COAST WHOLESALE APPLIANCES
INCOME FUND

Second Quarter Report to Unitholders

Three Months
and Six Months
ended June 30

2007 >

Coast Wholesale
Appliances
"Innovative Products for Builders, Designers & Home Owners"

Coast Wholesale Appliances Income Fund

Coast Wholesale Appliances Income Fund is an unincorporated, open-ended limited purpose trust launched on June 23, 2005 with the completion of an initial public offering of 6,525,000 trust units. The Fund was created to acquire and hold a 65% indirect interest in Coast Wholesale Appliances LP (Coast). The remaining 35% interest has been retained by the previous ownership. Distributions to the retained interest are currently subordinated to those of public unitholders, subject to the Fund meeting certain EBITDA and cash distribution targets, as set out in our June 15, 2005 prospectus. The subordination is expected to be removed following the Fund's next full financial audit, anticipated to be conducted subsequent to our 2007 year-end.

Cash distributions to unitholders, currently paid monthly to public unitholders and quarterly to the retained interest, are entirely dependent on the performance of Coast.

Coast Wholesale Appliances LP

Coast is a leading independent supplier of major household appliances to developers and builders of multi-family and single-family housing, and to retail customers in Western Canada.

Founded in 1978, Coast originally operated exclusively as a wholesale supplier to developers and builders, later broadening our focus to include the retail market. Today, our business combines contract sales to developer and builder customers with direct sales to retail customers.

The exceptional stability our business has shown over the past 29 years is due in large part to the essential nature of the major home appliances we sell. Over the past decade, our industry has also benefited from strong economic growth fundamentals, with new product innovations and an increasing focus on home décor working to drive up sales.

Coast currently operates 15 stores and four warehouse distribution centres across the four western provinces. We offer our customers the convenience of one-stop shopping for all of their major household appliance needs across more than 30 major brands.

Our business strategy has three elements. To create value for the Fund's unitholders, we plan to:

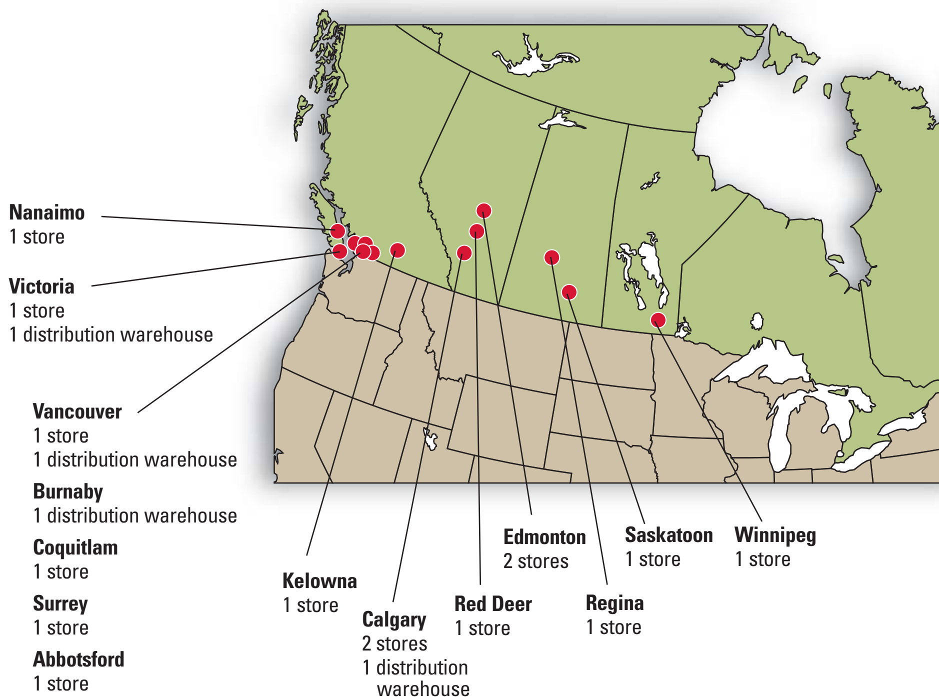
1. Enter new markets in Western Canada and explore opportunities to expand into Eastern Canada;

2. Increase sales from our existing branch locations; and

3. Continue to enhance our profitability.

15 wholesale/retail stores – designed as product showrooms

Four distribution warehouse facilities – strategically located near key branches



Performance Highlights

(in thousands of dollars except percentages and per-unit amounts)	Q1 $	Q2 $	2007 YTD $	Q1 $	Q2 $	2006 YTD $
Sales	31,161	36,809	67,970	27,717	30,802	58,519
Gross profit	7,732	9,228	16,960	6,660	7,710	14,370
As a percentage of sales	24.8%	25.1%	25.0%	24.0%	25.0%	24.6%
Net income before non-controlling interest	2,015	3,209	5,224	1,843	2,317	4,160
Basic and diluted net income per unit	0.201	0.320	0.521	0.184	0.231	0.415
EBITDA	2,792	3,884	6,676	2,748	3,249	5,997
EBITDA margin	9.0%	10.6%	9.8%	9.9%	10.5%	10.2%
Adjusted distributable cash	2,595	3,594	6,189	2,505	2,919	5,424
Adjusted distributable cash per unit	0.26	0.36	0.62	0.25	0.29	0.54
Distribution per unit	0.30	0.30	0.60	0.30	0.30	0.60
Adjusted distribution ratio	116.0%	83.8%	97.3%	120.2%	103.1%	111.0%

- Grew second quarter revenues by 19.5% and six-month revenues by 16.2% year-over-year.
- Improved comparative store sales by 13.1% for the second quarter and 11.2% for the first half.
- Increased gross profit margin to 25.1% from 25.0% for the quarter, and to 25.0% from 24.6% for the six months.
- Extended the maturity of our credit facilities from June 23, 2008 to July 31, 2010 and added a new $13.5 million acquisition facility to support the growth of the business.
- Entered into agreements to relocate our existing Regina and Abbotsford stores to new, larger premises in high-traffic areas.
- Continued to fully meet cash distribution commitments.
- Reduced the Fund's second quarter adjusted payout ratio to 83.8% from 103.1% in 2006 and our first half adjusted payout ratio to 97.3% from 111.0% in 2006.

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To Our Unitholders

On behalf of the Board of Trustees of Coast Wholesale Appliances Income Fund, and all our employees across Western Canada, we are pleased to report to you on our strong performance in the three and six months ended June 30, 2007. Thanks largely to the sustained robust economy in Western Canada, where all 15 of our stores are located, we continued to deliver double-digit sales growth. We also improved our gross margin and moved forward with plans to further enhance our profitability. As a result, we increased our adjusted distributable cash generation and significantly improved our adjusted payout ratio on a year-over-year basis.

Second quarter operating results

Our second quarter sales reached a new high of $36.8 million. This was up by $6.0 million, or 19.5%, from the $30.8 million we recorded in 2006. At comparable stores – locations open for more than one year – our sales increased by $4.0 million, or 13.1%, quarter-over-quarter, growing equally across the four western provinces. New store sales growth during the quarter came from the Calgary store we opened in August 2006, our second in the city, and the two other new Alberta locations we added in the first quarter of 2007. The opening of our second Edmonton store in mid-February and our first Red Deer location at the end of March brought our total store count to 15.

As in the first quarter, we saw a slight proportionate increase in our retail business. We expect that our retail sales will continue to grow at a faster rate than our contract sales to developers and builders as our new Alberta stores become more established. In our contract business, as anticipated, the sales lag we experienced in British Columbia during the second half of 2006 continued to show signs of catching up as delayed construction projects proceeded to completion. We expect to realize the remainder of the deferred BC contract sales in the third quarter.

Our cost of sales for the second quarter was $27.6 million, or 74.9% of sales. This resulted in a gross profit of $9.2 million, or 25.1% of sales. By comparison, in the second quarter of 2006, our cost of sales was $23.1 million, or 75.0% of sales, providing a gross profit of $7.7 million, or 25.0% of sales. This year-over-year improvement in our gross margin was partially due to the increased proportion of retail sales in our business mix, as these sales generate a higher margin than our contract business. In addition, we continued to benefit from the new, higher-margin product lines we added to our core offerings in early 2006 to increase sales to the higher end of the multi-family sector.

Our EBITDA for the second quarter was $3.9 million, compared to $3.2 million in 2006, while our EBITDA margin of 10.6% was up slightly from 10.5% last year. Removing the full impact of the new stores, our 2007 second quarter EBITDA margin would have been 11.0%.

Net income before non-controlling interest for the three months was $3.2 million, or 8.7% of sales. This was up from $2.3 million, or 7.5% of sales, in the second quarter of 2006. Removing the full impact of the new stores, our 2007 net income before non-controlling interest would have been 9.1% of sales.

Six-month operating results

Our financial results for the six months to June 30, 2007 were also very strong. Total sales for the first half of the year were $68.0 million. This was up by $9.5 million, or 16.2%, from $58.5 million in 2006. Comparable store sales for the first half of the year increased by $6.6 million, or 11.2%, year-over-year.

Our cost of sales for the first six months of the year was $51.0 million, or 75.0% of sales, resulting in a gross profit of $17.0 million, or 25.0% of sales. This compares favourably to cost of sales of $44.1 million, or 75.4% of sales, and a gross profit of $14.4 million, or 24.6% of sales, in the first half of 2006.

During the first half, Coast's EBITDA increased to $6.7 million from $6.0 million in 2006, while our EBITDA margin decreased to 9.8% from 10.2% in 2006. However, if we remove the full impact of our new stores, this year's six-month EBITDA margin would have been 10.5%.

Profitability also improved, with net income before non-controlling interest growing to $5.2 million, or 7.7% of sales, from $4.2 million, or 7.1% of sales, in the first half of 2006. Removing the full impact of the new stores, our 2007 six-month net income before non-controlling interest would have been 8.2% of sales.

Cash distributions

The Fund declared monthly cash distributions of $0.10 per unit for each of April, May and June 2007. By the end of the quarter, we had paid a total of 24 consecutive monthly cash distributions to our public unitholders, as well as eight consecutive quarterly cash distributions to the subordinated non-controlling interest held by the previous owners of the business. As previously announced, we have declared a subsequent monthly distribution of $0.10 per unit to public unitholders for the month of July 2007.

During the second quarter, the Fund earned $3.6 million in adjusted distributable cash before the non-controlling interest, or $0.36 per unit. This was up from $2.9 million, or $0.29 per unit, in the same period of 2006. In both quarters, we distributed and accrued for payment $3.0 million, or $0.30 per unit, to unitholders and the non-controlling interest.

For the first six months of the year, our adjusted distributable cash before non-controlling interest totaled $6.2 million, or $0.62 per unit, up from $5.4 million, or $0.54 per unit in 2006. In both years, the Fund distributed and accrued for payment $6.0 million, or $0.60 per unit, to unitholders and the non-controlling interest.

As most of you know, our distributable cash payout ratio varies throughout the year according to the seasonality of Coast's business. While the Fund has levelled distributions to provide a regular stream of income to our unitholders, we expect that the less profitable first half of the year will be offset by historically higher earnings in the second half.

Coast's strong performance this year has enabled us to make good progress on one of our key strategic goals – reducing our payout ratio. In the second quarter of 2007, our adjusted payout ratio improved to 83.8% from 103.1% in the same period of 2006. For the six months, our adjusted payout ratio improved to 97.3% from 111.0% in the first half of 2006. Removing the full impact of the three new stores, the six-month adjusted payout ratio would have been 95.0%. On a 12-month trailing basis, our adjusted payout ratio was 87.4%, down from 97.3% at June 30, 2006.

Outlook

The outlook for our business for the second half of 2007 remains very positive. We expect continued, steady sales growth from our existing stores, as well as incremental sales gains from our ongoing expansion in Alberta. We are actively seeking additional locations in both BC and Alberta, as well as acquisition targets in Eastern Canada. To support our growth strategy, we amended our credit facilities during the second quarter, extending the maturity of our term debt through July 2010 and adding a new $13.5 million acquisition facility.

We are also proceeding with a number of initiatives to increase sales from our existing stores and enhance profitability. As planned, we are set to relocate our Calgary warehouse to a newer, larger facility in the third quarter. In addition, we now have agreements in place to relocate our Regina and Abbotsford stores to new, larger premises in higher-traffic areas in the first half of 2008.

As we move ahead, we continue to evaluate the potential impact of the new tax on income trusts proposed by the federal government on October 31, 2006 and enacted as legislation on June 12, 2007. The taxation of distributions at the trust level will begin in 2011. As more information becomes available, we will determine the most appropriate course of action for our Fund

We are confident that our ongoing cash flow from operations and current credit facilities will be sufficient to allow Coast to meet ongoing requirements for capital expenditures, including investments in working capital and distributions, while enabling the Fund to meet our cash distribution commitments to all our unitholders.

In closing, we extend our appreciation to our employees, our suppliers and our customers for your support of our business, and to our unitholders for your continued confidence.

R. Blain Lawson
President and CEO, Coast Wholesale Appliances LP

C. Kenneth Crump
Chairman of the Board of Trustees of Coast Wholesale Appliances Income Fund and Chairman of Coast Wholesale Appliances GP Inc.

This letter may contain forward-looking statements relating to expected future events and financial and operating results of Coast that involve risks and uncertainties. The actual results may differ materially from management's expectations as projected in such forward-looking statements for a variety of reasons. These include market and general economic conditions and the risks and uncertainties detailed from time to time in Coast's continuous disclosure materials filed with Canadian securities regulatory authorities, including the second quarter 2007 and the year-end management's discussion and analyses filed at SEDAR (www.sedar.com). These forward-looking statements are based on assumptions that management considered reasonable at the time they were prepared. Due to the potential impact of these factors, Coast disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Management's Discussion and Analysis of Financial Conditions and Operations

For the period ended June 30, 2007

This management's discussion and analysis has been prepared as of July 30, 2007. It should be read in conjunction with the Fund's unaudited interim consolidated financial statements and accompanying notes for the period ended June 30, 2007, which appear later in this report, and our audited consolidated financial statements for the year ended December 31, 2006. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

The Fund commenced operations on June 23, 2005 following the completion of our initial public offering of trust units. This report presents our financial results for the period from January 1, 2007 to June 30, 2007.

Forward-looking Statements

This discussion may contain forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements relate to future events or future performance and reflect our expectations regarding growth, results of operations, performance, and business prospects and opportunities. Such forward-looking statements reflect our current beliefs, are based on information currently available to the Fund and speak only as of the date of this discussion. They reflect current expectations regarding future events and operating performance, including, but not limited to: a continued strong western Canadian economy, relatively stable interest rates and continuing strength with the issuing of new building permits. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to: sensitivity to general economic conditions; maintenance of profitability and management of growth; competition; usage of extended warranty programs; changes to planning and supply chain processes; changes in consumer preferences; mix of product sales; reliance on suppliers; lack of supplier agreements; reliance on key personnel; and interest rates. The Fund cannot assure investors that actual results will be consistent with these forward-looking statements, and the Fund does not assume any obligation to update or revise these forward-looking statements to reflect new events or circumstances.

Fund Overview

The Fund is an unincorporated, open-ended, limited-purpose trust created by the Declaration of Trust made on March 24, 2005 and governed under the laws of the Province of Alberta. We commenced operations on June 23, 2005, when we completed an initial public offering of trust units and acquired a 65.03% indirect interest in a chain of major household appliance stores in British Columbia, Alberta, Saskatchewan and Manitoba from Coast Wholesale Appliances Ltd. (Coast Ltd.). The Fund holds, indirectly, 65.03% of the outstanding Class A Limited Partnership Units of Coast Wholesale Appliances

LP (Coast), a limited partnership established under the laws of the Province of Manitoba, and our results are entirely dependent on Coast's operating results.

Economic and Industry Factors

The economic and industry factors impacting our business are substantially unchanged from those discussed in the Fund's 2006 Annual Report, dated March 5, 2007 (available at www.sedar.com or www.coastincomefund.com).

Seasonality

While we have levelled the Fund's monthly distributions to provide a steady stream of income to unitholders, sales of our products are subject to seasonal fluctuations that follow our customers' building activities. Historically, the first quarter is our slowest, accounting for 21% to 22% of annual sales, and the third quarter is our strongest, representing 27% to 28% of sales. The second and fourth quarters are approximately equal, accounting for 25% to 26% of sales.

Selected Financial Information

The following selected financial information has been derived from Coast's unaudited consolidated financial statements for the three and six-month periods ended June 30, 2007. This material should be read in conjunction with the unaudited financial statements and notes that accompany this report.

(in thousands of dollars except percentages)	3 months ended June 30 **2007** $	3 months ended June 30 2006 $	6 months ended June 30 **2007** $	6 months ended June 30 2006 $
Sales	36,809	30,802	67,970	58,519
Cost of sales	27,581	23,092	51,010	44,149
Gross profit	9,228	7,710	16,960	14,370
As a percentage of sales	*25.1%*	*25.0%*	*25.0%*	*24.6%*
Expenses [1]	5,327	4,461	10,258	8,373
Amortization of leasehold inducements (netted with facility expenses)	17	–	26	–
EBITDA [2]	3,884	3,249	6,676	5,997
As a percentage of sales	*10.6%*	*10.5%*	*9.8%*	*10.2%*
Interest	236	235	469	482
Future income taxes	(128)	–	(128)	–
Amortization	567	697	1,111	1,355
Net income before non-controlling interests	3,209	2,317	5,224	4,160
As a percentage of sales	*8.7%*	*7.5%*	*7.7%*	*7.1%*
Non-controlling interest	1,122	810	1,827	1,455
Net income	2,087	1,507	3,397	2,705

Notes:

(1) Expenses include selling, general and administrative, facilities and warehousing expenses.

(2) See "Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures".

Operating Results

Sales

(in thousands of dollars except percentages)	3 months ended June 30 **2007** $	3 months ended June 30 2006 $	6 months ended June 30 **2007** $	6 months ended June 30 2006 $
Comparable stores [1]	34,834	30,802	65,077	58,519
% increase	*13.1%*		*11.2%*	
New stores	1,975		2,893	
Total	36,809	30,802	67,970	58,519
% increase	*19.5%*		*16.2%*	

Notes:

(1) Comparable stores are locations open for more than one year.

Sales for the three months ended June 30, 2007 were $36.8 million, up by $6.0 million, or 19.5%, from the $30.8 million we recorded in the second quarter of 2006. At comparable stores – locations open for more than one year – sales grew by $4.0 million, or 13.1%, quarter-over-quarter. Our comparable store sales increased approximately equally across all four provinces in Coast's western Canadian marketplace. New store sales growth came from the Calgary location we opened in August 2006 and the Edmonton and Red Deer locations we respectively opened in February and March of this year, both of which were strong contributors. With the addition of these primarily retail-focussed locations to our sales network, we are seeing a slight shift in our business mix in favour of retail sales. Historically, Coast's business has been fairly evenly divided between direct sales to retail customers and contract sales to developers and builders. We expect that our retail business will continue to grow at a faster rate than our developer / builder business as the new Alberta stores become established in their respective markets. In our contract business, as anticipated, the lag in sales to builders and developers that we experienced in British Columbia during the fourth quarter of 2006 continued to show signs of catching up in the second quarter of 2007. We expect to realize the remainder of the deferred sales in the third quarter.

Sales for the six months ended June 30, 2007 were $68.0 million, up by $9.5 million, or 16.2%, from $58.5 million in the first half of 2006. Comparable store sales for this period increased by $6.6 million, or 11.2%, year-over-year.

Cost of sales and gross profit

Cost of sales for the three months ended June 30, 2007 was $27.6 million, or 74.9% of sales. This resulted in a gross profit of $9.2 million, or 25.1% of sales. By comparison, in the second quarter of 2006, cost of sales was $23.1 million, or 75.0% of sales, providing a gross profit of $7.7 million, or 25.0% of sales. The year-over-year increase in margin is partially due to the slight proportionate increase in our retail business discussed under Sales above, as our retail business generates a higher margin than our contract business with developers and builders. The new higher-margin product lines we added to our core offerings in 2006 to increase sales to the multi-family sector also had a positive impact on our second quarter margin.

Cost of sales for the six months ended June 30, 2007 was $51.0 million, or 75.0% of sales. This resulted in a gross profit of $17.0 million, or 25.0% of sales. For the first half of 2006, cost of sales was $44.1 million, or 75.4% of sales, providing a gross profit of $14.4 million, or 24.6% of sales. As with the quarterly result, the slight improvement in margin was due to the growth of our retail business and our new higher-margin product offerings.

Expenses

Selling, warehouse, facility, and general and administrative (SG&A) expenses for the three months ended June 30, 2007 were $5.3 million, or 14.5% of sales. This is up by $0.8 million from the second quarter of 2006, when SG&A expenses of $4.5 million equalled the same 14.5% of sales. The increase is mainly due to the following factors:

- New store costs of $0.5 million were incurred during the quarter with limited sales realized from the recently opened locations. These expenses accounted for just over half of the year-over-year increase in SG&A expenses. Removing the full impact of the new stores, SG&A expenses would equal 13.9% of sales.
- Second quarter general and administrative expenses, net of the new stores, were up by $0.2 million over 2006, due in part to increased administrative staff and wages, and consulting costs related to a variety of projects.
- Although sales expenses, net of the new stores, as a percentage of sales are in line with revenue, we increased our marketing expenditures by approximately $0.1 million over the same quarter of 2006.

SG&A expenses for the six months ended June 30, 2007 were $10.3 million, or 15.1% of sales. This is up by $1.9 million from the first half of 2006, when SG&A expenses of $8.4 million equalled 14.3% of sales. The increase is mainly due to the following factors:

- New store costs of $0.9 million were incurred during the six months with limited sales realized from the recently opened locations. These expenses accounted for approximately half of the year-over-year increase in SG&A expenses. Removing the full impact of the new stores, SG&A expenses would equal 14.4% of sales, which is in line with the 2006 level.
- Six-month general and administrative expenses, net of the new stores, were up by $0.4 million over 2006, due in part to increased administrative staff and wages, and consulting costs. We also saw a year-over-year change in our bad debt allowance as a result of bad debt recoveries experienced in 2006, which were not repeated in 2007.
- Although sales expenses, net of the new stores, as a percentage of sales are in line with revenue, we increased our marketing expenditures by approximately $0.2 million over the same period in 2006.

EBITDA

EBITDA and EBITDA margin are not recognized measures under GAAP and do not have standardized meanings prescribed by GAAP (see “Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures” below).

A reconciliation of Net Income to EBITA is as follows:

(in thousands of dollars except percentages)	3 months ended June 30 2007 $	3 months ended June 30 2006 $	6 months ended June 30 2007 $	6 months ended June 30 2006 $
Net income	2,087	1,507	3,397	2,706
Non-controlling interest	1,122	810	1,827	1,454
Interest	236	235	469	482
Future income taxes	(128)	–	(128)	–
Amortization	567	697	1,111	1,355
EBITDA [(1)]	3,884	3,249	6,676	5,997
EBITDA margin [(1)]	10.6%	10.5%	9.8%	10.2%

Notes:

(1) See "Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures".

EBITDA for the three months ended June 30, 2007 was $3.9 million, compared to $3.2 million in the second quarter of 2006. Our EBITDA margin of 10.6% for the three months was up slightly from 10.5% in the second quarter of 2006. Removing the full impact of our new stores would increase this year's second quarter EBITDA margin to 11.0%.

For the six months ended June 30, 2007, EBITDA was $6.7 million, compared to $6.0 million in the first half of 2006. Our EBITDA margin for this period was 9.8%, down from 10.2% in the same period of 2006. Again, removing the full impact of our new stores, this year's six-month EBITDA margin would increase to 10.5%.

Amortization

Amortization for the three months ended June 30, 2007 was $0.6 million, compared to $0.7 million in the second quarter of 2006. The difference is mainly due to the completion in 2006 of the amortization of the intangible asset value attributed to the customer sales backlog on acquisition of the business. This was offset somewhat by the amortization of costs related to our new stores.

Amortization for the six months ended June 30, 2007 was $1.1 million, compared to $1.4 million in the first half of 2006. As with the quarterly result, the reduction is mainly due to the completion in 2006 of the amortization of the intangible asset value attributed to the customer sales backlog on acquisition of the business.

Net income before non-controlling interest

Net income before non-controlling interest for the three months ended June 30, 2007 was $3.2 million, compared to $2.3 million in the second quarter of 2006. As a percentage of sales, our three-month net income before non-controlling interest was 8.7%, up from 7.5% in the second quarter of 2006. Removing the full impact of the new stores, net income before non-controlling interest would equal 9.1% of sales.

For the six months ended June 30, 2007, net income before non-controlling interest was $5.2 million, compared to $4.2 million in the first half of 2006. As a percentage of sales, six-month net income before non-controlling interest was 7.7%, up from 7.1% in the first half of 2006. Removing the full impact of the new stores would bring the six-month result to 8.2% of sales.

Summary of Quarterly Results

(in thousands of dollars except percentages and per-unit figures)	**2007**		**2006**				**2005**	
For the quarters ended:	June 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Sales	36,809	31,161	32,762	34,674	30,802	27,717	30,825	32,239
Gross profit	9,228	7,732	8,570	8,716	7,710	6,660	8,597	7,584
Gross profit percentage	*25.1*	*24.8%*	*26.2%*	*25.1%*	*25.0%*	*24.0%*	*27.9%*	*23.5%*
Net income before non-controlling interest	3,209	2,015	2,835	3,379	2,317	1,844	2,818	3,000
Net income	2,087	1,310	1,844	2,197	1,507	1,199	1,883	1,939
Basic and diluted net income per unit	0.320	0.201	0.283	0.337	0.231	0.184	0.289	0.297
Distributions per unit	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30

Liquidity and Capital Resources

Cash flow from operating activities

Cash flow from operating activities for the three months ended June 30, 2007 was $1.1 million, the same amount we reported in the second quarter of 2006.

For the six months ended June 30, 2007, cash flow from operating activities was $7.6 million, compared to $5.0 million in the same period of 2006. The difference is mainly attributable to the increase in our accounts payable and accrued liabilities as a result of the timing of our payments to major suppliers.

Capital expenditures

(in thousands of dollars)	3 months ended June 30 **2007** $	3 months ended June 30 2006 $	6 months ended June 30 **2007** $	6 months ended June 30 2006 $
Total capital expenditures	245	365	494	426
Less tenant inducements	–	–	147	–
	245	365	347	426
Less:				
Growth capital expenditures on new stores net of inducements	124	168	221	168
Inventory computer project funded separately	17	5	17	16
	141	173	238	184
Maintenance capital expenditures (1)	104	192	109	242

(1) See "Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures".

Capital expenditures during the second quarter of 2007 related primarily to the completion of our new Red Deer store, which opened at the end of the first quarter. Other capital expenditures during the quarter were minimal and related mainly to computer equipment and software. Tenant inducements also related to the two new stores and reduced our overall costs for these projects.

For the six months to June 30, 2007, capital expenditures related mainly to the completion of our new Edmonton and Red Deer stores. The tenant inducements also related to these two facilities.

Maintenance capital is not a recognized measure under GAAP and does not have standardized meanings prescribed by GAAP (see "Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures" below). We consider maintenance capital expenditures to include leasehold improvements for existing locations, relocation of current facilities, furniture and fixture purchases, and computer hardware and software expenditures. Growth capital expenditures are capital costs related to opening new locations.

The upgrading of Coast's inventory management technology is being funded by cash set aside from the purchase agreement with Coast Ltd., the owner of the predecessor business. Net funds of $0.511 million advanced by Coast Ltd. to the Fund have been earmarked for completion of this project. As the inventory management upgrade has been separately funded, we will not treat it as a maintenance capital expenditure in 2007. Minor capital expenditures were charged to the project during the second quarter.

We anticipate that our maintenance capital expenditures for fiscal 2007 will total approximately $0.7 million. In subsequent years, our annual maintenance capital expenditures will grow somewhat as we increase our store count.

Distributions to unitholders

The Fund makes monthly distributions to unitholders of record on the last business day of each month, payable on or about the 15th of the following month. For the six months ended June 30, 2007, distributions were $0.60 per unit, totalling $4.0 million. These equalled the distributions made in the same period of 2006. Distributions have remained consistent at $0.10 per unit per month since the Fund's inception, totalling $15.8 million for the period from June 23, 2005 to June 30, 2007. In addition, distributions to the non-controlling interest have been paid in full during this period, totalling $7.5 million. The accrued distributions payable to unitholders and the non-controlling interest at June 30, 2007 were paid on July 16, 2007.

Of the distributions paid in 2006, 69% represented taxable income to the unitholders and 31% a return of capital, which reduces the adjusted cost base of the units. We expect a split of approximately 88% income and 12% return of capital for the 2007 distributions.

Period	Record date	Payment date	Per unit	Amount
January 2007	January 31, 2007	February 15, 2007	$0.10	$652,500
February 2007	February 28, 2007	March 15, 2007	0.10	652,500
March 2007	March 30, 2007	April 16, 2007	0.10	652,500
April 2007	April 30, 2007	May 15, 2007	0.10	652,500
May 2007	May 31, 2007	June 15, 2007	0.10	652,500
June 2007	June 29, 2007	July 16, 2007	0.10	652,500
			$0.60	$3,915,000

Standardized Distributable Cash

On July 18, 2007, the Canadian Institute of Chartered Accountants (CICA) issued an interpretive release (Standardized Distributable Cash in Income Trusts and other Flow-through Entities) providing guidance on standardized preparation and disclosure of distributable cash for income trusts. The CICA calculation of standardized distributable cash is based on cash flows from operating activities, including the effects of changes in non-cash working capital, less total capital expenditures. The table below uses this calculation method to set out standardized distributable cash for each quarter since the Fund's inception.

(in thousands of dollars except percentages and per-unit figures)	Q2 2007	Q1 2007	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Cash from operations	1,078	6,539	4,416	1,954	1,108	3,854	284	3,697	(700)
Other capital expenditures	(142)	(96)	(419)	(248)	(173)	(11)	(489)	–	–
Maintenance capital expenditures	(104)	(5)	(36)	(141)	(192)	(50)	(313)	(31)	–
Standardized distributable cash	832	6,438	3,961	1,565	743	3,793	(518)	3,666	(700)
Distributions	3,010	3,010	3,010	3,010	3,010	3,010	3,010	3,010	234
Standardized payout ratio	*361.3%*	*46.8%*	*76.0%*	*192.3%*	*405.1%*	*79.4%*	*N/A*	*82.1%*	*N/A*
Standardized distributable cash per unit	0.083	0.642	0.395	0.156	0.074	0.378	(0.052)	0.365	(0.070)
Distributions per unit	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.300	0.023
12-month trailing									
Standardized distributable cash	12,796	12,707	10,062	5,583	7,684				
Distributions	12,040	12,040	12,040	12,040	12,040				
Standardized payout ratio	*94.1%*	*94.8%*	*119.7%*	*215.7%*	*156.7%*				
Year-to-date									
Standardized distributable cash	7,271				4,536				
Distributions	6,020				6,020				
Standardized payout ratio	*82.8%*				*132.7%*				
Cumulative since IPO June 23, 2005									
Standardized distributable cash	19,781								
Distributions	24,314								
Standardized payout ratio	*122.9%*								

Management feels that the standardized distributable cash calculation distorts the Fund's quarter-to-quarter distributable cash and payout ratios, as our non-cash working capital fluctuates dramatically as a result of both the seasonality of our business and changes in the timing of the payment of payable transactions.

On a 12-month trailing basis, using the standardized distributable cash calculation, our standardized payout ratio of 94.1% at June 30, 2007 is significantly higher than when calculated using our historical method, as described below, which results in a 12-month trailing payout ratio of 87.4%. The main difference between the two methods is the inclusion of our growth capital expenditures in the standardized calculation.

Adjusted Distributable Cash

Historically, we have considered distributable cash to be our net income before non-controlling interest and amortization, less maintenance capital expenditures. This is the equivalent of cash flows from operating activities before changes in non-cash working capital, less maintenance capital expenditures. (See ”Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures” below) We have adjusted the historical calculation to this base and included the changes in our deferred warranty sales to fully recognize the cash flow from these activities. All historical calculations have been reclassified to reflect these changes.

(in thousands of dollars except percentage and per-unit figures)	3 months ended June 30 **2007** $	3 months ended June 30 2006 $	6 months ended June 30 **2007** $	6 months ended June 30 2006 $	12 months trailing June 30 **2007** $	12 months trailing June 30 2006 $
Cash flow from operations - before changes in non-cash working capital	3,647	3,014	6,207	5,515	13,882	12,616
Maintenance capital expenditures (1)	(104)	(192)	(109)	(242)	(285)	(586)
Net change in deferred warranty	51	97	91	151	175	280
Adjusted distributable cash (1)	3,594	2,919	6,189	5,424	13,772	12,310
Distributions	3,010	3,010	6,020	6,020	12,041	12,041
Adjusted distributable cash per unit	0.36	0.29	0.62	0.54	1.37	1.23
Distributions per unit	0.30	0.30	0.60	0.60	1.20	1.20
Adjusted payout ratio	*83.8%*	*103.1%*	*97.3%*	*111.0%*	*87.4%*	*97.8%*

(1) See “Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures”.

Our adjusted distributable cash payout ratio varies throughout the year according to the seasonality of Coast’s business. While the Fund has levelled distributions to provide a regular stream of income to unitholders, we expect that the less profitable first half of the year will be offset by historically higher earnings in the second half.

For the second quarter of 2007, our adjusted payout ratio improved significantly to 83.8% from 103.1% for the same period of 2006.

For the six months ended June 30, 2007 our adjusted payout ratio improved to 97.3% from 111.0% for the same period of 2006. If we remove the impact of the three new stores, our 2007 six-month adjusted payout ratio would be 95.0%. This reflects the costs involved with the opening of our new Edmonton and Red Deer stores during the first quarter. On a 12-month trailing basis, our adjusted payout ratio of 87.4% at June 30, 2007 has improved significantly from 97.3 at June 30, 2006.

On a cumulative basis, from the Fund’s inception at June 23, 2005, our adjusted payout ratio is 91.4%.

The following table reconciles standardized distributable cash to our adjusted distributable cash.

(in thousands of dollars)	3 months ended June 30 **2007** $	3 months ended June 30 2006 $	6 months ended June 30 **2007** $	6 months ended June 30 2006 $	12 months trailing June 30 **2007** $	12 months trailing June 30 2006 $
Standardized distributable cash	832	743	7,270	4,536	12,796	7,684
Change in non-cash working capital	2,570	1,906	(1,409)	553	(103)	3,672
Non maintenance capital expenditures	141	173	237	184	904	674
Net change in deferred warranty	51	97	91	151	175	280
Adjusted distributable cash(1)	3,594	2,919	6,189	5,424	13,772	12,310

(1) See "Definition of EBITDA, Adjusted distributable Cash and Non-GAAP Measures".

Contractual obligations and commitments

Payments due by period as at June 30, 2007

(in thousands of dollars)	Operating leases $	Term loan $
Less than one year	2,454	–
One to three years	4,713	–
Four to five years	2,157	20,000
After five years	3,722	–
	13,046	20,000

Coast has borrowed $20 million under the three-year committed-interest only non-revolving term loan that was made available for the financing of capital assets and working capital as part of the acquisition of Coast Ltd. Advances under the agreement bear interest at prime plus 0% to 0.25%, when borrowed directly, or at the banker's acceptance rate plus 1.00% to 1.50%, when a banker's acceptance facility is utilized, based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization, calculated on a quarterly basis. Coast entered into an interest-rate swap transaction on July 28, 2005 to fix the effective rate of interest on the term loan until June 23, 2008 at 3.55% plus 1.00% to 1.50%, based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization, calculated on a quarterly basis. The term loan is secured by a general security agreement covering all assets of Coast, subject to the security provided to a major supplier (see Note 6(c) of the financial statements). No principle repayments are required during the term of the loan.

Subsequent to the end of the quarter, we extended the maturity of our term loan from June 23, 2008 to July 31, 2010. The terms and conditions of the loan remain substantially unchanged. We also added a second term facility in the amount of $13.5 million to facilitate anticipated future business acquisitions. The terms of the new facility are effectively the same as those of the original term loan, as described above when utilized.

Operating leases are in place for all premises. Coast paid total basic rent of $0.7 million for the three months ended June 30, 2007 and $1.3 million for the six months ended June 30, 2007. This compares to total basic rent of $0.5 million and $1.0 million for the three and six months ended June 30, 2006,

respectively. During the quarter, we reached agreements to relocate our Abbotsford and Regina stores to new facilities in higher-traffic areas in the first half of 2008.

Working capital

(in thousands of dollars)	June 30 2007 $	December 31 2006 $
Working capital	18,358	18,451
Total assets	131,421	127,460
Term loan	20,000	20,000

Working capital at June 30, 2007 of $18.4 million was in line with the $18.5 we reported at December 31, 2006 and has increased by $0.8 million from our working capital at June 30, 2006. Since December 31, 2006, our inventories and receivables have increased by $2.5 million and $1.7 million, respectively, while our customer deposits and net payables have increased by $1.1 million and $3.5 million, respectively.

In addition to working capital, we have available a $10 million, three-year committed revolving loan. This operating loan may be used for working capital requirements and general corporate purposes. Advances under the loan bear interest at the lender's prime rate plus 0% to 0.25%, or at the banker's acceptance rate plus 1.00% to 1.50%, based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization, calculated on a quarterly basis. The operating loan is secured by a general security agreement covering all assets of Coast, subject to the security provided to a major supplier (see Note 5(c) of the financial statements). Our utilization of the operating loan in the first six months of 2007 was consistent with the prior year's. We had borrowings approximately 60% of the time in the first quarter and no usage during the second quarter. The operating loan is mainly used to fund short-term working capital requirements. As noted above, subsequent to the end of the quarter, we extended the maturity of this loan to July 31, 2010 under substantially the same terms and conditions.

Our principal source of liquidity is cash provided by operations and the above noted credit facilities. We believe that such sources of liquidity will be sufficient to fund future working capital requirements, capital expenditures and our planned growth.

Total assets

Total assets at June 30, 2007 were $131.4 million, compared to total assets at December 31, 2006 of $127.5 million. The difference is mainly due to increased inventory and accounts receivable.

Inventory at June 30, 2007 was $22.2 million, compared to $19.6 million at both December 31, 2006 and June 30, 2006. The $2.6 million increase includes $1.6 million of inventory for our three new stores. The new higher-end product lines we added in 2006 have also put upward pressure on inventory values. We have also advanced the flow of summer contract business with one of our major suppliers.

Accounts receivable at June 30, 2007 were $15.5 million, compared to $13.7 million at December 31, 2006. As charted below, our second quarter 2007 trade accounts receivable increased by $3.1 million from the 2006 year-end total. This year's higher receivables reflect our strong second quarter sales and, in particular, the robust volume growth we experienced in the month of June. A slowing of collections in

June also contributed to the higher accounts receivable, which were significantly reduced subsequent to quarter-end through increased collections in July. Supplier rebates have reduced from December 31, 2006 as we collected our year-end rebates in the first quarter.

(in thousands of dollars)	June 30 2007 $	December 31 2006 $
Accounts receivable - trade	13,639	10,412
Supplier rebates and other	1,812	3,303
	15,451	13,715

Total liabilities

Total liabilities at June 30, 2007 were $73.1 million, compared to $68.7 million at December 31, 2006. The $4.4 million difference was mainly due to a $4.7 million increase in accounts payable and $1.1 million increase in customer deposits, offset by a $1.3 million decrease in cheques issued in excess of funds on deposit.

Since our 2006 year-end, our cheques issued in excess of funds on deposit has decreased from $2.6 million to $1.4 million. This compares to cheques issued in excess of funds on deposit of $1.5 million and an operating line of $0.6 million at June 30, 2006.

Accounts payable and accrued liabilities at June 30, 2007 were $11.4 million, compared to $6.7 million at December 31, 2006. This change is a result of timing of payments for inventory and sold goods, and is partly reflected in the improved cash position noted above.

Customer deposits at June 30, 2007 were $4.7 million, compared to $3.4 million at December 31, 2006 and $3.1 million at June 30, 2006, reflecting the continuing strength of our business.

Total deferred warranty revenue (combined current and long-term) at June 30, 2007 was $2.3 million and $2.2 million at December 31, 2006.

Deferred lease inducements in the amount of $0.6 million were received in accordance with leases for our new stores at June 30, 2007, compared to $0.4 million at December 31, 2006. These amounts are amortized over the terms of the leases.

Long-term incentive plan

The Fund adopted a form of long-term incentive plan (“LTIP”) in the first quarter of 2007. Under the terms of the LTIP, 10% to 20% of distributable cash in excess of an established threshold is paid to the plan trustee to purchase units of the Fund for the participants. The cost is accrued in the period when distributable cash exceeds the thresholds established for the LTIP and amortized to expenses over the vesting period of the applicable participant award. Benefits forfeited under the plan are returned to the Fund.

As at June 30, 2007, the Fund has no liability or expenses recorded in respect of the LTIP.

Financial Instruments

Financial instruments of Coast consist of cash and cash equivalents, accounts receivable, accounts payable, customer deposits, our term loan and accrued distributions payable to unitholders. The fair value of these instruments is considered to approximate their carrying value due to their short-term maturities, variable rates of interest or ability of prompt liquidation, except as noted in our unaudited financial statements. These financial instruments are subject to credit risk, currency risk and concentration risk, as described in the unaudited financial statements presented elsewhere in this report.

To fix the interest rate on our $20 million term loan, a hedging strategy was established and a hedge was executed on July 28, 2005. This interest rate swap transaction fixed the effective rate of interest on the term loan at 3.55% plus 1.00% to 1.50%, based on the ratio of senior debt to earnings before interest, taxes and amortization, calculated on a quarterly basis, until June 23, 2008. The fair value of the hedge as at June 30, 2007 and June 30, 2006 was $0.2 million and $0.4 million, respectively. The adoption of the new accounting standards relating to financial instruments is discussed below. The terms of the hedge match the timing of the derivative hedge exactly with the terms of the loan. As a result, there was no gain or loss in the six months ended June 30, 2007, and no impact on our financial statements for the period.

Off Balance Sheet Arrangements

Coast has not entered into any off balance sheet arrangements

Critical Accounting Policies and Estimates

We have prepared our unaudited financial statements in conformity with Canadian GAAP, which requires us to make estimates, judgments and assumptions that we believe are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses. We base our estimates on historical experience and other assumptions that we believe to be reasonable under the circumstances, and evaluate our estimates on an ongoing basis.

The significant accounting policies of Coast are described in Note 2 of the Fund's 2006 year-end audited financial statements. The policies that we believe are the most critical in aiding a full understanding and evaluation of our reported financial results are as follows:

Adoption of new accounting standards

On January 1, 2007, the Fund adopted the CICA new financial instruments accounting framework relating to Comprehensive Income, Financial Instruments and Hedges. Under these new standards, all financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. For derivatives that qualify as hedging instruments, unrealized gains or losses are included either in other comprehensive income or in earnings, depending on whether it is a "cash flow hedge" or a "fair value hedge". The Fund has an interest-rate swap agreement fixing the interest rate on the term loan discussed above. The terms of the hedge match the timing of the derivative hedge exactly with the terms of the loan. As a result, there was no gain or loss in the second quarter or first half of 2007, and the adoption of these new accounting standards had no impact on the period's operating results.

Revenue recognition

Coast recognizes revenue from the sale of products when a sales arrangement is entered into, the sales price is fixed and determinable, the products are shipped and collection is reasonably assured.

Cash received in advance of the product being shipped is recorded as customer deposits.

Product warranties are provided on certain products pursuant to warranty contracts. These warranty contracts are in addition to those provided by the manufacturers of the products. The revenue received from the warranty contracts is initially recorded as deferred warranty revenue and is taken into income over the life of the warranty contracts. Sales commissions related to the deferred warranties are deferred and amortized to expense over the life of the warranty contracts. The costs associated with delivering the related warranty services are expensed as they are incurred during the life of the contracts.

Valuation of goodwill

Goodwill is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount may be impaired. The Fund compares goodwill to the fair value of the reporting unit to which the goodwill relates. Any impairment is charged to operations in the amount by which the carrying amount of the assets exceeds the fair value of the goodwill. Coast's goodwill was evaluated as at December 31, 2006. No adjustment for impairment was required.

Valuation of long-lived assets

We review long-lived assets and certain identified recorded intangibles for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the future undiscounted cash flows from the asset's expected use and eventual disposition. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets designated for disposal are valued at the lower of the carrying amount and the fair value, less costs to sell. Coast's long-lived assets and certain identified recorded intangibles were evaluated as at December 31, 2006. No adjustments for impairment were required.

Inventory valuation

Inventory is valued at the lower of cost and net realizable value using the first-in, first-out method. Coast assesses net realizable value of inventory at each reporting period based on sales patterns of inventory, expected selling prices and the level of inventory on hand. Incentives received from suppliers and any provisions are accounted for as a reduction in the related inventory and cost of sales.

Income taxes

As we allocate all of our taxable income and taxable capital gains to unitholders, the Fund is not subject to current income taxes until 2011.

Beginning in 2011, as proposed by the federal government on October 31, 2006 and substantively enacted into legislation by the House of Commons on June 12, 2007, distributions that are currently paid out and taxed in the hands of unitholders will first be taxed at the trust level at a rate of 31.5%. The net amount will then be paid out to unitholders, where it will be taxed as taxable dividends paid by a Canadian corporation. In the interim period, the federal government has specified that "undue growth" may result in immediate taxation of income trusts that would otherwise not be subject to taxation until 2011.

In accordance with CICA Emerging Issues Committee bulletin EIC-111 (Determination of Substantively Enacted tax rates under CICA handbook section 3465) and the guidance in EIC-D67 (Future Income Tax Liabilities and Income Trusts and other Specified Investment Flow-throughs), the Fund is required to recognize the future income tax assets or liabilities. The corresponding change to the future income tax expense must be based on the temporary timing differences between the book and tax bases of assets and liabilities expected to reverse after the tax is imposed. The adoption of these new standards resulted in a future income tax asset of $0.1 million in the second quarter of 2007 and a corresponding recovery of future income tax expense was recorded in our income statement. The Fund currently has an unused tax shield of approximately $46 million and we expect the future income taxes related to these deductions will increase as these timing differences will not reverse prior to 2011. This tax shield arose in the acquisition of the business in June 2005 and can be utilized to reduce the Fund's taxable income at the rate of approximately $4 million per year going forward.

Related Party Transactions

We lease six store locations (Vancouver, Kelowna, Langley, Coquitlam, Victoria and Calgary) and three of our four warehouses (located in Vancouver, Victoria and Calgary) from a company affiliated with Coast Ltd. the former owner of the business. For the six-month period ended June 30, 2007, our lease payments for these facilities totalled $0.7 million. Each of the leases was modified as part of our initial public offering to provide for a term of five years from June 23, 2005, with two consecutive five-year options that enable us to renew at the greater of the existing rent or the fair market rent at the time of the renewal. In the third quarter, we will be moving to a new warehouse facility in Calgary. As a result, we will terminate the existing warehouse lease noted above.

Disclosure controls and procedures

As at June 30, 2007, an evaluation was carried out for the effectiveness of the Fund's disclosure controls and procedures as defined in Multilateral Instrument 52-109. Based on that evaluation, we concluded that the design and operation of these disclosure controls and procedures were effective.

Management of the Fund is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. There have been no changes in internal control over financial reporting during the quarter ended June 30, 2007 that have materially effected, or are reasonably likely to materially effect, the Fund's internal control over financial reporting.

Outlook

As we announced in our press release dated July 18, 2007, we scheduled our twenty-fifth consecutive distribution for August 15, 2007. An amount of $0.10 per unit will be paid to public unitholders of record as at July 31, 2007.

For the balance of 2007, the outlook for our business continues to be positive. The market for major household appliances remains strong in Western Canada, with continued healthy economic growth and in-migration to Alberta and Saskatchewan. In BC, we are seeing growth in our contract business as many of the delayed construction projects from 2006 moved toward completion.

The two additional locations we opened in the first quarter of this year brought the total number of Coast stores to 15, five of them in the robust Alberta market. We expect to continue to see organic growth from our existing stores, as well as incremental sales gains from the new stores. We anticipate that the new locations will be profitable within six months of opening.

We are continually reviewing opportunities for expansion, both by increasing our coverage of Western Canada and by potentially entering the eastern Canadian market. We are also proceeding with a number of initiatives to increase sales from our existing stores and enhance our profitability. In the third quarter of this year, we will be relocating our Calgary warehouse to a newer and larger facility. We will also be relocating our Regina and Abbotsford stores to new, larger facilities in higher traffic areas in the first half of 2008. Finally, we are proceeding with our inventory management upgrade project. Phased implementation commenced in the second quarter and we expect to substantially complete the project by the fourth quarter.

We believe that our current and newly negotiated credit facilities and ongoing cash flow from operations will be sufficient to allow Coast to meet ongoing requirements for capital expenditures, including investments in working capital and distributions. However, Coast's and the Fund's needs may change and, in such event, our ability to satisfy our obligations will be dependent upon future financial performance, which in turn will be subject to financial, tax, business and other factors, including elements beyond Coast's and the Fund's control.

Risks and Uncertainties

The Fund is subject to a number of risks in addition to the normal business risks associated with supply companies operating within the major home appliances segment in Canada. Demand for Coast's products is particularly sensitive to the health of the economy in Canada as a whole, and especially in Coast's western Canadian marketplace. A number of factors could have a material effect on the financial performance of Coast and the Fund, including but are not limited to:

- general economic conditions in Canada, particularly in Western Canada, along with interest rates and their impact on the housing market both new construction and renovation work;
- any significant change in competition from one or more competitors in Western Canada, as well as competition directly from suppliers;
- changes in the financial health of suppliers, changes in the quality of products sourced from suppliers, as well as changes in the ability of our suppliers to meet our supply requirements on a timely basis;
- changes to our product distribution processes, which may impact our ability both receive and deliver our products on a timely basis;
- changes to the credit worthiness of our developer / builder contract customers, which may impact their ability to meet their obligations on a timely basis;
- changes in labour relations or key personnel;
- demands on our extended warranty programs, which may cause costs to increase beyond historical patterns;
- changes in tax legislation; and
- other factors as described under "Forward-looking Statements".

Definition of EBITDA, Adjusted Distributable Cash and Non-GAAP Measures

References to "EBITDA" are to earnings before non controlling interest, interest, taxes, depreciation and amortization. The term "EBITDA margin" refers to the percentage that EBITDA represents in relation to sales.

We view adjusted distributable cash as an operating performance measure. We consider adjusted distributable cash to be our cash flow from operations, before changes in non-cash working capital, less maintenance capital and adjusted for the net change in our deferred warranty liability.

We consider maintenance capital expenditures to include leasehold improvements for existing locations, equipment purchases, furniture and fixture purchases, and computer hardware and software expenditures. Growth capital expenditures are capital costs related to opening new locations.

Since many investors use EBITDA to compare issuers on the basis of the ability to generate cash from operations, we believe that, in addition to net income or loss and statements of cash flow, EBITDA is a useful supplemental measure from which to make adjustments to determine adjusted distributable cash. EBITDA and adjusted distributable cash are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and adjusted distributable cash may not be comparable to similar measures presented by other entities. Readers are cautioned that EBITDA and adjusted distributable cash should not be construed as alternatives to net income or loss determined in accordance with GAAP as indicators of the performance of the Fund or our operating business. Similarly, these should not be seen as alternatives to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. We have used net income before non-controlling interest as the starting point for our determination of EBITDA. For a reconciliation of EBITDA to net income presented in accordance with GAAP, see "Selected Financial Information" above. For a reconciliation of adjusted distributable cash to standardized distributable cash see "Adjusted Distributable Cash".

Additional Information

Additional information relating the Fund, including the Fund's Annual Information Form and other public filings, are available on SEDAR (www.sedar.com) and on the Fund's website at www.coastincomefund

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The accompanying unaudited interim financial statements of the Fund have been prepared by and are the responsibility of the Fund's management. The Fund's independent auditor has not audited nor performed a review of these interim financial statements.

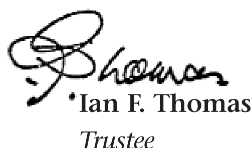
Interim Consolidated Balance Sheet

(Unaudited)

	June 30 2007 $	December 31 2006 $
Assets		
Current assets		
Accounts receivable	15,451,493	13,715,467
Inventory	22,151,421	19,566,438
Prepaid expenses	474,213	318,134
	38,077,127	33,600,039
Leaseholds and equipment (Note 4)	4,028,715	4,032,267
Deferred financing costs	63,305	95,674
Future income taxes (Note 3(b))	128,000	
Intangible assets (Note 5)	17,042,010	17,650,002
Goodwill	72,081,521	72,081,521
	131,420,678	127,459,503
Liabilities		
Current liabilities		
Cheques issued in excess of funds on deposit	1,373,269	2,623,396
Accounts payable and accrued liabilities	11,444,677	6,735,328
Accrued distributions payable to unitholders	652,500	652,500
Accrued distributions payable to non-controlling interests	1,052,750	1,052,750
Customer deposits	4,467,114	3,381,411
Current portion of deferred warranty revenue	728,914	703,784
	19,719,224	15,149,169
Term loan (Note 6(b))	20,000,000	20,000,000
Long-term portion of deferred warranty revenue	1,554,895	1,488,162
Deferred lease inducements	550,173	428,780
Non-controlling interest (Note 7)	31,331,327	31,610,171
	73,155,619	68,676,282
Unitholders' equity	58,265,059	58,783,221
	131,420,678	127,459,503

Commitments (Note 9)

Approved on behalf of the Trustees



C. Kenneth Crump
Trustee

Ian F. Thomas
Trustee

See accompanying notes to the unaudited interim consolidated financial statements

Interim Consolidated Statement of Income

(Unaudited)

	3 months ended June 30 2007 $	3 months ended June 30 2006 $	6 months ended June 30 2007 $	6 months ended June 30 2006 $
Sales	36,808,972	30,802,294	67,970,197	58,519,209
Cost of sales	27,580,604	23,092,341	51,010,114	44,149,272
Gross profit	9,228,368	7,709,953	16,960,083	14,369,937
Expenses				
Selling	2,593,542	2,154,466	4,918,716	4,080,986
General and administrative	1,346,871	1,132,902	2,541,457	1,978,982
Facilities	969,115	788,026	1,948,641	1,513,670
Warehousing	418,269	385,308	849,440	799,362
Amortization:				
Leaseholds and equipment	263,557	167,160	497,099	293,300
Deferred financing costs	16,185	16,185	32,370	32,370
Intangible assets	303,996	514,329	607,992	1,028,658
Interest	235,715	234,887	468,874	482,150
	6,147,250	5,393,263	11,864,589	10,209,478
Income before provision for future income taxes and non-controlling interest	3,081,118	2,316,690	5,095,494	4,160,459
Recovery of future income taxes (Note 3(b))	(128,000)		(128,000)	
Income before non-controlling interest	3,209,118	2,316,690	5,223,494	4,160,459
Non-controlling interest (Note 7)	1,122,229	810,146	1,826,656	1,454,913
Net income	2,086,889	1,506,544	3,396,838	2,705,546
Basic and diluted net income per unit	0.3198	0.2309	0.5206	0.4146
Basic weighted average number of Units outstanding	6,525,000	6,525,000	6,525,000	6,525,000
Diluted weighted average number of units outstanding	10,034,166	10,034,166	10,034,166	10,034,166

See accompanying notes to the unaudited interim consolidated financial statements

Interim Consolidated Statement of Unitholders' Equity

(Unaudited)

For the six month period ended June 30, 2007

	Fund units $	Cumulative earnings $	Cumulative distributions $	Total $
Balance, December 31, 2006	59,835,000	10,845,254	(11,897,033)	58,783,221
Net Income		3,396,838		3,396,838
Distributions			(3,915,000)	(3,915,000)
Balance, June 30, 2007	59,835,000	14,242,092	(15,812,033)	58,265,059

See accompanying notes to the unaudited interim consolidated financial statements

Interim Consolidated Statement of Cash Flows

(Unaudited)

	3 months ended June 30 2007 $	3 months ended June 30 2006 $	6 months ended June 30 2007 $	6 months ended June 30 2006 $
Operating activities				
Net income	2,086,889	1,506,544	3,396,838	2,705,546
Items not involving cash				
Amortization	583,738	697,674	1,137,461	1,354,328
Non-controlling interest	1,122,229	810,146	1,826,656	1,454,913
Amortization of leasehold inducements	(17,212)		(25,695)	
Future income taxes (Note 3(b))	(128,000)		(128,000)	
	3,647,644	3,014,364	6,207,260	5,514,787
Change in non-cash working capital, net (Note 12)	(2,570,045)	(1,906,039)	1,409,827	(552,630)
	1,077,599	1,108,325	7,617,087	4,962,157
Investing activities				
Purchase of leaseholds and equipment	(245,229)	(364,631)	(493,548)	(426,020)
Deferred lease inducements			147,088	
	(245,229)	(364,631)	(346,460)	(426,020)
Financing activities				
Distributions paid to unitholders	(1,957,500)	(1,957,500)	(3,915,000)	(3,915,000)
Distributions paid to non-controlling interest	(1,052,750)	(1,052,750)	(2,105,500)	(2,105,500)
Increase in operating loan		625,633		625,633
	(3,010,250)	(2,384,617)	(6,020,500)	(5,394,867)
Net cash inflow (outflow)	(2,177,880)	(1,640,923)	1,250,127	(858,730)
Cash (cheques issued in excess of funds on deposit), beginning of period	804,611	137,668	(2,623,396)	(644,525)
Cheques issued in excess of funds on deposit, end of period	(1,373,269)	(1,503,255)	(1,373,269)	(1,503,255)
Supplemental cash flow information:				
Interest paid	235,715	234,887	468,874	482,150

See accompanying notes to the unaudited interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements

(Unaudited)

1. Nature of Operations and Basis of Presentation

(a) Operations

Coast Wholesale Appliances Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust created by the Declaration of Trust made on March 24, 2005 and governed under the laws of the Province of Alberta. The Fund holds a 65.03% indirect interest in a chain of major household appliance stores in British Columbia, Alberta, Saskatchewan and Manitoba.

(b) Basis of presentation

These unaudited interim consolidated financial statements include the accounts of the Fund and its 65.03% interest in Coast Wholesale Appliances LP. All material inter-company transactions have been eliminated upon consolidation.

(c) Income taxes

As the Fund allocates all of its taxable income and taxable capital gains to Unitholders, the Fund itself is not subject to current income taxes until 2011 (see note 3(b) below).

2. Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial information. Certain information and footnote disclosures normally included in financial statements prepared in accordance with Canadian GAAP have been condensed or omitted and accordingly, these financial statements should be read in conjunction with the Fund's audited financial statements for the year ended December 31, 2006. The preparation of these unaudited interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements and the reported amount of revenues and expenses during the period. Interim results are not necessarily indicative of the results expected for the fiscal year.

3. Adoption of new accounting standard

(a) Financial Instruments

On January 1, 2007, the Fund adopted CICA Handbook Section 1530, *Comprehensive Income*, CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and CICA Handbook Section 3865, *Hedges*. These new Handbook Sections provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied. Handbook Section 1530 also introduces a new component of equity referred to as comprehensive income.

Under these new standards, all financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value or, in limited circumstances, at cost or amortized cost. For derivatives that qualify as hedging instruments, unrealized gains or losses are included either in other comprehensive income or in earnings, depending on whether it is a "cash flow hedge" or a "fair value hedge". For derivatives that do not qualify as hedging instruments, unrealized

gains or losses are reported in earnings. The Fund has an interest-rate swap agreement fixing the interest rate on its term loan (note 6(b)). The terms of the hedge match the timing of the derivative hedge exactly with the terms of the loan, resulting in no gain or loss in the period and thus had no impact on the three month and six month financial statements.

(b) Income Taxes

Legislation imposing a tax on the Fund for taxation years after December 31, 2010 was considered substantively enacted after it passed third reading by the House of Commons on June 12, 2007.

Effective June 12, 2007 the Fund has adopted EIC 111, Determination of Substantively enacted tax rates under CICA handbook section 3465, and the guidance in EIC D67, Future Income Tax Liabilities and Income Trusts and other Specified Investment Flow-throughs. Under these new standards the Fund is required to recognize the future income tax assets or liabilities with the corresponding change to the future income tax expense based on the temporary timing differences expected to reverse after the date the tax is imposed. The adoption of these new standards has resulted in a future income tax asset of $128,000 and a corresponding recovery of future income tax expense was recorded in the income statement. As the Fund has an unused tax shield of approximately $46 million we would expect a future income tax liability related to these deductions to increase as they would not reverse until subsequent to 2010. This tax shield arose in the acquisition of the business in June 2005 and can be utilized to reduce the Fund's taxable income at the rate of approximately $4 million per year going forward.

4. Leaseholds and equipment

			June 30 2007	December 31 2006
	Cost $	Accumulated amortization $	Net book value $	Net book value $
Leasehold improvements	2,745,835	585,309	2,160,526	1,961,675
Service vehicles	444,051	51,350	392,701	407,503
Furniture and fixtures	262,395	32,735	229,660	231,163
Equipment	455,034	72,955	382,079	392,448
Computer hardware and software	1,540,398	676,649	863,749	1,039,478
	5,447,713	1,418,998	4,028,715	4,032,267

5. Intangible assets

			June 30 2007	December 31 2006
	Cost $	Accumulated amortization $	Net book value $	Net book value $
Coast brand name	3,369,000	–	3,369,000	3,369,000
Supplier relationships	3,129,000	632,753	2,496,247	2,652,697
Customer relationships - builders/developers	10,060,000	1,356,240	8,703,760	9,039,094
Customer relationships - property managers	1,900,000	256,159	1,643,841	1,707,177
Retail customer list	478,000	96,654	381,346	405,244
Favourable leases	565,000	117,184	447,816	476,790
	19,501,000	2,458,990	17,042,010	17,650,002

6. Credit facilities

	June 30 2007 $	December 31 2006 $
(a) Operating Loan		
Coast has available a $10,000,000 3-year revolving loan (the "Operating Loan") for working capital requirements and for general corporate purposes. Advances under the agreement bear interest at the lender's prime rate plus 0% to 0.25% or at the banker's acceptance rate plus 1.00% to 1.50%, based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization, calculated on a quarterly basis. The Operating Loan is secured by a general security agreement covering all assets of Coast, subject to the security provided to a major supplier as noted in Note 6(c) below.	–	–
(b) Term Loan		
Coast has a $20,000,000 3-year non-revolving loan (the "Term Loan") due June 23, 2008. The Term Loan was made available for the financing of leaseholds and equipment and working capital. Advances under the under the agreement bear interest at prime plus 0% to 0.25%, when borrowed directly, or at the banker's acceptance rate plus 1.00% to 1.50%, when a banker's acceptance facility is utilized, based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization, calculated on a quarterly basis. As a part of Coast's hedging strategy, on July 28, 2005 Coast entered into an interest-rate swap transaction to fix the effective rate of interest on the Term Loan until June 23, 2008 at 3.55% plus 1.00% to 1.50%, based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization, calculated on a quarterly basis. The Term Loan is secured by a general security agreement covering all assets of Coast, subject to the security provided to a major supplier as noted in Note 6(c) below. Payments are monthly for interest only.	20,000,000	20,000,000
	20,000,000	20,000,000

(c) Third party security interest

Accounts payable net of rebates receivable due to a major supplier are secured by inventory on hand that was acquired from the supplier, which totaled $2,106,971 as at June 30, 2007 ($35,864 as at December 31, 2006).

7. Non-controlling interest

(a) Coast Exchangeable Units (the "Exchangeable Units")

	June 30 2007 $
Retained interest - December 31, 2006	31,610,171
Interest in earnings	1,826,656
Distributions to non-controlling interest	(2,105,500)
Retained interest, end of period	31,331,327

CWAL Investments Ltd. has retained a 34.97% interest in Coast through ownership of 100% of the Exchangeable Units.

The Class A LP Units and the Exchangeable Units (collectively, the “Coast Partnership Units”) have economic and voting rights that are equivalent in all material respects, except that distributions on the Exchangeable Units are subject to the subordination arrangements described below until the date (the “Subordination End Date”) on which:

- the Subordination Period EBITDA (see below) of the Fund for the 12 month period ending on the last day of the month immediately preceding such date is at least $13.717 million (the “EBITDA Target); and
- cumulative cash distributions of at least $2.40 per Unit have been paid on the Units and cumulative cash advances or distributions of at least $2.40 per Exchangeable Unit have been paid on the Exchangeable Units (as adjusted for issuances, repurchases and redemptions of Units and Partnership Units subsequent to the closing of the Offering) for the 24 month period ending on the last day of the month immediately preceding such date (the “Distribution Target”).

Subordination Period EBITDA means Net Income (Subordination) of the Fund for such period plus the sum of all amounts deducted in arriving at such Net Income (Subordination) in respect of: (i) interest expense for such period; (ii) income taxes and future income tax expense or recovery for such period as determined in accordance with GAAP; (iii) amortization of fixed and intangible assets for such period; (iv) any charges to Net Income (Subordination) during such period which are non-cash charges or non-recurring expenses arising from the rationalization of the Fund’s or its subsidiaries’ facilities, product lines or personnel; (v) non-cash charges in respect of foreign currency adjustments and goodwill impairment; and (vi) non-controlling interests.

Generally, distributions on the Exchangeable Units will be subordinated and will be made quarterly on a prorated basis to the amount distributed on the Class A LP Units during such fiscal quarter, only after the distributions have been made on the Class A LP Units and to the extent that cash is available to make such distributions.

After the Subordination End Date, the holders of the Exchangeable Units will be entitled to effectively exchange all or a portion of their Exchangeable Units for up to 3,509,166 Units of the Fund, representing 34.97% of the issued and outstanding Units of the Fund on a fully diluted basis. In the event that the Fund enters into an agreement in respect of an acquisition transaction or a take-over bid, the holders of the Exchangeable Units will be entitled to exchange such Units for Units of the Fund. The subordination is expected to be removed following the completion of the Fund’s next full financial audit, anticipated to be conducted subsequent to its 2007 year-end.

(b) Special Voting Units

An unlimited number of Special Voting Units may be created and issued pursuant to the Declaration of Trust. The holders of the Exchangeable Units were issued 3,509,166 Special Voting Units of the Fund, the value of which is included in non-controlling interest. The Special Voting Units are not entitled to any beneficial interest in any distribution from the Fund or in the net assets of the Fund in the event of a termination or winding up of the Fund. Each Special Voting Unit entitles the holder thereof to one vote at all meetings of voting Unitholders. Such Special Voting Units are to be cancelled on the exchange of Exchangeable Units for Units of the Fund.

8. Fund units

	Units	Amount $
Units issued on June 23, 2005		
Initial public offering	6,525,000	65,250,000
Expenses of offering		(5,415,000)
Balance as at June 30, 2007 and December 31, 2006	6,525,000	59,835,000

An unlimited number of Units may be created and issued pursuant to the Declaration of Trust. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains or other amounts and in the net assets of the Fund in the event of a termination or winding up of the Fund. Each Unit entitles the holder thereof to one vote at all meetings of voting Unitholders.

The Units are redeemable at any time on demand by the holders thereof, subject to the terms and conditions as outlined in the Prospectus. The total amount payable by the Fund in respect of those Units and all other Units tendered for redemption in the same calendar month shall not exceed $50,000, provided that the Trustees of the Fund may, in their sole discretion, waive this limitation in respect of all Units tendered for redemption in any calendar month.

9. Commitments

Coast leases business premises in Vancouver, Surrey, Kelowna, Victoria, Coquitlam, Abbotsford, Nanaimo, Calgary, Edmonton, Red Deer, Saskatoon, Regina and Winnipeg. The lease agreements require Coast to make the following minimum lease payments in the next five years (exclusive of common area maintenance costs):

12 months ended June 30	$
2008	2,453,533
2009	2,400,280
2010	2,312,502
2011	1,142,946
2012	1,014,432
	9,323,693

10. Financial instruments

(a) Fair value

Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, customer deposits, accrued distributions payable to Unitholders and accrued distributions payable to non-controlling interests, the fair value of which are considered to approximate their carrying value due to their ability of prompt liquidation except as noted elsewhere in these consolidated financial statements.

(b) Credit risk

Coast is exposed to credit risk only with respect to uncertainties as to the timing of collectability of accounts receivable. Coast mitigates credit risk through standard credit and reference checks.

(c) Hedging

As a part of Coast's hedging strategy, on July 28, 2005 Coast entered into an interest-rate swap transaction to fix the effective rate of interest on the Term Loan until June 23, 2008 at 3.55% plus 1.00% to 1.50%, based on the ratio of senior debt to earnings before interest, taxes, depreciation and amortization, calculated on a quarterly basis. The fair value of the hedge at June 30, 2007 is $237,699 ($182,839 as at December 31, 2006). The terms of the hedge match the timing of the derivative hedge exactly with the terms of the loan resulting in no gain or loss in the period.

(d) Currency risk

Coast is exposed to some financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The amount of foreign currency purchases is minimal (2%) in comparison to the overall purchases; therefore, Coast considers this risk to be low.

(e) Concentration risk

During the period ended June 30, 2007, purchases by Coast from its three largest suppliers totaled $41,502,527. At June 30, 2007 amounts payable to these suppliers included in accounts payable and accrued liabilities net of rebates receivable totaled $6,300,835 ($346,618 as at December 31, 2006).

Management believes Coast has alternative options that would ensure continued product supply, should it encounter problems with any of its three largest suppliers.

11. Related party transactions

Coast leases six of its branch locations (Vancouver, Kelowna, Langley, Coquitlam, Victoria and Calgary) and three of its warehouses (Vancouver, Victoria and Calgary) from a company affiliated with the former principal shareholders of the acquired business who have a non-controlling interest in the Fund (see Note 7). The total amount paid to related parties for the six months ended June 30, 2007 was $710,346. Each of these leases was modified as part of the Offering, to provide for a term of five years from June 23, 2005 with two consecutive options to renew at the option of Coast at the greater of the existing rent or the fair market rent at the time of the renewal. The amounts were measured at the exchange amount which was the consideration agreed upon between the related parties.

12. Net change in non-cash working capital

	3 months ended June 30 2007 $	6 months ended June 30 2007 $
Accounts receivable	(2,381,748)	(1,736,026)
Inventory	(2,146,070)	(2,584,983)
Prepaid expenses	(59,448)	(156,079)
Accounts payable and accrued liabilities	1,448,430	4,709,349
Customer deposits	517,323	1,085,703
Deferred warranty revenue	51,468	91,863
	(2,570,045)	1,409,827

13. Segmented information

The Fund operates in one industry segment: the sale and distribution of major household appliances.

14. Long-term incentive plan

The fund adopted a long-term incentive plan (“LTIP”) in the first quarter of 2007. Under the terms of the LTIP 10% to 20% of distributable cash in excess of an established threshold is paid to the plan trustee to purchase units of the Fund for the participants. The cost is accrued in the period when distributable cash exceeds the thresholds established for the LTIP and amortized to expenses over the vesting period of the applicable employee award. Benefits forfeited under the plan are returned to the Fund.

As at June 30, 2007, the Fund has no liability nor recorded any expense in respect of the LTIP.

16. Subsequent events

(a) Distributions

On July 18, 2007 the Fund declared its twenty-fifth distribution of $0.10 per Unit for the period from July 1, 2007 to July 31, 2007 to Unitholders of record of the Fund on July 31, 2007 to be paid August 15, 2007. These distributions are consistent with the amount of the distributions contemplated by the Fund in its Prospectus of June 15, 2005. The Fund's policy is for Unitholders of record on the last business day of each month to receive distributions on or about the 15th day following the end of such month.

(b) Credit Facilities

Subsequent to the end of the quarter, the Fund extended the term of the credit facilities (note 6) from June 23, 2008 to July 31, 2010 with substantially the same terms and conditions. In addition, a second term facility in the amount of $13,500,000 was established to facilitate acquisitions. The terms and conditions of this facility are effectively the same as the existing term facility when utilized.

Unitholder Information

Coast Wholesale Appliances Income Fund

Harlow B. Burrows
Trustee of the Fund,
Director of Coast Wholesale Appliances GP Inc.

Patrick B. Dennett
Trustee of the Fund,
Director of Coast Wholesale Appliances GP Inc.

C. Kenneth Crump
Chairman of the Board of Trustees of the Fund,
Chairman of Coast Wholesale Appliances GP Inc.

Anthony L. Soda, CA
Trustee of the Fund,
Director of Coast Wholesale Appliances GP Inc.

Ian F. Thomas
Trustee of the Fund,
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Toronto Stock Exchange
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Registrar and Transfer Agent

Computershare Investor
Services Inc.

Coast Wholesale Appliances LP: Management

R. Blain Lawson
President and Chief Executive Officer

Jack G. Peck, CA
Vice President and Chief Financial Officer

William L. Smith
Vice President, Sales and Marketing – Multi-Family

Stephen J. Raben
Vice President, Sales and Marketing – Single-Family

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