

PRESS RELEASE

CONTRANS INCOME FUND ANNOUNCES THIRD QUARTER RESULTS

NOVEMBER 2, 2004 - For immediate release

(TSX. Symbol CSS.UN)

"I am pleased to announce results from our third quarter in which we established a new record for revenue which increased by almost 20% from the prior year," stated Stan G. Dunford, Chairman and Chief Executive Officer. "Operating results for 2004 continue to be impressive as demand for trucking services has remained very strong resulting in good equipment utilization. We have received rate increases from our customers which allowed us to be very competitive in the tight driver and owner-operator market without compromising our profitability. I believe that freight rates and driver wages will continue on an upward path for the next several years barring an economic recession."

"We have been very busy on the acquisition front having completed seven deals to date in 2004," he continued. "These acquisitions have contributed positively to our success. The freight and school bus industries continue to consolidate which is providing us with growth opportunities. Contrans is one of only a few players in Canada positioned to take advantage of this situation. With a significant amount of capital available to deploy, our biggest challenge is to ensure that the opportunities that we target not only maximize returns but will also be a good long-term fit for our organization."

"The trading price of our trust units has gained a great deal of momentum this year, reaching levels that will make future acquisitions that much more accretive. This presents further opportunity to achieve our goals of improving our payout ratio and enhancing the long term value of our units 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 three and nine month periods ended September 30, 2004. The financial statements should be read in conjunction with the analysis that follows and with management's discussion and analysis that appears in the Fund's 2003 annual report.

FINANCIAL HIGHLIGHTS

(unaudited)

Period ended September 30

(in millions except per unit amounts)

	Three Months				Nine Months			
	2004		2003		2004		2003	
Revenue	\$ 86.9	100.0 %	\$ 70.6	100.0 %	\$ 257.9	100.0 %	\$ 218.6	100.0 %
Earnings before interest, taxes and amortization (EBITDA) ⁽¹⁾	9.2	10.6	9.0	12.7	31.5	12.2	26.5	12.1
Total amortization charges	3.6	4.2	2.6	3.7	11.2	4.4	9.3	4.2
Interest	0.7	0.8	0.4	0.5	1.9	0.7	1.1	0.5
Earnings before taxes (EBT)	4.9	5.6	6.0	8.5	18.4	7.1	16.1	7.4
Income tax provision	0.2	0.2	0.1	0.1	-	-	0.2	0.1
Net income	\$ 4.7	5.4 %	\$ 5.9	8.4 %	\$ 18.4	7.1 %	\$ 15.9	7.3 %
Total assets					\$ 218.7	\$ 168.9		
Long-term debt ⁽²⁾					42.6	24.0		
Cash (operating loan)					22.4	(2.8)		
Distributions declared per unit	\$ 0.31			\$ 0.31	\$ 0.94	\$ 0.94		

(1) EBITDA is not an earnings 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 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.

Revenue in 2004 has increased substantially due to acquisitions, rate increases obtained from freight customers and from increased numbers of owner-operators and company drivers in core freight operations. The positive effect of these improvements have been reduced by the following:

- increased insurance premiums (\$1.5 million higher quarter over quarter, \$3.2 million higher year-to-date). The Fund, however, renewed its fleet coverage effective October 1, 2004 and, after several years of large increases, insurance premiums have stabilized.
- foreign exchange - hedging arrangements limited foreign exchange losses to \$200,000 for the third quarter (2003 – gains of \$800,000) with cumulative losses for the nine months of \$200,000 (2003 – gains of \$400,000).
- increased charges for amortization of intangible assets arising from the Fund's acquisitions.
- higher interest charges from increased levels of debt.

SUMMARY OF QUARTERLY RESULTS

(unaudited) (in millions except per unit amounts)	First Quarter		Second Quarter		Third Quarter		Fourth Quarter	
	2004	2003	2004	2003	2004	2003	2003	2002
Revenue	\$ 79.8	\$ 75.3	\$ 91.2	\$ 72.7	\$ 86.9	\$ 70.6	\$ 74.2	\$ 73.2
Net income	5.3	4.5	8.4	5.5	4.7	5.9	1.9	5.0
Earnings per unit – basic and diluted	\$ 0.21	\$ 0.19	\$ 0.30	\$ 0.23	\$ 0.17	\$ 0.25	\$ 0.08	\$ 0.21

RESULTS FROM OPERATIONS

Freight Transportation

(unaudited) Period ended September 30 (in millions)	Three months				Nine months			
	2004		2003		2004		2003	
Revenue	\$ 84.0	100.0 %	\$ 67.6	100.0 %	\$ 240.9	100.0 %	\$ 202.6	100.0 %
EBITDA	9.8	11.7	10.4	15.4	30.0	12.5	27.3	13.5
Total amortization charges	3.0	3.6	2.0	3.0	7.9	3.3	6.1	3.1
Interest	1.0	1.2	1.4	2.0	3.0	1.3	4.5	2.2
EBT	\$ 5.8	6.9 %	\$ 7.0	10.4 %	\$ 19.1	7.9 %	\$ 16.7	8.2 %

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

ACQUISITIONS

Acquisitions completed in 2004 have generated third quarter revenues of \$11 million (\$24 million year-to-date). These operations have also generated EBITDA of \$2.2 million in the third quarter (\$4.6 million year-to-date). Rate increases obtained from customers resulted in \$1.8 million of added revenue during the quarter (\$5.0 million year-to-date).

CORE OPERATIONS

Pay rates for company drivers and owner-operators have been increased in an effort to compete more effectively in this labour market resulting in additional operating costs of \$1.0 million in the third quarter of 2004 (\$2.7 million year-to-date).

Insurance premiums for freight operations in the third quarter were \$1 million higher than they were in 2003 and \$2.1 million higher year-to-date. 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 insurers in the transportation segment. The Fund's insurance rates, however, have stabilized effective October 1, 2004.

As previously noted, there was a \$1 million unfavourable swing in net foreign exchange gains and losses (\$600,000 year-to-date). Approximately 15% of the Fund's freight revenues are billed in US dollars. Management's hedging

strategy consists of converting customers to Canadian dollar billing, foreign exchange escalators, the use of forward contracts and US dollar equipment financing. A stronger Canadian dollar also makes US carriers more price competitive. However, management believes that increased border security and consequent delays coupled with the driver shortage in the US deters many American carriers from hauling freight into Canada.

Accident claim costs in the third quarter increased by \$750,000 compared to the same period in 2003. However, accident claim costs for the nine month period in both 2004 and 2003 were approximately the same.

Provisions for doubtful accounts were \$600,000 higher quarter over quarter, \$900,000 higher year-to-date. This was primarily due to a paper producer in New Brunswick that closed its operations during the quarter.

Although the cost of fuel has been increasing, it has done so at a steady rate. As a result, the Fund's fuel surcharge programs have been able to keep pace with these increases and the operating results have not been materially affected. Fluctuating fuel prices, however, absorbs a lot of management time. The Fund treats fuel surcharges collected as recoveries of cost and not as revenue.

There is some seasonality in the Fund's freight operations. Volumes from the Fund's customers in the construction industry reach their peak in the summer and autumn but drop off with winter weather. Some manufacturing customers close their plants during the summer. In addition, many customers either shut down their production facilities or otherwise reduce shipments during the Christmas holiday season. Harsh winter weather conditions hinder traffic and increase operating costs.

School Bus Transportation

(unaudited)

Period ended September 30 (in millions)	Three months				Nine months			
	2004		2003		2004		2003	
Revenue	\$ 2.9	100.0 %	\$ 3.0	100.0 %	\$ 17.0	100.0 %	\$ 16.0	100.0 %
EBITDA	(0.5)	(17.2)	(0.2)	(6.7)	3.2	18.8	3.9	24.4
Total amortization charges	0.5	17.2	0.5	16.6	3.0	17.6	2.8	17.5
Interest	0.3	10.4	0.2	6.7	0.9	5.3	0.7	4.4
EBT	\$ (1.3)	(44.8) %	\$ (0.9)	(30.0) %	\$ (0.7)	(4.1) %	\$ 0.4	2.5 %

EBT includes allocations of head office costs.

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 and relatively little revenue is generated during Christmas and March breaks. Accordingly, the Fund's school bus operations typically incur operating losses during July and August.

There were three fewer school days in September 2004 than in September 2003 which caused third quarter revenue to decline year over year. Acquisitions have contributed \$600,000 of additional revenue for the year-to-date. Insurance premiums were \$100,000 higher in the third quarter of 2004 than they were in 2003 (\$500,000 higher year-to-date). In addition, fuel costs for the first nine months of 2004 were \$350,000 higher in 2004 than they were in 2003. The Fund has been aggressively pursuing fair compensation from the school boards that it services to cover its increased costs.

CASH FLOW

Cash flow from operating activities before changes in non-cash working capital balances amounted to \$8.3 million during the quarter compared to \$8.2 million last year. For the year-to-date, cash flow from operating activities before changes in non-cash working capital balances amounted to \$29.4 million compared to \$24.6 million last year. Non-cash working capital decreased by \$1.9 million in the quarter but has increased by \$10.5 million for the first nine months. The increase was due primarily to the increase in accounts receivable which arose from substantially increased volumes compared to December 2003 and also some deterioration in aging. In addition, a \$1.9 million deposit was made late in the quarter in respect of an acquisition that closed on October 1, 2004 (see note 12 to the financial statements).

During the third quarter of 2004, the Fund spent \$2.5 million replacing retired school buses and another \$0.8 million on additional school buses required to service new routes for the new school year. The Fund has spent \$3.1 million replacing retired school buses year-to-date in 2004.

During the current year, one of the Fund's newly acquired entities had to spend \$1 million to exercise the purchase option on certain of its leased tractors. This expenditure was necessitated by delays in delivery of replacement units and has therefore been treated as a maintenance capital expenditure for the purposes of calculating distributable cash. These units will be sold as soon as the new, leased tractors are delivered by the manufacturer.

UNITHOLDER DISTRIBUTIONS

Distributable Cash⁽¹⁾

(unaudited)

Period ended September 30 (in thousands except per unit amounts)	Three months		Nine months	
	2004	2003 ⁽²⁾	2004	2003 ⁽²⁾
Cash flow from operating activities	\$ 10,172	\$ 8,545	\$ 18,860	\$ 24,637
Proceeds from sale of property and equipment ⁽³⁾	909	4,963	2,162	6,208
Net change in non-cash working capital ⁽⁴⁾	(1,907)	(311)	10,517	(85)
Maintenance capital expenditures ^{(1) (5)}	(3,701)	(3,120)	(6,661)	(5,651)
Distributable cash	\$ 5,473	\$ 10,077	\$ 24,878	\$ 25,109
Distributions declared	8,672	7,432	25,190	22,263
Distributable cash per unit	0.20	0.42	0.93	1.06
Distributions declared per unit	0.31	0.31	0.94	0.94
Weighted average number of units outstanding	27,732	23,761	26,850	23,736
Capital expenditures				
Maintenance capital expenditures	\$ 3,701	\$ 3,120	\$ 6,661	\$ 5,651
Growth capital expenditures ⁽¹⁾	1,730	2,290	3,898	2,760
Total	\$ 5,431	\$ 5,410	\$ 10,559	\$ 8,411

(1) 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.

(2) In the MD&A section of the 2003 Q3 interim report to unitholders, distributable cash was reported to be \$10.6 million for the third quarter (\$25.7 million for the nine months ended September 30, 2003). This was based on a calculation that did not eliminate \$0.5 million of proceeds from intercompany sales of equipment. However, the amounts reported as "proceeds from sale of property and equipment" in the statement of cash flow in the 2003 Q3 interim report to unitholders properly reflected this elimination.

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

(4) It is important to note that 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.

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

During the third quarter of 2003 the Fund received \$4.3 million in proceeds from the sale of its Calgary property which resulted in a gain on sale of \$300,000. This property exceeded the Fund's operating requirements for terminal space. The Fund does not customarily dispose of its real estate holdings and has made no such disposals in 2004.

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 working capital.

On March 1, 2004, the Fund issued 3.7 million subordinate voting trust units at a price of \$11.00 each. Some of the net proceeds of the offering have been used to fund acquisitions. As at September 30, 2004, the Fund had \$22.4

million in cash as well as \$24.2 million available in its operating line. As at September 30, 2004, the current ratio was 2.4 : 1 and the total debt (including future tax obligations) to equity ratio was 0.6 : 1.

As at September 30, 2004, the Fund had 358 tractors and 518 trailers under operating leases as well as 819 tractors and 149 trailers that were under contract with owner-operators. As at September 30, 2004, the Fund owned 1,476 trailers, 155 tractors, 660 school buses and 19 of its major office and terminal facilities.

OUTSTANDING UNITS

As at October 15, 2004

(unaudited)

(in thousands)

Subordinate voting trust units	21,298
Class A LP units	5,016
Class B LP units	1,468
Total	27,782

CONTRACTUAL OBLIGATIONS

(unaudited)

(in millions)

	2004	2005	2006	2007	2008	2009	Thereafter	Total
Long-term debt	\$0.5	\$ 1.1	\$ 0.6	\$ 0.4	\$ 37.5	\$ -	\$ 2.5	\$ 42.6
Lease obligations	2.6	9.6	6.7	4.1	2.3	0.4	0.5	26.2
Total	\$3.1	\$ 10.7	\$ 7.3	\$ 4.5	\$ 39.8	\$ 0.4	\$ 3.0	\$ 68.8

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 trust units to key employees, directors and trustees to encourage their ownership of the Fund. The CICA has issued new recommendations recognizing stock-based compensation as an expense. Accordingly, the fair value method has been applied and a charge to earnings of \$330,000 resulted from the granting of these options in the first quarter.

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. As at September 30, 2004, the Fund had forward contracts to sell US\$4.5 million at a contract exchange rate of CDN\$1.34.

BUSINESS RISKS

Management's discussion and analysis in the Fund's 2003 annual report contains a discussion of business risks. Those risks remain in effect as at September 30, 2004.

ADDITIONAL INFORMATION

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

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.

November 2, 2004

CONSOLIDATED BALANCE SHEETS

(in thousands)

As at	September 30 2004	December 31 2003
Assets	<i>(unaudited)</i>	<i>(audited)</i>
<i>Current Assets</i>		
<i>Cash and cash equivalents</i>	\$ 22,446	\$ 137
<i>Accounts receivable</i>	42,799	30,190
<i>Other current assets</i>	8,205	5,741
	73,450	36,068
<i>Property and equipment</i>	105,844	91,777
<i>Goodwill and intangible assets (note 3)</i>	39,429	32,522
	218,723	160,367
Liabilities		
<i>Current Liabilities</i>		
<i>Operating loan (note 4)</i>	\$ -	\$ 7,701
<i>Accounts payable and accrued liabilities</i>	26,407	22,783
<i>Distributions payable</i>	2,893	2,489
<i>Income taxes payable</i>	440	119
<i>Current portion of long-term debt (note 4)</i>	1,237	7,317
	30,977	40,409
<i>Long-term debt (note 4)</i>	41,329	7,254
<i>Future income taxes</i>	5,461	5,463
	77,767	53,126
Unitholders' Equity		
<i>Contributed surplus (note 5)</i>	330	-
<i>Trust units (note 6)</i>	105,377	65,231
<i>Retained earnings</i>	35,249	42,010
	140,956	107,241
	\$ 218,723	\$ 160,367

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF EARNINGS

(in thousands except per unit and share amounts)

(unaudited)

For the period ended September 30	Three months		Nine months	
	2004	2003	2004	2003
Revenue	\$ 86,871	\$ 70,566	\$ 257,905	\$ 218,647
Operating expenses	68,729	55,092	200,956	170,808
Selling, general and administration expenses	8,961	6,477	25,432	21,272
Amortization of property and equipment	3,015	2,572	10,018	9,187
Amortization of intangible assets	560	51	1,216	120
Income from operations	5,606	6,374	20,283	17,260
Net interest expense	680	359	1,881	1,135
Income before income taxes	4,926	6,015	18,402	16,125
Income taxes	187	85	(27)	185
Net income	\$ 4,739	\$ 5,930	\$ 18,429	\$ 15,940
Net income per unit – basic and diluted	\$ 0.17	\$ 0.25	\$ 0.69	\$ 0.67
Weighted average units outstanding – basic	27,732	23,761	26,850	23,736
Weighted average units outstanding -- diluted	27,859	23,761	26,877	23,736

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands)

(unaudited)

For the period ended September 30	Three months		Nine months	
	2004	2003	2004	2003
Retained Earnings – Beginning of Period	\$ 39,182	\$ 49,066	\$ 42,010	\$ 53,887
Net income for the period	4,739	5,930	18,429	15,940
Distributions declared	(8,672)	(7,432)	(25,190)	(22,263)
Retained Earnings – End of Period	\$ 35,249	\$ 47,564	\$ 35,249	\$ 47,564

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands)

(unaudited)

For the period ended September 30	Three Months		Nine Months	
	2004	2003	2004	2003
Cash provided by (used in)				
Operating Activities				
Net income	\$ 4,739	\$ 5,930	\$ 18,429	\$ 15,940
Items not affecting cash				
Unit-based compensation cost (note 5)	-	-	330	-
Amortization of property and equipment	3,015	2,572	10,018	9,187
Amortization of intangible assets	560	51	1,216	120
Future income taxes	117	10	(364)	(40)
Gain on sale of property and equipment	(166)	(329)	(252)	(655)
	8,265	8,234	29,377	24,552
Net change in non-cash working capital (note 8)	1,907	311	(10,517)	85
	10,172	8,545	18,860	24,637
Investing Activities				
Expended on acquisitions (note 2)	(302)	-	(17,967)	(5,710)
Proceeds from sale of property and equipment	909	4,963	2,162	6,208
Purchase of property and equipment	(5,431)	(5,410)	(10,559)	(8,411)
	(4,824)	(447)	(26,364)	(7,913)
Financing Activities				
Distributions paid	(8,666)	(7,432)	(24,786)	(22,263)
Proceeds from long-term debt	-	1,000	37,500	1,288
Repayment of long-term debt	(4,932)	(893)	(14,706)	(4,019)
Proceeds from (repayment of) operating loan	-	(1,425)	(8,341)	2,923
Proceeds from issuance of trust units (note 6)	673	676	40,146	676
	(12,925)	(8,074)	29,813	(21,395)
Increase (decrease) in cash and cash equivalents	(7,577)	24	22,309	(4,671)
Cash and cash equivalents – Beginning of Period	30,023	114	137	4,809
Cash and cash equivalents – End of Period	\$ 22,446	\$ 138	\$ 22,446	\$ 138

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Periods ended September 30, 2004 and 2003

(unaudited)

(tabular amounts in thousands except for per unit amounts)

1. Significant Accounting Policies

(a) 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 year ended December 31, 2003.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term interest-bearing securities with maturities at purchase date of three months or less.

2. Acquisitions

Nine months ended September 30, 2004

	<i>Olinyk Trucking Ltd.</i>	<i>Elgin Cartage Limited</i>	<i>Clark Leasing Limited</i>	<i>Keruda Traffic Service Inc.</i>	<i>Pickway Transportation Inc.</i>	<i>Total</i>
<i>Accounts receivable</i>	\$ 263	\$ 2,323	\$ 1,416	\$ 582	\$ -	\$ 4,584
<i>Other current assets</i>	62	298	250	48	22	680
<i>Property and equipment</i>	562	9,371	4,318	1,056	129	15,436
<i>Intangible assets</i>						
<i>Customer relationships</i>	-	2,502	2,718	1,185	293	6,698
<i>Non-competition agreement</i>	315	500	565	45	-	1,425
<i>Fair value of assets acquired</i>	1,202	14,994	9,267	2,916	444	28,823
<i>Operating loan</i>	-	640	-	-	-	640
<i>Accounts payable and accrued liabilities</i>	219	1,664	1,343	901	26	4,153
<i>Income taxes payable</i>	6	464	30	-	-	500
<i>Long-term debt</i>	-	4,890	-	195	116	5,201
<i>Future income taxes</i>	80	282	-	-	-	362
<i>Fair value of liabilities assumed</i>	305	7,940	1,373	1,096	142	10,856
	\$ 897	\$ 7,054	\$ 7,894	\$ 1,820	\$ 302	\$ 17,967
<i>Consideration</i>						
<i>Cash</i>	\$ 897	\$ 7,054	\$ 7,894	\$ 1,820	\$ 302	\$ 17,967

On January 1, 2004, the Fund acquired all of the outstanding shares of Olynyk 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"). Located in London, Ontario, Elgin 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.

On April 1, 2004, the Fund acquired all of the outstanding shares of Clark Leasing Limited ("Clark"). Located in Perth, Ontario, Clark provides a range of truckload transportation services utilizing refrigerated and dry van trailers and ocean containers. The business operates mainly within Ontario, Quebec and the northeastern United States.

On June 1, 2004, the Fund acquired all of the outstanding shares of Keruda Traffic Service Inc. ("KTS"). Located in Waterford, Ontario, KTS provides truckload transportation services utilizing dry van trailers mainly within Ontario, Michigan, Ohio and Indiana.

On July 1, 2004, the Fund acquired all school buses and contracts of Pickway Transportation Inc. Located in Pickering, Ontario, Pickway provides school bus transportation services.

The purchase price of these acquisitions is subject to final adjustments. 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>	September 30 2004	<i>December 31 2003</i>
<i>Goodwill</i>	\$ 29,135	\$ 29,135
<i>Intangible assets</i>		
<i>Customer relationships</i>	8,913	2,215
<i>Non-competition agreements</i>	2,835	1,410
<i>Accumulated amortization</i>	(1,454)	(238)
<i>Intangible assets net of amortization</i>	10,294	3,387
	\$ 39,429	\$ 32,522

4. Long-term Debt

<i>As at</i>	September 30 2004	<i>December 31 2003</i>
<i>Senior secured note payable with fixed interest rate of 6.589%</i>	\$ 37,500	\$ -
<i>Notes payable with fixed interest rates between 7.0% and 9.8% (December 31, 2003 – fixed and floating interest rates between 4.5% and 9.3%)</i>	2,577	11,360
<i>Floating rate term loans with interest at prime (December 31, 2003 – prime plus 0.25%)</i>	-	1,000
<i>Other unsecured loans with interest at varying rates and due dates</i>	2,489	2,211
	42,566	14,571
<i>Less: Current portion</i>	1,237	7,317
	\$ 41,329	\$ 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 October 2004 and December 2007. Liens on rolling stock with a net book value of approximately \$79 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 September 30, 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	\$ 520
2005	1,073
2006	610
2007	355
2008	37,515
2009	-
Thereafter	2,493
	\$ 42,566

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, 2,762,165 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>Risk-free interest rate</i>	4.62%
<i>Expected life</i>	9 years
<i>Expected volatility</i>	20%
<i>Expected dividend yield</i>	10.87%

6. Trust Units

Issue of Subordinate Voting Trust Units

On March 1, 2004, the Fund issued 3.7 million subordinate voting trust ("SVT") 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. The Fund has also received proceeds of \$1.9 million from the issuance of 172,000 SVT units under the dividend reinvestment plan and the optional cash plan to date in 2004. In addition, 395,000 Class A Limited Partnership ("LP") units have been exchanged for an equal number of SVT units in 2004.

As at	September 30, 2004		December 31, 2003	
	Units	\$	Units	\$
SVT units	21,237	\$ 97,152	16,970	\$ 56,465
Class A LP units	5,056	6,927	5,451	7,468
Class B LP units	1,468	1,298	1,468	1,298
Total	27,761	\$ 105,377	23,889	\$ 65,231

7. Financial Instruments

The Fund enters into foreign exchange forward contracts from time to time to manage its net exposure to currency fluctuations against the U.S. dollar. As at September 30, 2004, the Fund has outstanding forward contracts to sell US \$4.5 million with an average contract exchange rate of CDN \$1.34. These forward contracts expire through December 2004.

8. Cash Flow

Change in non-cash working capital

Period ended September 30	Three months		Nine months	
	2004	2003	2004	2003
Decrease (increase) in accounts receivable	\$ 1,079	\$ (1,356)	\$ (8,025)	\$ (2,599)
Decrease (increase) in other current assets	(551)	609	(1,784)	283
Increase (decrease) in income taxes payable	133	16	(179)	(376)
Increase (decrease) in accounts payable and accrued liabilities	1,246	1,042	(529)	2,777
Net change in non-cash working capital	\$ 1,907	\$ 311	\$ (10,517)	\$ 85
Cash paid in respect of				
Interest	\$ 684	\$ 334	\$ 1,982	\$ 1,121
Income taxes (net of refunds received)	(63)	(19)	516	561

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.

Nine months ended September 30, 2004

	<i>Revenue</i>	<i>Net interest expense (income)</i>	<i>Amortization of property and equipment</i>	<i>Income (loss) before income taxes</i>	<i>Total assets</i>	<i>Capital expenditures</i>
<i>Freight</i>	\$240,864	\$3,011	\$6,774	\$19,072	\$110,067	\$6,140
<i>School bus</i>	17,041	852	2,854	(670)	37,852	4,113
<i>Other</i>	—	(1,982)	390	—	70,804	306
	\$257,905	\$1,881	\$10,018	\$18,402	\$218,723	\$10,559

Three months ended September 30, 2004

	<i>Revenue</i>	<i>Net interest expense (income)</i>	<i>Amortization of property and equipment</i>	<i>Income (loss) before income taxes</i>	<i>Total assets</i>	<i>Capital expenditures</i>
<i>Freight</i>	\$84,016	\$999	\$2,435	\$5,808	\$110,067	\$2,140
<i>School bus</i>	2,855	283	444	(1,348)	37,852	3,291
<i>Other</i>	—	(602)	136	466	70,804	—
	\$86,871	\$680	\$3,015	\$4,926	\$218,723	\$5,431

Nine months ended September 30, 2003

	<i>Revenue</i>	<i>Net interest expense (income)</i>	<i>Amortization of property and equipment</i>	<i>Income before income taxes</i>	<i>Total assets</i>	<i>Capital expenditures</i>
<i>Freight</i>	\$202,637	\$4,544	\$6,143	\$16,685	\$97,909	\$1,983
<i>School bus</i>	16,010	717	2,668	419	51,206	5,646
<i>Other</i>	—	(4,126)	376	(979)	19,743	782
	\$218,647	\$1,135	\$9,187	\$16,125	\$168,858	\$8,411

Three months ended September 30, 2003

	<i>Revenue</i>	<i>Net interest expense (income)</i>	<i>Amortization of property and equipment</i>	<i>Income before income taxes</i>	<i>Total assets</i>	<i>Capital expenditures</i>
<i>Freight</i>	\$67,583	\$1,425	\$1,990	\$6,982	\$97,909	\$882
<i>School bus</i>	2,983	227	453	(910)	51,206	4,528
<i>Other</i>	—	(1,293)	129	(57)	19,743	—
	\$70,566	\$359	\$2,572	\$6,015	\$168,858	\$5,410

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 the summer, Christmas and March breaks when schools are not in session.

12. Subsequent events

- a. On October 1, 2004, the Fund acquired all of the outstanding shares of Walsh Transportation Ltd. ("Walsh"). Located in Haileybury, Ontario, Walsh provides school bus and other transportation services in Northeastern Ontario. Cash consideration is estimated to be approximately \$2.0 million.
 - b. On November 1, 2004, the Fund acquired all of the outstanding shares of Firm Transportation and Distribution Services Inc. ("Firm"). Located in Toronto, Ontario, Firm is a third party logistics provider. Cash consideration is estimated to be \$4.2 million with an additional \$2.0 million payable over the next three years contingent upon the achievement of certain performance objectives
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For further information, please contact Stan Dunford or Greg Rumble at (519) 21-4600.