



BOYD GROUP INCOME FUND

INTERIM REPORT TO UNITHOLDERS

Second Quarter and Six Months Ended June 30, 2010

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To Our Unitholders,

During the second quarter of 2010 we continued to make progress in advancing our operational and growth initiatives that build on the Fund's positive results in 2009.

We are also very excited to have recently completed the acquisition of True2Form Collision Repair Centers, Inc. ("True2Form"), one of the largest multi-location collision repair companies in the United States. The acquisition of True2Form allows us to enhance our presence in the eastern United States with an additional 37 locations in states and markets that we previously did not operate in, thereby complementing our existing network. This has tremendous strategic value as insurance companies continue to consolidate repair revenues with a smaller number of larger collision repair companies. It also positions our company as the largest multi-site operator of automotive collision repair service centers in North America, currently operating 130 locations in the four western Canadian provinces and eleven U.S. states.

Based on our financial performance, we also recently announced our eleventh consecutive quarterly increase to distributions, increasing monthly distributions from \$0.0275 per unit to \$0.02875 per unit.

For the quarter ended June 30, 2010, sales totalled \$52.3 million compared to \$55.1 million in the second quarter of 2009. This decrease resulted from the weakness of the U.S. dollar and resulting foreign currency translation as well as same-store sales declines in Canada, partially offset by sales generated from 10 new U.S. collision repair locations and a return to positive same-store sales growth in the U.S. Sales in Canada declined by 11.3% to \$16.5 million while U.S. sales decreased by 1.9% to \$35.8 million during the quarter compared to the same period in 2009.

Earnings before interest, income taxes, depreciation and amortization ("*EBITDA*")¹ for the second quarter of 2010 totalled \$3.5 million, or 6.6% of sales, compared to EBITDA adjusted for discontinued operations ("*Adjusted EBITDA*")¹ of \$3.7 million, or 6.8% of sales, in the same period a year ago. Changes in the value of the U.S. dollar negatively impacted EBITDA by \$0.7 million. This decline, as well as the impact of the lower same-store sales, was almost entirely offset by lower operating costs and improvements in gross margin percentage.

Net earnings, after discontinued operations, were \$2.1 million, or 4.0% of sales, compared to earnings of \$2.1 million, or 3.8% of sales, last year. Diluted earnings per unit and Class A common share were \$0.176 per unit compared to \$0.175 per unit and Class A common share in the prior year.

For the second quarter of 2010, the Fund generated adjusted distributable cash of \$2.6 million and declared distributions of \$0.9 million, resulting in a payout ratio based on adjusted distributable cash of 35.1% for the quarter. This compares with a payout ratio of 21.5% for the same period a year ago.

We continued to maintain a strong balance sheet during the quarter, and report total debt, net of cash, of \$13.4 million and a cash position, net of bank indebtedness, of \$5.5 million.

Despite our positive view on our industry positioning and opportunities as well as some sporadic signs of economic improvement, unemployment rates remain at high levels and our market conditions remain challenging. As such,

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

until economic conditions stabilize and unemployment rates show steady and sustainable declines, we expect to continue seeing challenges in achieving same-store sales growth. Nonetheless, we believe that we have the management team, systems, experience and long-term market opportunity, along with a strong balance sheet, to continue to successfully grow our business.

Our objective continues to be to gradually increase distributions over time; however, we are committed to a conservative distribution policy that will provide us financial flexibility, the ability to support our growth initiatives and the ability to maintain distribution levels into 2011 despite any trust taxes that may be payable on distributions under the Tax Fairness Law. We will, therefore, continue our prudent approach in evaluating the appropriateness of distribution increases in the future.

In addition to the significant recent acquisition of True2Form, our expansion plan continues to be to open eight to ten new locations annually for the foreseeable future. We are confident that we will be able to achieve this goal in 2010. We also believe that we are well-positioned to benefit from long-term opportunities in the highly fragmented collision repair industry through consolidation and economies of scale.

We would also like to again reiterate our plans for our structure with respect to the imminent 2011 Tax Fairness Law. At this time, the Fund does not intend to convert into a corporation. We believe that this decision is in the best interest of our unitholders for several reasons. First, we believe that the Fund will not achieve any net tax savings by converting. In fact, we are continuing to explore opportunities to utilize our current structure and significant base of US operations to reduce tax that would otherwise be payable on distributions. Second, we believe that the cost of conversion, which we estimate to be between \$500,000 and \$1 million, is not a prudent use of cash and is not justified by any perceived benefits from conversion for a fund of our size. Third, we believe that our taxable unitholders will benefit from the lower tax rate on distributions received, as we expect to be able to maintain our distributions, despite any trust tax that the Fund will incur. We stress that there is no requirement for income trusts to convert into a corporation. However, we will continue to monitor the market and tax laws, and evaluate alternatives at the appropriate time if it becomes clear that a different structure would be in our unitholders' best interest.

All things considered, we are pleased by our results for the first half of the year and look forward to maintaining the positive momentum into the third quarter and beyond.

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

Sincerely,

(signed)

Brock Bulbuck
President & Chief Executive Officer

Management's Discussion & Analysis

OVERVIEW

Boyd Group Income Fund (the "Fund"), through its operating company, The Boyd Group Inc. ("Boyd" or the "Company") and its subsidiaries, is the largest multi-site operator of automotive collision repair service centres in North America, currently operating 130 locations in the four western Canadian provinces and eleven U.S. states. Boyd carries on business in Canada under the trade name "Boyd Autobody & Glass" and in the U.S., Boyd operates under the "Gerber Collision & Glass" and "True2Form" names. The Company operates its autoglass repair and replacement network business with approximately 3,000 affiliated service providers throughout the United States under the "Gerber National Glass Services" name. The following is a geographic breakdown of the collision repair locations by trade name.



37

centers

- Manitoba (13)
- Alberta (12)
- British Columbia (10)
- Saskatchewan (2)



56

centers

- Illinois (23)
- Arizona (11)
- Georgia (8)
- Washington (7)
- Nevada (3)
- Oklahoma (3)
- Kansas (1)



37

centers

- North Carolina (17)
- Ohio (8)
- Maryland (7)
- Pennsylvania (5)

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 months ended June 30, 2010, including material transactions and events up to and including August 12, 2010 should be read in conjunction with the unaudited consolidated interim financial statements, as well as the annual audited consolidated financial statements, management discussion and analysis and Annual Information Form of Boyd Group Income Fund for the year ended December 31, 2009 as filed on SEDAR at www.sedar.com. The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN.

SIGNIFICANT EVENTS

On March 25, 2010, the Trustees of the Fund and the Directors of Boyd Group Holdings Inc. ("BGHI") approved an increase in monthly distributions and dividends to \$0.02625 per unit commencing May 2010, for unitholders and shareholders of record on April 30, 2010.

On May 7, 2010, the Company acquired the business and assets of The Collision Center of Owasso, Inc. located in Owasso, Oklahoma.

On May 10, 2010, as part of a new start-up, the Company began operations in a new collision repair facility in Cartersville, Georgia.

On May 13, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.0275 per unit commencing July 2010, for unitholders and shareholders of record on June 30, 2010.

On June 21, 2010, the Company acquired the business and assets of M & D Auto Body, Inc. located in Evanston, Illinois.

On June 28, 2010, the Company announced it had entered into a definitive agreement to acquire True2Form Collision Repair Centers, Inc., (“True2Form”) one of the largest multi-location collision repair companies in the United States. True2Form was a private company operating 37 locations in four U.S. states; 17 locations in North Carolina, eight locations in Ohio, seven locations in Maryland and five locations in Pennsylvania. True2Form reported revenues of over \$71 million U.S. in the 12 months ended May 31, 2010. The transaction, valued at approximately \$18 million U.S., was completed on July 30, 2010. Funding for the transaction was a combination of cash, U.S. bank debt, third-party financing and a vendor take-back note.

On August 2, 2010, the Company acquired the business and assets of Northwest Autobody & Paint, Inc. located in Las Vegas, Nevada.

On August 12, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.02875 per unit commencing October 2010, for unitholders and shareholders of record on September 30, 2010.

OUTLOOK

Boyd has immediately begun and will continue to integrate the True2Form locations into Boyd’s business model. We expect the acquisition to be immediately accretive to net earnings, EBITDA¹, cash flow and distributable cash. Although True2Form’s margins have been less than our consolidated EBITDA¹ margin, we believe that through integration of our business model and synergies, we will increase True2Form’s margin to a level similar to Boyd. Although the impact of this will be gradual and therefore will occur over time, we expect to be able to achieve an EBITDA¹ margin on the True2Form business in the range of 4-5% in our first full year of ownership, with additional improvement available in subsequent years as the integration process and synergies mature.

Boyd also continues to work to increase sales, reduce operating costs, increase operating margins and develop other organic growth strategies. The Fund will continue to work on a return to same-store sales growth, improved gross margins and EBITDA¹ margins of all operations and will continue to develop its systems and its infrastructure to enhance securityholder value. Boyd also plans to continue expanding operations in both the U.S. and Canada by opening or acquiring between eight and ten new start-up facilities each year, for the foreseeable future.

Boyd will also remain alert to opportunities for accelerated growth through the acquisition of other multi-location businesses. The collision repair industry in both the U.S. and Canada remains highly fragmented and offers attractive opportunities for best in class operators to build value through focused consolidation and economies of scale. Boyd believes that its business is well positioned for the future with the management team, systems, experience and the market opportunity, along with a strong balance sheet to continue to successfully grow its business.

Notwithstanding our positive position and outlook, as a result of the trailing impact of the economic downturn, particularly the continuing high unemployment rates, our market conditions remain challenging and we expect that achieving same-store sales growth will continue to be a challenge until economic conditions stabilize and unemployment rates show meaningful improvement.

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Our objective continues to be to gradually increase distributions over time, however, we are committed to a conservative distribution policy that will provide us financial flexibility, the ability to support our growth initiatives and the ability to maintain distribution levels into 2011 despite any trust taxes that may be payable on distributions under the Tax Fairness Law. We will, therefore, continue our prudent approach in evaluating the appropriateness of distribution increases in the future.

The Fund has investigated and evaluated its structuring alternatives in connection with the SIFT rules with a view of preserving and maximizing unitholder value. Based upon its investigation, analysis and due diligence to date, and given its current size and circumstances, the Fund has determined that a change to a share corporation structure at this time would not be advantageous to the Fund or its unitholders. This determination has been made based on several reasons. First, the Fund does not believe it will achieve any net tax savings by converting. In fact, the Fund is continuing to explore opportunities to utilize our current structure and significant base of U.S. operations to reduce tax that would otherwise be payable on distributions. Second, the Fund believes that the cost of conversion, which it estimates to be between \$500,000 and \$1 million, is not a prudent use of cash and is not justified by any perceived benefits from conversion for a fund of our size. Third, the Fund believes that its taxable unitholders will benefit from the lower tax rate on distributions received, as it expects to be able to maintain distributions, despite any trust tax that the Fund will incur. The Fund will continue to consider its alternatives, which include the use of available transition rules to convert back to a corporation prior to December 31, 2012. Should the Fund elect to continue as a trust beyond the January 1, 2011 SIFT implementation date, it is planning and forecasting to be able to absorb any SIFT taxes that may then be payable without reducing its cash distribution level at that time.

BUSINESS ENVIRONMENT & STRATEGY

As at June 30, 2010, the business environment of the Company and strategies adopted by management remain unchanged from those described in the Fund's 2009 annual MD&A.

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

New location results			
<u>New Location:</u>	<u>Sales (C\$) *</u>	<u>EBITDA (C\$) *</u>	<u>EBITDA Margin (%)</u>
2006 Tacoma, WA Renton, WA Scottsdale, AZ	\$8,358,000	\$836,000	10.0%
2007 Glenview, IL Tempe, AZ	\$7,751,000	\$834,000	10.8%
2008 Lacey, WA Las Vegas, NV Calgary, AB	\$7,664,000	\$754,000	9.8%
2009 Scurfield, MB * Mesa, AZ * Glendale, AZ ** Anthem, AZ ** Tucson East *** Tucson NW *** Tucson South *** Avondale *** Rome ***	\$12,356,000	\$549,000	4.4%
Combined	\$36,129,000	\$2,973,000	8.2%
Average per store	\$2,125,000	\$175,000	8.2%
<small>* Annualized based last twelve months results ** Annualized based on actual results for 2009 and 2010 *** Annualized based on actual results for 2010 excluding the start up period of December 2009 2010 locations have not been included in the table due to insufficient history to be able to reasonably project their performance</small>			

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:

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
The stated objective of adding between eight and ten new locations per year for the foreseeable future	<p>Opportunities continue to be available and are at attractive prices</p> <p>Financing options continue to be available at reasonable rates and on acceptable terms and conditions</p> <p>New and existing customer relationships are expected to provide acceptable levels of revenue opportunities</p> <p>Anticipated operating results would be accretive to overall Company results</p>	<p>Acquisition market conditions change and repair shop owner demographic trends change</p> <p>Credit and refinancing conditions prevent or restrict the ability of the Company to continue growth strategies</p> <p>Changes in market conditions and operating environment</p> <p>Significant declines in the number of insurance claims</p> <p>Integration of new stores is not accomplished as planned</p> <p>Increased competition which prevents achievement of acquisition and revenue goals</p>
The Fund will work on a return to same-store sales growth and improve gross margins and EBITDA margins	<p>Improved economic conditions and employment rates</p> <p>Pricing in the industry remains stable</p> <p>The Company’s customer and supplier relationships provide it with competitive advantages to increase sales over time</p> <p>Market share growth will more than offset systemic changes, in the industry and environment</p> <p>Able to maintain/reduce costs as a percentage of sales</p>	<p>Continued poor economic conditions</p> <p>Loss of one or more key customers</p> <p>Significant declines in the number of insurance claims</p> <p>Inability of the Company to pass cost increases to customers over time</p> <p>Increased competition which may prevent achievement of revenue goals</p> <p>Changes in market conditions and operating environment</p> <p>Changes in energy costs</p> <p>Changes in weather conditions</p> <p>Inability to effectively manage costs over time</p>
Distributions are expected to gradually increase over time	<p>Stable to improving performance in profitability of the Company and its subsidiaries</p> <p>The continued and increasing ability of the Company to generate cash available for distribution</p> <p>Balance sheet strength & flexibility is maintained and the distribution level is manageable taking into consideration bank covenants, growth requirements and maintaining a distribution level that is supportable over time</p> <p>No change in the Fund’s structure</p>	<p>The Fund is dependent upon the operating results of the Company and its ability to pay interest and dividends to the Fund</p> <p>Economic conditions deteriorate</p> <p>Changes in weather conditions</p> <p>Decline in the number of insurance claims</p> <p>Loss of one or more key customers</p> <p>Changes in government regulation</p>

Forward-looking Information	Key Assumptions	Most Relevant Risk Factors
Expect the True2Form acquisition to achieve 4-5% EBITDA margin in the first full year	True2Form maintains sales levels similar to historical experience	Loss of one or more key customers
	Extend the benefits of Boyd's purchasing power to the True2Form operations	Inability to extend Boyd's purchasing power to the True2form operations
	Identified synergies are successfully implemented	A planned synergy is not implemented or there are no cost savings upon implementing a planned synergy
	Integration of True2Form into the Boyd business model in a timely manner	Failure to integrate effectively in a timely manner

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

DISTRIBUTABLE CASH

During the first six months of 2010, the Fund declared distributions to unitholders and dividends to BGHI's Class A shareholders, in the following amounts:

<u>Record date</u>	<u>Payment date</u>	<u>Distribution per unit</u>	<u>Dividend per share</u>	<u>Distribution amount</u>	<u>Dividend amount</u>
January 31, 2010	February 24, 2010	\$ 0.025	\$ 0.025	\$ 269,368	\$ 21,319
February 28, 2010	March 29, 2010	0.025	0.025	269,498	21,189
March 31, 2010	April 28, 2010	0.025	0.025	269,500	21,187
April 30, 2010	May 27, 2010	0.02625	0.02625	282,987	22,235
May 31, 2010	June 28, 2010	0.02625	0.02625	282,986	22,234
June 30, 2010	July 28, 2010	0.0275	0.0275	296,486	23,269
		\$ 0.155	\$ 0.155	\$ 1,670,825	\$ 131,433

On March 25, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.02625 per unit commencing May 2010, for unitholders and shareholders of record on April 30, 2010.

On May 13, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.0275 per unit commencing July 2010, for unitholders and shareholders of record on June 30, 2010.

On August 12, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.02875 per unit commencing October 2010, for unitholders and shareholders of record on September 30, 2010.

Maintaining Productive Capacity

Productive capacity is defined by Boyd as the maintenance of the Company's facilities, signage, courtesy cars, equipment, 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. In recent years, the Company has been able to manage its capital expenditures to less than 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, the Company's accounting and management information systems require regular upgrade and maintenance. In Canada, accounting and management information systems are owned and may require replacement in the future. Management believes the replacement of these systems in Canada will be managed through the annual budget process and that it has some ability to utilize the expandability of its U.S. systems. In the U.S., the accounting and management information systems and related upgrades are subscription products and services which are expensed as part of regular operating expenses.

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

Non-recurring and Other Adjustments

Non-recurring and other adjustments may include, but are not limited to, post closure environmental liabilities, restructuring costs and repayment of prepaid rebates that are not refinanced. Management is not currently aware of any environmental remediation requirements or prepaid rebate adjustments.

Debt Management

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

The following is a standardized and adjusted distributable cash calculation for 2010 and 2009.

Standardized and Adjusted Distributable Cash ⁽¹⁾

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Cash flow from operating activities before changes in non-cash working capital items	\$ 2,976,322	\$ 2,835,978	\$ 6,012,808	\$ 5,859,956
Changes in non-cash working capital items	118,076	1,441,926	407,212	1,002,929
Cash flows from operating activities	3,094,398	4,277,904	6,420,020	6,862,885
Less adjustment for:				
Sustaining expenditures on plant and equipment ⁽²⁾	(301,067)	(512,794)	(644,914)	(1,106,854)
Standardized distributable cash	\$ 2,793,331	\$ 3,765,110	\$ 5,775,106	\$ 5,756,031
Standardized distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.240	\$ 0.319	\$ 0.497	\$ 0.486
Per diluted unit and Class A common share	\$ 0.236	\$ 0.316	\$ 0.487	\$ 0.482
Standardized distributable cash from above	\$ 2,793,331	\$ 3,765,110	\$ 5,775,106	\$ 5,756,031
Add (deduct) adjustments for:				
Collection of rebates ⁽³⁾	246,976	273,339	497,966	569,050
Cash flow used in discontinued operations	(103,920)	(236,767)	(216,006)	(392,810)
Proceeds of sale of equipment	17,741	5,980	27,314	5,980
Reserve for working capital changes ⁽⁴⁾	-	-	-	250,000
Principal repayments of capital leases ⁽⁵⁾	(388,222)	(355,996)	(747,840)	(633,624)
Adjusted distributable cash	\$ 2,565,906	\$ 3,451,666	\$ 5,336,540	\$ 5,554,627
Adjusted distributable cash per average unit and Class A common share				
Per average unit and Class A common share	\$ 0.221	\$ 0.293	\$ 0.459	\$ 0.469
Per diluted unit and Class A common share	\$ 0.217	\$ 0.290	\$ 0.450	\$ 0.465
Distributions paid ⁽⁶⁾				
Unitholders	\$ 835,473	\$ 687,149	\$ 1,643,729	\$ 1,353,717
Class A common shareholders	65,656	54,005	129,561	106,260
Total distributions paid	\$ 901,129	\$ 741,154	\$ 1,773,290	\$ 1,459,977
Distributions paid ⁽⁶⁾				
Per Unit	\$ 0.0775	\$ 0.0625	\$ 0.1525	\$ 0.1225
Per Class A common share	\$ 0.0775	\$ 0.0625	\$ 0.1525	\$ 0.1225
Payout ratio based on standardized distributable cash ⁽⁶⁾	32.3%	19.7%	30.7%	25.4%
Payout ratio based on adjusted distributable cash ⁽⁶⁾	35.1%	21.5%	33.2%	26.3%

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

(2) Sustaining expenditures on plant and equipment excludes capital expenditures associated with acquisition and development activities.

(3) The Company receives prepaid rebates, under its trading partner arrangements, in equal quarterly installments of \$237,500 U.S. for a period of six years ending February 28, 2012. Beginning on

October 30, 2010 the Company will receive additional prepaid rebates in quarterly instalments of \$125,000 U.S. for a period of six years ending July 30, 2016.

- (4) At December 31, 2008 the Fund reserved for temporary working capital changes that were expected to reverse in 2009. At March 31, 2009 the Fund reversed \$250,000 of the reserve to offset a use of working capital experienced during the quarter.
- (5) Repayments of these leases represent additional cash requirements to support the productive capacity of the Company and therefore have been deducted when calculating adjusted distributed cash.
- (6) Distributions paid and payout ratios exclude repurchases under normal course issuer bids.

RESULTS OF OPERATIONS

(\$000's, except per unit figures)	Three months ended			Six months ended		
	Jun 30, 2010	% change	Jun 30, 2009	Jun 30, 2010	% change	Jun 30, 2009
Total Sales	52,288	(5.1%)	55,101	106,990	(9.6%)	118,414
Same Store Sales <i>(excluding foreign exchange)</i>	54,382	(1.3%)	55,101	113,839	(3.9%)	118,414
Sales - Canada	16,466	(11.3%)	18,568	35,429	(7.8%)	38,443
Same Store Sales - Canada	16,466	(11.3%)	18,568	35,429	(7.8%)	38,443
Sales - U.S.	35,822	(1.9%)	36,533	71,561	(10.5%)	79,971
Same Store Sales - U.S. <i>(excluding foreign exchange)</i>	37,916	3.8%	36,533	78,410	(2.0%)	79,971
Gross Margin %	45.7%	4.1%	43.9%	45.3%	3.7%	43.7%
Operating Expense %	39.1%	3.4%	37.8%	38.9%	3.2%	37.7%
EBITDA ⁽¹⁾	3,464	(7.2%)	3,734	6,898	(5.1%)	7,265
Interest Expense	234	(14.3%)	273	463	(14.9%)	544
Net Earnings from Continuing Operations	2,085	(4.4%)	2,182	4,215	(1.5%)	4,280
Basic Earnings per Unit from Continuing Operations	0.179	(3.2%)	0.185	0.362	0.0%	0.362
Diluted Earnings per Unit from Continuing Operations	0.176	(3.8%)	0.183	0.356	(0.8%)	0.359
Net Earnings	2,085	(0.0%)	2,086	3,970	(3.5%)	4,116
Basic Earnings per Unit	0.179	1.1%	0.177	0.341	(2.0%)	0.348
Diluted Earnings per Unit	0.176	0.6%	0.175	0.335	(2.9%)	0.345
Standardized Distributable Cash	2,793	(25.8%)	3,765	5,775	0.3%	5,756
Adjusted Distributable Cash	2,566	(25.7%)	3,452	5,337	(3.9%)	5,555
Distributions Paid	901	21.6%	741	1,773	21.4%	1,460

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2nd Quarter Comparison – Three months ended June 30, 2010 vs. 2009

Sales

Sales decreased \$2.8 million or 5.1% to \$52.3 million for the three months ended June 30, 2010 when compared to the same period in 2009, after adjusting for the effect of discontinued operations.

- During the quarter, \$2.5 million of sales were generated from ten new locations.
- Same-store sales excluding foreign exchange decreased \$0.7 million or 1.3%, and decreased another \$4.6 million due to the translation of same-store sales at a lower U.S. exchange rate.

Same-store sales are calculated by including sales for stores which were in operation for the complete comparative period. Excluded from the calculation are stores that have been discontinued.

The following chart provides comparative sales by geographic region:

Sales by Geographic Region (000's) <i>Three Months Ended June 30,</i>	2010	2009
Canada	\$ 16,466	\$ 18,568
United States	35,822	36,533
Total	\$ 52,228	\$ 55,101
Canada - % of total	31.5%	33.7%
United States - % of total	68.5%	66.3%

Sales in Canada for the three months ended June 30, 2010 totalled \$16.5 million, a decrease of \$2.1 million or 11.3%. Sales decreases in Canada were due entirely to a same-store sales decline as a result of softer market conditions made worse by the carry-over impact of an extremely mild and dry winter.

Sales in the U.S. totalled \$35.8 million for the three months ended June 30, 2010, a decrease from 2009 of \$0.7 million or 1.9% when compared to \$36.5 million for the prior year.

- During the quarter, \$2.5 million of sales were generated from new locations in Glendale, Arizona; Anthem, Arizona; Rome, Georgia; Avondale, Arizona and three new locations in Tucson, Arizona as well as Cartersville, Georgia; Owasso, Oklahoma and Evanston, Illinois.
- Excluding the impact of the translation of same-store sales at a lower U.S. exchange rate which resulted in a decrease of \$4.6 million, same-store sales increased \$1.4 million or 3.8%. The improvement, while encouraging, is the effect of a particularly weak comparative period.

Gross Margin

Gross Margin was \$23.9 million or 45.7% of sales for the three months ended June 30, 2010, a decrease from \$24.2 million or 43.9% of sales for the same period in 2009. Gross margin dollars decreased \$0.3 million due to the translation of both U.S. sales and cost of sales at lower exchange rates and same-store sales declines in Canada partially offset by same-store sales growth in the U.S., new store sales and improvement in gross margin percentage. Gross margin for 2010 increased by 4.1% or 1.8 percent of sales due to better parts discounts, more favourable parts sales mix, changes to labour pay plans and improved paint and material usage.

Operating Expenses

Operating Expenses for the three months ended June 30, 2010 decreased \$0.4 million to \$20.4 million from \$20.8 million for the same period of 2009 primarily due to the translation of U.S. dollar expenses at a lower U.S. dollar exchange rate. Excluding the impact of foreign currency translation of approximately \$1.8 million, expenses increased \$1.4 million from 2009 as a result of new locations.

Operating expenses as a percentage of sales in the second quarter increased to 39.1% of sales from 37.8% last year. The increase resulted from the fixed component of operating expenses increasing in percentage due to lower sales levels.

Foreign Exchange Losses (Gains)

Foreign Exchange Losses (Gains) for the three months ended June 30, 2010 was a loss of less than \$0.1 million compared to a gain of \$0.3 million recorded for the same period of 2009. The changes are the result of period to period differences in foreign exchange gains and losses on derivative contracts used to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the U.S. operations. The loss in the second quarter of 2010 was also impacted by a \$5,000,000 U.S. loan made to the Canadian operations from a U.S. subsidiary on a short-term basis and exchanged into Canadian dollars. The Company had also entered into a \$5,000,000 forward foreign exchange contract to purchase U.S. funds to minimize foreign exchange exposure during the loan term. In June 2010, both the loan and forward foreign exchange contract were settled and replaced by a new short-term loan for \$5,000,000 and a new forward foreign exchange contract.

EBITDA

*Earnings before interest, income taxes, depreciation and amortization (“EBITDA”)*¹ for the second quarter of 2010 totalled \$3.5 million or 6.6% of sales compared to EBITDA adjusted for discontinued operations (“*Adjusted EBITDA*”)¹ of \$3.7 million or 6.8% of sales in the same period of the prior year. Changes in the U.S. dollar negatively impacted EBITDA by \$0.7 million. This decline, as well as the impact of lower same-store sales, was almost entirely offset by lower operating costs and improvements in gross margin percentage.

Depreciation and Amortization

Depreciation and Amortization Expense related to plant and equipment totalled \$0.9 million or 1.7% of sales for the three months ended June 30, 2010 and was comparable to \$0.9 million or 1.7% of sales in the same period of the prior year.

Amortization of financing fees and other intangible assets for the second quarter of 2010 totalled \$0.2 million or 0.4% of sales and was comparable to \$0.2 million or 0.4% of sales expensed for the same period in the prior year.

Interest Expense

Interest Expense of \$0.2 million or 0.4% of sales for the second quarter of 2010 decreased from \$0.3 million or 0.5% of sales in the same period of the prior year. Reductions in interest expense resulted primarily from reduced operating line and term debt borrowings.

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

Income Taxes

Current Income Tax Expense and Future Tax Expense was \$46 thousand for the second quarter of 2010, compared to \$145 thousand for the same period in 2009. Income tax provisions and recoveries in both Canada and the U.S. are impacted by the existence of unrecognized tax losses and other tax assets. Tax provisions recorded on current year income have been reduced by the recognition of additional tax assets that are now judged as “more likely than not” to be realized.

Net Earnings from Continuing Operations

Net Earnings from continuing operations for the three months ended June 30, 2010 was \$2.1 million or 4.0% of sales compared to \$2.2 million or 4.0% of sales last year. The decrease in net earnings from continuing operations as a result of translating the U.S. operations at a less favourable foreign exchange rate was offset by improvements in gross margins.

Loss from Discontinued Operations

Loss from Discontinued Operations from the prior year of \$0.1 million related to the decision in the first quarter of 2010 to cease operations of an underperforming facility located in Park Forest, Illinois. No operations were discontinued in 2009.

Net Earnings and Earnings Per Unit and Class A Common Share

Net Earnings, after discontinued operations, for the three months ended June 30, 2010 was \$2.1 million or 4.0% of sales, compared to earnings of \$2.1 million or 3.8% of sales last year.

Basic Earnings Per Unit and Class A Common Share was \$0.179 per unit and Class A common share for the three months ended June 30, 2010, an increase when compared to basic earnings of \$0.177 per unit and Class A common share in the same period in 2009. *Diluted Earnings Per Unit and Class A Common Share* was \$0.176 per unit and Class A common share for the second quarter of 2010 compared to diluted earnings of \$0.175 per unit and Class A common share for the same period in the prior year.

Year-to-date Comparison – Six months ended June 30, 2010 vs. 2009

Sales

Sales decreased \$11.4 million or 9.6% to \$107.0 million for the six months ended June 30, 2010 when compared to the same period in 2009, after adjusting for the effect of discontinued operations.

- During the first six months of 2010, \$4.5 million of sales were generated from ten new locations.
- Same-store sales excluding foreign exchange decreased \$4.6 million or 3.9%, and decreased another \$11.3 million due to the translation of same-store sales at a lower U.S. exchange rate.

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

The following chart provides comparative sales by geographic region:

Sales by Geographic Region (000's)		
<i>Six Months Ended June 30,</i>	2010	2009
Canada	\$ 35,429	\$ 38,443
United States	71,561	79,971
Total	\$ 106,990	\$ 118,414
Canada - % of total	33.1%	32.5%
United States - % of total	66.9%	67.5%

Sales in Canada for the six months ended June 30, 2010 totalled \$35.4 million, a decrease of \$3.0 million or 7.8%. Sales decreases in Canada were due entirely to a same-store sales decline as a result of softer market conditions made worse by the impact of an extremely mild and dry winter which continued to impact the second quarter.

Sales in the U.S. totalled \$71.6 million for the six months ended June 30, 2010, a decrease from 2009 of \$8.4 million, or 10.5% when compared to \$80.0 million for the prior year.

- During the quarter \$4.5 million of sales were generated from new locations in Glendale, Arizona; Anthem, Arizona; Rome, Georgia; Avondale, Arizona and three new locations in Tucson, Arizona as well as Cartersville, Georgia; Owasso, Oklahoma and Evanston, Illinois.
- Excluding the impact of the translation of same-store sales at a lower U.S. exchange rate which resulted in a decrease of \$11.3 million, same-store sales decreased \$1.6 million or 2.0%.

Gross Margin

Gross Margin was \$48.5 million or 45.3% of sales for the six months ended June 30, 2010, a decrease from \$51.7 million or 43.7% of sales for the same period in 2009. Gross margin dollars decreased \$3.2 million due to the translation of both U.S. sales and cost of sales at lower exchange rates and same-store sales declines partially offset by new store sales and improvement in gross margin percentage. Gross margin for 2010 increased by 3.7% or 1.6 percent of sales due to better parts discounts, more favourable parts sales mix, changes to labour pay plans and improved paint and material usage.

Operating Expenses

Operating Expenses for the six months ended June 30, 2010 decreased \$3.0 million to \$41.6 million from \$44.6 million for the same period of 2009, primarily due to the translation of the U.S. dollar expenses at a lower U.S. dollar exchange rate. Excluding the impact of foreign currency translation of approximately \$4.5 million, expenses increased \$1.5 million from 2009 as a result of new locations, partially offset by expense reductions in existing stores.

Operating expenses as a percentage of sales increased to 38.9% for the first six months of 2010 from 37.7% last year. The increase resulted from the fixed component of operating expenses increasing in percentage due to lower sales levels.

Foreign Exchange Gains

Foreign Exchange Gains for the six months ended June 30, 2010 of \$0.1 million decreased from \$0.2 million for the same period of 2009. The changes are the result of period to period differences in foreign exchange gains and losses on derivative contracts used to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the U.S. operations. The gain in the first six months of 2010 was also impacted by a

\$5,000,000 U.S. loan made to the Canadian operations from a U.S. subsidiary on a short-term basis and exchanged into Canadian dollars. The Company had also entered into a \$5,000,000 forward foreign exchange contract to purchase U.S. funds to minimize foreign exchange exposure during the loan term. In June 2010, both the loan and forward foreign exchange contract were settled and replaced by a new short-term loan for \$5,000,000 and a new forward foreign exchange contract.

Adjusted EBITDA

*Earnings before interest, income taxes, depreciation and amortization, adjusted for discontinued operations (“Adjusted EBITDA”)*¹ for the first six months of 2010 totalled \$6.9 million or 6.4% of sales compared to Adjusted EBITDA of \$7.3 million or 6.2% of sales in the same period of the prior year. Changes in the U.S. dollar negatively impacted EBITDA by \$1.0 million. This decline, as well as the impact of lower same-store sales, was partially offset by lower operating costs and improvements in gross margin percentage.

Depreciation and Amortization

Depreciation and Amortization Expense related to plant and equipment totalled \$1.7 million or 1.6% of sales for the six months ended June 30, 2010 and was comparable to \$1.8 million or 1.6% of sales recorded in the same period of the prior year.

Amortization of financing fees and other intangible assets for the first six months of 2010 totalled \$0.5 million or 0.4% of sales which was comparable to the amount expensed for the same period in the prior year.

Interest Expense

Interest Expense of \$0.5 million or 0.4% of sales for the first six months of 2010 was comparable to the \$0.5 million or 0.5% of sales in the same period of the prior year.

Income Taxes

Current Income Tax Expense and Future Tax Expense of \$0.1 million for the first six months of 2010 decreased from \$0.2 million for the same period in 2009. Income tax provisions and recoveries in both Canada and the U.S. are impacted by the existence of unrecognized tax losses and other tax assets. Tax provisions recorded on current year income have been reduced by the recognition of additional tax assets that are now judged as “more likely than not” to be realized.

Net Earnings from Continuing Operations

Net Earnings from continuing operations for the six months ended June 30, 2010 decreased to \$4.2 million or 3.9% of sales from \$4.3 million or 3.6% of sales for the same period in 2009. The decrease in net earnings from continuing operations as a result of translating the U.S. operations at a less favourable foreign exchange rate was offset by improvements in gross margins.

Loss from Discontinued Operations

Loss from Discontinued Operations for the six months ended June 30, 2010 of \$0.2 million and of \$0.2 million for the same period in 2009 related to the decision to cease operations in the first quarter of 2010 of an underperforming facility located in Park Forest, Illinois. No operations were discontinued in 2009.

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

Net Earnings and Earnings Per Unit and Class A Common Share

Net Earnings, after discontinued operations, for the six months ended June 30, 2010 decreased to \$4.0 million or 3.7% of sales when compared to earnings of \$4.1 million or 3.5% of sales last year.

Basic Earnings Per Unit and Class A Common Share was \$0.341 per unit and Class A common share for the six months ended June 30, 2010, a decrease when compared to basic earnings of \$0.348 per unit and Class A common share in the same period in 2009. *Diluted Earnings Per Unit and Class A Common Share* was \$0.335 per unit and Class A common share for the first half of 2010 compared to diluted earnings of \$0.345 per unit and Class A common share for the same period in the prior year.

Summary of Quarterly Results

(S000's, except per unit and Class A common share data)

	2010			2009			2008	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Sales	52,288	54,703	53,043	52,215	55,101	63,313	56,040	50,899
Earnings from continuing operations	2,085	2,130	2,593	2,315	2,182	2,098	1,813	1,922
Basic earnings per unit and Class A common share from continuing operations	0.179	0.183	0.222	0.197	0.185	0.177	0.150	0.159
Diluted earnings per unit and Class A common share from continuing operations	0.176	0.180	0.219	0.195	0.183	0.175	0.152	0.157
Net earnings	2,085	1,886	2,537	2,229	2,086	2,030	822	1,873
Basic earnings per unit and Class A common share	0.179	0.162	0.217	0.190	0.177	0.171	0.067	0.155
Diluted earnings per unit and Class A common share	0.176	0.159	0.214	0.188	0.175	0.170	0.070	0.153

Sales have decreased compared to the prior year due to same-store sales declines as well as the weakening of the U.S. dollar since the second quarter of 2009. Earnings from continuing operations have been consistent as a result of sales from new locations, gross margin improvements and lower interest costs offset by same-store sales declines.

This table reflects the seasonal nature of the business with higher sales levels reported during the winter months of each year and lower levels during the summer months.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2010, the Fund had cash, net of outstanding deposits and cheques, held on deposit in U.S. bank accounts totalling \$5.9 million (December 31, 2009 - \$5.1 million). Offsetting this balance was \$0.4 million (December 31, 2009 - \$2.1 million) outstanding under its operating line of credit, resulting in a cash position, net of bank indebtedness, of \$5.5 million at June 20, 2010 (December 31, 2009 - \$3.0 million).

The net working capital ratio (current assets divided by current liabilities) was 1.03:1 at June 30, 2010 (December 31, 2009 - 0.97:1).

At June 30, 2010, the Fund had total debt outstanding, net of cash, of \$13.4 million compared to \$13.6 million at March 31, 2010, \$16.7 million at December 31, 2009, \$17.2 million at September 30, 2009 and \$19.8 million at June 30, 2009. The reduction in total debt in the first six months of 2010 was primarily due to the generation of cash from operations used to repay bank indebtedness and the repayment of U.S. senior bank debt.

Starting in October of 2009, the Company began repaying its U.S. senior term debt at a rate of \$375,000 U.S. per quarter.

Total Debt, Net of Cash (\$ Millions)	June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009	June 30, 2009
Bank indebtedness	\$ 0.4	\$ 0.7	\$ 2.1	\$ 1.8	\$ 2.9
U.S. senior bank debt	12.5	12.4	13.1	13.8	15.0
Supplier debt	-	-	-	0.1	0.1
Vendor loans	1.2	1.2	1.5	0.7	0.8
Obligations under capital lease	5.2	4.2	4.6	4.5	5.0
Convertible debt	-	-	0.5	0.5	0.6
	\$ 19.3	\$ 18.5	\$ 21.8	\$ 21.4	\$ 24.4
Cash	5.9	4.9	5.1	4.2	4.6
Total Debt, Net of Cash	\$ 13.4	\$ 13.6	\$ 16.7	\$ 17.2	\$ 19.8

Operating Activities

For the three months ended June 30, 2010, cash flow generated from continuing operations, before considering working capital changes, was \$3.0 million, up \$0.2 million from the \$2.8 million reported last year.

For the second quarter of 2010, working capital provided cash of \$0.1 million compared to \$1.4 million for the same period in 2009, excluding the effect of working capital changes related to discontinued operations. The cash provided in 2009 was the result of significantly reducing accounts receivable during the second quarter of that year.

Cash flow generated from continuing operations, before considering working capital changes, was \$6.0 million for the first six months of 2010, up \$0.1 million from the \$5.9 million reported last year.

For the first six months of 2010, working capital changes provided cash of \$0.4 million compared to \$1.0 million provided in the same period a year ago. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures as well as changes in the foreign exchange translation of U.S. working capital items.

Financing Activities

For the second quarter of 2010, cash used in financing activities totalled \$0.7 million compared to cash used of \$3.3 million in the prior year. During 2010, uses of cash included the repayment of long-term debt totalling \$0.4 million, a reduction in bank indebtedness in the amount of \$0.3 million and distributions paid to unitholders and dividends to Class A common shareholders totalling \$0.9 million partially offset by rebates received and proceeds received from the leasing of assets. Uses of cash for 2009 included the repayment of long-term debt totalling \$0.1 million, a reduction in bank indebtedness in the amount of \$2.1 million, distributions paid to unitholders and dividends to Class A common shareholders totalling \$0.7 million and purchases under the Fund's Normal Course Issuer Bid in the amount of \$0.3 million partially offset by rebates received.

Cash used in financing totalled \$3.6 million for the six months ended June 30, 2010 compared to cash used of \$3.5 million in the prior year. In the current period cash was used for the repayment of long-term debt totalling \$0.9 million, a reduction in bank indebtedness in the amount of \$1.7 million and distributions paid to unitholders and dividends to Class A common shareholders totalling \$1.8 million partially offset by rebates received and proceeds received from the leasing of assets. Cash used during the first six months of 2009 included the repayment of long-term debt totalling \$0.1 million, a reduction in bank indebtedness in the amount of \$1.6 million, distributions paid to unitholders and dividends to Class A common shareholders totalling \$1.5 million and purchases under the Fund's Normal Course Issuer Bid in the amount of \$0.6 million partially offset by rebates received and proceeds received from the leasing of assets.

Trading Partner Funding – Prepaid Rebates and Loans

During the first half of 2010, the Company received its regularly scheduled rebates from its trading partners, in the aggregate amount of \$475,000 U.S. (2009 - \$475,000 U.S.). These additional rebates are receivable in equal quarterly instalments of \$237,500 U.S. until February 28, 2012. Beginning on October 30, 2010, the Company will receive additional regularly scheduled rebates in quarterly instalments of \$125,000 U.S. for a period of six years ending on July 30, 2016.

In addition to the regularly scheduled quarterly rebates, prepaid rebates are also available for new acquisitions and start-ups. Regular testing of the criteria used to determine these additional rebates is applied after a certain start up period, with any under-funded (or over-funded) amounts being collected (or repaid) by the Company at that time. During the first half of 2010, the Company received \$0.2 million of new rebates and repaid \$0.1 million as over-funded adjustments to rebates previously received.

On July 30, 2010, in connection with a new acquisition and under a new addendum to its existing supply agreement, the Company received a one-time enhanced prepaid rebate from its trading partners of approximately \$6.0 million U.S. This prepaid rebate and the additional quarterly rebates noted above will be deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over a period of 15 years. The enhanced prepaid rebate will be tested after three years, with any over funding being adjusted against the additional quarterly rebates. The Company's new operations are obligated to purchase the suppliers' products on an exclusive basis over the term of the addendum. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively. Termination of the addendum would require the Company to repay all un-amortized balances and any other amounts as determined under the addendum.

Debt Financing

During the first half of 2010, the Fund did not receive any financing from vendors.

Subsequent to the end of the second quarter, on July 30, 2010, the Company obtained, and fully drew, a new tranche of U.S. senior term debt with its U.S. bank for approximately \$7.0 million U.S. This additional tranche is supported by an initial three year, interest only, promissory note due July 31, 2013 unless extended. Subject to certain conditions, the Company has the option to renew the facility for an additional 12 years providing quarterly principle repayments are made beginning on October 31, 2013 and continuing thereafter on the last day of January, April, July and October for each year in annual U.S amounts as follows:

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

The interest rate for a floating rate loan is based on LIBOR plus 3.75% for a LIBOR loan or for a prime rate loan, the greater of (i) the U.S. prime rate plus 1.0%, or (ii) the sum of Fed Funds Open Rate plus 1.75%, or (iii) LIBOR plus 2.75%. At Boyd's option, a fixed rate loan is also available for the initial term of the loan at the U.S. Bank's cost of funds plus 3.75%. The facility is secured by a pledge of the shares and assets, excluding cash and receivables, of a newly acquired business as well as a third party guarantee. Other terms and conditions of the loan are similar to those contained in the Company's U.S. senior bank debt facility.

The Fund has supplemented its debt financing in the past by negotiating with vendors in certain acquisitions to provide financing to the Company in the form of term notes. The notes payable to vendors are typically at favourable interest rates and for terms of 5-10 years. This source of financing is another means of supporting the Fund's growth, at a relatively low cost. On July 30, 2010, as part of an acquisition the Company issued a seller note in the amount of \$2.0 million U.S. that is payable on July 30, 2015. Interest on the note is fixed at 8.0% and is payable quarterly.

The Fund has traditionally used capital leases to finance a portion of its maintenance capital expenditures as well as a portion of its start-up and acquisition growth. At June 30, 2010, the Fund owed \$5.2 million (\$4.6 million at December 31, 2009) in capital lease obligations.

Investing Activities

Cash used in investing activities totalled \$1.6 million for the six months ended June 30, 2010, compared to \$1.6 million used in the prior year. The use of cash for 2010 related to expenditures made for maintaining or replacing existing equipment, maintaining or upgrading existing facilities as well as the development of new facilities in Illinois, Georgia, Arizona and Oklahoma.

Acquisitions and Start-Ups

During 2010, the Company spent \$1.0 million on the development and start-up costs associated with new locations in Evanston, Illinois; Cartersville, Georgia; Anthem Arizona, Tucson, Arizona and Owasso, Oklahoma.

During the first half of 2009, the Company spent \$0.5 million on the development and start-up costs associated with start-ups located in Winnipeg, Manitoba and Mesa, Arizona.

On July 30, 2010, the Company completed the acquisition of True2Form Collision Repair Centers, Inc., one of the largest multi-location collision repair companies in the United States for cash consideration of \$18.0 million U.S. less an estimated \$2.0 million U.S. for a working capital deficiency adjustment. True2Form was a private company operating 37 locations in four U.S. states; 17 locations in North Carolina, eight locations in Ohio, seven locations in Maryland and five locations in Pennsylvania. True2Form reported revenues of over \$71 million U.S. for the 12 months ended May 31, 2010. Funding for the transaction was a combination of cash, U.S. bank debt, trading partner funding and a vendor take-back note.

Capital Expenditures

The Fund spent approximately \$0.6 million or 0.6% of sales on the acquisition of equipment and facility upgrades during the first six months of 2010, compared to \$1.1 million or 0.9% of sales during the same period in 2009. For the second quarter of 2010, the Company spent approximately \$0.3 million or 0.6% of sales on maintenance capital expenditures compared to \$0.5 million or 0.9% of sales for the second quarter for 2009. Included in the 2009 expenditures are costs incurred to rebrand Alberta operations from the "Service Collision Center" brand to the "Boyd Autobody & Glass" brand as well as costs to upgrade Canadian shops to equipment that will permit the use of waterborne paint products.

RELATED PARTY TRANSACTIONS

The Fund has not entered into any new related party transactions beyond the items disclosed in the 2009 annual report. As a result of acquiring True2Form, certain True2Form employees have existing leasing arrangements with True2Form related to premise leases. These arrangements are recorded at the exchange amount.

CHANGES IN ACCOUNTING POLICIES

Convergence with International Financial Reporting Standards

On February 22, 2008, Canada's Accounting Standards Board confirmed the date that will result in Canadian generally accepted accounting principles, as used by public companies, being converged with International Financial Reporting Standards (IFRS) over a transitional period to be completed for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011.

The Fund's conversion project consists of three primary phases as follows:

- Scoping and preliminary diagnostic phase – identification of key areas that may be affected by the conversion and their expected significance and implications.
- Detailed component evaluation phase – an in-depth analysis of the differences between IFRS and Canadian GAAP performed on each area identified during the preliminary diagnostic phase. This includes an evaluation and selection of available accounting policies and quantification of impacts. This phase also includes the identification of any operational impacts including information systems and data collection, internal controls and other business activities.
- Implementation phase – implementation of new accounting policies and procedures into the Fund's business processes and information systems. This phase will culminate with the collection of financial information necessary to compile IFRS-compliant financial statements and approval by the audit committee.

The Fund has completed its initial diagnostic, is finalizing the detailed component evaluation phase of its project and has begun work on its implementation steps.

While not an exhaustive list of possible significant items, the following are several areas of accounting differences that may potentially have a significant impact on the Fund:

Accounting area	Potential Impact
First time adoption of IFRS	<p>IFRS 1, First-Time Adoption of International Reporting Standards, provides guidance to entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company expects to apply the following significant optional exemptions available under IFRS 1 on the opening transition date of January 1, 2010:</p> <ul style="list-style-type: none"> (i) Business combinations – the Fund will not restate any business combinations prior to the transition date (ii) Fair value or revaluation as deemed cost – the Fund expects it may elect to revalue certain amounts of property, plant or equipment to fair value. The net impact is expected to be less than \$500,000 (iii) Share based payment transactions – the Fund will elect to apply IFRS 2 prospectively on the non-vested stock options as at January 1, 2010 (iv) Cumulative translation differences – the Fund expects to apply the exemption permitting it relief from separately classifying cumulative translation differences up to the date of transition. This will result in approximately \$12,000,000 in cumulative losses being applied to the opening deficit
Presentation of Unitholders' Capital & exchangeable shares	<p>The Fund's units are puttable - meaning that holders of units may request that their units be redeemed for cash. This feature can result in units being classified as a liability. A "puttable exemption" exists that permits units to be classified as equity instead of a liability, despite this obligation to redeem units for cash. The Fund believes that its units meet the conditions for the puttables exemption and that the units will continue to be presented as equity.</p> <p>According to Canadian GAAP, the exchangeable shares of Boyd Group Holdings Inc, have also been recorded as capital. It is believed that the "puttable exemption" will not apply to these exchangeable shares and therefore these shares will likely be reflected as a liability on the consolidated balance sheet of the Fund. The valuation of this liability and the impact on earnings is still being evaluated. It is estimated that the liability at transition could be approximately \$2,000,000.</p>
Stock-based compensation	<p>The guidance provided by IFRS 2, Share Based Payments, is largely consistent with Canadian GAAP and requires estimates of the fair value of stock options to be made at the date of the grant and recognition of the related expense in income as the options vest. The use of the Black-Scholes model is an acceptable method under IFRS to estimate the fair value of the options at the date of grant, and is consistent with the Fund's current practice. It is believed that the puttable feature of the units which initially result in them being considered liabilities impacts the ongoing valuation and accounting for the options. The "puttable exemption" does not transfer to the recognition of other items such as these options. Therefore, the commitment to deliver units in the future is expected to be treated as a liability and would be valued at fair value at each balance sheet date with changes in valuation recorded in income. It is estimated that the liability at transition could be approximately \$300,000.</p>
Functional currency	<p>International Accounting Standard 21, <i>The Effects of Changes in Foreign Exchange Rates</i>, requires that the functional currency of each entity in a consolidated group be determined separately based on</p>

	<p>the currency of the primary economic environment in which the entity operates. A list of primary and secondary indicators is used under IFRS in this determination. Canadian GAAP does not provide specific guidance as to the determination of functional currency for a reporting domestic entity. It assumes that the functional currency of an entity is the currency of the entity's country of domicile (e.g. CAD for a Canadian location). The Fund, has prepared a preliminary analysis applying the primary and secondary indicators in the standard and determined that the functional currency of each of its entities matches the currency of the country of domicile for the entity. Given the analysis and current conditions under which we operate, the Fund's presentation currency will remain in Canadian Dollars.</p>
Business combinations	<p>IFRS 3 Business Combinations differs from Canadian GAAP in that it requires acquisition-related costs, such as finders' fees, legal fees and accounting fees to be expensed. It also requires the acquisition date to be the date on which the acquirer obtains control over the acquired entity or business. Contingent consideration must also be recorded at an estimated amount during the purchase price allocation and is adjusted over time through income as the estimate changes. These differences will impact the Fund's accounting on acquisitions subsequent to the transition date. As previously discussed, it is expected that the Fund will use the optional exemption to not restate any business combinations prior to the transition date.</p>
Revenue recognition	<p>IAS 18, Revenue indicates that the sale of services is to be recognized on a percentage of completion basis and that the sale of goods are to be recognized when the risks and rewards of ownership have been transferred. The Fund's sales cycle on individual repairs is of such a short duration that it does not expect any change in the recognition or timing of its revenue. There is currently a proposal to change the IFRS revenue model which contemplates the convergence of IAS 11 Construction Contracts and IAS 18 Revenue. The proposal contemplates switching revenue recognition from a risks and rewards model to a notion of a customer taking control of goods and services (a balance sheet approach). It is expected that the Fund's method would also fit within this proposed framework.</p>
Provisions	<p>IAS 37, <i>Provision, Contingent Liabilities and Contingent Assets</i>, requires a provision to be recognized when all of the following conditions have been satisfied:</p> <ol style="list-style-type: none"> (1) there is a present obligation as a result of a past transaction or event; and (2) it is probable that an outflow of resources will be required to settle the obligation; and (3) a reliable estimate can be made of the obligation. <p>"Probable" in this context means more likely than not. Under Canadian GAAP, the criterion for recognition in the financial statements is "likely", which is a higher threshold than "probable". Therefore, it is possible that there may be some provisions which would meet the recognition criteria under IFRS that are not currently recognized under Canadian GAAP. Other differences between IFRS and Canadian GAAP exist in relation to the measurement of provisions, such as the methodology for determining the best estimate where there is a range of equally possible outcomes (IFRS uses the mid-point of the range, whereas Canadian GAAP uses the low end of the range), and there is a requirement under IFRS for provisions to be discounted where material. The Company has not yet completed an assessment as to its potential impact on our results.</p>
Property, plant & equipment	<p>Consistent with Canadian GAAP, under IAS 16 Property Plant and Equipment, separable components of property, plant and equipment are recognized initially at cost. The level of detail in which property, plant and equipment is componentized under IFRS is expected to be greater than under Canadian GAAP. The Fund does not believe it will materially impact our financial results.</p> <p>Under IFRS an entity is required to choose to account for each class of property, plant and equipment using either the cost model or the revaluation model. The cost model is generally consistent with Canadian GAAP. The revaluation model requires a class of property, plant and equipment to be carried at its revalued amount, being its fair value at the date of the revaluation less any accumulated depreciation and accumulated impairment losses. Subsequent increases in fair value are recorded to the revaluation surplus account in equity while decreases in fair value serve to reduce the revaluation surplus account related to the asset, with any excess recognized in income. The Fund will continue to use the cost model in valuing its property, plant and equipment.</p>
Impairment of assets	<p>Canadian GAAP generally uses a two-step approach to impairment testing for non-financial assets: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with fair values. IAS 36, <i>Impairment of Assets</i>, uses a one-step approach testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use. This may potentially result in more write-downs where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis. However, the extent of any write-downs may be partially offset by the requirement under IAS 36 to reverse any previous impairment losses, excluding goodwill impairment losses, where circumstances have changed such that the impairments have been reduced. Canadian GAAP prohibits reversal of impairment losses. The Fund is in the process of reviewing the standard but at this time believes this will not have a significant impact on its results.</p>
Income taxes	<p>IAS 12 Income Taxes is similar to Canadian GAAP with the following exception that all deferred tax assets and liabilities are treated as long term instead of the Canadian GAAP approach of allocating between current and long term portions. We expect there will be limited impact in the determination of the tax provision. Additionally, the Fund is in the process of assessing the impact of various transitional adjustments on the income tax balances. It is expected that the most significant impact of IAS 12 on the Fund will be derived directly from the accounting policy decisions made under other standards.</p>

The Fund is continuing to quantify the effects of potential significant differences between IFRS and Canadian GAAP which may or may not be material. The Fund will continue to assess the impact of adopting IFRS, and will update its MD&A disclosures quarterly to report on the progress of its IFRS changeover plan.

The International Accounting Standards Board (“IASB”) is currently undertaking several projects that will result in changes to existing IFRS standards that may affect the Fund. These changes are as follows:

New IFRS Standard	Expected date of issuance
Leases	Q2 2010 – Exposure Draft
Revenue recognition	Q2 2010 – Exposure Draft
Consolidations	Q4 2010 – Final Standard
Income taxes	Q4 2010 – Exposure Draft
Liabilities	Q1 2011 – Final Standard
Financial statement presentation	Q1 2011 – Exposure Draft
Financial Instruments with characteristics of Equity	Q1 2011 – Exposure Draft
Fair value measurement guidance	Q1 2011 – Final Standard
Financial Instruments – Recognition and Measurement	Q2 2011 – Final Standard
Financial Instruments – Impairments	Q2 2011 – Final Standard
Financial Instruments – Hedge accounting	Q2 2011 – Final Standard

Source: www.iasb.org

The Company continues to monitor the changes proposed by the IASB and will be considering the impact any change in the standards may have on our operations and financial position, as well as the effect they may have on our changeover plan.

Information systems and data collection – At this time, the Fund does not expect any significant changes to its financial reporting system in order to implement the transition to IFRS.

Internal controls over financial reporting – The Fund does not anticipate the transition to IFRS will have a significant impact on either internal controls over financial reporting or disclosure controls and procedures.

Business activities – Throughout the detailed component evaluation phase we are considering business activities that may be impacted by the conversion to IFRS. These include but are not limited to debt covenant compliance and compensation arrangements. So far, we have not discovered any current or future anticipated business activity that will be significantly impacted by the transition to IFRS.

Education and training – The Fund has utilized external training seminars, web based presentations as well as an IFRS conversion consultant to inform and educate members of management as to the impact of IFRS. As the implementation project proceeds during 2010, a training plan will be developed for the Board of Directors, Audit Committee, and other employees as appropriate. The senior management team, the Audit Committee and the Board of Trustees will continue to be updated as required on the progress and decision making surrounding the transition to IFRS.

FINANCIAL INSTRUMENTS AND HEDGES

In order to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the U.S. operations, the Company has entered into a series of foreign exchange contracts. In accordance with GAAP, these contracts are marked to market monthly with unrealized gains and losses included in income. At June 30, 2010 these contracts are summarized as follows:

	<u>Notional Amount</u>	<u>Expiry</u>	<u>Average Rate</u>
The Fund selling U.S. Dollars			
	\$ 400,000	July 2010	\$1.0800
	\$ 400,000	August 2010	\$1.0835
	\$ 400,000	September 2010	\$1.0341
	\$ 400,000	October 2010	\$1.0341
	\$ 400,000	November 2010	\$1.0341
	\$ 400,000	December 2010	\$1.0341
	\$ 300,000	January 2011	\$1.0493
	\$ 300,000	February 2011	\$1.0493
	\$ 300,000	March 2011	\$1.0493
	\$ 300,000	April 2011	\$1.0493

For the six month period ending June 30, 2010 the Fund has recorded to earnings unrealized gains related to these contracts in the amount of \$271,900 (2009 – \$176,773). During the first six months of 2010, the Fund realized foreign exchange gains in the amount of \$366,600 (2009 – \$35,240). The fair value receivable of these contracts at June 30, 2010 was \$57,500 (December 31, 2009 - \$329,400).

Transactional foreign currency risk also exists in limited circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. During 2009, \$5,000,000 U.S. was lent to the Canadian operations on a short-term basis and exchanged into Canadian dollars. In the first six months of 2010, the Company recorded a foreign exchange gain of \$2,000 (2009 – \$nil) on this loan. These funds were repaid in June 2010. The Company had also entered into a \$5,000,000 forward foreign exchange contract to purchase U.S. funds to protect against foreign exchange exposure during the loan term. During the six months ending June 30, 2010 the Company recorded to earnings foreign exchange loss related to this contract in the amount of \$49,000 (2009 – \$nil). In June 2010, the Company made a new short-term loan for \$5,000,000 and entered into a new forward foreign exchange contract. The unrealized loss on this loan at June 30, 2010 was \$25,500 and the unrealized gain and fair value receivable related to the forward foreign exchange contract was \$41,600.

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 balance sheet date and reported amounts of revenues 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 2009 annual MD&A.

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 Canadian GAAP. During the first six months of 2010, 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 2009 annual MD&A.

ADDITIONAL INFORMATION

The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN. Additional information relating to the Boyd Group Income Fund is available on SEDAR (www.sedar.com) and our website (www.boydgroup.com).

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

These interim consolidated financial statements and related notes and other interim filings have not been reviewed by the Fund's auditors.

**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 statements and interim MD&A (together, the “interim filings”) of the **Boyd Group Income Fund**, (the “issuer”) for the interim period ended **June 30, 2010**.
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 statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations 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 April 1, 2010 and ended on June 30, 2010 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 13, 2010

(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 statements and interim MD&A (together, the “interim filings”) of the **Boyd Group Income Fund**, (the “issuer”) for the interim period ended **June 30, 2010**.
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 statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations 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 April 1, 2010 and ended on June 30, 2010 that has materially affected, or is reasonably likely to materially affect, the issuer’s ICFR.

Date: August 13, 2010

(signed)

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



BOYD GROUP INCOME FUND

Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2010

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

INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)

June 30, 2010 and December 31, 2009

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash	\$ 5,943,493	\$ 5,085,548
Accounts receivable	14,483,562	15,471,712
Income taxes recoverable	110,667	102,021
Inventory	2,826,906	3,611,341
Prepaid expenses	1,818,194	1,465,989
Derivative contracts (Note 8)	99,100	329,400
	25,281,922	26,066,011
Property, plant and equipment	19,954,821	19,744,350
Future income tax asset	1,056,943	1,063,482
Goodwill	16,875,681	16,812,650
Intangible assets	13,514,741	13,848,185
	\$ 76,684,108	\$ 77,534,678
Liabilities and Equity		
Current liabilities:		
Bank Indebtedness	\$ 398,914	\$ 2,099,999
Accounts payable and accrued liabilities	20,205,425	20,800,282
Distributions payable (Note 5)	296,486	269,390
Dividends payable (Note 5)	23,269	21,397
Derivative Contracts (Note 8)	-	269,600
Current portion of long-term debt	1,884,505	1,911,478
Current portion of obligations under capital leases	1,719,933	1,437,702
	24,528,532	26,809,848
Long-term debt	11,809,539	12,704,760
Obligations under capital leases	3,464,993	3,164,735
Convertible exchange note	-	523,300
Unearned rebates	12,957,051	12,883,586
	52,760,115	56,086,229
Equity		
Accumulated other comprehensive loss (Note 3)	(11,753,717)	(12,047,485)
Deficit	(26,385,965)	(28,553,884)
	(38,139,682)	(40,601,369)
Unitholders' capital (Note 4)	57,926,701	57,932,732
Shareholders' capital (Note 4)	52,425	53,046
Contributed surplus	4,084,549	4,064,040
	23,923,993	21,448,449
	\$ 76,684,108	\$ 77,534,678

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

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT (Unaudited)
Six Months Ended June 30,

	2010	2009
Deficit, beginning of period	\$ (28,553,884)	\$ (34,299,356)
Net earnings for period	3,970,177	4,115,681
Dividends on BGHI Class A common shares (<i>Note 5</i>)	(131,433)	(108,207)
Distributions to unitholders (<i>Note 5</i>)	(1,670,825)	(1,375,982)
Deficit, end of period	\$ (26,385,965)	\$ (31,667,864)

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

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

	2010	2009
Sales	\$ 106,990,397	\$ 118,414,199
Cost of sales	58,523,529	66,709,469
Gross margin	48,466,868	51,704,730
Operating expenses	41,650,750	44,645,558
Foreign exchange gains	(82,310)	(206,269)
Depreciation and amortization	1,688,231	1,841,605
Amortization of financing fees and other intangible assets	473,603	432,120
Interest expense	462,721	544,458
	44,192,995	47,257,472
Earnings before income taxes	4,273,873	4,447,258
Income tax expense		
Current	36,327	5,000
Future	22,809	162,521
	59,136	167,521
Net earnings from continuing operations	4,214,737	4,279,737
Loss from discontinued operations (Note 2)	(244,560)	(164,056)
Net earnings	\$ 3,970,177	\$ 4,115,681
Weighted average number of units and Class A common shares outstanding	11,627,485	11,838,564
Basic earnings per unit and Class A common share from continuing operations (Note 7)	\$ 0.362	\$ 0.362
Loss per unit and Class A common share from discontinued operations	(0.021)	(0.014)
Basic earnings per unit and Class A common share	\$ 0.341	\$ 0.348
Diluted earnings per unit and Class A common share from continuing operations (Note 7)	\$ 0.356	\$ 0.359
Diluted loss per unit and Class A common share from discontinued operations	(0.021)	(0.014)
Diluted earnings per unit and Class A common share	\$ 0.335	\$ 0.345

*The accompanying notes are an integral part of these interim consolidated financial statements***CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS***Six Months Ended June 30,*

	2010	2009
Net earnings	\$ 3,970,177	\$ 4,115,681
Other comprehensive earnings (loss), net of income taxes		
Change in unrealized loss on translating financial statements of self-sustaining foreign operations	293,768	(724,978)
Other comprehensive earnings (loss), net of income taxes	293,768	(724,978)
Comprehensive earnings	\$ 4,263,945	\$ 3,390,703

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)*Six Months Ended June 30,*

	2010	2009
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net earnings from continuing operations	\$ 4,214,737	\$ 4,279,737
Items not affecting cash		
Future income taxes	22,809	162,521
Amortization of discount on long-term debt	-	11,392
Amortization of financing fees and other intangible assets	473,603	432,120
Depreciation and amortization	1,688,231	1,841,605
Amortization of unearned rebates	(675,407)	(701,704)
Unit option compensation expense	20,510	15,062
Gain on disposal of equipment	(12,375)	(4,004)
Unrealized foreign exchange loss on internal loans	23,500	-
Cash realized on settlement of internal loan	296,500	-
Unrealized gain on derivative contracts	(87,300)	(212,013)
Cash realized on settlement of derivative contracts	48,000	35,240
	6,012,808	5,859,956
Changes in non-cash working capital items	407,212	1,002,929
	6,420,020	6,862,885
Cash flows used in financing activities		
Issue costs	(6,653)	(6,653)
Repayment of long-term debt	(947,544)	(145,600)
Decrease in bank indebtedness	(1,712,721)	(1,568,929)
Repayment of obligations under capital leases	(747,840)	(633,624)
Proceeds on sale-leaseback agreement	1,035,001	403,129
Dividends paid on Class A common shares	(129,561)	(106,260)
Distributions paid to unitholders	(1,643,729)	(1,353,717)
Increase in unearned rebates	218,418	-
Repayment of unearned rebates	(65,251)	-
Collection of rebates receivable	497,966	569,050
Units purchased under the Fund's Normal Course Issuer Bid	-	(621,191)
Repayment of convertible debt	(79,135)	-
	(3,581,049)	(3,463,795)
Cash flows used in investing activities		
Proceeds on sale of equipment	27,314	5,980
Equipment purchases and facility improvements	(644,914)	(1,106,854)
Acquisition and development of businesses	(960,430)	(510,981)
	(1,578,030)	(1,611,855)
Foreign exchange	(186,990)	(311,362)
Net increase in cash position provided by continuing operations	1,073,951	1,475,873
DISCONTINUED OPERATIONS		
Operating activities	(198,513)	(392,810)
Financing activities	(17,493)	-
Net decrease in cash position used in discontinued operations	(216,006)	(392,810)
Net increase in cash position	857,945	1,083,063
Cash, beginning of period	5,085,548	3,530,167
Cash, end of period	\$ 5,943,493	\$ 4,613,230
Income taxes paid	\$ 42,773	\$ 11,509
Interest paid	\$ 472,672	\$ 663,953

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

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

Three Months Ended June 30,

	2010	2009
Sales	\$ 52,287,594	\$ 55,100,716
Cost of sales	28,394,524	30,904,656
Gross margin	23,893,070	24,196,060
Operating expenses	20,423,465	20,811,794
Foreign exchange losses (gains)	6,086	(349,539)
Depreciation and amortization	864,232	928,120
Amortization of financing fees and other intangible assets	234,607	205,992
Interest expense	233,869	273,080
	21,762,259	21,869,447
Earnings before income taxes	2,130,811	2,326,613
Income tax expense		
Current	36,327	-
Future	9,964	144,676
	46,291	144,676
Net earnings from continuing operations	2,084,520	2,181,937
Loss from discontinued operations (Note 2)	-	(95,967)
Net earnings	\$ 2,084,520	\$ 2,085,970
Weighted average number of units and Class A common shares outstanding	11,627,485	11,796,519
Basic earnings per unit and Class A common share from continuing operations (Note 7)	\$ 0.179	\$ 0.185
Loss per unit and Class A common share from discontinued operations	-	(0.008)
Basic earnings per unit and Class A common share	\$ 0.179	\$ 0.177
Diluted earnings per unit and Class A common share from continuing operations (Note 7)	\$ 0.176	\$ 0.183
Diluted loss per unit and Class A common share from discontinued operations	-	(0.008)
Diluted earnings per unit and Class A common share	\$ 0.176	\$ 0.175

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

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (Unaudited)

Three Months Ended June 30,

	2010	2009
Net earnings	\$ 2,084,520	\$ 2,085,970
Other comprehensive earnings (loss), net of income taxes		
Change in unrealized loss on translating financial statements of self-sustaining foreign operations	792,123	(1,121,951)
Other comprehensive earnings (loss), net of income taxes	792,123	(1,121,951)
Comprehensive earnings	\$ 2,876,643	\$ 964,019

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

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)*Three Months Ended June 30,*

	2010	2009
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net earnings from continuing operations	\$ 2,084,520	\$ 2,181,937
Items not affecting cash		
Future income taxes	9,964	144,676
Amortization of discount on long-term debt	-	5,241
Amortization of financing fees and other intangible assets	234,607	205,992
Depreciation and amortization	864,232	928,120
Amortization of unearned rebates	(336,982)	(343,715)
Unit option compensation expense	10,255	7,531
Gain on disposal of equipment	(9,174)	(4,004)
Unrealized foreign exchange loss on internal loans	178,500	-
Cash realized on settlement of internal loan	296,500	-
Unrealized gain on derivative contracts	(153,900)	(325,040)
Cash realized (lost) on settlement of derivative contracts	(202,200)	35,240
	2,976,322	2,835,978
Changes in non-cash working capital items	118,076	1,441,926
	3,094,398	4,277,904
Cash flows used in financing activities		
Repayment of long-term debt	(448,601)	(73,763)
Decrease in bank indebtedness	(326,550)	(2,136,361)
Repayment of obligations under capital leases	(388,222)	(355,996)
Proceeds on sale-leaseback agreement	1,035,001	-
Dividends paid on Class A common shares	(65,656)	(54,005)
Distributions paid to unitholders	(835,473)	(687,149)
Increase in unearned rebates	126,348	-
Repayment of unearned rebates	(65,251)	-
Collection of rebates receivable	246,976	273,339
Units purchased under the Fund's Normal Course Issuer Bid	-	(269,108)
	(721,428)	(3,303,043)
Cash flows used in investing activities		
Proceeds on sale of equipment	17,741	5,980
Equipment purchases and facility improvements	(301,067)	(512,794)
Acquisition and development of businesses	(805,589)	(89,968)
	(1,088,915)	(596,782)
Foreign exchange	(136,387)	(450,490)
Net increase (decrease) in cash position provided by (used in) continuing operations	1,147,668	(72,411)
DISCONTINUED OPERATIONS		
Operating activities	(103,920)	(236,767)
Net decrease in cash position used in discontinued operations	(103,920)	(236,767)
Net increase (decrease) in cash position	1,043,748	(309,178)
Cash, beginning of period	4,899,745	4,922,408
Cash, end of period	\$ 5,943,493	\$ 4,613,230
Income taxes paid	\$ 6,968	\$ 11,509
Interest paid	\$ 236,627	\$ 335,031

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

These interim consolidated financial statements of the Boyd Group Income Fund (the “Fund”), Boyd Group Holdings Inc. (“BGHI”) and subsidiaries have been prepared in accordance with Canadian generally accepted accounting principles and contain the consolidated financial position, results of operations and cash flows of the Fund, BGHI, The Boyd Group Inc. (the “Company”) and the Company’s direct subsidiary companies as at June 30, 2010. These financial statements are consistent with the policies and methods of computation as disclosed in the audited consolidated financial statements and related notes of the Fund for the year ended December 31, 2009. Readers should be aware that these interim consolidated financial statements and related notes are unaudited and do not include all the information required for complete financial statements, and should be read in conjunction with the audited consolidated financial statements and related notes of the Fund for the year ended December 31, 2009.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. DISCONTINUED OPERATIONS

On March 31, 2010, the Company ceased operations of an under-performing collision repair facility located in Park Forest, Illinois.

The consolidated balance sheets include the following assets and liabilities which relate to this discontinued operation:

	June 30, 2010	December 31, 2009
Current assets	\$ 16,905	\$ 126,099
Equipment	54,778	133,475
	71,683	259,574
Current liabilities	412,480	571,817
Net liabilities	\$ (340,797)	\$ (312,243)

The results of discontinued operations are summarized below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Sales	\$ -	\$ 252,843	\$ 211,184	\$ 686,906
Net loss from discontinued operations	\$ -	\$ (95,967)	\$ (244,560)	\$ (164,056)

The loss from discontinued operations has not been adjusted for its income tax effect because the Company is not in a position to recognize the benefit of these losses.

3. ACCUMULATED OTHER COMPREHENSIVE LOSS

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Accumulated other comprehensive loss, beginning of year,	\$ (12,047,485)	\$ (9,803,867)
Unrealized loss on translating financial statements of self-sustaining foreign operations	293,768	(2,243,618)
Total	\$ (11,753,717)	\$ (12,047,485)

4. CAPITAL

Unitholders' Capital of the Fund

Authorized:

Unlimited number of Trust Units

Issued:

The ownership percentages of the Company between the Fund and BGHI continue to change as new units are issued and Class A common shares of BGHI are retracted. At June 30, 2010, the ownership percentage held by the Fund was 83.94% and BGHI was 16.06%.

The following provides a continuity of unitholders' capital of the Fund:

	<u>June 30, 2010</u>		<u>December 31, 2009</u>	
	<u>Units</u>	<u>Amount</u>	<u>Units</u>	<u>Amount</u>
Unitholders' capital, beginning of year	10,771,591	\$ 57,932,732	11,091,271	\$ 59,755,478
Issue costs	-	(6,653)	-	(6,653)
Units issued to settle retraction of Class A common shares of BGHI	9,730	622	18,320	1,170
Units purchased for cancellation under the Fund's Normal Course Issuer Bid	-	-	(338,000)	(1,817,263)
Unitholders' capital, end of period	10,781,321	\$ 57,926,701	10,771,591	\$ 57,932,732

Shareholders' Capital of BGHI

Authorized:

2,062,863 Class A common, retractable, voting shares of BGHI

Issued:

	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Class A common shares		
Number of shares outstanding	820,733	830,463
Carrying Value of shares outstanding	\$ 52,425	\$ 53,046

5. DISTRIBUTIONS AND DIVIDENDS

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

<u>Record date</u>	<u>Payment date</u>	<u>Distribution per unit</u>	<u>Dividend per share</u>	<u>Distribution amount</u>	<u>Dividend amount</u>
January 31, 2010	February 24, 2010	\$ 0.025	\$ 0.025	\$ 269,368	\$ 21,319
February 28, 2010	March 29, 2010	0.025	0.025	269,498	21,189
March 31, 2010	April 28, 2010	0.025	0.025	269,500	21,187
April 30, 2010	May 27, 2010	0.02625	0.02625	282,987	22,235
May 31, 2010	June 28, 2010	0.02625	0.02625	282,986	22,234
June 30, 2010	July 28, 2010	0.0275	0.0275	296,486	23,269
		\$ 0.155	\$ 0.155	\$ 1,670,825	\$ 131,433

On March 25, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.02625 per unit commencing May 2010, for unitholders and shareholders of record on April 30, 2010.

On May 13, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.0275 per unit commencing July 2010, for unitholders and shareholders of record on June 30, 2010.

On August 12, 2010, the Trustees of the Fund and the Directors of BGHI approved an increase in monthly distributions and dividends to \$0.02875 per unit commencing October 2010, for unitholders and shareholders of record on September 30, 2010.

6. SEGMENTED REPORTING

The Company has one reportable line of business, being automotive collision repair and related services, with all revenues relating to a group of similar services. In this circumstance, Canadian generally accepted accounting principles requires the Company to provide geographical disclosure of segments. For the periods reported, all of the Company's revenues were derived within Canada or the United States of America. All property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

	<u>Revenues</u>		<u>Property, Plant, Equipment Intangible Assets and Goodwill</u>	
	<u>June 30, 2010</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Canada	\$ 35,428,882	\$ 38,443,291	\$ 17,310,091	\$ 17,543,800
United States	71,561,515	79,970,908	33,035,152	32,861,385
Total	\$ 106,990,397	\$ 118,414,199	\$ 50,345,243	\$ 50,405,185

7. EARNINGS PER UNIT AND CLASS A COMMON SHARE FROM CONTINUING OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
a) Earnings:				
Net earnings from continuing operations	\$ 2,084,520	\$ 2,181,937	\$ 4,214,737	\$ 4,279,737
Add:				
Net after tax interest on 2005 Vendor exchange note	1,196	3,792	1,196	7,542
Net earnings from continuing operations – diluted basis	\$ 2,085,716	\$ 2,185,729	\$ 4,215,933	\$ 4,287,279
b) Number of units and Class A common shares:				
Average number of units and Class A common shares outstanding	11,627,485	11,796,519	11,627,485	11,838,564
Add:				
Potential conversion of 2005 Vendor exchange note	17,664	51,852	8,881	51,852
Calculated unit option conversion	202,533	68,305	211,959	63,038
Average number of units and Class A common shares outstanding – diluted basis	11,847,682	11,916,676	11,848,325	11,953,454
Earnings per unit and Class A common share from continuing operations (a) divided by (b)				
Basic	\$ 0.179	\$ 0.185	\$ 0.362	\$ 0.362
Diluted	\$ 0.176	\$ 0.183	\$ 0.356	\$ 0.359

8. FINANCIAL INSTRUMENTS

Derivative Contracts

In order to limit the variability of earnings due to the foreign exchange translation exposure on the income and expenses of the U.S. operations, the Company has entered into a series of foreign exchange contracts. In accordance with GAAP, these contracts are marked to market monthly with unrealized gains and losses included in income. At June 30, 2010 these contracts are summarized as follows:

	<u>Notional Amount</u>	<u>Expiry</u>	<u>Average Rate</u>
The Fund selling U.S. Dollars	\$ 400,000	July 2010	\$1.0800
	\$ 400,000	August 2010	\$1.0835
	\$ 400,000	September 2010	\$1.0341
	\$ 400,000	October 2010	\$1.0341
	\$ 400,000	November 2010	\$1.0341
	\$ 400,000	December 2010	\$1.0341
	\$ 300,000	January 2011	\$1.0493
	\$ 300,000	February 2011	\$1.0493
	\$ 300,000	March 2011	\$1.0493
	\$ 300,000	April 2011	\$1.0493

For the six month period ending June 30, 2010 the Fund has recorded to earnings unrealized losses related to these contracts in the amount of \$271,900 (2009 – gain of \$176,773). During the first six months of 2010, the Fund realized foreign exchange gains in the amount of \$366,600 (2009 – \$35,240). The fair value receivable of these contracts at June 30, 2010 was \$57,500 (December 31, 2009 - \$329,400).

Transactional foreign currency risk also exists in limited circumstances where U.S. denominated cash is received in Canada. The Company monitors U.S. denominated cash flows to be received in Canada and evaluates whether to use forward foreign exchange contracts. During 2009, \$5,000,000 U.S. was lent to the Canadian operations on a short-term basis and exchanged into Canadian dollars. In the first six months of 2010, the Company recorded a foreign

exchange gain of \$2,000 (2009 – \$nil) on this loan. These funds were repaid in June 2010. The Company had also entered into a \$5,000,000 forward foreign exchange contract to purchase U.S. funds to protect against foreign exchange exposure during the loan term. During the six months ending June 30, 2010 the Company recorded to earnings foreign exchange loss related to this contract in the amount of \$49,000 (2009 – \$nil). In June 2010, the Company made a new short-term loan for \$5,000,000 and entered into a new forward foreign exchange contract. The unrealized loss on this loan at June 30, 2010 was \$25,500 and the unrealized gain and fair value receivable related to the forward foreign exchange contract was \$41,600.

9. COMPARATIVE FIGURES

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

10. SUBSEQUENT EVENT

On July 30, 2010, the Company completed the acquisition of True2Form Collision Repair Centers, Inc., one of the largest multi-location collision repair companies in the United States for cash consideration of \$18.0 million U.S. less an estimated \$2.0 million U.S. for a working capital deficiency adjustment. Funding for the transaction was a combination of cash, U.S. bank debt, trading partner funding and a vendor take-back note. True2Form was a private company operating 37 locations in four U.S. states; 17 locations in North Carolina, eight locations in Ohio, seven locations in Maryland and five locations in Pennsylvania.