

PRESS RELEASE

CONTRANS INCOME FUND ANNOUNCES FIRST QUARTER RESULTS

May 14, 2004 - For immediate release

(TSX. Symbol CSS.UN)

Financial Highlights

Period ended March 31

(in thousands except per unit amounts)

	2004	2003
Revenue	\$79,843	\$75,339
Net income	\$5,254	\$4,511
Distributable cash earned ¹	\$0.37	\$0.30
Cash distributions per unit	\$0.31	\$0.31

1. *Distributable cash is not a measure recognized by generally accepted accounting principles in Canada (GAAP), does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similarly named measures presented by other issuers. However, management believes that it is an important and useful measure for readers to evaluate the performance of the Fund.*

REPORT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER, STAN G. DUNFORD

I am pleased with Contrans' first quarter results. Our performance has benefited both from the acquisitions that we have made as well as from a steady improvement in the operating margins in our freight operations. This is an indication that the worst of the problems that affected us in 2003 are behind us and that we have been able to concentrate more on opportunities and in realizing operating efficiencies.

Owner-operators and company drivers continue to be in short supply. This has made it challenging to service customers' needs. With any further improvement in the economy, the impact of this driver shortage will be greater. However, these conditions have nevertheless allowed carriers to regain some of the ground that they have lost over the years. After enjoying decades of a seemingly endless supply of trucks, shippers are now becoming increasingly worried about the impact that this shortage is having on their ability to maintain market share. Rate negotiations have therefore been less adversarial as shippers are focusing more on securing their transportation sources than on minimizing transportation costs. Moreover, most carriers are becoming less inclined to chase cheap freight for the sake of top line growth. This may be due in part to the driver shortage or it may mean that they have finally realized that they do not need to work for nothing in order to be competitive.

We have completed three acquisitions so far this year. On January 1, 2004, we acquired Olinyk Trucking Ltd., a flatbed trucking company located in Edmonton, Alberta. This company, operating primarily in the Edmonton - Calgary corridor, has complemented our Alberta flatbed operation. On March 1, 2004, we acquired the business of Elgin Cartage Limited, located in London, Ontario. This operation, primarily moving industrial dry waste, made a positive contribution to our first quarter results. On April 1, 2004, we acquired Clark Leasing Limited, a trucking company operating a fleet of refrigerated and dry van trailers as well as ocean containers in Ontario, Quebec and the eastern United States.

We are encouraged by the significant progress that we have made towards re-establishing the level of profitability we enjoyed prior to 2003. We are also very pleased with the contributions that we received from our newly acquired operations. We expect to see further opportunities to make accretive acquisitions as the transportation industry continues to consolidate. Our recent equity offering has positioned us to take advantage of the best of these opportunities. We believe that margin restoration coupled with a disciplined growth strategy will provide added stability to our distributions and add the greatest amount of value for our unitholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The attached financial statements detail the performance and financial position of Contrans Income Fund (the "Fund") for the quarter ended March 31, 2004. The financial statements should be read in conjunction with the analysis that follows.

FINANCIAL HIGHLIGHTS

(unaudited)

Quarter ended March 31

(in millions except per unit amounts)

	2004		2003		2002	
Revenue	\$ 79.8	100.0 %	\$ 75.3	100.0 %	\$ 59.9	100.0 %
Earnings before interest, taxes and amortization (EBITDA) ⁽¹⁾	9.5	11.9	8.2	10.9	7.2	12.0
Amortization	3.5	4.4	3.3	4.4	2.2	3.7
Interest	0.6	0.8	0.4	0.5	0.4	0.7
Earnings before taxes (EBT)	5.4	6.7	4.5	6.0	4.6	7.6
Income tax provision	0.1	0.1	-	-	1.9	3.2
Net income	\$ 5.3	6.6 %	\$ 4.5	6.0 %	\$ 2.7	4.4 %
Total assets	\$ 228.8		\$ 172.0		\$ 137.7	
Long-term debt ⁽²⁾	50.5		24.9		33.7	
Cash (operating loan)	47.5		1.5		(8.4)	
Distributions declared per unit	\$ 0.31		\$ 0.31		\$ -	

(1) EBITDA is not an earnings measure recognized by GAAP, does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures presented by other issuers. However, management believes that EBITDA is a useful measure in determining the Fund's cash flow and evaluating the performance of the Fund.

(2) Includes current portion.

The Fund's growth has come primarily from acquisitions. In 2002, Contrans entered the school bus segment of the transportation industry by acquiring Northstar Passenger Services Ltd., Edutran Transportation Inc. and Ludlow Bus Lines Limited. Trucking companies acquired that year included Tri-Line Freight Systems and Quinn Bros. Corp. These acquisitions were financed primarily through a public offering that was completed on July 22, 2002 in conjunction with a plan of arrangement that converted the Fund's predecessor corporation, Contrans Corp., into an income fund. An analysis of the 2004 first quarter operating performance, including the impact of acquisitions made since 2002, is presented below in the discussion of the performance of the Fund's operating segments.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

(in millions except per unit amounts)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2004	2003	2003	2002	2003	2002	2003	2002
Revenue	\$ 79.8	\$ 75.3	\$ 72.7	\$ 74.4	\$ 70.6	\$ 72.5	\$ 74.2	\$ 73.2
Net income	5.3	4.5	5.5	4.1	5.9	5.9	1.9	5.0
Earnings per unit – basic ^(a)	\$ 0.21	\$ 0.19	\$ 0.23	\$ 0.23	\$ 0.25	\$ 0.26	\$ 0.08	\$ 0.21
Earnings per unit – diluted ^(a)	0.21	0.19	0.23	0.22	0.25	0.26	0.08	0.21

(a) Amounts for the periods prior to July 23, 2002 have been revised to reflect the four-for-one split upon conversion of shares to trust units on July 23, 2002.

RESULTS FROM OPERATIONS

Freight Transportation

(unaudited)

Quarter ended March 31

(in millions)

	2004		2003	
Revenue	\$ 72.9	100.0 %	\$ 69.2	100.0 %
EBITDA	8.7	11.9	8.0	11.6
Amortization	2.1	2.9	2.1	3.0
Interest	1.0	1.4	1.8	2.6
EBT	\$ 5.6	7.7 %	\$ 4.1	5.9 %

Both years reflect allocations of head office costs. In the MD&A in the 2003 first quarter interim report to unitholders, the freight transportation segment bore 100% of the head office costs to provide better comparability to 2002.

Year-to-date revenues have increased over the prior year by \$4.0 million due to the acquisitions of Elgin Cartage Limited, Olinyk Trucking Ltd. and the private fleet of Canada Starch Company. In addition, management has negotiated rate increases with many of its customers. This has increased revenue and helped restore profit margins. Reduced availability of owner-operators offset the impact of these increases on revenue. The Fund has increased pay rates to compete more effectively in this labour market with a resulting increase in operating costs of \$700,000.

First quarter earnings were also affected by the following:

- Insurance premiums in the first quarter were \$300,000 higher than they were in 2003. Management believes that the increase in these costs is a result of the lingering effects of September 11, 2001 and the fact that there are a limited number of companies providing insurance in the transportation segment. Management has been negotiating with its customers for rate increases to compensate for increased insurance premiums.
- Accident claim costs were \$500,000 lower in the first quarter of 2004 than they were in the first quarter of 2003. The accident experience last year is attributable to harsher winter weather conditions.
- Foreign exchange losses in the freight operations in 2004 were \$600,000 lower than they were in 2003.

Seasonality

Volumes from the Fund's customers in the construction industry reach their peak in the summer and autumn but drop off with winter weather. Harsh winter weather conditions hinder traffic and increase operating costs. In addition, many customers either shut down their production facilities or otherwise ship very little of their products during the Christmas holiday season which adversely affects fourth quarter revenues.

School Bus Transportation

(unaudited)

Quarter ended March 31

(in millions)

	2004		2003	
Revenue	\$ 6.9	100.0 %	\$ 6.1	100.0 %
EBITDA	1.8	26.1	1.7	27.9
Amortization	1.3	18.8	1.1	18.0
Interest	0.3	4.2	0.1	1.6
EBT	\$ 0.2	3.1 %	\$ 0.5	8.3 %

Includes allocations of head office costs.

Revenue growth has come from successful bids for additional school bus routes and rate increases. In addition, the acquisition of Robert Lindsay Limited, on May 1, 2003, contributed \$200,000 of new revenue in the first quarter. Insurance premiums were \$250,000 higher in the first quarter of 2004 than they were in 2003 and fuel costs were \$200,000 higher in 2004 than they were in 2003.

Seasonality

Revenues from school bus operations fluctuate with the number of school days in a period. During the summer months, revenue is derived solely from private charter services. Accordingly, the Fund's school bus operations typically incur operating losses during July and August compared to steady profits during the balance of the year save for the Christmas and March breaks.

CASH FLOW

Cash flow from operating activities before changes in non-cash working capital balances amounted to \$9.1 million in the first quarter of 2004 compared to \$7.5 million in the first quarter of 2003. Non-cash working capital increased in the first quarter of 2004 by \$6.9 million. This was due primarily to the increase in accounts receivable which arose from increased volumes and a slight deterioration in aging.

UNITHOLDER DISTRIBUTIONS

Distributable Cash ^(a)

(unaudited)

For the quarter ended March 31

(in thousands except per unit amounts)

	2004	2003
Cash flow from operating activities	\$ 2,219	\$ 7,255
Proceeds from sale of property and equipment ^(b)	451	807
Net change in non-cash working capital ^(c)	6,870	233
Maintenance capital expenditures ^{(a) (d)}	(266)	(1,126)
Distributable cash	\$ 9,274	\$ 7,169
Distributions declared	\$ 7,864	\$ 7,416
Distributable cash per unit	\$ 0.37	\$ 0.30
Distributions declared per unit	\$ 0.31	\$ 0.31
Weighted average number of units outstanding	25,134	23,722
Capital expenditures		
Maintenance capital expenditures	\$ 266	\$ 1,126
Growth capital expenditures ^(a)	1,090	-
Total	\$ 1,356	\$ 1,126

(a) Distributable cash, maintenance capital expenditures and growth capital expenditures are not measures recognized by GAAP, do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similarly named measures presented by other issuers. However, management believes that they are important and useful measures for readers to evaluate the performance of the Fund.

(b) Proceeds from the sale of property and equipment are considered distributable to unitholders when there are not any prior ranking claims on these funds.

(c) Cash used to fund working capital or growth capital expenditures do not affect amounts that can be distributed to unitholders where financing is available. Similarly, cash generated by changes in non-cash working capital that is part of a normal operating cycle is not considered distributable to unitholders.

(d) Maintenance capital expenditures refer to capital expenditures that are necessary to sustain current revenue levels.

Management makes distributions based on the actual and expected performance of operations and expected average net annual capital requirements to maintain its fleet. The trustees of the Fund assess the level of distribution each month based on the Fund's actual performance.

LIQUIDITY AND CAPITAL RESOURCES

On January 8, 2004, the Fund entered into new borrowing arrangements that provided a \$37.5 million term loan and a \$30 million demand loan. The term loan is repayable with a single principal payment due December 15, 2008 and bears interest at a fixed rate of 6.589%. Proceeds from the term loan were used to repay certain existing indebtedness. The demand loan provides funding for acquisitions and other growth opportunities as well as for working capital purposes.

On March 1, 2004, the Fund issued 3.7 million subordinate voting trust units at a price of \$11.00 each. Proceeds of the offering will be used for working capital purposes.

As at March 31, 2004, the current ratio was 2.8 : 1 and the total debt (including future tax obligations) to equity ratio was 0.6 : 1. As at March 31, 2004, the Fund had \$47.5 million in cash and \$27.8 million available in its operating line.

As at March 31, 2004, the Fund had 344 tractors and 514 trailers under operating leases as well as 808 tractors and 148 trailers that were under contract with owner-operators. As at March 31, 2004, the Fund owned 1,412 trailers, 91 tractors, 660 school buses and 18 of its major office and terminal facilities.

OUTSTANDING UNITS

As at April 30, 2004

(unaudited)

(in thousands)

Subordinate Voting Trust units	20,921
Class A LP units	5,273
Class B LP units	1,468
Total	27,662

CONTRACTUAL OBLIGATIONS

(unaudited)

(in millions)

	2004	2005	2006	2007	2008	2009 Thereafter	Total
Long-term debt	4.6	3.0	2.1	1.1	37.5	-	50.5
Lease obligations	7.5	7.3	4.8	2.4	1.3	0.4	24.7
Total	12.1	10.3	6.9	3.5	38.8	0.4	75.2

Contractual obligations are expected to increase this year. The Fund has 160 trailers currently under operating leases that expire in 2004. These trailers will be replaced with 144 new trailers. Management has also ordered 76 new tractors for 2004 delivery.

CHANGES IN ACCOUNTING POLICIES AND RECOMMENDATIONS

The CICA has issued new recommendations on the recognition of asset retirement obligations, which establishes standards for recognizing, measuring and disclosing liabilities for asset retirement obligations and the associated asset retirement costs. A liability is recognized at fair value when an obligation is incurred and it can be reasonably estimated. The asset retirement cost is allocated to expense using a systematic and rational method over the estimated useful life of the related asset. The recommendations are to be applied for fiscal years beginning on or after January 1, 2004 and are not expected to have a material impact on the Fund.

The CICA has issued new recommendations on impairment of long-lived assets, which establishes standards for recognizing, measuring and disclosing impairment of long-lived assets held for use. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the sum of undiscounted cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount exceeds its fair value. The recommendations are to be applied for fiscal years beginning on or after April 1, 2003. Management does not believe that the carrying values of its long-lived assets exceed their fair values.

On March 25, 2004, the Fund granted options to acquire units to trustees, directors and key employees. The CICA has issued new recommendations for the recognition as an expense of stock-based compensation. Accordingly, the fair value method has been applied and a charge to earnings of \$330,000 has resulted.

CRITICAL ACCOUNTING ESTIMATES

Management's discussion and analysis in the Fund's 2003 annual report contains a discussion of critical accounting estimates. These estimates have remained substantially unchanged.

FINANCIAL INSTRUMENTS

The Fund periodically enters into foreign exchange forward contracts as hedges against its exposure to currency fluctuations. Gains or losses that are realized on the settlement of these contracts are classified as part of selling, general and administrative expenses. Approximately \$86,000 of gains were realized by the Fund from settlements of contracts in the first quarter of 2004. As at March 31, 2004, the Fund had forward contracts to sell US\$13.5 million at an average contract exchange rate of CDN\$1.34.

ADDITIONAL INFORMATION

Additional information, including the Fund's Annual Information Form, is available at www.sedar.com.

BUSINESS RISKS

Management's discussion and analysis in the Fund's 2003 annual report contains a discussion of business risks on pages 10 and 11. Those risks remain in effect as at March 31, 2004.

FORWARD-LOOKING STATEMENTS

Management's discussion and analysis contains certain forward-looking statements. These statements relate to future events or future performance. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views of management of the Fund with respect to future events. Actual events or results may differ materially. In evaluating these statements, readers should specifically consider various factors, including the risks outlined under "Risk Factors" in the Fund's Annual Information Form which is available at www.sedar.com. These factors may cause actual results to differ materially from any forward-looking statement.

May 14, 2004

CONSOLIDATED BALANCE SHEETS

(in thousands)

(unaudited)

As at	March 31 2004	December 31 2003
Assets		
<i>Current Assets</i>		
Cash	\$ 47,538	\$ 137
Accounts receivable	38,813	30,190
Income taxes recoverable	326	-
Other current assets	7,172	5,741
	93,849	36,068
<i>Property and equipment</i>	99,327	91,777
<i>Goodwill and intangible assets (note 3)</i>	35,662	32,522
	\$ 228,838	\$ 160,367
Liabilities		
<i>Current Liabilities</i>		
Operating loan (note 4)	\$ -	\$ 7,701
Accounts payable and accrued liabilities	25,819	22,783
Distributions payable	2,880	2,489
Income taxes payable	-	119
Current portion of long-term debt (note 4)	5,268	7,317
	33,967	40,409
<i>Long-term debt (note 4)</i>	45,205	7,254
<i>Future income taxes</i>	5,865	5,463
	85,037	53,126
Unitholders' Equity		
Contributed surplus (note 5)	330	-
Trust units (note 6)	104,071	65,231
Retained earnings	39,400	42,010
	143,801	107,241
	\$ 228,838	\$ 160,367

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands)

(unaudited)

For the quarter ended March 31

	2004	2003
Revenue	\$ 79,843	\$ 75,339
Operating expenses	62,605	59,665
Selling, general and administration expenses	7,772	7,447
Amortization of property and equipment	3,302	3,326
Amortization of intangible assets	177	27
Income from operations	5,987	4,874
Net interest expense	586	368
Income before income taxes	5,401	4,506
Income taxes	147	(5)
Net Income	\$ 5,254	\$ 4,511
Net income per unit – basic and diluted	\$ 0.21	\$ 0.19
Weighted average units outstanding – basic and diluted	25,134	23,722

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands)

(unaudited)

For the quarter ended March 31

	2004	2003
Retained Earnings – Beginning of Period	\$ 42,010	\$ 53,887
Net income for the period	5,254	4,511
Distributions declared	(7,864)	(7,416)
Retained Earnings – End of Period	\$ 39,400	\$ 50,982

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands)

(unaudited)

For the quarter ended March 31

	2004	2003
Cash provided by (used in)		
Operating Activities		
Net income	\$ 5,254	\$ 4,511
Items not affecting cash:		
Unit-based compensation cost (note 5)	330	-
Amortization of property and equipment	3,302	3,326
Amortization of intangible assets	177	28
Future income taxes	40	(80)
Gain on sale of property and equipment	(14)	(297)
	9,089	7,488
Net change in non-cash working capital (note 8)	(6,870)	(233)
	2,219	7,255
Investing Activities		
Expended on acquisitions (note 2)	(7,951)	(1,000)
Proceeds from sale of property and equipment	451	807
Purchase of property and equipment	(1,356)	(1,126)
	(8,856)	(1,319)
Financing Activities		
Distributions paid	(7,473)	(7,416)
Proceeds from long-term debt	37,500	-
Repayment of long-term debt	(6,488)	(1,818)
Repayment of operating loan	(8,341)	-
Proceeds from issuance of trust units (note 6)	38,840	-
	54,038	(9,234)
Increase (Decrease) in Cash	47,401	(3,298)
Cash – Beginning of Period	137	4,809
Cash – End of Period	\$ 47,538	\$ 1,511

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the quarters ended March 31, 2004 and 2003

(unaudited)

(tabular amounts in thousands except for per unit amounts)

1. Basis of Presentation

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements using the same accounting policies as were applied in the audited consolidated financial statements for the year ended December 31, 2003, except for the adoption of the fair value-based method of accounting for unit-based compensation as described in note 5. They do not conform in all respects with disclosures required for annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Fund for the period ended December 31, 2003.

2. Acquisitions

On January 1, 2004, the Fund acquired all of the outstanding shares of Olinyk Trucking Ltd., a flatbed trucking operation located in Edmonton, Alberta.

On March 1, 2004, the Fund acquired all of the outstanding shares of Elgin Cartage Limited ("Elgin"). Elgin is headquartered in London, Ontario and provides a range of truckload transportation services, principally focused on transportation of industrial dry waste. Elgin also transports other bulk commodities in dump and liquid trailers. The business operates mainly within Ontario and Michigan. An additional \$1.5 million of consideration is payable contingent upon Elgin achieving certain performance objectives over the next three years. Any additional consideration that is paid will be charged to intangible assets.

The purchase price of the acquisitions made in 2004 are subject to final adjustments.

Quarter ended March 31

	2004		2003	
	Olinyk Trucking Ltd.	Elgin Cartage Limited	Total	Harold Bird Trucking Inc.
Accounts receivable	\$ 263	\$ 2,323	\$ 2,586	\$ -
Other current assets	62	298	360	-
Property and equipment	562	9,371	9,933	1,000
Intangible assets				
Customer relationships	-	2,502	2,502	-
Non-competition agreement	315	500	815	-
Fair value of assets acquired	1,202	14,994	16,196	1,000
Operating loan	-	640	640	-
Accounts payable and accrued liabilities	219	1,664	1,883	-
Income taxes payable	6	464	470	-
Long-term debt	-	4,890	4,890	-
Future income taxes	80	282	362	-
Fair value of liabilities assumed	305	7,940	8,245	-
	\$ 897	\$ 7,054	\$ 7,951	\$ 1,000
Consideration				
Cash	\$ 897	\$ 7,054	\$ 7,951	\$ 1,000

The acquisitions have been accounted for by the purchase method and the results of operations from the acquisition date have been included in these financial statements.

3. Goodwill and Intangible Assets

<i>As at</i>	March 31, 2004	December 31, 2003
<i>Goodwill</i>	\$ 29,135	\$ 29,135
<i>Intangible assets</i>		
<i>Customer relationships</i>	4,717	2,215
<i>Non-competition agreements</i>	2,225	1,410
<i>Accumulated amortization</i>	(415)	(238)
	6,527	3,387
	\$ 35,662	\$ 32,522

4. Long-term Debt

<i>As at</i>	March 31, 2004	December 31, 2003
Senior secured note payable with fixed interest rate of 6.589%.	\$ 37,500	\$ -
Notes payable with fixed and floating interest rates between 5.3% and 10.25% (December 31, 2003 – 4.5% and 9.3%)	10,776	11,360
Floating rate term loans with interest at prime (December 31, 2003 – prime plus 0.25%)	-	1,000
Other unsecured loans with interest at varying rates and due dates	2,197	2,211
	50,473	14,571
Less: Current portion	5,268	7,317
	\$ 45,205	\$ 7,254

The senior secured note payable provides for monthly payments of interest only and the principal portion is repayable in full on December 15, 2008. Notes payable are repayable in equal monthly payments and mature at dates between March 2004 and December 2007. Liens on rolling stock with a net book value of approximately \$72.1 million have been provided as security for the senior secured note and the notes payable.

On January 8, 2004, the Fund entered into a new bank credit facility for \$30 million. This revolving, demand, operating facility also allows for the funding of acquisitions and other growth opportunities.

As at March 31, 2004, there were no restrictions preventing the Fund from making distributions to unitholders.

Aggregate minimum payments remaining on long-term debt are as follows:

<i>Years ended December 31</i>	
2004	\$ 4,564
2005	2,999
2006	2,150
2007	1,063
2008	37,500
2009	-
Thereafter	2,197
	\$ 50,473

5. Unit-based Compensation Plan

The Fund maintains a unit option plan to encourage ownership of the Fund by directors, officers and key employees of the Fund. Under the terms of the plan, 1,581,831 trust units have been reserved for issuance. The maximum number of options that can be issued to an individual is 5% of the subordinate voting trust units outstanding at the time of the grant.

On March 25, 2004, the Fund granted 1,575,000 options to key employees, trustees and directors. Upon issuance, 20% of the options vested immediately and the remainder vest at a rate of 20% annually over the next four anniversary dates. The exercise price is \$11.50, which was the closing trading price of the Fund on the day prior to the date of the grant. Unexercised options expire on March 25, 2014. Options issued under the plan are non-transferable. Any option granted which is cancelled or terminated for any reason prior to exercise will be returned to the pool and will be available for future unit option grants.

The Fund accounts for its grants of options in accordance with the fair value-based method of accounting for unit-based compensation using a binomial model. The estimated grant-date fair value was \$0.47 per unit. The amount charged to compensation cost and contributed surplus during the period was \$330,000.

Below are the assumptions used to determine the fair value of the options on the grant date:

<i>Quarter ended March 31</i>	2004	2003
Risk-free interest rate	4.62 %	-
Expected life	9 years	-
Expected volatility	20 %	-
Expected dividend yield	10.87 %	-

6. Trust Units

Issue of Subordinate Voting Trust Units

On March 1, 2004, the Fund issued 3.7 million subordinate voting trust units at a price of \$11.00 each. Proceeds of the offering will be used for working capital purposes and to fund strategic growth opportunities. The net proceeds after deducting costs of the offering were \$38.3 million. The first cash distribution in which purchasers of this issue were entitled to participate was for the month of March 2004 with a record date of March 31, 2004 and a payment date of April 15, 2004. In addition, the Fund received proceeds of \$0.5 million from the issuance of units under the dividend reinvestment plan and the optional cash plan.

<i>As at</i>	March 31, 2004		December 31, 2003	
<i>Subordinate Voting Trust units</i>	20,901	\$ 96,992	16,970	\$ 56,466
<i>Class A LP units</i>	5,273	5,781	5,451	7,467
<i>Class B LP units</i>	1,468	1,298	1,468	1,298
<i>Total</i>	27,642	\$104,071	23,889	\$ 65,231

7. Financial Instruments

The Fund from time to time enters into foreign exchange forward contracts to manage its net exposure to currency fluctuations against the U.S. dollar. As at March 31, 2004, the Fund has outstanding forward contracts to sell US\$13.5 million with an average contract exchange rate of US\$1.34. These forward contracts expire through December 2004.

8. Cash Flow

Change in non-cash working capital:

<i>For the quarter ended March 31</i>	2004	2003
Increase in accounts receivable	\$ (6,037)	\$ (5,291)
Decrease (increase) in other current assets	(1,071)	39
Increase in accounts payables and accrued liabilities	1,153	5,357
Decrease in income taxes payable	(915)	(338)
Net change in non-cash working capital	\$ (6,870)	\$ (233)
Cash paid in respect of		
Interest	\$ 708	\$ 377
Income taxes	1,022	413

9. Segmented Information

The Fund operates in the freight transportation industry and in the school bus transportation industry, both based in Canada. There have been no transactions between operating segments except for interest charges on long-term note indentures. Costs incurred at the Fund's head office, denoted as "Other" in the table below, are allocated to each operating segment.

Quarter ended
March 31, 2004

	Revenue	Net interest expense (income)	Amortization of property and equipment	Income (loss) before income taxes	Total assets	Capital expenditures
Freight	\$ 72,941	\$ 1,008	\$ 1,966	\$ 5,564	\$ 107,164	\$ 1,154
School bus	6,902	290	1,220	166	38,309	202
Other	-	(712)	116	(329)	83,365	-
	\$ 79,843	\$ 586	\$ 3,302	\$ 5,401	\$ 228,838	\$ 1,356

Quarter ended
March 31, 2003

	Revenue	Net interest expense (income)	Amortization of property and equipment	Income (loss) before income taxes	Total assets	Capital expenditures
Freight	\$ 69,213	\$ 1,773	\$ 2,125	\$ 4,080	\$ 106,207	\$ 1,032
School bus	6,126	50	1,090	510	37,236	94
Other	-	(1,455)	111	(84)	28,586	-
	\$ 75,339	\$ 368	\$ 3,326	\$ 4,506	\$ 172,029	\$ 1,126

10. Comparative Figures

Certain comparative figures, terminologies and disclosures have been restated to conform to the current year's basis of presentation.

11. Seasonality

Both the Fund's freight transportation and busing operations are subject to seasonal influences. Freight transportation volumes historically peak during the second and third quarter of the year. Freight shipments in the first and fourth quarters are adversely affected by winter weather conditions and plant closings during the Christmas holiday season. The Fund's school bus operations generate relatively little revenue during July and August when schools are not in session.

12. Subsequent Event

On April 1, 2004, the Fund acquired all of the issued and outstanding shares of Clark Leasing Limited which operates as Clark Transportation, based in Perth, Ontario. Cash consideration for the shares, non-competition agreements and closing costs is estimated to be \$8.0 million and is subject to final adjustments.