

**FOR IMMEDIATE RELEASE: Friday, August 1, 2008**

**PARKLAND REPORTS SECOND QUARTER 2008 FINANCIAL RESULTS**

Second Quarter 2008 Performance Highlights:

- Record Q2 2008 fuel sales volume of 525 million litres, up 12% from 471 million litres the prior year.
- Record Q2 2008 sales of \$606.6 million, up 43% from \$424.6 million the prior year.
- EBITDA of \$19.0 million for Q2 2008, down 61% from \$48.3 million the prior year due to weaker refiners' margins.
- Completed acquisition of Noco Energy fuel marketing business.

Red Deer, August 1, 2008 – Parkland Income Fund (TSX:PKI.UN) today announced its business performance for the second quarter of 2008 and the six months ended June 30, 2008. Volumes and revenues achieved record levels for the quarter basically as a result of acquisitions, while EBITDA was lower for Q2 2008 compared to the same period a year earlier, primarily due to lower contributions from our share of refinery margins.

President and CEO Mike Chorlton said, “Both our Retail and Commercial business units performed well in the quarter despite lack of market growth and the challenge of controlling costs. This performance reflects both our long-term growth strategy and our decision to diversify our business into areas not impacted by refiners’ margins. The acquisitions of the past two years have contributed significantly to our ability to maintain distributions in face of the current decline in refiners’ margins. Refiners’ margins for gasoline, which are historically weaker in the winter season before gaining strength in the summer driving season, have remained low, at levels not seen since 1999. Key factors in this weakness have been the rapid increase in crude prices together with widespread North American economic weakness causing decreased demand and compressing profit margins. Conversely, diesel refiners’ margins are near all-time highs, but they account for a smaller portion of our total fuel volume.”

“We are addressing the pressure on distributable cash by managing discretionary operating and maintenance capital expenditures for the balance of the year without impairing the productive capacity of the business. We have deferred \$6.5 million of our maintenance capital budget for 2008 and are now targeting \$10 million. We have dedicated resources to accelerating synergies within our operations and developing long-term cost savings. However, we are continuing with expenditures that are immediately accretive to cash flow as well as those essential to the conduct of our business.”

### *Outlook and Distributions*

All business segments remain profitable and we continue to increase sales volumes. Improvements in the outlook for oil and gas drilling and continued strength in the agricultural inputs market bode well for the Commercial division, particularly for the fourth quarter. The first few weeks of the third quarter have exhibited further weakness in the refiners' margins for gasoline while diesel remains strong. Retail fuel volumes in Western Canada have not experienced the declines reported in other parts of North America and retail margins remain strong.

While the third quarter may show some weakness, the Board continues to believe that the current distribution rate is appropriate given earnings expectations for the full year.

Cash distributions slightly exceeded cash available for distribution for the second quarter and the monthly distribution rate was maintained at the rate of \$0.105 per unit. For the six months ended June 30, 2008 the cash available for distribution slightly exceeded actual distributions.

### *Fuel Volumes*

Gasoline, diesel and propane volumes were strong with total sales of 525 million litres in the quarter ended June 30, 2008, an increase of 12% from 471 million litres for the same period in 2007. The increase resulted from the acquisitions completed over the past year, as same-store volumes were similar to the prior year.

### *Margins*

The daily average spread between the price of crude oil and the posted gasoline rack price at the refinery gate in Edmonton (refiners' margin) was 9.9 cents per litre in the second quarter (9.4 cents per litre for six months) compared to 26.5 cents per litre in the second quarter of 2007 (19.4 cents per litre for six months). These variances affected those volumes where we share in the refiners' margin under our supply contracts and reduced gross margins by approximately \$30 million for Q2 2008 compared to Q2 2007 and by approximately \$35 million for the six months ended June 30, 2008 relative to the six months ended June 30, 2007. The refiners' margin for gasoline in the second quarter was 3.4 cents per litre lower than the annual average for the prior five years.

The refiners' margin numbers for diesel were more consistent year over year with the current quarter 2.0 cents per litre higher than Q2, 2007 and the year to date 1.0 cents per litre lower.

At December 31, 2007 we incorporated the early adoption of CICA Handbook Section 3031, Inventories to account for inventory on a FIFO basis. We restated the quarterly results from 2007. The second quarter 2007 EBITDA, which is reported in our current comparative results, increased by \$0.7 million from the original reports at June 30, 2007. In the first six months of 2008 this change in policy has added \$9.9 million of EBITDA.

During this period the price of crude oil at Edmonton increased from 59 cents per litre to 89.5 cents per litre. Subsequent to the end of the second quarter, the oil price has declined to 81 cents per litre by mid July.

Early in 2008 we commenced a facility renewal program at seven of our company-operated convenience stores. This program was substantially completed in the second quarter at a cost of \$1.4 million in maintenance capital. During the renovation period these stores continued with fuel sales but had minimal merchandise sales. Accordingly the aggregate gross margin from merchandise sales decreased to \$3.8 million in the second quarter compared to \$4.2 million the prior year.

Our operating and direct expenses were \$20.3 million in the second quarter compared to \$14.5 million for the same period in 2007. The increase reflects the full year effect of our acquired businesses as well as higher store operating costs such as labor, credit card costs and loyalty program costs. As industry volume growth has flattened and retail prices have remained buoyant, retailers have turned to more aggressive promotional activity to maintain or build sales volumes. Although operating and direct expenses were up over the prior year, they were down from the first quarter of 2008 as the commercial segment entered the slower summer season.

Our marketing, general and administrative expenses increased as a result of the acquisitions in 2007, higher labor costs as well as an expenditure of \$0.8 million in the six month period this year on a project to upgrade our technology and our business processes. Expenditures on the balance of this project will be classified as capital and include \$1.6 million expended to June 30, 2008 and \$2.1 million expected to be spent in the balance of 2008 and \$2.7 million in 2009. It will result in a one-time charge and will facilitate compliance with regulatory requirements, harmonize the systems of all acquired companies, reduce operating costs and improve management data.

A comparison of EBITDA for the second quarter of 2008 with the second quarter of 2007, as well as graphs of historic refiners' margins are available online at <http://files.newswire.ca/714/Parkland.pdf>

#### *Update on Beaver Hills Project*

Work on the Beaver Hills project, which is in the feasibility study phase for proposed construction of a \$300 million fuel and chemical production facility in the Edmonton area, is continuing on schedule. We have a 25% interest in this project and expect to reach a decision regarding construction around year end.

## Completion of Noco Energy Acquisition

On May 29, 2008 we acquired Noco Energy fuel marketing business in Ontario. This business is an extension of our Esso retail branded distributor operation together with a similar arrangement for Sunoco and additional wholesale accounts. These are dealer accounts primarily outside the greater Toronto area and therefore not exposed to the volatile retail prices in that region. The purchase price was \$8.5 million and the prior year's normalized earnings were approximately \$2.0 million. The early financial performance and prospects for growth are encouraging.

## SUMMARY FINANCIAL RESULTS

For the period ended June 30, 2008

<i>Thousands of Canadian dollars, except per Unit amounts and fuel volumes</i>						
	Q2 2008	Six months	Q2 2007	Six months	Q2 % Change	Six months % Change
Revenue	606,612	1,089,505	424,628	758,634	43%	44%
Net earnings <sup>1</sup>	11,018	21,238	21,957	39,064	50%	46%
Net earnings per Unit <sup>1</sup>	0.22	0.42	0.42	0.79	48%	47%
Average number of Units	50,335		48,361			
EBITDA <sup>2</sup>	18,965	36,210	48,273	71,368	61%	49%
Distributable cash flow per Unit	0.30	0.63	0.72	0.81	58%	22%
Distributions per Unit	0.31	0.63	0.27	0.51	15%	24%
Fuel sales volumes (millions of litres)	525	1,081	471	911	12%	19%

<sup>1</sup> Certain year-earlier numbers have been restated as a result of Parkland's early adoption of the new CICA standards on inventories to record the cost of inventory using the First In, First Out method.

<sup>2</sup> EBITDA, which is not a financial measure under Generally Accepted Accounting Principles (GAAP), refers to Earnings Before Interest on Long-Term Debt, Income Tax Expense, Amortization of Capital Assets, Refinery Remediation Accrual and Loss on Disposal of Capital Assets. It can be calculated from the GAAP amounts included in the Fund's financial statements and a table reconciling net income in accordance with GAAP to EBITDA is included in the Management's Discussion and Analysis (MD&A). Management believes that EBITDA is a relevant measure to users of its financial information as it provides an indication of pre-tax earnings available to distribute to debt and equity holders in the Fund. The Fund's definition of EBITDA may not be consistent with other providers of financial information and therefore may not be comparable.

The MD&A as well as the complete unaudited interim Consolidated Financial Statements and notes for the second quarter of 2008 are available online at <http://files.newswire.ca/714/ParklandQ2MDAFS.pdf>

## **Investment Community Conference Call and Webcast**

Parkland will hold a conference call for Analysts, Brokers and Investors to discuss second quarter results as follows:

Tuesday, August 5, 2008, 9:00 a.m. (11:00 a.m. Eastern Time)  
Direct: 416-644-3414  
Toll-free: 800-733-7571

The replay will be available as follows:

From Tuesday August 5, 2008, 11:00 a.m. (1:00 p.m. Eastern Time)  
To Tuesday, August 19, 2008 at 11:59 p.m. (1:59 a.m. Eastern Time)  
Direct: 416-640-1917  
Toll-free: 877-289-8525  
Passcode: 21275133 followed by the # sign

### **Webcast**

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2317480>

## **ABOUT PARKLAND INCOME FUND**

Parkland Income Fund currently operates retail and wholesale fuels and convenience store businesses under its Fas Gas Plus, Fas Gas, Race Trac Fuels and Short Stop Food Stores brands and through independent branded dealers, and transports fuel and other products through its Distribution division. With approximately 590 locations, Parkland has developed a strong market niche in Canadian non-urban markets focused in the West and Ontario. The Fund supplies propane, bulk fuel, heating oil, lubricants, industrial fluids, agricultural inputs and associated services to commercial and industrial customers in western Canada under the Neufeld, Joy, United Petroleum and Great Northern Oil brands.

Additionally, Parkland operates the Bowden refinery near Red Deer, Alberta as a storage and contract-processing site. The Fund is also a 25 percent joint venture partner in a study, due to be completed around the end of 2008, to determine the feasibility of building a \$300 million facility to refine condensate into petroleum and other products.

Parkland is focused on creating and delivering value for its unitholders through the continuous refinement of its site portfolio, increasing revenue diversification through growth in non-fuel revenues and active supply chain management.

The Fund's units trade on the Toronto Stock Exchange (TSX) under the symbol PKI.UN. For more information, visit [www.parkland.ca](http://www.parkland.ca).

- 30 -

For further information:

Red Deer:       Mike W. Chorlton, President and CEO       (403) 357-6400  
                  John G. Schroeder, Vice President and CFO   (403) 357-6400

*If you prefer to receive Company news releases via e-mail, please request at [corpinfo@parkland.ca](mailto:corpinfo@parkland.ca).*

*Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words and include but are not limited to, statements regarding the accretive effects of acquisitions and the anticipated benefits of acquisitions. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in the Fund's annual report, annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause the Fund's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and the Fund does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.*