

November 10, 2008

**Attention Business/Financial Editors:**

**AutoCanada Income Fund releases financial results for the reporting period ended September 30, 2008:**

A conference call to discuss the results for the period ended September 30, 2008 will be held on November 10, 2008 at 10 a.m. Eastern time. To participate in the conference call, please dial 1-800-732-9307 or 1-416-644-3417 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, November 10, 2008/CNW - AutoCanada Income Fund (the "Fund") (TSX: ACQ.UN) today announced financial results for the three-month period ended September 30, 2008.

**2008 Third Quarter Operating Results**

- New and used sales volume increased by 1%
- Revenue decreased by 5.4%
- Gross profit increased by 8.1%
- Same store gross profit decreased by 3.3%
- EBITDA increased by 4.9%
- Adjusted payout ratio of:
  - 67.6% - Third quarter
  - 83.2% - Twelve month trailing

**Third Quarter 2008 Summary**

- Adjusted distributable cash for the third quarter of 2008 increased by \$0.1 million or 1.3% to \$7.5 million from \$7.4 million in the comparable period in the prior year. As a result, adjusted distributable cash for the nine months ended September 30, 2008 increased by \$1.2 million or 6.7% to \$19.4 million from \$18.2 million in the comparable period in the prior year.
- During the third quarter of 2008 the fund had a Standardized payout ratio of 57.5% for a trailing twelve month payout ratio of 75.5%. The adjusted payout ratio of the Fund, which takes into account changes in non-cash working capital, was 67.6% and 83.2% on a trailing twelve month basis. For the third quarter of 2008, the Fund generated adjusted distributable cash of \$0.370 per unit and standardized distributable cash of \$0.434 per unit and paid out \$0.25 per unit.
- Due to a significant decline in the unit values of the Fund during the year the Fund recorded a non-cash goodwill impairment charge in the quarter of \$47 million. As a result, a net loss of \$38.3 million was recorded during the quarter compared to \$6.4 million of net earnings in the same quarter during the previous year. Net earnings, prior to the recognition of the goodwill impairment charge and the future income tax recovery, during the third quarter of 2008 were \$6.7 million which is 4.6% higher than comparable quarter in the previous year.
- Same store revenue decreased 17.1% and same store gross profit decreased by 3.3% in the third quarter of 2008, when compared to the results of the Fund for the same quarter in 2007.
- Revenue from all dealerships owned and managed by the Fund decreased by 5.4% to \$217 million in the third quarter of 2008 from \$229 million in the same quarter in 2007. The decrease in revenue during the quarter was as a result of a significant decline in the average new and used vehicle transaction price. The average new vehicle transaction price decreased by \$2,981 and the average used vehicle transaction price decreased by \$1,963. Although average retail transaction prices decreased, gross profit percentages increased by 1.1% on new vehicles and 0.6% on used vehicles when compared to the same quarter in the previous year.
- Total gross profit from all dealerships owned and managed by the Fund increased by 8.1% to \$40.3 million in the third quarter of 2008 from \$37.3 million in the same quarter in 2007.
- EBITDA increased by 4.9% to \$8.0 million in the third quarter of 2008 from \$7.6 million in the same quarter in 2007. Year to date EBITDA has increased by 4.3% to \$20.6 million from \$19.8 million when compared to the same period in the prior year.

- On July 8, 2008 the Fund announced that it completed the purchase of the assets of Cambridge Hyundai, located in Cambridge, Ontario, as well as the land and dealership premises. The dealership operates out of a new facility located on three acres which expanded the prior dealership facility to 15,300 square feet from 4,800 square feet, increased the number of service bays from three to eight plus two other bays and a double drive-thru, and increased the new car showroom from two vehicles to six. Cambridge Hyundai has been in operation since 1996, and in its prior facility sold 293 new vehicles and 128 used vehicles in 2007.

In commenting on the results of the past quarter, Patrick Priestner, AutoCanada's Founder and Chief Executive Officer commented that "We continue to experience significant growth in our higher margin parts, service and collision repair business this quarter with increases in revenue and gross profit of 14.5% and 18.0% respectively. Fundamentally, our business is strong and we continue to see growth in the cash flow generated from our dealership group that allows us to provide consistent distributions to unitholders and management is focused on achieving our growth targets as we move into our last quarter of the year."

Mr. Priestner further noted that "Although new car sales in our primary trading areas of B.C. and Alta. declined 6.9% and 5.6% respectively in the third quarter, we continue to benefit from a Canadian economy which, while by no means robust, has managed to avoid the degree of contraction and turmoil experienced in the U.S., with the result that we clearly need to carefully manage all that we control."

### Distributions to Unitholders

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 of 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 declared by the Fund for the period from January 1, 2008 to September 30, 2008.

(In thousands of dollars)

| Record date        | Payment date         | Fund Units     |            | Exchangeable Units |            | Total          |            |
|--------------------|----------------------|----------------|------------|--------------------|------------|----------------|------------|
|                    |                      | Declared<br>\$ | Paid<br>\$ | Declared<br>\$     | Paid<br>\$ | Declared<br>\$ | Paid<br>\$ |
| January 31, 2008   | February 15, 2008    | 912            | 912        | 775                | 775        | 1,687          | 1,687      |
| February 28, 2008  | March 15, 2008       | 912            | 912        | 775                | 775        | 1,687          | 1,687      |
| March 31, 2008     | April 16, 2008       | 912            | 912        | 775                | 775        | 1,687          | 1,687      |
| April 30, 2008     | May 15, 2008         | 912            | 912        | 775                | 775        | 1,687          | 1,687      |
| May 30, 2008       | June 16, 2008        | 912            | 912        | 775                | 775        | 1,687          | 1,687      |
| June 30, 2008      | July 15, 2008        | 912            | 912        | 776                | 775        | 1,688          | 1,688      |
| July 31, 2008      | August 15, 2008      | 912            | 912        | 776                | 776        | 1,688          | 1,688      |
| August 29, 2008    | September 15, 2008   | 912            | 912        | 776                | 776        | 1,688          | 1,688      |
| September 30, 2008 | October 15, 2008 (1) | 907            | -          | 775                | -          | 1,682          | -          |
|                    |                      | 8,203          | 7,297      | 6,978              | 6,202      | 15,181         | 13,499     |

Note:

(1) Distributions payable to all Unitholders in the amount of \$1,682 as at September 30, 2008 were paid in October, 2008.

Distributions are paid on Fund Units and Exchangeable Units. As of September 30, 2008 the following numbers of units were outstanding:

|                    |                   |
|--------------------|-------------------|
| Fund Units         | 10,899,538        |
| Exchangeable Units | <u>9,307,500</u>  |
|                    | <u>20,207,038</u> |

During the three-month and nine-month periods ended September 30, 2008, the Fund declared distributions of \$0.25 and \$0.75 respectively per Fund Unit and Exchangeable Unit to Unitholders. The distributions in the period ended September 30, 2008

were funded from cash flow generated from operations. The Fund reviews its distribution policy on a periodic basis.

Under the terms of the Fund's Incentive Unit Option Plan, a maximum of 1,519,275 options can be outstanding at anytime. As of September 30, 2008, there are 798,424 options outstanding of which 694,254 are exercisable for certain employees, officers, directors and trustees. Options issued under the Plan vest at a rate of one third on the three subsequent award date anniversaries. All the options must be exercised over specified periods not to exceed five years from the dates granted.

## SELECTED QUARTERLY FINANCIAL INFORMATION AND RESULTS FROM OPERATIONS

The following table shows the unaudited results of the Fund for each of the eight most recently completed quarters. 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 %)

|   | Q4<br>2006 | Q1<br>2007 | Q2<br>2007 | Q3<br>2007 | Q4<br>2007 | Q1<br>2008 | Q2<br>2008 | Q3<br>2008 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Income Statement Data</b>                          |            |            |            |            |            |            |            |            |
| New vehicles  | 98,970     | 109,862    | 117,204    | 133,853    | 111,683    | 107,688    | 128,371    | 118,807    |
| Used vehicles   | 46,425     | 53,020     | 62,389     | 59,114     | 50,468     | 55,712     | 61,223     | 57,790     |
| Parts, service & collision repair                     | 21,410     | 21,908     | 23,228     | 23,142     | 23,863     | 23,536     | 26,610     | 26,492     |
| Finance, insurance & other                            | 9,274      | 9,590      | 11,890     | 12,905     | 10,697     | 11,180     | 13,121     | 13,597     |
| Revenue   | 176,079    | 194,379    | 214,711    | 229,014    | 196,711    | 198,116    | 229,325    | 216,686    |
| <b>Operating Data</b>                                 |            |            |            |            |            |            |            |            |
| New vehicles  | 6,998      | 7,000      | 8,312      | 9,024      | 8,176      | 7,012      | 9,699      | 9,266      |
| Used vehicles   | 3,614      | 4,914      | 6,082      | 4,943      | 3,746      | 4,393      | 5,180      | 5,156      |
| Parts, service & collision repair                     | 9,514      | 10,223     | 11,305     | 11,267     | 11,494     | 11,082     | 12,896     | 13,290     |
| Finance, insurance & other                            | 8,804      | 9,155      | 11,078     | 12,067     | 10,106     | 10,579     | 12,244     | 12,629     |
| Gross profit  | 28,930     | 31,292     | 36,777     | 37,301     | 33,522     | 33,066     | 40,019     | 40,341     |
| Gross profit %  | 16.4%      | 16.1%      | 17.1%      | 16.3%      | 17.0%      | 16.7%      | 17.5%      | 18.6%      |
| Sales, general & admin expenses                       | 21,682     | 23,634     | 27,522     | 26,905     | 25,654     | 26,317     | 29,916     | 30,491     |
| SG&A exp. as % of gross profit                        | 74.9%      | 75.5%      | 74.8%      | 72.1%      | 76.5%      | 79.6%      | 74.8%      | 75.5%      |
| Floorplan interest expense                            | 2,085      | 2,069      | 2,414      | 2,679      | 2,432      | 2,034      | 1,895      | 1,693      |
| Other interest & bank charges                         | 405        | 316        | 326        | 312        | 296        | 256        | 396        | 458        |
| Future income taxes                                   | -          | -          | 10,137     | 239        | (1,182)    | 330        | 148        | (1,869)    |
| Net earnings (4)                                      | 3,623      | 4,483      | (4,582)    | 6,372      | 5,466      | 3,358      | 6,906      | (38,318)   |
| EBITDA (1) (4)  | 4,906      | 5,424      | 6,743      | 7,600      | 5,310      | 4,621      | 8,022      | 7,975      |
| <b>Operating Data</b>                                 |            |            |            |            |            |            |            |            |
| Vehicles (new and used) sold                          | 4,690      | 5,440      | 6,089      | 6,404      | 5,363      | 5,552      | 6,576      | 6,462      |
| New retail vehicles sold                              | 2,199      | 2,295      | 2,866      | 3,344      | 2,630      | 2,462      | 3,471      | 3,245      |
| New fleet vehicles sold                               | 525        | 886        | 535        | 543        | 557        | 716        | 470        | 532        |
| Used retail vehicles sold                             | 1,966      | 2,259      | 2,688      | 2,517      | 2,176      | 2,374      | 2,635      | 2,685      |
| Number of service & collision repair orders completed | 55,393     | 57,876     | 58,157     | 58,138     | 57,552     | 61,169     | 72,227     | 74,300     |
| Absorption rate (2)                                   | 96%        | 92%        | 94%        | 104%       | 93%        | 90%        | 100%       | 99%        |
| # of dealerships                                      | 16         | 17         | 18         | 19         | 19         | 19         | 20         | 21         |
| # of same store dealerships (3)                       | 9          | 9          | 9          | 11         | 11         | 13         | 14         | 14         |
| # of service bays at period end                       | 245        | 250        | 256        | 260        | 260        | 260        | 279        | 284        |
| Same store revenue growth (3)                         | 10.4%      | 24.1%      | 6.6%       | 8.2%       | 5.3%       | (0.6)%     | (3.8)%     | (17.1)%    |
| Same store gross profit growth (3)                    | 6.3%       | 20.1%      | 13.4%      | 7.2%       | 6.5%       | 0.7%       | 0.2%       | (3.3)%     |
| <b>Balance Sheet Data</b>                             |            |            |            |            |            |            |            |            |
| Cash and cash equivalents                             | 20,880     | 24,268     | 21,077     | 20,179     | 18,014     | 15,298     | 18,459     | 19,194     |
| Accounts receivable                                   | 27,742     | 31,200     | 35,980     | 39,940     | 34,274     | 36,411     | 35,374     | 39,390     |
| Inventories   | 112,680    | 117,034    | 132,814    | 147,419    | 142,128    | 132,549    | 135,447    | 134,565    |
| Revolving floorplan facilities                        | 113,357    | 118,974    | 133,731    | 152,390    | 143,655    | 134,023    | 131,505    | 135,562    |

(1) EBITDA has been calculated as described under "Non-GAAP Measures" above.

(2) Absorption has been calculated as described under "Non-GAAP Measures" above.

(3) 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.

(4) 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 nine-month periods ended September 30, 2008 on a same store basis by revenue source and compares these results to the same periods in 2007.

### Same Store Gross Profit and Gross Profit Percentage

| (In thousands of dollars except % change and gross profit %) | For the Three Months Ended |               |               |                |               |             | For the Nine Months Ended |               |               |                |               |             |
|--|----------------------------|---------------|---------------|----------------|---------------|-------------|---------------------------|---------------|---------------|----------------|---------------|-------------|
|  | Gross Profit               |               |               | Gross Profit % |               |             | Gross Profit              |               |               | Gross Profit % |               |             |
|  | Sept 30, 2008              | Sept 30, 2007 | % Change      | Sept 30, 2008  | Sept 30, 2007 | Change      | Sept 30, 2008             | Sept 30, 2007 | % Change      | Sept 30, 2008  | Sept 30, 2007 | Change      |
| <b>Revenue Source</b>  |                            |               |               |                |               |             |                           |               |               |                |               |             |
| New vehicles   | 7,269                      | 8,099         | (10.2)%       | 8.1%           | 6.8%          | 1.3%        | 21,540                    | 22,013        | (2.1)%        | 7.5%           | 6.8%          | 0.7%        |
| Used vehicles  | 4,404                      | 4,635         | (5.0)%        | 9.0%           | 8.3%          | 0.7%        | 12,901                    | 14,882        | (13.3)%       | 8.4%           | 9.0%          | (0.6)%      |
| Finance & insurance and other                                | <u>10,395</u>              | <u>11,113</u> | <u>(6.5)%</u> | 93.9%          | 93.8%         | 0.1%        | <u>30,186</u>             | <u>30,154</u> | <u>0.1%</u>   | 94.3%          | 94.7%         | (0.5)%      |
| Subtotal   | 22,068                     | 23,847        | (7.5)%        |                |               |             | 64,627                    | 67,049        | (3.6)%        |                |               |             |
| Parts, service & collision repair                            | <u>11,184</u>              | <u>10,545</u> | <u>6.1%</u>   | <u>49.7%</u>   | <u>48.6%</u>  | <u>1.1%</u> | <u>32,250</u>             | <u>30,698</u> | <u>5.1%</u>   | <u>48.1%</u>   | <u>47.5%</u>  | <u>0.6%</u> |
| <b>Total</b>   | <u>33,252</u>              | <u>34,392</u> | <u>(3.3)%</u> | <u>19.2%</u>   | <u>16.5%</u>  | <u>2.7%</u> | <u>96,877</u>             | <u>97,747</u> | <u>(0.9)%</u> | <u>17.9%</u>   | <u>16.6%</u>  | <u>1.3%</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 presently owns or manages 21 franchised automobile dealerships in six provinces and has over 1,070 employees. Through its owned and managed dealerships, it currently sells Chrysler, Dodge, Jeep®, Infiniti, Nissan, Hyundai, Subaru and Mitsubishi branded vehicles. In 2007, it's owned and managed dealerships sold approximately 23,300 vehicles, processed approximately 231,700 service and collision repair orders in 260 service bays, and generated revenue of approximately \$835 million.

#### Forward Looking Statements

Certain statements contained in management's discussion and analysis include statements which contain words such as "anticipate", "expect", "estimate", "could", "should", "expect", "plan", "seek", "may", "intend", "likely", "will", "believe" and similar expressions, statements relating to matters that are not historical facts, and such statements of the beliefs, intentions and expectations of AutoCanada about development, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and are based on certain assumptions and analysis made by AutoCanada and derived from experience and perceptions. Forward-looking information in management's discussion and analysis includes, but is not limited to: trends and developments in the automotive industry; business strategies and outlooks; expansion and growth of business and operations; and anticipated acquisitions.

All such forward-looking information is based on certain assumptions and analyses made by AutoCanada in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors AutoCanada believes are appropriate in the circumstances. The risks, uncertainties, and assumptions are difficult to predict and may affect operations, and may include, without limitation: foreign exchange fluctuations; equipment and labour shortages and inflationary costs; general economic conditions; industry conditions; changes in applicable environmental, taxation and other laws and regulations as well as how such laws and regulations are interpreted and enforced; operating risks; risks inherent in the ability to generate sufficient cash flow from operations to meet current and future obligations; increased competition; stock market volatility; opportunities available to or pursued by AutoCanada; the ability to obtain financing as and

when needed; and other factors, many of which are beyond the control of AutoCanada. The foregoing factors are not exhaustive and are further discussed in AutoCanada's final prospectus dated May 3, 2006 and the Fund's Annual Information Form for the year ended December 31, 2007 both of which are filed on SEDAR at [www.sedar.com](http://www.sedar.com).

Actual results, performance or achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits will be derived therefrom. Except as required by applicable law, AutoCanada disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this management's discussion and analysis are expressly qualified by this cautionary statement.

### **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, amortization and goodwill impairment charges. 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.

References to "standardized distributable cash" and "adjusted distributable cash" are to cash flow provided by operating activities available for distribution to Unitholders of the Fund (the "Unitholders") in accordance with the distribution policies of the Fund. Standardized distributable cash and adjusted distributable cash of the Fund are measures generally used by Canadian open-ended trusts as an indicator of financial performance. As two 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 standardized distributable cash and adjusted distributable cash of the Fund are useful supplemental measures that may assist prospective investors in assessing an investment in the Fund. Standardized distributable cash is calculated as cash flows from operating activities, including the effects of changes in non-cash working capital, less total capital expenditures. Adjusted distributable cash is calculated as cash flows provided by operating activities before changes in non-cash working capital, less purchases of non-growth property and equipment.

References to "standardized payout ratio" represent a comparison of distributions declared to standardized distributable cash. References to "adjusted payout ratio" represent a comparison of distributions declared to adjusted distributable cash. Management believes that both standardized payout ratio and adjusted payout ratio are indicators of the Fund's conservatism and its ability to continue to make distributions to unitholders at current rates.

EBITDA, standardized distributable cash, adjusted distributable cash, standardized payout ratio and adjusted payout ratio are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that EBITDA, standardized distributable cash, adjusted distributable cash, standardized payout ratio and adjusted payout ratio 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, adjusted distributable cash, and adjusted payout ratio may differ from the methods used by other issuers. Therefore, the Fund's EBITDA, adjusted distributable cash, and adjusted payout ratio may not be comparable to similar measures presented by other issuers. For a reconciliation of adjusted distributable cash to standardized distributable cash, please see "Adjusted Distributable Cash" below.

References to "absorption rate" are to the extent to which the gross profits of a franchised automobile dealership from parts, service and collision repair cover the costs of these departments plus the fixed costs of operating the dealership, but does not include expenses pertaining to our head office. 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. 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) and [www.sedar.com](http://www.sedar.com).

For further information contact:

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# AutoCanada Income Fund

## Interim Consolidated Balance Sheet

(expressed in Canadian dollar thousands)

|   | <b>September 30,<br/>2008<br/>(Unaudited)</b> | <b>December 31,<br/>2007<br/>(Restated<br/>- Note 2(d))</b> |
|---|---|---|
| <b>ASSETS</b>                                     | \$  | \$  |
| <b>Current assets</b>                             |   |   |
| Cash and cash equivalents                         | 19,194  | 18,014  |
| Restricted cash                                   | 3,914   | 4,356   |
| Accounts receivable                               | 39,390  | 34,274  |
| Inventories (note 5)                              | 134,565                                       | 142,128   |
| Due from related parties                          | 141   | 28  |
| Prepaid expenses                                  | 2,445   | 1,561   |
|   | <u>199,649</u>                                | <u>200,361</u>  |
| <b>Property and equipment</b>                     | 16,512  | 11,445  |
| <b>Intangible assets</b>                          | 82,821  | 79,956  |
| <b>Goodwill (note 13)</b>                         | 39,261  | 82,501  |
| <b>Other assets</b>                               | <u>53</u>                                     | <u>78</u>   |
|   | <u>338,296</u>                                | <u>374,341</u>  |
| <b>LIABILITIES</b>                                |   |   |
| <b>Current liabilities</b>                        |   |   |
| Accounts payable and accrued liabilities          | 26,067  | 22,488  |
| Revolving floorplan facility (note 6)             | 135,562                                       | 143,655   |
| Distributions payable (note 10)                   | 1,682   | 1,687   |
| Current portion of long-term debt (note 7)        | 392   | 210   |
| Current portion of obligation under capital lease | <u>149</u>                                    | <u>112</u>  |
|   | 163,852                                       | 168,152   |
| <b>Long-term debt (note 7)</b>                    | 23,403  | 10,394  |
| <b>Obligation under capital lease</b>             | 438   | 395   |
| <b>Future income taxes (note 2(d) &amp; 12)</b>   | <u>7,995</u>                                  | <u>9,385</u>  |
|   | <u>195,688</u>                                | <u>188,326</u>  |
| <b>Contingencies (note 8)</b>                     |   |   |
| <b>UNITHOLDERS' EQUITY</b>                        |   |   |
| <b>Fund units (note 9 (a) and (c))</b>            | 104,653                                       | 105,200   |
| <b>Exchangeable units (note 9 (d))</b>            | 88,847  | 88,847  |
| <b>Contributed surplus (note 9 (e))</b>           | 1,331   | 957   |
| <b>Deficit</b>                                    | <u>(52,223)</u>                               | <u>(8,989)</u>  |
|   | <u>142,608</u>                                | <u>186,015</u>  |
|   | <u>338,296</u>                                | <u>374,341</u>  |

# AutoCanada Income Fund

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

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

|   | <i>Three<br/>Months Ended<br/>September 30,<br/>2008<br/>(unaudited)</i> | <i>Three<br/>Months Ended<br/>September 30,<br/>2007<br/>(unaudited)<br/>(Restated<br/>- note 2(d))</i> | <i>Nine<br/>Months ended<br/>September 30,<br/>2008<br/>(unaudited)</i> | <i>Nine<br/>Months ended<br/>September 30,<br/>2007<br/>(unaudited)<br/>(Restated<br/>- note 2(d))</i> |
|---|--|---|---|--|
|   | \$   | \$  | \$  | \$   |
| <b>Revenue</b>  |  |   |   |  |
| Vehicles  | 189,474  | 205,269   | 565,743   | 568,024  |
| Parts, service and collision repair   | 26,492   | 23,141  | 76,638  | 68,277   |
| Other   | 720  | 604   | 1,746   | 1,803  |
|   | 216,686  | 229,014   | 644,127   | 638,104  |
| <b>Cost of sales</b> (note 5)   | 176,346  | 191,713   | 530,702   | 532,734  |
| <b>Gross profit</b>   | 40,340   | 37,301  | 113,425   | 105,370  |
| <b>Expenses</b>   |  |   |   |  |
| Selling, general and administrative   | 30,491   | 26,905  | 86,723  | 78,061   |
| Interest  | 2,151  | 2,991   | 6,732   | 8,116  |
| Amortization  | 885  | 794   | 2,414   | 2,354  |
| Goodwill impairment (note 13)   | 47,000   | -   | 47,000  | -  |
|   | 80,527   | 30,690  | 142,869   | 88,531   |
| <b>Earnings (loss) before income taxes</b>                                      | (40,187)   | 6,611   | (29,444)  | 16,839   |
| <b>Future income taxes (recovery)</b><br>(note 2(d) & 12)                       | (1,869)  | 239   | (1,391)   | 10,567   |
| <b>Net earnings (loss) &amp; comprehensive<br/>income (loss) for the period</b> | (38,318)   | 6,372   | (28,053)  | 6,272  |
| <b>Deficit, beginning of period –<br/>as previously stated</b>                  | (17,233)   | (19,479)  | (16,968)  | (478)  |
| Change in accounting policy related to future<br>income taxes (note 2(d))       | 8,385  | 8,779   | 7,979   |  |
| Distributions declared (note 10)  | (5,057)  | (5,061)   | (15,181)  | (15,183)   |
| <b>Deficit, end of period</b>   | (52,223)   | (9,389)   | (52,223)  | (9,389)  |
| <b>Earnings (loss) per unit</b>   |  |   |   |  |
| Basic   | (1.892)  | 0.315   | (1.385)   | 0.310  |
| Diluted   | (1.892)  | 0.313   | (1.385)   | 0.309  |
| <b>Weighted average units</b>   |  |   |   |  |
| Basic   | 20,249,732   | 20,257,000  | 20,254,560  | 20,257,000   |
| Diluted   | 20,249,732   | 20,363,365  | 20,254,560  | 20,321,817   |

# AutoCanada Income Fund

## Interim Consolidated Statement of Cash Flows

(expressed in Canadian dollar thousands)

|   | <i>Three<br/>Months Ended<br/>September 30,<br/>2008<br/>(unaudited)</i> | <i>Three<br/>Months Ended<br/>September 30,<br/>2007<br/>(unaudited)<br/>(Restated<br/>- note 2(d))</i> | <i>Nine<br/>Months ended<br/>September 30,<br/>2008<br/>(unaudited)</i> | <i>Nine<br/>Months ended<br/>September 30,<br/>2007<br/>(unaudited)<br/>(Restated<br/>- note 2(d))</i> |
|---|--|---|---|--|
| <b>Cash provided by (used in)</b>                     | \$   | \$  | \$  | \$   |
| <b>Operating activities</b>                           |  |   |   |  |
| Net earnings for the period                           | (38,318)   | 6,372   | (28,053)  | 6,272  |
| Items not affecting cash                              |  |   |   |  |
| Future income taxes (note 12)                         | (1,869)  | 239   | (1,391)   | 10,567   |
| Unit-based compensation (note 9(d))                   | 19   | 120   | 121   | 440  |
| Amortization  | 885  | 794   | 2,414   | 2,354  |
| Gain on disposal of property & equipment              | (21)   | (13)  | (7)   | (3)  |
| Goodwill impairment (note 13)                         | 47,000   | -   | 47,000  | -  |
|   | 7,696  | 7,512   | 20,084  | 19,630   |
| Net change in non-cash working capital balances       | 2,760  | (1,026)   | 6,918   | (2,247)  |
|   | 10,456   | 6,486   | 27,002  | 17,383   |
| <b>Investing activities</b>                           |  |   |   |  |
| Business acquisitions (note 3)                        | (8,297)  | -   | (20,801)  | -  |
| Investment in variable interest entity (note 4)       | -  | -   | -   | (4,727)  |
| Purchase of property & equipment                      | (1,662)  | (525)   | (3,335)   | (2,629)  |
| Proceeds on sale of other assets (net of purchases)   | 37   | -   | 25  | -  |
| Proceeds on sale of property & equipment              | 223  | 30  | 247   | 123  |
| Restricted cash                                       | (941)  | (831)   | 442   | (628)  |
|   | (10,640)   | (1,326)   | (23,422)  | (7,861)  |
| <b>Financing activities</b>                           |  |   |   |  |
| Proceeds from long-term debt                          | 6,495  | 1,096   | 13,561  | 7,251  |
| Repayment of long-term debt                           | (148)  | (2,075)   | (370)   | (2,225)  |
| Repayment of obligation under capital lease           | (76)   | (18)  | (115)   | (66)   |
| Repurchase of Fund units                              | (295)  | -   | (295)   | -  |
| Distributions paid to Unitholders                     | (5,057)  | (5,061)   | (15,181)  | (15,183)   |
|   | 919  | (6,058)   | (2,400)   | (10,223)   |
| <b>Increase (decrease) in cash</b>                    | 735  | (898)   | 1,180   | (701)  |
| <b>Cash and cash equivalents, beginning of period</b> | 18,459   | 21,077  | 18,014  | 20,880   |
| <b>Cash and cash equivalents, end of period</b>       | 19,194   | 20,179  | 19,194  | 20,179   |