AutoCanada Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)
March 31, 2012
(expressed in Canadian dollar thousands except share and per share amounts)

AutoCanada Inc.

Condensed Interim Consolidated Statements of Comprehensive Income

(Unaudited)

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

	Three month period ended March 31, 2012 $	Three month period ended March 31, 2011 $
Revenue (Note 6)	248,397	210,784
Cost of sales (Note 7)	(205,548)	(174,349)
Gross profit	42,849	36,435
Operating expenses (Note 8)	(35,381)	(31,891)
Operating profit before other income	7,468	4,544
Loss on disposal of assets	(27)	(7)
Operating profit	7,441	4,537
Finance costs (Note 9)	(2,330)	(2,120)
Finance income (Note 9)	443	267
Net comprehensive income for the period before taxation	5,554	2,684
Income tax (Note 10)	1,441	690
Net comprehensive income for the period	4,113	1,994
Earnings per share (Note 18)		
Basic	0.207	0.100
Diluted	0.207	0.100
Weighted average shares (Note 18)		
Basic	19,880,930	19,880,930
Diluted	19,880,930	19,880,930

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

Approved on behalf of the Company:

(Signed) "Gordon R. Barefoot", Director

(Signed) "Robin Salmon", Director

AutoCanada Inc.

Condensed Interim Consolidated Statements of Financial Position

(in thousands of Canadian dollars)

	March 31, 2012 (Unaudited) $	December 31, 2011 (Audited) $
ASSETS		
Current assets		
Cash and cash equivalents	53,403	53,641
Trade and other receivables (Note 11)	51,380	42,448
Inventories (Note 12)	155,778	137,040
Other current assets	1,303	1,120
	261,864	234,249
Property and equipment	24,846	25,975
Intangible assets	66,181	66,181
Goodwill	380	380
Other long-term assets	8,036	7,609
	361,307	334,394
LIABILITIES		
Current liabilities		
Trade and other payables (Note 13)	31,924	32,303
Revolving floorplan facilities (Note 14)	178,145	150,816
Current tax payable	9,204	2,046
Current lease obligations (Note 15)	663	1,204
Current indebtedness (Note 14)	2,833	2,859
	222,769	189,228
Long-term indebtedness (Note 14)	20,071	20,115
Deferred tax	3,875	12,056
	246,715	221,399
EQUITY		
Share capital (Note 18)	190,435	190,435
Contributed surplus	4,186	3,918
Accumulated deficit	(80,029)	(81,358)
	114,592	112,995
	361,307	334,394

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Changes in Equity
For the Periods Ended
(Unaudited)

(in thousands of Canadian dollars)

	Share capital	Contributed surplus	Total capital	Accumulated deficit	Equity
	$	$	$	$	$
Balance, January 1, 2012	190,435	3,918	194,353	(81,358)	112,995
Net comprehensive income	-	-	-	4,113	4,113
Dividends declared on common shares	-	-	-	(2,784)	(2,784)
Share based compensation	-	268	268	-	268
Balance, March 31, 2012	190,435	4,186	194,621	(80,029)	114,592

	Share capital	Contributed surplus	Total capital	Accumulated deficit	Equity
	$	$	$	$	$
Balance, January 1, 2011	190,435	3,918	194,353	(111,979)	82,374
Net comprehensive income	-	-	-	1,994	1,994
Dividends declared on common shares	-	-	-	(795)	(795)
Balance, March 31, 2011	190,435	3,918	194,353	(110,780)	83,573

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

AutoCanada Inc.

Condensed Interim Consolidated Statements of Cash Flows
For the Periods Ended
(Unaudited)

(in thousands of Canadian dollars)

	Three month period ended March 31, 2012	Three month period ended March 31, 2011
Cash provided by (used in):		
Operating activities		
Net comprehensive income before tax	4,113	1,994
Income taxes	1,441	690
Amortization of prepaid rent	113	113
Amortization of property and equipment	1,024	1,080
Share-based compensation	163	-
Loss on disposal of assets	27	7
Income taxes paid	(2,372)	-
Net change in non-cash working capital	(1,001)	284
	3,508	4,168
Investing activities		
Purchases of property and equipment	(361)	(930)
Prepayments of rent	(540)	(540)
Proceeds on sale of property and equipment	33	-
	(868)	(1,470)
Financing activities		
Repayment of long-term indebtedness	(94)	(107)
Dividends paid	(2,784)	(795)
	(2,878)	(902)
Increase (decrease) in cash	(238)	1,796
Cash and cash equivalents at beginning of period	53,641	37,541
Cash and cash equivalents at end of period	53,403	39,337

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

1 General Information

Entity information

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. The address of its registered office is 200, 15505 Yellowhead Trail, Edmonton, Alberta, Canada, T5V 1E5.

2 Basis of presentation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook").

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Report Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

The condensed consolidated interim financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through the income statement.

These financial statements were approved by the Board of Directors on May 8, 2012.

3 Significant Accounting Policies

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are the same accounting policies and methods of computation as disclosed in the annual financial statements for the year ended December 31, 2011.

4 Critical accounting estimates, judgments & measurement uncertainty

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The following discussion sets forth management's:

- most critical estimates and assumptions in determining the value of assets and liabilities; and
- most critical judgments in applying accounting policies.

Intangible assets and goodwill

Intangible assets and goodwill arise out of business combinations. The Company applies the acquisition method of accounting to these transactions, which involves the allocation of the cost of an acquisition to the underlying net assets acquired based on their respective estimated fair values. As part of this allocation process, the Company must identify and attribute values to the intangible assets acquired. These determinations involve significant estimates and assumptions regarding cash flow projections, economic risk and weighted average cost of capital.

These estimates and assumptions determine the amount allocated to intangible assets and goodwill. If future events or results differ significantly from these estimates and assumptions, the Company could record impairment charges in the future.

The Company tests at least annually whether intangible assets and goodwill has suffered impairment, in accordance with its accounting policies. The recoverable amounts of CGU's have been estimated based on the greater of fair value less costs to sell and value-in-use calculations.

Inventories

Inventories are recorded at the lower of cost and net realizable value with cost determined on a specific item basis for new and used vehicles. In determining net realizable value for new vehicles, the Company primarily considers the age of the vehicles along with the timing of annual and model changeovers. For used vehicles, the Company considers recent market data and trends such as loss histories along with the current age of the inventory. The determination of net realizable value for inventories involves the use of estimates.

Income taxes

The Company computes an income tax provision in each of the jurisdictions in which it operates using an annualized effective tax rate for the interim period. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period.

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

4 Critical accounting estimates, judgments & measurement uncertainty continued

In interim periods, the income tax provision is based on an estimate of how much earnings will be in a full year by jurisdiction. The estimated average annual effective income tax rates are re-estimated at each interim reporting date, based on full year projections of earnings by jurisdiction. To the extent that forecasts differ from actual results, true-ups are recorded in subsequent periods.

Allowance for doubtful accounts

The Company must make an assessment of whether accounts receivable are collectible from customers. Accordingly, management establishes an allowance for estimated losses arising from non-payment and other sales adjustments, taking into consideration customer creditworthiness, current economic trends and past experience. If future collections differ from estimates, future earnings would be affected.

Estimated useful life of property and equipment

The Company estimates the useful life and residual values of property and equipment and reviews these estimates at each financial year end. The Company also tests for impairment when a trigger event occurs.

5 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 the Company's major vehicle manufacturers and parts suppliers, and Ally Credit, which provides the Company with revolving floorplan facilities for 22 of its 24 dealerships.

The Company’s interim consolidated financial statements include the operations of 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 period-ended March 31, 2012 (2011 – 74%), 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 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 March 31, 2012 and December 31, 2011 the Company had recorded the following assets that relate to transactions it has entered into with Chrysler Canada:

	March 31, 2012	**December 31, 2011**
	$	**$**
Accounts receivable	4,541	5,032
New vehicle inventory	82,706	72,749
Demonstrator vehicle inventory	3,908	4,338
Parts and accessories inventory	4,722	6,081

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

5 Economic dependence continued

The Company maintains revolving floorplan facilities for 22 of its 24 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 March 31, 2012 and December 31, 2011, the Company had recorded the following assets and liabilities that relate to transactions it has entered into with Ally Credit:

	March 31, 2012 $	December 31, 2011 $
Cash and cash equivalents	38,285	38,730
Revolving floorplan facility - Ally Credit	175,579	148,587

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

6 Revenue

	Three month period ended March 31 2012 $	Three month period ended March 31 2011 $
New vehicles	147,383	128,303
Used vehicles	60,453	44,906
Finance and insurance	13,648	11,113
Parts, service and collision repair	26,913	26,462
	248,397	210,784

7 Cost of sales

	Three month period ended March 31, 2012 $	Three month period ended March 31, 2011 $
New vehicles	135,337	118,579
Used vehicles	56,041	41,420
Finance and insurance	1,261	1,166
Parts, service and collision repair	12,909	13,184
	205,548	174,349

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

8 Operating expenses

	Three month period ended March 31, 2012 $	Three month period ended March 31, 2011 $
Employee costs	22,108	18,067
Administrative costs [1]	9,314	9,825
Facility lease costs	2,935	2,919
Depreciation	1,024	1,080
	35,381	31,891

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

9 Finance costs and finance income

	Three month period ended March 31, 2012 $	Three month period ended March 31, 2011 $
Long term debt	230	283
Floorplan financing	1,935	1,685
Other interest expense	165	152
	2,330	2,120
Short term bank deposits	(443)	(267)

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

10 Taxation

Components of income tax expense are as follows:

	Three month period ended March 31 2012 $	**Three month period ended March 31 2011 $**
Current	9,622	3,577
Deferred tax	(8,181)	(2,887)
Income tax expense	1,441	690

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 period ended March 31, 2012 was 26%.

11 Trade and other receivables

	March 31, 2012 $	**December 31, 2011 $**
Trade receivables	49,982	41,293
Less: Allowance for doubtful accounts	(344)	(359)
Net trade receivables	49,638	40,934
Other receivables	1,742	1,514
Trade and other receivables	51,380	42,448

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.

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

12 Inventories

	March 31, 2012 $	December 31, 2011 $
New vehicles	115,074	101,135
Demonstrator vehicles	5,908	6,302
Used vehicles	26,974	21,531
Parts and accessories	7,822	8,072
	155,778	137,040

During the period ended March 31, 2012, $205,548 of inventory (2011 - $174,349) was expensed as cost of goods sold which included net write-downs on used vehicles of $65 (2011 - $70 net recovery of write-downs). During the period ended March 31, 2012, $274 of demonstrator expense (2011 - $332) was included in selling, general, and administration expense. As at March 31, 2012, the Company had recorded reserves for inventory write downs of $1,384 (2010 - $1,450).

13 Payables, accruals and provisions

	March 31, 2012 $	December 31, 2011 $
Trade payables	15,348	15,092
Accruals and provisions	5,233	5,327
Sales tax payable	900	2,239
Wages and witholding taxes payable	10,443	9,645
	31,924	32,303

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

14 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 21 - Financial instruments in the annual financial statements for the year ended December 31, 2011.

	March 31, 2012 $	December 31, 2011 $
Current indebtedness		
Current portion of indebtedness	2,833	2,859
Revolving floorplan facilities - Ally (i)	175,579	148,587
Revolving floorplan facilities - VCCI (ii)	2,566	2,228
	180,978	153,674
Non-current indebtedness		
HSBC revolving term loan (iii)	17,000	17,000
HSBC non-revolving fixed term loan (iv)	3,071	3,115
Total indebtedness	201,049	173,789

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, bear interest at the Prime Rate plus 0.20% (4.20% at March 31, 2012) and are payable monthly in arrears. Prime Rate is defined as the greater of the Royal Bank of Canada ("RBC") prime rate (3.00% at March 31, 2012) 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 The revolving floorplan facilities ("VCCI facilities") are available to the Company from VW Credit Canada, Inc. ("VCCI") to finance new and used vehicles for the Abbotsford and Chilliwack Volkswagen dealerships. The VCCI facilities bear interest at the Royal Bank of Canada ("RBC") prime rate plus 0.75% for new vehicles and 1.25% for used vehicles (RBC prime rate = 3.00% at March 31, 2012). The maximum amount of financing provided by the VCCI facilities is $7,300. The VCCI facilities are collateralized by both of the dealerships' assets financed by VCCI and all cash and other collateral in the possession of VCCI and a general security agreement from the Abbotsford and Chilliwack Volkswagen dealerships. The individual notes payable of the VCCI facilities are due when the related vehicle is sold, as outlined in the agreement with VW Credit Canada, Inc.

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

14 Indebtedness continued

iii 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 March 31, 2012). 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.

iv 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 March 31, 2012). 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 March 31, 2012, the carrying amount of the Newmarket Infiniti Nissan property was $5,570.

v 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 March 31, 2012, the carrying amount of the Cambridge Hyundai property was $3,333.

15 Leases

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

	March 31, 2012 $	**December 31, 2011 $**
Current		
Vehicle repurchase obligations (i)	565	1,082
Current finance lease obligations (ii)	98	122
	663	1,204

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

15 Leases continued

Terms and conditions of lease obligations were as follows:

i The Company provides 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 a 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.

Other leasing arrangements:

In conjunction with the acquisition of Valley Autohouse, the Company acquired an in house leased vehicle portfolio in which the Company acts as lessor. The vehicles are leased to third parties pursuant to non cancellable operating lease agreements. As at March 31, 2012, the lease terms for the remaining vehicle leases range from 33 to 45 months. The future aggregate minimum lease payments receivable under the non cancellable operating leases are $54 within 1 year and $38 thereafter. The Company intends to wind down the in house lease program at this location over the next 45 months.

16 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 19) and other third parties. The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	March 31, 2012 $	**December 31, 2011 $**
2012	7,404	10,109
2013	9,074	8,611
2014	8,770	8,307
2015	8,447	7,984
2016	7,262	6,881
Thereafter	56,481	56,481
	97,438	98,373

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

16 Commitments and Contingencies continued

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.

17 Share-based payments

The Company operates a combination of cash and equity settled compensation plan under which it receives services from employees as consideration for cash payments. The plan is described below:

Restricted Share Units (RSUs)

The Company grants RSUs to designated management employees entitling them to receive a combination of cash and common shares based on the Company's share price at each vesting date. The RSUs are also entitled to earn additional units based on dividend payments made by the Company and the share price on date of payment. The RSUs granted are scheduled to vest evenly over three years conditional upon continued employment with the Company.

	March 31 2012 Number of RSUs	**March 31 2011 Number of RSUs**
Outstanding, beginning of the period	12,245	-
Granted	76,916	11,752
Dividends reinvested	189	-
Outstanding, end of the period	89,350	11,752

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

18 Share capital

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

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 three month period ended March 31, 2012, eligible dividends totaling $0.14 per common share were declared and paid.

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 March 31, 2012 $	Three month period ended March 31, 2011 $
Earnings attributable to common shares	4,113	1,994

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

	Three month period ended March 31, 2012	Three month period ended March 31 2011
Weighted-average number of shares outstanding	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.

19 Related party transactions

Transactions with COAG and affiliates

As of March 31, 2012, Canada One Auto Group ("COAG") and affiliates beneficially owned approximately 46.8% 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 period ended March 31, 2012, the Company prepaid rent amounts 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 period ended March 31, 2012 was $540 (2011 - $540) of which $113 (2011 - $113) has been amortized as a reduction in current period facilities lease costs.

b Rent paid to companies with common directors

During the period ended March 31, 2012, total rent paid to companies with common directors amounted to $1,971 (2011 - $1,974). The Company currently leases thirteen of twenty-four 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.

c Management fees and non-competition fees

During the period ended March 31, 2012 total management and non-competition fees received from companies with common directors amounted to $79 (2011 - $43).

20 Subsequent Events

Kia Canada

On April 20, 2012, the Company announced that it had signed a Letter of Intent with Kia Canada for an open point dealership in Edmonton, Alberta. The Company intends to operate the dealership out of a new facility with construction to begin in the second quarter of 2012 and anticipated completion in late 2013. At this time, detailed construction plans and estimates have not been completed; however, a preliminary estimate for the cost of land, construction and capital assets is approximately $10 million.

Nicholson Chevrolet

On May 1, 2012, the Company announced that it had obtained approval from General Motors of Canada (“GM Canada”) to purchase a 31% non-voting equity interest in Nicholson Chevrolet ("Nicholson"). The Company made an investment of approximately $2.9 million in non-voting shares of a holding company controlled by a related party ("Dealer Holdings"). On May 1, 2012, Dealer Holdings purchased a 49% interest in Nicholson, with an option to purchase an additional 2% of Nicholson upon successful relocation of the dealership or within 6 months. The purchase price of the dealership is subject to further due diligence; therefore, the investment amount above is subject to change.

21 Seasonal nature of the business

The Company’s results from operations for the period ended March 31, 2012 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 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.

22 Comparative figures

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