AutoCanada Inc.

Interim Consolidated Financial Statements
(Unaudited)
September 30, 2011
(expressed in Canadian dollar thousands except share and per share amounts)

AutoCanada Inc.

Interim Consolidated Statement of Financial Position

(Unaudited)

(in thousands of Canadian dollars)

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
ASSETS			
Current assets			
Cash and cash equivalents (Note 11)	49,366	37,541	21,528
Trade and other receivables (Note 12)	44,172	32,854	35,323
Inventories (Note 13)	159,732	118,262	108,324
Other current assets	1,568	1,148	1,646
	254,838	189,805	166,821
Property and equipment (Note 14)	25,223	25,590	17,600
Intangible assets (Note 15)	40,018	40,018	30,600
Goodwill	309	309	-
Other long-term assets (Note 17)	7,180	5,909	2,198
Deferred tax	-	-	3,492
	327,568	261,631	220,711
LIABILITIES			
Current liabilities			
Trade and other payables (Note 18)	30,204	26,818	24,831
Revolving floorplan facilities (Note 19)	175,291	124,609	102,370
Current tax payable	2,121	-	-
Current lease obligations (Note 20)	1,291	907	175
Current indebtedness (Note 19)	2,884	277	96
	211,791	152,611	127,472
Long-term lease obligations (Note 20)	51	120	289
Long-term indebtedness (Note 19)	20,159	24,974	22,785
Deferred tax	3,796	1,552	-
	235,797	179,257	150,546
EQUITY			
Share capital (Note 22)	190,435	190,435	190,435
Contributed surplus	3,918	3,918	3,918
Accumulated deficit	(102,582)	(111,979)	(124,188)
	91,771	82,374	70,165
	327,568	261,631	220,711

Approved on behalf of the Company:

(Signed) "Gordon R. Barefoot", Director

(Signed) "Robin Salmon", Director

AutoCanada Inc.

Interim Consolidated Statement of Comprehensive Income
(Unaudited)

(in thousands of Canadian dollars except for share and per share amounts)

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
Revenue (Note 4)	270,086	231,290	773,737	674,946
Cost of sales (Note 5)	(225,377)	(193,330)	(647,318)	(560,934)
Gross profit	44,709	37,960	126,419	114,012
Operating expenses (Note 6)	(35,738)	(33,205)	(102,733)	(98,227)
Operating profit before other income	8,971	4,755	23,686	15,785
Gain on disposal of assets	1	10	29	14
Operating profit	8,972	4,765	23,715	15,799
Finance costs (Note 8)	(2,651)	(2,464)	(7,564)	(7,127)
Finance income (Note 8)	555	374	1,388	886
Net comprehensive income for the period before taxation	6,876	2,675	17,539	9,558
Income tax (Note 9)	1,646	692	4,365	2,538
Net comprehensive income for the period	5,230	1,983	13,174	7,020
Earnings per share				
Basic	0.263	0.100	0.663	0.353
Diluted	0.263	0.100	0.663	0.353
Weighted average shares				
Basic	19,880,930	19,880,930	19,880,930	19,880,930
Diluted	19,880,930	19,880,930	19,880,930	19,880,930

AutoCanada Inc.

Interim Consolidated Statement of Changes in Equity
(Unaudited)

(in thousands of Canadian dollars)

	Share capital	Contributed surplus	Total capital	Accumulated deficit	Total
	$	$	$	$	$
Balance, January 1, 2011	190,435	3,918	194,353	(111,979)	82,374
Net comprehensive income	-	-	-	13,174	13,174
Dividends declared on common shares	-	-	-	(3,777)	(3,777)
Balance, September 30, 2011	190,435	3,918	194,353	(102,582)	91,771

	Share capital	Contributed surplus	Total capital	Accumulated deficit	Total
	$	$	$	$	$
Balance, January 1, 2010	190,435	3,918	194,353	(124,188)	70,165
Net comprehensive income	-	-	-	7,020	7,020
Dividends declared on common shares	-	-	-	(1,590)	(1,590)
Balance, September 30, 2010	190,435	3,918	194,353	(118,758)	75,595

AutoCanada Inc.

Interim Consolidated Statement of Cash Flows

(Unaudited)

(in thousands of Canadian dollars)

	Three month period ended September 30, 2011	Three month period ended September 30, 2010	Nine month period ended September 30, 2011	Nine month period ended September 30, 2010
Cash flows from operating activities:				
Net comprehensive income	5,230	1,983	13,174	7,020
Income taxes (Note 9)	1,646	692	4,365	2,538
Amortization of prepaid rent (Note 24)	113	113	339	339
Amortization of property and equipment	1,044	1,058	3,141	2,964
Gain on disposal of assets	(1)	(11)	(29)	(14)
Net change in non-cash working capital	2,818	1,148	(681)	13,680
	10,850	4,983	20,309	26,527
Cash flows from investing activities:				
Business acquisitions	-	-	-	(3,550)
Purchases of property and equipment	(694)	(6,660)	(2,236)	(8,358)
Disposal of other assets	2	-	7	-
Prepayments of rent (Note 24)	(540)	(540)	(1,620)	(1,620)
Proceeds on sale of property and equipment	-	23	-	94
Proceeds on divestiture of subsidiary (Note 10)	-	-	1,464	-
	(1,232)	(7,177)	(2,385)	(13,434)
Cash flows from financing activities:				
Proceeds from long-term debt	-	5,510	-	5,510
Repayment of long-term indebtedness	(2,102)	(72)	(2,322)	(4,212)
Dividends paid	(1,987)	(795)	(3,777)	(1,590)
	(4,089)	4,643	(6,099)	(292)
Increase in cash	5,529	2,449	11,825	12,801
Cash and cash equivalents at beginning of period	43,837	31,880	37,541	21,528
Cash and cash equivalents at end of period	49,366	34,329	49,366	34,329

1 Significant Accounting Policies

General business description

AutoCanada Inc. ("AutoCanada" or "The Company") is a corporation from Alberta, Canada with common shares listed on the Toronto Stock Exchange ("TSX") under the symbol of "ACQ". The business of AutoCanada, held in its subsidiaries, is the operation of franchised automobile dealerships in British Columbia, Alberta, Manitoba, Ontario, Nova Scotia and New Brunswick. The Company 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 Company also arranges financing and insurance for vehicle purchases by its customers through third-party finance and insurance sources.

Basis of preparation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in its 2011 interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, and IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim financial statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 27 discloses the impact of the transition to IFRS on the company's reported equity as at September 30, 2010 and comprehensive income for the three and nine month periods ended September 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these interim consolidated financial statements are based on IFRS effective for the year ended December 31, 2011, as issued and outstanding as of November 4, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including transition adjustments recognized on change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010, and the Company's interim financial statements for the period ended March 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

1 Significant Accounting Policies continued

Principles of consolidation

The consolidated financial statements comprise the financial statements of AutoCanada (hereinafter referred to as "AutoCanada" or the "Company") and all of its subsidiaries. Subsidiaries are all entities over which the Company has control, where control is defined as the power to govern financial and operating policies. The Company has a shareholding of 100% of the voting rights in its subsidiaries. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are no longer consolidated when the date control ceases.

Inter-company transactions, balances and gains or losses on transactions between AutoCanada entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Company.

2 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (“CODM”), the Company's Chief Executive Officer, who is responsible for allocating resources and assessing performance of the operating segment. The Company has identified one reportable business segment since the Company is operated and is managed on a dealership basis. Dealerships operate a number of business streams such as new and used vehicle sales, parts, service and collision repair and finance and insurance products. Management is organized based on the dealership operations as a whole rather than the specific business streams.

These dealerships are considered to have similar economic characteristics and offer similar products and services which appeal to a similar customer base. As such, the results of each dealership have been aggregated to form one reportable business segment. The CODM assesses the performance of the operating segment based on a measure of both revenue and gross profit.

3 Economic dependence

The Company has significant commercial and economic dependence on Chrysler Canada and Ally Credit. As a result, the Company is subject to significant risk in the event of the financial distress of Chrysler Canada, one of our major vehicle manufacturers and parts suppliers, and Ally Credit, which provides the Company with revolving floorplan facilities for all of its dealerships.

The Company's consolidated financial statements include the operations of twenty-two franchised automobile dealerships, representing the product lines of eight global automobile manufacturers. The Company's Chrysler, Jeep, Dodge, Ram ("CJDR") dealerships, which generated 74% of the Company's revenue in the nine month period-ended September 30, 2011 (2010 – 73%), purchase all new vehicles and a significant portion of parts and accessories from Chrysler Canada. In addition to these inventory purchases, the Company 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 September 30, 2011, December 31, 2010 and January 1, 2010 the Company had recorded the following assets that relate to transactions it has entered into with Chrysler Canada:

	September 30, 2011	**December 31, 2010**	**January 1, 2010**
	$	**$**	**$**
Accounts receivable	4,010	4,040	3,196
New vehicle inventory	101,458	61,790	51,743
Demonstrator vehicle inventory	4,242	4,847	3,574
Parts and accessories inventory	4,670	4,929	4,484

The Company maintains revolving floorplan facilities for all of its dealerships with Ally Credit. The Company also maintains cash balances with Ally Credit which it uses to offset interest charges on its various revolving floorplan facilities.

At September 30, 2011, December 31, 2010 and January 1, 2010, the Company had recorded the following assets and liabilities that relate to transactions it has entered into with Ally Credit:

	September 30, 2011	**December 31, 2010**	**January 1, 2010**
	$	**$**	**$**
Cash and cash equivalents	36,055	24,575	9,580
Revolving floorplan facilities	175,291	124,609	102,370

Chrysler Canada is a subsidiary of Chrysler Group LLC ("Chrysler Group") in the United States. Ally Credit is a subsidiary of Ally Financial Inc. (formerly GMAC Financial Services Inc.) in the United States. The viability of Chrysler Canada is directly dependent on the viability of Chrysler Group.

4 Revenue

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
New vehicles	172,732	141,553	497,966	400,756
Used vehicles	55,351	50,922	152,311	157,138
Finance and insurance	14,250	11,536	39,280	34,474
Parts, service and collision repair	27,753	27,279	84,180	82,578
	270,086	231,290	773,737	674,946

5 Cost of sales

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
New vehicles	160,176	131,996	462,118	372,379
Used vehicles	50,331	46,701	139,504	143,911
Finance and insurance	1,433	1,184	4,001	3,446
Parts, service and collision repair	13,437	13,449	41,695	41,198
	225,377	193,330	647,318	560,934

6 Operating expenses

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
Employee costs	22,160	19,428	62,011	57,566
Administrative costs [1]	9,724	9,525	28,911	28,252
Facility lease costs	2,810	3,194	8,670	9,445
Amortization	1,044	1,058	3,141	2,964
	35,738	33,205	102,733	98,227

[1] Administrative costs include professional fees, consulting services, technology-related expenses, selling and marketing, and other general and administrative costs.

7 Employees

The average number of people employed by the Company in the following areas were:

	September 30, 2011	September 30, 2010
Sales	436	404
Service	584	596
Administration	122	135
	1,142	1,135

Operating expenses incurred in respect of employees were:

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
Wages, salaries and commissions	20,374	17,183	56,750	51,579
Withholding taxes and insurance	794	818	3,105	3,055
Employee benefits	589	587	1,963	2,002
Termination benefits	403	840	193	930
	22,160	19,428	62,011	57,566

8 Finance costs

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
Finance costs:				
Long term debt	296	278	902	744
Floorplan financing	2,190	2,042	6,185	5,942
Other interest expense	165	144	477	441
	2,651	2,464	7,564	7,127
Finance income:				
Short term bank deposits	(555)	(374)	(1,388)	(886)

9 Taxation

Components of income tax expense were as follows:

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
Current	(680)	(307)	2,121	655
Deferred tax	2,326	999	2,244	1,883
Income tax expense	1,646	692	4,365	2,538

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rates used for the year ended December 31, 2010 was 29% and the nine month period ended September 30, 2011 was 27%.

10 Business divestiture

On June 21, 2011, the Company sold the operating assets of its Colombo Chrysler Jeep Dodge dealership located in Woodbridge, Ontario. Total cash proceeds of $1,464 resulted in a gain on divestiture of $86, which is included in gain on disposal of assets in the statement of comprehensive income. The break-down of the transaction was as follows:

	$
Current assets	6,124
Property and equipment	503
Current liabilities	(5,249)
Net assets disposed of	1,378
Net gain on divestiture	86
Net cash inflow on divestiture	1,464

11 Cash and cash equivalents

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Cash at bank and on hand	13,311	12,966	11,948
Short-term deposits	36,055	24,575	9,580
	49,366	37,541	21,528

Short-term deposits consists of cash held with Ally Credit. The revolving floorplan facility agreements allow the Company to hold excess cash in accounts with Ally Credit which is used to offset finance costs on the revolving floorplan facilities. The Company has immediate access to this cash unless it is in default of its facilities, in which case the cash may be used by Ally Credit in repayment of the facilities. If a default were to occur, the cash would be reclassified as restricted cash. See Note 16 for further detail regarding cash balances held with Ally Credit.

12 Trade and other receivables

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Trade receivables	43,186	32,351	33,948
Less: Allowance for doubtful accounts	(288)	(402)	(332)
Net trade receivables	42,898	31,949	33,616
Other receivables	1,274	905	1,707
Trade and other receivables	44,172	32,854	35,323

The aging of trade and other receivables at each reporting date was at follows:

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Current	40,144	27,434	30,683
Past due 31 - 60 days	1,582	3,375	3,250
Past due 61 - 90 days	913	751	916
Past due 91 - 120 days	293	613	250
Past due > 120 days	1,240	681	224
	44,172	32,854	35,323

Included in the amounts greater than 120 days are $887 of receivables related to corporate fleet leasing arrangements.

The Company is exposed to normal credit risk with respect to its accounts receivable and maintains provisions for potential credit losses. Potential for such losses is mitigated because there is no significant exposure to any single customer and because customer creditworthiness is evaluated before credit is extended.

13 Inventories

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
New vehicles	124,586	84,819	73,264
Demonstrator vehicles	6,351	7,267	5,816
Used vehicles	20,974	18,052	22,197
Parts and accessories	7,821	8,124	7,047
	159,732	118,262	108,324

During the three month period ended September 30, 2011, $225,377 of inventory (2010 - $193,330) was expensed as cost of goods sold which included a net recovery on used vehicle inventory allowances of $263 (2010 - $362). During the three month period ended September 30, 2011, $327 of demonstrator expense (2010 - $347) was included in selling, general, and administration expense.

During the nine month period ended September 30, 2011, $647,318 of inventory (2010 - $560,934) was expensed as cost of goods sold which included a net recovery on used vehicle valuation allowances of $263 (2010 - $93). During the nine month period ended September 30, 2011, $954 of demonstrator expense (2010 - $1,092) was included in selling, general, and administration expense. As at September 30, 2011 and December 31, 2010, the Company had recorded reserves for inventory write downs of $1,085 and $1,701 respectively.

14 Property and equipment

	Company & lease vehicles $	Leasehold Improvements $	Machinery & Equipment $	Land & buildings $	Furniture, fixtures & other $	Computer hardware $	Total $
Cost:							
January 1, 2010	2,766	4,170	9,878	4,138	3,929	2,710	27,591
Capital expenditures	222	2,394	782	-	574	427	4,399
Acquisitions of dealership assets	-	336	41	-	21	2	400
Acquisitions of real estate	-	-	-	6,088	-	-	6,088
Disposals	(18)	-	(96)	-	(27)	(13)	(154)
Transfer in (out) of inventory, net	781	-	-	-	-	-	781
December 31, 2010	3,751	6,900	10,605	10,226	4,497	3,126	39,105
Capital expenditures	9	966	510	-	472	279	2,236
Disposals	-	(2,096)	(302)	-	48	17	(2,333)
Transfer out of inventory, net	536	-	-	-	-	-	536
September 30, 2011	4,296	5,770	10,813	10,226	5,017	3,422	39,544
Accumulated depreciation:							
January 1, 2010	(962)	(2,755)	(3,183)	(365)	(1,271)	(1,455)	(9,991)
Depreciation	(694)	(664)	(1,493)	(313)	(576)	(431)	(4,171)
Disposals	26	-	53	-	14	2	95
Transfers out of inventory	552	-	-	-	-	-	552
December 31, 2010	(1,078)	(3,419)	(4,623)	(678)	(1,833)	(1,884)	(13,515)
Current year depreciation	(638)	(477)	(922)	(395)	(406)	(303)	(3,141)
Disposals	-	2,028	32	-	(193)	(107)	1,760
Transfers out of capital assets	575	-	-	-	-	-	575
September 30, 2011	(1,141)	(1,868)	(5,513)	(1,073)	(2,432)	(2,294)	(14,321)
Carrying amount:							
January 1, 2010	1,804	1,415	6,695	3,773	2,658	1,255	17,600
December 31, 2010	2,673	3,481	5,982	9,548	2,664	1,242	25,590
September 30, 2011	3,155	3,902	5,300	9,153	2,585	1,128	25,223

Fully depreciated assets are retained in asset and accumulated depreciation accounts until such assets are removed from service. Proceeds from disposals are netted against the related assets and the accumulated depreciation and included in the statement of operations and comprehensive income.

15 Intangible assets

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Cost:			
Opening balance	77,130	75,771	75,771
Acquisition	-	1,359	-
Disposals	(3,747)	-	-
Closing balance	73,383	77,130	75,771
Accumulated impairment:			
Opening balance	37,112	45,171	45,171
Disposals	(3,747)	-	-
Reversals of impairment	-	(8,059)	-
Closing balance	33,365	37,112	45,171
Carrying amount	40,018	40,018	30,600

The following table shows the carrying amount of indefinite-lived identifiable intangible assets by cash generating unit:

Cash Generating Unit	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
A	10,375	10,375	5,825
B	7,035	7,035	2,762
C	3,181	3,181	2,372
D	922	922	922
E	9,626	9,626	9,626
F	3,785	3,785	3,652
G	863	863	1,234
H	2,053	2,053	2,053
Other I - Q combined	2,178	2,178	2,154
	40,018	40,018	30,600

16 Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in the accounting policy note. The Company's financial assets have been classified as loans and receivables. The Company's financial liabilities have been classified as other financial liabilities. Details of the Company's financial assets and financial liabilities are disclosed below:

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Financial assets			
Cash and cash equivalents	49,366	37,541	21,528
Trade and other receivables	44,172	32,854	35,323
Financial liabilities			
Current indebtedness	2,884	277	96
Long-term indebtedness	20,159	24,974	22,785
Revolving floorplan facilities	175,291	124,609	102,370
Trade and other payables	30,204	26,818	24,831

Financial Risk Management Objectives

The Company’s activities are exposed to a variety of financial risks of varying degrees of significance which could affect the Company’s ability to achieve its strategic objectives. AutoCanada’s overall risk management program focuses on the unpredictability of financial and economic markets and seeks to reduce potential adverse effects on the Company’s financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance. The principal financial risks to which the Company is exposed are described below.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency and interest rates.

Foreign Currency Risk Management

Foreign currency risk arises from fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company is not significantly exposed to foreign currency risk.

16 Financial instruments continued

Interest Rate Risk Management

The Revolving floorplan facilities (note 19) are subject to interest rate fluctuations and the degree of volatility in these rates. The Company does not currently hold any financial instruments that mitigate this risk. The Revolving floorplan facilities bear interest at Prime Rate plus 0.20%. These facilities define Prime Rate as the greater of the Royal Bank of Canada Prime Rate ("RBC Prime") or 4.00%. Since the RBC Prime Rate is currently 3.00%, the Company is not exposed to interest rate fluctuations until the RBC Prime Rate is equal to 4.00% (increase of 1.00% from the present rate).

The HSBC Revolver and the HSBC Term Loan (the "HSBC Facilities") are also subject to interest rate fluctuations and the degree of volatility in these rates. The Company does not currently hold any financial instruments that mitigate this risk. The HSBC Revolver bears interest at the HSBC Prime Rate plus 0.75% and the HSBC Term Loan bears interest at the HSBC Prime Rate plus 1.75%.

The BMO Term Loan is a fixed rate term loan and is not subject to interest rate fluctuations until its maturity date at September 30, 2012, at which time, it will be subject to market rates of interest when the amount is refinanced.

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note. The sensitivity analysis below has been determined based on the exposure to interest rates at the reporting date and stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. The amounts below represent an increase to the reported account if positive and a decrease to the reported account if negative. A 100 basis point change is used when reporting interest risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

	+ 100 Basis Point		**- 100 Basis Point**	
	2011	**2010**	**2011**	**2010**
	$	**$**	**$**	**$**
Finance costs	153	120	(153)	(120)

Credit Risk Management

The Company's exposure to credit risk associated with its accounts receivable is the risk that a customer will be unable to pay amounts due to the Company or its subsidiaries. Concentration of credit risk with respect to contracts-in-transit and accounts receivable is limited primarily to automobile manufacturers and financial institutions (see Note 3 for further discussion of the Company's economic dependence on Chrysler Canada and associated credit risk). Credit risk arising from receivables with commercial customers is not significant due to the large number of customers dispersed across various geographic locations comprising our customer base. Details of the aging of the Company's trade and other receivables is located in Note 12.

The Company evaluates receivables for collectability based on the age of the receivable, the credit history of the customer and past collection experience. Allowances are provided for potential losses that have been incurred at the balance sheet date. The amounts disclosed on the balance sheet for accounts receivable are net of the allowance for bad debts. Details of the allowances for doubtful accounts are located in Note 12.

16 Financial instruments continued

Credit Risk Management continued

Concentration of cash and cash equivalents exist due to the significant amount of cash held with Ally Credit (see Note 3 for further discussion of the Company's concentration of cash held on deposit with Ally Credit). The Revolving floorplan facilities allow our dealerships to hold excess cash (used to satisfy working capital requirements of our various OEM partners) in an account with Ally Credit which bears interest equal to the interest rates of the Revolving floorplan facilities (4.20% at September 30, 2011). These cash balances are fully accessible by our dealerships at any time, however in the event of a default by a dealership in its floorplan obligation; the cash may be used to offset unpaid balances under the Revolving floorplan facilities. As a result, there is a concentration of cash balances risk to the Company in the event of a default under the Revolving floorplan facilities.

Liquidity Risk Management

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's activity is financed through a combination of the cash flows from operations, borrowing under existing credit facilities and the issuance of equity. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through adequate amounts of committed credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as cash flows.

The Company is exposed to liquidity risk as a result of its economic dependence on suppliers and lenders. (See Note 3 for further information regarding the Company's economic dependence on Chrysler Canada and Ally Credit and the potential effect on the Company's liquidity).

The following table details the Company's remaining contractual maturity for its financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities. Contractual interest payable includes interest that will accrue to these liabilities except where the Company is entitled and intends to repay the liability before its maturity.

	2011 $	2012 $	2013 $	Thereafter $	Total $
September 30, 2011					
Trade and other payables	30,204	-	-	-	30,204
Revolving floorplan facilities	175,291	-	-	-	175,291
HSBC revolving term facility	-	-	17,000	-	17,000
HSBC fixed term loan	175	176	2,983	-	3,334
BMO fixed rate term loan	2,709	-	-	-	2,709
Lease obligations	1,291	36	15	-	1,342
Contractual interest payable	378	796	390	-	1,564
	210,048	1,008	20,388	-	231,444

17 Other long-term assets

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Prepaid rent	7,131	5,850	2,142
Other assets	49	59	56
	7,180	5,909	2,198

18 Payables, accruals and provisions

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Trade payables	18,546	17,318	16,796
Accruals	1,268	963	1,154
Sales tax payable	356	2,133	1,832
Wages and witholding taxes payable	10,034	6,404	5,049
	30,204	26,818	24,831

19 Indebtedness

This note provides information about the contractual terms of the Company's interest-bearing debt, which are measured at amortized cost. For more information about the Company's exposure to interest rate, foreign currency and liquidity risk, see note 16.

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Current indebtedness			
Current portion of indebtedness	2,884	277	96
Revolving floorplan facilities (i)	175,291	124,609	102,370
	178,175	124,886	102,466
Non-current indebtedness			
HSBC revolving term loan (ii)	17,000	19,000	20,000
HSBC non-revolving fixed term loan (iii)	3,159	3,291	-
BMO fixed rate term facility (iv)	-	2,683	2,785
	20,159	24,974	22,785
Total indebtedness	198,334	149,860	125,251

19 Indebtedness continued

Terms and conditions of outstanding loans were as follows:

i The revolving floorplan facilities ("Ally facilities") are available to the Company from Ally Credit to finance new, demonstrator and used vehicles and bears interest at the Prime Rate plus 0.20% (4.20% at September 30, 2011) and is payable monthly in arrears. Prime Rate is defined as the greater of the Royal Bank of Canada ("RBC") prime rate (3.00% at September 30, 2011) or 4.00%. The maximum amounts of financing provided by the Ally facilities are based on a maximum number of new, used and demonstrator vehicles to be financed on an individual dealership basis. The Ally facilities are collateralized by all of the dealerships' new, used and demonstrator inventory financed by the Ally facilities and a general security agreement and cross guarantee from each of the Company's dealerships. The individual notes payable of the Ally facilities are due when the related vehicle is sold or according to an aging based repayment policy as mandated by Ally Credit.

ii HSBC Bank Canada ("HSBC") provides the Company with a fully committed, extendible revolving term loan (the "HSBC Revolver") in the amount of $30,000. The HSBC Revolver's maturity date is June 30, 2012, however the facility may be extended for an additional 365 days prior to the maturity of the HSBC Revolver at the request of the Company and upon approval by HSBC. If the HSBC Revolver is not extended by HSBC, repayment of the outstanding amount is not due until June 30, 2013. The HSBC Revolver bears interest at HSBC's Prime Rate plus 0.75% (3.75% at September 30, 2011). The HSBC Revolver is collateralized by all of the present and future assets of the subsidiaries of AutoCanada Inc, the various Limited Partnerships and the General Partners of each dealership within the Company. As part of a priority agreement signed by HSBC, Ally Credit and the Company, the collateral for the HSBC Revolver excludes all new, used and demonstrator inventory financed with the Ally facilities provided by Ally Credit.

iii HSBC provides the Company with a committed, extendible non-revolving term loan (the "HSBC Term Loan"). The HSBC Term Loan's maturity date is June 30, 2012, however the facility may be extended at the request of the Company and upon approval by HSBC. If the HSBC Term Loan is not extended by HSBC, repayment of the outstanding amount is not due until June 30, 2013. The HSBC Term Loan bears interest at HSBC's Prime Rate plus 1.75% (4.75% at September 30, 2011). Repayments are based on a 20 year amortization of the original loan amount; consisting of fixed monthly principal repayments of $15 plus applicable interest. The HSBC Term Loan requires maintenance of certain financial covenants and is collateralized by a first fixed charge in the amount of $3,510 registered over the Newmarket Infiniti Nissan property. At September 30, 2011, the carrying amount of the Newmarket Infiniti Nissan property was $5,731.

iv Bank of Montreal provides the Company a Fixed Rate Term Loan (the "BMO Term Loan"). The BMO 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 BMO 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 September 30, 2011, the carrying amount of the Cambridge Hyundai property was $3,422.

20 Lease obligations

This note provides information about the contractual terms of the Company's lease obligations.

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Current			
Current finance lease obligations (ii)	119	165	175
Vehicle repurchase obligations (i)	1,172	742	-
	1,291	907	175
Non-current			
Long-term finance lease obligations (ii)	51	120	289
Total lease obligations	1,342	1,027	464

Terms and conditions of lease obligations were as follows:

i The Company has committed to provide a corporate fleet customer with vehicles for individual terms not to exceed six months, at which time the Company has an obligation to repurchase each vehicle at a predetermined amount. The Company has determined that the transactions shall be treated as operating leases, whereby the Company acts as lessor. As a result, the Company has recorded the contractual repurchase amounts as outstanding vehicle repurchase obligations and have classified the liability as current due to the short term nature of the instruments.

ii A number of equipment leases are classified as finance leases. At inception of the leases, the Company recognized an asset and a liability at an amount equal to the estimated fair value of the equipment. The imputed finance costs on the liability were determined based on the lower of the Company's incremental borrowing rate and the rates implicit in each lease.

21 Commitments and Contingencies

Commitments

The Company has operating lease commitments, with varying terms through 2029, to lease premises and equipment used for business purposes. The Company leases the majority of the lands and buildings used in its franchised automobile dealership operations from related parties (note 24) and other third parties. The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
2010	-	-	19,555
2011	3,112	11,447	10,322
2012	9,478	8,066	7,310
2013	7,476	5,551	5,328
2014	6,529	5,212	4,657
2015	6,207	4,917	4,488
Thereafter	51,396	50,489	53,926
	84,198	85,682	105,586

Lawsuits and legal claims

The Company's operations are subject to federal, provincial and local environmental laws and regulations in Canada. While the Company has not identified any costs likely to be incurred in the next several years, based on known information for environmental matters, the Company'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.

In addition to the matters described above, the Company is engaged in various legal proceedings and claims that have arisen in the ordinary course of business. The outcome of all of the proceedings and claims against the Company, including those described above, is subject to future resolution, including the uncertainties of litigation. Based on information currently known to the Company and after consultation with outside legal counsel, management believes that the probable ultimate resolution of any such proceedings and claims, individually or in the aggregate, will not have a material adverse effect on the financial condition of the Company, taken as a whole.

22 Share capital

Dividends

Dividends are discretionary and are determined based on a number of factors. Dividends are subject to approval of the Board of Directors. During the nine month period ended September 30, 2011, eligible dividends totaling $0.19 per common share were declared and paid. On November 4, 2011, the Board of Directors of the Company declared a quarterly eligible dividend of $0.12 per common share on the Company's outstanding Class A common shares, payable on December 15, 2011 to shareholders of record at the close of business on November 30, 2011.

Earnings per share

Basic earnings per share was calculated by dividing earnings attributable to common shares by the sum of the weighted-average number of shares outstanding during the period. The Company does not have any dilutive stock options or other securities. Earnings used in determining earnings per share from continuing operations are presented below:

	Three month period ended September 30, 2011 $	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2011 $	Nine month period ended September 30, 2010 $
Earnings attributable to common shares	5,230	1,983	13,174	7,020

The weighted-average number of shares outstanding is presented below:

	Three month period ended September 30, 2011	Three month period ended September 30, 2010	Nine month period ended September 30, 2011	Nine month period ended September 30 2010
Weighted-average number of shares outstanding	19,880,930	19,880,930	19,880,930	19,880,930

Common shares of the Company are voting shares and have no par value. The authorized common share capital is an unlimited number of shares.

23 Capital disclosures

The Company's objective when managing its capital is to safeguard the Company's assets and its ability to continue as a going concern while at the same time maximize the growth of the business, returns to shareholders, and benefits for other stakeholders. The Company views its capital as the combination of long-term indebtedness, long-term lease obligations and equity.

The calculation of the Company's capital is summarized below:

	September 30, 2011 $	December 31, 2010 $	January 1, 2010 $
Long-term indebtedness	20,159	24,974	22,785
Long-term lease obligations	51	120	289
Equity	91,771	82,374	70,165
	111,981	107,468	93,239

The Company manages its capital structure in accordance with changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may assume additional debt, refinance existing debt with different characteristics, sell assets to reduce debt, issue new shares or adjust the amount of dividends paid to its shareholders.

24 Related party transactions

Transactions with COAG and affiliates

As of September 30, 2011, Canada One Auto Group ("COAG") and affiliates beneficially owned approximately 42.3% of the Company's shares. In the normal course of business, COAG and certain of its affiliates had transactions with the Company. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Details of these transactions are noted below:

a Prepaid rent

During the nine month period ended September 30, 2011, the Company prepaid rent to a company with common directors as part of an agreement for a long term rent reduction which was entered into in 2009. Total prepayments of rent for the nine month period ended September 30, 2011 was $1,620 (2010 - $1,620) of which $339 (2010 - $339) has been amortized to current period facilities lease costs.

b Rent paid to companies with common directors

During the nine month period ended September 30, 2011, total rent paid to companies with common directors amounted to $5,929 (2010 - $6,115). The Company currently leases thirteen of twenty-two properties from affiliates of COAG. The Company's independent board of directors has received advice from a national real estate appraisal company that the market rents at each of the COAG properties were at fair market value rates when the leases were entered into.

25 Seasonal nature of the business

The Company’s results from operations for the period ended September 30, 2011 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 Company have historically 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, the Company's 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.

26 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's interim consolidated financial statements presentation.

27 Transition to IFRS

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, and IFRS 1, *First-time Adoption of International Financial Reporting Standards*. The accounting policies followed in these interim financial statements are the same as those applied in the Company's interim financial statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The Company's interim consolidated financial statements for the three month period ended March 31, 2011 contain detailed reconciliations of the Company's equity and statement of financial position at January 1, 2010 (the Company's "Transition Date" to IFRS) as well as detailed reconciliations of the Company's equity, statement of financial position and statement of comprehensive income for the year ended December 31, 2011. These interim consolidated financial statements should be read in conjunction with the interim consolidated financial statements for the three month period ended March 31, 2011.

The following discloses the impact of the transition to IFRS on the Company's equity as at September 30, 2010, statement of financial position at September 30, 2010, and the statements of comprehensive income for the three and nine month periods ended September 30, 2010 including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010 under Canadian GAAP.

Reconciliations of Canadian GAAP to IFRS

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The Company’s first time adoption of IFRS did not have an impact on the total operating, investing or financing cash flows. The following represents the reconciliations from Canadian GAAP to IFRS for the respective periods noted for the accumulated deficit:

Reconciliation of accumulated deficit

	September 30, 2010 $
Accumulated deficit as reported under Canadian GAAP	(108,764)
IFRS adjustments:	
1. Property and equipment	(271)
2. Impairments	(13,100)
3. Income taxes	3,377
Accumulated deficit as reported under IFRS	(118,758)

27 Transition to IFRS continued

Reconciliation of comprehensive income

	Three month period ended September 30, 2010 $	Nine month period ended September 30, 2010 $
Net comprehensive income under Canadian GAAP	2,002	7,082
Differences in GAAP increasing (decreasing) reported earnings:		
1. Property and equipment	(26)	(82)
3. Income taxes	7	20
Net comprehensive income under IFRS	1,983	7,020

Changes in accounting policies

The following narratives explain the significant differences between the previous historical Canadian GAAP accounting policies and the current IFRS accounting policies applied by the Company. Only the differences having an impact on AutoCanada Inc. are described below. The following is not a complete summary of all of the differences between Canadian GAAP and IFRS. Relative to the impacts on AutoCanada Inc., the descriptive caption next to each numbered item below corresponds to the same numbered and descriptive caption in the tables above, which reflect the quantitative impacts from each change. Unless a quantitative impact was noted below, the impact from the change was not material to AutoCanada Inc.

1 **Property and equipment**

The objective of amortization under Section 3061 of the CICA Handbook is to provide a rational and systematic basis for allocating the amortizable amount of an item of property and equipment over its estimated life and useful life. Under Canadian GAAP, the components of the Company's buildings were determined to operate in combination and were amortized at the declining balance rate of 4% annual amortization. Under IFRS, accounting for components of property and equipment is required at a more detailed level than under Canadian GAAP. IAS 16 requires separate amortization for those components with a distinct rate of amortization. As a result of applying the componentization requirements of IAS 16, the net book value of property and equipment decreased by $271, reflecting increased amortization of the components of the Company's buildings as at September 30, 2010.

27 Transition to IFRS continued

2 **Impairments and reversals of impairments**

IAS 36 requires that impairment testing be done on a CGU level, which is the smallest identifiable group of assets that generates cash inflows. For AutoCanada Inc., the CGU's consist of each individual dealership, which resulted in more CGU's subject to impairment testing under IFRS than under Canadian GAAP in which impairment testing for intangible assets was performed at the single reporting unit level.

IAS 36 also requires a one-step approach to determine the recoverable amount of a CGU. Canadian GAAP's two-step approach required the application of discounted cash flow techniques to measure the impairment amount, but only after the use of undiscounted cash flow analysis indicated the existence of an impairment. The adoption of IAS 36 is expected to result in more frequent impairments or reversals of impairments since the carrying amount of assets which are supported by undiscounted cash flows may be determined to be impaired when the future cash flows are discounted in accordance with IFRS requirements. Unlike Canadian GAAP, previous impairments of intangible assets and property and equipment may be reversed or reduced if the circumstances which lead to the impairment change.

In accordance with IAS 36, the Company reviewed the recoverable amount for its CGU's at the Transition Date.

At the Transition Date, as a result of the impairment test performed, the Company determined that certain of the Company's CGU's were impaired. The impairment resulted in a decrease to the carrying value of intangible assets at the Transition Date of $13,100. In accordance with the provisions of IFRS 1, this difference was recognized in the opening accumulated deficit at the Transition Date. This difference also resulted in an overall decrease in the carrying value of intangible assets at September 30, 2010 in the amount of $13,100, with a resulting difference recognized in the accumulated deficit, as no indicators of impairment were determined to be present at that date, which would result in a test for impairment at that time.

Given the volatility of the retail automotive industry in Canada, the Company expects to incur more frequent impairments or reversals of impairments of intangible assets in future reporting periods.

3 **Income taxes**

As a result of the differences identified above between Canadian GAAP and IFRS, the revised carrying values of intangible assets and property and equipment resulted in temporary differences between the accounting basis and tax basis of these assets.

At the Transition Date, the Company recorded a net increase in deferred tax assets of $3,357. In accordance with the provisions of IFRS 1, this difference was recognized in the opening accumulated deficit at the Transition Date.

At September 30, 2010, the Company recorded a net increase in deferred tax assets of $3,377. This difference relates to the opening net increase in deferred tax assets of $3,357 at the Transition date, less a net decrease in income tax expense for the nine month period ended September 30, 2010 of $20 as a result of temporary differences noted above. The net decrease in income tax expense for the three month period ended September 30, 2010 was $7 as a result of temporary differences noted above.

Due to the expectation of more frequent impairments or reversals of impairments of intangible assets and property and equipment, the Company expects to incur more volatility in its deferred tax and resulting

27 Transition to IFRS continued

3 **Income taxes continued**
income tax expense in the future.

Presentation reclassifications - Statement of Financial Position

Deferred tax - Under Canadian GAAP, deferred tax assets and liabilities were presented as current or long-term on the consolidated balance sheets in accordance with the assets or liabilities that gave rise to the deferred tax balances. Under IFRS, deferred tax assets and liabilities may not be presented as current. The Company has reclassified the deferred taxes into non-current assets and liabilities based on the net asset and liability positions at each reporting date.

Other - All other reclassifications have been made to simplify the presentation of the statement of financial position and are not as a result of the adoption of IFRS standards.

Presentation reclassifications - Statement of Comprehensive Income

Finance costs / Finance income - Under Canadian GAAP, finance income was not required to be separated from revenue. Under IFRS, finance income is required to be presented separately from revenue and presented after operating profit. Previously under Canadian GAAP, the Company disclosed finance costs as "interest costs". This amount was included in operating profit. Under IFRS, finance costs is required to be presented after operating profit.

Other - All other reclassifications have been made to simplify the presentation of the statement of financial position and are not as a result of the adoption of IFRS standards.

27 Transition to IFRS continued

Reconciliation of Consolidated Statement of Financial Position as at September 30, 2010

Canadian GAAP accounts	CGAAP Balance $	IFRS Adjustments $	IFRS Reclassifications $	IFRS Balance $	IFRS accounts
Assets					**Assets**
Cash and cash equivalents	34,329	-	-	34,329	Cash and cash equivalents
Trade and other receivables	37,149	-	-	37,149	Trade and other receivables
Inventories	137,326	-	-	137,326	Inventories
Prepaid expenses	1,960	-	-	1,960	Other current assets
Current assets	210,764	-	-	210,764	**Current assets**
Property & equipment	23,974	(271)	-	23,703	Property and equipment
Intangible assets	45,059	(13,100)	-	31,959	Intangible assets
Goodwill	221	-	-	221	Goodwill
Future income tax	-	3,377	(1,868)	1,509	Deferred tax
Prepaid rent	3,423	-	(3,423)	-	
Other assets	56	-	(56)	-	
	-	-	3,479	3,479	Other long-term assets
Total assets	283,497	(9,994)	(1,868)	271,635	**Total assets**
Liabilities					**Equity and Liabilities**
Accounts payable	25,190	-	-	25,190	Trade and other payables
Revolving floorplan facilities	145,652	-	-	145,652	Revolving floorplan facilities
Income taxes payable	555	-	-	555	Current tax payable
	-	-	167	167	Current lease obligations
Current portion of long term debt	443	-	(167)	276	Current indebtedness
Current liabilities	171,840	-	-	171,840	**Current Liabilities**
	-	-	157	157	Long-term lease obligations
Future income taxes	1,868	-	(1,868)	-	
Long-term debt	24,200	-	(157)	24,043	Long-term indebtedness
Total liabilities	197,908	-	(1,868)	196,040	**Total liabilities**
Shareholders' equity	-	-	-	-	**Equity**
Share capital	190,435	-	-	190,435	Share capital
Contributed surplus	3,918	-	-	3,918	Contributed surplus
Deficit	(108,764)	(9,994)	-	(118,758)	Accumulated deficit
Total shareholders' equity	85,589	(9,994)	-	75,595	**Total equity**
Total liabilities and equity	283,497	(9,994)	(1,868)	271,635	**Total equity and liabilities**

27 Transition to IFRS continued

Reconciliation of Comprehensive Income for the three month period ended September 30, 2010

Canadian GAAP accounts	**CGAAP Balance $**	**IFRS Adjustments $**	**IFRS Reclassifications $**	**IFRS Balance $**	**IFRS accounts**
Vehicles	204,480	-	(204,480)	-	
Parts, service and collision repair	27,222	-	(27,222)	-	
Other	449	-	(449)	-	
Revenue	232,151	-	(861)	231,290	Revenue
Cost of sales	(193,816)	-	486	(193,330)	Cost of sales
Gross profit	38,335	-	(375)	37,960	**Gross profit**
Selling, general and administrative	32,138	26	1,031	33,195	Operating expenses
Interest	2,464	-	(2,464)	-	
Amortization	1,032	-	(1,032)	-	
Earnings before income taxes	2,701	(26)	2,090	4,765	**Operating profit**
	-	-	(2,464)	(2,464)	Finance costs
	-	-	374	374	Finance income
Earnings before income taxes	2,701	26	-	2,675	**Net comprehensive income for the period before taxation**
Income tax	699	(7)	-	692	Income tax
Net earnings	2,002	19	-	1,983	**Net comprehensive income for the period**

27 Transition to IFRS continued

Reconciliation of Comprehensive Income for the nine month period ended September 30, 2010

Canadian GAAP accounts	CGAAP Balance $	IFRS Adjustments $	IFRS Reclassifications $	IFRS Balance $	IFRS accounts
Vehicles	592,838	-	(592,838)	-	
Parts, service and collision repair	82,520	-	(82,520)	-	
Other	962	-	(962)	-	
Revenue	676,320	-	(1,374)	674,946	**Revenue**
Cost of sales	(561,421)	-	487	(560,934)	Cost of sales
Gross Profit	114,899	-	(887)	114,012	**Gross profit**
Selling, general and administrative	95,245	82	2,900	98,227	Operating expenses
Interest	7,127	-	(7,127)	-	
Amortization	2,887	-	(2,887)	-	
Earnings before income taxes	9,640	(82)	6,227	15,785	**Operating profit before other income**
	-	-	14	14	Gain (loss) on disposal of assets
Earnings before income taxes	9,640	(82)	6,241	15,799	**Operating profit**
	-	-	(7,127)	(7,127)	Finance costs
	-	-	886	886	Finance income
Earnings before income taxes	9,640	(82)	-	9,558	**Net comprehensive income for the period before taxation**
Income tax	2,558	(20)	-	2,538	Income tax
Net earnings	7,082	(62)	-	7,020	**Net comprehensive income for the period**