

August 13, 2007

**Attention Business/Financial Editors:**

**AutoCanada Income Fund releases financial results for the reporting period ended June 30, 2007:**

A conference call to discuss second quarter results will be held on Tuesday, August 14, 2007 at 1:00 p.m. MDT, 3:00 p.m. EDT. To participate in the conference call, please dial 1-800-731-6941 or 416-644-3419 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](http://www.autocan.ca).

EDMONTON, Alberta, - AutoCanada Income Fund (the "Fund") (TSX: ACQ.UN) today announced financial results for the three-month period ended June 30, 2007. 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 operations of Canada One Auto Group ("CAG"), the Fund's predecessor for the period from January 1, 2006 to May 10, 2006.

In commenting on the results of the past quarter Patrick Priestner, AutoCanada's founder and Chief Executive Officer commented that "We are especially pleased with the increases in gross profit, both overall and on a same-store basis, by each of our new vehicle, parts, service and collision, and F & I businesses, all of which evidences the appropriateness of our business model."

Mr. Priestner further noted that "We remain convinced of the suitability of our approach to growth, which is to secure the right brands in the right markets, and to work very diligently at our manufacturer relationships, the latter of which is very much at the heart of our success."

**Second Quarter 2007 Operating Highlights**

- Revenue increased by 16.3%
- Gross profit increased by 25.7%
- Same store revenue increased by 6.6%
- Same store gross profit increased by 13.4%
- EBITDA increased by 21.6%

**Second Quarter 2007 Summary**

- For the second quarter of 2007, the Fund generated distributable cash of \$0.079 per unit, including changes in non-cash operating working capital amounts and \$0.291 before changes in non-cash operating working capital balances, and declared distributions of \$0.250 per unit, for a payout ratio of 315% including changes in non-cash working capital amounts and 86% before changes in non-cash working capital balances.
- Revenue from all dealerships increased by 16.3% to \$214.7 million in the second quarter of 2007 from \$184.7 million in the same quarter in 2006.
- Gross profit from all dealerships increased by 25.7% to \$36.8 million in the second quarter of 2007 from \$29.3 million in the same quarter in 2006.
- Same store revenue and gross profit increased by 6.6% and 13.4% respectively in the second quarter of 2007, compared to the same quarter in 2006.
- EBITDA increased by 21.6% to \$6.7 million in the second quarter of 2007 from \$5.5 million in the same quarter in 2006.
- The amendments to Canada's Income Tax Act related to publicly traded income trusts announced in October 2006 took effect on June 22, 2007. The consequence of changes to Canadian income tax legislation is that public income trusts will no longer be able to deduct distributions from taxable income (which transfers the tax burden to unitholders). Starting in 2011, public income trusts must pay income taxes of 31.5%. Distributions will be taxed similar to dividends. As a result, as required by Canadian accounting policies, the Fund has recorded future income taxes of approximately \$19.1 million related to the legislative amendments that will take effect in 2011 for the second quarter of 2007.

- Net loss of \$13.4 million was incurred in the second quarter of 2007 compared to a \$4.8 million in net earnings in the same quarter in 2006. The majority of this loss arose as a result of the Fund being required to recognize future income taxes as discussed above. Net earnings prior to the recognition of future income taxes during the second quarter of 2007 were \$5.7 million compared to \$4.8 million in net earnings in the same quarter of 2006.
- On April 30, 2007, AutoCanada Income Fund announced the intention to appoint Dennis DesRosiers to the Board of Trustees of the Fund effective May 9, 2007, thereby increasing the number of Trustees from three to four. Mr. DesRosiers is widely regarded as one of the foremost experts in the North American automotive industry. Since founding his consulting practice, DesRosiers Automotive Consultants, in 1985, Mr. DesRosiers has worked with the executives of the leading manufacturers and automotive supply chain companies as well as financial institutions and policy makers in government.
- AutoCanada also announced the appointment of Michael Ross to the Board of Directors of AutoCanada, effective April 4, 2007, replacing Mr. Jim Peters. Mr. Ross previously served as the Vice President of Cap Gemini Ernst & Young Canada Inc., as a partner of Ernst & Young, and presently serves as a board member for Norseman Group Ltd., and as a committee member for the Weatherhaven Corporation.
- On May 3, 2007, AutoCanada Income Fund announced that it had entered into a letter of intent with Mitsubishi Motor Sales of Canada Inc. whereby Mitsubishi awarded to the Fund an open point in Grande Prairie, Alberta. The dealership is operating out of temporary facilities until relocating to new facilities anticipated late 2007.
- The Northland Hyundai dealership in Prince George, British Columbia, relocated the first week of April, 2007 to a new dealership facility. The new dealership facility expanded the dealership from 5,500 sq. ft. to 17,800 sq. ft. and increased the number of service bays from four to nine. The new dealership facility also includes a drive-thru, customer lounge and children's play centre amenities.
- The Victoria Hyundai dealership in Victoria, British Columbia substantially completed its renovations on April 27, 2007 to expand the dealership from approximately 6,000 sq. ft. to 18,296 sq. ft., increase the number of service bays from eight to fourteen, and increase show room space for new and used vehicles from six to nine. The renovated facility also includes a customer lounge, used vehicle offices, and a second floor lunchroom and office.

#### **Highlights of Events Subsequent to June 30, 2007**

- On July 13, 2007, the Fund announced that it intends to enter into a credit agreement with CAG to finance the opening of a Nissan Dealership Open Point by CAG and enter into a management agreement to provide it with management services. The Nissan Dealership Open Point will be located in Prince George, British Columbia on new premises to be built on land which has been secured and will carry on business under the name Northland Nissan to be owned and operated by a subsidiary of CAG which owns 46% of the Fund on a fully diluted basis. In connection with this arrangement, the Fund shall seek Board approval to grant consents to CAG and its subsidiary under the terms of the non-competition agreements entered into at the time of the Fund's IPO. It is anticipated that such approval shall be forthcoming. The Fund is in the process of finalizing the structure and related agreements with CAG to assess whether Northland Nissan will be a variable interest entity requiring the Fund to consolidate its results subsequent to July 13, 2007.

#### **Distributable Cash and Cash Distributions**

The Fund's policy is to distribute annually to Unitholders available cash provided by 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 of the Fund for the period of May 11, 2006 to June 30, 2007:

(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 17, 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	912	775	775	1,687	1,687
January 31, 2007	February 15, 2007	912	912	775	775	1,687	1,687
February 28, 2007	March 15, 2007	912	912	775	775	1,687	1,687
March 31, 2007	April 16, 2007	912	912	775	775	1,687	1,687
April 30, 2007	May 15, 2007	912	912	775	775	1,687	1,687
May 31, 2007	June 15, 2007	912	912	775	775	1,687	1,687
June 29, 2007	July 16, 2007	912		775		1,687	
		12,474	11,562	10,600	9,825	23,074	21,387

Distributions are paid on Fund Units and Exchangeable Units. As of June 30, 2007 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 three-month and six-month periods ended June 30, 2007, the Fund declared distributions of \$0.250 and \$0.500 respectively per Fund Unit and Exchangeable Unit to Unitholders. The distributions in the period ended June 30, 2007 were funded from cash flow generated from operations. The Fund's IPO prospectus contemplated an initial distribution of \$0.0564 per unit for the month of May, 2006 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.

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, 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.

## SELECTED FINANCIAL INFORMATION AND RESULTS FROM OPERATIONS

The following table shows the unaudited results of: CAG for the three-month period ended March 31, 2006, combined results of CAG and the Fund for the three-month period ended June 30, 2006, results of the Fund for the 51-day period ended June 30, 2006, the three-month period ended September 30, 2006, the three-month period ended December 31, 2006, the audited results of the Fund from May 11, 2006 to December 31, 2006, the unaudited results for the three-month period ended March 31, 2007, and the three-month period ended June 30, 2007. The results of operations for these periods are not necessarily indicative of the results of operations to be expected in any given comparable period.

(In thousands of dollars except Operating Data and gross profit %)	The Fund & CAG							
	CAG	The Fund & CAG	The Fund	The Fund	The Fund	The Fund	The Fund	The Fund
	Q1 2006	Q2 2006	Q2 2006	Q3 2006	Q4 2006	2006	Q1 2007	Q2 2007
<b>Income Statement Data</b>								
Revenue	143,091	184,680	105,992	189,861	176,079	471,932	194,379	214,711
New vehicles	70,299	102,431	59,044	106,424	98,970	264,438	109,862	117,204
Used vehicles	47,772	53,546	30,487	53,897	46,425	130,809	53,020	62,389
Parts, service & collision repair	18,081	18,738	10,734	19,632	21,410	51,776	21,908	23,228
Finance, insurance & other	6,939	9,965	5,727	9,908	9,274	24,909	9,590	11,890
Gross profit	24,100	29,265	17,775	30,818	28,930	77,523	31,292	36,777
New vehicles	5,392	6,782	4,190	6,792	6,998	17,980	7,000	8,312
Used vehicle	4,158	4,766	3,294	5,563	3,614	12,471	4,914	6,082
Parts, service & collision repair	7,930	8,712	5,014	8,721	9,514	23,249	10,223	11,305
Finance, insurance & other	6,620	9,005	5,277	9,742	8,804	23,823	9,155	11,078
Gross profit %	16.8%	15.8%	16.8%	16.2%	16.4%	16.4%	16.1%	17.1%
Sales, general & admin expenses	18,492	21,469	12,245	22,481	21,682	56,408	23,634	27,522
Floorplan interest expense	1,683	2,153	1,256	1,854	2,085	5,195	2,069	2,414
Other interest & bank charges	304	93	24	117	405	546	316	326
Future income taxes	-	-	-	-	-	-	-	19,107
Net earnings (1) (5)	3,097	4,761	3,631	5,220	3,623	12,474	4,483	(13,362)
EBITDA(2) (5)	4,160	5,547	4,249	6,366	4,906	15,521	5,424	6,743
<b>Operating Data</b>								
Vehicles (new and used) sold	4,223	5,068	3,023	5,369	4,690	13,082	5,440	6,089
New retail vehicles sold	1,736	2,465	1,515	2,741	2,199	6,455	2,295	2,866
New fleet vehicles sold	440	372	211	371	525	1,107	886	535
Used retail vehicles sold	2,047	2,231	1,297	2,257	1,966	5,520	2,259	2,688
Number of service & collision repair orders completed	48,122	57,372	32,565	54,345	55,393	142,303	57,876	58,157
Absorption rate (3)	n/a	95%	n/a	97%	96%	94%	92%	94%
# of dealerships	14	14	14	14	16	16	17	18
# of service bays at period end	223	223	223	223	245	245	250	256
Same store revenue growth(4)	n/a	5%	n/a	3.8%	10.4%	n/a	24.1%	6.6%
Same store gross profit growth(4)	n/a	21%	n/a	12.5%	6.3%	n/a	20.1%	13.4%
<b>Balance Sheet Data</b>								
Cash and cash equivalents	10,926	20,271	20,271	20,265	20,880	20,880	24,268	21,077
Accounts receivable	28,417	25,875	25,875	30,562	27,742	27,742	31,200	35,980
Inventories	124,607	145,888	145,888	101,252	112,680	112,680	117,034	132,814
Revolving floorplan facility	122,454	146,283	146,283	103,297	113,357	113,357	118,974	133,731

- (1) Net earnings for CAG from January 1, 2006 to May 10, 2006 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 CAG 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 CAG.
- (3) Absorption has been calculated as described under "Non-GAAP Measures" above.
- (4) Same store revenue growth & same store gross profit growth is calculated using franchised automobile dealerships that we have owned for at least 2 full years.
- (5) The results from operations have been lower in the first and fourth quarters of each year, largely due to consumer purchasing patterns during the holiday season, inclement weather and the reduced number of business days during the holiday season. As a result, our financial performance is generally not as strong during the first and fourth quarters than during the other quarters of each fiscal year. The timing of acquisitions may also cause substantial fluctuations in operating results from quarter to quarter.

The following table summarizes the results for the three-month and six-month periods ended June 30, 2007 on a same store basis

by revenue source for the nine dealerships that were owned and operated for all of 2006 and 2005 and compares these results to the results of these stores for the same period in 2006.

### Same Store Gross Profit and Gross Profit Percentage

	For the Three Months Ended						For the Six Months Ended					
	Gross Profit			Gross Profit %			Gross Profit			Gross Profit %		
	June 30, 2007	June 30, 2006	% Change	June 30, 2007	June 30, 2006	% Change	June 30, 2007	June 30, 2006	% Change	June 30, 2007	June 30, 2006	% Change
<b>(In thousands of dollars except % change and gross profit %)</b>												
<b>Revenue Source</b>												
New vehicles	5,164	4,483	15.2%	7.2%	6.4%	0.7%	9,883	7,993	23.6%	6.8%	6.6%	0.2%
Used vehicles	3,446	2,859	20.5%	8.9%	8.1%	0.8%	6,030	5,216	15.6%	8.5%	8.1%	0.4%
Parts, service & collision repair	7,639	6,231	22.6%	49.2%	47.0%	2.2%	14,474	12,148	19.1%	47.6%	45.8%	1.8%
Finance & insurance and other	6,779	6,728	0.8%	94.9%	95.4%	(0.5)%	13,115	11,516	13.9%	95.7%	95.7%	0.0%
<b>Total</b>	<u>23,028</u>	<u>20,301</u>	<u>13.4%</u>	<u>17.2%</u>	<u>16.2%</u>	<u>1.0%</u>	<u>43,502</u>	<u>36,873</u>	<u>18.0%</u>	<u>16.8%</u>	<u>16.5%</u>	<u>0.3%</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% interest in AutoCanada LP, it operates or manages 18 franchised automobile dealerships in six provinces and has over 940 employees. It currently sells various new vehicle brands, including Chrysler, Dodge, Jeep®, Hyundai, Mitsubishi, Subaru, and, through a managed dealership, Nissan. In 2006, its franchised automobile dealerships 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 prospectus which can be found at [www.sedar.com](http://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), income taxes, depreciation and amortization and references to "distributable cash" are to cash 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. The Fund calculates Distributable Cash as cash flows from 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.

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](http://www.autocan.ca), our Annual Information Form dated March 22, 2007, and [www.sedar.com](http://www.sedar.com).

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# AutoCanada Income Fund

## Interim Consolidated Balance Sheet

(expressed in Canadian dollar thousands)

	<i>June 30, 2007 (Unaudited)</i>	<i>December 31, 2006</i>
<b>ASSETS</b>	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	21,077	20,880
Restricted cash	3,273	3,476
Accounts receivable	35,980	27,742
Inventories (note 5)	132,814	112,680
Due from vendors	-	2,640
Prepaid expenses	1,865	1,419
	<u>195,009</u>	<u>168,837</u>
<b>Property and equipment</b>	12,134	11,839
<b>Intangible assets</b>	79,956	79,034
<b>Goodwill</b>	82,501	78,744
<b>Other assets</b>	<u>78</u>	<u>78</u>
	<u>369,678</u>	<u>338,532</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	26,776	23,521
Revolving floorplan facility (note 6)	133,731	113,357
Distributions payable (note 10)	1,687	1,687
Due to related parties	1,070	-
Current portion of long-term debt (note 7)	198	96
Current portion of obligation under capital lease	<u>78</u>	<u>72</u>
	163,540	138,733
<b>Long-term debt (note 7)</b>	11,438	5,535
<b>Obligation under capital lease</b>	250	240
<b>Future income taxes</b>	<u>19,107</u>	<u>-</u>
	<u>194,335</u>	<u>144,508</u>
<b>Contingencies (note 8)</b>		
<b>UNITHOLDERS' EQUITY</b>		
<b>Fund units (note 9 (a) and (b))</b>	105,200	105,200
<b>Exchangeable units (note 9(c))</b>	88,847	88,847
<b>Contributed surplus (note 9(d))</b>	775	455
<b>Accumulated other comprehensive income</b>	-	-
<b>Accumulated deficit</b>	<u>(19,479)</u>	<u>(478)</u>
	<u>175,343</u>	<u>194,024</u>
	<u>369,678</u>	<u>338,532</u>

# AutoCanada Income Fund

## Interim Consolidated Statement of Operations, Comprehensive Income and Accumulated Earnings (Deficit)

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

	<i>Three Months Ended June 30, 2007 (unaudited)</i>	<i>Period from May 11, 2006 to June 30, 2006 (unaudited)</i>	<i>Six Months ended June 30, 2007 (unaudited)</i>
	\$	\$	\$
<b>Revenue</b>			
Vehicles	190,824	94,897	362,755
Parts, service and collision repair	23,228	10,734	45,136
Other	659	361	1,199
	<hr/> 214,711	<hr/> 105,992	<hr/> 409,090
<b>Cost of sales</b>	177,934	88,217	341,021
	<hr/> 36,777	<hr/> 17,775	<hr/> 68,069
<b>Expenses</b>			
Selling, general and administrative	27,522	12,246	51,156
Interest	2,740	1,280	5,125
Amortization	770	618	1,560
	<hr/> 31,032	<hr/> 14,144	<hr/> 57,841
<b>Net earnings before income taxes</b>	5,745	3,631	10,228
<b>Future income taxes (note 12)</b>	19,107	-	19,107
	<hr/> (13,362)	<hr/> 3,631	<hr/> (8,879)
<b>Net earnings (loss) &amp; comprehensive income for the period (note 2(b))</b>			
<b>Accumulated deficit, beginning of period</b>	(1,056)	-	(478)
Distributions declared (note 10)	(5,061)	(2,830)	(10,122)
	<hr/> (19,479)	<hr/> 801	<hr/> (19,479)
<b>Earnings (loss) per unit</b>			
Basic	(0.660)	0.179	(0.438)
Diluted	(0.657)	0.179	(0.437)
<b>Weighted average units</b>			
Basic	20,257,000	20,257,000	20,257,000
Diluted	<hr/> 20,326,624	<hr/> 20,308,314	<hr/> 20,300,088

# AutoCanada Income Fund

## Interim Consolidated Statement of Cash Flows

(expressed in Canadian dollar thousands)

	<i>Three Months Ended June 30, 2007 (unaudited)</i>	<i>Period from May 11, 2006 to June 30, 2006 (unaudited)</i>	<i>Six Months ended June 30, 2007 (unaudited)</i>
	\$	\$	\$
<b>Cash provided by (used in)</b>			
<b>Operating activities</b>			
Net earnings (loss) for the period	(13,362)	3,631	(8,879)
Items not affecting cash			
Future income taxes (note 12)	19,107	-	19,107
Unit-based compensation (note 9(d))	135	104	320
Amortization	770	618	1,560
Gain (loss) on disposal of property and equipment	5	(5)	10
	<u>6,655</u>	<u>4,348</u>	<u>12,118</u>
Net change in non-cash operating working capital balances	(4,287)	12,606	(1,221)
	<u>2,368</u>	<u>16,954</u>	<u>10,897</u>
<b>Investing activities</b>			
Business acquisitions (note 3)	-	(88,647)	-
Investment in variable interest entity (note 4)	-	-	(4,727)
Purchase of property and equipment	(987)	(123)	(2,104)
Proceeds on sale of property and equipment	88	12	93
Restricted cash	394	(344)	203
	<u>(505)</u>	<u>(89,102)</u>	<u>(6,535)</u>
<b>Financing activities</b>			
Net proceeds from issuance of units (note 3)	-	93,572	-
Proceeds from long-term debt	125	-	6,155
Repayment of long-term debt	(95)	-	(150)
Repayment of obligation under capital lease	(23)	(10)	(48)
Distributions paid to Unitholders	(5,061)	(1,143)	(10,122)
	<u>(5,054)</u>	<u>92,419</u>	<u>(4,165)</u>
<b>Increase (decrease) in cash</b>	<b>(3,191)</b>	<b>20,271</b>	<b>197</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>24,268</b>	<b>-</b>	<b>20,880</b>
<b>Cash and cash equivalents, end of period</b>	<b>21,077</b>	<b>20,271</b>	<b>21,077</b>
<b>Supplementary information</b>			
Cash interest paid	2,632	1,141	5,227
Transfer of inventory to property and equipment	253	310	918
Transfer of property and equipment to inventory	385	233	1,148