AutoCanada Income Fund

Interim Consolidated Financial Statements
(Unaudited)

March 31, 2009

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

AutoCanada Income Fund

Interim Consolidated Balance Sheet

(expressed in Canadian dollar thousands)

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS	$	$
Current assets		
Cash and cash equivalents	12,522	19,592
Restricted cash	3,456	3,238
Accounts receivable	33,821	31,195
Inventories (note 3)	116,478	139,948
Prepaid expenses	1,991	1,565
	168,268	195,538
Property & equipment	17,329	17,227
Intangible assets	43,700	43,700
Future income taxes (note 2(a) & 10)	488	585
Other assets	54	54
	229,839	257,104
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	20,696	21,990
Revolving floorplan facilities (note 4)	114,625	137,453
Distributions payable	-	1,656
Current portion of long-term debt (note 5)	559	570
	135,880	161,669
Long-term debt (note 5)	25,438	25,522
	161,318	187,191
Going concern and economic dependence (note 1)		
Contingencies (note 6)		
UNITHOLDERS' EQUITY		
Fund units (note 7(a) and (c))	101,588	101,588
Exchangeable units (note 7(d))	88,847	88,847
Contributed surplus (note 7(e))	3,861	3,822
Deficit	(125,775)	(124,344)
	68,521	69,913
	229,839	257,104

Approved on behalf of the Fund:

(Signed) "Gordon R. Barefoot" Trustee (Signed) "Robin Salmon" Trustee

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

AutoCanada Income Fund

Interim Consolidated Statement of Operations, Comprehensive Income and Deficit

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

	Three Months ended March 31, 2009 (unaudited)	*Three Months ended March 31, 2008 (unaudited) (Restated - Note 2(a))*
	$	**$**
Revenue		
Vehicles	145,946	174,092
Parts, service and collision repair	26,395	23,536
Other	458	488
	172,799	198,116
Cost of sales (note 3)	141,618	165,050
Gross profit	31,181	33,066
Expenses		
Selling, general and administrative	27,813	26,317
Interest	1,345	2,290
Amortization	872	771
	30,030	29,378
Earnings before income taxes	1,151	3,688
Future income taxes (note 2(a) & 10)	97	330
Net earnings & comprehensive income for the year	1,054	3,358
Deficit, beginning of year – as previously stated	(124,344)	(16,968)
Change in accounting policy related to future income taxes (note 2(a))	-	7,979
Deficit, beginning of year – as restated	(124,344)	(8,989)
Distributions declared (note 8)	(2,485)	(5,062)
Deficit, end of year	(125,775)	(10,693)
Earnings per unit		
Basic	0.053	0.166
Diluted	0.053	0.166
Weighted average units		
Basic	19,880,930	20,257,000
Diluted	19,880,930	20,257,000

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

AutoCanada Income Fund

Interim Consolidated Statement of Cash Flows

(expressed in Canadian dollar thousands)

	Three Months Ended March 31, 2009 (unaudited)	*Three Months Ended March 31, 2008 (unaudited) (Restated Note 2(a))*
Cash provided by (used in)	**$**	**$**
Operating activities		
Net earnings for the period	1,054	3,358
Items not affecting cash		
Future income taxes (note 10)	97	330
Unit-based compensation (note 7(e))	39	59
Amortization	872	771
Loss (gain) on disposal of property & equipment	9	(6)
	2,071	4,512
Net change in non-cash working capital balances	(5,284)	(1,773)
	(3,213)	2,739
Investing activities		
Purchase of property & equipment	(1,065)	(414)
Proceeds on sale of property & equipment	44	24
Restricted cash	(218)	(108)
	(1,239)	(498)
Financing activities		
Proceeds from long-term debt	286	208
Repayment of long-term debt	(419)	(103)
Distributions paid to unitholders	(2,485)	(5,062)
	(2,618)	(4,957)
Decrease in cash	(7,070)	(2,716)
Cash and cash equivalents, beginning of period	19,592	18,014
Cash and cash equivalents, end of period	12,522	15,298
Supplementary information		
Cash interest paid	1,486	2,418
Transfer of inventory to property & equipment	176	356
Transfer of property & equipment to inventory	252	253

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

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

1 Going concern, economic dependence, and measurement uncertainty

Going concern

The accompanying unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) which assume that the Fund will continue as a going concern and realize its assets and settle its liabilities in the normal course of business. As noted below, the Fund has a material exposure to Chrysler LLC ("Chrysler"), Chrysler Canada Inc. ("Chrysler Canada") and Chrysler Financial Canada ("CFC"). Chrysler has filed for Chapter 11 creditor protection in the United States. Chrysler has stated that they intend to emerge from creditor protection as a financially viable entity, however there can be no assurance as to if or when Chrysler will emerge from creditor protection. Further, if Chrysler does emerge from creditor protection, there can be no assurance that the Fund will be able to continue operating its Chrysler, Dodge, Jeep ("CDJ") dealerships under the same conditions that had existed prior to the filing for Chapter 11 creditor protection. In addition, the Fund has material exposure to CFC in the form of its revolving floorplan facility, revolving term facility and lease contracts. Given the current economic conditions and related uncertainties with the financial health of CFC, there can be no assurances that these facilities will be available in the normal course of business. Management has taken certain steps to manage the situation, including cost-cutting measures, suspending distributions starting March 2009 and negotiating the amended credit facilities with CFC. However, there can be no assurances that these measures will be successful.

The Fund's ability to continue as a going concern is dependent on many events outside of its control, including availability of financing, the future viability of Chrysler, Chrysler Canada and CFC, and the ability to purchase new and used vehicles and parts from Chrysler Canada. The above factors raise significant doubt as to the ability of the Fund to continue as a going concern. The accompanying unaudited interim consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Such adjustments could be material.

Economic dependence

The Fund has significant commercial and economic dependence on Chrysler Canada and CFC. As a result, the Fund is subject to significant risk in the event of financial distress, including potential bankruptcy of this major vehicle manufacturer or CFC which provides floor plan financing for twenty of the twenty-two dealerships that the Fund owns or operates.

The Fund's unaudited consolidated financial statements include the operations of twenty-two franchised automobile dealerships, representing the product lines of seven global automobile manufacturers. The Fund's CDJ dealerships, which generated 74% of the Fund's revenue in 2009, purchase all new vehicles, a significant portion of parts and accessories, and certain used vehicles from Chrysler Canada. In addition to these inventory purchases, the Fund is eligible to receive monetary incentives from Chrysler Canada if certain sales volume targets are met and is also eligible to receive payment for warranty service work that is performed for eligible vehicles.

At March 31, 2009, the Fund had recorded the following assets that relate to transactions it has entered into with Chrysler Canada or CFC:

Cash on deposit	$12,455
Accounts receivable	$ 3,515

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

New vehicle inventory	$58,992
Demonstrator vehicle inventory	$ 4,978
Parts and accessories inventory	$ 4,894

The $12,455 of cash on deposit is held with CFC and is commonly referred to as a cash management account ("CMA") which allows CDJ dealerships to earn interest on excess cash at an interest rate equal to the rate of the revolving floorplan facility. Subsequent to March 31, 2009, the Fund has withdrawn $11,530 of the above amount and transferred the cash to each dealership's respective bank account.

The Fund also maintains its Revolving Floorplan Facility (Note 4), Revolving Term Facility (Note 5), and certain Lease Contracts (Note 5) with CFC. At March 31, 2009, the balances of these liabilities are:

Revolving Floorplan Facility	$108,986
Revolving Term Facility	$ 21,600
Lease contracts	$ 893

Chrysler Canada is a subsidiary of Chrysler LLC ("Chrysler") in the United States. As well, CFC is a subsidiary of Chrysler Financial, a company related to Chrysler. The viability of the Canadian subsidiaries is directly dependent on the viability of their respective U.S. parents. Under the terms of the Fund's credit agreement with CFC all of the Fund's assets are pledged as collateral for the Fund's debts to CFC.

Chrysler LLC files for Chapter 11 creditor protection in the United States and announces temporary closure of manufacturing operations

On April 30, 2009, Chrysler filed for Chapter 11 creditor protection in the United States. The Chapter 11 is a form of creditor protection that involves a reorganization of a debtor's business affairs and assets. It is generally filed by corporations which require time to restructure their debts. The Fund does not transact directly with Chrysler, but rather its subsidiary Chrysler Canada. The financial health of Chrysler Canada is unknown at this time.

Chrysler announced that as part of its restructuring, most manufacturing operations will be temporarily idled effective May 4, 2009. The announcement indicated that normal production schedules will resume when the restructuring is completed, which Chrysler advised was anticipated to occur within 30 to 60 days of April 30, 2009. The temporary idling of manufacturing operations may limit the Fund's ability to purchase new vehicle inventory from Chrysler Canada until the restructuring of Chrysler has been completed.

Chrysler Financial Canada temporarily suspends its wholesale floorplan financing

On April 30, 2009, letters were received by each of the Fund's CDJ dealerships indicating that CFC had temporarily suspended all incremental wholesale floorplan financing. At this time, twenty of the twenty-two dealerships owned or operated by the Fund are unable to finance any incremental new, used, or demonstrator inventory as part of the Fund's revolving floorplan facility with CFC. The Fund's franchise agreements with these manufacturers require the Fund to maintain floor plan financing at these dealerships.

However, as part of Chrysler's announcement of its filing for creditor protection as discussed above, Chrysler indicated that it has signed a financial services arrangement in principle with General Motors Acceptance Corporation ("GMAC") for GMAC, as of May 1, 2009, to become the preferred retail and wholesale lender for CDJ dealerships. It is the Fund's understanding that such support will be offered for six months, following

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

which GMAC shall undertake a dealership by dealership review of all CDJ dealers to determine if it will continue to provide some or all such financing thereafter. The Fund is in the process of completing the required GMAC applications. The Fund has no assurance as yet as to whether its applications will be accepted by GMAC for all or any of its CDJ dealerships. In addition, the Fund has no assurance that any such funding approved shall be extended beyond the initial six month period. The Fund is presently seeking from third parties floor plan financing for its import dealerships. The Fund has no assurance at this time that it shall be successful in securing such funding. Under current credit conditions, potential third party floor plan lenders are typically demanding security in the form of; security on the vehicles floor planned; a buy-back guarantee from the vehicle manufacturer for the vehicle floor planned; and additional security, such as the dealership's assets and/or security on the real estate from which the dealership operates. The Fund is not able to provide such security generally, for it does not own the land and buildings out of which it operates its dealerships, save in the case of its Cambridge Hyundai dealership, and in most cases the dealership assets have been pledged as security to CFC as part of the credit facility with CFC. This may pose additional challenges to the Fund in its efforts to secure floor plan financing. The failure to so secure such funding would put the Fund's franchise agreements at risk in respect to those dealerships for which it does not secure floor plan funding.

The health of Chrysler Financial Canada is unknown at this time

Chrysler has announced that there will be a wind down of Chrysler Financial in the United States. This may result in a wind down of CFC's business as well. The Fund cannot predict the likelihood of a wind down of CFC's business; the outcome of any such wind down; and/or assurances as to whether the Fund's credit facility with CFC shall remain in effect through the course of any such wind down.

AutoCanada Income Fund signs amendment to credit agreement with CFC

On May 1, 2009, the Fund signed an amendment to the current credit agreement with CFC (confirmed signed by CFC on May 6, 2009) which terminated the Fund's revolving term facility and converted the Fund's $21.6 million term debt outstanding into a seven year non-revolving fixed term loan facility to be repaid in monthly interest and principal repayments, bearing interest at the rate of 8.5 percent per annum for the first year of the term loan only (interest rates for each subsequent year will be subject to an annual rate renewal as determined by CFC). In addition, the fixed charge ratio has been amended to 1.20 for the second, third, and fourth quarters of 2009 returning to 1.75 for the first quarter of 2010 and beyond. The interest rates of the revolving floorplan facility were also amended to Chrysler Financial Canada's standard floorplan interest rate that it charges to other Chrysler dealerships in Canada. The new wholesale floorplan rate for the Fund is the CFC prime rate plus 0.25% for new vehicles and CFC prime rate plus 1.00% for used vehicles. The CFC prime rate is defined as the greater of the bank prime rate or 4.00%.

Impact on the Fund of recent developments at Chrysler, Chrysler Canada and CFC

Although the Fund has reduced its exposure to Chrysler Canada since its IPO in 2006, with eleven of its twenty-two dealerships being CDJ dealerships and 74% of its revenue generated from CDJ dealerships, among other things, the Fund has significant commercial and economic dependence on Chrysler, Chrysler Canada and CFC as noted above. Were Chrysler, Chrysler Canada and/or CFC to cease operations or otherwise wind down their respective business, the Fund would experience a material adverse effect on the Fund's results from operations, cash flows and financial condition, unless, in the case of a CFC wind down, the Fund were able to secure financing elsewhere to replace its floor plan (see above). Further, if Chrysler emerges from Chapter 11 creditor protection, it may result in the termination of certain makes or brands of vehicles, and/or the termination of some or all of the Fund's franchises, as well as reduce consumer demand for some or all of Chrysler's products,

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thus adversely affecting the revenue of the Fund. As a result, a potential liquidation, restructuring, merger or other major event impacting Chrysler Canada and/or CFC could have a significant adverse effect on the Fund's future operations.

Use of estimates and measurement uncertainty

These unaudited interim consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. The preparation of unaudited interim consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In preparing these unaudited interim consolidated financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ materially from these estimates. We periodically evaluate estimates and assumptions used in the preparation of the financial statements and make changes on a prospective basis when adjustments are necessary.

The following significant estimates have been made by the Fund in the accompanying unaudited interim consolidated financial statements, which given recent events as described above, could require a material change in future periods.

Inventories

Inventories are recorded at the lower of cost and net realizable value with cost determined on a specific item basis. In determining net realizable value for new vehicles, the Fund primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used vehicles, the Fund considers recent market data and trends such as loss histories along with the current age of the inventory. In making its assessment at March 31, 2009, management has not included any possible impairment related to the events described above.

Intangible assets

The Fund's identifiable intangible assets are rights under franchise agreements with automobile manufacturers. The Fund assesses the carrying value of these unlimited life intangible assets for impairment annually, or more frequently, if events or changes in circumstances indicate that their carrying value may not be recoverable. In making its assessment at March 31, 2009, management has not included any possible impairment related to the events described above.

Allowance for doubtful accounts

The Fund evaluates receivables for collectability based on the age of the receivable, the credit history of the customer and past collection experience. In making its assessment at March 31, 2009, management has not included any possible impairment related to the events described above.

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

Other

In addition to the above, the significant estimates made by the Fund in the accompanying interim consolidated financial statements include certain assumptions related to accruals for chargebacks against revenue recognized from the sale of finance and insurance products and the accrual of potential contingencies.

2 Nature of operations and basis of presentation

Nature of operations

AutoCanada Income Fund (the ''Fund'') is an unincorporated, open-ended trust governed by the laws of the Province of Alberta and a Declaration of Trust dated January 4, 2006 and amended May 10, 2006. The Fund has been created to invest in the franchised automobile dealership industry through an indirect acquisition of substantially all of the assets and undertakings of Canada One Auto Group (''CAG'') and such other investments as the Trustees may determine.

The Fund is engaged in the operation of franchised automobile dealerships in British Columbia, Alberta, Manitoba, Ontario, Nova Scotia and New Brunswick. The Fund offers a diversified range of automotive products and services, including new vehicles, used vehicles, vehicle parts, vehicle maintenance and collision repair services, extended service contracts, vehicle protection products and other after market products. The Fund also arranges financing and insurance for vehicle purchases through third party finance and insurance sources.

Basis of presentation

These consolidated financial statements include the accounts of the Fund, AutoCanada Operating Trust, AutoCanada LP, AutoCanada GP Inc., and several subsidiaries thereof. Also included are Durham Motors LP, operating as Grande Prairie Nissan, and Northern Motors LP, operating as Northland Nissan, both variable interest entities. All inter-entity balances and transactions have been eliminated on consolidation.

The accompanying unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. The accounting principles and methods of computation adopted in these financial statements are the same as those for the audited financial statements for the year ended December 31, 2008. However, the interim consolidated financial statements do not include all information and footnote disclosures required under Canadian GAAP for annual financial statements. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2008.

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

Changes in accounting policies and recent Canadian accounting pronouncements

The Fund adopted new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"). The new standards and accounting policy changes are as follows:

a) Future Income Taxes (Emerging Issues Committee ("EIC") Abstract No 171)

On September 1, 2008, the Fund adopted EIC-171, "Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through." This abstract requires that future income taxes related to temporary differences associated with the assets and liabilities attributable to exchangeable interests is presented as part of unitholders' equity, the future income taxes should be accounted for as a capital transaction at the time of conversion. Application should be retrospective with restatement of prior periods commencing with the period that includes the date of substantive enactment of the changes to the Income Tax Act (June 30, 2007). The adoption of this abstract resulted in the following adjustments to the consolidated balance sheet and income statement {increase (decrease)}:

	Three months ended March 31, 2009	*Three months ended March 31, 2008*
Long-term future income tax liability	-	(8,259)
Future income tax expense	-	(280)
Opening deficit	-	(7,979)

b) Goodwill and intangible assets

In February, 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets", replacing Handbook Section 3062, "Goodwill and Other Intangible Assets" and Handbook Section 3450, "Research and Development Costs". The new pronouncement establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in previous Handbook Section 3062. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008, specifically January 1, 2009 for the Fund. The adoption of this Section did not have any impact on our financial position or results from operations.

c) Credit risk and the fair value of financial assets and financial liabilities

On January 20, 2009, the Emerging Issues Committee ("EIC") issued a new abstract EIC 173 "Credit risk and the fair value of financial assets and financial liabilities". This abstract concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. This abstract is to apply to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after January 20, 2009. The adoption of this abstract did not impact the Fund's financial statements.

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

d) Business combinations, consolidated financial statements and non-controlling interests

In January 2009, the CICA issued three new standards:

Business combinations, Section 1582
This section replaces the former Section 1581 "Business combinations" and provides the Canadian equivalent to International Financial Reporting Standard IFRS 3 "Business Combinations" (January 2008). The new standard requires the acquiring entity in a business combination to recognize most of the assets acquired and liabilities assumed in the transaction at fair value including contingent assets and liabilities; and recognize and measure the goodwill required in the business combination or a gain from a bargain purchase. Acquisition-related costs are also to be expensed.

Consolidated financial statements, Section 1601 and Non-controlling interests, Section 1602
These two sections replace Section 1600 "Consolidated financial statements". Section 1601 "Consolidated financial statements" carries forward guidance from Section 1600 "Consolidated financial statements" with the exception of non-controlling interests which are addressed in a separate section. Section 1602 "Non-controlling interests" is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 "Consolidated and Separate Financial Statement" (January 2008). This standard requires the Fund to report non-controlling interest within equity, separately from the equity of the owners of the parent, and transactions between an entity and non-controlling interests as equity transactions.

All three standards are effective January 1, 2011, at which time Canadian public companies will have adopted either IFRS or, for certain public companies, U.S. GAAP, as permitted by Canadian securities regulations. As such, adoption of these standards by the Fund is not expected unless they are early adopted. Early adoption is permitted; however, the early adoption of one of the three standards would require adoption of the other two standards. Should the Fund engage in a business combination prior to 2011, consideration will be given to the potential impact of the early adoption of these standards.

e) Convergence with International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board confirmed the mandatory changeover date from GAAP to IFRS. The change will take effect January 1, 2011. The Fund will prepare IFRS compliant financial information beginning January 1, 2010 to produce comparable information for the first IFRS consolidated financial statements published in 2011.

The Fund has completed the diagnostic phase of its transition plan and major differences identified which may have the most significant impact on the Fund are property and equipment, intangible assets, and unitholders' equity. The impact of these differences and the complete conversion to IFRS are currently being evaluated by the Fund.

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

3 Inventories

	March 31, 2009 $	December 31, 2008 $
New vehicles	82,852	107,379
Demonstrator vehicles	7,131	7,305
Used vehicles	18,890	17,946
Parts and accessories	7,605	7,318
	116,478	139,948

During the three months ended March 31, 2009, $141,618 of inventory was expensed as cost of goods sold which included a net decrease of inventory write downs on used vehicles of $186.

During the three months ended March 31, 2009, $392 of demonstrator expense was included in selling, general, and administration expense.

As at March 31, 2009 and December 31, 2008, the Fund had recorded reserves for inventory write downs of $1,148 and $1,282 respectively.

4 Revolving floorplan facilities

	March 31, 2009 $	December 31, 2008 $
New vehicles	103,476	127,796
Demonstrator vehicles	5,455	5,267
Used vehicles	5,694	4,390
	114,625	137,453

The Revolving Floorplan Facility available to the Fund from Chrysler Financial Canada (“CFC”) to finance new, demonstrator and used vehicles is $183,125, bears interest at Royal Bank of Canada ("RBC") prime rate less 0.25%, (2.25% at March 31, 2009) and is payable monthly in arrears. The CFC Revolving Floorplan Facility requires maintenance of certain financial covenants and is collateralized by a general security agreement consisting of a first security interest on all present and future property, the Fund's accounts receivable, and new, used and demonstrator vehicle inventory. The individual notes payable of the CFC Revolving Floorplan are due when the related vehicle is sold or according to an aging based repayment policy as mandated by CFC. The CFC Revolving Floorplan Facility may in certain circumstances restrict the ability of AutoCanada LP and the Fund to pay distributions if the payment would result in a default under the CFC Revolving Floorplan Facility.

A separate Revolving Floorplan Facility from the Bank of Nova Scotia (“BNS”) is available to the two dealerships managed by the Fund. This Facility is available to finance new, used and demonstrator vehicles, is

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

$9,250, bears interest at Bank of Nova Scotia prime rate plus 0.75% (3.25% at March 31, 2009) for new and demonstrator vehicles and bears interest at Bank of Nova Scotia prime rate plus 1.75% (4.25% at March 31, 2009) for used vehicles and is payable monthly in arrears. The BNS Revolving Floorplan Facility requires maintenance of certain financial covenants and is collateralized by a general security agreement consisting of first security interest on all present and future property of the managed dealerships, a $1,000 guarantee from the Fund, and the managed dealerships' new, used and demonstrator vehicle inventory. The individual notes payable of the BNS Revolving Floorplan are due when the related vehicle is sold. The balance outstanding on the BNS Revolving Floorplan Facility as of March 31, 2009 is $5,468 included in the "New vehicles" balance above, $112 included in the "Demonstrator vehicles" balance above and $59 included in the "Used vehicles" balance above.

5 Long-term debt

	March 31, 2009 $	December 31, 2008 $
Revolving Term Facility, due May 10, 2010 bearing interest from RBC prime to RBC prime plus 0.75% (i)	21,600	21,600
Fixed Rate Term Facility, due September 30, 2012 bearing interest at 5.11% per annum (ii)	2,950	2,977
CFC lease contracts, repayable over 24 months bearing interest from 7.20% to 15.95% (iii)	893	946
Obligations under capital lease	554	569
	25,997	26,092
Less: Current portion	(559)	(570)
	25,438	25,522

(i) CFC provides the Fund a Revolving Term Facility. The amount of the Revolving Term Facility available is based on certain assets (the ''borrowing base'') and a percentage of earnings before interest expense (other than interest expense on floorplan financing and other interest), income taxes, depreciation and amortization ("EBITDA") of AutoCanada LP, up to a maximum amount of $50,000, and is available to finance working capital and the acquisition of automobile dealerships. The Revolving Term Facility matures May 10, 2010 and bears interest at RBC prime rate for amounts borrowed not exceeding the borrowing base and RBC prime rate plus 0.75% for amounts borrowed in excess of the borrowing base. RBC prime as at March 31, 2009 was 2.50%. This Revolving Term Facility provides for a commitment fee of 0.30% of any unused portion payable quarterly in arrears, requires maintenance of certain financial covenants and is collateralized by a general security agreement consisting of a first security interest on all present and future property. The Revolving Term Facility may in certain circumstances restrict the ability of AutoCanada LP and the Fund to pay distributions if the payment would result in a default.

(ii) Bank of Montreal provides the Fund a Fixed Rate Term Loan (the "Term Loan"). The Term Loan matures September 30, 2012 and bears interest at a fixed rate of 5.11%. Repayments consist of fixed monthly payments totaling $20 per month. The Term Loan requires maintenance of certain financial covenants and is collateralized by a general security agreement consisting of a first fixed charge in the amount of $3,450 registered over the Cambridge Hyundai property. At March 31, 2009, the carrying amount of the Cambridge Hyundai property was $4,052.

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

(iii) CFC lease contracts are collateralized by the related lease contract and lease vehicles with a carrying value of $812.

Principal payments for the next five years are as follows:

	$
2009	559
2010	22,453
2011	251
2012	2,721
2013	13
	25,997

6 Contingencies

(a) The Fund is party to a number of disputes and lawsuits in the normal course of business. Management believes that the ultimate liability arising from these matters will not have a material impact on the financial statements.

(b) The Fund's operations are subject to federal, provincial and local environmental laws and regulations in Canada. While the Fund has not identified any costs likely to be incurred in the next several years, based on known information for environmental matters, the Fund's ongoing efforts to identify potential environmental concerns in connection with the properties it leases may result in the identification of additional environmental costs and liabilities. The magnitude of such additional liabilities and the costs of complying with environmental laws or remediating contamination cannot be reasonably estimated at the balance sheet date due to lack of technical information, absence of third party claims, the potential for new or revised laws and regulations and the ability to recover costs from any third parties. Thus the likelihood of any such costs or whether such costs would be material cannot be determined at this time.

(c) As of March 31, 2009, the Fund had $200 outstanding in letters of credit with financial institutions. These letters expire at different points in 2009. These letters of credit are being maintained as security for premium payments to an insurance company and to fulfill legislative requirements of the Motor Dealer Act in the province of British Columbia.

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

7 Unitholders' equity

(a) Authorized

An unlimited number of Fund Units may be created and issued pursuant to the Declaration of Trust. Each Fund unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net earnings, net realized capital gains or other amounts and in the net assets of the Fund in the event of a termination or winding up of the Fund. All Fund Units entitle the holder thereof to one vote and each Fund Unit has equal voting rights and privileges.

(b) Normal course issuer bid

On August 19, 2008, the Fund received approval from the Toronto Stock Exchange ("TSX") on its notice of intention to make a normal course issuer bid for its units from August 21, 2008 to August 20, 2009, in accordance with the applicable rules of the TSX.

Under its normal course issuer bid, the Fund intends to repurchase for cancellation up to 547,475 of its outstanding units. As at March 31, 2009, the Fund has repurchased 376,070 units for a total cost of $926, including brokerage commissions, and has returned all repurchased Units to treasury. The difference between the repurchase price and the carrying value of the Units returned to treasury has been credited to contributed surplus.

(c) Issued

	Units #	**Amount** $
Balance at December 31, 2007	10,949,500	105,200
Repurchase of units returned to treasury	(376,070)	(3,612)
Balance at December 31, 2008 and March 31, 2009	10,573,430	101,588

(d) Exchangeable LP units

The Exchangeable LP Units issued by AutoCanada LP have economic and voting rights equivalent to the Fund Units except in connection with the exchangeability terms as described below. They are exchangeable, directly or indirectly, on a one-for-one basis for Fund Units at the option of the holder, under the terms of the Exchange Agreement. The Exchangeable LP Units are required to be exchanged for Fund Units before transferring to third parties. As a result, they have been treated as equity in accordance with the CICA Emerging Issues Committee Abstract #151. Each Exchangeable LP Unit entitles the holder to receive distributions from AutoCanada LP pro rata with distributions made by AutoCanada LP on Fund Units.

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

	Units **#**	**Amount** **$**
Balance at March 31, 2009 and December 31, 2008	9,307,500	88,847

Fund Special Voting Units

Fund Special Voting Units are non-participating and are used solely for providing voting rights to persons holding Exchangeable LP Units. Fund Special Voting Units are not transferable separately from Exchangeable LP Units to which they relate. Fund Special Voting Units will automatically be cancelled upon the exchange and cancellation of the Exchangeable LP Units to which they relate. The Fund Special Voting Units are not entitled to any beneficial interest in any distribution from the Fund or in the net assets of the Fund in the event of a termination or winding up of the Fund. Each Fund Special Voting Unit entitles the holder thereof to one vote at all meetings of Unitholders. If the Exchangeable LP Units are purchased in accordance with the Exchange Agreement, a like number of Fund Special Voting Units will be redeemed by the Fund for a nominal amount.

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

(e) Contributed surplus

Incentive Unit Option Plan

The Fund has an Incentive Unit Option Plan (the "Plan") 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 date granted. The options may be exercised by purchasing the Fund Units for the exercise price or the Plan also provides that an optionee may, at their discretion, elect, subject to the approval of the Trustees, in lieu of exercising any options, to surrender the options to the Fund, which will pay the optionee the difference between the current market price of the Fund Units on the date of surrender and the exercise price for the Units under the options being surrendered. In addition, the options may be exercised by an optionee only if, at the time of exercise, the total amount of the cash available for distributions per Unit for the 12 month period ended immediately preceding the time of exercise is at least $1.20 per Unit on a fully-diluted basis, subject to adjustment in the event of any increase or decrease in the number of issued Units and Exchangeable Units resulting from a subdivision, consolidation, reclassification, capital reorganization or similar change in Units (other than a consolidation of our Units immediately following a distribution in Units in lieu of a cash distribution).

At March 31, 2009, 1,519,275 units remained reserved for issuance under the option plan. During the three months ended March 31, 2009, nil options (2008 – 30,000) were granted to purchase Fund Units and nil options (2008 – 39,671) were cancelled. At March 31, 2009, 487,599 options were exercisable at a weighted average exercise price of $10.02.

	Weighted average remaining contractual life	Units	Weighted average exercise price
	Yrs	#	$
Options outstanding, March 31, 2009 and December 31, 2008	2.39	798,424	9.95

Contributed surplus

	Three Months Ended March 31, 2009	Year Ended December31, 2008
	$	$
Opening balance	3,822	957
Cancellation of repurchased units	-	2,696
Unit-based compensation expense	39	169
Closing balance	3,861	3,822

The impact of expensing the unit options for the three months ended March 31, 2009 was $39 (2008 - $59), with a corresponding increase to contributed surplus.

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

8 Distributions

Distributions are discretionary and are determined based on earnings, before amortization, but reduced by capital expenditures, subject to approval of the Trustees. Distributions totaling $0.125 were declared per Fund Unit and Exchangeable LP Unit by the Fund for the three months ended March 31, 2009.

	Declared	**Paid**
	$	**$**
Fund Units	1,322	1,322
Exchangeable Units	1,163	1,163
	2,485	2,485

On March 13, 2009, the Fund announced a temporary suspension of distributions for the month of March and for an indefinite future period.

9 Related party transactions and balances

The following summarizes the Fund's related party transactions not disclosed elsewhere:

	Three Months Ended March 31, 2009	**Three Months Ended March 31, 2008**
	$	**$**
Management fees and non-competition fees received from a director and companies with common directors	178	159
Rent paid to companies with common directors	1,933	1,049
Consulting fees paid to company controlled by a trustee	19	13

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

10 Future income taxes

On October 31, 2006, the Department of Finance Canada announced proposed legislation in connection with the taxation of income trusts and other flow-through entities ("trust legislation") that will apply beginning with the taxation year ended December 31, 2011 for those income trusts that are already publicly traded. In 2011, when the Fund becomes a taxable entity, current income taxes payable will reduce net earnings and will affect distributable cash by an equal amount.

The October 31, 2006 trust legislation was substantively enacted into law on June 12, 2007, at which time the Fund gave accounting recognition to these new taxation rules.

While the Fund will not be liable for current taxes until January 1, 2011, it provides for future income taxes arising from those temporary tax differences expected to reverse after January 1, 2011, at the 25% to 31% tax rate applicable to the Fund.

In August 2008, the CICA issued Emerging Issues Committee Abstract No. 171, "Future Income Tax Consequences of Exchangeable Interests in an Income Trust or Specified Investment Flow-Through" (EIC-171). This abstract requires that future income taxes related to temporary differences associated with the assets and liabilities attributable to the exchangeable interests should not be recorded prior to the conversion of the exchangeable interest.

Future income tax assets and (liabilities) are recognized on temporary differences between the accounting and tax bases of existing assets and liabilities, and not attributable to the exchangeable interests, as follows:

	March 31, 2009 $	December 31, 2008 $
Property and equipment	(43)	(38)
Intangible assets	(3,140)	(3,092)
Goodwill	3,671	3,715
	488	585

11 Seasonal nature of the business

The Fund's results from operations for the period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in sales levels. The results from operations of the Fund 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 number of business days during the period. 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.