



## Avenir Diversified Income Trust Announces 2007 Results

March 26, 2008 News Release

AVENIR DIVERSIFIED INCOME TRUST ("Avenir Trust", TSX: AVF.UN) is pleased to announce the financial and operational results for the quarter and year ended December 31, 2007 and to announce they have filed the complete Management Discussion and Analysis and Audited Interim Consolidated Financial Statements on SEDAR. An electronic copy of these documents may be obtained on Avenir Trust's SEDAR profile at [www.sedar.com](http://www.sedar.com).

<i>(in thousands except for per unit amounts)</i>	For the year ended Dec 31		
	2007	2006 <sup>4</sup>	% Change
Total Revenue	\$869,160	\$762,627	14%
Funds From Continuing Operations (FFCO) <sup>1,2</sup>	\$50,717	\$54,316	(7)%
FFCO <sup>1</sup> Per Unit – Basic	\$1.22	\$1.33	(8)%
Funds From Operations (FFO) <sup>1</sup>	\$53,611	\$65,005	(18)%
FFO Per Unit <sup>1</sup> – Basic	\$1.29	\$1.59	(19)%
Distributions <sup>5</sup>	\$41,659	\$48,983	(15)%
Distributions Per Unit – Basic <sup>5</sup>	\$1.00	\$1.20	(17)%
Distribution Payout Ratio <sup>3</sup>	78%	75%	(4)%
Net Income from Continuing Operations (NICO) <sup>2</sup>	\$24,657	\$33,514	(26)%
NICO Per Unit - Basic	\$0.59	\$0.82	(28)%
Net Income	\$27,391	\$37,399	(27)%
Net Income Per Unit - Basic	\$0.66	\$0.91	(27)%
Total Assets	\$598,199	\$530,550	13%
Working Cap. (Net Debt) including notes payable <sup>1</sup> (not incl. Assets held for sale)	\$(67,703)	\$(38,838)	(74)%
Wtd. Avg. Units Outstanding - Basic	41,590,308	40,892,399	2%
Units Outstanding (including escrowed units)	41,883,454	41,745,720	0%

<sup>1</sup> Funds from continuing operations, Funds from continuing operations per unit, Funds from operations, Funds from operations per unit and working capital (net debt) including notes payable are not recognized measures under Canadian generally accepted accounting principles (GAAP). Funds from operations is calculated by taking cash provided by operating activities on the statement of cash flows adjusted for the effect of changes in non-cash working capital and asset retirement costs incurred. Working capital (net debt) is calculated by taking current assets less current liabilities including notes payable. Management believes that these measures are useful supplemental measures to analyze operating performance as they demonstrate the Trust's ability to generate the Funds from operations necessary to fund future distributions and capital investments. The Trust's method of calculating these measures may differ from other issuers, and accordingly, they may not be comparable to measures used by other issuers. Investors should be cautioned that these measures should not be construed as an alternative to net income, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

<sup>2</sup> The operations of the Trust's Real Estate Division, as a result of being classified as 'Assets held for sale' and the Trust's Energy Services Division, as a result of being spun-off in 2006, have been excluded from the Trust's Continuing Operations.

<sup>3</sup> Distribution Payout Ratio is calculated by dividing the Distributions by the Funds from Operations.

<sup>4</sup> Comparative periods have been restated to conform to current period presentation – specifically relating to the reclassification of the assets of the Real Estate Division of the Trust as held for sale.

<sup>5</sup> The distributions for 2007 are lower than those in 2006 as a result of the spin out of the Energy Services Division in May of 2006 to Essential Energy Services Trust ("Essential").

## 2007 Year Highlights

- The diversification business model continued to support sustainable distributions with cash distributions to unitholders at 78% with respect to funds from operations for the year;
- The Trust distributed \$41.7 million or \$1.00 per unit, flat on a per unit basis compared to the prior year, post the spin-out of the Energy Services Division;
- EnerVest's assets under management grew by 4%;
  - October 2007 exchange offering raised net proceeds of \$201.5 million;
- Elbow River met expectations with increased contributions from biodiesel and natural gasoline;
- The Oil and Gas Division continued to deliver consistent production volumes through industry farm-outs and advancement of internally generated capital expenditure programs;
  - Production increased 2% in the fourth quarter 2007 to 3,404 BOE per day and the average production for 2007 was 3,348 BOE per day, consistent with 2006 average production of 3,346 BOE per day; 2007 production was split 47% oil and natural gas liquids and 53% natural gas; and
- The Real Estate Division continued to be fully leased and a national brokerage firm was engaged to solicit interest in the portfolio.

The 2007 year for Avenir Diversified Income Trust could be best described as a year of perseverance as we continued with our diversified business plan and enjoyed stability of distributions in the face of a changing business environment for smaller capitalized income trusts. We are pleased to advise that the cash distributions to unitholders with respect to funds from operations, was 78%, inline with the target of 75% to 80% we had set out from inception.

The 2007 financial targets that were expected were met on the strength of a strong first three quarters of 2007 and a weaker fourth quarter in many of our divisions. In terms of the fourth quarter of 2007, the largest impact on funds from operations was experienced in the Elbow River Marketing (Elbow) business, where biodiesel sales were expected to offset expected lower sales in the propane and butane sectors. Elbow had expected to make up shortfalls through increased biodiesel exports outside of North America, with credit and inventories increased to accommodate this growth. Unfortunately, logistical and administrative holdups affected the timing on a number of export opportunities originally expected to occur in the late fourth quarter of 2007. These shipments have been delayed until the first quarter of 2008 and in some cases the second quarter of 2008. This means that inventory was abnormally high at year end and funds from operations will not be recognized until 2008.

The Oil and Gas Division, although on track from a production point of view, was impacted in December by excessively wide differentials for our medium Bow River crude. Pipeline curtailments and refinery restrictions served to widen the differential to in excess of \$40 per barrel, meaning that Avenir Trust effectively did not benefit from the record high world oil prices and therefore did not offset the weaker Canadian natural gas price.

The Enervest business was impacted by the weaker Canadian equity and income trust markets as a result of the United States subprime problems especially in the REIT and financial sectors.

The Real Estate Division continues to be fully leased and a national brokerage firm has been engaged to solicit interest in our real estate portfolio. While we are still comfortable we will receive acceptable net proceeds after mortgages, it is now expected to be mid-year before any sales are concluded.

With the record high world oil prices, higher natural gas prices and a narrower differential, the first quarter of 2008 is shaping up to be very strong for the Oil and Gas Division. Recent wellhead pricing has been quoted above \$90 per barrel versus the \$48 per barrel received in December 2007. Similarly, the delayed Elbow River biodiesel sales described above together with strong product presales serve to indicate strong first and second quarters of 2008 for Elbow River. Additionally, in March 2008 in our Real Estate Division, the Red Deer theatre development was completed and Cineplex Entertainment held their grand opening over the Easter weekend. With the development complete and with a national tenant, valuations for the Real Estate portfolio have increased. Overall management remains optimistic about the outlook for 2008.

The Trust's diversification business model continues to support sustainable distributions at current levels within our 75%-80% payout ratio strategy. The Trust continues to benefit from higher oil and gas prices, strong biofuels and butane sales, a 100% leased real estate portfolio and a strong Enervest portfolio, despite the current turmoil in the stock markets. With that said, access to new growth equity and credit continues to be an impediment to growth, especially within the context of the federal government's policies toward trusts.

Management continues to believe that the sum of the parts value of the Trust is higher than the current trading price of the Avenir Trust units. The announcement that we are looking to sell our Real Estate Division is a step toward recognizing appropriate value. As we approach 2011, no final decisions have been made on the future long-term form that Avenir will take, but we will continue in our current form while we explore alternatives to achieving full value for our unitholders.

## **REVIEW OF FINANCIAL RESULTS**

Net income for the year ended December 31, 2007 was \$27.4 million or \$0.66 per unit versus \$37.4 million or \$0.91 per unit for the year ended December 31, 2006. Net income from continuing operations for the twelve months of 2007 were down from 2006 as a result of new legislation regarding the taxation of income trusts and higher future crude oil prices causing an unrealized hedging loss versus an unrealized hedging gain in the previous year's fourth quarter. A significantly higher future income tax recovery was recorded for year ended December 31, 2007 versus 2006 as a result of 2007 rate reductions and the new SIFT legislation being enacted during year. Both the three and twelve months 2007 net income figures were also negatively impacted by the recognition of unrealized losses on financial instruments on financial hedges of \$1.5 million and \$2.2 million, respectively. This compares to an unrealized gain of \$1.2 million and \$5.3 million in the comparable periods in 2006. The comparatively lower 2007 year end net income figure was also impacted by the spin-off of the Energy Services Division in the second quarter of 2006.

Funds from continuing operation for the year ended December 31, 2007 were \$50.7 million versus \$54.3 million in the same period 2006. For the year ended December 31, 2007, funds from operations were \$53.6 million compared to \$65.0 million for 2006. The decrease in the year to date funds from operations numbers was primarily due to the lower fourth quarter results in the Elbow River business as well as the spin out of the Energy Services Division in the second quarter of 2006 and the reclassification of the Real Estate Division as discontinued operations.

The Trust distributed \$41.7 million or \$1.00 per unit for the year ended December 31, 2007 versus \$49.0 million or \$1.20 per unit distributed for the year ended December 31, 2006, distributions were flat reflecting the continued steady distributions of the Trust. The 2007 year to date payout ratio was 78% versus 75% in 2006 and a target payout ratio of 75% to 80%.

## **REVIEW OF BUSINESS UNIT OPERATIONS**

### **1. ENERVEST LIMITED PARTNERSHIP ("EverVest") – MANAGEMENT CONTRACT**

The Trust, through EnerVest manages the EnerVest Group of Funds and receives a fee for this service. During 2007, the assets under management by EnerVest grew by 4% from December 31, 2006 to December 31, 2007, an increase of over \$86 million. The management fees that Avenir receives are directly related to the level of assets under management of the EnerVest Group of Funds.

The following offerings were completed by EnerVest during 2007:

- (i) EnerVest Diversified Income Trust ("EDIT"), the flagship fund, increased assets under management in October 2007 through an exchange offering raising net proceeds of \$201.5 million. This fund remains the largest and most liquid closed-end fund in Canada. The EDIT is managed by Cypress Capital Management Ltd. As part of EnerVest's management initiatives, EnerVest paid the expenses associated with the exchange offering totalling \$10.2 million, by way of a note payable.

- (ii) The EnerVest Energy and Oil Sands Total Return Trust issued warrants exercisable in 2008 that if fully exercised will raise \$14.0 million for the fund. During 2007 \$13.6 million was redeemed during the annual redemption period.
- (iii) During 2007 EnerVest also launched two flow-through offerings raising \$16.0 million.

With respect to the fourth quarter ending December 31, 2007, net assets under management (after adjusting for the exchange offer) declined in line with the capital markets. Fees and commissions associated with the EnerVest Diversified Income Trust exchange offering are paid by the manager and as a result do not have an immediate impact on cash flow. Assets under management were impacted the greatest due to exposure to Real Estate Investment Trusts which were down over 7% for the quarter and junior oil and gas companies and Royalty Trusts which were negatively impacted by the Alberta Government's Royalty review announcement.

Based on net asset value levels experienced to date, first quarter 2008 expectations are inline with the fourth quarter.

## **2. ELBOW RIVER MARKETING LP ("Elbow River")**

Overall, during 2007 Elbow River met expectations, with increased contributions coming from biodiesel and natural gasoline (condensate) when compared to prior years. However, the fourth quarter of 2007 was below expectations primarily due to weaker butane and propane sales together with delays in biodiesel exports. Propane inventories were re-hedged going into the first quarter of 2008 as warmer than normal temperatures resulted in demand not materializing until mid December. Butane experienced an extremely slow first half of the winter blending season due to refiners storing more proprietary barrels than usual, a higher than typical number of refinery turnarounds and increased ethanol usage pushing butane out of the blending pool. Ethanol activity was steady as favourable blending economics resulted in increased discretionary blending. Biodiesel demand continued to be strong in Europe, however re-hedging activities caused by supply interruptions resulted in profits being pushed out into the first and second quarters of 2008.

For the first quarter of 2008, Elbow River's business should be well ahead of expectations primarily due to presales and the impact of the fourth quarter to first quarter re-hedging as mentioned above. Propane sales are expected to be below forecast as winter weather has failed to materialize in the major demand areas. Butane demand is anticipated to be slow as gasoline demand is weaker than normal and refiners are still trying to blend-off proprietary barrels. Ethanol demand remains steady, however the market is highly competitive which will likely result in below normal margins. Biodiesel will benefit from the delays in sales from the fourth quarter of 2007 as well as continued strong sales to Europe.

## **3. OIL & GAS DIVISION**

The Oil and Gas Division continued to deliver consistent production volumes in 2007 through a combination of industry farm-outs and advancement of internally generated capital expenditure programs. This development focus combined with a first quarter asset acquisition, allowed the Trust to increase production 2% in fourth quarter 2007 to 3,404 BOE per day up from 3,326 BOE per day for the same period in 2006. The average production for 2007 was 3,348 BOE per day consistent with the average production of 3,346 BOE per day in 2006. On a BOE basis (6 to 1 conversion), the asset base of the Trust has a balanced sales production ratio of 47% oil and natural gas liquids and 53% natural gas thus helping to balance the effects of commodity fluctuations from either oil or natural gas pricing.

Total gross revenue in 2007 was \$57.5 million, up 4% from 2006 primarily due to higher oil prices. Similarly, the higher oil prices in the fourth quarter of 2007 helped to offset the decline in gas prices resulting in \$14.4 million of gross revenue, up 10% from 2006. However, the gross revenue for the fourth quarter of 2007 was negatively impacted by the December Bow River crude differential to Edmonton light oil pricing. Approximately 75% of the Trust's oil production is Bow River quality crude which experienced differentials of \$39.19 per bbl in December. The average 2007 differential for Bow River crude up to December 2007 was \$23.90 per bbl. This one month spike in differentials resulted in a \$0.5 million reduction in revenue as pricing averaged \$51.15 per bbl for the month of December. Since the end of 2007, crude differentials have returned to normal levels with prices averaging \$71.25 bbl per day for Bow River quality crude in the first 60 days of the year.

In 2007, the Trust participated in the drilling of 30 gross (8.0 net) wells in Alberta, British Columbia and Saskatchewan highlighted by the drilling of 5 gross (1.2 net) non-operated wells in the Noel area of NE British Columbia. The development activity combined with the acquisition in the Noel area resulted in production growth from 250 BOE per day in the first quarter of 2007 to 800 BOE per day in the first quarter of 2008. Adjusting the year end reserve additions for 2007 production from the new entities and including all new future capital, the Trust added reserves for \$15.73 per BOE on a working interest proved plus probable basis in 2007.

In 2008, capital investment will focus on development programs in the operated core areas of Cherhill, SW Saskatchewan and the Noel area of NE British Columbia. Re-completion and optimizations will also continue to be a key component of the capital programs having been instrumental in maintaining a flat production profile on the diverse asset base. The Trust will endeavour to balance the development activity in 2008 between oil and gas opportunities and remains flexible on the timing of capital programs based on commodity pricing throughout the year. The capital programs are currently budgeted to be approximately \$12.5 million in 2008. Based on this level of development activity, the Trust anticipates sales volumes to average approximately 3,340 BOE per day for 2008.

### Oil and Natural Gas Reserves

In accordance with NI 51-101, McDaniel & Associates Consultants Ltd. prepared the McDaniel Report dated March 4, 2008, evaluating the crude oil, natural gas, natural gas liquids and sulphur reserves of the Trust as at December 31, 2007. The tables below are a summary of the Trust's oil, NGL and natural gas reserves and the net present value of future net revenue attributable to such reserves as evaluated in the McDaniel Report based on constant and forecast price and cost assumptions.

The information set forth below is prepared in accordance with standards contained in the Canadian Oil and Gas Evaluation Handbook (COGEH) and the reserves definitions contained in NI 51-101 and the COGEH.

#### Reserves Data - Forecast Prices and Costs Summary of Oil and Gas Reserves

	Gross Reserves <sup>(1)</sup>				Net Reserves <sup>(2)</sup>			
	Light and Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas	Light and Medium Crude Oil	Heavy Oil	Natural Gas Liquids	Natural Gas
	Mbbls	Mbbls	Mbbls	Mmcf	Mbbls	Mbbls	Mbbls	Mmcf
<b>Proved</b>								
Developed Producing	2,142.2	781.6	87.3	15,122.2	1,929.5	728.4	68.3	12,653.3
Developed Non-Producing	0.0	0.0	2.6	1,166.5	0.0	0.0	2.1	941.5
Undeveloped	135.0	0.0	1.5	1,984.8	100.4	0.0	1.2	1,532.4
<b>Total Proved</b>	<u>2,277.2</u>	<u>781.6</u>	<u>91.4</u>	<u>18,273.5</u>	<u>2,030.0</u>	<u>728.4</u>	<u>71.6</u>	<u>15,127.1</u>
<b>Total Probable</b>	<u>785.0</u>	<u>201.2</u>	<u>39.8</u>	<u>6,962.9</u>	<u>672.4</u>	<u>186.5</u>	<u>29.3</u>	<u>5,621.0</u>
<b>Total Proved plus Probable<sup>(3)</sup></b>	<u><u>3,062.2</u></u>	<u><u>982.7</u></u>	<u><u>131.2</u></u>	<u><u>25,236.5</u></u>	<u><u>2,702.3</u></u>	<u><u>914.9</u></u>	<u><u>100.9</u></u>	<u><u>20,748.1</u></u>

*Notes:*

1. Gross reserves include working interest reserves before deduction of royalties but do not include royalty interest reserves.
2. Net reserves include working interest reserves less the deduction of royalties plus royalty interest reserves.
3. Some totals may differ slightly due to rounding.

## Net Present Value of Future Net Revenue of Oil and Gas Reserves

	Before Future Income Tax Expenses and Discounted at		
	0%	8%	10%
	(M\$)	(M\$)	(M\$)
<b>Proved</b>			
Developed Producing	144,892	113,161	107,431
Developed Non-Producing	(59)	(415)	(451)
Undeveloped	3,912	1,799	1,415
<b>Total Proved</b>	<b>148,745</b>	<b>114,545</b>	<b>108,395</b>
<b>Total Probable</b>	<b>63,546</b>	<b>34,481</b>	<b>30,509</b>
<b>Total Proved plus Probable</b>	<b>212,291</b>	<b>149,026</b>	<b>138,904</b>

### Finding and Development Costs

Adjusting the year end reserve additions for 2007 production and including all future capital, the Trust added reserves for \$17.70 per BOE on a working interest proved plus probable basis as a result of the 2007 development programs. The working interest proved plus probable reserves costs for the asset acquisition completed in Noel was \$12.90 per BOE resulting in a total Trust reserve replacement cost of \$15.73 per BOE in 2007.

For further information regarding the Trust's reserves, please refer to its Annual Information Form for December 31, 2007 which will be posted on the Trust's profile at [www.sedar.com](http://www.sedar.com).

### 4. REAL ESTATE DIVISION – Assets Held for Sale

Funds from operations increased for the year ended December 31, 2007 to \$2.9 million compared to \$1.6 million for the year ended December 31, 2006. The increase is due to the benefit of having a full year of revenue from the KFC and Landmark portfolios, which closed in August 2006 and October 2006, respectively. The cash flow for the fourth quarter ended December 31, 2007 totaled \$0.53 million compared to \$0.65 million for the fourth quarter of 2006. The quarter was lower as the Trust recorded annual capital tax payments of \$112,000 and approximately \$60,000 in legal and administration costs for a number of mortgage re-financings.

On November 6, 2007, the Trust announced that it had formally engaged a national real estate brokerage firm to market the sale of the Trust's Real Estate Division. In the second quarter of 2007 the Trust completed an internal evaluation process to determine the best course of action for this division. The review determined that, in view of the significantly lower cost of capital of the REIT and Pension Fund sectors, it was increasingly difficult to acquire suitable real estate properties that met the investment criteria of the Trust. It was decided that a sale process was the best course of action, especially in view of the advantages that a standalone REIT received in the trust tax legislation.

The sale of the Real Estate Division is expected to take place by mid-year 2008. The Real Estate Division provided cash flow of approximately \$2.9 million in 2007 or approximately 5.4% of the Trust's funds from operations.

During the first quarter of 2007, the Trust completed the purchase of two parcels of land in Spruce Grove, Alberta and Wetaskiwin, Alberta, for future KFC development. These purchases are an extension of the Trust's purchase of the KFC Portfolio in 2006. A new Wetaskiwin KFC was completed in early 2008 and a new Spruce Grove KFC and related development is expected to be completed late in 2008.

The Red Deer theatre development was completed subsequent to year end in March 2008 due to the delays with the local utility being unable to provide permanent power to the cinema. The development is now complete and with a national tenant, valuations for the Real Estate portfolio have increased.

## Outlook

Our 2008 expectations for cash flow provide an approximate split of 60% Financial Services and Real Estate, and 40% Oil and Gas with a distribution payout of 75% to 80%. Strong oil and gas commodity prices bode well for the Energy Division for the balance of 2008. The turmoil in the financial and credit markets limits growth in EnerVest near term but the franchise is a strong long-term asset. Elbow River has solid 2008 pre-sales and now is positioned as one of the leading biodiesel distributors in North America.

As discussed previously, the sale of the Real Estate Division is a step in crystallizing value for our unitholders similar to what was done in 2006 with the Energy Services Division. For 2008, we will continue to stress the sustainability of our distributions through our diversification model by targeting our 75%-80% payout ratio. However, we also feel that our Trust trades at a discount to its underlying asset value and we will continue to work to better reflect that value in our unit price.

The Financial Statements for the year ended December 31, 2007 are attached below, with detailed Financial Statements and the Management Discussion and Analysis for the quarter and year ended December 31, 2007 available on the company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or the Trust's website at [www.avenirtrust.com](http://www.avenirtrust.com).

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### ***Forward Looking Statements***

Except for historical financial and operating information contained herein, the matters discussed in this document may be considered forward-looking statements. Such statements include declarations regarding management's intent, belief or current expectations. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties; actual results could differ materially from those indicated by such forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: (i) that the information is of a preliminary nature and may be subject to further adjustment, (ii) the possible unavailability of financing, (iii) risks related to the exploration and development of oil and gas properties, (iv) the impact of price fluctuations and the demand and pricing for oil and natural gas, (v) the seasonal nature of the business, (vi) start-up risks, (vii) general operating risks, (viii) dependence on third parties, (ix) changes in government regulation, (x) the effects of competition, (xi) dependence on senior management, (xii) financial condition of real estate tenants and financial services counterparts, (xiii) impact of the Canadian economic conditions or the demand for real estate leasing opportunities, (xiv) fluctuations in currency exchange rates and interest rates.

## CONSOLIDATED BALANCE SHEETS

As at December 31,

<i>(in thousands of dollars)</i>	<b>2007</b> \$	<b>2006</b> \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	—	441
Marketable securities	1,408	13
Accounts receivable and prepaid expenses	79,430	75,634
Inventory	83,653	39,949
Risk management assets	4,828	46
Assets held for sale	1,793	836
	<b>171,112</b>	<b>116,919</b>
<b>Property and equipment</b>	<b>150,040</b>	<b>151,681</b>
<b>Investment in financial services contracts</b>	<b>—</b>	<b>3,265</b>
<b>Intangibles and other assets</b>	<b>155,980</b>	<b>150,899</b>
<b>Goodwill</b>	<b>56,875</b>	<b>52,541</b>
<b>Assets held for sale</b>	<b>64,192</b>	<b>55,245</b>
	<b>598,199</b>	<b>530,550</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	110,265	69,240
Accounts payable and accrued liabilities	75,024	67,782
Distributions payable	3,476	3,465
Risk management liabilities	18,578	—
Notes payable	13,350	5,000
Liabilities held for sale	15,807	20,206
	<b>236,500</b>	<b>165,693</b>
<b>Notes payable</b>	<b>16,329</b>	<b>9,434</b>
<b>Asset retirement obligation</b>	<b>12,905</b>	<b>12,799</b>
<b>Future income taxes</b>	<b>8,314</b>	<b>15,608</b>
<b>Liabilities held for sale</b>	<b>29,191</b>	<b>14,949</b>
<b>Commitments and contingencies</b>		
<b>Unitholders' equity</b>		
Unitholder capital	419,533	413,731
Contributed surplus	6,033	4,344
Accumulated earnings	92,671	65,022
Accumulated other comprehensive loss	(10,589)	—
Accumulated distributions	(212,688)	(171,030)
	<b>294,960</b>	<b>312,067</b>
	<b>598,199</b>	<b>530,550</b>

## CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED EARNINGS

For the year ended December 31,

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
<b>REVENUE</b>		
Financial services revenue	822,978	710,633
Unrealized gain on financial instruments	641	362
Total financial services revenue	823,619	710,995
Oil and gas revenue	57,521	55,264
Oil and gas transportation costs	(1,177)	(889)
Royalties, net of ARTC	(7,920)	(7,767)
Unrealized gain (loss) on financial instruments	(2,888)	4,940
Total oil and gas revenue	45,536	51,548
Interest and other revenue	5	84
<b>Total revenue</b>	<b>869,160</b>	<b>762,627</b>
<b>EXPENSES</b>		
Financial services operating	775,699	663,669
Oil and gas operating	19,981	19,470
General and administrative	19,029	18,905
Foreign exchange	929	(816)
Interest and bank fees	5,700	3,499
Interest on long-term debt	577	118
Capital taxes	390	286
Depletion, depreciation and amortization	28,499	26,491
Asset retirement obligation accretion	993	900
	851,797	732,522
Income from continuing operations before income tax	17,363	30,105
Future income tax recovery	7,294	3,409
Net income from continuing operations	24,657	33,514
Net income from discontinued operations – Real Estate	2,734	368
Net income from discontinued operations – Energy Services	—	3,517
Net income for the year	27,391	37,399
Accumulated earnings, beginning of year	65,022	27,623
Change in accounting policy	258	—
Accumulated earnings, end of year	92,671	65,022
Net income from continuing operations per unit		
Basic	0.59	0.82
Diluted	0.59	0.81
Net income from discontinued operations per unit		
Basic	0.07	0.09
Diluted	0.06	0.09
Net income per unit		
Basic	0.66	0.91
Diluted	0.65	0.90

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31,

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
Net income for the year	27,391	—
Change in fair value of derivative instruments designated as cash flow hedges	(16,447)	—
Change in fair value of marketable securities	(530)	—
Other comprehensive income	(16,977)	—
Comprehensive income for the year	10,414	—

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended December 31,

<i>(in thousands of dollars)</i>	2007 \$	2006 \$
<b>OPERATING ACTIVITIES</b>		
Net income from continuing operations	24,657	33,514
Add (deduct) non-cash items:		
Non-cash general and administrative	2,577	3,534
Depletion, depreciation and amortization	28,499	26,491
Asset retirement obligation accretion	993	900
Unrealized loss (gain) on financial instruments	2,247	(5,302)
Unrealized foreign exchange	(962)	(1,412)
Future income tax recovery	(7,294)	(3,409)
Funds from continuing operations	50,717	54,316
Funds from discontinued operations – Real Estate	2,894	1,595
Funds from discontinued operations – Energy Services	—	9,094
	53,611	65,005
Asset retirement expenditures during year	(1,209)	(533)
Change in non-cash working capital	(40,230)	5,995
Cash provided by operating activities	12,172	70,467
<b>FINANCING ACTIVITIES</b>		
Issue of trust units, net of issue costs	591	1,126
Cash settlement of options	(11)	—
Distributions to unitholders	(41,659)	(50,401)
Increase in bank indebtedness	41,025	37,758
Increase (decrease) in notes payable	5,000	(4,387)
Decrease in notes receivable	—	1,050
Increase (decrease) in liabilities held for sale - mortgages	11,601	(543)
Repayment of capital lease obligations	—	(51)
Repayment of long-term debt	—	(2,994)
Change in non-cash working capital	11	(62)
Cash provided by (used in) financing activities	16,558	(18,504)
<b>INVESTING ACTIVITIES</b>		
Energy Services Division acquisitions	—	(30,995)
Disposition of Energy Services Division	—	(2,383)
Financial services development expenditures	(1,143)	(66)
Redemption of financial services contracts	3,265	17,135
Oil and gas property acquisitions	(7,395)	(11,481)
Oil and gas property disposals	83	794
Oil and gas development expenditures	(12,779)	(13,539)
Purchase of other assets	(137)	(230)
Increase in assets held for sale	(9,969)	(15,707)
Change in restricted cash	—	366
Change in non-controlling interest	—	(524)
Change in non-cash working capital	(676)	1,178
Cash used in investing activities	(28,751)	(55,452)
<b>Decrease in cash during the year</b>	<b>(21)</b>	<b>(3,489)</b>
Cash, beginning of year	441	3,999
<b>Change in cash of assets held for sale</b>	<b>(420)</b>	<b>(69)</b>
<b>Cash, end of year</b>	<b>—</b>	<b>441</b>
<b>Cash taxes paid</b>	<b>807</b>	<b>561</b>
<b>Cash interest paid</b>	<b>7,921</b>	<b>5,055</b>