



For Immediate Release – March 22, 2006

## **Carfinco Income Fund**

**TSX: CFN.UN**

### **Carfinco Announces 2005 Fourth Quarter and Year-end Results**

EDMONTON, ALBERTA /CNW/ - Carfinco Income Fund, Canada's leading specialty finance income fund, today announced its results for the fourth quarter and year ended December 31, 2005.

For the fourth quarter of 2005, revenues were \$4,678,279, an increase of 7.9% from revenue generated in the third quarter of the year and an increase of 44.7% from revenue generated in the fourth quarter of 2004. Net earnings of \$1,304,603 for the fourth quarter of 2005 represent an increase of 3.3% from those posted in the third quarter and an increase of 61.9% from net earnings for the fourth quarter of 2004.

Finance receivables grew by 5.4% for the fourth quarter of 2005 to a total of \$61,134,129. This represents an increase of 43.3% from the fourth quarter of 2004. Loan originations stood at \$9,365,208 for the final quarter of 2005, an increase of 5.4% over the same period in 2004.

Carfinco's 2005 year end numbers also confirm the Fund's significant growth momentum. Finance receivables of \$61.1 million in 2005 represent an increase of 43.3% over the finance receivables of \$42.7 million recorded for the year in 2004. Revenues increased to \$16.4 million in 2005 from the \$10.7 million recorded in 2004, up 52.9%, while expenses rose by only 41.1%.

Correspondingly, Carfinco's net earnings increased significantly to \$4.5 million for 2005, a 96.4% increase from \$2.3 million earned in 2004. Earnings per unit rose 66.7% to \$0.25 per unit in 2005 from \$0.15 cents per unit in 2004. Distributable cash earned and distributable during the year was \$4.6 million in 2005, compared with \$1.1 million the year before.

Carfinco also continues to maintain an impressive return on unitholders' equity, at 55.3% for 2005.

"We're very pleased to report strong results for 2005," said Tracy Graf, President and CEO of Carfinco. "Our numbers were significantly higher over the previous year in our key areas, and distributions to unitholders were at record levels. Carfinco has momentum that will continue to drive the growth of the Fund and produce solid returns in the year ahead."

Carfinco is committed to creating value for unitholders and in 2005 converted from a quarterly to a monthly distribution. The Fund's payout ratio limit was increased from 40% to 100% of taxable income and distributions were raised twice.

Unitholders received a one-time year-end trust unit distribution in December of 2005 of 0.0119 (119/10,000) units per unit held, for a value of \$0.036 per unit. This distribution was in addition to a one-time cash distribution of \$0.008 per unit and the regular monthly distribution of \$0.024, bringing Carfinco's total distributions to \$0.285 per unit for 2005, compared with \$0.191 in 2004.

"Our numbers are trending in the right direction," said Mr. Graf. "We believe there are ample opportunities for continued strong growth in our niche: extending car loans to Canadians who might not otherwise be able to obtain financing. In 2006, our recently announced agreement with Curomax, as well as our own expanding dealer network and our investments in marketing, personnel and IT will deliver a growing number of loan originations and finance receivables for the Fund."

Carfinco Income Fund  
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## About Carfinco

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.

The units of the Fund trade on the Toronto Stock Exchange under the symbol "CFN.UN".

Caution Regarding Forward-Looking Statements - This news release contains certain forward-looking statements, including statements regarding the business and anticipated financial performance of the 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. The Fund does not undertake to update any forward-looking statements, oral or written, made by itself or on its behalf.

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## Carfinco Income Fund

### Selected Annual Information and Key Financial Ratios

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

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Total revenue	\$ 16,406	\$ 10,734
Net earnings	\$ 4,489	\$ 2,285
Earnings per fund unit - basic and diluted	\$ 0.25	\$ 0.15
Finance receivables	\$ 61,134	\$ 42,654
Funds advanced on finance receivables	\$ 39,533	\$ 30,143
Unitholders' equity	\$ 11,475	\$ 4,756
Fund units outstanding	18,579	15,404
Book value per unit	\$ 0.65	\$ 0.31
Debt to equity ratio	3.51:1	3.38:1
Return on unitholders' equity	55.3%	55.1%
Return on average finance receivables	8.6%	6.5%
Average cost of borrowing	5.9%	6.6%
Operating expense ratio	8.7%	9.1%
Cash distributions per fund unit	\$ 0.249	\$ 0.076

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Carfinco Income Fund  
Consolidated Balance Sheets

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
<b>Assets</b>		
Finance receivables	\$ 61,134,129	\$ 42,654,232
Allowance for credit losses	(3,460,450)	(2,729,000)
Dealer reserve	<u>(1,619,245)</u>	<u>(971,832)</u>
Finance receivables - net	<u>56,054,434</u>	<u>38,953,400</u>
Cash and cash equivalents	251,621	453,679
Other assets	43,210	52,692
Capital assets	227,269	163,896
Deferred costs	<u>62,111</u>	<u>37,304</u>
	<u>584,211</u>	<u>707,571</u>
	<u>\$ 56,638,645</u>	<u>\$ 39,660,971</u>
<b>Liabilities</b>		
Bank credit facility	\$ 39,059,586	\$ 27,661,324
Accounts payable and accrued liabilities	737,098	511,260
Deferred administration fees	2,466,460	1,199,504
Deferred dealer obligation	2,324,400	1,477,985
Deferred gain	76,579	130,312
Long term debt	<u>500,000</u>	<u>3,925,000</u>
	<u>45,164,123</u>	<u>34,905,385</u>
<b>Unitholders' Equity</b>		
Fund unit equity	<u>11,474,522</u>	<u>4,755,586</u>
	<u>\$ 56,638,645</u>	<u>\$ 39,660,971</u>



Carfinco Income Fund  
Consolidated Statements of Earnings and Equity

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	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Revenues		
Interest income	\$ 14,287,438	\$ 9,578,897
Administration fees	<u>2,118,944</u>	<u>1,154,743</u>
	<u>16,406,382</u>	<u>10,733,640</u>
Expenses		
Interest	2,110,581	1,750,964
Financing fees	50,878	37,595
Provision for credit losses	5,259,105	3,437,482
Amortization	79,763	79,136
General and administrative	<u>4,417,242</u>	<u>3,143,105</u>
	<u>11,917,569</u>	<u>8,448,282</u>
Net earnings	<u>\$ 4,488,813</u>	<u>\$ 2,285,358</u>
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Fund unit equity, beginning of year	\$ 4,755,586	\$ 3,545,059
Net earnings	4,488,813	2,285,358
Change in fund unit equity in year	<u>2,230,123</u>	<u>(1,074,831)</u>
Fund unit equity, end of year	<u>\$ 11,474,522</u>	<u>\$ 4,755,586</u>
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Earnings per fund unit		
Basic	<u>\$ 0.25</u>	<u>\$ 0.15</u>
Diluted	<u>\$ 0.25</u>	<u>\$ 0.15</u>

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Carfinco Income Fund  
Consolidated Statements of Cash Flows

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings	\$ 4,488,813	\$ 2,285,358
Adjustments to reconcile net earnings to net cash from operations:		
Provision for credit losses	5,259,105	3,437,482
Amortization	79,763	79,136
Accrued interest	(232,629)	(196,118)
Administration fees receivable	(2,352,932)	(1,136,454)
Deferred administration fees	1,266,956	913,345
Deferred costs	(24,807)	(7,170)
Deferred gain	(53,733)	(53,733)
Accounts payables and accrued liabilities	225,838	217,021
Other assets	9,482	(21,166)
	<u>8,665,856</u>	<u>5,517,701</u>
Investing		
Funds advanced on finance receivables	(39,533,058)	(30,143,377)
Principal collections on finance receivables	20,604,895	15,683,292
Purchase of capital assets	(143,136)	(97,056)
	<u>(19,071,299)</u>	<u>(14,557,141)</u>
Financing		
Advances on bank credit facility	12,998,262	10,465,098
Repayment on bank credit facility	(1,600,000)	(200,000)
Issuance of long term debt	750,000	-
Repayment of long term debt	(4,175,000)	-
Repayment of share purchase financing	36,282	51,027
Fund units issued on private placement	7,168,660	-
Fund unit issue costs	(406,247)	-
Fund trust unit cash distribution	(4,568,572)	(1,125,858)
	<u>10,203,385</u>	<u>9,190,267</u>
Net (decrease) increase in cash and cash equivalents	(202,058)	150,827
Cash and cash equivalents		
Beginning of year	<u>453,679</u>	<u>302,852</u>
End of year	<u>\$ 251,621</u>	<u>\$ 453,679</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 2,042,623</u>	<u>\$ 1,751,007</u>