

March 22, 2007

Attention Business/Financial Editors:

AutoCanada Income Fund releases financial results for the reporting period ended December 31, 2006:

A conference call to discuss the results for the period ended December 31, 2006 will be held Friday, March 23, 2007 at 10:30 a.m. Eastern time. To participate in the conference call, please dial 1-800-733-7571 or 1-416-644-3416 approximately 10 minutes prior to the call. A live and archived audio webcast of the conference call will also be available on the Fund's website www.autocan.ca.

EDMONTON, Alberta, March 22, 2007/CNW - AutoCanada Income Fund (the "Fund") (TSX: ACQ.UN) today announced financial results for the period ended December 31, 2006 which includes results from May 11, 2006 to December 31, 2006 and the three-month period ended December 31, 2006. For information purposes, the Fund has also provided a compilation of results for the year ended December 31, 2006, combining financial results for the period from May 11, 2006 to December 31, 2006 with selected unaudited results of the operations of Canada One Auto Group ("CAG"), the Fund's predecessor for the period from January 1, 2006 to May 10, 2006.

2006 Highlights

- For the period from January 4, 2006 to December 31, 2006, including operations from May 11, 2006 to December 31, 2006, the Fund generated net earnings of \$12,474 or earnings per unit of \$0.616, distributable cash of \$1.421 per unit, including changes in non-cash operating working capital amounts and \$0.756 before changes in non-cash operating working capital balances, and declared distributions of \$0.639 per unit, for a payout ratio of 45% including changes in non-cash working capital amounts and 85% before changes in non-cash working capital balances.
- Same store revenue and gross profit increased by 4.4% and 10.6% respectively in the year ended December 31, 2006, compared to 2005 year.
- Revenue from existing and new dealerships increased by 42.9% to \$693.7 million in the year ended December 31, 2006 from \$485.6 million in the 2005 year.
- Gross profit from existing and new dealerships increased by 48.1% to \$113.1 million in the year ended December 31, 2006 from \$76.4 million in the 2005 year.
- EBITDA increased by 17.0% to \$21.0 million in the year ended December 31, 2006 from \$17.9 million in the 2005 year.
- Net earnings increased by 7.4% to \$16.7 million in the year ended December 31, 2006 from \$15.5 million in the 2005 year.
- The Fund continued to execute its acquisition strategy, which includes expanding its presence in Western Canada, by acquiring the net operating assets of Victoria Hyundai located in Victoria, British Columbia. This acquisition was completed on October 31, 2006.
- The Fund commenced operations of its Open Point in Sherwood Park, Alberta, Sherwood Park Hyundai in November of 2006.
- Subsequent to December 31, 2006, the Fund entered into a credit agreement with CAG to finance the acquisition of a Nissan dealership by CAG and entered into a management agreement to provide it with management services. The Nissan dealership is owned by a subsidiary of CAG which owns 46% of the Fund on a fully diluted basis.

Fourth Quarter 2006 Highlights

- For the fourth quarter of 2006, the Fund generated distributable cash of \$0.391 per unit, including changes in non-cash operating working capital amounts and \$0.235 before changes in non-cash operating working capital balances, and declared distributions of \$0.250 per unit, for a payout ratio of 64% including changes in non-cash working capital amounts and 106% before changes in non-cash working capital balances.
- Same store revenue and gross profit increased by 10.4% and 6.3% respectively in the fourth quarter of 2006, compared to same quarter in 2005.
- Revenue from existing and new dealerships increased by 38.5% to \$176.1 million in the fourth quarter of 2006 from \$127.1 million in the same quarter in 2005.

- Gross profit from existing and new dealerships increased by 32.9% to \$28.9 million in the fourth quarter of 2006 from \$21.8 million in the same quarter in 2005.
- EBITDA decreased by 2.5% to \$4.9 million in the fourth quarter of 2006 from \$5.0 million in the same quarter in 2005.
- Net earnings decreased by 15.3% to \$3.6 million in the fourth quarter of 2006 from \$4.3 million in the same quarter in 2005.

“We are very pleased with the financial results for the 2006 year, especially the performance of our recent acquisitions and the continued organic growth of our existing dealerships” said Patrick Priestner, AutoCanada’s founder and Chief Executive Officer.

“We continue to significantly improve the cash flow from the dealerships that the Fund owned at the time of our IPO and receive significant benefits from the integration of recent acquisitions. We were also pleased to announce the acquisition of Victoria Hyundai on October 31, 2006 which was an important step in the execution of our strategy of growth through acquiring dealerships.” Looking forward Mr. Priestner stated that “the Fund continues to aggressively grow our core automotive retail operations, especially the highly profitable finance and insurance and parts and service businesses. As part of this strategy throughout 2007, we will expand physical service bay capacity at our Grande Prairie and Prince George dealership operations by adding 23 service bays, as well as by increasing the number of technicians and operating hours at other locations. We anticipate that the Fund will continue to grow as we execute our growth strategy through accretive acquisitions of other franchised automotive dealers, continued organic growth, the commencement of operations at new franchised automotive dealerships that have been awarded to the Fund by manufacturers and enhance its relationships with a wider range of manufacturers in order to develop its long-term growth prospects through the management of franchised automotive dealerships.”

On October 31, 2006, the Department of Finance Canada announced proposed changes to the taxation of income trusts. “These changes do not impact our current distribution policy. Nor do they impact our underlying business, our ability to grow organically, or our acquisition strategy,” said Patrick Priestner. “At the time of our IPO, we paid out all of our long-term debt and have a \$50 million operating line in place which the Fund has dedicated to acquisitions as we continue to grow our business. Currently we also have a strong balance sheet with approximately \$21 million in unrestricted cash. This provides a great deal of flexibility to the Fund moving forward.”

For the year ended December 31, 2006, revenues were \$693.7 million compared to \$485.6 million for the 2005 year, an increase of 42.9%. Net earnings increased by 7.4% to \$16.7 million in the year ended December 31, 2006 when compared to the 2005 year. The increase in revenues and earnings were primarily due to four dealerships acquired in the fourth quarter of 2005 and one dealership acquired in the first quarter of 2006.

Gross profits for the year ended December 31, 2006 were up 48.1% to \$113.1 million when compared to the 2005 year. Gross profit percentages for the year ended December 31, 2006 were up 0.6% compared with the 2005 year. The improvement in the Company's gross profits was due primarily to an increase in gross profits from same stores of 10.6% in the year ended December 31, 2006 and as a result of increase in the commission rate received on life, dismemberment and disability insurance contracts in 2006.

Net earnings decreased by 15.3% to \$3.6 million in the fourth quarter of 2006 from \$4.3 million in the same quarter in 2005. EBITDA decreased by 2.5% to \$4.9 million in the fourth quarter of 2006 from \$5.0 million in the same quarter in 2005. In calculating net earnings and EBITDA for the fourth quarter 2006, the Fund incurred stock based compensation of \$163 which is included in selling, general and administrative expenses which was not an expense in 2005 and we incurred significant start-up operating losses of approximately \$160 at our Sherwood Park Hyundai dealership which opened on November 15, 2006. We initially planned to open this dealership during the summer of 2006 but the opening was delayed as a result of construction delays. We expect this dealership to be profitable during the second quarter of 2007. Also management estimates that if certain employees and shareholders were paid under the same contractual terms that currently exist within the Fund, net earnings and EBITDA for the fourth quarter of 2005 would be reduced by \$486 to \$3.8 million and \$4.6 million respectively.

New Locations

The Fund continued to execute its acquisition strategy and expand its presence in Western Canada by acquiring the net operating assets of Victoria Hyundai located in Victoria, British Columbia on October 31, 2006. Victoria Hyundai sold 464 new vehicles and 410 used vehicles in its last fiscal year ended June 30, 2006 and currently operates ten service bays. This dealership is undergoing a substantial renovation.

In November 2006, the Fund commenced operations of its Open Point in Sherwood Park, Alberta, Sherwood Park Hyundai, which is expected to generate approximately 600 new units per year subsequent to the start-up period and will operate ten service bays. Together, these two new dealerships will increase both new vehicle volumes and increase service capacity by approximately 9%.

Mr. Priestner also announced that “we are very pleased that DaimlerChrysler Canada Inc. (DCCI) has amended their Multi Dealer Group policy specific to AutoCanada Income Fund allowing the Fund acquire additional DCCI dealerships to a maximum 8% (previously 5%) of DCCI Canadian annual sales. This gives the Fund the potential to acquire an estimated seven additional dealerships that could sell an additional 6,000 new vehicles per year at an average of approximately 800 new vehicles per dealership. Further, DCCI has awarded the Fund an open point for a Chrysler Jeep Dodge dealership. We have not yet secured land acceptable to ourselves and the manufacturer and the search for which is continuing. We are extremely proud of our relationship with DCCI and this opportunity to mutually grow our business. The Chrysler Jeep Dodge brands are extremely strong in Western Canada as evidenced by our results and, the Calgary market provides new sustainable, profitable growth opportunities for the Fund.”

Expansion of Business Structure

On February 7, 2007, the Fund entered into a credit agreement with CAG to finance the acquisition of a Nissan dealership (the "Nissan Dealership"), by CAG and entered into a management agreement to provide it with management services. The Nissan Dealership is owned and operated by a subsidiary CAG which owns 46% of the Fund on a fully diluted basis. The Fund obtained the funds to finance the acquisition of the Nissan dealership through its existing Revolving Facility. In connection with this arrangement, the Fund has granted consents to CAG and its subsidiary under the terms of the non-competition agreements entered into at the time of the Fund's IPO.

The dealership to be named “Grande Prairie Nissan”, in Grande Prairie, Alberta, was established in 1969, and sold 388 new and 196 used vehicles in 2006. The dealership will be relocated to a new location in Grande Prairie that has been approved by Nissan Canada and construction is planned to commence during the summer of 2007. The Fund's arrangement with CAG marks an expansion of the Fund's business structure. In addition to owning franchised automobile dealerships, the Fund will earn fees from managing and financing the acquisition of franchised automobile dealerships offered by select manufacturers where there is not an arrangement in place with the manufacturer that would allow the franchised dealership to be owned directly by the Fund.

The Fund's strategic intent is to continue to seek to expand the range of automobile brands it sells as automobile manufacturers become more familiar with the Fund's management, business model and unique publicly traded status. The structure may vary among dealerships and manufacturers in order to accommodate the needs of the manufacturer, the dealerships, and the Fund. These relationships are intended to provide the Fund with the financial benefits associated with an expanded network of dealerships while accommodating the requirements of the various automobile manufacturers. The Fund and CAG intend to work together to obtain the approvals of the various automobile manufacturers to permit these dealerships to be owned by the Fund under arrangements approved by the automobile manufacturer. There can be no assurance that the Fund will be granted such permission.

Distributable Cash and Cash Distributions

The Fund's policy is to distribute annually to Unitholders available cash from operations after cash required for capital expenditures, working capital reserves, growth capital reserves and other reserves considered advisable by the Trustees of the Fund. The policy allows the Fund to make stable monthly distributions to its Unitholders based on the Fund's estimate of distributable cash for the year. The Fund pays cash distributions on or about the 15th of each month to Unitholders of record on the last business day of the previous month.

The following table summarizes the distributions by the Fund for the period from May 11, 2006 to December 31, 2006:

(In thousands of dollars)

Record date	Payment date	Fund Units		Exchangeable Units		Total	
		Declared \$	Paid \$	Declared \$	Paid \$	Declared \$	Paid \$
May 31, 2006	June 15, 2006	618	618	525	525	1,143	1,143
June 30, 2006	July 15, 2006	912	912	775	775	1,687	1,687
July 31, 2006	August 15, 2006	912	912	775	775	1,687	1,687
August 31, 2006	September 15, 2006	912	912	775	775	1,687	1,687
September 30, 2006	October 16, 2006	912	912	775	775	1,687	1,687
October 31, 2006	November 15, 2006	912	912	775	775	1,687	1,687
November 30, 2006	December 15, 2006	912	912	775	775	1,687	1,687
December 31, 2006	January 15, 2007	912	-	775	-	1,687	-
		7,002	6,090	5,950	5,175	12,952	11,265

Distributions are paid on Fund Units and Exchangeable Units. As of September 30, 2006 the following numbers of units were outstanding:

Fund Units	10,949,500
Exchangeable Units	<u>9,307,500</u>
	<u>20,257,000</u>

During the period of May 11, 2006 to December 31, 2006, the Fund declared distributions of \$0.639 per Fund Unit and Exchangeable Unit to Unitholders. The distributions from May 11, 2006 to December 31, 2006 were funded from cash flow generated from operations. The Fund's IPO prospectus contemplated an initial distribution of \$0.0564 per unit and thereafter monthly distributions of \$0.0833 per unit or \$1 per year in aggregate. The Fund reviews its distribution policy on a periodic basis. For 2006, the tax deferred portion of distributions for Canadian federal income tax purposes was approximately 20%. Based on the proposed legislation announced by the Department of Finance Canada on October 31, 2006 in connection with the taxation of income trusts and other flow-through entities (the "Plan"), the taxable income distributed by the Fund would be taxed commencing in 2011 or earlier in some circumstances. The Fund is actively reviewing the implications of the Plan to its unitholders of deferring elective tax deductions until the new regime is in place. As such, the Fund cannot now determine the portion, if any, of the 2007 distributions that will be tax deferred.

Distributable cash of the Fund is a measure generally used by Canadian open-ended trusts as an indicator of financial performance. As one of the factors that may be considered relevant by prospective investors is the cash distributed by the Fund relative to the price of the Units, management believes that distributable cash of the Fund is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund. Distributable Cash is calculated as cash flows provided by operating activities, adjusted for changes in non-cash operating working capital balances for the period, plus proceeds on sale of property and equipment, less purchases of non-growth property and equipment.

Proposed Tax Measures

On October 31, 2006, the Department of Finance Canada announced the proposed legislation in connection with the taxation of income trusts and other flow-through entities. Included in the Plan are proposed changes to the taxation of income trusts. The proposed changes, which will not affect existing publicly traded income trusts such as the Fund until the taxation year ended December 31, 2011, indicate certain distributions of an income trust's income will be subject to tax at corporate income tax rates. Those distributions will, like the dividends that corporations pay, not be deductible by an income trust. The unitholders in an income trust will be taxed as though the distributions were dividends and taxable unitholders will be eligible for the dividend tax credit. Unitholders that hold their units in tax deferred accounts such as pension plans or registered pension plans or non-residents unitholders will not be eligible for the dividend tax credit. The entities that will be subject to these proposed new rules will be fully defined in the legislation to implement these measures. As a practical matter, however, it can be assumed that the rules will apply to any publicly-traded "income trust" (or publicly-traded partnership), other than one that only holds passive real estate investments. These changes will generally take effect beginning with the 2007 taxation year for income trusts that begin to be publicly-traded after October 2006. The aspects of the Plan discussed above are proposed at this date and still have to pass through the legislative process and thus the final impact to the Unitholders of the Fund on the taxation of the Fund's distributions is uncertain at this time.

The Federal Government in its recent budget announced separate vehicle levy and rebate programs determined on the basis of fuel consumption. The combined impact of such programs is not certain, as the actual amount of the levy on all vehicles is not yet known and, as the levy is paid by the manufacturer, the degree to which it shall be passed on to the ultimate consumer not clear. Subject to the aforesaid, management's best estimate is that the combined impact will be neutral to the Fund's operations as most of the vehicles it sells, including full size trucks, are not impacted one way or the other, and although certain of its large vehicles (mostly larger SUVs) shall be subject to the levy, these are not large volume vehicles, and a larger number of the vehicles it sells will or may benefit from the rebate, including some of its newer small SUVs.

Selected Financial Information and Results from Operations

The following table shows the audited results of the Fund from May 11, 2006 to December 31, 2006, the unaudited results of the Fund for the three-month period ended December 31, 2006, the combined unaudited results from operations of the Fund and the Vendors for the year ended December 31, 2006 and the combined unaudited results of operations of the Fund and CAG for the three-month period and the audited results of CAG for the year ended December 31, 2006. Combined revenues, gross profit and selling, general and administrative expenses of CAG for the three-month period ended December 31, 2005 have been derived from the 2005 audited combined consolidated financial statements of CAG.

(In thousands of dollars except Operating Data and gross profit %)	The Fund	The Fund	CAG (Vendors)	The Fund and CAG Combined	CAG (Vendors)
	May 11 to December 31, 2006	October 1 to December 31, 2006	October 1 to December 31, 2005	January 1 to December 31, 2006	January 1 to December 31, 2005
Income Statement Data					
Revenue	471,932	176,079	127,122	693,712	485,573
New vehicles	264,438	98,970	69,052	378,124	279,744
Used vehicles	130,809	46,425	36,352	201,639	128,907
Parts, service and collision repair	51,776	21,410	15,349	77,861	54,330
Finance, insurance and other	24,909	9,274	6,369	36,088	22,592
Gross profit	77,523	28,930	21,775	113,113	76,359
New vehicles	17,980	6,998	5,394	25,964	18,970
Used vehicle	12,471	3,614	3,738	18,101	12,493
Parts, service and collision repair	23,249	9,514	6,719	34,875	23,706
Finance and insurance and other	23,823	8,804	5,924	34,173	21,190
Gross profit %	16.4%	16.4%	17.1%	16.3%	15.7%
Sales, general and administrative expenses	56,408	21,682	15,735	84,125	55,650
Floorplan interest expense	5,195	2,085	974	7,745	4,040
Other interest expense and bank charges	546	405	297	949	775
Net earnings (1)	12,474	3,623	4,278	16,700	15,544
EBITDA(2)	15,521	4,906	5,034	20,979	17,935
Operating Data					
Vehicles (new and used) sold	13,082	4,690	3,688	19,350	14,136
New retail vehicles sold	6,455	2,199	1,598	9,141	7,014
New fleet vehicles sold	1,107	525	482	1,708	1,388
Used retail vehicles sold	5,520	1,966	1,608	8,501	5,734
Number of service and collision repair orders completed	142,303	55,393	39,445	215,232	150,336
Absorption rate (3)	94%	96%	101%	92%	95%
Number of franchised automobile dealerships at year end	16	16	14	16	14
Number of service bays at period end	245	245	223	245	223
Same store revenue growth(4)	n/a	10.4%	n/a	4.4%	13.8%
Same store gross profit growth(4)	n/a	6.3%	n/a	10.6%	24.4%
Balance Sheet Data					
Cash and cash equivalents	20,880	20,880	9,707	20,880	9,707
Accounts receivable	27,742	27,742	27,578	27,742	27,578
Inventories	112,680	112,680	96,206	112,680	96,206
Revolving floorplan facility	113,357	113,357	98,023	113,357	98,023

- (1) Net earnings for the Vendors from January 1, 2006 to May 10, 2006 and from January 1, 2005 to December 31, 2005 are net earnings as defined by GAAP plus income taxes, stock-based compensation and shareholder bonuses (including the performance component related to dealership management's compensation) to be consistent with the results of the Fund from May 11, 2006 to December 31, 2006.
- (2) EBITDA has been calculated as described under "Non-GAAP Measures" above. EBITDA for the Vendors is defined under "Non-GAAP Measures" with the exception that to facilitate comparison to the Fund we have added stock-based compensation and shareholder bonuses (including the performance component related to dealership management's compensation) expensed by the Vendors.
- (3) Absorption has been calculated as described under "Non-GAAP Measures" above.
- (4) Same store revenue growth and same store gross profit growth is calculated using franchised automobile dealerships that we have owned for at least two full years.

The following tables summarize the revenues and gross profit for the year ended December 31, 2006 on a same store basis by revenue source for the nine dealerships that were owned and operated for all of 2006 and 2005.

Same Store Revenue and Vehicles Sold

(In thousands of dollars except % change and vehicle data)	For the Year Ended		
	December 31, <u>2006</u>	December 31, <u>2005</u>	<u>% Change</u>
Revenue Source			
New vehicles	260,588	257,705	1.1%
Used vehicles	127,303	119,817	6.2%
Parts, service and collision repair	55,800	52,200	6.9%
Finance, insurance and other	<u>25,831</u>	<u>19,999</u>	<u>29.2%</u>
Total	<u>469,522</u>	<u>449,721</u>	<u>4.4%</u>
New vehicles sold	7,108	7,630	(6.8)%
Used vehicles sold	<u>5,326</u>	<u>5,236</u>	<u>1.7%</u>
Total	<u>12,434</u>	<u>12,866</u>	<u>(3.4)%</u>

Same Store Gross Profit and Gross Profit Percentage

(In thousands of dollars except % change and gross profit %)	For the Year Ended					
	Gross Profit			Gross Profit %		
	Dec. 31, <u>2006</u>	Dec. 31, <u>2005</u>	<u>% Change</u>	Dec. 31, <u>2006</u>	Dec. 31, <u>2005</u>	<u>% Change</u>
Revenue Source						
New vehicles	17,407	17,505	(0.6)%	6.7%	6.8%	(0.1)%
Used vehicles	10,657	11,372	(6.3)%	8.4%	9.5%	(1.1)%
Parts, service and collision repair	25,040	22,816	9.7%	44.9%	43.7%	1.2%
Finance, insurance and other	<u>24,834</u>	<u>18,744</u>	<u>32.5%</u>	<u>96.1%</u>	<u>93.7%</u>	<u>2.4%</u>
Total	<u>77,938</u>	<u>70,437</u>	<u>10.6%</u>	<u>16.6%</u>	<u>15.7%</u>	<u>0.9%</u>

About AutoCanada

The Fund commenced business operations on May 11, 2006, when it completed an initial public offering (the “IPO”) of 10,209,500 trust units (“Fund Units”), at a price of \$10 per unit, for aggregate gross proceeds of \$102,095,000. Concurrent with the closing of the IPO, the Fund used the proceeds from the IPO to acquire an indirect 50.4% interest in AutoCanada Limited Partnership (“AutoCanada LP”) and AutoCanada LP used such net proceeds to acquire the net assets (the “Purchased Assets”) of Canada One Auto Group. On May 31, 2006, as a result of the exercise of the over allotment option granted to underwriters, the Fund acquired a further 3.65% interest in the Purchased Assets and thus increased its total interest in the Purchased Assets to 54.05%.

AutoCanada is Canada’s only publicly traded entity with interests exclusively in the operation of franchised automobile dealerships. Through its 54.05% interest in AutoCanada LP, it operates or manages 17 franchised automobile dealerships in six provinces and has over 900 employees. The Fund currently sells various new vehicle brands, including Chrysler, Dodge, Jeep, and Hyundai. In 2006, the operations of the franchised automobile dealerships owned, sold approximately 19,350 vehicles and processed approximately 215,000 service and collision repair orders in 245 service bays, generating revenue of approximately \$694 million.

Forward Looking Statements

Certain statements in management’s discussion and analysis may constitute “forward looking” statements that involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. These statements relate to future events or future performance and reflect the expectations of management regarding growth, results of operations, performance and business prospects and opportunities. Such forward looking statements reflect current beliefs of management or of the third parties to which they are attributed and are based on information currently available to the Fund. In some cases, the statements use such words as “may”, “will”, “intend”, “should”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of management’s discussion and analysis, or in the case of third party statements as of the date on which they were made. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under “Risk Factors” in the Fund’s Management’s Discussion and Analysis which can be found at www.sedar.com. Although the forward looking statements are based upon what management believes are reasonable assumptions, the Fund cannot assure you that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of management’s discussion and analysis and, except as required by applicable law, the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

Non-GAAP Measures

References to “EBITDA” are to earnings before interest expense (other than interest expense on floorplan financing and other interest), income taxes, depreciation and amortization and references to “distributable cash” are to cash flow available from operating activities available for distribution to Unitholders’ in accordance with the distribution policies of the Fund. Management believes that, in addition to earnings or loss, EBITDA is a useful supplemental measure of both performance and cash available for distribution before debt service, changes in working capital, capital expenditures and income taxes. Distributable cash of the Fund is a measure generally used by Canadian open-ended trusts as an indicator of financial performance. As one of the factors that may be considered relevant by prospective investors is the cash distributed by the Fund relative to the price of the Units, management believes that distributable cash of the Fund is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund. Distributable cash is calculated as cash flows from operating activities, less purchases of non-growth or productive property and equipment.

EBITDA and distributable cash are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that EBITDA and distributable cash should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Fund’s performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Fund’s methods of calculating EBITDA and distributable cash may differ from the methods used by other issuers. Therefore, the Fund’s EBITDA and distributable cash may not be comparable to similar measures presented by other issuers.

References to “absorption rate” are to the ratio of gross profits of a franchised automobile dealership from parts, service and collision repair to the fixed operating costs of the dealership. For this purpose, fixed operating costs include fixed salaries and benefits, administration costs, occupancy costs, insurance expense, utilities expense and interest expense (other than interest

expense relating to floor plan financing) of the dealerships only and do not include expenses pertaining to head office. Absorption rate is an operating measure commonly used in the retail automotive industry as an indicator of the performance of the parts, service and collision repair operations of a franchised automobile dealership. Absorption rate is not a measure recognized by GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, absorption rate may not be comparable to similar measures presented by other issuers that operate in the retail automotive industry.

Additional information about AutoCanada Income Fund is available at the Fund's website at www.autocan.ca and www.sedar.com.

For further information contact:

Tom Orysiuk, CA

Executive Vice-President and Chief Financial Officer

Phone: (780) 732-3139 Email: torysiuk@autocan.ca

AutoCanada Income Fund

Consolidated Balance Sheet

As at December 31, 2006

(expressed in Canadian dollar thousands)

ASSETS	\$
Current assets	
Cash and cash equivalents	20,880
Restricted cash	3,476
Accounts receivable	27,742
Inventories	112,680
Due from vendors	2,640
Prepaid expenses	<u>1,419</u>
	168,837
Property and equipment	11,839
Intangible assets	79,034
Goodwill	78,744
Other assets	<u>78</u>
	<u>338,532</u>
 LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	23,521
Revolving floorplan facility	113,357
Distributions payable	1,687
Current portion of long-term debt	96
Current portion of obligation under capital lease	<u>72</u>
	138,733
Long-term debt	5,535
Obligation under capital lease	<u>240</u>
	<u>144,508</u>
 Commitments and contingencies	
 UNITHOLDERS' EQUITY	
Fund units	105,200
Exchangeable units	88,847
Contributed surplus	455
Accumulated deficit	<u>(478)</u>
	<u>194,024</u>
	<u>338,532</u>

AutoCanada Income Fund

Consolidated Statement of Operations and Accumulated Deficit

For the period from January 4, 2006, including operations from May 11, 2006 (date of commencement of operations) to December 31, 2006

(expressed in Canadian dollar thousands except unit and per unit amounts)

	\$
Revenue	
Vehicles	418,808
Parts, service and collision repair	51,776
Other	<u>1,348</u>
	471,932
Cost of sales	<u>394,409</u>
	<u>77,523</u>
Gross profit	
Expenses	
Selling, general and administrative	56,408
Interest	5,741
Amortization	<u>2,900</u>
	<u>65,049</u>
Net earnings for the period	12,474
Accumulated earnings, beginning of period	-
Distributions declared	<u>(12,952)</u>
Accumulated deficit, end of period	<u>(478)</u>
Earnings per unit	
Basic and diluted	<u>0.616</u>
Weighted average units	
Basic and diluted	<u>20,257,000</u>

AutoCanada Income Fund

Consolidated Statement of Cash Flows

For the period from January 4, 2006, including operations from May 11, 2006 (date of commencement of operations) to December 31, 2006

(expressed in Canadian dollar thousands)

\$

Cash provided by (used in)

Operating activities

Net earnings for the period	12,474
Items not affecting cash	
Unit-based compensation	455
Amortization	2,900
Gain on disposal of property and equipment	5
	<hr/>
	15,834
Net change in non-cash operating working capital balances	<hr/>
	13,479
	<hr/>
	29,313

Investing activities

Business acquisitions	(101,662)
Purchase of property and equipment	(1,236)
Proceeds on sale of property and equipment	197
Restricted cash	1,431
Cash acquired on acquisition	4,925
	<hr/>
	(96,345)

Financing activities

Net proceeds from issuance of units	93,572
Proceeds from long-term debt	5,674
Repayment of long-term debt	(43)
Repayment of obligation under capital lease	(26)
Distributions paid to Unitholders	(11,265)
	<hr/>
	87,912

Increase in cash

20,880

Cash and cash equivalents, beginning of period

-

Cash and cash equivalents, end of period

20,880

Supplementary information

Cash interest paid	5,674
Transfer of inventory to property and equipment	1,257
Transfer of property and equipment to inventory	1,022