



Second Quarter Report

Q2  
2006

FOR THE SIX MONTHS ENDED  
JUNE 30, 2006

CANADA'S LEADING SPECIALTY FINANCE INCOME FUND

A growth-oriented income trust, Carfinco focuses on providing consumer car loans to borrowers unable to obtain financing through traditional lending sources. A network of select independent and franchise dealerships offer Carfinco's payment plan to their customers who must, along with the vehicle, meet Carfinco's stringent credit criteria.

### To Our Unitholders

The second reporting period of 2006 saw Carfinco Income Fund's financial results exceed previous benchmarks to become our most successful quarter ever. As we noted in our last quarterly report, Q1 can be a challenging period to post significant increases in growth. With historical experience on seasonality, we anticipated Q2 to surpass the performance of Q1. We are pleased to report that Carfinco's business did, in fact, reflect our forecast for stronger financial results. Carfinco's solid Q2 performance was achieved by continuing to maintain our focus on expansion and growth, as we have since our inception.

Earnings per unit for the second quarter of 2006 were \$0.084 compared to \$0.060 for the second quarter of 2005 and \$0.075 for the first quarter of 2006. This represents the 11th consecutive quarter that total earnings and earnings per unit have increased. In addition, the annualized return on Unitholders' equity for the second quarter of 2006 is 54.2%.

Loan originations were strong during the second quarter at \$15.3 million, a year-over-year increase of 23.4% from \$12.4 for the second quarter of 2005 and a 36.6% increase from the loan originations of \$11.2 million for the first quarter of 2006.

Carfinco's key financial areas posted respectable increases in the second quarter. Finance receivables were \$68.7 million, a year-over-year increase of 28.8% from \$53.3 million for the second quarter of 2005, and a solid improvement from \$62.9 million in the first quarter of 2006. Total revenue stood at \$5.3 million, a 33.1% increase from \$4.0 million in recorded revenue for Q2 2005, and an increase over Q1 2006 revenue of \$4.8 million. Correspondingly, Carfinco's net earnings rose to \$1.5 million in the quarter, increasing 42.8% from \$1.1 million posted in the first quarter of 2005. Net earnings were also above the \$1.4 million stated for the first quarter of 2006.

We also again raised cash distributions to Unitholders, to \$0.026 per trust unit for July 2006. This was the fourth increase in Carfinco's monthly distributions since June 2005



and followed an announcement in April of this year that we would raise distributions to \$0.025 per trust unit. Our current distribution equates to a \$0.312 annualized run rate and brings the total year-to-date cash distribution per unit, as at July 31, to \$0.173.

For the first six months of fiscal 2006 the fund has distributed a total of \$2.7 million to Unitholders, which is 92.7% of the net earnings of \$2.9 million.

Carfinco's increased loan originations and robust financial results are all the more remarkable considering that our March, 2006 announced partnership with Curomax has yet to become operational. The growth to date has occurred without the benefit of the two portals Carfinco has entered into agreements with. Once the Curomax arrangement and DealerAccess arrangement, announced in July 2006, become active, Carfinco will have an even deeper reach into the nation's car dealerships.

Carfinco also announced in July 2006 that the Government of Saskatchewan approved the Fund's application for licensing in that province, bringing the number of provinces in which we operate to nine. We have already commenced lending activity there.

Finally, effective August 1, 2006, Carfinco launched its new website, which we invite you to visit at [www.carfinco.com](http://www.carfinco.com).

With two quarters behind us, Carfinco's focus for the second half of 2006 will be to continue to provide financing to non-prime vehicle purchasers. It is a strategy that has clearly served the Fund well and, more importantly, created stable and growing returns for our Unitholders. Our dedication to steady value creation through prudent planning, creative thinking and hiring and retaining the best talent will continue to guide management and lead to Carfinco's ongoing success.

Sincerely,

**TRACY GRAF**  
Chief Executive Officer



# MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Carfinco Income Fund (the "Fund") should be read in conjunction with, and is qualified by, the Fund's audited consolidated financial statements for the years ended December 31, 2005 and 2004 and the accompanying notes to those consolidated financial statements contained in the 2005 Annual Report.

This analysis has been prepared taking into consideration information available to August 3, 2006.

This report contains certain forward-looking statements that involve a number of known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in our forward-looking statements.

## Overview

Carfinco Income Fund is an unincorporated open-end mutual fund trust established under the laws of Ontario by a Deed of Trust made as of August 26, 2002, as amended and restated on April 23, 2004. The Fund owns 100% of Carfinco Holdings Trust, a wholly owned unincorporated trust, established under the laws of Ontario and 100% of Carfinco Inc., a wholly owned subsidiary, established under the laws of Ontario. Carfinco Holdings Trust holds an 89.36% interest in Carfinco Limited Partnership, and Carfinco Inc. ("Carfinco") holds the remaining 10.64% interest, and is the general partner of Carfinco Limited Partnership. The Fund trades its trust units on the Toronto Stock Exchange under the symbol "CFN.UN."

The Fund, through Carfinco Limited Partnership, purchases loans, originated by select independent and franchise vehicle dealers to consumers buying late-model used automobiles. Since commencing the purchase of contracts in March 1997, the Fund (and formerly, Carfinco) has acquired more than \$16.9 million in repair finance contracts and \$181.2 million in vehicle purchase contracts. The Fund targets borrowers who are typically unable to obtain financing from traditional sources.

To fund the acquisition of receivables, the Fund uses its borrowings under its credit facility, as well as borrowings through subordinated debenture issuances. The Fund generates interest and fee income on its finance receivables and pays interest expense on borrowings under its credit facility and on outstanding subordinated debentures.

## Results of Operations

The total revenue for the second quarter of 2006 was \$5,290,427, an increase of \$1,316,900 over the total revenue of \$3,973,527 for the second quarter of 2005. Total revenue for the six months ended June 30, 2006 was \$10,105,809, an increase of \$2,713,467 over the total revenue of \$7,392,342 for the six months ended June 30, 2005. The net earnings for the second quarter of 2006 were \$1,547,018, an increase of \$463,380 over the net earnings of \$1,083,638 for the second quarter of 2005. Net earnings for the six months ended June 30, 2006 was \$2,943,066, an increase of \$1,021,671 over the net earnings of \$1,921,395 for the six months ended June 30, 2005. The earnings per fund unit for the second quarter of 2006 were \$0.08, an increase over the earnings per fund unit of \$0.06 in the second quarter of 2005. Earnings per fund unit for the six months ended June 30, 2006 were \$0.16, an increase over the earnings per fund unit of \$0.11 during the six months ended June 30, 2005.



Overall, total revenue increased 33.1%, net earnings increased 42.8% and earnings per fund unit increased 33.3% from the second quarter of 2005 to the second quarter of 2006. Total revenue increased 36.7%, net earnings increased 53.2% and earnings per fund unit increased 45.5% from the six months ended June 30, 2005 to the six months ended June 30, 2006.

The Fund made cash distributions of 92.7% of its net earnings for the six months ended June 30, 2006 compared to 98.3% of its net earnings for the six months ended June 30, 2005.

The Fund commenced monthly cash distributions in April 2005 at the rate of \$0.021 (\$0.252 annually) per trust unit held. Prior to this, the Fund issued cash distributions on a quarterly basis. The monthly cash distribution rate increased twice during 2005, to \$0.022 (\$0.264 annually) in July 2005 and to \$0.024 (\$0.288 annually) in October 2005. The monthly cash distribution rate for the first quarter of 2006 was \$0.024 and was increased to \$0.025 (\$0.300 annually) in April 2006 and to \$0.026 in July 2006 (\$0.312 annually). The Fund intends to continue adjusting the cash distribution rate to efficiently distribute the Fund's net earnings and to distribute the Fund's remaining taxable income through the issuance of additional trust units and/or cash at year-end.

## Revenue

Revenues increased by \$1,316,900, or 33.1%, from the second quarter of 2005 to the second quarter of 2006 and by \$2,713,467, or 36.7%, from the six months ended June 30, 2005 to the six months ended June 30, 2006. As well, revenues increased by \$475,045, or 9.9%, from the first quarter of 2006 to the second quarter of 2006.

Interest income increased \$854,474, or 24.9%, from the second quarter of 2005 to the second quarter of 2006 and increased by \$1,662,916, or 25.6%, from the six months ended June 30, 2005 to the six months ended June 30, 2006. As well, interest income increased by \$431,562, or 11.2%, from the first quarter of 2006 to the second quarter of 2006. Overall, the increase in interest income is directly related to the growth in the finance receivable portfolio.

Administration fee income increased \$462,426, or 86.3%, from the second quarter of 2005 to the second quarter of 2006 and by \$1,050,551, or 116.4%, from the six months ended June 30, 2005 to the six months ended June 30, 2006. The Fund defers administration fees charged to the customer, in excess of the costs incurred, on the origination of finance receivables. The net fee is then recorded to income on an effective yield basis over the expected life of the contracts originated.

Revenues are anticipated to move in conjunction with the growth in the finance receivable portfolio. The larger portfolio generates additional interest income and origination and collection activity generates additional administration fee income.

## Expenses

Expenses increased by \$853,520, or 29.5%, from the second quarter of 2005 to the second quarter of 2006 and by \$1,691,796, or 30.9%, from the six months ended June 30, 2005 to the six months ended June 30, 2006. As well, expenses increased by \$324,075, or 9.5%, from the first quarter of 2006 to the second quarter of 2006.



The interest expense increased \$223,513, or 50.5%, from the second quarter of 2005 to the second quarter of 2006 and increased by \$275,091, or 27.5%, from the six months ended June 30, 2005 to the six months ended June 30, 2006. Overall, the increases are due to increases in the average prime interest rate and to increases in the average outstanding credit facility.

The financing fees increased \$9,828, or 103.0%, from the second quarter of 2005 to the second quarter of 2006 and increased by \$17,628, or 99.2%, from the six months ended June 30, 2005 to the six months ended June 30, 2006.

The provision for credit losses decreased \$4,203, or nil%, from the second quarter of 2005 to the first quarter of 2006 and increased by \$230,728, or 9.5% from the six months ended June 30, 2005 to the six months ended June 30, 2006. The \$1,365,874 (first quarter 2006 – \$1,300,220; second quarter 2005 – \$1,370,077) provision is comprised of \$1,275,874 (first quarter 2006 – \$1,240,670; second quarter 2005 – \$1,088,577) in net write-offs and a \$90,000 (first quarter 2006 – \$59,550; second quarter 2005 – \$281,500) increase in the allowance for credit losses.

The amortization decreased \$7,864, or 29.5%, from the second quarter of 2005 to the second quarter of 2006 and decreased by \$10,994, or 23.4%, from the six months ended June 30, 2005 to the six months ended June 30, 2006. Purchases of capital assets were \$12,613 during the second quarter of 2006 compared to \$54,976 for the first quarter of 2006 and \$22,303 for the second quarter of 2005.

General and administrative expenses increased \$632,246, or 60.7%, from the second quarter of 2005 to the second quarter of 2006 and by \$1,179,343, or 59.8%, from the six months ended June 30, 2005 to the six months ended June 30, 2006. The increase in general and administrative expenses is due to the overall expansion of the operational structure to accommodate the growth in the finance receivable portfolio. Specifically, salaries and benefits costs have increased as a result of higher staffing levels and loan administration costs have increased due to higher funding volumes.

## Asset Review

Total assets increased by \$6,317,035, or 11.2%, to \$62,955,680 at June 30, 2006 from \$56,638,645 at December 31, 2005 and by \$13,124,265, or 26.3%, from \$49,831,415 at June 30, 2005. Non-portfolio assets decreased \$26,489, or 4.5%, from \$584,211 at December 31, 2005 to \$557,722 at June 30, 2006 and decreased by \$176,221, or 24.0%, from \$733,943 at June 30, 2005.

The finance receivables grew during the six months ended June 30, 2006 by \$7,542,001, or 12.3%, over the balance at December 31, 2005 and by \$15,368,408, or 28.8%, over the balance at June 30, 2005. As well, the finance receivables grew by \$5,743,735, or 9.1%, during the second quarter of 2006 compared to only 2.9% during the first quarter of 2006. Funds advanced on finance receivables during the six months ended June 30, 2006 amounted to \$21,836,000 compared to \$19,931,024 for the six months ended June 30, 2005. As well, the funds advances on finance receivables increased by \$3,500,106, or 38.2%, from the first quarter to the second quarter of 2006. The Fund's strategy is to produce growth in the finance receivables portfolio through geographic and dealer network expansion. Management has taken steps to increase funding volume in 2006 by hiring dealer representatives in new geographic markets. The Fund continues to adhere to consistent underwriting standards to achieve portfolio growth.



All finance receivables are secured, under the applicable provincial personal property registry, by motor vehicle collateral. The increase in the size of the finance receivable portfolio is due to the Fund's expansion in the non-prime sector of the auto finance industry. The Fund's strategy continues to be that of the alternative lender to major financial institutions in the higher-risk used vehicle finance market.

The Fund's allowance for credit losses, including dealer reserve, increased \$1,198,477, or 23.6%, to \$6,278,172 at June 30, 2006 from December 31, 2005 and by \$2,067,922, or 49.1%, from June 30, 2005. Allowance for credit losses, including dealer reserve, as a percent of finance receivables was 9.1% at June 30, 2006, 8.3% at December 31, 2005 and 7.9% at June 30, 2005. The Fund will continue to monitor its credit loss experience and make additional provisions, as it deems appropriate.

The Fund establishes and maintains an allowance for credit losses, which it considers the best possible estimate of probable credit losses existing in the finance receivable portfolio. The allowance for credit losses consists of accumulated specific and general components, which are deducted from the finance receivable portfolio. In addition to the allowance for credit losses, a dealer reserve has been established using dealer discounts to absorb potential credit losses. The provision for credit losses is adjusted to the extent actual credit losses exceed, or are less than the Fund's total loss reserves. The Fund believes that the allowance for credit losses is currently adequate to absorb losses existing in the finance receivable portfolio.

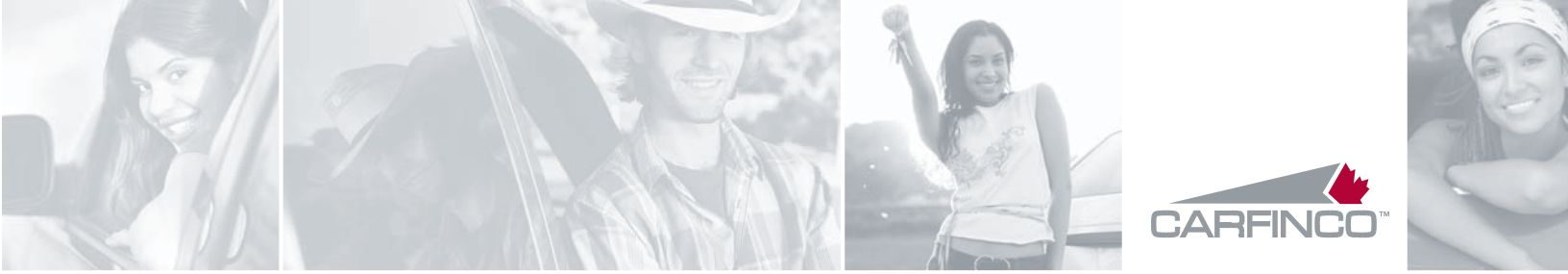
The Fund's finance receivable portfolio is composed of a large number of homogenous consumer loans, with relatively small balances, originated in the same industry, and as such, the evaluation of the allowance for credit losses is performed collectively for the group. The estimated allowance for credit loss requirements is determined by assessing the individual finance receivables in arrears, the perceived effect of current economic conditions or other circumstances on the remaining finance receivables, the historical industry ratios of write-offs, and the Fund's current write-off and recovery experience.

## Liability Review

Total liabilities increased by \$6,289,430, or 13.9%, to \$51,453,553 at June 30, 2006 from \$45,164,123 at December 31, 2005 and by \$13,209,152, or 34.5%, from \$38,244,401 at June 30, 2005.

The deferred administration fee balance increased during the six months ended June 30, 2006 by \$161,958, or 6.6%, from the balance at December 31, 2005 and increased by \$698,784, or 36.2%, over the balance at June 30, 2005. The increase in 2006 is due to the growth in the finance receivable portfolio and to the increased use of finance programs charging a higher fee to the dealer. The deferred administration fee balance includes the deferral of fees charged to the customer, in excess of costs incurred, and fees charged to the dealer. These fees are recognized as income on an effective yield basis over the expected life of the contracts originated.

The deferred dealer obligation balance increased during the six months ended June 30, 2006 by \$14,732, or 0.1%, from the balance at December 31, 2005 and increased by \$120,786, or 5.4%, from the balance at June 30, 2005. The marginal increase from the balance at December 31, 2005 is due to the continuing assessment of the deferred dealer obligation and the increase from the balance at June 30, 2005 is due to the growth in the finance program that uses the purchase of finance receivables at a discount. The Fund purchases certain finance receivables at a discount. The dealer has a vested interest in the performance of these finance receivables and can receive additional purchase consideration based on the collections from these finance receivables. The deferred dealer obligation represents the discount owed to the dealers, adjusted for estimated losses. The interest revenue is adjusted to the extent that the actual obligation exceeds or is less than this deferred dealer obligation.



## Delinquency and Losses

Credit losses, delinquency and provision, as at, and for each of the respective periods, were as follows:

(\$000s for stated values, except percentages)

	<b>JUNE 30, 2006</b>	<b>DECEMBER 31, 2005</b>	<b>JUNE 30, 2005</b>
Finance receivables outstanding at period end	\$ 68,676	\$ 61,134	\$ 53,308
Average finance receivables for the period	\$ 65,804	\$ 59,565	\$ 50,471
Nonperforming finance receivables at period end <sup>(1)</sup>	\$ –	\$ 269	\$ 178
Nonperforming percentage at period end	0.0%	0.4%	0.3%
Delinquent finance receivables at period end <sup>(2)</sup>	\$ 1,319	\$ 1,574	\$ 1,235
Delinquent percentage at period end	1.9%	2.6%	2.3%
Allowance and reserve as a percentage of the finance receivables	9.1%	8.3%	7.9%
Continuity of allowance for credit losses (for the three months ended):			
Allowance, beginning of period	\$ 3,520	\$ 3,370	\$ 2,879
Provision for credit losses	1,366	1,411	1,370
Write-offs	(1,764)	(1,760)	(1,467)
Recoveries	488	439	378
Allowance, end of period	\$ 3,610	\$ 3,460	\$ 3,160
Continuity of dealer reserve (for the three months ended):			
Reserve, beginning of period	\$ 2,267	\$ 900	\$ 899
Reserve on new volume	1,380	1,467	517
Write-offs	(1,111)	(877)	(410)
Recoveries	132	129	44
Reserve, end of period	\$ 2,668	\$ 1,619	\$ 1,050

(1) Nonperforming finance receivables are greater than 90 days contractually past due on their scheduled payments.

(2) Delinquent finance receivables are greater than 60 days contractually past due on their scheduled payments.

The Fund originates transactions in a relatively high-risk segment of the consumer finance industry; therefore, write-offs are anticipated. The management of the Fund establishes and maintains an allowance for credit losses, which it considers the best possible estimate of probable credit losses existing in the finance receivable portfolio. The Fund reviews static pool origination, historical industry ratios of write-offs, current write-offs and recovery experience, estimates of the underlying collateral value, and economic conditions and trends to make the necessary judgements as to the appropriateness of the allowance for loan losses. Although the Fund uses many resources to assess the adequacy of loss reserves, there is no precise method for estimating the losses existing in the finance receivable portfolio.

## Liquidity and Capital Resources

The Fund's primary sources of cash have been: cash flows from operating activities; borrowings under its credit facility; and the issuance of debt and equity. The Fund's primary uses of cash have been the funding of advances on finance receivables and



the purchase of certain capital assets. Management believes that the resources available to the Fund provide the needed capital to fund the anticipated expansion of the finance receivable portfolio and investments in operating infrastructure for fiscal 2006.

The Fund's capitalization at each period end are as follows:

(\$000s for stated values, except percentages)

	<b>JUNE 30, 2006</b>	<b>DECEMBER 31, 2005</b>	<b>JUNE 30, 2005</b>
Bank credit facility	\$ 43,878	\$ 39,060	\$ 33,420
Accounts payable and accrued liabilities	958	737	573
Deferred dealer obligation	2,339	2,324	2,218
<b>Total debt</b>	<b>\$ 47,175</b>	<b>\$ 42,121</b>	<b>\$ 36,211</b>
Unitholders' equity	\$ 11,502	\$ 11,475	\$ 11,587
Deferred gain	50	77	103
Deferred costs	(55)	(62)	(75)
Long term debt	1,600	500	–
<b>Total capitalization</b>	<b>\$ 13,097</b>	<b>\$ 11,990</b>	<b>\$ 11,615</b>
<b>Financial leverage</b>	<b>3.60:1</b>	<b>3.51:1</b>	<b>3.12:1</b>

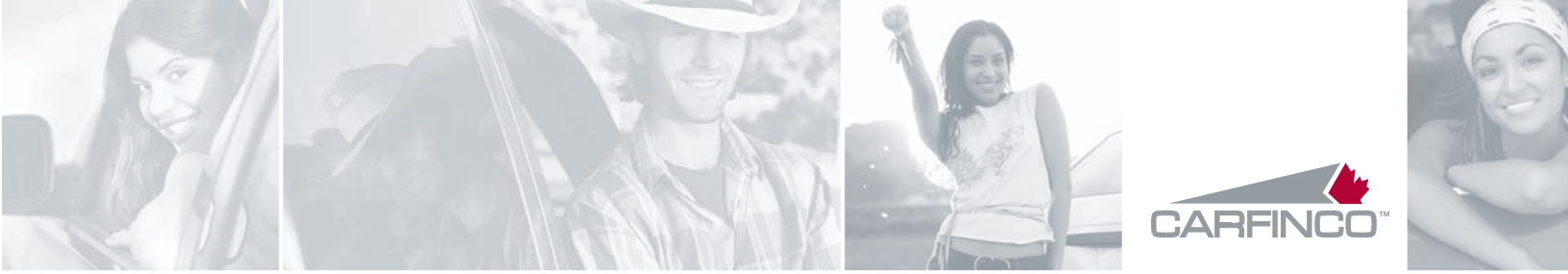
The Fund manages its capital resources by maximizing the financial leverage available under the credit facility. When additional capital is required, it is raised through subordinated debenture or unit issuances.

### Bank Credit Facility

The Fund executed a credit facility on November 27, 2002 with a national association of a foreign bank. The amount of borrowings available under this facility is \$50,000,000, subject to a defined borrowing base and a maximum financial leverage ratio of 3.75:1. The bank credit facility is the primary source of cash for funding growth in the finance receivable portfolio. As at June 30, 2006, a total of \$43,878,258 (December 31, 2005 – \$39,059,586; June 30, 2005 – \$33,419,761) was outstanding under the credit facility. The credit facility currently has a maturity date of June 30, 2007.

### Long Term Debt

As at June 30, 2006, the Fund had outstanding \$1,600,000 (December 31, 2005 – \$500,000; June 30, 2005 – \$nil) of 14% non-convertible subordinated debt. The subordinated debt is scheduled to mature on December 30, 2007. On April 8, 2005, the Fund redeemed \$4,150,000 of 16% non-convertible subordinated debt using proceeds from the issuance of additional trust units.



## Unitholders' Equity

The fund unit equity increased \$27,605, or 0.2%, during the six months ended June 30, 2006 from the balance at December 31, 2005 and decreased \$84,886, or 0.07%, from the balance at June 30, 2005. The changes in the fund unit equity are the result of differences between net earnings and cash distributions made and a unit purchase financing plan for key employees. On April 13, 2005, the Fund closed a private placement of units. The combined gross proceeds of the initial closing on April 8, 2005 and the second closing on April 13, 2005 are \$7,168,660, consisting of a total issuance of 2,757,177 units of the Fund at \$2.60 per unit. The net proceeds of \$6,837,708, after deducting issuance costs of \$330,952, were used to repay subordinated indebtedness and borrowings under the bank credit facility.

As at June 30, 2006, the following units of the Fund were issued and outstanding:

Units	18,519,102
Units held for unit purchase financing	60,000

## Distributions to Unitholders

(\$000s for stated values, except percentages)

SIX MONTHS ENDED

	<b>JUNE 30, 2006</b>	<b>DECEMBER 31, 2005</b>	<b>JUNE 30, 2005</b>
Net earnings	\$ 2,943	\$ 2,568	\$ 1,921
Adjustments:			
Change in allowance for credit losses	150	300	432
Other	(11)	(117)	-
Reserves	116	214	25
Share issue costs	(57)	(74)	(40)
	3,141	2,891	2,338
Amounts reinvested by the Fund	(412)	(213)	(448)
Cash distributions paid	\$ 2,729	\$ 2,678	\$ 1,890
Cash distributions per fund unit	\$ 0.147	\$ 0.146	\$ 0.103
Unit distributions per fund unit	\$ -	\$ 0.036	\$ -

The Fund will distribute all or virtually all of its distributable cash each year, net of any reserve deemed prudent by the Trustees of the Fund. Cash distributions are determined as net earnings reconciled to taxable income of the Fund and is further adjusted for amounts reinvested by the Fund. Any taxable income not distributed to the unitholders in the form of cash during the year is distributed in the form of additional trust units and/or cash at year-end.



## Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations is made with reference to the audited consolidated financial statements for the year ended December 31, 2005. A summary of the Fund's significant accounting policies are presented in Note 1 to these consolidated financial statements. Some of our accounting policies, as required by generally accepted accounting principles, require management to make subjective, complex judgements and estimates to matters that are inherently uncertain. The Fund believes the following are the most critical accounting estimates that affect its operating results and that would have the most material effect on the financial statements should these policies change or be applied in a different manner.

### REVENUE RECOGNITION

Interest income is recorded on an accrual basis. Fees, net of applicable costs, charged to the customer and to the dealer are deferred and then the deferred fee components are recognized as revenue and expense on an effective yield basis over the expected life of the contracts originated. Charges related to the subsequent administration of the finance receivables are recognized upon collection of funds.

### ALLOWANCE FOR CREDIT LOSSES

The management of the Fund establishes and maintains an allowance for credit losses, which it considers the best possible estimate of probable credit losses existing in the finance receivable portfolio. The provision for credit losses is adjusted to the extent actual credit losses exceed, or are less than the Fund's total loss reserves. The Fund's finance receivable portfolio is composed of a large number of homogenous consumer loans, with relatively small balances, originated in the same industry, and as such, the evaluation of the allowance for credit losses is performed collectively for the group. The estimated allowance for credit loss requirements is determined by assessing the individual finance receivables in arrears, the perceived effect of current economic conditions or other circumstances on the remaining finance receivables, the historical industry ratios of write-offs, and the Fund's current write-off and recovery experience.

### DEFERRED DEALER OBLIGATION

The Fund purchases certain finance receivables at a discount. The dealer has a vested interest in the performance of these finance receivables and can receive additional purchase consideration based on the collections from these finance receivables. The deferred dealer obligation represents the discount owed to the dealers, adjusted for estimated losses. The interest revenue is adjusted to the extent that the actual obligation exceeds or is less than this deferred dealer obligation. The amount of the deferred dealer obligation is based on future events and, as such, requires management to make judgements and estimates based on historical portfolio experience.

## Related Party Transactions – Patuca Securities Limited

The Fund has an agreement with Patuca Securities Limited for services provided on an on-going basis. Carfinco LP entered into a Consulting Services Agreement with Patuca Securities Limited on October 1, 2003 and pursuant to this agreement Carfinco LP commenced incurring a fixed monthly fee of \$13,375 and a variable monthly fee of one-twelfth of 0.2% of the outstanding principal amount of the finance receivables. In management's opinion, the fee represents fair value for services provided. During the six months ended June 30, 2006, payments of \$146,731 (six months ended June 30, 2005 – \$129,765) were made to Patuca Securities Limited and at June 30, 2006, there was \$25,470 (December 31, 2005 – \$24,126, June 30, 2005 – \$22,763) payable to Patuca Securities Limited. Patuca Securities Limited is controlled by individuals who are Trustees and/or unitholders of the Fund.



## Related Party Transactions – Debenture Holders

During fiscal 2005, the Fund issued 16% debentures in the aggregate principal amount of \$250,000 to related parties. The Fund also had 16% debentures in the aggregate principal amount of \$225,000 outstanding to related parties that were issued in previous years. All of the 16% debentures were redeemed by the Fund on April 8, 2005.

Also, during fiscal 2005, the Fund issued 14% debentures in the aggregate principal amount of \$500,000 to related parties. During the six months ended June 30, 2006, the Fund has issued an additional \$225,000, in 14% debentures, to related parties, of which \$100,000 was redeemed by the Fund on June 8, 2006. All of the remaining 14% debentures were outstanding as at June 30, 2006 (June 30, 2005 – \$nil).

During the six months ended June 30, 2006, the Fund incurred interest expense of \$37,627 (six months ended June 30, 2005 – \$15,777) on debentures with related parties.

These related parties were either Trustees and/or Officers of the Fund or family members of Trustees and/or Officers of the Fund. The related party transactions occurred at the exchange amount, which is the consideration established and agreed to by the related parties.

## Off Balance Sheet Arrangements

On September 1, 2005, the Fund entered into an interest rate swap agreement with a notional amount of \$20,000,000, a fixed bankers acceptance rate of 3.32% and a three-year term. On May 30, 2006, the Fund entered into an interest rate swap agreement with a notional amount of \$15,000,000, a fixed bankers acceptance rate of 4.66% and a three-year term.

## Contractual Obligations

The Fund is committed to a long-term operating lease for building space. The minimum annual lease payments, plus estimated operating costs required for the remainder of 2006 and the next three years are as follows: \$91,164 for 2006; \$226,088 for 2007; \$226,088 for 2008; and \$75,363 for 2009.

## Cautionary Statement

This interim report may contain certain forward-looking statements, including statements regarding the business and anticipated financial performance of Carfinco Income Fund. These statements are subject to a number of risks and uncertainties. Actual results may differ materially from results contemplated by the forward-looking statements. When relying on forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and should not place undue reliance on such forward-looking statements. Carfinco Income Fund does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf.

Additional information relating to the Fund, including its Annual Information Form, is available on the Fund's website at [www.carfinco.com](http://www.carfinco.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).



## CONSOLIDATED BALANCE SHEETS

	<b>JUNE 30, 2006</b> (unaudited)	<b>DECEMBER 31, 2005</b> (audited)	<b>JUNE 30, 2005</b> (unaudited)
<b>ASSETS</b>			
Finance receivables (Note 2)	\$ 68,676,130	\$ 61,134,129	\$ 53,307,722
Allowance for credit losses (Note 3)	(3,610,000)	(3,460,450)	(3,160,500)
Dealer reserve (Note 4)	(2,668,172)	(1,619,245)	(1,049,750)
Finance receivables – net	62,397,958	56,054,434	49,097,472
Cash and cash equivalents	120,509	251,621	389,998
Other assets	123,430	43,210	103,361
Capital assets	258,901	227,269	165,412
Deferred costs	54,882	62,111	75,172
	557,722	584,211	733,943
	\$ 62,955,680	\$ 56,638,645	\$ 49,831,415
<b>LIABILITIES</b>			
Bank credit facility (Note 5)	\$ 43,878,258	\$ 39,059,586	\$ 33,419,761
Accounts payable and accrued liabilities	958,031	737,098	573,214
Deferred administration fees	2,628,418	2,466,460	1,929,634
Deferred dealer obligation (Note 6)	2,339,132	2,324,400	2,218,346
Deferred gain	49,714	76,579	103,446
Long term debt (Note 7)	1,600,000	500,000	–
	51,453,553	45,164,123	38,244,401
<b>UNITHOLDERS' EQUITY</b>			
Fund unit equity (Note 8)	11,502,127	11,474,522	11,587,014
	\$ 62,955,680	\$ 56,638,645	\$ 49,831,415

See accompanying notes to the Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF EARNINGS AND EQUITY

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2006	2005	2006	2005
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>REVENUES</b>				
Interest income	\$ 4,292,307	\$ 3,437,833	\$ 8,153,052	\$ 6,490,136
Administration fees	998,120	535,694	1,952,757	902,206
	5,290,427	3,973,527	10,105,809	7,392,342
<b>EXPENSES</b>				
Interest	666,340	442,827	1,275,403	1,000,312
Financing fees	19,371	9,543	35,398	17,770
Provision for credit losses	1,365,874	1,370,077	2,666,094	2,435,366
Amortization	18,788	26,652	35,957	46,951
General and administrative	1,673,036	1,040,790	3,149,891	1,970,548
	3,743,409	2,889,889	7,162,743	5,470,947
<b>NET EARNINGS</b>	\$ 1,547,018	\$ 1,083,638	\$ 2,943,066	\$ 1,921,395
<b>FUND UNIT EQUITY, BEGINNING OF PERIOD</b>	\$ 11,347,694	\$ 5,598,950	\$ 11,474,522	\$ 4,755,586
Net earnings	1,547,018	1,083,638	2,943,066	1,921,395
Change in fund units in period	(1,392,585)	4,904,426	(2,915,461)	4,910,033
<b>FUND UNIT EQUITY, END OF PERIOD</b>	\$ 11,502,127	\$ 11,587,014	\$ 11,502,127	\$ 11,587,014
<b>EARNINGS PER FUND UNIT</b>				
Basic and diluted	\$ 0.08	\$ 0.06	\$ 0.16	\$ 0.11

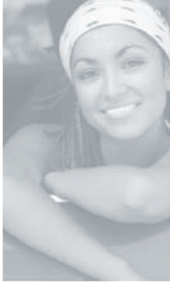
See accompanying notes to the Consolidated Financial Statements.



## CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2006	2005	2006	2005
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Increase (decrease) in cash and cash equivalents				
<b>OPERATING</b>				
Net earnings	\$ 1,547,018	\$ 1,083,638	\$ 2,943,066	\$ 1,921,395
Adjustments to reconcile net earnings to net cash from operations:				
Provision for credit losses	1,365,874	1,370,077	2,666,094	2,435,366
Amortization	18,788	26,652	35,957	46,951
Accrued interest	(16,331)	(38,095)	(7,611)	(69,737)
Administration fees receivable	(830,680)	(703,244)	(1,547,257)	(1,385,115)
Other assets	9,652	(26,026)	(80,220)	(50,669)
Deferred costs	(8,643)	(21,095)	7,229	(37,868)
Accounts payable and accrued liabilities	343,792	229,176	220,933	61,954
Deferred administration fees	162,156	331,160	161,958	730,130
Deferred dealer obligation adjustment	75,000	–	255,000	–
Deferred gain	(13,433)	(13,433)	(26,865)	(26,866)
	2,653,193	2,238,810	4,628,284	3,625,541
<b>INVESTING</b>				
Funds advanced on finance receivables	(12,668,053)	(10,572,770)	(21,836,000)	(19,931,024)
Principal collections on finance receivables	7,122,859	5,127,773	14,140,982	9,546,799
Purchase of capital assets	(12,613)	(22,303)	(67,589)	(48,467)
	(5,557,807)	(5,467,300)	(7,762,607)	(10,432,692)
<b>FINANCING</b>				
Advances on bank credit facility	3,308,908	3,722,345	5,418,672	6,958,437
Repayments on bank credit facility	(300,000)	(1,200,000)	(600,000)	(1,200,000)
Issuance of long term debt	1,200,000	–	1,100,000	250,000
Repayment of long term debt	(100,000)	(4,150,000)	–	(4,175,000)
Advances on unit purchase financing	–	–	(186,000)	–
Repayments on share purchase financing	–	30,675	–	36,282
Fund units issued on private placement	–	7,168,660	–	7,168,660
Fund unit issue costs	–	(405,391)	–	(405,391)
Fund trust unit cash distribution	(1,392,585)	(1,889,518)	(2,729,461)	(1,889,518)
	2,716,323	3,276,771	3,003,211	6,743,470
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(188,291)	48,281	(131,112)	(63,681)
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of period	308,800	341,717	251,621	453,679
End of period	\$ 120,509	\$ 389,998	\$ 120,509	\$ 389,998
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
Interest paid	\$ 658,937	\$ 433,167	\$ 1,268,000	\$ 1,016,192

See accompanying notes to the Consolidated Financial Statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2006 (UNAUDITED)

## 1

### Summary of Significant Accounting Policies

Carfinco Income Fund (the “Fund”) is an unincorporated open-end mutual fund trust established under the laws of the Province of Ontario by a Deed of Trust made as of August 26, 2002, as amended and restated on April 23, 2004. The Fund owns 100% of Carfinco Holdings Trust (“CHT”), a wholly owned unincorporated trust, established under the laws of Ontario and 100% of Carfinco Inc. (“CAR”), a wholly owned subsidiary, established under the laws of Ontario. CHT holds 89.36% and is the limited partner of Carfinco Limited Partnership (“Carfinco LP”) and CAR holds the remaining 10.64% and is the general partner of Carfinco LP. Carfinco LP is in the business of providing consumer financing for vehicle purchases. The units of the Fund are publicly traded on the Toronto Stock Exchange, under the symbol “CFN.UN.”

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the accounting policies and methods are consistent with those used in the preparation of the Fund's most recent annual financial statements for the period ended December 31, 2005. While management considers this interim disclosure presented to be adequate, these consolidated financial statements and notes should be read in conjunction with the notes included in the Fund's December 31, 2005 Annual Report.



## 2

### Finance Receivables

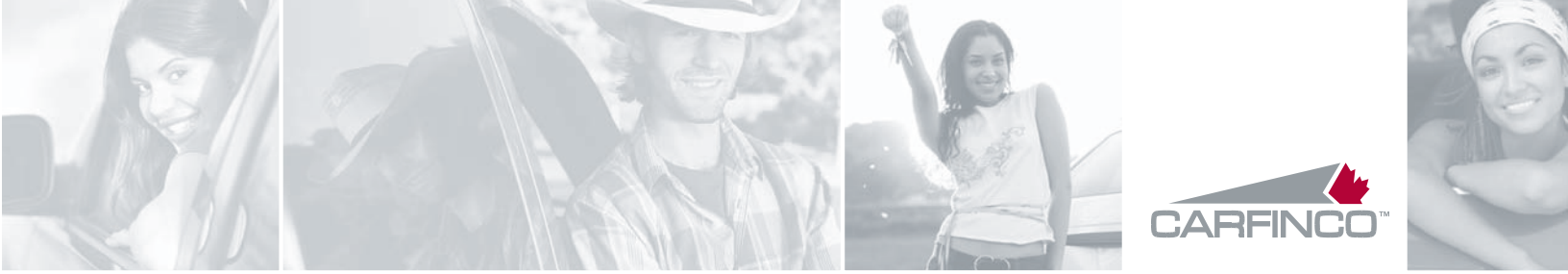
Finance receivables consist of conditional sales contracts, which have terms of 12 to 60 months with fixed rates of interest. Each individual finance receivable is collateralized by a vehicle.

The contractual payments, including principal and interest, and the average stated interest rates, are due as follows:

	JUNE 30, AVERAGE STATED 2006 INTEREST RATE		DECEMBER 31, AVERAGE STATED 2005 INTEREST RATE		JUNE 30, AVERAGE STATED 2005 INTEREST RATE	
2005					\$ 12,610,075	28.7%
2006	\$ 16,331,562	27.5%	\$ 28,495,469	28.3%	23,876,946	28.8%
2007	31,605,647	27.5%	26,736,255	28.4%	21,676,623	28.8%
2008	28,616,832	27.7%	23,175,189	28.5%	17,576,368	28.9%
2009	20,966,917	27.8%	14,318,962	28.8%	8,517,920	29.2%
2010	8,889,061	28.6%	3,644,341	29.4%	1,124,844	29.5%
2011	1,424,352	29.1%	—		—	
Gross finance receivables	107,834,371		96,370,216		85,382,776	
Unearned interest income	(40,012,828)		(36,082,063)		(32,759,138)	
Principal of finance receivables	67,821,543		60,288,153		52,623,638	
Accrued interest	854,587		845,976		684,084	
Finance receivables	\$ 68,676,130		\$ 61,134,129		\$ 53,307,722	

The Fund's experience has shown that the actual contractual payment stream will vary depending on a number of variables. These variables include prepayment rates, write-offs and deferrals. Accordingly, the maturities of finance receivables shown in the table above are not to be regarded as a forecast of future cash collections.

As of June 30, 2006, December 31, 2005 and June 30, 2005, the amount of principal of finance receivables classified as nonperforming amounted to \$nil, \$268,760 and \$177,742, respectively. These finance receivables have been fully provided for in the allowance for credit losses.



### 3

#### Allowance for Credit Losses

	THREE MONTHS ENDED		SIX MONTHS ENDED		
	JUNE 30, 2006	JUNE 30, 2005	JUNE 30, 2006	DECEMBER 31, 2005	JUNE 30, 2005
Allowance, beginning of period	\$ 3,520,000	\$ 2,879,000	\$ 3,460,450	\$ 3,160,500	\$ 2,729,000
Provision for credit losses	1,365,874	1,370,077	2,666,094	2,823,739	2,435,366
Write-offs	(1,763,896)	(1,466,668)	(3,570,805)	(3,288,040)	(2,659,999)
Recoveries	488,022	378,091	1,054,261	764,251	656,133
Allowance, end of period	\$ 3,610,000	\$ 3,160,500	\$ 3,610,000	\$ 3,460,450	\$ 3,160,500

### 4

#### Dealer Reserve

	THREE MONTHS ENDED		SIX MONTHS ENDED		
	JUNE 30, 2006	JUNE 30, 2005	JUNE 30, 2006	DECEMBER 31, 2005	JUNE 30, 2005
Reserve, beginning of period	\$ 2,267,114	\$ 899,135	\$ 1,619,245	\$ 1,049,750	\$ 971,832
Reserve on new volume	1,380,533	517,170	2,878,548	1,993,990	844,944
Write-offs	(1,111,135)	(410,649)	(2,128,372)	(1,592,259)	(850,562)
Recoveries	131,660	44,094	298,751	167,764	83,536
Reserve, end of period	\$ 2,668,172	\$ 1,049,750	\$ 2,668,172	\$ 1,619,245	\$ 1,049,750



## 5

### Bank Credit Facility

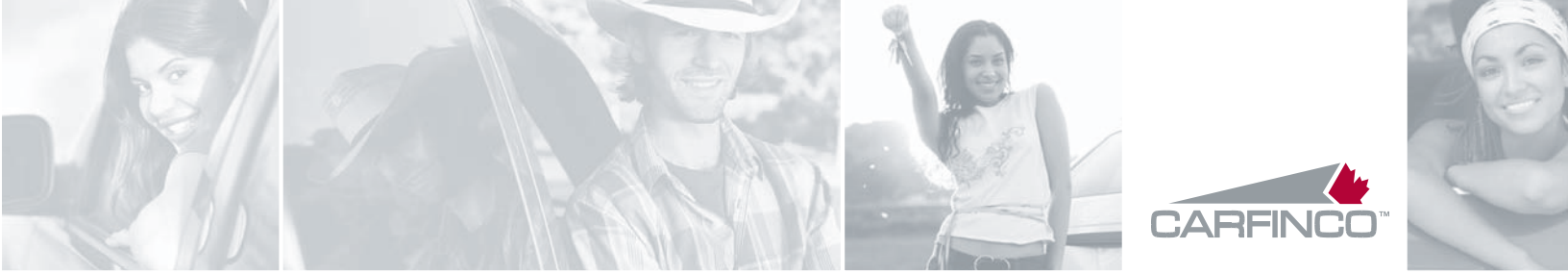
	<b>JUNE 30, 2006</b>	<b>DECEMBER 31, 2005</b>	<b>JUNE 30, 2005</b>
Bank credit facility	\$ 43,878,258	\$ 39,059,586	\$ 33,419,761

The bank credit facility is a demand loan which, is the lesser at any time of: a) \$50,000,000 and b) the total of an advance rate applied to the value of acceptable outstanding finance receivables. The credit facility bears interest at prime plus 1.0%. The stated termination date of the credit facility is June 30, 2007. The collateral security lodged by the Fund to support the credit facility is a general security agreement covering all property held by the Fund. The terms of the credit facility provide for certain covenants, all of which the Fund was in compliance with at June 30, 2006.

## 6

### Deferred Dealer Obligation

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>		
	<b>JUNE 30, 2006</b>	<b>JUNE 30, 2005</b>	<b>JUNE 30, 2006</b>	<b>DECEMBER 31, 2005</b>	<b>JUNE 30, 2005</b>
Deferred dealer obligation, beginning of period	\$ 2,037,786	\$ 1,793,638	\$ 2,324,400	\$ 2,218,346	\$ 1,477,985
Deferred dealer obligation on new volume	389,000	454,135	119,000	154,773	781,909
Advances	(87,654)	(29,427)	(104,268)	(48,719)	(41,548)
Deferred dealer obligation, end of period	\$ 2,339,132	\$ 2,218,346	\$ 2,339,132	\$ 2,324,400	\$ 2,218,346



# 7

## Long Term Debt

	JUNE 30, 2006	DECEMBER 31, 2005	JUNE 30, 2005
14% debentures, maturing on December 27, 2007	\$ 1,600,000	\$ 500,000	\$ -

# 8

## Fund Unit Equity

### AUTHORIZED

The Fund's Deed of Trust provides that an unlimited number of trust units may be authorized and issued. Each trust unit is transferable, carries the right to one vote and represents an equal undivided beneficial interest in any distribution from the Fund and in the net assets of the Fund in the event of termination or winding-up of the Fund. All trust units are of the same class with equal rights and privileges.

SIX MONTHS ENDED	JUNE 30, 2006		DECEMBER 31, 2005		JUNE 30, 2005	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
Fund unit equity, beginning of period	18,579,102	\$ 11,474,522	18,360,778	\$ 11,587,014	15,403,601	\$ 4,755,586
Share purchase repayment	-	-	-	-	200,000	36,282
Unit purchase financing	(60,000)	(186,000)	-	-	-	-
Fund units issued on private placement	-	-	-	-	2,757,177	7,168,660
Fund unit issue costs	-	-	-	(856)	-	(405,391)
Fund unit distribution (unit issuance)	-	-	218,324	-	-	-
Fund unit distribution (cash distribution)	-	(2,729,461)	-	(2,679,054)	-	(1,889,518)
Change in units in the period	(60,000)	(2,915,461)	218,324	(2,679,910)	2,957,177	4,910,033
Net earnings for the period	-	2,943,066	-	2,567,418	-	1,921,395
Fund unit equity	18,519,102	\$ 11,502,127	18,579,102	\$ 11,474,522	18,360,778	\$ 11,587,014



## 8 Fund Unit Equity (CONTINUED)

### UNIT PURCHASE FINANCING

The Fund entered into unit loan agreements on March 31, 2006 with four individuals who are employees of the Fund. The loans have an aggregate principal amount of \$186,000, bear interest at the prescribed interest rate, as set by the Canada Revenue Agency, and are repayable in full on March 31, 2009. The loans are secured by 60,000 trust units. As at June 30, 2006, the market value of the security was \$197,400.

## 9

### Related Party Transactions

#### PATICA SECURITIES LIMITED

The Fund has an agreement with Patica Securities Limited for services provided on an ongoing basis. Carfinco LP entered into a Consulting Services Agreement with Patica Securities Limited on October 1, 2003 and pursuant to this agreement Carfinco LP commenced incurring a fixed monthly fee of \$13,375, and a variable monthly fee of one-twelfth of 0.2% of the outstanding principal amount of the finance receivables. In management's opinion, the fee represents fair value for services provided. During the six months ended June 30, 2006, payments of \$146,731 (six months ended June 30, 2005 – \$129,765) were made to Patica Securities Limited and at June 30, 2006, there was \$25,470 (December 31, 2005 – \$24,126, June 30, 2005 – \$22,763) payable to Patica Securities Limited. Patica Securities Limited is controlled by individuals who are Trustees and/or unitholders of the Fund.

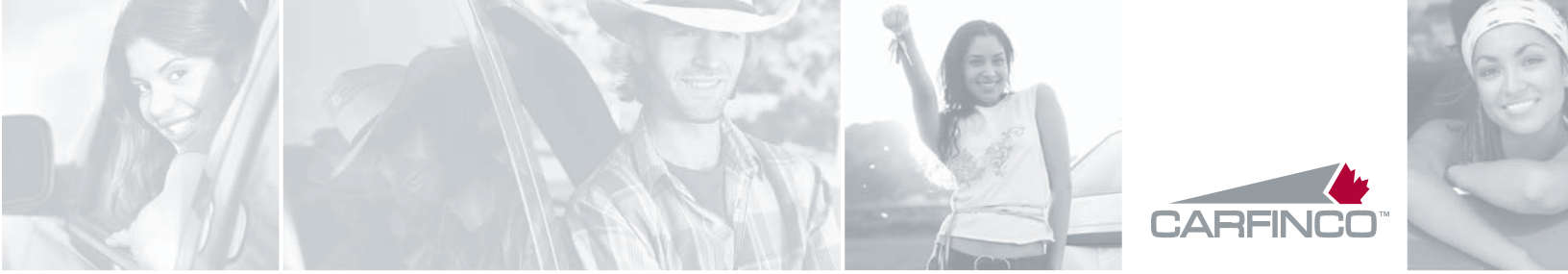
#### LONG TERM DEBT (DEBENTURES)

In fiscal 2002, the Fund issued debentures in the aggregate principal amount of \$200,000 to family members of David Rosenkrantz, a Trustee of the Fund. On April 8, 2005, these debentures were redeemed by the Fund.

In fiscal 2003, the Fund issued a debenture in the aggregate principal amount of \$25,000 to Tracy Graf, a Trustee and Officer of the Fund. On March 18, 2005, this debenture was redeemed by the Fund.

On February 18, 2005, the Fund issued debentures to related parties in the aggregate principal amount of \$225,000. Of this amount, a debenture in the principal amount of \$100,000 was issued to David Rosenkrantz, a Trustee of the Fund, a debenture in the principal amount of \$100,000 was issued to David Prusky, a Trustee of the Fund, and a debenture in the principal amount of \$25,000 was issued to a family member of Tracy Graf, a Trustee and Officer of the Fund.

On March 18, 2005, the Fund issued a debenture in the principal amount of \$25,000 to a family member of Tracy Graf, a Trustee and Officer of the Fund. On April 8, 2005, this debenture was redeemed by the Fund.



## 9 Related Party Transactions (CONTINUED)

On December 12, 2005, the Fund issued debentures to related parties in the aggregate principal amount of \$500,000. Of this amount, a debenture in the principal amount of \$100,000 was issued to a family member of Tracy Graf, a Trustee and Officer of the Fund, a debenture in the principal amount of \$100,000 was issued to Brent Channell, a Trustee of the Fund, a debenture in the principal amount of \$100,000 was issued to a family member of David Prussky, a Trustee of the Fund, a debenture in the principal amount of \$100,000 was issued to a family member of Maurice Kagan, a Trustee of the Fund, and debentures in the aggregate principal amount of \$100,000 to family members of David Rosenkrantz, a Trustee of the Fund.

On April 28, 2006, the Fund issued a debenture in the principal amount of \$100,000 to a corporation controlled by David Rosenkrantz, a Trustee and Officer of the Fund. On June 8, 2006, this debenture was redeemed by the Fund.

On May 19, 2006, the Fund issued a debenture in the principal amount of \$125,000 to Daryl MacLellan, a Trustee of the Fund.

During the six months ended June 30, 2006, the Fund incurred interest expense of \$37,627 (six months ended June 30, 2005 – \$15,777) on debentures with related parties.

The related party transactions occurred at the exchange amount, which is the consideration established and agreed to by the related parties.

## 10

### Fair Value of Financial Instruments

Refer to the December 31, 2005 Annual Report for disclosure related to financial instruments.



## SUMMARY OF QUARTERLY INFORMATION

(UNAUDITED)

(\$000s for stated values, except percentages and per unit amounts)

	<b>Q2</b>	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	<b>2006</b>	2006	2005	2005	2005	2005	2004	2004
Total revenue	5,290	4,815	4,677	4,336	3,974	3,419	3,232	2,838
Net earnings	1,547	1,396	1,304	1,263	1,084	838	806	618
Earnings per fund unit – basic and diluted	0.08	0.08	0.07	0.07	0.06	0.05	0.05	0.04
Finance receivables	68,676	62,932	61,134	57,995	53,308	47,635	42,654	38,307
Funds advanced on finance receivables	12,668	9,168	9,365	10,237	10,573	9,358	8,556	8,379
Allowance and dealer reserve	6,278	5,787	5,080	4,271	4,210	3,778	3,701	3,468
Allowance as % of finance receivables	9.1%	9.2%	8.3%	7.4%	7.9%	7.9%	8.7%	9.1%
Bank credit facility	43,878	40,869	39,060	37,182	33,420	30,897	27,661	24,104
Long term debt	1,600	500	500	–	–	4,150	3,925	3,925
Unitholders' equity	11,502	11,348	11,475	11,639	11,587	5,599	4,756	4,336
Fund units outstanding	18,519	18,519	18,579	18,361	18,361	15,429	15,404	14,621
Basic weighted average fund units	18,579	18,579	18,579	18,579	18,163	15,646	15,622	15,622
Book value per fund unit	0.62	0.61	0.62	0.63	0.64	0.36	0.30	0.28



## UNITHOLDER INFORMATION

### CARFINCO INCOME FUND

Whitemud Business Park  
4245 – 97 Street, Suite 300  
Edmonton, AB T6E 5Y7

### LISTING

The Toronto Stock Exchange  
Symbol: CFN.UN

### TRUSTEES

Tracy A. Graf  
President and CEO, Carfinco  
Edmonton, AB

David Prussky  
Director, Patca Securities Limited  
Toronto, ON

David Rosenkrantz  
Director, Patca Securities Limited  
Toronto, ON

J. Daryl MacLellan  
President, CIT Canada  
Toronto, ON

Brent Channell  
Principal, Thales Alternative  
Investments Inc.  
Toronto, ON

Maurice Kagan  
President, Sparkle Solutions  
Income Fund  
Toronto, ON

Simon Serruya  
New Strategic Business Development,  
Yogen Früz Canada Inc.  
Toronto, ON

### OFFICERS (CARFINCO INC.)

Tracy A. Graf  
President, Carfinco Inc.  
(General Partner for Carfinco LP)

Troy S.F. Graf  
Vice President, Carfinco Inc.

David Prussky  
Treasurer, Carfinco Inc.

### BANKERS

Bank of Montreal  
Argyll Branch  
6240 – 97 Street  
Edmonton, AB T6E 3J6

### AUDITORS

Grant Thornton LLP  
Scotia Place 2  
10060 Jasper Avenue, Suite 1401  
Edmonton, AB T5J 3R8

### BANK CREDIT FACILITY

Bank of America, National Association  
Simcoe Place  
200 Front Street West, Suite 2700  
Toronto, ON M5V 3L2

### SOLICITORS

Bennett Jones LLP  
Bankers Hall East  
855 – 2nd Street S.W., Suite 4500  
Calgary, AB T2P 4K7

### REGISTRAR

#### AND TRANSFER AGENT

Equity Transfer Services Inc.  
Richmond Adelaide Centre  
120 Adelaide Street West, Suite 420  
Toronto, ON M5H 4C3

### INVESTOR RELATIONS

Mr. Tracy Graf  
Telephone: 1-888-486-4356



**CARFINCO INCOME FUND**

4245 – 97 Street, Suite 300

Edmonton, AB T6E 5Y7

Telephone: 1-888-486-4356

Facsimile: 1-888-486-7456

Website: [www.carfinco.com](http://www.carfinco.com)