Boyd Group Income Fund

NEWS RELEASE

# BOYD GROUP INCOME FUND REPORTS 2006 FIRST QUARTER RESULTS

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**Winnipeg, Manitoba** – **May 11, 2006** – Boyd Group Income Fund (TSX: BYD.UN) ("the Fund") today reported its financial results for the three-month period ended March 31, 2006.

**Q1 2006 Significant Events**

- Revenue increased 1.5% to $47.3 million compared to $46.6 million in Q1 2005
- Finalized new arrangements that include a long-term exclusive agreement to purchase paint products and a new US $13 million credit facility
- Reported a net loss in Q1 2006 of $1.8 million, primarily resulting from the one-time financial impacts associated with discontinued operations and the settlement of pre-existing trading partner arrangements
- Prepaid US $1.8 million of existing bank debt held by the Fund's senior lenders and amended senior credit facilities to increase the Fund's operating line from $10 million to $12 million
- Excluding the impact of foreign currency translation and acquisition growth, same store sales increased $0.5 million or 1.1% compared to Q1 2005

**Financial Results**

For the first quarter ended March 31, 2006, revenue increased 1.5% to $47.3 million compared to revenue of $46.6 million in the first quarter of 2005, after adjusting for discontinued operations. Sales growth resulted from same stores sales growth in Canada and $1.8 million in new revenue from the acquisition of Gerber National Glass Services ("GNGS"), the commencement of operations of three new locations in Illinois during 2005, and the rollout of auto glass repair and replacement at certain locations in the U.S. during 2005. Increased revenue was partially offset by a $1.6 million decline resulting from the impact of translating U.S. dollar denominated sales into Canadian dollars. Excluding the impact of foreign currency translation and acquisition growth, same store sales increased $0.5 million or 1.1% compared to the first quarter a year ago.

Earnings before interest, income taxes, depreciation and amortization (EBITDA)[1] for the first quarter of 2006 totalled $2.0 million, or 4.1% of sales, compared to EBITDA of $3.8 million, or 8.1% of sales, in the first quarter of 2005. The decrease in EBITDA was largely the result of a $2.1 million one-time, non-cash charge to cost of sales during the first quarter of 2006, offset by foreign exchange gains of $1.6 million. The one-time charge and foreign exchange gain both relate to the settlement of term debt and previous exclusive supply contracts. Additional impacts included a reduced monthly amortization of new replacement unearned rebates and lower operating margins in the U.S.

Net loss for the first quarter of 2006 after giving effect to the non-controlling interest, and after discontinued operations, was $1.8 million or $0.19 per fully diluted unit compared to net earnings of $1.4 million or $0.16 per fully diluted unit in the first quarter of 2005. The decrease in net earnings resulted primarily from the financial impacts associated with the replacement trading partner arrangements and discontinued operations.

Sales in Canada in the first quarter of 2006 totalled $17.2 million, an increase of $1.0 million or 6.2%, compared to the first quarter a year ago. Sales increases in Canada are entirely due to same store sales growth, with increases reported in all four western provinces.

U.S. sales in the first quarter of 2006 decreased 1.1% to $30.1 million compared to $30.4 million in the first quarter a year ago. Sales in the U.S. included new sales of $1.8 million from GNGS, three Illinois area start-ups, and glass revenues generated in the Arizona, Georgia, Nevada and Washington markets. Same store sales in the U.S. declined $2.1 million or 7.6% when compared to the first quarter in 2005. Translation of U.S. dollar revenues at a weaker U.S. dollar exchange rate, relative to the Canadian dollar, during the first quarter of 2006 accounted for a $1.6 million of this decline. Excluding the impact of foreign currency translation, GNGS, new collision and glass repair start-ups, U.S. same store sales declined $0.5 million or 1.8% compared to the same period in the prior year.

The Fund had total debt outstanding at March 31, 2006 of $40.6 million, comprised of: $1.9 million in bank indebtedness; $8.5 million of senior bank term debt; $15.2 million of new U.S. bank debt; $0.4 million of supplier debt; $0.8 million of vendor loans; $1.1 million of obligations under capital lease; and, $12.7 million in subordinate convertible debentures and exchangeable notes. This compares to $39.8 million of total debt outstanding at December 31, 2005. Total debt remained at approximately the same level but balance sheet flexibility has improved as a portion of senior bank debt and the previous trading partner debt, both with shorter amortization periods, have been replaced with U.S. bank debt with a longer amortization period.

**Distributable Cash[2]**

On December 15, 2005, the Fund temporarily suspended cash distributions to unitholders until further notice, following the December 23, 2005 payment to unitholders of record on November 30, 2005. The Trustees of the Fund and senior management of the Boyd Group determined that a temporary suspension of distributions was in the best interests of unitholders as it will allow the Boyd Group to strengthen its balance sheet and improve its cash position and financial flexibility. On March 22, 2006, the Fund announced that distributions were not anticipated to be reinstated for at least 12 to 18 months. At the end of this time period, or sooner if Boyd Group experiences meaningful improvement in its financial performance, management of Boyd Group and the Trustees of the Fund would expect to resume distributions at conservative and sustainable levels.

**2006 First Quarter Conference call & Web cast**

Management of the Boyd Group Income Fund will host a conference call to discuss the Fund's 2006 first quarter financial results on May 12**,** 2006 at 10:00 a.m. EST. The conference call will be webcast live at www.boydgroup.com. and archived for 90 days. A taped replay of the conference call will also be available until Friday May 19th at midnight at 1-877-289-8525 or 416-640-1917, reference number 21187252#.

*([1])([2]) EBITDA and Distributable Cash are not recognized measures under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to revenue, net earnings and cash flows, distributable cash and EBITDA are useful supplemental measures as they provide investors with an indication of earnings from operations and cash available for distribution, both before and after debt service, capital expenditures and income tax. Investors should be cautioned, however, that EBITDA and 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 public issuers and, accordingly, may not be comparable to similar measures used by other issuers. For a detailed explanation of how the Fund's distributable cash is calculated, please refer to the Fund's MD&A filing for the three months ended March 31, 2006, which can be accessed via the SEDAR Web site (www.sedar.com).*

**About The Boyd Group Inc.**

The Boyd Group Inc. is the largest operator of collision repair centres in Canada and among the largest in North America. The company operates locations in the four western Canadian provinces principally under the trade names Boyd Autobody & Glass and Service Collision Repair, as well as in six U.S. states principally under the trade name Gerber Collision & Glass. The company also operates Gerber National Glass Services, an auto glass repair and replacement referral business with affiliated service providers throughout the United States. The

Boyd Group Inc. is focused on its plan to be a leader in the consolidation of the highly fragmented North American collision repair industry, recently estimated to generate approximately U.S. $25 to $30 billion in revenue annually. For more information on The Boyd Group Inc. or Boyd Group Income Fund, please visit our Web site at www.boydgroup.com.

**About The Boyd Group Income Fund**

The Boyd Group Income Fund is an unincorporated, open-ended mutual fund trust created for the purposes of acquiring and holding certain investments, including a majority interest in The Boyd Group Inc. and its subsidiaries.

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*This press release contains forward-looking statements, other than historical facts, which reflect the view of the Fund's management with respect to future events. Such forward-looking statements reflect the current views of the Fund's management and are made on the basis of information currently available. Although management believes that its expectations are reasonable, it can give no assurance that such expectations will prove to be correct. The forward-looking statements contained herein are subject to these factors and other risks, uncertainties and assumptions relating to the operations, results of operations and financial position of the Fund. The Fund assumes no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those contemplated by the forward-looking statements.*

**INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)**

*March 31, 2006 and December 31, 2005*

| | **March 31, 2006** | December 31, 2005 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Accounts receivable | **18,904,713** | 19,450,519 |
| Current portion of rebates receivable | **1,108,745** | - |
| Inventory | **4,290,765** | 3,995,960 |
| Prepaid expenses | **1,601,089** | 1,331,884 |
| | **25,905,312** | 24,778,363 |
| Note receivable | **383,493** | 383,098 |
| Rebates receivable | **5,543,725** | - |
| Property, plant and equipment | **18,169,814** | 18,086,803 |
| Future income tax asset | **3,934,315** | 3,749,522 |
| Deferred costs | **1,562,203** | 1,727,462 |
| Goodwill | **37,005,470** | 36,774,687 |
| Intangible assets | **17,871,219** | 18,462,613 |
| | **$ 110,375,551** | $ 103,962,548 |
| **Liabilities and Equity** | | |
| Current liabilities: | | |
| Bank indebtedness | **$ 1,924,033** | $ 1,310,672 |
| Accounts payable and accrued liabilities | **22,365,744** | 23,761,807 |
| Income taxes payable | **20,194** | 64,358 |
| Current portion of long-term debt | **1,995,233** | 1,652,451 |
| Current portion of obligations under capital leases | **260,248** | 641,851 |
| | **26,565,452** | 27,431,139 |
| Long-term debt | **22,949,206** | 22,179,553 |
| Obligations under capital leases | **791,674** | 1,254,664 |
| Convertible debt | **12,708,622** | 12,699,584 |
| Unearned rebates | **19,209,742** | 10,137,286 |
| Non-controlling interest | **466,042** | 446,915 |
| | **82,690,738** | 74,149,141 |
| **Equity** | | |
| Unitholders' capital | **53,122,104** | 53,130,354 |
| Shareholders' capital | **62,403** | 66,003 |
| Contributed surplus | **81,100** | 78,352 |
| Warrants | **421,500** | 421,500 |
| Deficit | **(17,379,946)** | (15,599,879) |
| Cumulative translation adjustment | **(8,622,348)** | (8,282,923) |
| | **27,684,813** | 29,813,407 |
| | **$ 110,375,551** | $ 103,962,548 |

**INTERIM CONSOLIDATED STATEMENTS OF DEFICIT (Unaudited)**

*Three Months Ended March 31,*

| | **2006** | 2005 |
|---|---|---|
| Deficit, beginning of period | **$ (15,599,879)** | $ (9,232,183) |
| Net (loss) earnings for period | **(1,780,067)** | 1,373,789 |
| Dividends on BGHI Class A common shares | **-** | (122,102) |
| Distributions to unitholders | **-** | (2,312,564) |
| Deficit, end of period | **$ (17,379,946)** | $ (10,293,060) |

**INTERIM CONSOLIDATED STATEMENTS OF (LOSS) EARNINGS (Unaudited)**

*Three Months Ended March 31,*

| | **2006** | 2005 |
|---|---|---|
| Sales | **$ 47,278,651** | $ 46,601,561 |
| Cost of sales | **28,453,830** | 24,979,539 |
| Gross margin | **18,824,821** | 21,622,022 |
| Operating expenses | **18,508,534** | 18,036,350 |
| Foreign exchange gains | **(1,637,296)** | (165,992) |
| Depreciation and amortization | **874,839** | 970,248 |
| Amortization of deferred costs and other intangible assets | **865,827** | 498,583 |
| Interest expense | **759,411** | 697,564 |
| Interest income | **(36,251)** | (18,292) |
| | **19,335,064** | 20,018,461 |
| Net (loss) earnings before income taxes and non-controlling interest | **(510,243)** | 1,603,561 |
| Income tax expense (recovery) | | |
| Current | **49,575** | 54,000 |
| Future | **(190,862)** | - |
| | **(141,287)** | 54,000 |
| Net (loss) earnings before non-controlling interest | **(368,956)** | 1,549,561 |
| Non-controlling interest | **(18,511)** | 226,898 |
| Net (loss) earnings from continuing operations | **(387,467)** | 1,776,459 |
| Loss from discontinued operations (net of income tax recoveries of $nil [2005 - of nil ]) | **(1,392,600)** | (402,670) |
| Net (loss) earnings | **$ (1,780,067)** | $ 1,373,789 |
| **Weighted average number of units and Class A common shares outstanding** | **9,364,370** | 8,531,553 |
| **Basic (loss) earnings per unit from continuing operations** | **$ (0.041)** | $ 0.208 |
| **Loss per unit from discontinued operations** | **(0.149)** | (0.047) |
| **Basic (loss) earnings per unit and Class A common share** | **$ (0.190)** | $ 0.161 |
| **Diluted (loss) earnings per unit from continuing operations** | **$ (0.041)** | $ 0.203 |
| **Loss per unit from discontinued operations** | **(0.147)** | (0.043) |
| **Diluted (loss) earnings per unit and Class A common share** | **$ (0.188)** | $ 0.160 |

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**
*Three Months Ended March 31,*

| | 2006 | 2005 |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Cash flows from operating activities** | | |
| Net (loss) earnings from continuing operations | **$ (387,467)** | $ 1,776,459 |
| Items not affecting cash | | |
| Non-controlling interest | **18,511** | (226,898) |
| Future income taxes | **(190,862)** | - |
| Amortization of deferred costs and other intangible assets | **865,827** | 498,583 |
| Depreciation and amortization | **874,839** | 970,248 |
| Amortization of unearned rebates | **1,617,241** | (789,621) |
| Unit option compensation expense | **2,748** | - |
| Gain on disposal of equipment | **(4,574)** | (1,740) |
| | **2,796,263** | 2,227,031 |
| Changes in non-cash working capital items | **(2,274,594)** | (1,241,529) |
| | **521,669** | 985,502 |
| **Cash flows from financing activities** | | |
| Issue of fund units on exercise of warrants | **-** | (559,920) |
| Issue of fund units | **-** | 2,011,244 |
| Issue costs | **-** | (6,608) |
| Increase in obligations under long-term debt | **14,935,700** | 3,646,238 |
| Repayment of long-term debt | **(13,854,272)** | (1,434,314) |
| Repayment of obligations under capital leases | **(1,281,487)** | (298,315) |
| Proceeds on issue of convertible debt | **-** | 612,650 |
| Issue costs on debt component of convertible debt | **-** | 3,409 |
| Dividends received on Class B common shares | **-** | 174,943 |
| Dividends paid on Class A and B common shares | **-** | (1,469,790) |
| Distribution to non-controlling interest | **-** | 1,058,249 |
| Distributions paid to unitholders | **-** | (2,268,546) |
| Increase in unearned rebates | **12,952,083** | 316,927 |
| Repayment of unearned rebates | **(11,801,274)** | - |
| Collection of notes receivable | **-** | 61,985 |
| Increase in financing costs | **(164,084)** | (147,645) |
| | **786,666** | 1,700,507 |
| **Cash flows used in investing activities** | | |
| Proceeds on sale of equipment | **46,302** | 4,601 |
| Acquisition of equipment | **(475,706)** | (368,531) |
| Acquisition and development of businesses | **(700,170)** | (623,399) |
| Deferred costs | **(218,487)** | (146,501) |
| Acquisition of other assets | **-** | (3,172,002) |
| | **(1,348,061)** | (4,305,832) |
| Foreign exchange | **(284,341)** | (265,593) |
| Cash received upon combining of Boyd Group Holdings Inc. | **-** | 38,751 |
| Net decrease in cash position used in continuing operations | **(324,067)** | (1,846,665) |
| **DISCONTINUED OPERATIONS** | | |
| Operating activities | **(392,088)** | (333,680) |
| Financing activities | **(1,680)** | - |
| Investing activities | **94,474** | 60,599 |
| Net proceeds on disposal | **10,000** | - |
| Net decrease in cash position from discontinued operations | **(289,294)** | (273,081) |
| Net decrease in cash position | **(613,361)** | (2,119,746) |
| (Bank indebtedness) cash position, beginning of period | **(1,310,672)** | 578,548 |
| Bank indebtedness, end of period | **$ (1,924,033)** | $ (1,541,198) |
| Income taxes paid | **$ 93,782** | $ 3,095 |
| Interest paid | **$ 1,506,127** | $ 957,760 |