

BOYD GROUP INCOME FUND

INTERIM REPORT TO UNITHOLDERS

Third Quarter and Nine Months Ended September 30, 2006

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To our Unitholders,

For the three months ended September 30, 2006, our revenue declined slightly to \$44.9 million from \$45.7 million in the third quarter a year ago. Excluding the impact of foreign currency translation, our system-wide same store sales declined by \$0.4 million or 0.8%. While we continue to experience challenging business conditions in the U.S., our Canadian operations continue to perform relatively well.

Our sales in Canada in the third quarter of 2006 totalled \$15.1 million, an increase of \$0.8 million or 5.9%, compared to the third quarter a year ago. Sales increases in Canada resulted from continued same store sales growth, with increases reported in three out of the four western provinces. Same store sales in British Columbia declined slightly.

Sales in the U.S. in the third quarter of 2006 decreased 5.2% to \$29.8 million compared to \$31.5 million in the third quarter of 2005. Sales in the U.S. included \$1.5 million in new sales from three new start-ups commenced in 2006 and new glass repair and replacement revenues generated in the Arizona, Georgia, Nevada and Washington markets. Same store sales in the U.S. declined \$3.2 million or 10.2% compared to the third quarter a year ago. Translation of U.S. dollar revenues at a weaker U.S. dollar exchange rate, relative to the Canadian dollar, during the quarter accounted for \$2.0 million of this same store sales decline. Excluding the impact of foreign currency translation, U.S. same store sales declined \$1.2 million or 3.8% compared to the third quarter a year ago.

We continue to focus on improving the performance of our U.S. operations by capitalizing on opportunities to maximize our capacity utilization and leverage fixed costs and through the continued development of our relationships with insurance companies. While we continue to work our way through challenging market conditions, we believe the fundamentals of our business are sound and our longer-term business outlook is positive. Based on current financial performance, we do not anticipate reinstating distributions within the next 10 months. Instead, we will continue to use cash flow from operations to strengthen our balance sheet. At the end of this time period, or sooner if we experience meaningful improvement in our financial performance, management of the Company and the Trustees of the Fund would expect to resume distributions at conservative and sustainable levels.

On October 31, 2006, the Government of Canada (Department of Finance) announced the "Tax Fairness Plan" whereby the income tax rules applicable to publicly traded trusts and partnerships will be significantly modified. Under the proposed plan, distributions made by income trusts and partnerships will be taxed in a manner similar to income earned by (and distributions made by) a corporation. The proposed plan, if legislated, will not become effective until the 2011 taxation year for trusts such as the Boyd Group Income Fund, that were publicly traded prior to November 1, 2006. Therefore, the timing of the proposed tax changes would allow us to continue to benefit from a tax advantage over publicly traded corporations for the next four years. The Trustees of the Fund and Boyd Group senior management will continue to monitor this development and carefully consider appropriate actions, if any, to protect the best long term interests of our unitholders.

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

Sincerely,



Terry Smith
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 operator of automotive collision repair service centres in Canada and is among the largest multi-site collision repair companies in North America, currently operating locations in the four western Canadian provinces and six U.S. states. Boyd carries on business in Canada under the trade names "Boyd Autobody & Glass" and "Service Collision Repair Centre". In the U.S., Boyd operates primarily under the "Gerber Collision & Glass" and "Gerber National Glass Services" names.

The following review of the Fund's operating and financial results for the third quarter and nine months ended September 30, 2006, including material transactions and events up to and including November 9, 2006 have been prepared in accordance with Canadian generally accepted accounting principles and 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, 2005 as filed on SEDAR at www.sedar.com. Readers should be aware that the interim financial statements and related notes are unaudited and do not include all the information required for complete financial statements.

The Fund's units trade on the Toronto Stock Exchange under the symbol TSX: BYD.UN.

FORWARD-LOOKING INFORMATION

This interim report contains forward-looking information, other than historical facts, which reflect the views of the Fund's management with respect to future events. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes or events. Such forward-looking information reflects the current views of the Fund's management on the basis of information currently available.

Although management believes that its expectations are reasonable, readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts, projections and other forms of forward-looking information will not be achieved. By its nature, the forward-looking information contained herein is subject to inherent risks and uncertainties, and assumptions relating to the operations, results of operations, financial position, business prospects and strategies of the Fund. The Fund can give no assurance that its expectations with respect to forward-looking information will prove to be correct.

The Fund assumes no obligation to update, publicly or otherwise, the forward-looking information contained herein or update the reasons why actual results could differ from those contemplated by the forward-looking information, whether as a result of new information, future events or otherwise.

SIGNIFICANT EVENTS

A summary of significant events and corporate initiatives during the first nine months of 2006 which had, and which will continue to have an impact on the Fund's financial results and financial position, include:

- On February 14, 2006, finalizing new arrangements with trading partners to exclusively purchase paint and related products on a long-term basis. These new arrangements replace those existing at December 31, 2005;
- On February 14, 2006, obtaining and fully drawing down a new long-term debt facility for \$13 million U.S. with a U.S. bank, using the majority of the proceeds to repay trading partner acquisition loan facilities and U.S. capital leases existing at December 31, 2005;
- On February 14, 2006, prepaying \$1.8 million U.S. of bank debt held by the Fund's senior lenders and amending its senior credit facilities to increase the Fund's operating line from \$10 million to \$12 million;
- In Q2 2006, commencing operations in three new repair facilities developed during late 2005 and early 2006;
- On July 17, 2006, prepaying \$2.8 million U.S. of bank debt held by the Fund's senior lenders and amending its senior credit facilities to increase the Fund's operating line from \$12 million to \$15 million. The prepayment generated foreign exchange gains of \$0.9 million during the 3rd quarter;
- In Q3 2006, as part of ongoing goodwill impairment testing, the write down of goodwill balances, in the amount of \$2.3 million, related to the continued lower earnings associated with U.S. operations located in Georgia and Washington markets; and
- A year to date net loss of \$4.4 million primarily resulting from the one-time financial impacts associated with discontinued operations, a U.S. goodwill write down in Q3, operating losses in the U.S. for which no tax benefit was recorded and the settlement of pre-existing trading partner arrangements in Q1;
- In Q3 2006, completing the conversion of all stores to new paint and related products as part of the new trading partner arrangements finalized in February this year.

BUSINESS ENVIRONMENT & STRATEGY

As at September 30, 2006, the business environment of the Company and strategies adopted by management remain unchanged from those described in the Fund's 2005 annual MD&A.

DISTRIBUTABLE CASH

The following is a distributable cash calculation for 2006 with comparative figures for 2005.

Distributable Cash ⁽¹⁾	Three Months Ended September 30		Nine Months Ended September 30	
	2006	2005	2006	2005
Cash flow from operating activities	\$ 704,419	\$ 138,322	\$ 2,312,586	\$ 2,147,284
Add Back (Deduct):				
Changes in non-cash working capital items	1,492,558	1,492,572	4,052,505	2,916,036
Current income tax expense	92,143	47,042	271,830	199,190
Interest on capital leases ⁽²⁾	22,564	8,103	87,527	52,112
Dividends received on Class B shares	-	190,783	-	593,798
Proceeds of sale of equipment	10,343	88,308	88,716	146,849
Income taxes paid	(118,361)	(84,469)	(309,029)	(260,052)
Sustaining expenditures on plant and equipment	(217,302)	(255,256)	(958,822)	(1,068,020)
Collection of rebate receivable	265,596	-	529,102	-
Repayment of post reorganization capital leases (including interest) ⁽²⁾	(61,351)	(24,045)	(217,011)	(101,003)
Distributable Cash	\$ 2,190,609	\$ 1,601,360	\$ 5,857,404	\$ 4,626,194
Distributions paid				
Unitholders	\$ -	\$ 1,555,522	\$ -	\$ 5,935,960
Class A and B common shareholders	-	360,795	-	1,284,545
Total distributions paid	\$ -	\$ 1,916,317	\$ -	\$ 7,220,505
Distributions reinvested ⁽³⁾				
Unitholders	\$ -	\$ 645,354	\$ -	\$ 2,570,550
Class A and B common shareholders	-	360,795	-	1,284,545
Total distributions reinvested	\$ -	\$ 1,006,149	\$ -	\$ 3,855,095
Net cash distributions after reinvestment				
Unitholders	\$ -	\$ 910,168	\$ -	\$ 3,365,410
Class A & B common shareholders	-	-	-	-
Net cash distributions	\$ -	\$ 910,168	\$ -	\$ 3,365,410
Distributions paid				
Per Unit	\$ -	\$ 0.175	\$ -	\$ 0.708
Per Class A and B common share	\$ -	\$ 0.175	\$ -	\$ 0.623

(1) Distributable cash is not a recognized measure and does not have a standardized meaning under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, distributable cash is a useful supplemental measure as it provides investors with an indication of cash available for distribution. Investors should be cautioned however, that 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 distributable cash may differ from other companies and, accordingly, may not be comparable to similar measures used by other companies.

(2) Interest costs arising from capital lease obligations that existed prior to the date of the reorganization are excluded from distributable cash since the total future capital lease principal and interest obligations were provided for from proceeds of the initial public offering completed at the time of the reorganization. Total interest costs associated with capital leases are added back and interest costs relating to post reorganization capital leases are deducted.

(3) Distributions reinvested include elected distributions under the Distribution Reinvestment™ and Premium Distribution Components™ of the Fund's reinvestment plan™ for the periods involved and the elected dividends reinvested by BGHI under its Premium Dividend Reinvestment Plan™ for the same periods.

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RESULTS OF OPERATIONS

3rd Quarter Comparison – Three months ended September 30, 2006 vs. 2005

Sales

Sales totalled \$44.9 million for the three months ended September 30, 2006, a decrease of \$0.8 million or 1.7% compared to the same period in 2005, after adjusting for the effect of discontinued operations. Total same store sales declined \$2.3 million or 5.2% during the quarter. Same store sales growth in Canada of \$0.8 million and new revenue generated from glass initiatives and start-ups in the U.S. of \$1.5 million was more than offset by same store sales declines in the U.S. and the impact of foreign currency translation on sales generated from the Company's U.S. operations. Excluding the effect of foreign currency translation, which resulted in a \$2.0 million decline in sales, total same store sales declined \$0.4 million or 0.8%.

The following chart provides comparative sales by geographic region:

Sales by Geographic Region (000's)		
<i>Three Months Ended September 30</i>		
	2006	2005
Canada	\$ 15,060	\$ 14,222
United States	29,822	31,458
Total	\$ 44,882	\$ 45,680
Canada - % of total	33.6%	31.1%
United States - % of total	66.4%	68.9%

Sales in Canada for the three months ended September 30, 2006 totalled \$15.1 million, an increase of \$0.8 million or 5.9%. Sales increases in Canada were entirely due to same store sales growth, with increases reported in three out of the four western provinces with the province of British Columbia reporting a modest \$129 thousand sales decline.

Sales in the U.S. totalled \$29.8 million for the three months ended September 30, 2006, a decline of \$1.7 million or 5.2% from \$31.5 million. Sales in the U.S. included new sales of \$1.5 million from three new start-ups in 2006 and new glass revenues generated in the Arizona, Georgia, Nevada and Washington markets. Same store sales in the U.S. declined \$3.2 million or 10.2% when compared to the same period in the prior year. Translation of U.S. revenues at a weaker U.S. dollar exchange rate, relative to the Canadian dollar, accounted for \$2.0 million or 6.4% of the decline in U.S. same store sales. Excluding the impact of foreign currency translation and collision and glass start-ups, U.S. same store sales declined \$1.2 million or 3.8% compared to the same period in the prior year.

Gross Margin

Gross Margin was \$20.2 million or 44.9% of sales for the three months ended September 30, 2006 and declined from \$20.7 million or 45.4% of sales for the same period in 2005. The gross margin decrease of \$0.5 million or 0.5% of sales was due to lower amortization of replacement unearned material rebates (\$0.3 million or 0.9%) offset by a gain on the conversion of store inventories associated with the change in trading partners (\$0.2 million or 0.6%). The balance of the decline in gross margin percentage related primarily to a decrease in U.S. and Alberta collision margins. The U.S. margins have been impacted by an insurance company's Direct Repair Program ("DRP") changes, which were implemented in a number of U.S. states, including Illinois, where Boyd has a considerable presence. In Alberta, margins have been impacted by labour shortages. The remaining decline in gross margin dollars is primarily due to the translation of U.S. dollar margins into Canadian dollars at lower exchange rates.

Operating Expenses

Operating Expenses for the three months ended September 30, 2006 of \$17.8 million or 39.7% of sales were comparable to \$17.8 million or 38.9% of sales for the same period of 2005. Operating expenses as a percentage of sales in the third quarter increased as fixed costs remained unaffected by lower sales volumes.

Foreign Exchange Gains

Foreign Exchange Gains for the three months ended September 30, 2006 of \$1.1 million increased from \$0.1 million for the same period of 2005. Foreign exchange gains were driven by the repayment of \$3.1 million U.S. in July of 2006, of U.S. dollar denominated senior bank term debt. On July 17, 2006, under an amendment dated July 1, 2006, the Company prepaid an additional \$2.8 million U.S. along with its regularly scheduled senior debt repayment of \$0.3 million U.S.

EBITDA

*Earnings before interest, income taxes, depreciation and amortization (“EBITDA”)*¹ for the third quarter of 2006 totalled \$3.4 million or 7.6% of sales compared to \$3.1 million or 6.7% of sales in the same period of the prior year. The increase in EBITDA was primarily the result of high foreign exchange gains on the prepayment of U.S. denominated debt offset by lower amortization of prepaid rebates and lower operating margins in the U.S.

Depreciation and Amortization

Depreciation and Amortization Expense related to plant and equipment totalled \$1.0 million or 2.2% of sales for the three months ended September 30, 2006 and was comparable to \$1.0 million or 2.2% of sales in the same period of the prior year. The Company anticipates that future depreciation charges on plant and equipment will continue at or near the same level as a percent of sales.

Amortization of deferred costs and other intangible assets in the third quarter of 2006 totalled \$0.5 million or 1.1% of sales and was comparable to \$0.6 million or 1.2% of sales expensed for the same period in the prior year.

Interest Expense

Interest Expense, net of interest income, of \$0.8 million or 1.8% of sales for the third quarter of 2006 increased from \$0.7 million or 1.6% of sales in the same period of the prior year. Debt and capital lease repayments in late 2005 and the first and third quarters of 2006, as well as the impact associated with the lower translation of U.S. dollar interest costs helped to offset the impact of general increases in interest rates.

Write Down of Goodwill

The Fund follows the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3062 – Goodwill and Intangible Assets. In accordance with the requirements, the Company tests its goodwill and other intangible and tangible assets for impairment on an annual basis or more frequently if it is believed circumstances would warrant. Due to the continued weakness in U.S. operating performance, management questioned whether U.S. goodwill could be impaired. Accordingly, a preliminary evaluation of the Company’s

¹ EBITDA is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of operational performance. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Fund’s performance.

goodwill was performed during the third quarter of 2006. Management determined that additional goodwill balances in the U.S. were in fact impaired. As a result, the Company wrote down goodwill in the amount of \$2.3 million relating to its Georgia and Washington based operations.

Income Taxes

Current Income Tax Expense and Future Tax Expense totalled \$0.7 million for the third quarter of 2006, compared to an expense of \$36 thousand for the same period in 2005. The provision resulted from the continued draw down of previously recognized tax losses in Canada associated with higher Canadian earnings and the temporary cessation of distributions. Tax losses generated in the U.S. for the third quarter were not recognized.

Net (Loss) Earnings before Non-Controlling Interest

Net (Loss) Earnings before Non-Controlling Interest for the three months ended September 30, 2006 was a loss of \$1.9 million or 4.3% of sales compared to earnings of \$0.7 million or 1.6% of sales for the same period last year. The loss generated for the current quarter resulted from the write down of U.S. goodwill and losses in the U.S. for which no tax benefit was recorded.

Loss from Discontinued Operations

Loss from Discontinued Operations of \$80 thousand for the third quarter of 2006 resulted from the closure of two satellite locations in Washington. Comparative losses for 2005 of \$124 thousand represent the combined losses, for the third quarter of 2005, of the two Washington satellites, a small alignment shop as well as the AWC collision repair facility, all of which were located in Washington. The decision to sell or close these businesses was reached after the Fund concluded that the strategic and financial prospects for these businesses did not merit continued investment and support.

Net (Loss) Earnings and (Loss) Earnings Per Unit and Class A Common Share

Net (Loss) Earnings after giving effect to the non-controlling interest, and after discontinued operations, decreased to a loss of \$2.0 million or 4.5% of sales for the third quarter of 2006, compared to earnings of \$0.6 million or 1.3% of sales for the same period in the prior year. The decrease in net earnings resulted primarily from the impacts associated with the write down of U.S. goodwill and losses in the U.S. for which no tax benefit was recorded.

Basic (Loss) Earnings Per Unit and Class A Common Share was a loss of \$0.20 per unit and Class A common share for the three months ended September 30, 2006 compared to earnings of \$0.06 per unit and Class A common share in the same period of 2005. *Diluted Earnings Per Unit and Class A common share* was also a loss of \$0.20 per unit and Class A common share for the third quarter of 2006 compared to diluted earnings of \$0.06 per unit and Class A common share for the same period in the prior year.

Year-to-date Comparison – Nine months ended September 30, 2006 vs. 2005

Sales

Sales totalled \$136.7 million for the nine months ended September 30, 2006, a decrease of \$1.0 million or 0.7% compared to the same period in 2005, after adjusting for the effect of discontinued operations. Same store sales growth in Canada and new revenue generated from glass initiatives and start-ups in the U.S. was entirely offset by the impact of foreign currency translation and same store sales declines in the U.S. Excluding the effect of foreign currency translation, which resulted in a \$5.9 million decline in sales, total company same store sales decreased \$0.5 million or 0.4% for the year. Offsetting the decrease in same store sales and foreign exchange declines was new revenue generated from start-ups and glass initiatives including GNGS, commenced in the U.S. during or after 2005, which contributed \$5.4 million in additional sales or 3.9%.

The following chart provides comparative sales by geographic region:

Sales by Geographic Region (000's)		
<i>Nine Months Ended September 30</i>		
	2006	2005
Canada	\$ 48,699	\$ 45,328
United States	88,040	92,339
Total	\$ 136,739	\$ 137,667
Canada - % of total	35.6%	32.9%
United States - % of total	64.4%	67.1%

Sales in Canada for the nine months ended September 30, 2006 totalled \$48.7 million, an increase of \$3.4 million or 7.4%. Sales increases in Canada were entirely due to same store sales growth, with increases reported in all four western provinces.

Sales in the U.S. totalled \$88.0 million for the nine months ended September 30, 2006, a decline of \$4.3 million or 4.7% from \$92.3 million for the same period in the prior year. Sales in the U.S. included new sales of \$5.4 million from GNGS and three Illinois area start-ups commenced during 2005 as well as three new start-ups in 2006 and new glass revenues generated in the Arizona, Georgia, Nevada and Washington markets. Same store sales in the U.S. declined \$9.7 million or 11.8% when compared to the same period in the prior year. Translation of U.S. revenues at a weaker U.S. dollar exchange rate, relative to the Canadian dollar, accounted for \$5.9 million or 7.1% of the decline in U.S. same store sales. Excluding the impact of foreign currency translation, GNGS, collision and glass start-ups, U.S. same store sales declined \$3.8 million or 4.7% compared to the same period in the prior year.

Gross Margin

Gross Margin was \$58.9 million or 43.1% of sales for the nine months ended September 30, 2006 and declined from \$63.3 million or 46.0% of sales for the same period in 2005. The main contributing factor to this decline related to a one-time, non-cash charge to cost of sales in the amount of \$2.1 million or 1.5% resulting from the settlement of pre-existing trading partner arrangements in the first quarter of 2006. The negotiated settlement of these trading partner arrangements resulted in adjustments to the amortization of pre-paid rebates relating to AWC, Gerber and other acquisitions. Excluding this one-time charge, the gross margin percentage would have been 44.6%. Further gross margin percentage decreases resulted from the lower amortization of replacement unearned material rebates (\$1.0 million or a 0.8% impact on overall margins). The balance of the decline in the gross margin percentage related to a change in sales mix (higher percentage of lower margin GNGS sales), a change to outsourcing call center activities at GNGS which resulted in direct fees to process claims being charged to cost of sales as well as a decline in U.S. and Alberta collision sales margins. The remaining decline in gross margin dollars is primarily due to the translation of U.S. dollar margins into Canadian dollars at lower exchange rates.

The lower amortization of replacement unearned material rebates noted above is due to the amortization of replacement rebates and other benefits received and receivable, net of costs incurred, over 15 years, compared to the prior facility which allowed for amortization over a seven year period. Starting in February 2006, the Fund's results reflect a lower gross margin percentage, and therefore reduced earnings, due to this reduced amortization income. This change however, will not result in a change to distributable cash, as the amortization income both under the current and previous prepaid rebate facilities, represents non-cash income.

On March 16, 2006, the Fund announced that it had completed an evaluation of the potential financial impact of market pricing changes precipitated by recent DRP alterations initiated by one of its largest insurance company customers. Through its evaluation, Boyd assessed that these pricing changes may materially impact its operating margins in the near term. The insurance company's DRP changes, which were implemented in a number of U.S. states, including Illinois where Boyd has a considerable presence, were aimed at making the insurer's DRP more

performance driven and more competitively priced. While these changes have the potential to be a positive development for the Company over the long term given the heightened focus on performance evaluation and the opportunity for Boyd to secure more referrals through strong performance metrics, the financial impact of implementing the required pricing changes under the program have been negative in the near term. These changes began to impact Boyd's U.S. collision margins in March 2006 and although the direct impact is difficult to measure, it was a partial contributor to the decline in U.S. collision margins noted above.

Operating Expenses

Operating Expenses for the nine months ended September 30, 2006 of \$53.8 million or 39.4% of sales remained comparable to \$54.0 million or 39.2% of sales for the same period of 2005. Overall operating expenses in the first nine months of 2006 decreased by \$0.2 million, primarily due to the translation of U.S. dollar expenses at lower exchange rates offset by increases in utility and facility rent costs, higher auto rental expenses and the one time write-off of equipment with a carrying value of \$116 thousand, related to the implementation of processes required by the change in trading partners in the first quarter of 2006.

Foreign Exchange Gains

Foreign Exchange Gains for the period ended September 30, 2006 of \$2.8 million increased from \$0.2 million for the same period of 2005. The majority of the higher gains in 2006 resulted from the repayment of senior bank term debt as well as the full repayment of existing trading partner rebates previously received in U.S. dollars.

EBITDA

Earnings before interest, income taxes, depreciation and amortization ("EBITDA")¹ for the first nine months of 2006 totalled \$7.9 million or 5.7% of sales, which decreased from \$9.6 million or 6.9% of sales in the same period of the prior year. EBITDA was impacted by the one time, non-cash charge, in the amount of \$2.1 million, to cost of sales during the first quarter of 2006 offset by foreign exchange gains, in the amount of \$2.8 million on the settlement of term debt and previous unearned rebate facilities. Additional impacts included the lower amortization of the new replacement unearned rebates and lower operating margins in the U.S. offset by same store sales increases in Canada.

Depreciation and Amortization

Depreciation and Amortization Expense related to plant and equipment totalled \$2.8 million or 2.1% of sales for the nine months ended September 30, 2006 and was comparable to \$3.0 million or 2.2% of sales for the same period of the prior year. The Company anticipates that future depreciation charges on plant and equipment will continue at or near the same level as a percent of sales.

Amortization of deferred costs and other intangible assets for the first nine months of 2006 totalled \$1.9 million or 1.4% of sales and increased from the \$1.6 million or 1.1% of sales expensed for the same period in the prior year. During the first quarter of 2006, the Company fully amortized the remaining balance of deferred costs associated with the trading partner debt settled on February 14, 2006, including the remaining guarantee fees paid to 4612094 Manitoba Inc. in the amount of \$273,370.

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

Interest Expense

Interest Expense, net of interest income, of \$2.3 million or 1.7% of sales for the first nine months of 2006 was comparable to the \$2.2 million or 1.6% of sales reported for the same period of the prior year. Debt and capital lease repayments in late 2005 and the first and third quarters of 2006, as well as the impact associated with the lower translation of U.S. dollar interest costs helped to offset the impact of general increases in interest rates.

Write Down of Goodwill

The Fund follows the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3062 – Goodwill and Intangible Assets. In accordance with the requirements, the Company tests its goodwill and other intangible and tangible assets for impairment on an annual basis or more frequently if it is believed circumstances would warrant. Due to the continued weakness in U.S. operating performance, management questioned whether U.S. goodwill could be impaired. Accordingly, a preliminary evaluation of the Company's goodwill was performed during the third quarter of 2006. Management determined that additional goodwill balances in the U.S. were in fact impaired. As a result, the Company wrote down goodwill in the amount of \$2.3 million relating to its Georgia and Washington based operations.

Income Taxes

Current Income Tax Expense and Future Tax Expense increased to \$1.4 million for the first nine months of 2006, compared to an expense of \$0.1 million for the same period in 2005. The provision resulted from the draw down of previously recognized tax losses in Canada associated with higher Canadian earnings and the temporary cessation of distributions. As at September 30, 2006, approximately \$6.5 million of the Canadian losses have been utilized, with approximately \$6.1 million remaining, of which \$3.1 million have been recognized as a component of future tax assets. Tax losses generated in the U.S. for 2006 of approximately \$4.4 million U.S. have not been recognized. Tax losses available in the U.S. are approximately \$13.9 million U.S. at September 30, 2006. In addition, new income tax assets were created as a result of the new trading partner arrangements entered into on February 14, 2006.

Net (Loss) Earnings before Non-Controlling Interest

Net (Loss) Earnings before Non-Controlling Interest for the nine months ended September 30, 2006 was a loss of \$2.9 million or 2.1% of sales compared to earnings of \$2.7 million or 1.9% of sales for the same period last year. The loss generated for the current year is primarily due to the write down of goodwill in the U.S. during the third quarter and the one-time charge to earnings resulting from the settlement of the previous unearned rebate facilities in the first quarter of 2006. These write downs and one time charges were partially offset by foreign exchange gains previously referenced. Additional contributors to the loss were the lower amortization of prepaid rebates and operating losses in the U.S. for which no tax benefit was recorded

Non-Controlling Interest

Non-Controlling Interest for the first nine months of 2006 totalled \$39 thousand and related to a partnership established in 2004, where one of the Fund's U.S. subsidiaries transferred a portion of its operating assets to another entity, in consideration for a 75% ownership in the new business. An employee of the existing business contributed the remaining 25% equity into the new business. The operating results of the new entity are included in the consolidated results of the Fund for the period ended September 30, 2006, with the 25% ownership reflected as non-controlling interest.

Non-Controlling Interest for the nine months ended September 30, 2005 reflects an allocation of net losses of \$209 thousand. The Boyd Group Inc. recorded a net loss in the first two months of 2005 of \$1.1 million after deducting the interest paid on the subordinate notes to the Fund. This net loss was allocated between the Fund and BGHI in proportion to their respective equity interest in the Company as at February 28, 2005. Of this loss, \$223 thousand related to BGHI and was recorded as a non-controlling interest recovery for the period up to February 28, 2005. As of March 1, 2005, Class A common shareholders of BGHI became entitled to receive distributions of earnings

economically equivalent to unitholders of the Fund and all restrictions, resulting from the 2003 reorganization into an income trust, on the exchange of Class A common shares into trust units expired. As a result, the exchangeable Class A shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund and the Class A common shares are no longer considered a non-controlling interest of the Fund.

Loss from Discontinued Operations

Loss from Discontinued Operations of \$1.5 million for 2006 resulted from decisions by the Fund to close a satellite facility and a small wheel alignment shop located in Seattle, Washington, a satellite facility in Silverdale, Washington, the AWC collision repair facility located in Fife, Washington, a satellite facility located in Roselle, Illinois as well as a small glass business located in Calgary, Alberta. This loss includes a \$0.9 million non-cash write down of assets associated with these closed operations, primarily related to AWC. Comparative losses for 2005 of \$0.8 million represent the combined earnings and losses for the first nine months of 2005 of the Washington satellites, the alignment shop, AWC, Roselle and the Alberta glass business as well as a North Vancouver, British Columbia facility which was closed in January 2005. The decision to sell or close these businesses was reached after the Fund concluded that the strategic and financial prospects for these businesses did not merit continued investment and support.

Net (Loss) Earnings and (Loss) Earnings Per Unit and Class A Common Share

Net (Loss) Earnings after giving effect to the non-controlling interest, and after discontinued operations, decreased to a loss of \$4.4 million or 3.3% of sales for the first nine months of 2006 compared to earnings of \$2.1 million or 1.5% of sales for the same period in the prior year. The decrease in net earnings resulted primarily from the impacts associated with the replacement trading partner arrangements, the write down of U.S. goodwill, discontinued operations and U.S. losses for which no tax benefit was recorded. Foreign exchange gains realized on the further repayment of U.S. dollar denominated senior bank debt during the first and third quarters of this year helped to offset some of the losses.

Basic (Loss) Earnings Per Unit and Class A Common Share was a loss of \$0.43 per unit and Class A common share for the nine months ended September 30, 2006 compared to earnings of \$0.22 per unit and Class A common share in the same period of 2005. *Diluted Earnings Per Unit and Class A common share*, which is calculated under the assumption that all convertible securities had been converted (where such conversion would have the effect of reducing earnings per unit), was also a loss of \$0.43 per unit and Class A common share for the first nine months of 2006 compared to diluted earnings of \$0.22 per unit and Class A common share for the same period in the prior year. The decrease in basic earnings per unit and Class A common share in the first nine months of 2006 resulted from lower net earnings from continuing operations, which included the one-time \$2.1 million charge to cost of sales, the write down of U.S. goodwill and the write down of assets associated with the closure of the Washington collision satellites, the alignment shop, AWC, Roselle and the Alberta glass business.

Summary of Quarterly Results

Sales trends show the cyclical nature of the Company's business, where Q1 sales are stronger than other quarter's results. Increased revenues resulting from Canadian same store sales growth and new start-ups glass initiatives in the U.S. have been offset by same store sales declines in the U.S. and the translation of the U.S. dollar into the Canadian equivalent. The reported losses for the last four quarters resulted primarily from the impacts associated with the replacement trading partner arrangements, the write down of U.S. goodwill, discontinued operations and U.S. losses for which no tax benefit was recorded. Net earnings for the latter part of 2005 also trended lower due to higher interest costs, the amortization of intangible assets recorded as a result of the Gerber and GNGS acquisitions, no longer allocating losses to BGHI as non-controlling interest and no longer recognizing the benefits associated with income tax loss carry forward amounts. In the fourth quarter of 2004, the Company stopped recognizing the benefits associated with income tax loss carry forward amounts, resulting in income tax expense for 2004 rather than income tax recoveries. Net earnings in the fourth quarter of 2004 were also impacted by the amortization of intangible assets recorded as a result of the Gerber acquisition. The net losses for the third quarter of 2006 and each of the fourth quarters of 2005 and 2004 were impacted by the write off of goodwill of \$2.3 million, \$2.0 million and \$2.1 million, respectively.

SUMMARY OF QUARTERLY RESULTS

(\$000's, except per unit and Class A common share data)	2006				2005			2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Sales	44,882	44,832	47,025	44,528	45,680	45,609	46,378	41,150
Earnings (loss) from continuing operations	(1,931)	(636)	(374)	(776)	707	363	1,791	(1,507)
Basic earnings (loss) per unit and Class A common share from continuing operations	(0.188)	(0.062)	(0.036)	(0.101)	0.071	0.037	0.210	(0.201)
Diluted earnings (loss) per unit and Class A common share from continuing operations	(0.188)	(0.062)	(0.036)	(0.098)	0.070	0.037	0.204	(0.253)
Net earnings (loss)	(2,011)	(654)	(1,780)	(1,045)	582	140	1,374	(1,916)
Basic earnings (loss) per unit and Class A common share	(0.196)	(0.064)	(0.173)	(0.125)	0.059	0.014	0.161	(0.279)
Diluted earnings (loss) per unit and Class A common share	(0.196)	(0.064)	(0.173)	(0.125)	0.058	0.014	0.160	(0.320)

LIQUIDITY AND CAPITAL RESOURCES

The Fund had net bank indebtedness of \$6.0 million at September 30, 2006 compared to bank indebtedness of \$1.3 million at December 31, 2005. At September 30, 2006, the Fund had \$9.9 million (\$3.0 million – December 31, 2005) outstanding under its operating line of credit. Effective July 1, 2006, the Fund amended its senior credit facilities to increase the Fund's operating line from \$12 million to \$15 million and used its increased line of credit to prepay an additional \$3.2 million (\$2.8 million U.S.) of its senior bank debt. Offsetting the outstanding balance of the operating line of credit, was cash held on deposit in U.S. bank accounts totalling \$3.9 million (\$1.1 million – December 31, 2005) and cash held on reserve to fund future capital lease obligations of \$nil (\$0.5 million – December 31, 2005).

The net working capital ratio (current assets divided by current liabilities) was 0.87:1 at September 30, 2006 (0.91:1 at December 31, 2005).

At September 30, 2006, the Fund had total debt outstanding of \$39.4 million compared to \$38.7 million at June 30, 2006, \$40.6 million at March 31, 2006 and \$39.8 million at December 31, 2005. The debt consisted of the following:

	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005
Net Bank indebtedness	\$ 6.0	\$ 2.0	\$ 1.9	\$ 1.3
Senior bank debt	4.3	7.8	8.5	11.0
U.S. bank debt	14.5	14.5	15.2	-
Trading partner loans and supplier debt	0.4	0.4	0.4	12.1
Vendor loans	0.7	0.7	0.8	0.8
Obligations under capital lease	1.2	1.0	1.1	1.9
Convertible debt	12.3	12.3	12.7	12.7
	<u>\$ 39.4</u>	<u>\$ 38.7</u>	<u>\$ 40.6</u>	<u>\$ 39.8</u>

Operating Activities

Cash flow generated from operations, before considering working capital changes, was \$6.4 million for the first nine months of 2006, up \$1.3 million from the \$5.1 million reported last year. The increase in operating cash flows is primarily attributable to the impact of foreign exchange gains realized on the settlement of previous trading partner arrangements and senior term debt repayments as well as same store sales growth in Canada offset by lower U.S. performance.

Changes in working capital used cash of \$4.1 million for the first nine months of 2006 compared to a use of cash of \$2.9 million for the same period in 2005, excluding the effect of working capital changes related to discontinued operations. Increases and decreases in accounts receivable, inventory, prepaid expenses, income taxes, accounts payable and accrued liabilities are significantly influenced by timing of collections and expenditures as well as changes in the foreign exchange translation of U.S. working capital items.

Financing Activities

Cash used in financing activities totalled \$2.9 million for the nine months ended September 30, 2006, compared to \$0.3 million used in the prior year. The increase in cash used for financing activities in 2006 related primarily to the prepayment of senior term debt and capital leases in the first and third quarters of this year offset by net cash increases resulting from the first quarter replacement of trading partner arrangements and refinancing of trading partner debt. In 2005, increases and uses of cash were primarily attributable to draws in trading partner debt associated with acquisitions and start-ups initiated late in 2004, cash generated under the Fund's reinvestment plans[™] offset by distributions to unitholders and Class A common shareholders during the period.

Equity

During the first nine months of 2006, the Fund issued no units under acquisition price guarantees. On April 5, 2006, the fund elected to settle one of two remaining guarantees for cash in the amount of \$244 thousand. On October 26, 2006, the Fund settled the final acquisition price guarantee by issuing 90,566 units.

On January 11, 2006, as approved by the unitholders at the annual meeting held on May 17, 2006, the Fund granted options to certain key employees allowing them to exercise the right to purchase up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on September 23, 2015, unless the grantees' employment is terminated "without cause" at any time after the sixth anniversary of the option grant, in which case the grantee may exercise the options at anytime within 30 days of the date of termination of such employment. The options would permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being \$1.91 per unit. The cost of the options will be recognized as compensation expense over the term between the grant date and the date the options become exercisable.

Trading Partner Funding – Prepaid Rebates and Loans

On February 14, 2006, the Company settled all amounts outstanding with its previous trading partners using proceeds from new supplier arrangements. As a result of this negotiation and settlement the Company recorded a non-cash charge, in the amount of \$2.1 million to cost of sales. At the same time Boyd also repaid its trading partner loan facility with the proceeds received from a new \$13 million U.S. credit facility with a U.S. bank. The unamortized balance of the guarantee fee paid to partially support the trading partner facility, in the amount of \$273,370, was charged to amortization expense.

[™] Denotes trademark of Canaccord Capital Corporation

During the second quarter of 2006, the Fund requested and received additional new rebates, in the amount of \$202,500 U.S., with respect to three new start-up facilities which commenced operations subsequent to the effective date of the new trading partner agreements.

Starting in February 2006, the Fund's results reflect a lower gross profit percentage, and therefore reduced earnings, due to reduced amortization associated with the new prepaid rebate facility. The previous facility allowed for amortization of rebates over seven years. The replacement rebates and other benefits received and receivable, net of costs incurred, are amortized over a period of 15 years, which is longer than the seven year period of amortization used for 2005 and prior. For the third quarter, the impact was \$0.3 million and for the nine months ended September 30, 2006, the impact was \$1.0 million.

Debt Financing

On February 14, 2006, in conjunction with the closing of the new trading partner arrangements and U.S. bank refinancing, the Company prepaid \$1.8 million U.S. of its senior term facility. Concurrent with this prepayment, the Company's senior lender increased the Company's operating line from \$10.0 million to \$12.0 million. The security position held by the senior lender in the shares and assets of The Gerber Group, Inc., excluding receivables, was released by the senior lender to be provided as security for the new U.S. bank financing.

On July 17, 2006, under an amendment dated July 1, 2006, the Company prepaid an additional \$2.8 million U.S. Concurrent with this prepayment, the Company's senior lender further increased the Company's operating line from \$12.0 million to \$15.0 million. The prepayment generated a foreign exchange gain of \$1.0 million for the third quarter of 2006. The prepayment, along with regularly scheduled repayments of \$0.3 million U.S. on each of July 17, 2006 and October 17, 2006 reduced the senior term facility to \$3.6 million U.S. as at November 9, 2006. The term facility will continue to amortize quarterly with \$2.4 million U.S. due in 2007 and \$1.2 million U.S. due in the first half of 2008.

The senior term facility is a committed reducing facility, secured by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. As a result of the reduction in senior term debt, the Company unwound a portion of its interest rate swap contracts associated with the debt, such that the nominal amount of the swap contract agrees to the reduced senior term debt and related amortization schedule.

On February 14, 2006, the Company obtained, and fully drew, a new term debt facility with a U.S. bank for \$13.0 million U.S. The facility is supported by an initial five year promissory note due January 31, 2011 with six quarterly principal repayments, in the amount of \$375,000 U.S., beginning October 31, 2009 and continuing thereafter on the last day of January, April, July and October 2010 as well as January 31, 2011. The sixth quarterly instalment shall also include the remaining principal amount of the term loan unless the facility is extended. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for an additional ten years providing quarterly principal repayments continue in annual U.S. amounts as follows:

Year 6 -	\$ 1,500,000
Year 7 -	\$ 1,500,000
Year 8 -	\$ 1,500,000
Year 9 -	\$ 1,200,000
Year 10 -	\$ 1,100,000
Year 11 -	\$ 900,000
Year 12 -	\$ 800,000
Year 13 -	\$ 800,000
Year 14 -	\$ 800,000
Year 15 -	\$ 650,000

Interest rates are based on LIBOR plus 2.5% for LIBOR loans or U.S. prime rate less 0.25% for floating rate loans or the U.S. Bank's cost of funds plus 2.5% for fixed rate loans. The facility is secured by a pledge of the shares and assets, excluding receivables, of The Gerber Group Inc. as well as a third party guarantee. The terms and conditions of the loan are similar to those contained in the Company's senior debt facility.

The Fund has traditionally used capital leases to finance a portion of its maintenance capital expenditures. At September 30, 2006, the Fund owed \$1.2 million (\$1.9 million at December 31, 2005) in capital lease obligations. On February 14, 2006, in conjunction with the closing of the new trading partner arrangements and U.S. bank refinancing, the Company repaid \$1.0 million U.S. in capital lease obligations associated with Gerber.

Investing Activities

Cash used in investing activities totalled \$2.3 million for the nine months ended September 30, 2006, compared to \$6.2 million used in the prior year. The use of cash for 2006 related to expenditures made for maintaining or replacing existing equipment, maintaining or upgrading existing facilities as well as the acquisition and development of new facilities. In 2005, the higher use of funds related to the acquisition of GNGS.

Acquisitions and Start-Ups

During 2006, the Fund commenced operations in three collision repair facilities initiated during 2005 and the first quarter of 2006. The new facilities are located in Renton and Tacoma, Washington, and Scottsdale, Arizona.

No new acquisitions were completed during the first nine months of 2006.

Capital Expenditures

The Fund spent approximately \$1.0 million or 0.7% of sales on the acquisition of equipment and facility upgrades during the first nine months of 2006, compared to \$1.1 million or 0.8% of sales during the same period in 2005.

RELATED PARTY TRANSACTIONS

The Fund has not entered into any new related party transactions since December 31, 2005.

FINANCIAL INSTRUMENTS

For the nine months ended September 30, 2006, the Fund has not entered into any new financial instruments other than those described in the Liquidity and Capital Resources section of this report under the headings Trading Partner Funding and Debt Financing.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements that present fairly the financial condition, results of operations and cash flows 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 2005 annual MD&A.

BUSINESS RISKS AND UNCERTAINTIES

On October 31, 2006, the Government of Canada (Department of Finance) announced the “Tax Fairness Plan” whereby the income tax rules applicable to publicly traded trusts (other than real estate investment trusts) and publicly traded partnerships will be significantly modified. Under the proposed plan, distributions made by income trusts and publicly traded partnerships will be taxed in a manner similar to income earned by (and distributions made by) a corporation. The plan, if adopted, will not become effective until the 2011 taxation year for trusts, such as the Boyd Group Income Fund, that were publicly traded prior to November 1, 2006. The Fund is currently considering these proposals and the possible impact they will have on the Fund and its unitholders, but is unable to make an estimate at this time.

The remaining factors affecting the business remain substantially unchanged from those identified in the 2005 annual MD&A.

OUTLOOK

The Fund’s operating results for 2006 continued to be impacted by reduced sales volumes and gross margins in its U.S. operations. Boyd continues to work to reduce operating costs, increase operating margins and develop other organic growth strategies to counteract this trend. The Fund will continue to work on improving same store sales growth, gross margins and EBITDA margins of all operations and will continue to develop its systems and its infrastructure to enhance securityholder value.

On March 16, 2006, the Fund announced that it has completed an evaluation of the potential financial impact of market pricing changes precipitated by recent DRP alterations initiated by one of its largest insurance company customers. Through its evaluation, Boyd has assessed that these pricing changes may materially impact its operating margins in the near term. The insurance company customer’s DRP changes, which have been implemented in a number of U.S. states, including Illinois where Boyd has a considerable presence, are aimed at making the insurer’s DRP more performance driven and more competitively priced. While these changes have the potential to be a positive development for the Company over the long term given the heightened focus on performance evaluation and the opportunity for Boyd to secure more referrals through strong performance metrics, the financial impact of implementing the required pricing changes under the program has been negative in the near term.

On July 10, 2006, the insurance company further announced its intention to extend its DRP changes to several U.S. states as well as three Canadian provinces, including Alberta, during the third quarter of 2006. The program will be extended to all states in the U.S. during 2007. Management of Boyd is unable to estimate the financial impact of these changes at this time.

Based on current financial performance, and the future potential financial impact of recently announced DRP changes, management of the Company does not anticipate reinstating distributions within the next 10 months. Instead, the Company will continue to use its cash flow from operations to strengthen its balance sheet. At the end of this time period, or sooner if the Company experiences meaningful improvement in its financial performance, management of the Company and the Trustees of the Fund would expect to resume distributions at conservative and sustainable levels.

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.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FORM 52-109F2 - CERTIFICATION OF INTERIM FILINGS

I, **Terry Smith, Chief Executive Officer of the Boyd Group Income Fund**, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of the **Boyd Group Income Fund**, (the issuer) for the interim period ending **September 30, 2006**;
2. Based on my knowledge, 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. Based on my knowledge, 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 and for the periods presented in the interim filings; and
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which interim filings are being prepared.

Date: November 9, 2006



Terry Smith
Chief Executive Officer

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FORM 52-109F2 - CERTIFICATION OF INTERIM FILINGS

I, **Dan Dott, Vice President and Chief Financial Officer of the Boyd Group Income Fund**, certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of the **Boyd Group Income Fund**, (the issuer) for the interim period ending **September 30, 2006**;
2. Based on my knowledge, 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. Based on my knowledge, 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 and for the periods presented in the interim filings; and
4. The issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the issuer, and we have designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which interim filings are being prepared.

Date: November 9, 2006



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

INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)

September 30, 2006 and December 31, 2005

	September 30, 2006	December 31, 2005
Assets (Note 5)		
Current assets:		
Cash	\$ 3,909,065	\$ 1,076,588
Accounts receivable	18,090,502	19,450,519
Current portion of rebates receivable (Note 6)	1,059,535	-
Inventory	3,948,765	3,995,960
Prepaid expenses	1,446,941	1,331,884
	28,454,808	25,854,951
Note receivable	366,472	383,098
Rebates receivable (Note 6)	4,767,907	-
Property, plant and equipment	17,188,309	18,086,803
Future income tax asset	2,627,067	3,749,522
Deferred costs	1,358,648	1,727,462
Goodwill (Note 4)	33,281,238	36,774,687
Intangible assets	16,562,191	18,462,613
	\$ 104,606,640	\$ 105,039,136
Liabilities and Equity		
Current liabilities:		
Bank indebtedness	\$ 9,949,855	\$ 2,387,260
Accounts payable and accrued liabilities	19,960,176	23,761,807
Income taxes payable	29,037	64,358
Current portion of long-term debt (Note 5)	2,564,535	1,652,451
Current portion of obligations under capital leases	267,980	641,851
	32,771,583	28,507,727
Long-term debt (Note 5)	17,328,818	22,179,553
Obligations under capital leases	891,010	1,254,664
Convertible debt	12,318,505	12,699,584
Unearned rebates (Note 6)	18,287,501	10,137,286
Non-controlling interest	465,524	446,915
	82,062,941	75,225,729
Equity		
Unitholders' capital (Note 7)	52,864,656	53,130,354
Shareholders' capital (Note 7)	60,438	66,003
Contributed surplus	102,668	78,352
Warrants	421,500	421,500
Deficit	(20,044,661)	(15,599,879)
Cumulative translation adjustment	(10,860,902)	(8,282,923)
	22,543,699	29,813,407
	\$ 104,606,640	\$ 105,039,136

INTERIM CONSOLIDATED STATEMENTS OF DEFICIT (Unaudited)*Nine Months Ended September 30,*

	2006	2005
Deficit, beginning of period	\$ (15,599,879)	\$ (9,232,183)
Net (loss) earnings for period	(4,444,782)	2,096,668
Dividends on BGHI Class A common shares	-	(500,544)
Distributions to unitholders	-	(5,725,523)
Deficit, end of period	\$ (20,044,661)	\$ (13,361,582)

INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS (Unaudited)

Nine Months Ended September 30,

	2006	2005
Sales	\$ 136,739,212	\$ 137,666,879
Cost of sales	77,854,425	74,326,032
Gross margin	58,884,787	63,340,847
Operating expenses	53,847,613	54,011,933
Foreign exchange gains	(2,820,491)	(235,834)
Depreciation and amortization	2,833,039	2,983,514
Amortization of deferred costs and other intangible assets	1,861,442	1,597,470
Interest expense	2,369,062	2,270,314
Interest income	(49,190)	(59,641)
Write down of goodwill (Note 4)	2,302,637	-
	60,344,112	60,567,756
Net (loss) earnings before income taxes and non-controlling interest	(1,459,325)	2,773,091
Income tax expense (recovery)		
Current	271,830	199,190
Future	1,171,713	(78,469)
	1,443,543	120,721
Net (loss) earnings before non-controlling interest	(2,902,868)	2,652,370
Non-controlling interest	(38,613)	208,869
Net (loss) earnings from continuing operations	(2,941,481)	2,861,239
Loss from discontinued operations (Note 3)	(1,503,301)	(764,571)
Net (loss) earnings	\$ (4,444,782)	\$ 2,096,668
Weighted average number of units and Class A common shares outstanding	10,286,625	9,400,818
Basic (loss) earnings per unit from continuing operations (Note 11)	\$ (0.286)	\$ 0.304
Loss per unit from discontinued operations	(0.146)	(0.081)
Basic (loss) earnings per unit and Class A common share	\$ (0.432)	\$ 0.223
Diluted (loss) earnings per unit from continuing operations (Note 11)	\$ (0.286)	\$ 0.301
Loss per unit from discontinued operations	(0.146)	(0.081)
Diluted (loss) earnings per unit and Class A common share	\$ (0.432)	\$ 0.220

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
Nine Months Ended September 30,

	2006	2005
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net (loss) earnings from continuing operations	\$ (2,941,481)	\$ 2,861,239
Items not affecting cash		
Non-controlling interest	38,613	(208,869)
Write down of goodwill	2,302,637	-
Future income taxes	1,171,713	(78,469)
Amortization of deferred costs and other intangible assets	1,861,442	1,597,470
Depreciation and amortization	2,833,039	2,983,514
Amortization of unearned rebates	985,193	(2,083,595)
Unit option compensation expense	13,195	8,703
Loss (gain) on disposal of equipment	100,740	(16,673)
	6,365,091	5,063,320
Changes in non-cash working capital items	(4,052,505)	(2,916,036)
	2,312,586	2,147,284
Cash flows used in financing activities		
Redemption of fund units	(3,114)	-
Issue of fund units	-	3,875,872
Issue costs	-	(22,799)
Increase in obligations under long-term debt	14,935,700	4,040,226
Repayment of long-term debt	(17,849,352)	(1,854,194)
Repayment of obligations under capital leases	(1,399,382)	(609,557)
Proceeds on issue of convertible debt	-	612,650
Unit price guarantee	(244,180)	(48,355)
Dividends received on Class B common shares	-	593,798
Dividends paid on Class A and B common shares	-	(1,284,545)
Distributions paid to unitholders	-	(5,935,960)
Increase in unearned rebates	13,193,944	316,927
Repayment of unearned rebates	(11,801,274)	-
Decrease in other long-term liabilities	-	(41,588)
Collection of notes receivable	-	198,723
Increase in financing costs	(233,922)	(154,510)
Collection of rebates receivable	529,102	-
	(2,872,478)	(313,312)
Cash flows used in investing activities		
Proceeds on sale of equipment	88,716	146,849
Equipment purchases and facility improvements	(958,822)	(1,068,020)
Acquisition and development of businesses	(1,150,563)	(1,256,041)
Deferred costs	(263,088)	(394,761)
Acquisition of other assets	(6,000)	(3,589,501)
	(2,289,757)	(6,161,474)
Foreign exchange	(1,701,051)	(477,235)
Cash received upon combining of Boyd Group Holdings Inc.	-	38,751
Net decrease in cash position used in continuing operations	(4,550,700)	(4,765,986)
DISCONTINUED OPERATIONS		
Operating activities	(282,212)	(473,947)
Financing activities	(1,680)	-
Investing activities	94,474	-
Net proceeds on disposal	10,000	-
Net decrease in cash position from discontinued operations	(179,418)	(473,947)
Net decrease in cash position	(4,730,118)	(5,239,933)
Net (bank indebtedness) cash position, beginning of period	(1,310,672)	578,548
Net bank indebtedness, end of period	\$ (6,040,790)	\$ (4,661,385)
Net bank indebtedness, end of period consists of:		
Cash	\$ 3,909,065	\$ 189,828
Bank indebtedness	(9,949,855)	(4,851,213)
Net bank indebtedness, end of period	\$ (6,040,790)	\$ (4,661,385)
Income taxes paid	\$ 309,029	\$ 260,052
Interest paid	\$ 3,028,386	\$ 2,033,169

INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS (Unaudited)

Three Months Ended September 30,

	2006	2005
Sales	\$ 44,882,315	\$ 45,679,920
Cost of sales	24,725,279	24,947,456
Gross margin	20,157,036	20,732,464
Operating expenses	17,809,516	17,754,906
Foreign exchange (gains) losses	(1,059,555)	(74,091)
Depreciation and amortization	993,536	1,002,891
Amortization of deferred costs and other intangible assets	498,785	550,577
Interest expense	819,685	764,339
Interest income	(4,822)	(17,516)
Write down of goodwill <i>(Note 4)</i>	2,302,637	-
	21,359,782	19,981,106
Net (loss) earnings before income taxes and non-controlling interest	(1,202,746)	751,358
Income tax expense (recovery)		
Current	92,143	47,042
Future	628,327	(10,751)
	720,470	36,291
Net (loss) earnings before non-controlling interest	(1,923,216)	715,067
Non-controlling interest	(7,705)	(8,359)
Net (loss) earnings from continuing operations	(1,930,921)	706,708
Loss from discontinued operations <i>(Note 3)</i>	(79,753)	(124,240)
Net (loss) earnings	\$ (2,010,674)	\$ 582,468
Weighted average number of units and Class A common shares outstanding	10,289,449	9,948,919
Basic (loss) earnings per unit from continuing operations <i>(Note 11)</i>	\$ (0.188)	\$ 0.071
Loss per unit from discontinued operations	(0.008)	(0.012)
Basic (loss) earnings per unit and Class A common share	\$ (0.196)	\$ 0.059
Diluted (loss) earnings per unit from continuing operations <i>(Note 11)</i>	\$ (0.188)	\$ 0.070
Loss per unit from discontinued operations	(0.008)	(0.012)
Diluted (loss) earnings per unit and Class A common share	\$ (0.196)	\$ 0.058

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Three Months Ended September 30,

	2006	2005
CONTINUING OPERATIONS		
Cash flows from operating activities		
Net (loss) earnings from continuing operations	\$ (1,930,921)	\$ 706,708
Items not affecting cash		
Non-controlling interest	7,705	8,359
Write down of goodwill	2,302,637	-
Future income taxes	628,327	(10,751)
Amortization of deferred costs and other intangible assets	498,785	550,577
Depreciation and amortization	993,536	1,002,891
Amortization of unearned rebates	(305,108)	(618,427)
Unit option compensation expense	4,399	2,748
Gain on disposal of equipment	(2,383)	(11,211)
	<u>2,196,977</u>	<u>1,630,894</u>
Changes in non-cash working capital items	(1,492,558)	(1,492,572)
	<u>704,419</u>	<u>138,322</u>
Cash flows used in financing activities		
Redemption of fund units	(3,114)	-
Issue of fund units	-	1,006,147
Repayment of long-term debt	(3,606,543)	(391,015)
Repayment of obligations under capital leases	(62,129)	(84,046)
Unit price guarantee	-	(48,355)
Dividends received on Class B common shares	-	190,783
Dividends paid on Class A and B common shares	-	(360,795)
Distributions paid to unitholders	-	(1,555,522)
Decrease in other long-term liabilities	-	(30,083)
Collection of notes receivable	-	58,880
Increase in financing costs	(48,000)	(316)
Collection of rebates receivable	265,596	-
	<u>(3,454,190)</u>	<u>(1,214,322)</u>
Cash flows used in investing activities		
Proceeds on sale of equipment	10,343	88,308
Equipment purchases and facility improvements	(217,302)	(255,256)
Acquisition and development of businesses	36,979	(252,925)
Deferred costs	91,266	(26,899)
Acquisition of other assets	-	(135,994)
	<u>(78,714)</u>	<u>(582,766)</u>
Foreign exchange	(1,018,486)	(236,674)
Net decrease in cash position used in continuing operations	<u>(3,846,971)</u>	<u>(1,895,440)</u>
DISCONTINUED OPERATIONS		
Operating activities	(209,954)	(46,762)
Net decrease in cash position from discontinued operations	<u>(209,954)</u>	<u>(46,762)</u>
Net decrease in cash position	(4,056,925)	(1,942,202)
Net bank indebtedness, beginning of period	(1,983,865)	(2,719,183)
Net bank indebtedness, end of period	\$ (6,040,790)	\$ (4,661,385)
Net bank indebtedness, end of period consists of:		
Cash	\$ 3,909,065	\$ 189,828
Bank indebtedness	(9,949,855)	(4,851,213)
Net bank indebtedness, end of period	<u>\$ (6,040,790)</u>	<u>\$ (4,661,385)</u>
Income taxes paid	\$ 118,361	\$ 84,469
Interest paid	\$ 909,151	\$ 590,877

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Boyd Group Income Fund (the “Fund”) is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba on December 16, 2002. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the “Company”). The Company’s business consists of the ownership and operation of autobody/autoglass repair facilities acquired either through the acquisition of existing businesses, or through site development resulting in new locations. In addition, the Company has licensed its trade names, trademarks and systems to independently owned repair facilities under license agreement. At September 30, 2006, the Fund held 81.96% of the voting shares of the Company.

The units of the Fund are listed on the Toronto Stock Exchange and trade under the symbol “BYD.UN”.

2. BASIS OF PRESENTATION

Under the terms of the 2003 plan of arrangement that reorganized the Company into the Fund, Boyd Group Holdings Inc. (“BGHI”), a holding company under voting control of the Fund, acquired the remaining shares of the Company not held by the Fund. The Fund, although it has voting control of BGHI, did not have any significant economic interest in the activities of BGHI and as such, BGHI represented a minority ownership position of the Company until March 1, 2005. The Class A common shares of BGHI are exchangeable into units of the Fund at the option of the holder, but were subject to certain restrictions on conversion until March 1, 2005. In addition, the Class A common shares of BGHI initially were not entitled to receive distributions of earnings economically equivalent to distributions received by units of the Fund. As outlined in the terms of the arrangement, the distributions to be distributed to BGHI Class A shareholders increased in March 2004 and in March 2005. As of March 1, 2005, Class A shareholders of BGHI were entitled to receive distributions of earnings economically equivalent to distributions received by units of the Fund and any restrictions limiting the exchange of Class A shares into units expired. As a result, the exchangeable Class A shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund.

These interim consolidated financial statements of the Fund, 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 Company and the Company’s direct subsidiary companies as at September 30, 2006. 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, 2005. 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, 2005.

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.

3. DISCONTINUED OPERATIONS

The Company ceased operations of two satellite facilities located in Silverdale, Washington and Seattle, Washington in September 2006.

The Company ceased operations of a small wheel alignment shop located in Seattle, Washington on April 1, 2006.

The Company ceased operations of the AWC collision repair facility located in Fife, Washington and a satellite facility located in Roselle, Illinois on March 31, 2006.

On February 1, 2006 the Fund sold the business assets of a small glass business located in Calgary, Alberta.

In January 2005, the Fund ceased operations in its North Vancouver location located in British Columbia.

The consolidated balance sheets include the following assets and liabilities which relate to these discontinued operations:

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
Current assets	\$ 51,129	\$ 833,281
Equipment	-	1,450,268
Goodwill and other intangible assets	-	75,068
	<u>51,129</u>	<u>2,358,617</u>
Current liabilities	<u>335,686</u>	<u>572,965</u>
Net (liabilities) assets	<u>\$ (284,557)</u>	<u>\$ 1,785,652</u>

The results of discontinued operations are summarized below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Sales	\$ 72,889	\$ 1,488,716	\$ 1,665,604	\$ 4,247,724
Loss for the period	(79,753)	(124,240)	(604,830)	(764,571)
Loss on disposition of assets	-	-	(898,471)	-
Net loss from discontinued operations	<u>\$ (79,753)</u>	<u>\$ (124,240)</u>	<u>\$ (1,503,301)</u>	<u>\$ (764,571)</u>

4. GOODWILL

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
Goodwill	\$ 33,281,238	\$ 36,774,687

During 2006, as part of the Fund's ongoing goodwill impairment testing, the Fund recorded goodwill write downs of \$2,302,637. The write downs related to the Northwest reporting unit in the amount of \$1,192,281, the Southeast reporting unit in the amount of \$1,110,356. The remaining decrease in goodwill resulted from the translation of U.S. goodwill into Canadian dollars at lower exchange rates.

5. LONG-TERM DEBT

The Company's senior term facility is a committed reducing facility in the amount of \$3.9 million U.S., collateralized by a General Security Agreement and subsidiary guarantees, with incentive priced interest rates and subject to customary terms, conditions, covenants and other provisions for an income trust. The term facility amortizes quarterly with \$0.3 million U.S. due in 2006, \$2.4 million U.S. due in 2007 and \$1.2 million U.S. due in 2008. The facility is currently hedged using an interest rate swap contract fixing the interest rate on the notional amount of \$3.9 million U.S. of long-term debt at a rate of 4% plus incentive priced spread. The contract became effective March 1, 2005 and terminates on April 15, 2008.

On February 14, 2006 the Fund prepaid \$1,800,000 U.S. of its senior term facility. Foreign exchange gains associated with the settlement of a portion of the long-term debt facility amounted to \$253,094. As a result of the reduction in the term debt, the Fund unwound a portion of the interest rate swap in order to match the nominal amount of the swap to the lower term debt. A settlement gain in the amount of \$16,085 was realized from unwinding a portion of the interest rate swap and has been included with interest income.

On July 17, 2006 the Fund prepaid a further \$2,800,000 U.S. of its senior term facility. The prepayment was applied to the end of the debt repayment schedule, shortening the term from October 15, 2008 to April 15, 2008. Foreign exchange gains associated with the settlement of a portion of the long-term debt facility amounted to \$965,157. As a result of the reduction in the term debt, the Fund unwound a portion of the interest rate swap in order to match the nominal amount of the swap to the lower term debt. A settlement gain in the amount of \$54,600 was realized from unwinding a portion of the interest rate swap and has been included with interest income. In addition, foreign exchange gains on regularly scheduled repayments made during the year amounted to \$312,810.

Concurrent with the July 17, 2006 senior debt prepayment, the Company increased its operating line availability from \$12 million to \$15 million.

On February 14, 2006, the Company obtained, and fully drew, a new term debt facility with a U.S. bank for \$13.0 million U.S. The facility is supported by an initial five year promissory note due January 31, 2011 with six quarterly principal repayments, in the amount of \$375,000 U.S., beginning October 31, 2009 and continuing thereafter on the last day of January, April, July and October 2010 as well as January 31, 2011. The sixth quarterly installment shall also include the remaining principal amount of the term loan unless the facility is extended. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for an additional ten years. Interest rates are based on LIBOR plus 2.5% for LIBOR loans or U.S. prime rate less 0.25% for floating rate loans or the U.S. Bank's cost of funds plus 2.5% for fixed rate loans. The facility is secured by a pledge of the shares and assets, excluding receivables, of The Gerber Group, Inc. as well as a third party guarantee. The terms and conditions of the loan are similar to those contained in the Company's senior debt facility.

On February 14, 2006, the Company repaid the acquisition loan facility from trading partners with the proceeds received from the new \$13.0 million U.S. term debt and the limited guarantee was released. The remaining balance of the guarantee fee paid to 4612094 Manitoba Inc., in the amount of \$273,370 was charged to amortization expense.

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
Senior term facility.	\$ 4,349,670	\$ 10,959,460
Term facility, with a U.S. bank for \$13.0 million U.S. secured by the shares and assets, excluding receivables, of The Gerber Group, Inc. as well as a third party guarantee. The facility is supported by an initial five year promissory note due January 31, 2011 with six quarterly principal repayments, in the amount of \$375,000 U.S., beginning October 31, 2009 and continuing thereafter on the last day of January, April, July and October 2010 as well as January 31, 2011. The sixth quarterly installment shall also include the remaining principal amount of the term loan unless the facility is extended. Subject to certain conditions, the Company has the option to renew the facility, on terms not less favourable, for an additional ten years. Interest rates are based on LIBOR plus 2.5% for LIBOR loans or U.S. prime rate less 0.25% for floating rate loans or the U.S. Bank's cost of funds plus 2.5% for fixed rate loans.	14,498,900	-
Trading partner debt.	-	11,569,044
Subordinated supplier debt.	390,355	495,508
Vendor notes payable.	654,428	807,992
	19,893,353	23,832,004
Current portion	2,564,535	1,652,451
	\$ 17,328,818	\$ 22,179,553

6. UNEARNED REBATES

In July 1999, the Company entered into agreements with strategic trading partners, with subsequent amendments that provided, among other things, approximately \$25 million in prepaid rebate funding over a period of three to six years to be used to fund the acquisition or start-up of collision repair facilities. The funding, received in the form of prepaid material purchase rebates from the trading partners, was recorded as unearned rebates when received and was amortized as a reduction of cost of sales as the rebates were earned over a period of 84 months from the date of receipt.

Early termination or default by the Company required the Company to repay the aggregate un-amortized balance of the funding received plus interest from the date of termination or default to the date of repayment. In addition, failure to meet certain performance criteria with respect to a particular acquisition or start-up for which funding was received, eliminated or reduced the amount of funding available for future new businesses. In the case of AWC, certain performance criteria were tested effective January 1, 2005, and an adjustment amount of \$2.6 million U.S. was determined. This amount, once determined, was to be applied to reduce future funding for new businesses between January 1, 2005 and March 31, 2006, after which time, in accordance with the then current terms of the agreements, any adjustment amount would become repayable. In the case of the Gerber acquisition, the performance criteria were tested effective July 1, 2005 and an adjustment amount of \$1.1 million U.S. was determined. On January 1, 2006, additional performance criteria tests were performed for all the remaining untested prepaid rebates. Additional adjustment amounts were determined totalling \$0.8 million. Upon the early termination of the agreements by the Fund, on February 14, 2006, all amounts outstanding were settled using proceeds from the new supplier arrangements. As a result of this negotiation and settlement the Fund recorded a non-cash charge, in the amount of \$2.1 million, to cost of sales, adjusting the amortization of prepaid rebates relating to the AWC, Gerber and other adjustment amounts.

On February 14, 2006, by mutual agreement with certain key trading partners, Boyd terminated its prepaid material rebate agreement concurrent with the closing of a new long term exclusive supply agreement with an alternate supplier. Replacement prepaid rebates received from the new supplier were used to repay all obligations associated with the prior agreement.

Rebates received and receivable under the replacement facility will be deferred as unearned rebates and amortized to earnings, as a reduction of cost of sales, over a period of 15 years. The initial rebate received will be tested after three years, with any over funding being adjusted against additional payments receivable in subsequent years. The Company will be obliged to purchase the suppliers' products on an exclusive basis over the term of the agreement. In exchange for this exclusive arrangement, and subject to certain conditions, the trading partners are required to continue to price their products competitively to the Company. Additional prepaid rebates are available for new acquisitions and start-ups and regular testing of the criteria used to determine additional rebates will apply, with any under-funded or over-funded amounts to be paid to or repaid by the Company at that time. Termination of the arrangement would require Boyd to repay all un-amortized balances and any other amounts as determined within the agreement. Rebates receivable are pre-determined and U.S. dollar payments of \$237,500 will be received quarterly until February 14, 2012.

During 2001, the Fund entered into a sale-leaseback transaction on property previously owned. The gain on the transaction has been deferred and is being amortized into income over the term of the subsequent lease. The unamortized amount of the gain at September 30, 2006 was \$166,730 (December 31, 2005 - \$173,088).

7. CAPITAL

Unitholder's Capital

Authorized:

Unlimited number of Trust Units

Issued:

On January 24, 2003, the shareholders of the Company approved a plan of arrangement (the "Arrangement") that reorganized the Company into the Fund. On February 28, 2003, under the terms of the Arrangement, the Fund acquired 53.67% (64.96% of publicly held shares and 15% of management group shares) of the Class A (Restricted Voting) shares of the Company from its shareholders, through a series of transactions, resulting in the issue of 2,389,957 trust units as consideration. Also under the terms of the Arrangement, BGHI acquired the remaining 46.33% (35.04% of publicly held shares and 85% of management group shares) of the Class A (Restricted Voting) shares of the Company from its shareholders, issuing 2,062,863 Class A common shares as consideration. Each public shareholder (other than the management group) indirectly received 0.6496 trust units of the Fund and 0.3504 Class A common shares of BGHI in exchange for each four Class A (Restricted Voting) shares held in the Company prior to the Arrangement. The Company, with a majority ownership controlled by the Fund, and a non-controlling interest held by BGHI, carried on the current business of the Company.

As part of the Arrangement, 46.33% of the outstanding Class A (Restricted Voting) shares of the Company, on February 28, 2003, were converted into Class A common shares of BGHI. This ownership position in the Company by BGHI was reflected as non-controlling interest by the Fund until March 1, 2005. CICA EIC-151 recommends that exchangeable securities issued by a subsidiary of an income trust should be presented as part of unitholder's equity when certain conditions are met. Effective March 1, 2005, the Class A shareholders of BGHI were entitled to receive distributions of earnings economically equivalent to distributions received by unitholders of the Fund, and accordingly the exchangeable shares met these conditions. As a result, the Class A shares of BGHI no longer represent a non-controlling interest and instead, along with related accounts, are presented as part of unitholder's equity.

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 September 30, 2006, the ownership percentage held by the Fund was 81.96% and BGHI was 18.04%.

The following provides a continuity of unitholders' capital:

	<u>September 30, 2006</u>		<u>December 31, 2005</u>	
	<u>Units</u>	<u>Amount</u>	<u>Units</u>	<u>Amount</u>
Unitholders' capital, beginning of period	9,357,008	\$ 53,130,354	7,778,466	\$ 46,437,688
Issue costs	-	(12,843)	-	(110,448)
Unit price guarantee payments	-	(244,180)	-	(48,355)
Units issued under guaranteed price contracts	-	-	41,392	-
Units issued to settle retraction of Class A common shares of BGHI	16,336	5,560	372,861	146,038
Units redeemed	(2,524)	(3,114)	-	-
Discount on units redeemed	-	(11,121)	-	-
Units issued on conversion of 1998 debentures	-	-	4,037	19,000
Units issued on conversion of 2002 debentures	-	-	1,250	10,000
Units issued on conversion of 2004 vendor exchange notes	-	-	166,284	1,348,480
Units issued on acquisitions	-	-	92,952	733,900
Units issued under reinvestment programs	-	-	899,766	4,594,051
Unitholders' capital, end of period	9,370,820	\$ 52,864,656	9,357,008	\$ 53,130,354

Shareholders' Capital

Authorized:

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

Under the terms of the Arrangement BGHI acquired the remaining shares of the Company. The Class A common shares of BGHI are exchangeable into units of the Fund. As of March 1, 2005, Class A shareholders of BGHI are entitled to receive distributions of earnings economically equivalent to distributions received by units of the Fund and all restrictions on exchange were removed. As a result, the exchangeable Class A shares of BGHI and related accounts are presented in combination with the consolidated balance sheet of the Fund.

Upon request for retraction by the shareholder, the Class A common shares of BGHI are exchangeable into units of the Fund. To facilitate the exchange, BGHI issues one Class B common share to the Fund for each Class A common share that has been retracted. The Fund in turn issues a trust unit to the Class A common shareholder. Restrictions, which prevented the retraction of Class A shares of BGHI held by management under the arrangement, expired on February 28, 2005. Exchanges are done at carrying value.

Issued:

The exchangeable share capital of BGHI is as follows:

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
Class A common shares		
Number of shares outstanding	892,767	909,103
Carrying Value of shares outstanding	\$ 60,438	\$ 66,003

8. UNIT-BASED COMPENSATION

Pursuant to the Fund's Option Agreement and Confirmation, the Fund has granted options to purchase units of the Fund to certain key executives. The options were granted on January 11, 2006 and permit the purchase of up to 200,000 units of the Fund at any time after the expiration of 9 years and 255 days after the date the options were granted up to and including the expiration of 9 years and 345 days after the date the options were granted. The units may be purchased, to the extent validly exercised, on the 10th anniversary of the grant date subject to the condition that the option is not exercisable if the grantee is not an officer or employee on September 23, 2015, unless the grantees' employment is terminated "without cause" at any time after the sixth anniversary of the option grant, in which case the grantee may exercise the options at anytime within 30 days of the date of termination of such employment. The options permit the purchase of units at a price equal to the weighted average trading price on the Toronto Stock Exchange for the first 15 trading days in the month of January 2006, being \$1.91 per unit.

The weighted-average fair value of the options at issuance was estimated at \$66,000 or \$0.33 per option. The fair value of each option was estimated using a binomial option pricing model with the following weighted average assumptions used for the options granted: dividend yield 8.0%, expected volatility 39.57%, risk free interest rate 4.16%, term 10 years.

The following options are outstanding at September 30, 2006:

Date Granted	Number of Units	Exercise Price	Expiry Date
December 13, 2004	300,000	\$7.48	December 13, 2014
January 11, 2006	200,000	\$1.91	January 11, 2016

Although the options were granted on January 11, 2006 by the Board of Trustees, they were subject to unitholder approval which took place at the Annual General Meeting in the second quarter of 2006.

During the nine month period ended September 30, 2006 the Fund has recognized \$13,195 as compensation expense related to options, with the related credit being charged to contributed surplus.

9. INCOME TAXES

The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) and accordingly is not taxable on its income to the extent that its income is distributed to unitholders. This exemption does not apply to the Company or its subsidiaries, which are corporations that are subject to income tax.

As a result of the trading partner transactions described in Note 5, the Fund has replaced a significant portion of its Canadian losses previously recognized with other timing differences.

Income tax expense was the result of higher Canadian earnings and the temporary cessation of distributions. Previously recognized tax losses in Canada have been reduced to reflect the use of a portion of these assets against taxes otherwise payable. Tax losses generated in the U.S. for 2006 have not been recognized.

As at September 30, 2006 the Company has remaining tax losses available in Canada of approximately \$6.1 million, of which approximately \$3.1 million have been recognized as a component of future tax assets. The Company also has approximately \$13.9 million U.S. of tax losses available in the U.S. which have not been recognized.

10. 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>	
	September 30, <u>2006</u>	September 30, <u>2005</u>	September 30, <u>2006</u>	December 31, <u>2005</u>
Canada	\$ 48,698,860	\$ 45,328,302	\$ 15,665,400	\$ 15,773,729
United States	88,040,352	92,338,577	51,366,338	57,550,374
Total	\$ 136,739,212	\$ 137,666,879	\$ 67,031,738	\$ 73,324,103

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
a) (Loss) Earnings:				
Net (loss) earnings from continuing operations	\$ (1,930,921)	\$ 706,708	\$ (2,941,481)	\$ 2,861,239
b) Number of units and Class A common shares:				
Average number of units and Class A common shares outstanding	10,289,449	9,948,919	10,286,625	9,400,818
Add:				
Potential obligation on unit price guarantees	-	99,887	-	99,887
Average number of units and Class A common shares outstanding – diluted basis	10,289,449	10,048,806	10,286,625	9,500,705
(Loss) earnings per unit and Class A common share from continuing operations (a) divided by (b)				
Basic	\$ (0.188)	\$ 0.071	\$ (0.286)	\$ 0.304
Diluted	\$ (0.188)	\$ 0.070	\$ (0.286)	\$ 0.301

12. SUBSEQUENT EVENTS

The Fund guarantees the unit price on units held in escrow for certain acquisitions. Based on the release of the remaining guarantee units held in escrow on September 28, 2006 a further 90,566 units were issued to satisfy the guaranteed unit price.

Certain acquisitions include provisions for contingent purchase price amounts to be paid if certain financial performance is achieved. A portion of the contingent purchase price may be paid by the issue of additional units. On October 25, 2006 an amount payable of \$193,088 was determined as part of the acquisition of 1st Choice Mobile Auto Glass Dealers Inc., in Vancouver, British Columbia. The amount was satisfied with 147,632 units and recorded to goodwill.

On October 31, 2006, the Government of Canada (Department of Finance) announced the “Tax Fairness Plan” whereby the income tax rules applicable to publicly traded trusts (other than real estate investment trusts) and publicly traded partnerships will be significantly modified. Under the proposed plan, distributions made by income trusts and publicly traded partnerships will be taxed in a manner similar to income earned by (and distributions made by) a corporation. The plan, if adopted, will not become effective until the 2011 taxation year for trusts, such as the Boyd Group Income Fund, that were publicly traded prior to November 1, 2006. The Fund is currently considering these proposals and the possible impact they will have on the Fund and its unitholders, but is unable to make an estimate at this time.

13. COMPARATIVE FIGURES

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