BOYD GROUP INCOME FUND

Interim Condensed Consolidated Financial Statements

Three and Six Months Ended June 30, 2014

Notice: These interim condensed consolidated financial statements have not been audited or reviewed by the Fund's independent external auditors, Deloitte LLP.

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)
(thousands of Canadian dollars)

As at	Note		June 30, 2014		December 31, 2013
Assets					
Current assets:					
Cash		**$**	**31,122**	$	19,304
Accounts receivable			**48,586**		42,168
Current portion of note receivable			**42**		-
Income taxes recoverable			**-**		1,541
Inventory			**11,928**		11,431
Prepaid expenses			**7,698**		5,259
			99,376		79,703
Note receivable			**968**		924
Property, plant and equipment	5		**75,995**		63,925
Deferred income tax asset			**-**		2,389
Deferred financing costs	9		**-**		1,010
Intangible assets	6		**68,307**		60,756
Goodwill	7		**152,055**		73,561
		$	**396,701**	$	282,268
Liabilities and Equity					
Current liabilities:					
Accounts payable and accrued liabilities		**$**	**90,362**	$	66,229
Income taxes payable			**3,005**		-
Distributions payable	8		**598**		597
Dividends payable	11		**15**		15
Current portion of long-term debt	9		**6,603**		4,448
Current portion of obligations under finance leases			**3,366**		3,636
Current portion of settlement accrual			**-**		820
			103,949		75,745
Long-term debt	9		**94,459**		22,681
Obligations under finance leases			**5,318**		5,952
Convertible debenture	11		**31,269**		30,971
Convertible debenture conversion feature	11		**27,895**		14,786
Deferred income tax liability			**7,892**		4,874
Contingent consideration liability	4		**2,989**		-
Exchangeable Class A common shares	11		**14,938**		11,689
Unit based payment obligation	12		**16,837**		11,256
Non-controlling interest put options	11		**23,103**		20,340
			328,649		198,294
Equity					
Accumulated other comprehensive earnings			**5,965**		5,685
Deficit			**(80,103)**		(63,652)
Unitholders' capital			**138,188**		137,939
Contributed surplus			**4,002**		4,002
			68,052		83,974
		$	**396,701**	$	282,268

The accompanying notes are an integral part of these interim condensed consolidated financial statements

Approved by the Board:

BROCK BULBUCK
Trustee

ALLAN DAVIS
Trustee

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(thousands of Canadian dollars, except unit amounts)

	Note	Unitholders' Capital Units	Unitholders' Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Earnings (Loss)	Deficit	Total Equity
Balances - January 1, 2013		12,538,516	$ 74,865	$ 4,002	$ (1,265)	$ (35,998)	$ 41,604
Issue costs (net of tax of $992)		-	(2,809)				(2,809)
Units issued from treasury							
Units issued through public offering		2,300,000	63,480				63,480
Units issued in connection with acquisitions		83,721	2,110				2,110
Retractions	*11*	11,463	283				283
Conversion of convertible debenture		427	10				10
Other comprehensive earnings					6,950		6,950
Net loss						(11,595)	(11,595)
Comprehensive loss					6,950	(11,595)	(4,645)
Equity contributed by non-controlling interest						8,365	8,365
Recognition of non-controlling interest put option liabilities						(18,242)	(18,242)
Distributions to unitholders	*8*					(6,182)	(6,182)
Balances - December 31, 2013		14,934,127	$ 137,939	$ 4,002	$ 5,685	$ (63,652)	$ 83,974
Issue costs (net of tax of $nil)			(27)				(27)
Retractions	*11*	6,598	229				229
Conversion of convertible debenture		2,007	47				47
Other comprehensive earnings					280		280
Net loss						(12,866)	(12,866)
Comprehensive earnings					280	(12,866)	(12,586)
Distributions to unitholders	*8*					(3,585)	(3,585)
Balances - June 30, 2014		14,942,732	$ 138,188	$ 4,002	$ 5,965	$ (80,103)	$ 68,052
Balances - January 1, 2013		12,538,516	$ 74,865	$ 4,002	$ (1,265)	$ (35,998)	$ 41,604
Issue costs (net of tax of $nil)		-	(26)				(26)
Retractions	*11*	2,437	43				43
Other comprehensive earnings					4,846		4,846
Net loss						(2,537)	(2,537)
Comprehensive earnings					4,846	(2,537)	2,309
Equity contributed by non-controlling interest						9,943	9,943
Recognition of non-controlling interest put option liabilities						(16,389)	(16,389)
Distributions to unitholders	*8*					(2,934)	(2,934)
Balances - June 30, 2013		12,540,953	$ 74,882	$ 4,002	$ 3,581	$ (47,915)	$ 34,550

The accompanying notes are an integral part of these interim condensed consolidated financial statements

BOYD GROUP INCOME FUND

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS (Unaudited)

(thousands of Canadian dollars, except unit and per unit amounts)

	Note	Three months ended June 30, 2014	2013	Six months ended June 30, 2014	2013
Sales	14	**$ 202,815**	$ 136,878	**$ 386,457**	$ 267,517
Cost of sales		**107,770**	74,683	**205,729**	146,493
Gross profit		**95,045**	62,195	**180,728**	121,024
Operating expenses		**76,980**	53,025	**147,621**	103,679
Acquisition, transaction and process improvement costs	4	**1,824**	476	**3,140**	838
Depreciation of property, plant and equipment		**3,259**	2,077	**6,164**	3,998
Amortization of intangible assets		**1,381**	849	**2,581**	1,903
Fair value adjustments	10	**17,542**	5,776	**24,938**	8,800
Finance costs		**1,725**	1,422	**3,084**	2,804
		102,711	63,625	**187,528**	122,022
Loss before income taxes		**(7,666)**	(1,430)	**(6,800)**	(998)
Income tax expense					
Current		**2,974**	606	**4,856**	606
Deferred		**551**	531	**1,210**	933
		3,525	1,137	**6,066**	1,539
Net loss		**$ (11,191)**	$ (2,567)	**$ (12,866)**	$ (2,537)

The accompanying notes are an integral part of these interim condensed consolidated financial statements

	Note	Three months ended June 30, 2014	2013	Six months ended June 30, 2014	2013
Basic loss per unit	15	**$ (0.749)**	$ (0.205)	**$ (0.861)**	$ (0.202)
Diluted loss per unit	15	**$ (0.749)**	$ (0.205)	**$ (0.861)**	$ (0.202)
Weighted average number of units outstanding	15	**14,941,599**	12,540,938	**14,938,937**	12,539,990

BOYD GROUP INCOME FUND

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) EARNINGS (Unaudited)

(thousands of Canadian dollars)

	Three months ended June 30, 2014	2013	Six months ended June 30, 2014	2013
Net loss	**$ (11,191)**	$ (2,567)	**$ (12,866)**	$ (2,537)
Other comprehensive (loss) earnings				
Items that may be reclassified subsequently to Interim Condensed Consolidated Statements of Loss				
Change in unrealized (loss) earnings on translating financial statements of foreign operations	**(4,609)**	3,082	**280**	4,846
Other comprehensive (loss) earnings	**(4,609)**	3,082	**280**	4,846
Comprehensive (loss) earnings	**$ (15,800)**	$ 515	**$ (12,586)**	$ 2,309

The accompanying notes are an integral part of these interim condensed consolidated financial statements

BOYD GROUP INCOME FUND
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(thousands of Canadian dollars)

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Cash flows from operating activities				
Net loss	**$ (11,191)**	$ (2,567)	**$ (12,866)**	$ (2,537)
Items not affecting cash				
Fair value adjustments	**17,542**	5,776	**24,938**	8,800
Deferred income taxes	**551**	531	**1,210**	933
Amortization of discount on convertible debt	**180**	167	**346**	320
Amortization of deferred finance costs	**106**	-	**106**	-
Amortization of intangible assets	**1,381**	849	**2,581**	1,903
Depreciation of property, plant and equipment	**3,259**	2,077	**6,164**	3,998
Amortization of unearned rebates	**-**	(913)	**-**	(1,803)
Gain on disposal of equipment and software	**(15)**	(7)	**(22)**	(67)
Interest accrued on Exchangeable Class A common shares	**45**	46	**90**	91
Payment of accrued settlement obligation	**-**	(273)	**(820)**	(628)
	11,858	5,686	**21,727**	11,010
Changes in non-cash working capital items	**5,228**	(52)	**7,331**	(2,371)
	17,086	5,634	**29,058**	8,639
Cash flows provided by (used in) financing activities				
Issue costs	**-**	-	**(27)**	(26)
Increase in obligations under long-term debt	**45,871**	-	**51,889**	-
Repayment of long-term debt	**(1,369)**	(1,305)	**(2,389)**	(2,491)
Repayment of obligations under finance leases	**(984)**	(743)	**(1,982)**	(1,380)
Proceeds on sale-leaseback agreement	**-**	-	**-**	1,371
Dividends paid on Exchangeable Class A common shares	**(45)**	(45)	**(90)**	(91)
Distributions paid to unitholders	**(1,793)**	(1,467)	**(3,585)**	(2,934)
Increase in unearned rebates	**-**	828	**-**	828
Increase in deferred financing costs	**(52)**	-	**(52)**	-
Collection of rebates receivable	**-**	412	**-**	819
	41,628	(2,320)	**43,764**	(3,904)
Cash flows used in investing activities				
Proceeds on sale of equipment and software	**57**	104	**75**	261
Equipment purchases and facility improvements	**(1,172)**	(638)	**(2,787)**	(1,515)
Acquisition and development of businesses (net of cash acquired)	**(54,815)**	(8,579)	**(58,068)**	(9,763)
Software purchases and licensing	**(62)**	(36)	**(125)**	(97)
Senior managers unit loan program	**66**	32	**131**	(899)
	(55,926)	(9,117)	**(60,774)**	(12,013)
Effect of foreign exchange rate changes on cash	**(346)**	580	**(230)**	1,079
Net increase (decrease) in cash position	**2,442**	(5,223)	**11,818**	(6,199)
Cash, beginning of period	**28,680**	38,000	**19,304**	38,976
Cash, end of period	**$ 31,122**	$ 32,777	**$ 31,122**	$ 32,777
Income taxes paid	**$ 75**	$ 105	**$ 204**	$ 315
Interest paid	**$ 2,222**	$ 1,162	**$ 3,590**	$ 2,414

The accompanying notes are an integral part of these interim condensed consolidated financial statements

1. GENERAL INFORMATION

Boyd Group Income Fund (the "Fund" or "BGIF") is an unincorporated, open-ended mutual fund trust established under the laws of the Province of Manitoba, Canada on December 16, 2002. It was established for the purposes of acquiring and holding a majority interest in The Boyd Group Inc. (the "Company"). The Company is partially owned by Boyd Group Holdings Inc. ("BGHI"), which is controlled by the Fund. These financial statements reflect the activities of the Fund, the Company and all its subsidiaries including BGHI. The Company's business consists of the ownership and operation of autobody/autoglass repair facilities. At the reporting date, the Company operated locations in five Canadian provinces under the trade name Boyd Autobody & Glass, as well as in 15 U.S. states under the trade names Gerber Collision & Glass, Collision Revision and Collex Collision Experts. The Company is also a major retail auto glass operator in the U.S. with locations across 28 U.S. states under the trade names Gerber Collision & Glass, Glass America, Auto Glass Services, Auto Glass Only, Auto Glass Authority and S&L Glass. The Company also operates two third party administrators that offer first notice of loss, glass and related services. Gerber National Glass Services ("GNGS") is an auto glass repair and replacement referral business with approximately 3,000 affiliated service providers throughout the U.S. under the "Gerber National Glass Services" name and "Netcost Claims Services" which, in addition to its referral business, also owns and operates its own call center and offers roadside assistance services. The Fund's units and convertible debentures trade on the Toronto Stock Exchange under the symbols TSX: BYD.UN and TSX: BYD.DB. The head office and principal address of the Fund are located at 3570 Portage Avenue, Winnipeg, Manitoba, Canada, R3K 0Z8.

The policies applied in these interim condensed consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of August 13, 2014, the date the Board of Trustees approved the statements. Any subsequent changes to IFRS that are given effect in the Fund's annual consolidated financial statements for the year ending December 31, 2014 could result in restatement of these interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

These interim condensed consolidated financial statements for the three and six months ended June 30, 2014 have been prepared in accordance with IAS 34, "Interim financial reporting" using the same accounting policies and methods of computation followed in the consolidated financial statements for the year ended December 31, 2013. During the three and six months ended June 30, 2014, the Fund did not adopt any changes in accounting policy that resulted in a material impact to the financial statements of the Fund. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS.

3. FUTURE ACCOUNTING STANDARDS NOT YET EFFECTIVE

The following is an overview of accounting standard changes that the Fund will be required to adopt in future years:

IFRS 15, *Revenue from Contracts with Customers*, was issued by the International Accounting Standards Board ("IASB") on May 28, 2014 and will replace current guidance found in IAS 11, *Construction Contracts* and IAS 18, *Revenue*. IFRS 15 outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and is effective for reporting periods beginning on or after January 1, 2017 with early application permitted. A choice of retrospective application or a modified transition approach is provided. The Fund is currently evaluating the impact of adopting IFRS 15 on its financial statements.

IFRS 9, *Financial Instruments*, was issued by the IASB on July 24, 2014 and will replace current guidance found in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes a logical model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The new standard will come into effect on January 1, 2018 with early application permitted. The Fund is currently evaluating the impact of adoption IFRS 9 on its financial statements.

(thousands of Canadian dollars, except unit and per unit/share amounts)

4. ACQUISITIONS

On April 14, 2014, the Company completed a transaction acquiring Dora Holdings, Inc., which owns and operates 24 collision repair centers in Illinois and Indiana, and Collision Revision 13081 Inc., which owns and operates one collision repair center in Florida, both operating under the trade name "Collision Revision". Funding for the transaction was a combination of cash, third-party financing and seller take-back notes.

On May 30, 2014, the Company completed a transaction acquiring Netcost 866netglass LLC, operating as Netcost Claims Services ("Netcost"). Netcost expands the Company's existing third party administration business, GNGS, that offers first notice of loss, auto glass and related services through its network of auto glass providers across the U.S. Netcost also offers roadside assistance services and has the additional benefit of owning and operating its own call center. Funding for the transaction was a combination of cash, third-party financing and seller notes plus additional consideration if performance over the ensuing 3 years exceeds certain thresholds. The fair value of the contingent consideration has been calculated based on a formula defined in the purchase and sale agreement. The formula is based on earnings in years one, two and three of operations in excess of the threshold. The amount is estimated to be in the range of $2.0 million to $3.0 million. The estimated future payment obligation has been discounted to its present value using a discount rate of 9.1%.

On June 6, 2014, the Company completed a transaction through its wholly owned subsidiary, The Boyd Group (U.S.) Inc. acquiring, effective June 2, 2014, Collex Collision Experts Inc. and Collex Collision Experts of Florida Inc. ("Collex"), which own and operate 16 collision repair centers in Michigan and Florida. Funding for the transaction was a combination of cash, third-party financing and seller notes.

The Fund also completed 3 other acquisitions that added 4 locations during the six month period related to its stated objective of growing through individual locations by between six and ten percent per year.

Acquisition Date	Business and Assets Purchased	Location
January 31, 2014	Kustom Koachworks, Inc. (2 locations)	Phoenix, Arizona
May 1, 2014	Performance Restorations, Inc.	Mundelein, Illinois
June 30, 2014	Crawford Auto Restoration	Chicago, Illinois

(thousands of Canadian dollars, except unit and per unit/share amounts)

The Fund has accounted for the acquisitions using the purchase method as follows:

Acquisitions in 2014	Collision Revision	Netcost	Collex	Other acquisitions	Total
Identifiable net assets acquired at fair value:					
Cash	$ 1,229	$ 740	$ 547	$ -	$ 2,516
Other currents assets	4,802	2,135	2,626	27	$ 9,590
Property, plant and equipment	4,237	230	4,257	2,971	$ 11,695
Identified intangible assets					$ -
Customer relationships	9,544	-	-	-	$ 9,544
Brand name	658	-	-	-	$ 658
Non-compete agreements	878	-	-	-	$ 878
Liabilities assumed	(6,809)	(4,434)	(3,335)	-	$ (14,578)
Deferrred income tax liability	(4,321)	-	-	-	$ (4,321)
Identifiable net assets acquired	$ 10,218	$ (1,329)	$ 4,095	$ 2,998	$ 15,982
Goodwill	25,435	7,632	45,888	-	$ 78,955
Total purchase consideration	$ 35,653	$ 6,303	$ 49,983	$ 2,998	$ 94,937
Consideration provided					
Cash paid or payable	$ 16,455	$ 1,087	$ 45,080	$ 2,186	$ 64,808
Contingent consideration	-	3,043	-	-	$ 3,043
Sellers notes	19,198	2,173	4,903	812	27,086
Total consideration provided	$ 35,653	$ 6,303	$ 49,983	$ 2,998	$ 94,937

The preliminary purchase prices for the 2014 acquisitions as disclosed above may be revised as additional information becomes available. Further adjustments may be recorded in future periods as purchase price adjustments are finalized. U.S. acquisition transactions are initially recognized in Canadian dollars at the rates of exchange in effect on the transaction dates. Subsequently, the assets and liabilities are translated at the rate in effect at the balance sheet date.

A significant part of the goodwill recorded on the acquisitions can be attributed to the assembled workforce, the operating know-how of key personnel and synergies existing within the acquired business. However, no intangible asset qualified for separate recognition in this respect.

Included in acquisition, transaction and process improvement costs are process improvement costs for the three months ended June 30, 2014 of $750 (2013 - $nil) and for the six months ended June 30, 2014 of $1,522 (2013 - $nil).

The results of operations reflect the revenues and expenses of acquired operations from the date of acquisition. The revenue included in the consolidated statement of loss since April 14 contributed by Collision Revision was $13,699. Collision Revision also contributed net earnings of $544 over the same period. The revenue included in the consolidated statement of loss since May 30 contributed by Netcost was $2,193. Netcost contributed a net loss of $19 over the same period. The revenue included in the consolidated statement of loss since June 2 contributed by Collex was $4,170. Collex also contributed net earnings of $267 over the same period.

(thousands of Canadian dollars, except unit and per unit/share amounts)

5. PROPERTY, PLANT AND EQUIPMENT

As at	**June 30, 2014**	December 31, 2013
Balance, beginning of year	**$ 63,925**	$ 45,897
Additions	**18,341**	26,196
Proceeds on disposal	**(75)**	(2,147)
Gain on disposal	**22**	431
Depreciation	**(6,164)**	(9,392)
Foreign exchange	**(54)**	2,940
Balance, end of year	**$ 75,995**	$ 63,925

6. INTANGIBLE ASSETS

As at	**June 30, 2014**	December 31, 2013
Balance, beginning of year	**$ 60,756**	$ 41,271
Acquired through business combination	**11,064**	21,635
Amortization	**(2,581)**	(4,142)
Purchase price allocation adjustments within the measurement period	**(1,083)**	(1,025)
Foreign exchange	**151**	3,017
Balance, end of year	**$ 68,307**	$ 60,756

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Fund and the cost can be reliably measured.

The June 30, 2014 purchase price allocation adjustment represents a reclassification between customer relationship, brand name assets and goodwill within the acquisition measurement period for the Glass America acquisition. The December 31, 2013 purchase price allocation adjustment represents a reclassification between customer relationships and goodwill within the acquisition measurement period for The Recovery Room acquisition.

(thousands of Canadian dollars, except unit and per unit/share amounts)

7. GOODWILL

As at		**June 30, 2014**		December 31, 2013
Balance, beginning of year	**$**	**73,561**	$	49,692
Acquired through business combination		**78,865**		19,799
Purchase price allocation adjustments within the measurement period		**1,048**		1,025
Write down of goodwill		**-**		(252)
Foreign exchange		**(1,419)**		3,297
Balance, end of year	**$**	**152,055**	$	73,561

The June 30, 2014 purchase price allocation adjustment represents a reclassification between customer relationship, brand name assets and goodwill within the acquisition measurement period for the Glass America acquisition. The December 31, 2013 purchase price allocation adjustment represents a reclassification between customer relationships and goodwill within the acquisition measurement period for The Recovery Room acquisition.

8. DISTRIBUTIONS

The Fund's Trustees have discretion in declaring distributions. The Fund's distribution policy is to make distributions of its available cash from operations taking into account current and future performance, amounts necessary for principal and interest payments on debt obligations, amounts required for maintenance capital expenditures and amounts allocated to reserves.

Distributions to unitholders were declared and paid as follows:

Record date	**Payment date**		**Dividend per Unit**		**Dividend amount**
January 31, 2014	February 26, 2014	$	0.0400	$	597
February 28, 2014	March 27, 2014		0.0400		597
March 31, 2014	April 28, 2014		0.0400		598
April 30, 2014	May 28, 2014		0.0400		597
May 31, 2014	June 26, 2014		0.0400		598
June 30, 2014	July 29, 2014		0.0400		598
		$	0.2400	$	3,585

Record date	**Payment date**		**Dividend per Unit**		**Dividend amount**
January 31, 2013	February 26, 2013	$	0.0390	$	489
February 28, 2013	March 27, 2013		0.0390		489
March 31, 2013	April 26, 2013		0.0390		489
April 30, 2013	May 29, 2013		0.0390		489
May 31, 2013	June 26, 2013		0.0390		489
June 30, 2013	July 29, 2013		0.0390		489
		$	0.2340	$	2,934

(thousands of Canadian dollars, except unit and per unit/share amounts)

9. LONG-TERM DEBT

On December 20, 2013, the Company entered into a new five year $100 million U.S. revolving credit facility, with an accordion feature which can increase the facility to a maximum of $135 million U.S. The facility is with a syndicate of Canadian and U.S. banks and is secured by the shares and assets of the Company as well as guarantees by BGIF and BGHI. The interest rate is based on a pricing grid of the Company's ratio of total funded debt to EBITDA as determined by the credit agreement. The Company can draw the facility in either the U.S or in Canada, in either U.S or Canadian dollars and can be drawn in tranches as required. Tranches bear interest only and are not repayable until the maturity date but can be voluntarily repaid at any time. The Company has the ability to choose the base interest rate between Prime, Bankers Acceptances ("BA") or London Inter Bank offer Rate ("LIBOR"). The total syndicated facility includes a swing line up to a maximum of $3 million in Canada and $7 million in the U.S. As at June 30, 2014, $50,711 ($47,500 U.S.) had been drawn under the revolving facility and an additional $2,829 ($2,650 U.S.) under the swing line. As at December 31, 2013, neither the revolving facility nor the swing line had been drawn on.

Deferred financing costs of $1,010 were incurred in 2013 to complete this new facility and had been recorded as a deferred cost until the new debt was drawn. As at June 30, 2014, the deferred fees have been netted against the debt. The fees will be amortized to finance costs on a straight line basis over the five year term of the debt facility.

As at June 30, 2014, the Company was in compliance with all financial covenants.

Seller notes payable of $51,306 on the financing of certain acquisitions are unsecured, at interest rates ranging from 4.0% to 8.0%. The notes are repayable from July 2014 to January 2027 in the same currency as the related note.

Repayments of long-term debt in the second quarter amounting to $1,369 (2013 - $1,305) were made in compliance with previously disclosed repayment terms. Repayments of long-term debt for the six months ended June 30, also made in compliance with previously disclosed repayment terms amounted to $2,389 (2013 - $2,491).

As at	**June 30, 2014**	December 31, 2013
Revolving credit facility (net of financing costs)	**$ 49,756**	$ -
Seller notes	**51,306**	27,129
	$ 101,062	$ 27,129
Current portion	**6,603**	4,448
	$ 94,459	$ 22,681

Principal Payments		
Less than 1 year	**$ 6,603**	$ 4,448
1 to 5 years	**75,991**	14,173
Greater than 5 years	**18,468**	8,508
	$ 101,062	$ 27,129

(thousands of Canadian dollars, except unit and per unit/share amounts)

10. FAIR VALUE ADJUSTMENTS

	For the three months ended June 30,		For the six months ended June 30,	
	2014	2013	**2014**	2013
Convertible debenture conversion feature	**$ 10,023**	$ 2,634	**$ 13,109**	$ 3,511
Exchangeable Class A common shares	**2,584**	1,539	**3,478**	2,603
Unit based payment obligation	**3,962**	1,603	**5,581**	2,686
Non-controlling interest put options	**973**	-	**2,770**	-
Total fair value adjustments	**$ 17,542**	$ 5,776	**$ 24,938**	$ 8,800

11. FINANCIAL INSTRUMENTS

Carrying value and estimated fair value of financial instruments

			June 30, 2014		December 31, 2013	
	Classification	Fair value hierarchy	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Cash	FVTPL (1)	1	**31,122**	**31,122**	19,304	19,304
Accounts receivable	Loans and receivables	n/a	**48,586**	**48,586**	42,168	42,168
Note receivable	Loans and receivables	n/a	**1,010**	**1,010**	-	-
Financial liabilities						
Accounts payable and accrued liabilities	Other financial liabilities	n/a	**90,362**	**90,362**	66,229	66,229
Long-term debt	Other financial liabilities	n/a	**101,062**	**101,062**	27,129	27,129
Convertible debenture	Other financial liabilities	2	**31,269**	**64,530**	30,971	49,445
Convertible debenture conversion feature	FVTPL (1)	2	**27,895**	**27,895**	14,786	14,786
Exchangeable Class A common shares	Amortized cost	1	**14,938**	**14,938**	11,689	11,689
Non-controlling interest put options	FVTPL (1)	3	**23,103**	**23,103**	20,340	20,340

(1) Fair Value Through Profit and Loss

(thousands of Canadian dollars, except unit and per unit/share amounts)

For the Fund's current financial assets and liabilities, which are short-term in nature and subject to normal trade terms, the carrying values approximate their fair value. As there is no ready secondary market for the Fund's long-term debt, the fair value has been estimated using the discounted cash flow method. The fair value using the discounted cash flow method is approximately equal to carrying value. The fair values for forward contract derivative instruments, the exchangeable Class A common shares and the non-controlling interest put options are based on the estimated cash payment or receipt necessary to settle the contract at the statement of financial position date. Cash payments or receipts are based on discounted cash flows using current market rates and prices and adjusted for credit risk. The fair value for the convertible debenture conversion feature is estimated using a Black-Scholes valuation model with the following assumptions used: stock price $43.72, dividend yield 2.12%, expected volatility 26.63%, risk free interest rate of 1.37%, terms of four years. The fair value for the Fund's debentures will change based on the movement in bond rates.

The Fund's financial instruments measured at fair value are limited to cash, the exchangeable Class A common shares, the non-controlling interest put option and the convertible debenture conversion feature.

Collateral

The Fund's syndicated loan facility is collateralized by a General Security Agreement. The carrying amount of the financial assets pledged as collateral for this facility at June 30, 2014 was approximately $79.7 million (December 31, 2013 - $61.5 million).

Exchangeable Class A common shares

The Class A common shares of BGHI are exchangeable into units of the Fund. To facilitate the exchange, BGHI issues one Class B common share to the Fund for each Class A common share that has been retracted. The Fund in turn issues a trust unit to the Class A common shareholder. Exchangeable Class A common shares are measured at the market price of the units of the Fund as of the statement of financial position date. The market price is based on a ten day trading average for the units at such date. Exchanges are recorded at carrying value. At June 30, 2014, there were 345,477 (December 31, 2013 – 362,041) shares outstanding.

Dividends on the exchangeable Class A common shares are recorded as interest expense and were declared and paid as follows:

Record date	Payment date	Dividend per Share	Dividend amount
January 31, 2014	February 26, 2014	$ 0.0400	$ 15
February 28, 2014	March 27, 2014	0.0400	15
March 31, 2014	April 28, 2014	0.0400	15
April 30, 2014	May 28, 2014	0.0400	15
May 31, 2014	June 26, 2014	0.0400	15
June 30, 2014	July 29, 2014	0.0400	15
		$ 0.2400	$ 90

Record date	Payment date	Dividend per Share	Dividend amount
January 31, 2013	February 26, 2013	$ 0.0390	$ 16
February 28, 2013	March 27, 2013	0.0390	15
March 31, 2013	April 26, 2013	0.0390	15
April 30, 2013	May 29, 2013	0.0390	15
May 31, 2013	June 26, 2013	0.0390	15
June 30, 2013	July 29, 2013	0.0390	15
		$ 0.2340	$ 91

(thousands of Canadian dollars, except unit and per unit/share amounts)

During 2014, an expense in the amount of $3,478 (2013 - $2,603) was recorded to earnings related to these exchangeable shares. During the second quarter, an expense in the amount of $2,584 (2013 - $1,538) was recorded to earnings related to these exchangeable shares.

Further dividends were declared for the month of July 2014 in the amount of $0.04 per share. The total amount of dividends declared after the reporting date was $15.

Non-controlling Interest Put Option

On May 31, 2013, the Fund entered into an agreement whereby Glass America contributed its auto-glass business to Gerber Glass in exchange for shares representing a 30% ownership interest in a new combined Glass America entity. The agreement contains a put option, which provides the non-controlling interest with the right to require the Fund to purchase their retained interest according to a valuation formula defined in the agreement. All changes in the estimated liability are recorded in earnings. The put option is restricted until June 1, 2015 and is exercisable anytime thereafter.

On May 31, 2013, in connection with the acquisition of Glass America, the Fund entered into an agreement that provides a member of its U.S. management team the opportunity to participate in the future growth of the Fund's U.S. glass business. Within the agreement was a put option held by the non-controlling shareholder that provided the shareholder an option to put the business back to the Fund according to a valuation formula defined in the agreement. The put option is restricted until December 1, 2016 and is exercisable anytime thereafter by the glass-business operating partner. The put option may be exercised before December 1, 2016 upon the occurrence of certain unusual events such as a change of control or resignation of the operating partner. All changes in the estimated liability are recorded in earnings.

The liability recognized in connection with both put options has been calculated using formulas defined in the agreements. The formulas are based on multiples of estimated future earnings of the combined Gerber Glass and Glass America business, and estimated future exercise dates. The estimated future payment obligation is then discounted to its present value at each statement of financial position date. The significant unobservable inputs include the put being exercised between two and four years at a probability weighted estimated EBITDA level of approximately $9.2 million using a discount rate of 9.1%. An increase in the EBITDA level or a reduction in the discount rate would increase the put liability.

The liability for non-controlling interest put options comprises the following:

		June 30, 2014		December 31, 2013
Glass-business operating partner non-controlling interest put option	**$**	**5,891**	$	4,999
Glass America non-controlling interest put option		**17,212**		15,341
	$	**23,103**	$	20,340

(thousands of Canadian dollars, except unit and per unit/share amounts)

The change in the non-controlling interest put option liabilities is summarized as follows:

	Glass-business operating partner	Glass America non-controlling interest
Balance, beginning of year	**$ 4,999**	**$ 15,341**
Year-to-date statement of loss fair value adjustments	**899**	**1,871**
Foreign exchange	**(7)**	**-**
Balance, end of year	**$ 5,891**	**$ 17,212**

12. UNIT BASED PAYMENT OBLIGATION

Pursuant to the Fund's Option Agreement and Confirmation, the Fund has granted options to purchase units of the Fund to certain key executives. The following options are outstanding at June 30, 2014:

Date Granted	Issue Date	Number of Units	Exercise Price	Expiry Date	Fair Value
January 11, 2006	January 11, 2006	200,000	$ 1.91	January 11, 2016	$ 6,853
November 8, 2007	January 2, 2008	150,000	$ 2.70	January 2, 2018	3,802
November 8, 2007	January 2, 2009	150,000	$ 3.14	January 2, 2019	3,348
November 8, 2007	January 2, 2010	150,000	$ 5.41	January 2, 2020	2,834
		650,000			$ 16,837

The fair value of each option granted January 11, 2006 is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $43.72 dividend yield 2.12%, expected volatility 26.63% (determined as a weighted standard deviation of the unit price over the past four years), risk free interest rate 1.00%, initial term 10 years, remaining term 2 years.

The fair value of each option granted November 8, 2007 is estimated using a Black-Scholes valuation model with the following assumptions used for the options granted: stock price $43.72, dividend yield 2.12%, expected volatility 26.63%, risk free interest rates of 1.32%, 1.54% and 1.75% respectively, initial terms of 10, 11 and 12 years respectively, remaining terms of 4, 5 and 6 years respectively.

13. SEASONALITY

The Fund's financial results for any individual quarter are not necessarily indicative of results to be expected for the full year. Interim period revenues and earnings are typically sensitive to regional and local weather, market conditions, and in particular, to cyclical variations in economic activity.

(thousands of Canadian dollars, except unit and per unit/share amounts)

14. SEGMENTED REPORTING

The Company has one reportable line of business, being automotive collision and glass repair and related services, with all revenues relating to a group of similar services. This line of business operates in Canada and the U.S. and exhibit similar long-term economic characteristics. In this circumstance, IFRS requires the Company to provide geographical disclosure. For the periods reported, all of the Company's revenues were derived within Canada or the U.S. and all reportable assets, which include property, plant and equipment, goodwill and intangible assets are located within these two geographic areas.

Reportable Assets As at	**June 30, 2014**	December 31, 2013
Canada	**$ 18,806**	$ 18,784
United States	**277,551**	179,458
	$ 296,357	$ 198,242

	For the three months ended June 30,		**For the six months ended June 30,**	
Revenues	**2014**	2013	**2014**	2013
Canada	**$ 20,019**	$ 19,636	**$ 40,521**	$ 38,996
United States	**182,796**	117,242	**345,936**	228,521
	$ 202,815	$ 136,878	**$ 386,457**	$ 267,517

15. LOSS PER UNIT

	For the three months ended June 30,		**For the six months ended June 30,**	
	2014	2013	**2014**	2013
Net loss attributable to unitholders	**$ (11,191)**	$ (2,567)	**$ (12,866)**	$ (2,537)
Basic weighted average number of units	**14,941,599**	12,540,938	**14,938,937**	12,539,990
Basic and diluted loss per unit	**$ (0.749)**	$ (0.205)	**$ (0.861)**	$ (0.202)

Class A exchangeable common shares, unit options, convertible debentures and the non-controlling interest put options are instruments that could potentially dilute basic earnings per unit in the future, but were not included in the calculation of diluted earnings per unit because they are anti-dilutive for the periods presented.