$1.4 million recorded for the same period of 2013. The costs in the first nine months of 2014 included approximately \$2.5 million of process improvement costs related to an investment in consulting fees to enhance operating performance. The balance of the costs relate to the acquisition of Collision Revision, Collex, Champ's, Netcost and other completed or potential acquisitions. The costs in 2013 primarily relate to the acquisitions of Glass America and Hansen with the balance related to the acquisition of other completed or potential acquisitions.

## **Adjusted EBITDA**

*Earnings before interest, income taxes, depreciation and amortization, adjusted for the fair value adjustments related to the exchangeable share liability, unit option liability, convertible debenture conversion features and non-controlling interest put option, as well as acquisition, transaction and process improvement costs ("Adjusted EBITDA")<sup>(1)</sup>* for the nine months ended September 30, 2014 totalled \$50.0 million or 8.3% of sales compared to Adjusted EBITDA of \$28.0 million or 6.7% of sales in the same period of the prior year. The increase of \$22.0 million was the result of improvements in same-store sales which contributed \$9.2 million, combined with \$10.3 million of incremental EBITDA contribution from the acquisition of Glass America, Hansen, Collision Revision, Collex, Champ's, Netcost and other single location growth. Changes in U.S. dollar exchange rates in 2014 partially offset by the closure of underperforming stores increased Adjusted EBITDA by \$2.5 million.

## **Depreciation and Amortization**

*Depreciation of property, plant and equipment* totalled \$9.7 million or 1.6% of sales for the nine months ended September 30, 2014, an increase of \$3.1 million when compared to the \$6.6 million or 1.6% of sales recorded in the same period of the prior year. The increase was primarily due to acquisitions of Glass America, Hansen and Collision Revision, Collex, Champ's and Netcost as well as new location growth.

*Amortization of intangible assets* for the nine months ended September 30, 2014 totalled \$4.5 million or 0.7% of sales, an increase of \$1.7 million when compared to the \$2.8 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 Glass America, Hansen, Collision Revision, Collex and Champ's.

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<sup>(1)</sup> As defined in the non-GAAP financial measures section of the MD&A.

## **Fair Value Adjustments**

*Fair value adjustment to the convertible debenture conversion features* resulted in non-cash expense related to the associated liability of \$9.6 million, compared to \$5.9 million in the same period last year. The fair value for the convertible debenture conversion features is estimated using a Black-Scholes valuation model. The increase in the liability and the related expense is primarily the result of an increase during the year in the market value of the Fund's units over conversion price.

*Fair value adjustment to exchangeable Class A common shares* resulted in a non-cash expense related to the increase in the associated liability of \$2.8 million for the first nine months of 2014 compared to \$4.0 million in the same period of the prior year. The exchangeable Class A common shares of BGHI are exchangeable into units of the Fund. This exchangeable feature results in the shares being presented as a financial liability of the Fund. The liability represents the value of the Fund attributable to these shareholders. Exchangeable Class A common 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 periods is the result of increases during the year in the market value of the Fund's units.

*Fair value adjustment to unit based payment obligation* was a non-cash expense related to an increase in the associated liability of \$5.0 million for the first nine months of 2014 compared to \$4.6 million in the same period of the prior year. Similar to the exchangeable share liability, the unit option liability is impacted by changes in the market value of the Fund's units. 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 during the year in the market value of the Fund's units.

*Fair value adjustment to non-controlling interest put options* resulted in a non-cash expense of \$3.7 million for the first nine months of 2014 compared to \$0.7 million in the same period of the prior year. The expense relates to agreements the Fund entered into on May 31, 2013, in connection with the acquisition of Glass America, which provide the non-controlling interest partners with the right to require the Company to purchase their retained interest according to valuation formulas defined in the agreements. The value of the put options is determined by discounting the estimated future payment obligations at each statement of financial position date.

## **Finance Costs**

*Finance Costs* of \$5.5 million or 0.9% of sales for 2014, compared to \$4.3 million or 1.0% of sales for the prior year. The finance cost is primarily the result of interest on seller notes, convertible debentures and draws on the revolving credit facility.

## **Income Tax Expense**

*Current and deferred income tax expense* of \$8.7 million in 2014 compares to an expense of \$2.7 million in 2013. Income tax expense is impacted by permanent differences such as mark to market adjustments which impacts the tax computed on accounting income.

## **Net Loss and Loss Per Unit**

*Net loss* for the nine months ended September 30, 2014 was a loss of \$4.5 million compared to a loss of \$4.7 million last year. The loss in 2014 was significantly impacted by fair value adjustments to financial instruments of \$21.2 million as well as acquisition, transaction and process improvement costs of \$4.9 million. Excluding the impact of these adjustments as well as the amortization of brand names, net earnings would have increased to \$22.6 million or 3.7% of sales. This compares to adjusted earnings of \$12.0 million or 2.9% of sales for the same period in 2013 if the same items were adjusted. The increase in the adjusted net earnings 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 Loss Per Unit* was a loss of \$0.301 per unit for the nine months ended September 30, 2014 compared to a loss of \$0.374 per unit in the same period in 2013. The basic and diluted earnings per unit amounts are impacted by the fair value adjustments. Excluding the impact of the fair value adjustments, acquisition, transaction and process improvement costs and brand name amortization, basic and diluted earnings per unit would have increased to \$1.505 for the nine months ended September 30, 2014 compared to \$0.959 for the same period in the prior year.

<b>Summary of Quarterly Results</b> <i>(in thousands of Canadian dollars, except per unit amounts)</i>	<b>2014 Q3</b>	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Sales	\$ <b>218,087</b>	\$ 202,815	\$ 183,642	\$ 161,127	\$ 149,615	\$ 136,878	\$ 130,639	\$ 115,000
Adjusted EBITDA <sup>(1)</sup>	\$ <b>16,868</b>	\$ 18,065	\$ 15,042	\$ 13,533	\$ 10,622	\$ 9,170	\$ 8,175	\$ 8,601
Net earnings (loss)	\$ <b>8,361</b>	\$ (11,191)	\$ (1,675)	\$ (6,901)	\$ (2,157)	\$ (2,567)	\$ 30	\$ 2,356
Basic earnings (loss) per share	\$ <b>0.555</b>	\$ (0.749)	\$ (0.112)	\$ (0.480)	\$ (0.172)	\$ (0.205)	\$ 0.002	\$ 0.188
Diluted earnings (loss) per share	\$ <b>0.220</b>	\$ (0.749)	\$ (0.112)	\$ (0.480)	\$ (0.172)	\$ (0.205)	\$ 0.002	\$ 0.188
Adjusted net earnings <sup>(1)</sup>	\$ <b>6,833</b>	\$ 8,466	\$ 7,256	\$ 6,422	\$ 4,590	\$ 3,783	\$ 3,662	\$ 4,995
Adjusted net earnings per unit <sup>(1)</sup>	\$ <b>0.453</b>	\$ 0.567	\$ 0.486	\$ 0.446	\$ 0.365	\$ 0.302	\$ 0.292	\$ 0.398

<sup>(1)</sup> Non- GAAP financial measures.

The above table demonstrates the significant growth of the Company with sales and Adjusted EBITDA showing steady increases. The increase in Adjusted EBITDA percentage in recent quarters is primarily the result of higher back-end paint discounts which began at the beginning of the fourth quarter of 2013 as well as growth in same-store sales. The net earnings (loss) since the first quarter of 2013 have been significantly impacted by the fair value adjustments for exchangeable Class A common shares, unit options and the convertible debenture conversion features. Net earnings (loss) have also been negatively impacted by expensing acquisition, transaction and process improvement costs.

## 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 September 30, 2014, the Fund had cash, net of operating line draws, outstanding deposits and cheques, held on deposit in U.S. bank accounts totaling \$59.5 million (December 31, 2013 - \$19.3 million). The net working capital ratio (current assets divided by current liabilities) was 1.28:1 at September 30, 2014 (December 31, 2013 – 1.05:1).

At September 30, 2014, the Fund had total debt outstanding, net of cash, of \$87.1 million compared to \$109.9 million at June 30, 2014, \$44.8 million at March 31, 2014, \$48.4 million at December 31, 2013 and \$70.5 million at September 30, 2013. Debt, net of cash increased in the second quarter of 2014 as a result of additional seller loans and draws on the revolving bank debt facility related to the acquisitions of Collision Revision and Collex. The overall position of debt, net of cash at September 30, 2014 decreased due to higher cash balances coming from operating cash flow and net proceeds from the bought deal public offering after reducing bank debt.

<b>Total debt, net of cash</b> <i>(thousands of Canadian dollars)</i>	<b>September 30, 2014</b>	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Bank debt	\$ -	\$ 49,756	\$ 5,069	\$ -	\$ 30,102
Convertible debenture	<b>81,317</b>	31,269	31,116	30,971	30,807
Seller notes <sup>(1)</sup>	<b>56,177</b>	51,306	27,968	27,129	25,814
Obligations under finance leases	<b>9,131</b>	8,684	9,286	9,588	9,297
<b>Total debt</b>	<b>\$ 146,625</b>	\$ 141,015	\$ 73,439	\$ 67,688	\$ 96,020
Cash	<b>59,515</b>	31,122	28,680	19,304	25,565
<b>Total debt, net of cash</b>	<b>\$ 87,110</b>	\$ 109,893	\$ 44,759	\$ 48,384	\$ 70,455

<sup>(1)</sup> Seller notes are loans granted to the Company by the sellers of businesses related to the acquisition of those businesses.

## **Operating Activities**

Cash flow generated from operations, before considering working capital changes, was \$12.1 million for the three months ended September 30, 2014 compared to \$5.9 million for the same period in 2013. The increase was primarily due to increased Adjusted EBITDA in the third quarter of 2014 resulting from the acquisitions of Glass America, Hansen, Collision Revision, Collex, Champ's, Netcost and other new single locations as well as same-store sales growth and higher back-end paint discounts.

For the third quarter of 2014, changes in working capital items provided net cash of \$0.6 million compared with using net cash of \$1.3 million in 2013. 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. The main cause of the higher cash flow from working capital was from the collection of accounts receivable during the quarter.

Cash flow generated from operations, before considering working capital changes, was \$33.9 million for the nine months ended September 30, 2014, compared to \$16.9 million for the same period in 2013. This increase reflected higher Adjusted EBITDA due to acquisitions and same-store sales growth and higher back-end paint discounts.

For the nine months ended September 30, 2014, changes in working capital items provided net cash of \$8.0 million compared with using net cash of \$3.7 million in 2013. 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. The change in working capital for 2014 benefited by the growth in an accrual for income taxes of as a result of the higher current income tax expense. Working capital in the first quarter of 2013 was negatively impacted by \$0.7 million, due to a timing difference between receipt of funds from employees under the senior managers unit loan program and outflow of these funds.

## **Financing Activities**

Cash provided by financing activities totalled \$53.2 million for the three months ended September 30, 2014 compared to cash provided by financing activities of \$0.4 million in the third quarter of the prior year. During 2014, cash was provided by the net proceeds of the bought deal public offering completed on September 29, 2014 in the amount of \$55.5 million related to units issued and \$55.0 million, net of costs, from convertible debentures. Additional cash was provided from a draw of long-term debt in the amount of \$23.1 million to fund part of the purchase price associated with Champ's. Cash also increased from \$2.2 million in proceeds from a sale-leaseback transaction of owned real estate for a facility located in Ontario, Canada. Cash was used to repay the revolving credit facility in the amount of \$85.9 million and long-term debt on seller notes in the amount of \$1.7 million, to repay finance leases in the amount of \$1.1 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$1.8 million. Cash used in financing activities for the same period in 2013 included repayment of long-term debt totaling \$1.2 million, the repayment of finance leases in the amount of \$0.8 million and the payment of distributions paid to unitholders and dividends to Class A common shareholders totaling \$1.5 million, partially offset by rebates received of \$3.5 million.

Cash provided by financing activities totalled \$97.0 million for the nine months ended September 30, 2014 compared to cash used by financing activities of \$3.5 million for the same period of the prior year. During 2014, cash was provided by draws of long-term debt in the amount of \$6.0 million to fund the remaining purchase price associated with Hansen, \$13.2 million to fund part of the purchase price associated with Collision Revision, a further \$43.1 million to fund the majority of the purchase price of Collex and then \$23.1 million to fund the majority of the purchase price of Champ's. Cash also increased from \$2.2 million in proceeds from a sale-leaseback transaction of owned real estate for a facility located in Ontario, Canada. Cash was used to repay the revolving credit facility in the amount of \$85.9 million and long-term debt on seller notes in the amount of \$4.1 million, to repay finance leases in the amount of \$3.0 million and to pay distributions to unitholders and dividends to Class A common shareholders totaling \$5.5 million. Cash used in financing activities for the same period in 2013 included repayment of long-term debt totaling \$3.7 million, the repayment of finance leases in the amount of \$2.2 million and the payment of distributions paid to unitholders and dividends to Class A common shareholders totaling \$4.5 million, partially offset by rebates received of \$5.5 million and \$1.4 million proceeds from a sale-leaseback transaction of owned real estate for a facility located in Garner, North Carolina. The Garner property was acquired in the last quarter of 2012 with the intention to enter into a lease with a third party, which did not occur until the first quarter of 2013.

## **Debt Financing**

On December 20, 2013, the Company entered into a new five year \$100 million U.S. revolving credit facility, with an accordion feature which can increase the facility to a maximum of \$135 million U.S. The facility is syndicated with Canadian and U.S. banks and is secured by the shares and assets of the Company as well as by guarantees of the Fund and BGHI. For the first nine months of 2014, the Company drew \$85.4 million (\$78.0 million U.S.) to fund the remaining purchase price of Hansen, Collision Revision, Collex and Champ's. At the end of the third quarter, the Company repaid all amounts outstanding or \$85.9 million (\$78.0 million U.S.) after the Fund completed its bought deal public offering.

On September 29, 2014, the Fund issued \$50,000,000 aggregate principal amount of convertible unsecured subordinated debentures due October 31, 2021 with a conversion price of \$61.40. Concurrent with the closing, as allowed under provisions of the agreement to issue the Debentures, the Underwriters purchased an additional \$7,500,000 aggregate principal amount of Debentures increasing the aggregate gross proceeds of the debenture offering to \$57,500,000. The Debentures bear interest at an annual rate of 5.25% 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 October 31, 2017 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.

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 with favourable terms and conditions and are a means of supporting the Fund's growth, at a relatively low cost. During the first quarter of 2014, the Company drew \$0.8 million in new debt from sellers. In the second quarter, the Company drew \$19.1 million in new debt in association with the acquisition of Collision Revision and \$5.0 million in new debt in association with Collex. In the third quarter, the Company drew \$4.0 million in new debt associated with the acquisition of Champ's.

The Fund has traditionally used finance leases to finance a portion of both its maintenance and expansion capital expenditures. During the first nine months of 2014, the Fund entered into or assumed through acquisition, finance leases for vehicles and equipment in the amount of \$2.3 million (2013 - \$5.2 million). At September 30, 2014, the Fund owed \$9.1 million in finance lease obligations compared to \$9.6 million at December 31, 2013.

## **Unitholders' Capital**

On September 29, 2014, the Fund completed a bought deal public offering where it sold to an underwriting syndicate 1,181,000 trust units issued out of treasury at \$42.35 per unit for proceeds of \$50.0 million before issue costs. Concurrent with the closing, the Underwriters exercised an over-allotment option and purchased an additional 125,000 trust units at the offering price for total gross proceeds of \$55.3 million.

## **Investing Activities**

Cash used in investing activities totalled \$39.3 million for the three months ended September 30, 2014, compared to \$11.7 million used in the prior year. The activity in both periods relates primarily to acquisitions and new location growth that occurred during these periods as well as spending to maintain the Company's productive capacity.

Cash used in investing activities totalled \$100.1 million for the nine months ended September 30, 2014, compared to \$23.8 million used in the prior year. The activity in both periods relates primarily to acquisitions and new location growth that occurred during these periods as well as spending to maintain the Company's productive capacity.

## **Sustaining Capital Expenditures**

The Fund spent approximately \$1.1 million or 0.5% of sales on the acquisition of software, equipment and facility upgrades during the third quarter of 2014, compared to \$0.3 million or 0.2% of sales during the same period in 2013.

The Fund spent approximately \$4.0 million or 0.7% of sales on the acquisition of software, equipment and facility upgrades during the first nine months of 2014, compared to \$1.9 million or 0.5% of sales during the same period in 2013.

## **LEGAL PROCEEDINGS**

Following the completion of the Collision Revision acquisition, an issue arose with respect to the seller's arrangements with a third party supplier to the acquired business. Although it is Boyd's position that any liabilities associated with those arrangements are for the account of the seller of the business, the seller has taken an opposing view. Boyd has commenced legal proceedings to resolve such matters. Boyd believes that it has a strong basis for the resolution of those matters in its favour, but there can be no guarantee that such a resolution will occur. Even if the matter is not determined in Boyd's favour, Boyd is of the view that such matter will not have a material adverse effect on its business.

## **RELATED PARTY TRANSACTIONS**

The Fund has not entered into any new related party transactions beyond the items disclosed in the 2013 annual report.

## **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements that present fairly the financial position, financial condition and results of operations in accordance with Canadian generally accepted accounting principles 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 statement of financial position date and reported amounts of sales and expenses during the reporting period. Actual results could differ materially from these estimates.

The critical accounting estimates are substantially unchanged from those identified in the 2013 annual MD&A.

## **FUTURE ACCOUNTING STANDARDS**

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

IFRS 15, *Revenue from Contracts with Customers*, was issued by the International Accounting Standards Board on May 28, 2014 and will replace current guidance found in IAS 11, *Construction Contracts* and IAS 18, *Revenue*. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and is effective for reporting periods beginning on or after January 1, 2017 with early application permitted. A choice of retrospective application or a modified transition approach is provided. The Fund is currently evaluating the impact of adopting IFRS 15 on its financial statements.

IFRS 9, *Financial Instruments*, was issued by the IASB on July 24, 2014 and will replace current guidance found in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted. The Fund is currently evaluating the impact of adoption IFRS 9 on its financial statements.

Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures (2011)* were issued by the IASB on September 11, 2014 to acknowledge inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments will be effective for annual periods commencing on or after January 1, 2016. The Fund is currently evaluating the impact of the amendments on its financial statements.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

The Fund's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. During the third quarter of 2014, 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**

Risks and uncertainties affecting the business remain substantially unchanged from those identified in the 2013 annual MD&A.

## **ADDITIONAL INFORMATION**

The Fund's units and convertible debentures trade on the Toronto Stock Exchange under the symbols TSX: BYD.UN, TSX: BYD.DB and TSX: BYD.DB.A. Additional information relating to the Boyd Group Income Fund is available on SEDAR ([www.sedar.com](http://www.sedar.com)) and our website ([www.boydgroup.com](http://www.boydgroup.com)).

**FORM 52-109F2  
CERTIFICATION OF INTERIM FILINGS  
FULL CERTIFICATE**

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

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of the **Boyd Group Income Fund**, (the “issuer”) for the interim period ended **September 30, 2014**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim 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, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim 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 interim 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 end of the period covered by the interim filings
  - (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 interim 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 the Committee of Sponsor Organizations of the Treadway Commission (“COSO”) framework in Internal Control – Integrated Framework.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting Changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2014 and ended on September 30, 2014 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 12, 2014

(signed)

Brock Bulbuck  
Chief Executive Officer

**FORM 52-109F2**  
**CERTIFICATION OF INTERIM FILINGS**  
**FULL CERTIFICATE**

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

1. **Review:** I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of the **Boyd Group Income Fund**, (the “issuer”) for the interim period ended **September 30, 2014**.
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim report 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, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim 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 interim 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 end of the period covered by the interim filings
  - (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 interim 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 the Committee of Sponsor Organizations of the Treadway Commission (“COSO”) framework in Internal Control – Integrated Framework.
- 5.2 **ICFR – material weakness relating to design:** N/A
- 5.3 **Limitation on scope of design:** N/A
6. **Reporting Changes in ICFR:** The issuer has disclosed in its interim MD&A any change in the issuer’s ICFR that occurred during the period beginning on July 1, 2014 and ended on September 30, 2014 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: November 12, 2014

(signed)

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



## **BOYD GROUP INCOME FUND**

Interim Condensed Consolidated Financial Statements

Three and Nine Months Ended September 30, 2014

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

**BOYD GROUP INCOME FUND**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)**  
*(thousands of Canadian dollars)*

As at	September 30, 2014	December 31, 2013
	<i>Note</i>	
<b>Assets</b>		
Current assets:		
Cash	\$ 59,515	\$ 19,304
Accounts receivable	49,827	42,168
Current portion of note receivable	45	-
Income taxes recoverable	-	1,541
Inventory	13,121	11,431
Prepaid expenses	7,957	5,259
	<b>130,465</b>	<b>79,703</b>
Note receivable	926	924
Property, plant and equipment	5 81,673	63,925
Deferred income tax asset	2,743	2,389
Deferred financing costs	9 902	1,010
Intangible assets	6 108,415	60,756
Goodwill	7 144,504	73,561
	<b>\$ 469,628</b>	<b>\$ 282,268</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 89,459	\$ 66,229
Income taxes payable	1,216	-
Distributions payable	8 654	597
Dividends payable	12 11	15
Current portion of long-term debt	9 7,354	4,448
Current portion of obligations under finance leases	3,448	3,636
Current portion of settlement accrual	-	820
	<b>102,142</b>	<b>75,745</b>
Long-term debt	9 48,823	22,681
Obligations under finance leases	5,683	5,952
Convertible debentures	10 81,317	30,971
Convertible debenture conversion features	10 29,554	14,786
Deferred income tax liability	7,891	4,874
Contingent consideration liability	4 3,138	-
Exchangeable Class A common shares	12 9,854	11,689
Unit based payment obligation	13 16,279	11,256
Non-controlling interest put options	12 24,953	20,340
	<b>329,634</b>	<b>198,294</b>
<b>Equity</b>		
Accumulated other comprehensive earnings	13,082	5,685
Deficit	(73,600)	(63,652)
Unitholders' capital	196,510	137,939
Contributed surplus	4,002	4,002
	<b>139,994</b>	<b>83,974</b>
	<b>\$ 469,628</b>	<b>\$ 282,268</b>

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

Approved by the Board:

BROCK BULBUCK  
Trustee

ALLAN DAVIS  
Trustee

**BOYD GROUP INCOME FUND**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)**  
*(thousands of Canadian dollars, except unit amounts)*

	Note	Unitholders' Capital		Contributed Surplus	Accumulated Other Comprehensive Earnings (Loss)	Deficit	Total Equity
		Units	Amount				
Balances - January 1, 2013		12,538,516	\$ 74,865	\$ 4,002	\$ (1,265)	\$ (35,998)	\$ 41,604
Issue costs (net of tax of \$992)		-	(2,809)				(2,809)
Units issued from treasury							
Units issued through public offering		2,300,000	63,480				63,480
Units issued in connection with acquisitions		83,721	2,110				2,110
Retractions	12	11,463	283				283
Conversion of convertible debenture		427	10				10
Other comprehensive earnings					6,950		6,950
Net loss						(11,595)	(11,595)
Comprehensive earnings (loss)					6,950	(11,595)	(4,645)
Equity contributed by non-controlling interest						8,365	8,365
Recognition of non-controlling interest put option liabilities						(18,242)	(18,242)
Distributions to unitholders	8					(6,182)	(6,182)
<b>Balances - December 31, 2013</b>		<b>14,934,127</b>	<b>\$ 137,939</b>	<b>\$ 4,002</b>	<b>\$ 5,685</b>	<b>\$ (63,652)</b>	<b>\$ 83,974</b>
Issue costs							
Units issued through public offering (net of tax of \$668)	14		(1,570)				(1,570)
Other (net of tax of \$nil)			(82)				(82)
Units issued from treasury							
Units issued through public offering	14	1,306,000	55,309				55,309
Units issued in connection with acquisitions	4	4,297	190				190
Retractions	12	109,188	4,665				4,665
Conversion of convertible debenture		2,519	59				59
Other comprehensive earnings					7,397		7,397
Net loss						(4,505)	(4,505)
Comprehensive earnings (loss)					7,397	(4,505)	2,892
Distributions to unitholders	8					(5,443)	(5,443)
<b>Balances - September 30, 2014</b>		<b>16,356,131</b>	<b>\$ 196,510</b>	<b>\$ 4,002</b>	<b>\$ 13,082</b>	<b>\$ (73,600)</b>	<b>\$ 139,994</b>
Balances - January 1, 2013		12,538,516	\$ 74,865	\$ 4,002	\$ (1,265)	\$ (35,998)	\$ 41,604
Issue costs (net of tax of \$nil)		-	(27)				(27)
Units issued from treasury							
Units issued in connection with acquisitions		83,721	2,110				2,110
Retractions	12	4,441	90				90
Other comprehensive earnings					2,978		2,978
Net loss						(4,694)	(4,694)
Comprehensive earnings (loss)					2,978	(4,694)	(1,716)
Equity contributed by non-controlling interest						9,943	9,943
Recognition of non-controlling interest put option liabilities						(16,389)	(16,389)
Distributions to unitholders	8					(4,405)	(4,405)
<b>Balances - September 30, 2013</b>		<b>12,626,678</b>	<b>\$ 77,038</b>	<b>\$ 4,002</b>	<b>\$ 1,713</b>	<b>\$ (51,543)</b>	<b>\$ 31,210</b>

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

**BOYD GROUP INCOME FUND**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (LOSS) (Unaudited)**  
*(thousands of Canadian dollars, except unit and per unit amounts)*

	Three months ended September 30,		Nine months ended September 30,		
	2014	2013	2014	2013	
	<i>Note</i>				
Sales	16	\$ 218,087	\$ 149,615	\$ 604,544	\$ 417,132
Cost of sales		118,717	80,035	324,446	226,528
Gross profit		99,370	69,580	280,098	190,604
Operating expenses		82,502	58,958	230,123	162,637
Gain on sale of software		-	(336)	-	(336)
Acquisition, transaction and process improvement costs	4	1,719	567	4,859	1,405
Depreciation of property, plant and equipment		3,509	2,587	9,673	6,585
Amortization of intangible assets		1,906	939	4,487	2,842
Fair value adjustments	11	(3,700)	6,407	21,238	15,207
Finance costs		2,397	1,469	5,481	4,273
		88,333	70,591	275,861	192,613
Earnings (loss) before income taxes		11,037	(1,011)	4,237	(2,009)
Income tax expense (recovery)					
Current		844	1,691	5,700	2,297
Deferred		1,832	(545)	3,042	388
		2,676	1,146	8,742	2,685
Net earnings (loss)		\$ 8,361	\$ (2,157)	\$ (4,505)	\$ (4,694)

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

Basic earnings (loss) per unit	17	\$ 0.555	\$ (0.172)	\$ (0.301)	\$ (0.374)
Diluted earnings (loss) per unit	17	\$ 0.220	\$ (0.172)	\$ (0.301)	\$ (0.374)
Weighted average number of units outstanding	17	15,076,367	12,566,747	14,985,249	12,549,008
Diluted weighted average number of units outstanding	17	18,329,158	12,566,747	14,985,249	12,549,008

**BOYD GROUP INCOME FUND**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)**  
**(Unaudited)**  
*(thousands of Canadian dollars)*

	Three months ended September 30,		Nine months ended September 30,		
	2014	2013	2014	2013	
Net earnings (loss)		\$ 8,361	\$ (2,157)	\$ (4,505)	\$ (4,694)
Other comprehensive earnings (loss)					
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Earnings (Loss)					
Change in unrealized earnings (loss) on translating financial statements of foreign operations		7,117	(1,868)	7,397	2,978
Other comprehensive earnings (loss)		7,117	(1,868)	7,397	2,978
Comprehensive earnings (loss)		\$ 15,478	\$ (4,025)	\$ 2,892	\$ (1,716)

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

**BOYD GROUP INCOME FUND**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
*(thousands of Canadian dollars)*

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Net earnings (loss)	\$ 8,361	\$ (2,157)	\$ (4,505)	\$ (4,694)
Items not affecting cash				
Fair value adjustments	(3,700)	6,407	21,238	15,207
Deferred income taxes	1,832	(545)	3,042	388
Amortization of discount on convertible debt	177	159	523	479
Amortization of deferred finance costs	53	-	159	-
Amortization of intangible assets	1,906	939	4,487	2,842
Depreciation of property, plant and equipment	3,509	2,587	9,673	6,585
Amortization of unearned rebates	-	(952)	-	(2,755)
Gain on disposal of equipment and software	(36)	(332)	(58)	(399)
Interest accrued on Exchangeable Class A common shares	32	45	122	136
Payment of accrued settlement obligation	-	(273)	(820)	(901)
	<b>12,134</b>	<b>5,878</b>	<b>33,861</b>	<b>16,888</b>
Changes in non-cash working capital items	<b>621</b>	<b>(1,334)</b>	<b>7,952</b>	<b>(3,705)</b>
	<b>12,755</b>	<b>4,544</b>	<b>41,813</b>	<b>13,183</b>
<b>Cash flows provided by (used in) financing activities</b>				
Fund units issued from treasury	55,499	-	55,499	-
Issue costs	(2,293)	(1)	(2,320)	(27)
Increase in obligations under long-term debt	33,506	-	85,395	-
Repayment of long-term debt	(87,573)	(1,161)	(89,962)	(3,652)
Repayment of obligations under finance leases	(1,059)	(796)	(3,041)	(2,176)
Proceeds on sale-leaseback agreement	2,235	-	2,235	1,371
Net proceeds on issue of convertible debentures	55,006	-	55,006	-
Dividends paid on Exchangeable Class A common shares	(36)	(45)	(126)	(136)
Distributions paid to unitholders	(1,801)	(1,468)	(5,386)	(4,402)
Increase in unearned rebates	-	3,466	-	4,294
Payment to non-controlling interests	(282)	-	(282)	-
Collection of notes receivable	14	-	14	-
Increase in deferred financing costs	-	-	(52)	-
Collection of rebates receivable	-	419	-	1,238
	<b>53,216</b>	<b>414</b>	<b>96,980</b>	<b>(3,490)</b>
<b>Cash flows used in investing activities</b>				
Proceeds on sale of equipment and software	96	374	171	635
Equipment purchases and facility improvements	(870)	(255)	(3,657)	(1,770)
Acquisition and development of businesses (net of cash acquired)	(38,338)	(11,763)	(96,406)	(21,526)
Software purchases and licensing	(224)	(68)	(349)	(165)
Senior managers unit loan program	35	(26)	166	(925)
	<b>(39,301)</b>	<b>(11,738)</b>	<b>(100,075)</b>	<b>(23,751)</b>
Effect of foreign exchange rate changes on cash	<b>1,723</b>	<b>(432)</b>	<b>1,493</b>	<b>647</b>
Net increase (decrease) in cash position	<b>28,393</b>	<b>(7,212)</b>	<b>40,211</b>	<b>(13,411)</b>
Cash, beginning of period	<b>31,122</b>	<b>32,777</b>	<b>19,304</b>	<b>38,976</b>
Cash, end of period	\$ <b>59,515</b>	\$ <b>25,565</b>	\$ <b>59,515</b>	\$ <b>25,565</b>
Income taxes paid	\$ 2,742	\$ 283	\$ 2,946	\$ 598
Interest paid	\$ 1,663	\$ 1,478	\$ 5,253	\$ 3,892

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

## **BOYD GROUP INCOME FUND**

### **NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

(thousands of Canadian dollars, except unit and per unit/share amounts)

#### **1. GENERAL INFORMATION**

Boyd Group Income Fund (the “Fund” or “BGIF”) 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 and services. At the reporting date, the Company operated locations in five Canadian provinces under the trade name Boyd Autobody & Glass, as well as in 16 U.S. states under the trade names Gerber Collision & Glass, Collision Revision, Collex Collision Experts and Champ’s Collision Centers. The Company is also a major retail auto glass operator in the U.S. with locations across 28 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Services, Auto Glass Only, Auto Glass Authority and S&L Glass. The Company also operates two third party administrators that offer first notice of loss, glass and related services. Gerber National Glass Services (“GNGS”) is an auto glass repair and replacement referral business with approximately 3,000 affiliated service providers throughout the U.S. under the “Gerber National Glass Services” name and “Netcost Claims Services” which, in addition to its referral business, also owns and operates its own call center and offers roadside assistance services. The Fund’s units and convertible debentures trade on the Toronto Stock Exchange under the symbols TSX: BYD.UN, TSX: BYD.DB and TSX: BYD.DB.A. The head office and principal address of the Fund are located at 3570 Portage Avenue, Winnipeg, Manitoba, Canada, R3K 0Z8.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as of November 11, 2014, the date the Board of Trustees approved the statements. Any subsequent changes to IFRS that are given effect in the Fund’s annual consolidated financial statements for the year ending December 31, 2014 could result in restatement of these interim condensed consolidated financial statements.

#### **2. BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES**

These interim condensed consolidated financial statements for the three and nine months ended September 30, 2014 have been prepared in accordance with IAS 34, “Interim financial reporting” using the same accounting policies and methods of computation followed in the consolidated financial statements for the year ended December 31, 2013. During the three and nine months ended September 30, 2014, the Fund did not adopt any changes in accounting policy that resulted in a material impact to the financial statements of the Fund. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS.

#### **3. 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:

IFRS 15, *Revenue from Contracts with Customers*, was issued by the International Accounting Standards Board (“IASB”) on May 28, 2014 and will replace current guidance found in IAS 11, *Construction Contracts* and IAS 18, *Revenue*. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and is effective for reporting periods beginning on or after January 1, 2017 with early application permitted. A choice of retrospective application or a modified transition approach is provided. The Fund is currently evaluating the impact of adopting IFRS 15 on its financial statements.

IFRS 9, *Financial Instruments*, was issued by the IASB on July 24, 2014 and will replace current guidance found in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a logical model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted. The Fund is currently evaluating the impact of adoption IFRS 9 on its financial statements.

## BOYD GROUP INCOME FUND

### NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three and nine months ended September 30, 2013 and September 30, 2014

(thousands of Canadian dollars, except unit and per unit/share amounts)

Amendments to IFRS 10, *Consolidated Financial Statements* and IAS 28, *Investments in Associates and Joint Ventures (2011)* were issued by the IASB on September 11, 2014 to acknowledge inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments will be effective for annual periods commencing on or after January 1, 2016. The Fund is currently evaluating the impact of the amendments on its financial statements.

#### 4. ACQUISITIONS

On April 14, 2014, the Company completed a transaction acquiring Dora Holdings, Inc., which owns and operates 24 collision repair centers in Illinois and Indiana, and Collision Revision 13081 Inc., which owns and operates one collision repair center in Florida, both operating under the trade name "Collision Revision". Funding for the transaction was a combination of seller financing and use of the revolving credit facility.

On May 30, 2014, the Company completed a transaction acquiring Netcost 866netglass LLC, operating as Netcost Claims Services ("Netcost"). Netcost expands the Company's existing third party administration business, GNGS, that offers first notice of loss, auto glass and related services through its network of auto glass providers across the U.S. Netcost also offers roadside assistance services and has the additional benefit of owning and operating its own call center. Funding for the transaction was a combination of cash and seller financing plus additional consideration if performance over the ensuing 3 years exceeds certain thresholds. The fair value of the contingent consideration has been calculated based on a formula defined in the purchase and sale agreement. The formula is based on earnings in years one, two and three of operations in excess of the threshold. The estimated future payment obligation has been discounted to its present value using a discount rate of 9.1%.

On June 6, 2014, the Company completed a transaction through its wholly owned subsidiary, The Boyd Group (U.S.) Inc. acquiring, effective June 2, 2014, Collex Collision Experts Inc. and Collex Collision Experts of Florida Inc. ("Collex"), which own and operate 16 collision repair centers in Michigan and Florida. Funding for the transaction was a combination of seller financing and use of the revolving credit facility.

On September 12, 2014, the Company completed a transaction through its wholly owned subsidiary, The Boyd Group (U.S.) Inc. acquiring Champ's Holding Company LLC, which owns and operates seven collision repair centers in Louisiana under the trade name Champ's Collision Centers ("Champ's"). Funding for the transaction was a combination of seller financing and use of the revolving credit facility.

The Fund also completed 5 other acquisitions that added 6 locations during the nine month period ending September 30, 2014.

Acquisition Date	Business and Assets Purchased	Location
January 31, 2014	Kustom Koachworks, Inc. (2 locations)	Phoenix, Arizona
May 1, 2014	Performance Restorations, Inc.	Mundelein, Illinois
June 30, 2014	Crawford Auto Restoration	Chicago, Illinois
August 12, 2014	LaFontaine Subaru, Inc.	Commerce Township, Michigan
August 29, 2014	Atlanta Import Collision Center, Inc.	Atlanta, Georgia

Funding for the Atlanta Import Collision Center, Inc. transaction was a combination of cash and a \$190 issuance of 4,297 units to the sellers at a unit price of \$44.22.

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

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

<b>Acquisitions in 2014</b>	Collision Revision	Netcost	Collex	Champ's	Other acquisitions	Total
<b>Identifiable net assets acquired at fair value:</b>						
Cash	\$ 1,237	\$ 740	\$ 649	\$ 1,349	\$ -	\$ 3,975
Other current assets	3,861	2,135	2,781	1,242	28	\$ 10,047
Property, plant and equipment	4,050	230	4,010	3,254	3,463	\$ 15,007
Identified intangible assets						
Customer relationships	9,544	-	18,303	15,341	-	\$ 43,188
Brand name	658	-	545	1,733	-	\$ 2,936
Non-compete agreements	878	-	545	1,152	-	\$ 2,575
Liabilities assumed	(7,384)	(4,434)	(3,598)	(2,885)	-	\$ (18,301)
Deferred income tax liability	(4,321)	-	-	-	-	\$ (4,321)
Identifiable net assets acquired	\$ 8,523	\$ (1,329)	\$ 23,235	\$ 21,186	\$ 3,491	\$ 55,106
Goodwill	17,777	7,632	26,217	17,580	-	\$ 69,206
<b>Total purchase consideration</b>	<b>\$ 26,300</b>	<b>\$ 6,303</b>	<b>\$ 49,452</b>	<b>\$ 38,766</b>	<b>\$ 3,491</b>	<b>\$ 124,312</b>
<b>Consideration provided</b>						
Cash paid or payable	\$ 7,102	\$ 1,087	\$ 44,549	\$ 34,779	\$ 2,488	\$ 90,005
Units issued					\$ 190	\$ 190
Contingent consideration	-	3,043	-	-	-	\$ 3,043
Sellers notes	19,198	2,173	4,903	3,987	813	\$ 31,074
<b>Total consideration provided</b>	<b>\$ 26,300</b>	<b>\$ 6,303</b>	<b>\$ 49,452</b>	<b>\$ 38,766</b>	<b>\$ 3,491</b>	<b>\$ 124,312</b>

The preliminary purchase prices for the 2014 acquisitions as disclosed above may be revised in future periods as purchase price adjustments are finalized. U.S. acquisition transactions are initially recognized 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.

A significant part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce, the operating know-how of key personnel and synergies existing within the acquired business. However, no intangible asset qualified for separate recognition in this respect.

Goodwill recognized during the year on Netcost, Collex and Champ's acquisitions is expected to be deductible for tax purposes. The portion of goodwill related to the acquisition of Collision Revision 13081 Inc. of \$4,388 is expected to be deductible for tax purposes.

Costs associated with acquisition and development activities are expensed as incurred as acquisition and transaction costs. Included in acquisition, transaction and process improvement costs are process improvement costs for the three months ended September 30, 2014 of \$979 (2013 - \$nil) and for the nine months ended September 30, 2014 of \$2,520 (2013 - \$nil).

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. The revenue included in the consolidated statement of earnings (loss) since April 14, 2014 contributed by Collision Revision was \$29,592. Collision Revision also contributed net earnings of \$582 over the same period. The revenue included in the consolidated statement of earnings (loss) since May 30, 2014 contributed by Netcost was \$9,584.

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

Netcost contributed net earnings of \$54 over the same period. The revenue included in the consolidated statement of earnings (loss) since June 2, 2014 contributed by Collex was \$16,328. Collex also contributed net earnings of \$308 over the same period. The revenue included in the consolidated statement of earnings (loss) since September 12 contributed by Champ's was \$1,774. Champ's also contributed net earnings of \$62 over the same period.

**5. PROPERTY, PLANT AND EQUIPMENT**

As at	<b>September 30, 2014</b>	December 31, 2013
Balance, beginning of year	\$ 63,925	\$ 45,897
Additions	26,426	26,196
Proceeds on disposal	(171)	(776)
Proceeds on sale-leaseback agreement	(2,235)	(1,371)
Gain on disposal	58	431
Depreciation	(9,673)	(9,392)
Foreign exchange	3,343	2,940
<b>Balance, end of year</b>	<b>\$ 81,673</b>	<b>\$ 63,925</b>

**6. INTANGIBLE ASSETS**

As at	<b>September 30, 2014</b>	December 31, 2013
Balance, beginning of year	\$ 60,756	\$ 41,271
Acquired through business combination	48,699	21,635
Amortization	(4,487)	(4,142)
Purchase price allocation adjustments within the measurement period	(1,083)	(1,025)
Foreign exchange	4,530	3,017
<b>Balance, end of year</b>	<b>\$ 108,415</b>	<b>\$ 60,756</b>

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.

The September 30, 2014 purchase price allocation adjustment represents a reclassification between customer relationship, brand name assets and goodwill within the acquisition measurement period for the Glass America acquisition. The December 31, 2013 purchase price allocation adjustment represents a reclassification between customer relationships and goodwill within the acquisition measurement period for The Recovery Room acquisition.

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)***7. GOODWILL**

As at	<b>September 30, 2014</b>	December 31, 2013
Balance, beginning of year	\$ 73,561	\$ 49,692
Acquired through business combination	69,206	19,799
Recognition of deferred tax asset on purchase price allocation adjustment	(4,791)	-
Purchase price allocation adjustments within the measurement period	1,083	1,025
Write down of goodwill	-	(252)
Foreign exchange	5,445	3,297
<b>Balance, end of year</b>	<b>\$ 144,504</b>	<b>\$ 73,561</b>

The September 30, 2014 purchase price allocation adjustments represent a reclassification between customer relationship, brand name assets, deferred taxes and goodwill for the Glass America acquisition. The December 31, 2013 purchase price allocation adjustment represents a reclassification between customer relationships and goodwill within the acquisition measurement period for The Recovery Room acquisition.

**8. 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:

<b>Record date</b>	<b>Payment date</b>	<b>Dividend per Unit</b>	<b>Dividend amount</b>
January 31, 2014	February 26, 2014	\$ 0.0400	\$ 597
February 28, 2014	March 27, 2014	0.0400	597
March 31, 2014	April 28, 2014	0.0400	598
April 30, 2014	May 28, 2014	0.0400	597
May 31, 2014	June 26, 2014	0.0400	598
June 30, 2014	July 29, 2014	0.0400	598
July 31, 2014	August 27, 2014	0.0400	602
August 31, 2014	September 26, 2014	0.0400	602
September 30, 2014	October 29, 2014	0.0400	654
		<b>\$ 0.3600</b>	<b>\$ 5,443</b>

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

<b>Record date</b>	<b>Payment date</b>	<b>Dividend per Unit</b>		<b>Dividend amount</b>	
January 31, 2013	February 26, 2013	\$	0.0390	\$	489
February 28, 2013	March 27, 2013		0.0390		489
March 31, 2013	April 26, 2013		0.0390		489
April 30, 2013	May 29, 2013		0.0390		489
May 31, 2013	June 26, 2013		0.0390		489
June 30, 2013	July 29, 2013		0.0390		489
July 31, 2013	August 28, 2013		0.0390		489
August 31, 2013	September 26, 2013		0.0390		489
September 30, 2013	October 29, 2013		0.0390		493
		\$	0.3510	\$	4,405

**9. LONG-TERM DEBT**

On December 20, 2013, the Company entered into a new five year \$100 million U.S. revolving credit facility, with an accordion feature which can increase the facility to a maximum of \$135 million U.S. The facility is syndicated with Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate is based on a pricing grid of the Company's ratio of total funded debt to EBITDA as determined by the credit agreement. The Company can draw the facility in either the U.S or in Canada, in either U.S or Canadian dollars and can be drawn in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of \$3 million in Canada and \$7 million in the U.S. As at September 30, 2014 and December 31, 2013, neither the revolving facility nor the swing line had any debt balance drawn.

Deferred financing costs of \$1,010 were incurred in 2013 to complete this new facility and had been recorded as a deferred cost until the debt was drawn during the first quarter of 2014. As at September 30, 2014, the debt was fully repaid; therefore, the unamortized deferred fees of \$902 have been reclassified as a deferred cost. These deferred fees will be netted against the debt, when drawn. The fees are amortized to finance costs on a straight line basis over the five year term of the debt facility.

As at September 30, 2014, the Company was in compliance with all financial covenants.

Seller notes payable of \$56,177 on the financing of certain acquisitions are unsecured, at interest rates ranging from 4.0% to 8.0%. The notes are repayable from October 2014 to January 2027 in the same currency as the related note.

On September 30, 2014, with proceeds from the bought deal public offering on September 29, 2014, all previous amounts borrowed under the Company's revolving credit facility and swing line facility were repaid, without penalty, using available cash (see *note 10* and *note 14*).

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

As at	September 30, 2014	December 31, 2013
Revolving credit facility (net of financing costs)	\$ -	\$ -
Seller notes	<b>56,177</b>	27,129
	<b>\$ 56,177</b>	\$ 27,129
Current portion	<b>7,354</b>	4,448
	<b>\$ 48,823</b>	\$ 22,681
<b>Principal Payments</b>		
Less than 1 year	\$ 7,354	\$ 4,448
1 to 5 years	<b>25,413</b>	14,173
Greater than 5 years	<b>23,410</b>	8,508
	<b>\$ 56,177</b>	\$ 27,129

**10. CONVERTIBLE DEBENTURES**

On September 29, 2014, the Fund issued \$50,000 aggregate principal amount of convertible unsecured subordinated debentures due October 31, 2021 (the “2014 Debentures”) with a conversion price of \$61.40. On September 29, 2014, as allowed under the provisions of the agreement to issue the 2014 Debentures, the Underwriters purchased an additional \$7,500 aggregate principal amount of 2014 Debentures increasing the aggregate proceeds of the 2014 Debenture offering to \$57,500.

The Debentures bear interest at an annual rate of 5.25% 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 October 31, 2017 provided that certain thresholds are met surrounding the weighted average market price of the Trust Units at that time. On redemption or maturity, the 2014 Debentures may, at the option of the Fund, be repaid in cash or, subject to regulatory approval, units of the Fund.

Upon issuance, the 2014 Debentures were bifurcated with \$5,124 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. Transaction costs of \$2,737 were incurred in relation to issuance of the 2014 Debentures, which included the underwriter’s fee and other expenses of the offering. Details of the 2014 Debentures carrying value are as follows:

As at	September 30, 2014
Balance, beginning of year	\$ -
Proceeds of offering	<b>57,500</b>
Adjusted for:	
Fair value of conversion feature	<b>(5,124)</b>
Transaction costs	<b>(2,737)</b>
Expensed transaction costs attributable to conversion feature	<b>243</b>
Accretion charges	<b>5</b>
Conversion to Fund units	-
Balance, end of period	<b>\$ 49,887</b>

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

As at	<b>September 30, 2014</b>	December 31, 2013
2014 convertible debentures	\$ 49,887	\$ -
2012 convertible debentures	31,430	30,971
	<b>\$ 81,317</b>	<b>\$ 30,971</b>

As at	<b>September 30, 2014</b>	December 31, 2013
2014 convertible debenture conversion feature	\$ 5,124	\$ -
2012 convertible debenture conversion feature	24,430	14,786
	<b>\$ 29,554</b>	<b>\$ 14,786</b>

**11. FAIR VALUE ADJUSTMENTS**

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
Convertible debenture conversion features	\$ (3,465)	\$ 2,364	\$ 9,644	\$ 5,875
Exchangeable Class A common shares	(649)	1,433	2,829	4,036
Unit based payment obligation	(558)	1,950	5,023	4,636
Non-controlling interest put options	972	660	3,742	660
Total fair value adjustments	<b>\$ (3,700)</b>	<b>\$ 6,407</b>	<b>\$ 21,238</b>	<b>\$ 15,207</b>

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)***12. FINANCIAL INSTRUMENTS****Carrying value and estimated fair value of financial instruments**

	Classification	Fair value hierarchy	September 30, 2014		December 31, 2013	
			Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>						
Cash	FVTPL <sup>(1)</sup>	1	<b>59,515</b>	<b>59,515</b>	19,304	19,304
Accounts receivable	Loans and receivables	n/a	<b>49,827</b>	<b>49,827</b>	42,168	42,168
Note receivable	Loans and receivables	n/a	<b>971</b>	<b>971</b>	924	924
<b>Financial liabilities</b>						
Accounts payable and accrued liabilities	Other financial liabilities	n/a	<b>89,459</b>	<b>89,459</b>	66,229	66,229
Long-term debt	Other financial liabilities	n/a	<b>56,177</b>	<b>56,177</b>	27,129	27,129
2012 convertible debenture	Other financial liabilities	2	<b>31,430</b>	<b>60,112</b>	30,971	49,445
2012 convertible debenture conversion feature	FVTPL <sup>(1)</sup>	2	<b>24,430</b>	<b>24,430</b>	14,786	14,786
2014 convertible debenture	Other financial liabilities	2	<b>49,887</b>	<b>57,765</b>	-	-
2014 convertible debenture conversion feature	FVTPL <sup>(1)</sup>	2	<b>5,124</b>	<b>5,124</b>	-	-
Exchangeable Class A common shares	Amortized cost	1	<b>9,854</b>	<b>9,854</b>	11,689	11,689
Non-controlling interest put options	FVTPL <sup>(1)</sup>	3	<b>24,953</b>	<b>24,953</b>	20,340	20,340

(1) Fair Value Through Profit and Loss

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

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 common shares and the non-controlling interest put options are based on the estimated cash payment or receipt necessary to settle the contract at the statement of financial position 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 2012 convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price \$40.57, dividend yield 1.87%, expected volatility 27.36%, risk free interest rate of 1.29%, term of three years. The fair value for the 2014 convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price \$40.57, dividend yield 1.87%, expected volatility 27.36%, risk free interest rate of 1.90%, term of seven years. The fair value for the Fund's debentures will change based on the movement in bond rates.

The Fund's financial instruments measured at fair value are limited to cash, the exchangeable Class A common shares, the non-controlling interest put option and the convertible debenture conversion features.

**Collateral**

The Fund's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at September 30, 2014 was approximately \$109.3 million (December 31, 2013 - \$61.5 million).

**Exchangeable Class A common 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. Exchangeable Class A common shares are measured at the market price of the units of the Fund as of the statement of financial position date. The market price is based on a ten day trading average for the units at such date. Exchanges are recorded at carrying value. At September 30, 2014, there were 242,887 (December 31, 2013 – 362,041) shares outstanding.

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

<b>Record date</b>	<b>Payment date</b>	<b>Dividend per Share</b>	<b>Dividend amount</b>
January 31, 2014	February 26, 2014	\$ 0.0400	\$ 15
February 28, 2014	March 27, 2014	0.0400	15
March 31, 2014	April 28, 2014	0.0400	15
April 30, 2014	May 28, 2014	0.0400	15
May 31, 2014	June 26, 2014	0.0400	15
June 30, 2014	July 29, 2014	0.0400	15
July 31, 2014	August 27, 2014	0.0400	10
August 31, 2014	September 26, 2014	0.0400	11
September 30, 2014	October 29, 2014	0.0400	11
		\$ 0.3600	\$ 122

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

<b>Record date</b>	<b>Payment date</b>	<b>Dividend per Share</b>		<b>Dividend amount</b>
January 31, 2013	February 26, 2013	\$	0.0390	\$ 16
February 28, 2013	March 27, 2013		0.0390	15
March 31, 2013	April 26, 2013		0.0390	15
April 30, 2013	May 29, 2013		0.0390	15
May 31, 2013	June 26, 2013		0.0390	15
June 30, 2013	July 29, 2013		0.0390	15
July 31, 2013	August 28, 2013		0.0390	15
August 31, 2013	September 26, 2013		0.0390	15
September 30, 2013	October 29, 2013		0.0390	15
		\$	0.3510	\$ 136

During 2014, an expense in the amount of \$2,829 (2013 - \$4,036) was recorded to earnings related to these exchangeable shares. During the third quarter, a (recovery) expense in the amount of (\$649) (2013 - \$1,433) was recorded to earnings related to these exchangeable shares.

Further dividends were declared for the month of October 2014 in the amount of \$0.04 per share. The total amount of dividends declared after the reporting date was \$11.

**Non-controlling Interest Put Option**

On May 31, 2013, the Fund entered into an agreement whereby Glass America contributed its auto-glass business to Gerber Glass in exchange for shares representing a 30% ownership interest in a new combined Glass America entity. The agreement contains a put option, which provides the non-controlling interest with the right to require the Fund to purchase their retained interest according to a valuation formula defined in the agreement. All changes in the estimated liability are recorded in earnings. The put option is restricted until June 1, 2015 and is exercisable anytime thereafter.

On May 31, 2013, in connection with the acquisition of Glass America, 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 was a put option held by the non-controlling shareholder that provided the shareholder an option to put the business back to the Fund according to a valuation formula defined in the agreement. The put option is restricted until December 1, 2016 and is exercisable anytime thereafter by the glass-business operating partner. The put option may be exercised before December 1, 2016 upon the occurrence of certain unusual events such as a change of control or resignation of the operating partner. All fair value changes in the estimated liability are recorded in earnings.

The liability recognized in connection with both put options has been calculated using formulas defined in the agreements. The formulas are based on multiples of estimated future earnings of the combined Gerber Glass and Glass America business, and estimated future exercise dates. The estimated future payment obligation is then discounted to its present value at each statement of financial position date. The significant unobservable inputs include the put being exercised between two and four years at a probability weighted estimated EBITDA level of approximately \$9.2 million using a discount rate of 9.1%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

During the third quarter of 2014, the Fund made a \$282 payment to the Glass America non-controlling interest, which reduced the Glass America non-controlling interest put option liability.

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)*

The liability for non-controlling interest put options comprises the following:

	<b>September 30, 2014</b>	December 31, 2013
Glass-business operating partner non-controlling interest put option	\$ 6,271	\$ 4,999
Glass America non-controlling interest put option	<b>18,682</b>	15,341
	<b>\$ 24,953</b>	\$ 20,340

The change in the non-controlling interest put option liabilities is summarized as follows:

	<b>Glass-business operating partner</b>	<b>Glass America non-controlling interest</b>
Balance, beginning of year	\$ 4,999	\$ 15,341
Year-to-date statement of loss fair value adjustments	<b>1,268</b>	<b>2,474</b>
Payment to non-controlling interests	-	<b>282</b>
Foreign exchange	<b>4</b>	<b>585</b>
Balance, end of year	<b>\$ 6,271</b>	<b>\$ 18,682</b>

**13. UNIT BASED PAYMENT OBLIGATION**

Pursuant to the Fund's Option Agreement and Confirmation, the Fund has granted options to purchase units of the Fund to certain key executives. The following options are outstanding at September 30, 2014:

<b>Date Granted</b>	<b>Issue Date</b>	<b>Number of Units</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Fair Value</b>
January 11, 2006	January 11, 2006	200,000	\$ 1.91	January 11, 2016	\$ 6,582
November 8, 2007	January 2, 2008	150,000	\$ 2.70	January 2, 2018	3,692
November 8, 2007	January 2, 2009	150,000	\$ 3.14	January 2, 2019	3,256
November 8, 2007	January 2, 2010	150,000	\$ 5.41	January 2, 2020	2,749
		650,000			\$ 16,279

The fair value of each option granted January 11, 2006 is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price \$40.57 dividend yield 1.87%, expected volatility 27.36% (determined as a weighted standard deviation of the unit price over the past four years), risk free interest rate 1.01%, initial term 10 years, remaining term 1 year.

The fair value of each option granted November 8, 2007 is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price \$40.57, dividend yield 1.87%, expected volatility 27.36%, risk free interest rates of 1.25%, 1.42% and 1.58% respectively, initial terms of 10, 11 and 12 years respectively, remaining terms of 3, 4 and 5 years respectively.

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)***14. 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 29, 2014 the Fund completed a bought deal public offering where it sold to an underwriting syndicate 1,306,000 trust units issued out of treasury at a gross price of \$42.35 per unit for net proceeds to the Fund of \$53,071. Issue costs of \$1,570, net of tax of \$668 were netted against the gross proceeds.

**15. 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.

**16. SEGMENTED REPORTING**

The Company has one reportable line of business, being automotive collision and glass repair and related services, with all revenues relating to a 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 geographical disclosure. For the periods reported, all of the Company's revenues were derived within Canada or the U.S. and all reportable assets, which include property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

<b>Reportable Assets</b>	<b>September 30,</b>		<b>December 31,</b>	
As at	<b>2014</b>		<b>2013</b>	
Canada	\$	<b>16,267</b>	\$	18,784
United States		<b>318,325</b>		179,458
	\$	<b>334,592</b>	\$	198,242

<b>Revenues</b>	<b>For the three months ended</b>		<b>For the nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Canada	\$	<b>19,837</b>	\$	20,063
United States		<b>198,250</b>		129,552
	\$	<b>218,087</b>	\$	149,615
			\$	<b>604,544</b>
			\$	417,132

**BOYD GROUP INCOME FUND****NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

For the three and nine months ended September 30, 2013 and September 30, 2014

*(thousands of Canadian dollars, except unit and per unit/share amounts)***17. EARNINGS (LOSS) PER UNIT**

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net earnings (loss)	\$ 8,361	\$ (2,157)	\$ (4,505)	\$ (4,694)
Add:				
2014 convertible debentures	10	-	-	-
2012 convertible debentures	(3,163)	-	-	-
Exchangeable class A shares	(616)	-	-	-
Unit options	(558)	-	-	-
Net earnings (loss) - diluted basis	\$ 4,034	\$ (2,157)	\$ (4,505)	\$ (4,694)
Basic weighted average number of units	15,076,367	12,566,747	14,985,249	12,549,008
Add:				
2014 convertible debentures	936,482	-	-	-
2012 convertible debentures	1,458,590	-	-	-
Exchangeable class A shares	269,025	-	-	-
Unit options	588,694	-	-	-
Average number of units outstanding - diluted basis	18,329,158	12,566,747	14,985,249	12,549,008
Basic earnings (loss) per unit	\$ 0.555	\$ (0.172)	\$ (0.301)	\$ (0.374)
Diluted earnings (loss) per unit	\$ 0.220	\$ (0.172)	\$ (0.301)	\$ (0.374)

**18. COMPARATIVE FIGURES**

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