

March 17, 2011

Attention Business/Financial Editors:

AutoCanada Inc. releases financial results for the reporting period ended December 31, 2010:

A conference call to discuss the results for the year and three month period ended December 31, 2010 will be held on March 18, 2011 at 11:00 a.m. Eastern time. To participate in the conference call, please dial 1-888-231-8191 or (647) 427-7450 approximately 10 minutes prior to the call. A live and archived audio webcast of the conference call will also be available on the Company's website www.autocan.ca.

EDMONTON, Alberta, March 17, 2011/CNW - AutoCanada Inc. (the "Company" or "AutoCanada") (TSX: ACQ) today announced financial results for the year ended December 31, 2010 and the three month period ended December 31, 2010.

2010 Fourth Quarter Operating Results

- Revenue increased 5.9% or \$11.4 million
- Gross profit increased by 5.6% or \$1.9 million
- Same store revenue increased by 2.4%
- Same store gross profit increased by 2.9%
- EBITDA was \$3.5 million vs. \$3.3 million in Q4 of 2009, a 6.1% increase
- The number of new vehicles retailed increased by 17.5%
- The number of used vehicles retailed decreased by 13.3%
- Repair orders completed for the quarter were up 10.6%

In commenting on the financial results for the three month period ended December 31, 2010, Pat Priestner, Chief Executive Officer of AutoCanada Inc. stated that, "We are pleased to see improvements in the fourth quarter of 2010 when compared to the fourth quarter of 2009, particularly with respect to new vehicle sales and gross profits, reflecting the progress of the head office restructuring undertaken during the past two quarters."

2010 Annual Operating Results

- Revenue increased by 12.9% or \$100.3 million
- Gross profit increased by 6.3% or \$9.0 million
- Same store revenue increased by 10.5%
- Same store gross profit increased by 4.1%
- EBITDA was \$16.7 million vs. \$18.4 million in 2009, an 8.8% decrease
- The number of new vehicles retailed increased by 14.8%
- The number of used vehicles retailed decreased by 10.0%
- Repair orders completed for the year were up 5.5%

In commenting on the financial results for the year ended December 31, 2010, Pat Priestner, Chief Executive Officer of AutoCanada Inc. stated that, "We are pleased with the performance of our dealerships. In addition to achieving for the first time the milestone of selling approximately one out of every hundred new vehicles sold in Canada in 2010, we also achieved sales gains in our new vehicle, parts, service, collision repair, and finance and insurance departments. The majority of our dealerships improved their results year over year. However, five of our dealerships significantly underperformed and management will continue to work diligently with these dealerships and believes it will achieve meaningful improvements in the next 6 to 18 months. These improvements, along with the reduction in head office expenses and our investments in capacity, should result in stronger financial performance in 2011. In addition, we look forward to providing shareholders at the upcoming annual general meeting with a fuller operational presentation."

Fourth Quarter 2010 Highlights

- For the fourth quarter of 2010, the Company generated net earnings of \$1.6 million or basic and diluted earnings per share of \$0.08. Pre-tax earnings increased by \$0.1 million or 4.1% to \$2.0 million in the fourth quarter of 2010 as compared to the same period in 2009.
- Same store revenue increased by 2.4% in the fourth quarter of 2010, compared to the same quarter in 2009. Same store gross profit increased by 2.9% in the fourth quarter of 2010, compared to the same quarter in 2009.
- Revenue from existing and new dealerships increased 5.9% to \$199.7 million in the fourth quarter of 2010 from \$188.6 million in the same quarter in 2009.
- Gross profit from existing and new dealerships increased 5.6% to \$36.0 million in the fourth quarter of 2010 from \$33.2 million in the same quarter in 2009.
- EBITDA increased 6.1% to \$3.5 million in the fourth quarter of 2010 from \$3.3 million in the same quarter in 2009.
- Free cash flow increased to \$5.7 million in the fourth quarter of 2010 or \$0.29 per share as compared to \$1.7 million or \$0.09 per share in the fourth quarter of 2009.
- Adjusted free cash flow increased to \$3.9 million in the fourth quarter of 2010 or \$0.20 per share as compared to \$3.0 million or \$0.15 per share in 2009.
- Return on capital employed decreased slightly to 2.1% in the fourth quarter of 2010 as compared to 2.2% in 2009.

2010 Highlights

- For the year ended December 31, 2010, the Company generated net earnings of \$8.7 million, or basic earnings per share of \$0.436. Pre-tax earnings decreased by \$1.4 million or 10.8% to \$11.6 million for the year ended December 31, 2010 as compared to 2009.
- Same store revenue and gross profit increased by 10.5% and 4.1% respectively in the year ended December 31, 2010, compared to the results of the Company for the 2009 year.
- Revenue from existing and new dealerships increased 12.9% to \$876.1 million in the year ended December 31, 2010 from the \$775.8 million that was generated by the Company in 2009.
- Gross profit from existing and new dealerships increased by 6.3% to \$150.9 million in the year ended December 31, 2010 from the \$142.0 million that was generated by the Company in the 2009 year.
- EBITDA decreased 8.8% to \$16.7 million for the year ended December 31, 2010 from the \$18.4 million that was generated by the Company in the 2009 year.
- Free cash flow increased to \$29.0 million in the year ended December 31, 2010 or \$1.46 per share as compared to \$7.1 million or \$0.35 per share in 2009.
- Adjusted free cash flow decreased to \$14.0 million in the year ended December 31, 2010 or \$0.70 per share as compared to \$16.4 million or \$0.82 per share in 2009.
- On April 12, 2010 the Company completed the purchase of the assets of a dealership formerly known as Future Hyundai, located in Mississauga, Ontario, to be continued under the name 401/Dixie Hyundai. The approximate 9,500 square foot leased facility out of which the dealership operates provides for eight service bays and a five car showroom. The dealership has been in operation since 1996 and retailed approximately 600 new and 250 used vehicles in 2009.

Dividends

Management reviews the Company's financial results on a monthly basis. The Board of Directors reviews the financial results on a quarterly basis, or as requested by Management, and determine whether a dividend shall be paid based on a number of factors.

On May 12, 2010, AutoCanada announced the reinstatement of a quarterly dividend of \$0.04 per common share (annual rate of \$0.16 per common share).

The following table summarizes the dividends declared by the Company in 2010:

(In thousands of dollars)

Record date	Payment date	Total	
		Declared \$	Paid \$
May 31, 2010	June 15, 2010	795	795
August 31, 2010	September 15, 2010	795	795
November 30, 2010	December 15, 2010	796	796
		<u>2,386</u>	<u>2,386</u>

On January 13, 2011 the Board of Directors of AutoCanada Inc. declared a quarterly eligible dividend of \$0.04 per common share on AutoCanada's outstanding Class A common shares, payable on March 15, 2011 to shareholders of record at the close of business on February 28, 2011.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table shows the audited results of the Company for the years ended December 31, 2008, December 31, 2009 and December 31, 2010. 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	The Company	The Company
	(Audited)	(Audited)	(Audited)
	2008	2009	2010
Income Statement Data			
Revenue	826,494	775,836	876,108
New vehicles	451,501	412,203	515,683
Used vehicles	222,329	212,234	202,552
Parts, service & collision repair	103,743	108,164	111,742
Finance, insurance & other	48,921	43,235	46,131
Gross profit	147,052	141,976	150,937
New vehicles	32,706	29,308	37,233
Used vehicles	18,400	19,913	16,885
Parts, service & collision repair	50,358	53,338	55,215
Finance, insurance & other	45,588	39,417	41,604
Gross profit %	17.8%	18.3%	17.2%
Sales, general & admin expenses	114,881	118,141	126,056
Floorplan interest expense	7,065	4,855	7,437
Other interest & bank charges	1,551	2,281	1,780
Income taxes	(9,970)	449	2,972
Net earnings	(95,175)	12,578	8,671
EBITDA ¹	24,486	18,352	16,743
Basic earnings (loss) per share	(4.711)	0.633	0.436
Diluted earnings (loss) per share	(4.711)	0.633	0.436
Operating Data			
Vehicles (new and used) sold	23,714	23,083	24,239
New retail vehicles sold	11,554	11,117	12,767
New fleet vehicles sold	2,244	2,233	2,717
Used retail vehicles sold	9,916	9,733	8,755
Number of service & collision repair orders completed	277,256	301,282	317,703
Absorption rate ²	96%	89%	86%
# of dealerships	22	22	23
# of same store dealerships ³	14	19	21
# of service bays at period end	284	331	339
Same store revenue growth ³	(9.9)%	(10.5)%	10.5%
Same store gross profit growth ³	(2.6)%	(7.8)%	4.1%

¹ EBITDA has been calculated as described under "NON-GAAP MEASURES".

² Absorption has been calculated as described under "NON-GAAP MEASURES".

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.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table shows the unaudited results of the AutoCanada 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 %)								
	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Income Statement Data								
New vehicles	86,344	107,158	116,577	102,124	114,530	144,727	142,044	114,382
Used vehicles	50,287	55,940	57,202	48,805	49,034	57,181	50,922	45,414
Parts, service & collision repair	26,336	27,340	26,849	27,639	26,922	28,376	27,279	29,165
Finance, insurance & other	9,637	11,613	11,916	10,069	10,486	12,966	11,909	10,771
Revenue	172,604	202,051	212,544	188,637	200,972	243,250	232,154	199,732
New vehicles	5,515	7,906	8,731	7,157	7,989	10,831	9,557	8,856
Used vehicles	4,100	5,579	5,838	4,396	4,112	4,893	4,221	3,659
Parts, service & collision repair	12,824	13,712	13,373	13,428	13,107	14,443	13,831	13,835
Finance, insurance & other	8,749	10,637	10,881	9,150	9,511	11,679	10,725	9,689
Gross profit	31,188	37,834	38,823	34,131	34,719	41,846	38,334	36,038
Gross profit %	18.0%	18.7%	18.3%	18.1%	17.2%	17.1%	16.4%	18.0%
Sales, general & admin expenses	27,813	30,450	30,565	29,313	29,834	33,273	32,136	30,812
SG&A exp. as % of gross profit	89.2%	80.5%	78.7%	85.9%	85.9%	79.5%	83.8%	85.5%
Floorplan interest expense	970	1,104	1,399	1,382	1,661	2,198	2,022	1,556
Other interest & bank charges	375	552	802	552	362	442	442	534
Income taxes	97	67	37	248	522	1,337	699	414
Net earnings ⁴	1,054	4,750	5,099	1,675	1,433	3,647	2,002	1,589
EBITDA ^{1,4}	2,230	6,135	6,716	3,271	3,079	6,180	4,014	3,469
Operating Data								
Vehicles (new and used) sold	5,149	6,067	6,415	5,451	5,676	7,017	6,363	5,219
New retail vehicles sold	2,219	3,030	3,236	2,559	2,787	3,613	3,358	3,008
New fleet vehicles sold	473	446	619	695	661	943	844	306
Used retail vehicles sold	2,385	2,591	2,560	2,197	2,228	2,461	2,161	1,905
Number of service & collision repair orders completed	70,021	75,062	79,346	76,853	75,311	80,072	77,285	85,035
Absorption rate ²	84%	90%	92%	91%	85%	87%	85%	86%
# of dealerships	22	22	22	22	22	23	23	23
# of same store dealerships ³	16	17	18	19	19	19	19	21
# of service bays at period end	319	319	321	331	331	339	339	339
Same store revenue growth ³	(19.8)%	(15.3)%	(3.9)%	1.3%	16.9%	19.4%	6.7%	2.4%
Same store gross profit growth ³	(12.8)%	(8.7)%	(6.3)%	(1.1)%	11.1%	7.5%	(4.0)%	2.9%
Balance Sheet Data								
Cash and cash equivalents	12,522	14,842	23,224	22,465	23,615	31,880	34,329	37,541
Accounts receivable	33,821	27,034	38,134	35,388	40,752	46,826	37,149	32,853
Inventories	116,478	90,141	107,431	108,324	153,847	177,524	137,507	118,365
Revolving floorplan facilities	114,625	73,161	105,254	102,650	160,590	194,388	145,652	124,609

¹ EBITDA has been calculated as described under "NON-GAAP MEASURES".

² Absorption has been calculated as described under "NON-GAAP MEASURES".

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 have also caused substantial fluctuations in operating results from quarter to quarter.

The following table summarizes the results for the year ended December 31, 2010 on a same store basis by revenue source and compares these results to the same period in 2009.

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 %		
	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>	<u>% Change</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>	<u>Change</u>
Revenue Source						
New vehicles	35,124	28,421	23.6%	7.1%	7.0%	0.1%
Used vehicles	15,927	19,014	(16.2)%	8.2%	9.2%	(1.0)%
Finance, insurance and other	39,747	38,431	3.4%	91.4%	91.8%	(0.4)%
Subtotal	90,798	85,866	5.7%			
Parts, service and collision repair	53,390	52,581	1.5%	49.4%	49.3%	0.1%
Total	<u>144,188</u>	<u>138,447</u>	<u>4.1%</u>	<u>17.2%</u>	<u>18.2%</u>	<u>(1.0)%</u>

The following table summarizes the results for the three-month period ended December 31, 2010 on a same store basis by revenue source and compares these results to the same period in 2009.

Same Store Gross Profit and Gross Profit Percentage

(In thousands of dollars except % change and gross profit %)	For the Three-Month Period Ended					
	Gross Profit			Gross Profit %		
	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>	<u>% Change</u>	<u>Dec. 31, 2010</u>	<u>Dec. 31, 2009</u>	<u>Change</u>
Revenue Source						
New vehicles	8,237	6,928	18.9%	7.7%	7.0%	0.7%
Used vehicles	3,446	4,205	(18.0)%	8.0%	8.9%	(0.9)%
Finance, insurance and other	9,154	8,881	3.1%	91.2%	91.6%	(0.4)%
Subtotal	20,837	20,014	4.1%			
Parts, service and collision repair	13,309	13,182	1.0%	47.4%	48.5%	(1.1)%
Total	<u>34,146</u>	<u>33,196</u>	<u>2.9%</u>	<u>18.1%</u>	<u>18.1%</u>	<u>0.0%</u>

About AutoCanada

AutoCanada is one of Canada's largest multi-location automobile dealership groups, currently operating 23 franchised dealerships in British Columbia, Alberta, Manitoba, Ontario, New Brunswick and Nova Scotia. In 2010, our dealerships sold approximately 24,000 vehicles and processed approximately 317,000 service and collision repair orders in our 339 service bays.

Our dealerships derive their revenue from the following four inter-related business operations: new vehicle sales; used vehicle sales; parts, service and collision repair; and finance and insurance. While new vehicle sales are the most important source of revenue, they generally result in lower gross profits than used vehicle sales, parts, service and collision repair operations and finance and insurance sales. Overall gross profit margins increase as revenues from higher margin operations increase relative to revenues from lower margin operations. We earn fees for arranging financing on new and used vehicle purchases on behalf of third parties. Under our agreements with our retail financing sources we are required to collect and provide accurate financial information, which if not accurate, may require us to be responsible for the underlying loan provided to the consumer.

Forward Looking Statements

Certain statements contained in this press release are forward-looking statements and information (collectively "forward-looking statements"), within the meaning of the applicable Canadian securities legislation. We hereby provide cautionary statements identifying important factors that could cause our actual results to differ materially from those projected in these forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "will continue", "is anticipated", "projection", "vision", "goals", "objective", "target", "schedules", "outlook", "anticipate", "expect", "estimate", "could", "should", "expect", "plan", "seek", "may", "intend", "likely", "will", "believe" and similar expressions are not historical facts and are forward-looking and may involve estimates and assumptions and are subject to risks, uncertainties and other factors some of which are beyond our control and difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. Therefore, any such forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this document.

In particular, material forward-looking statements in this press release include:

- Our expectations of continued improvement;
- Our expectations of improvements at dealerships and its effect on financial performance in 2011; and
- Our expectations that reductions in head office expenses and investments in capacity will improve future financial performance.

The foregoing factors are further discussed in the Company's Annual Information Form dated March 22, 2010 which is filed on SEDAR at www.sedar.com.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

NON-GAAP MEASURES

This press release contains certain financial measures that do not have any standardized meaning prescribed by Canadian GAAP. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. Investors are cautioned these measures should not be construed as an alternative to net earnings (loss) or to cash provided by (used in) operating, investing, and financing activities determined in accordance with Canadian GAAP, as indicators of our performance. We provide these measures to assist investors in determining our ability to generate earnings and cash provided by (used in) operating activities and to provide additional information on how these cash resources are used. We list and define these “NON-GAAP MEASURES” below:

EBITDA

EBITDA is a measure commonly reported and widely used by investors as an indicator of a company’s operating performance and ability to incur and service debt, and as a valuation metric. The Company believes EBITDA assists investors in comparing a company’s performance on a consistent basis without regard to depreciation and amortization and asset impairment charges which are non-cash in nature and can vary significantly depending upon accounting methods or non-operating factors such as historical cost. References to “EBITDA” are to earnings before interest expense (other than interest expense on floorplan financing and other interest), income taxes, depreciation, amortization and asset impairment charges.

EBIT

EBIT is a measure used by management in the calculation of Return on capital employed (defined below). Management’s calculation of EBIT is EBITDA (calculated above) less depreciation and amortization.

Free Cash Flow

Free cash flow is a measure used by management to evaluate its performance. While the closest Canadian GAAP measure is cash provided by operating activities, free cash flow is considered relevant because it provides an indication of how much cash generated by operations is available after capital expenditures. It shall be noted that although we consider this measure to be free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that free cash flow may not actually be available for growth or distribution of the Company. References to “Free cash flow” are to cash provided by (used in) operating activities (including the net change in non-cash working capital balances) less capital expenditures (not including acquisitions of dealerships and dealership facilities).

Adjusted Free Cash Flow

Adjusted free cash flow is a measure used by management to evaluate its performance. Adjusted free cash flow is considered relevant because it provides an indication of how much cash generated by operations before changes in non-cash working capital is available after deducting expenditures for non-growth capital assets. It shall be noted that although we consider this measure to be adjusted free cash flow, financial and non-financial covenants in our credit facilities and dealer agreements may restrict cash from being available for distributions, re-investment in the Company, potential acquisitions, or other purposes. Investors should be cautioned that adjusted free cash flow may not actually be available for growth or distribution of the Company. References to “Adjusted free cash flow” are to cash provided by (used in) operating activities (before changes in non-cash working capital balances) less non-growth capital expenditures.

Absorption Rate

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. 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.

Average Capital Employed

Average capital employed is a measure used by management to determine the amount of capital invested in AutoCanada and is used in the measure of Return on Capital Employed (described below). Average capital employed is calculated as the average balance of interest bearing debt for the period (including current portion of long term debt, excluding revolving floorplan facilities) and the average balance of shareholders equity for the period. Management does not include future income tax, non-interest bearing debt, or revolving floorplan facilities in the calculation of average capital employed as it does not consider these items to be capital, but rather debt incurred to finance the operating activities of the Company.

Return on Capital Employed

Return on capital employed is a measure used by management to evaluate the profitability of our invested capital. As a corporation, management of AutoCanada may use this measure to compare potential acquisitions and other capital investments against our internally computed cost of capital to determine whether the investment shall create value for our shareholders. Management may also use this measure to look at past acquisitions, capital investments and the Company as a whole in order to ensure shareholder value is being achieved by these capital investments. Return on capital employed is calculated as EBIT (defined above) divided by Average Capital Employed (defined above).

Cautionary Note Regarding Non-GAAP Measures

EBITDA, EBIT, Free Cash Flow, Adjusted Free Cash Flow, Absorption Rate, Average Capital Employed and Return on Capital Employed are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Investors are cautioned that these non-GAAP measures should not replace net earnings or loss (as determined in accordance with GAAP) as an indicator of the Company's performance, of its cash flows from operating, investing and financing activities or as a measure of its liquidity and cash flows. The Company's methods of calculating EBITDA, EBIT, Free Cash Flow, Adjusted Free Cash Flow, Absorption Rate, Average Capital Employed and Return on Capital Employed may differ from the methods used by other issuers. Therefore, the Company's EBITDA, EBIT, Free Cash Flow, Adjusted Free Cash Flow, Absorption Rate, Average Capital Employed and Return on Capital Employed may not be comparable to similar measures presented by other issuers.

Additional information about AutoCanada Inc. is available at the Company's website at www.autocan.ca and www.sedar.com. For further information contact:

Jeff Christie, CA

Vice-President, Finance

Phone: (780) 732-7164 Email: jchristie@autocan.ca

AutoCanada Inc.

Consolidated Balance Sheet

As at December 31, 2010

(expressed in Canadian dollar thousands)

	2010	2009
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	37,541	22,465
Accounts receivable	32,853	35,388
Inventories (note 6)	118,365	108,324
Prepaid expenses	1,148	1,649
	<u>189,907</u>	<u>167,826</u>
Property & equipment (note 7)	25,935	17,794
Intangible assets (note 8)	45,059	43,700
Goodwill	309	-
Future income taxes (note 18)	930	1,647
Prepaid rent (note 17)	5,850	2,142
Other assets	<u>59</u>	<u>56</u>
	<u>268,049</u>	<u>233,165</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	26,920	25,556
Revolving floorplan facilities (note 9)	124,609	102,650
Current portion of lease obligations (note 11)	907	175
Current portion of long-term debt (note 10)	277	96
Future income taxes (note 18)	<u>3,855</u>	<u>1,512</u>
	156,568	129,989
Lease obligations (note 11)	120	289
Long-term debt (note 10)	<u>24,974</u>	<u>22,785</u>
	<u>181,662</u>	<u>153,063</u>
Economic dependence (note 2)		
Contingencies (note 13)		
SHAREHOLDERS' EQUITY		
Share capital (note 14)	190,435	190,435
Contributed surplus (note 15)	3,918	3,918
Deficit	<u>(107,966)</u>	<u>(114,251)</u>
	<u>86,387</u>	<u>80,102</u>
	<u>268,049</u>	<u>233,165</u>

Approved on behalf of the Company:

(Signed) "Gordon R. Barefoot"

Director

(Signed) "Robin Salmon"

Director

AutoCanada Inc.

Consolidated Statement of Operations, Comprehensive Income and Deficit For the years ended December 31, 2010 and December 31, 2009

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

	<i>Year ended December 31, 2010</i>	<i>Year ended December 31, 2009</i>
	\$	\$
Revenue		
Vehicles	762,920	666,718
Parts, service and collision repair	111,742	108,164
Other	1,446	954
	<hr/>	<hr/>
	876,108	775,836
Cost of sales (note 6)	725,171	633,860
	<hr/>	<hr/>
Gross profit	150,937	141,976
	<hr/>	<hr/>
Expenses		
Selling, general and administrative	126,056	118,141
Interest (note 19)	9,217	7,136
Amortization	4,021	3,672
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	139,294	128,949
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Earnings before income taxes	11,643	13,027
Income taxes (note 18)	2,972	449
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Net earnings & comprehensive Income for the year	8,671	12,578
Deficit, beginning of year	(114,251)	(124,344)
Dividends declared (note 16)	(2,386)	(2,485)
	<hr/>	<hr/>
Deficit, end of year	(107,966)	(114,251)
	<hr/>	<hr/>
Earnings per share/unit		
Basic	0.436	0.633
	<hr/>	<hr/>
Diluted	0.436	0.633
	<hr/>	<hr/>
Weighted average shares/units		
Basic	19,880,930	19,880,930
	<hr/>	<hr/>
Diluted	19,880,930	19,880,930
	<hr/>	<hr/>

AutoCanada Inc.

Consolidated Statement of Cash Flows

For the years ended December 31, 2010 and December 31, 2009

(expressed in Canadian dollar thousands)

	<i>Year ended December 31, 2010</i>	<i>Year ended December 31, 2009</i>
Cash provided by (used in)	\$	\$
Operating activities		
Net earnings for the period	8,671	12,578
Items not affecting cash		
Future income taxes (note 18)	2,972	449
Unit-based compensation (note 15)	-	96
Amortization of property and equipment	4,021	3,672
Amortization of prepaid rent (note 17)	452	38
(Gain) loss on disposal of property & equipment	(6)	308
	16,110	17,141
Net change in non-cash working capital balances	17,298	(5,767)
	33,408	11,374
Investing activities		
Business acquisitions (note 5)	(3,550)	-
Purchase of property & equipment	(10,487)	(4,312)
Proceeds on sale of property & equipment	60	88
Prepayment of rent (note 17)	(4,160)	(2,180)
Restricted cash	-	3,238
	(18,137)	(3,166)
Financing activities		
Proceeds from long-term debt	6,510	20,286
Repayment of long-term debt	(4,141)	(22,901)
Repayment of lease obligations	(178)	(235)
Dividends paid	(2,386)	(2,485)
	(195)	(5,335)
Increase in cash	15,076	2,873
Cash and cash equivalents, beginning of period	22,465	19,592
Cash and cash equivalents, end of period	37,541	22,465
Supplementary information		
Cash interest paid	9,348	7,047
Transfer of inventory to property & equipment	2,385	1,362
Transfer of property & equipment to inventory	1,052	1,140