Parkland Income Fund
Second Quarter Report
For the six months ended June 30, 2008

President's Message

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.

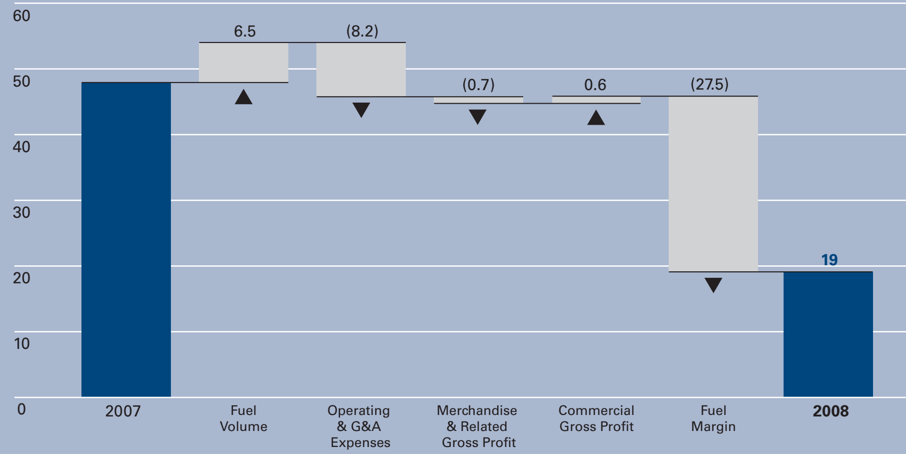
Early in 2008 we commenced a facility renewal program at seven of our company-operated convenience stores. This program was substantially completed in the second quarter at a cost of $1.4 million in maintenance capital. During the renovation period these stores continued with fuel sales but had minimal 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.

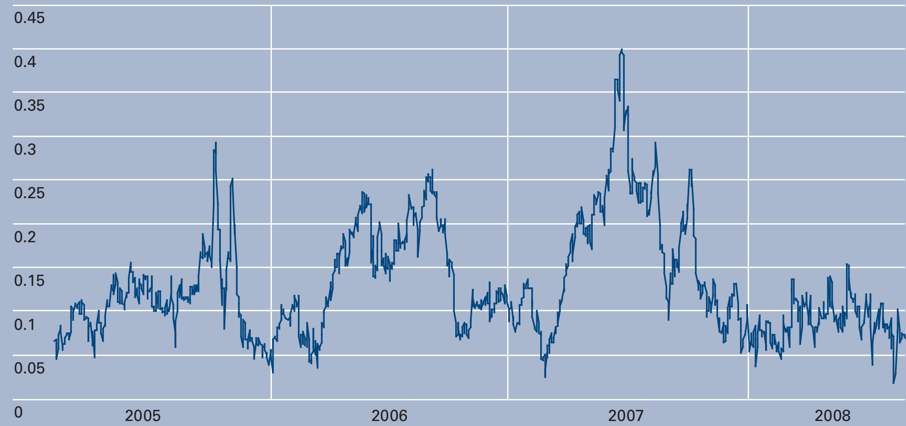
EBITDA

Year Over Year Changes in EBITDA
($ millions)

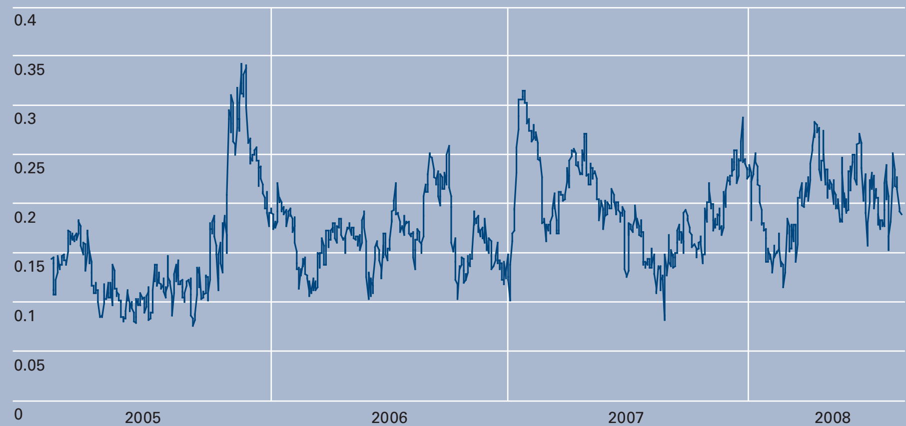


REFINERY MARGINS IN EDMONTON

Regular Unleaded Gasoline Refinery Margin in Edmonton
(cents per litre)



Diesel Refinery Margin in Edmonton
(cents per litre)



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

Thousands of Canadian dollars, except per Unit amounts and fuel volumes

For the period ended June 30, 2008	**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[1]	**11,018**	**21,238**	21,957	39,064	50%	46%
Net earnings per Unit[1]	**0.22**	**0.42**	0.42	0.79	48%	47%
Average number of Units	**50,335**		48,361			
EBITDA[2]	**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%

[1] *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.*

[2] *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.*

Management's Discussion and Analysis

The information in this document is current as of August 1, 2008

INTRODUCTION

The following discussion and analysis of the results of operations and financial condition of Parkland Income Fund (the "Fund" or "Parkland") should be read in conjunction with the unaudited interim Consolidated Financial Statements for the six month period ended June 30, 2008, Management's Discussion and Analysis and the audited Consolidated Financial Statements for the year ended December 31, 2007 and the Fund's Annual Information Form dated March 15, 2008.

SUMMARY AND OUTLOOK

Parkland achieved record Q2 fuel sales volume of 525 million litres, up 12 percent from 471 million litres a year earlier, and record Q2 sales of $606.6 million, up 43 percent from $424.6 million a year earlier, largely due to the contribution of businesses acquired over the past two years. EBITDA for the quarter was $19 million, down 61 percent from $48.3 million a year earlier, primarily due to continued low contributions from our share of refinery margins.

The Retail and Commercial business units performed well in the quarter despite lack of market growth and the challenge of controlling costs. This performance reflects Parkland's long-term growth strategy and decision to diversify the business into areas not impacted by refiners' margins. The acquisitions of the past two years have contributed significantly to the Fund's 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 the Fund's total fuel volume.

Management is addressing the pressure on distributable cash by managing discretionary expenditures for the balance of the year yet will continue to incur expenditures that are essential to the conduct of the business for the long term. We have deferred $6.5 million of our maintenance capital budget for 2008 to $10 million. The Fund will continue to invest in opportunities that will add accretive cash flow and unitholder value.

All business segments remain profitable and sales volumes continue to increase at strong levels. 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 however diesel margins remain strong. Retail fuel volumes in Western Canada have not experienced the declines reported in other parts of North America.

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.

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. Parkland has a 25% interest in this project and expect to reach a decision regarding construction around year end.

During the second quarter Parkland completed the acquisition of the NOCO Energy fuel marketing business in Ontario. This transaction expands Parkland's geographic presence into Central Canada and establishes its position for further growth.

ADVISORY REGARDING FORWARD-LOOKING INFORMATION

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.

NON-GAAP MEASURES

Parkland's financial results are prepared under Canadian Generally Accepted Accounting Principles (GAAP). However, in this document there are references to non-GAAP measures such as EBITDA and Distributable Cash Flow.

EBITDA 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. 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.

Standardized distributable cash flow is a measure defined by the CICA. Parkland's adjusted standardized distributable cash flow is referred to as distributable cash flow and contains certain adjustments to standardized distributable cash flow required to better reflect the cash flow available to Unitholders.

COMPARATIVES

In this document certain second quarter 2007 measures were retrospectively adjusted as a result of Parkland's early adoption on December 31, 2007 of CICA Handbook Section 3031 Inventories. Restated measures include cost of sales, gross profit, earnings before income taxes, net earnings and net earnings per unit. The second quarter 2007 EBITDA, which is reported in the Fund's 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 added $9.9 million of EBITDA.

In the third quarter of 2007 Parkland disclosed in its Management Discussion and Analysis a cost reallocation that impacted the Segmented Information note to the financial statements in the second quarter of 2007. The impact of this adjustment on the six month results for 2007 is to increase the gross profit of the Commercial segment by $3.8 million and decrease the gross profit of the Fuel Marketing segment by $3.8 million. There is no impact on the previously reported 2007 total net earnings.

CONSOLIDATED RESULTS OF OPERATIONS

Selected Financial Highlights

(in millions of Canadian dollars except Unit and per Unit amounts)

For the three months ended June 30,	**2008**	2007	Change
Net sales and operating revenue	**606.6**	424.6	43%
Cost of sales	**555.2**	352.2	58%
Gross profit	**51.4**	72.5	-29%
Gross margin	**8.5%**	17.1%	
Expenses			
Operating and direct costs	**20.3**	14.5	40%
Marketing, general and administrative	**12.2**	9.7	26%
Amortization	**7.3**	7.7	-4%
Interest on long-term debt	**1.3**	0.1	
Loss on disposal of capital assets	**0.0**	-0.1	
Total expenses	**41.1**	31.8	29%
Income before income taxes	**10.3**	40.6	-75%
Income taxes			
Income tax current	**-0.7**	11.2	
Income tax future	**0.0**	7.5	
Total income taxes	**-0.7**	18.7	
Net earnings	**11.0**	22.0	-50%
Earnings per Unit – basic	**$ 0.22**	$ 0.42	-48%
Earnings per Unit – diluted	**$ 0.22**	$ 0.42	-48%
Average Units – basic *(millions)*	**50.3**	49.4	
Average Units – diluted *(millions)*	**50.6**	50.0	
EBITDA	**19.0**	48.3	-61%
Distributable cash flow[1]	**15.3**	35.6	-57%
Distributable cash flow/Unit *(basic)*	**0.30**	0.72	
Distributable cash/Unit *(diluted)*	**0.30**	0.71	
Distributions	**15.9**	13.2	
Distribution payout ratio	**104%**	37%	
Fuel volume *(millions of litres)*:			
Gasoline and diesel	**501**	450	11%
Propane	**24**	21	14%
Total fuel volume	**525**	471	12%
Gasoline and diesel/total volume	**95%**	96%	
Propane/total volume	**5%**	4%	

[1] *See Distributable Cash Flow reconciliation table below*

THREE MONTHS ENDED JUNE 30, 2008

Fuel Volumes

Second quarter 2008 fuel volumes increased 12 percent compared to the same quarter in 2007 largely as a result of acquisitions. Fuel volumes for the three month period exceeded 525 million litres compared to 471 million litres during the same period in 2007. Wholesale fuel volumes accounted for most of the improvement with a 42 million litre increase over 2007. Retail fuel volumes increased by a modest 3 percent or 9 million litres with all of the net increase in retail fuel volumes being attributed to the IOL retail branded distributorship business. Propane volumes for the quarter increased 14 percent or 3 million litres compared to 2007.

Sales, Cost of Sales and Gross Profit

The following table details net sales, cost of sales and gross profit for the Fund's three business segments:

For the three months ended	**30-Jun-08**	30-Jun-07	Change
Fuel Marketing			
Net sales	**560.3**	387.0	45%
Cost of sales	**522.5**	328.0	59%
Gross profit	**37.8**	59.0	-36%
Gross margin	**6.7%**	15.2%	
Convenience Store Merchandise			
Net sales	**14.8**	16.2	-9%
Cost of sales	**11.1**	12.0	-8%
Gross profit	**3.8**	4.2	-11%
Gross margin	**25.4%**	26%	
Commercial			
Net sales	**31.5**	21.4	47%
Cost of sales	**21.6**	12.1	78%
Gross profit	**9.9**	9.3	7%
Gross margin	**31.4%**	43.3%	
Fuel Gross Profit			
Total gross profit	**51.4**	72.5	-29%
Less: Convenience store gross profit	**3.8**	4.2	-11%
Gross profit on commercial sales	**9.9**	9.3	7%
Other revenue included in gross profit	**1.8**	2.2	-17%
Fuel gross profit	**36.0**	56.8	-37%
Cents per litre	**$ 0.069**	$ 0.120	-43%

Net sales and operating revenue for the three month period ended June 30, 2008 was $606.6 million, up 43 percent from $424.6 million during the same period last year. Fuel marketing revenue increased 45 percent and commercial sales increased 47 percent compared to the same three month period in 2007. The increase in fuel marketing revenues is due to a 12 percent increase in fuel volumes sold combined with a 25 cent per litre average increase in selling prices compared to the second quarter of 2007. These pricing increases were offset by even greater cent per litre increases in the cost of fuel.

Commercial revenues increased as a result of strong agricultural input sales in the second quarter of 2008 compared to the same period last year. Significantly higher prices for fertilizer in 2008 also contributed to the increase in sales.

Convenience store merchandise sales decreased 9 percent during the three month period compared to 2007. The decrease can be partly attributed to the temporary closure of seven company-operated convenience stores for a period of four to six weeks due to the “Refresh” program, a facility renewal program to improve and upgrade the layout and appearance of the Short Stop convenience stores. Also affecting convenience store merchandise sales during the quarter was the conversion of six corporate operated sites to commission or dealer operated sites. In the case of a conversion to a commission operated site, this has the impact of decreasing sales in the Convenience Store Merchandise segment but increasing variable rents which are included in the Fuel Marketing segment.

Total cost of sales for the quarter ended June 30, 2008 was $555.2 million, up 58 percent from $352.2 million a year earlier. Fuel marketing experienced a 59 percent increase in the cost of sales compared to the same period in 2007. For the convenience store segment, the decrease in cost of sales was roughly in line with the decrease in sales. Commercial sales increased by 47 percent while the cost of sales increased by 78 percent, mainly because of significant cost increases in fertilizer and other agricultural inputs in 2008.

Total gross profit for the quarter ended June 30, 2008 was $51.4 million, down 29 percent from $72.5 million a year earlier. The decrease in gross profit was primarily due to the historically low refiners’ margins for gasoline, as noted above.

Operating Expenses

Operating and direct costs for the second quarter of 2008 were $20.3 million, up 40 percent from $14.5 million a year earlier. The increase reflects the full year effect of the 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.

Marketing, general and administrative expenses for the second quarter of 2008 were $12.2 million, up 26 percent from $9.7 million a year earlier. The inclusion in 2008 of a full quarter of costs of the acquired businesses plus non-recurring charges relating to the business process re-engineering and ongoing integration efforts account for much of the increase. Marketing, general and administrative expenses for the quarter are down slightly from the $12.3 million incurred in the first quarter of 2008. Integration efforts continue to identify cost savings opportunities with the benefits expected to be realized in coming periods.

Earnings

Net earnings in the second quarter of 2008 were $11.0 million, down 50 percent from $22.0 million a year earlier. Net earnings in the second quarter exceeded first quarter earnings by $0.8 million. Net earnings for the quarter compared to the same period in 2007 was negatively impacted by the significant decline in contribution from our share of refiners’ margins.

Capital Assets and Amortization

Amortization expense in the second quarter of 2008 was $7.3 million, down slightly from $7.7 million a year earlier.

During the second quarter of 2008, the Fund expended $6.3 million in net capital investments, of which $3.8 million was classified as maintenance capital and $2.5 million was classified as growth capital. During the quarter $1.4 million of maintenance capital was incurred on station upgrades.

For accounting purposes, amounts expended on both maintenance and growth capital is treated as purchases of capital assets. The classification of capital as growth or maintenance is subject to judgment, as many of the Fund’s capital projects have components of both. It is the Fund’s policy to classify all capital assets related to service station upgrades or the replacement and betterment of its trucking fleet as maintenance capital. The construction of a new building on an existing site or the additions of new trucks and trailers to increase the size of the fleet is considered growth capital.

SIX MONTHS ENDED JUNE 30, 2008

Fuel Volumes

Fuel volumes for the six month period of 2008 increased 19 percent with total fuel volume of 1,081 million litres in 2008 compared to 911 million litres in 2007. Wholesale fuel volumes increased 40 percent with 470 million litres compared to 337 million litres last year. Retail fuel volumes for the six month period increased 2 percent or 10 million litres with all of the net increase in retail fuel volumes being attributed to the IOL retail branded distributorship business. Propane volumes for the six month period increased 53 percent or 27 million litres compared to 2007, mostly due to the full impact of the acquisitions of Neufeld, Joy and United Petroleum being reflected in the current year results.

Sales, Cost of Sales and Gross Profit

The following table details net sales, cost of sales and gross profit for the Fund's three business segments:

For the six months ended	**30-Jun-08**	30-Jun-07	Change
Fuel Marketing			
Net sales	**1,010.0**	697.5	45%
Cost of sales	**932.1**	602.7	55%
Gross profit	**77.9**	94.8	-18%
Gross margin	**7.7%**	13.6%	
Convenience Store Merchandise			
Net sales	**30.2**	30.6	-2%
Cost of sales	**22.3**	22.7	-2%
Gross profit	**7.8**	7.9	-1%
Gross margin	**25.9%**	25.7%	
Commercial			
Net sales	**49.4**	30.5	62%
Cost of sales	**30.7**	16.8	83%
Gross profit	**18.7**	13.7	36%
Gross margin	**37.9%**	45.0%	
Fuel Gross Profit			
Total gross profit	**104.4**	116.4	-10%
Less: Convenience store gross profit	**7.8**	7.9	-1%
Gross profit on commercial sales	**18.7**	13.7	36%
Other revenue included in gross profit	**4.7**	4.1	12%
Fuel gross profit	**73.3**	90.6	-19%
Cents per litre	**$ 0.068**	$ 0.100	-32%

Net sales and operating revenue for the six month period ended June 30, 2008 was $1,089.5 million, up 44 percent from $758.6 million during the same period last year. The primary reason was a 45 percent increase in fuel marketing revenue and a 62 percent increase in revenue from commercial sales. Fuel volumes sold for the six month period increased 19 percent compared to 2007. The average cent per litre selling price for fuel volumes sold in the first six months of 2008 has also increased about 30 percent over the same period in 2007, further contributing to the increase in fuel marketing revenues.

Total cost of sales for the six month period ended June 30, 2008 was $985.1 million, up 53 percent from $642.3 million a year earlier. For the convenience store segment the slight decrease in cost of sales was roughly in line with the decrease in sales. For fuel marketing, the largest segment, sales increased by 45 percent while the cost of sales increased by 55 percent, mainly because our cost of gasoline rose more than our selling price for gasoline.

Total gross profit for the six month period ended June 30, 2008 was $104.4 million, down 10 percent from $116.4 million a year earlier.

OPERATING EXPENSES

Operating and direct costs incurred during the first half of 2008 were $43.7 million, up 58 percent from $27.6 million a year earlier primarily as a result of the acquisitions noted above.

Marketing, general and administrative expenses for the six months were $24.5 million in 2008, up 41 percent from $17.4 million a year earlier.

EARNINGS

Net earnings for the six month period of 2008 were $21.2 million, down 46 percent from $39.1 million a year earlier.

CAPITAL ASSETS AND AMORTIZATION

Amortization expense during the six month period of 2008 was $14.0 million, up 9 percent from $12.9 million a year earlier. Amortization for capital assets and intangible assets acquired throughout 2008 accounted for most of the increase.

The Fund expended $8.5 million in net capital investments, of which $5.7 million was classified as maintenance capital and $2.8 million was classified as growth capital. The Fund also acquired $9.1 million of capital assets as part of the Wiebe Transport acquisition on February 28, 2008. This acquisition substantially replaced previously planned 2008 capital expenditures for the trucking division.

QUARTERLY FINANCIAL INFORMATION

(millions of Canadian dollars, except volume and per unit amounts)

	2008		2007				2006	
For the three months ended	**Jun 30**	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Fuel volume *(millions of litres)*	**525**	556	541	578	471	440	386	412
Net sales and operating revenue	**606.6**	482.9	456.1	482.9	424.6	334.0	278.9	359.3
Net earnings	**11.0**	10.2	10.2	31.4	22.0	17.1	15.5	8.2
EBITDA	**19.0**	17.2	17.9	25.8	48.2	23.1	10.6	19.1
Net earnings per Unit								
Basic	**0.22**	0.20	0.24	0.63	0.42	0.37	0.39	0.21
Diluted	**0.22**	0.20	0.23	0.62	0.42	0.37	0.38	0.20

Reconciliation of Distributable Cash Flow

(Thousands of Canadian dollars except per unit amounts)

For the three months ended June 30,	2008	2007
Cash flows from operating activities	**34,645**	54,946
Less: Total capital expenditures	**(6,323)**	(3,421)
Standardized distributable cash flow [1]	**28,322**	51,525
Add back		
Growth capital expenditures	**2,526**	1,993
Proceeds on disposal of capital items	**95**	418
Increase in non-cash working capital	**(15,659)**	(18,374)
Distributable cash flow	**15,284**	35,562
Distributions	**15,850**	13,182
Distribution payout ratio	**103.7%**	37.1%

For the six months ended June 30,	2008	2007
Cash flows from operating activities	**43,476**	59,198
Less: Total capital expenditures	**(8,542)**	(6,834)
Standardized distributable cash flow [1]	**34,934**	52,364
Add back		
Growth capital expenditures	**2,760**	2,619
Proceeds on disposal of capital items	**349**	716
Increase in non-cash working capital	**(6,228)**	(3,525)
Distributable cash flow	**31,815**	52,174
Distributions	**31,674**	24,474
Distribution payout ratio	**99.6%**	46.9%

1 Standardized distributable cash flow is a measure defined by the Canadian Institute of Chartered Accountants (CICA). See discussion below.

Parkland's distribution policy is based on distributable cash flow on an annualized basis, accordingly, the seasonality of Parkland's individual quarterly results must be assessed in the context of annualized distributable cash flow. Adjustments recorded by Parkland as part of its calculation of distributable cash flow include, but are not limited to, the impact of the seasonality of Parkland's businesses by adjusting for non-cash working capital items thereby eliminating the impact of the timing between the recognition and collection/payment of Parkland's revenues and expenses, which can from quarter to quarter differ significantly. Parkland's calculation also distinguishes between capital expenditures that are maintenance related and those that are growth related, in addition to allowing for the proceeds received on the sale of capital items.

Productive capacity maintenance is the amount of capital funds required in a period for an enterprise to maintain its future cash flow from operating activities at a constant level. Parkland defines its productive capacity as volume of fuel and propane sold, volume of convenience store sales and volume of lubricants sales, agricultural inputs and delivery capacity. The adjustment for productive capacity maintenance in our calculation of standardized distributable cash is our capital expenditures during the period excluding the cost of any asset acquisitions or proceeds of any asset dispositions. We believe that our current capital programs, based on our current view of our assets and opportunities and our outlook for fuel supply and demand and industry conditions, should be sufficient to maintain our productive capacity in the medium term. Due to the risks inherent in the industry, particularly our reliance on external parties for supply of fuel and propane and general economic conditions and weather that affects customer demand, there can be no assurance that capital programs, whether limited to the excess of cash flow over distributions or not, will be sufficient to maintain or increase our production levels or cash flow from operating activities. As we strive to maintain sufficient credit facilities and appropriate levels of debt, the seasonality of our business is not currently expected to influence our distribution policies.

Our calculation of standardized distributable cash has no adjustment for long-term unfunded contractual obligations. We believe our only significant long-term unfunded contractual obligation at this time is for asset retirement obligations and refinery remediation, both of which are expected to be deferred for an extended but undefinable period of time. We believe that our current environmental programs will be sufficient to fund our asset retirement obligations.

Although it is typical for Parkland's cash flow to have seasonal fluctuations, it is management's current intention to pay consistent regular monthly distributions throughout the year based on estimated annual cash flows. The Directors review distributions quarterly giving consideration to current performance, historical and future trends in the business and the expected sustainability of those trends, as well as capital betterment requirements to sustain performance.

Long-Term Debt and Cash Balances

At June 30, 2008 Parkland had $55.3 million in long-term debt (excluding $2.9 million of the current portion). The Fund also borrowed $32 million against its operating line of credit. Management believes that cash flow from operations will be adequate to fund maintenance capital, interest and targeted distributions. Growth capital expenditures in 2008 will be funded by debt or the issue of additional units. Additional debt incurred will be serviced by anticipated increases in cash flow and it is expected that current net debt to EBITDA ratios between 0.2 to 1.5 times would be maintained.

At June 30, 2008, the Fund was in compliance with all of the financial covenants under its syndicated credit facility. The ratios are tested on a trailing rolling four quarter basis.

The financial covenants under the syndicated credit facility are as follows:

1. Ratio of current assets to current liabilities shall not be less than 1.10 to 1.00 on a consolidated basis;
2. Ratio of funded debt to EBITDA shall not exceed 2.00 to 1.00; and
3. Ratio of EBITDA less capital expenditures and taxes to sum of interest, principal and distributions shall not be less than 1.05 to 1.00.

For the three month period ended June 30, 2008 interest on long-term debt was $1.3 million, up from $0.1 million in the same quarter in 2007. Most of the Fund's long-term debt bears interest at variable rates linked to prime.

The significant cash balance at June 30, 2008 of $27.2 million was due to the processing of month end supplier payments that occurred on July 2nd, following the long weekend and bank closures on July 1st.

During the second quarter, operating activities generated $19 million of cash of which $15.9 million was used to fund unitholder distributions. Additional net borrowings against the Fund's credit facilities provided cash of $16 million of which $8.7 million was used to finance the Noco Energy acquisition and $6.3 million was used for growth and maintenance capital purchases during the quarter. The net changes in non-cash working capital contributed an additional $15.7 million of cash flow.

Accounting Estimates

The financial statements include accounting estimates, the nature of which are described in the 2007 Annual Report.

SUPPLEMENTARY INFORMATION

Parkland seeks to provide relevant information to allow investors to evaluate its operations. The nature of this information is limited by competitive sensitivities, confidentiality terms in written agreements and Parkland's policy not to provide guidance regarding future earnings. We have developed a template of supplementary information that is published with each quarterly financial report. For persons seeking information regarding fuel margins we refer to outside sources: websites of western Canadian refiners, Bloomberg's Oil Buyers Guide, Nymex contracts for gasoline and crude oil as well as Government of Canada, Natural Resources Canada reports. Data from these sources will not be sufficient to calculate Parkland's fuel margin given that it does not correlate directly with our market region and supply contracts, but should indicate margin trends.

DISTRIBUTION REINVESTMENT PLAN

Parkland has a Distribution Reinvestment Plan administered by Valiant Trust Company. Details are available from the Fund or from Valiant Trust Company.

CONTROLS ENVIRONMENT

Management is responsible for the preparation and fair presentation of the consolidated financial statements. We have established disclosure controls and procedures, internal controls over financial reporting, and corporate-wide policies to provide that Parkland's consolidated financial position, results of operations and cash flows are presented fairly. Our disclosure controls and procedures are designed to ensure timely disclosure and communication of all material information required by regulators.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute assurance, that financial information is accurate and complete.

Parkland, under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures pursuant to Multinational Instrument 52-109 "Certificate of Disclosure in Issuers' Annual and Interim Filings" as of the end of the period covered by this report. Based on the evaluations, it was concluded that our disclosure controls and procedures were effective as of June 30, 2008 to provide reasonable assurance that information required is recorded, processed, summarized and reported within the time periods specified by the applicable Canadian securities regulators. Furthermore, our disclosure controls and procedures include controls and procedures designed to provide reasonable assurances that information required to be disclosed in reports filed or submitted under applicable Canadian securities regulations is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

During 2007, Parkland conducted a review of the accounting system and internal controls environment at the acquired companies and concluded that there were no material weaknesses in the disclosure controls and procedures as at December 31, 2007. Parkland has determined that weaknesses exist relating to the lack of integration of the financial reporting systems and requirement for extensive manual interventions during the financial reporting process. Parkland has a plan to remediate these weaknesses over the coming months.

Parkland is currently undergoing extensive business process re-engineering and an upgrade of its enterprise resource planning ("ERP") software. The objectives of the project include the following:

- Introduce best business practices, consistency and uniformity to its core business operations, controls and accounting processes;
- Integrate all systems and processes of the business, including that of the acquired companies, into its ERP software; and
- Complete the integration of the acquired companies by merging systems, processes, controls and operations.

The initiatives outlined above are now expected to be substantially completed during 2009.

Parkland has a Disclosure Committee, consisting of three management members, that approves all items for public disclosure and also considers whether all items required to be disclosed are disclosed.

HEALTH, SAFETY AND ENVIRONMENT ("HSE")

The operation of service stations, refinery facilities and petroleum, propane and ammonia transport trucks and commercial facilities carry an element of safety and environmental risk. To prevent environmental incidents from occurring, the Fund has extensive safety and environmental procedures and monitoring programs at all of its facilities. To mitigate the impact of a major accident, Parkland has emergency response programs in place and provides its employees with extensive training in operational responsibilities in the event of an environmental incident.

Parkland has a Director of HSE, two HSE officers and HSE Committees. The HSE Committees represent all areas of Parkland's business and ensures all identified risks are properly mitigated and that procedures are consistent across the entire organization.

NEW ACCOUNTING STANDARDS ADOPTED

On January 1, 2008, the Fund adopted the Canadian Institute of Chartered Accountants (CICA) handbook sections 1535 "Capital Disclosures", section 3862 "Financial Instruments – Disclosures" and section 3863 "Financial Instruments – Presentation".

Section 1535 establishes disclosure requirements about an entity's capital and how it is managed. The purpose will be to enable users of the financial statements to evaluate objectives, policies and processes for managing capital. Sections 3862 and 3863 will replace section 3861 "Financial Instruments – Disclosure and Presentation", revising and enhancing disclosure requirements while carrying forward its presentation requirements.

These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

CONTRACTUAL OBLIGATIONS

The Fund has contracted obligations under various debt agreements as well as under operating and capital leases for land, building and equipment.

Minimum lease and principal payments ($000's) under the existing terms are as follows:

Year ending June 30	Mortgages, bank loans and notes payable	Operating leases	Capital leases
2009	$ 2,587	$ 2,519	$ 321
2010	9,056	1,544	282
2011	9,029	1,089	132
2012	8,987	720	40
2013	8,978	610	154
Thereafter	17,956	2,305	671
	$ 56,593	$ 8,787	$ 1,600

The Fund also has purchase commitments under its fuel supply contracts that require the purchase of approximately 1.9 billion litres of product over the next year.

UNITS OUTSTANDING

As at June 30, 2008, Parkland had 50.3 million units outstanding and 0.7 million unit options outstanding. Of the options outstanding, all except for 40,000 are currently exercisable into units.

Consolidated Balance Sheet

(Unaudited)

(thousands of Canadian dollars)	**June 30, 2008**	December 31, 2007
Assets		
Current Assets		
Cash and cash equivalents	**27,241**	6,296
Accounts receivable	**144,692**	102,360
Income tax recoverable	**674**	–
Inventories	**61,738**	48,476
Prepaid expenses and other	**4,525**	10,401
	238,870	167,533
Capital assets *(Note 3)*	**186,280**	179,952
Intangible assets	**20,168**	15,120
Goodwill	**13,409**	11,594
Other long term assets	**2,138**	1,514
	460,865	375,713
Liabilities		
Current Liabilities		
Bank indebtedness	**32,000**	22,250
Accounts payable and accrued liabilities	**145,712**	85,311
Distributions declared and payable	**5,282**	22,175
Income tax payable	**–**	1,716
Deferred revenue	**1,672**	3,839
Long-term debt – current portion *(Note 4)*	**2,908**	4,101
	187,574	139,392
Long-term debt *(Note 4)*	**55,285**	14,392
Refinery remediation accrual	**5,910**	5,713
Asset retirement obligations	**2,268**	2,227
Future income taxes	**6,926**	5,284
	257,963	167,008
Unitholders' Capital *(Note 5)*		
Class B Limited Partners' Capital	**10,834**	12,606
Class C Limited Partners' Capital	**54,358**	54,121
Unitholders' Capital	**137,710**	141,978
	202,902	208,705
	460,865	375,713

See accompanying notes.

Consolidated Statements of Earnings and Other Comprehensive Income, Accumulated Other Comprehensive Income and Retained Earnings

(Unaudited)

(thousands of Canadian dollars except Unit and per Unit amounts)	Three months ended June 30, 2008	2007	Six months ended June 30, 2008	2007
		(restated – see Note 1)		*(restated – see Note 1)*
Net sales and operating revenue	**606,612**	424,628	**1,089,505**	758,634
Cost of sales	**555,167**	352,167	**985,063**	642,256
Gross profit	**51,445**	72,461	**104,442**	116,378
Expenses				
Operating and direct costs	**20,276**	14,492	**43,716**	27,614
Marketing, general and administrative	**12,204**	9,696	**24,516**	17,396
Amortization	**7,313**	7,647	**13,971**	12,856
Interest on long-term debt	**1,312**	139	**2,233**	781
Loss/(gain) on disposal of capital assets	**18**	(137)	**125**	(130)
Earnings before income taxes	**10,322**	40,624	**19,881**	57,861
Income tax expense/(recovery)				
Current	**(696)**	11,190	**(1,738)**	11,206
Future	**–**	7,477	**381**	7,591
Net earnings	**11,018**	21,957	**21,238**	39,064
Other comprehensive income	**–**	–	**–**	–
Comprehensive income	**11,018**	21,957	**21,238**	39,064
Accumulated other comprehensive income, beginning of year	**–**	–	**–**	–
Comprehensive income	**–**	–	**–**	–
Accumulated other comprehensive income, end of period	**–**	–	**–**	–
Retained earnings, beginning of year	**–**	–	**–**	–
Allocation to Class B Limited Partners *(Note 5)*	**(1,869)**	(3,883)	**(3,605)**	(6,998)
Allocation to Class C Limited Partners *(Note 5)*	**(1,157)**	(3,019)	**(2,231)**	(4,727)
Allocation to Unitholders *(Note 5)*	**(7,992)**	(15,055)	**(15,402)**	(27,339)
Retained earnings, end of period	**–**	–	**–**	–
Net earnings per Unit				
– basic	**$ 0.22**	$ 0.42	**$ 0.42**	$ 0.79
– diluted	**$ 0.22**	$ 0.42	**$ 0.42**	$ 0.79
Units outstanding *(Note 5)*			**50,335**	48,361

See accompanying notes.

Consolidated Statement of Cash Flow

(Unaudited)

(thousands of Canadian dollars)	Three months ended June 30, **2008**	2007	Six months ended June 30, **2008**	2007
		(restated – see Note 1)		*(restated – see Note 1)*
Cash Provided By Operations				
Net earnings	**11,018**	21,957	**21,238**	39,064
Add (deduct) non-cash items				
Amortization	**7,313**	7,647	**13,971**	12,856
Loss/(gain) on disposal of capital assets	**18**	(137)	**125**	(130)
Unit incentive compensation *(Note 5)*	**517**	359	**1,295**	930
Accretion expense	**120**	15	**238**	30
Future taxes	**–**	7,477	**381**	7,591
Funds flow from operations	**18,986**	37,318	**37,248**	60,341
Net changes in non-cash working capital *(Note 10)*	**15,659**	17,628	**6,228**	(1,143)
Cash from operating activities	**34,645**	54,946	**43,476**	59,198
Financing Activities				
Long-term debt repayments	**(1,979)**	(16,720)	**(5,299)**	(50,188)
Distributions to Class B Limited Partners *(Note 5)*	**(2,689)**	(2,341)	**(5,377)**	(4,397)
Distributions to Class C Limited Partners *(Note 5)*	**(1,665)**	(1,474)	**(3,327)**	(2,601)
Distributions to Unitholders *(Note 5)*	**(11,498)**	(9,367)	**(22,971)**	(17,476)
Fund units issued *(Note 5)*	**278**	915	**1,019**	48,148
Proceeds from long-term debt	**18,000**	53	**45,000**	28,003
Net changes in non-cash working capital *(Note 10)*	**2**	864	**(7,143)**	(11,181)
Cash from (used for) financing activities	**449**	(28,070)	**1,902**	(9,692)
Investing Activities				
Acquisition of Wiebe Transport *(Note 7)*	**(105)**	–	**(6,899)**	–
Acquisition of NOCO Energy Canada Inc. *(Note 8)*	**(8,717)**	–	**(8,717)**	–
Acquisition of Neufeld Petroleum	**–**	(1,906)	**–**	(47,907)
Acquisition of Joy Propane Ltd.	**–**	(9,872)	**–**	(9,872)
Acquisition of United Petroleum Products Inc.	**–**	(10,425)	**–**	(10,425)
Recovery in other assets	**150**	393	**(624)**	179
Purchase of capital assets	**(6,323)**	(4,234)	**(8,542)**	(6,692)
Proceeds on sale of capital assets	**95**	555	**349**	1,258
Cash used for investing activities	**(14,900)**	(25,489)	**(24,433)**	(73,459)
Increase (decrease) in cash	**20,194**	1,387	**20,945**	(23,953)
Cash and cash equivalents, beginning of year	**7,047**	11,122	**6,296**	36,462
Cash and cash equivalents, end of period	**27,241**	12,509	**27,241**	12,509

See accompanying notes.

Notes to Consolidated Financial Statements

(Unaudited)
June 30, 2008
All amounts presented in tables are in thousands of Canadian dollars, except Unit, per Unit and text information.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited interim Consolidated Financial Statements include the accounts of Parkland Income Fund and its subsidiaries, partnerships and trusts (collectively the “Fund”). The unaudited interim Consolidated Financial Statements also include a 25% interest in the Beaver Hills Joint Venture (“Beaver Hills”), which is consolidated in proportion to the Joint Venturers’ cash contribution. Beaver Hills is a study to determine the feasibility of building a $300 million facility to process condensate and pygas, to produce gasoline, diesel fuel, benzene and improved condensate with a capacity of 36,500 barrels per day.

The notes presented in these unaudited interim Consolidated Financial Statements include only significant events and transactions occurring since the Fund’s last fiscal year end and are not fully inclusive of all matters required to be disclosed in the Fund’s annual audited Consolidated Financial Statements. As a result, these unaudited interim Consolidated Financial Statements should be read in conjunction with the Fund’s Consolidated Financial Statements for the year ended December 31, 2007.

Cost of sales and net earnings for the comparative period have been retroactively adjusted to reflect the early adoption of the new CICA standard on inventories to record the cost of inventory using the first-in, first-out (FIFO) method. As a result of the change in accounting policy, the Fund recorded the following adjustments to the financial statements in the comparative six month period: cost of sales decreased $4.7 million and net earnings increased $4.7 million.

Applicable Unit and per Unit amounts for the comparative period have been retroactively adjusted to reflect the three-for-one split of the Fund’s Units effective May 25, 2007, the year end special distributions in the form of new Units issued and the change in accounting policy to record inventory using the FIFO method.

The unaudited interim Consolidated Financial Statements follow the same accounting policies and methods of application as the most recent annual audited Consolidated Financial Statements except as noted below.

2. CHANGES IN ACCOUNTING POLICIES

Capital Disclosures – Presentation and Disclosure

The CICA issued Handbook section 1535 Capital Disclosures that requires both qualitative and quantitative disclosures to provide users of financial statements with information to evaluate the entity’s objectives, policies and processes for managing capital. This new section is effective for the Fund beginning January 1, 2008. The provisions have been adopted and included in these financial statements in Note 6.

Financial Instruments – Presentation and Disclosure

The CICA also issued Handbook sections 3862 Financial Instruments – Disclosures and 3863 Financial Instruments – Presentation, which are effective for the Fund beginning January 1, 2008. The provisions have been adopted and included in these financial statements in Note 9.

International Financial Reporting Standards

In an effort to create a single set of global accounting standards, on February 13, 2008 the Accounting Standard Board has confirmed that the fiscal year of 2011 will be the conversion date to International Financial Reporting Standards. Parkland is currently assessing the impact that this change will have on its financial reporting.

3. CAPITAL ASSETS

June 30, 2008	Cost	Accumulated Amortization	Net Book Value
Land	**28,415**	**–**	**28,415**
Land improvements	**9,385**	**2,891**	**6,494**
Buildings	**44,827**	**12,161**	**32,666**
Assets under capital lease	**13,553**	**8,942**	**4,611**
Equipment	**171,148**	**57,054**	**114,094**
	267,328	**81,048**	**186,280**

December 31, 2007	Cost	Accumulated Amortization	Net Book Value
Land	26,035	–	26,035
Land improvements	9,572	2,666	6,906
Buildings	42,927	12,206	30,721
Assets under capital lease	15,554	9,547	6,007
Equipment	156,207	45,924	110,283
	250,295	70,343	179,952

4. LONG-TERM DEBT

	June 30, 2008	December 31, 2007
Bank loans	**245**	310
Term loan	**56,113**	14,167
Mortgage payable	**235**	248
Capital lease obligations	**1,600**	3,768
	58,193	18,493
Less current portion	**2,908**	4,101
	55,285	14,392

In February 2008, the Fund accepted the terms and conditions of a financing arrangement with HSBC Bank Canada. The financing arrangement increased the Fund's credit facility from $128.1 million to $159.1 million. The financing arrangement is comprised of $32 million for operating debt, $30 million for letters of credit and the remainder for term debt. The increased financing will be used to finance growth opportunities in 2008.

5. UNITHOLDERS' CAPITAL

	Six months ended June 30, 2008		Year ended December 31, 2007	
	Number of Units *(000's)*	Amount	Number of Units *(000's)*	Amount
Class B Limited Partnership Units				
Balance, beginning of year	**8,534**	**12,606**	8,566	14,331
Allocation of retained earnings	**–**	**3,605**	–	14,339
Distribution to partners	**–**	**(5,377)**	–	(15,998)
Exchanged for Fund Units	**–**	**–**	(32)	(66)
Balance, end of period	**8,534**	**10,834**	8,534	12,606
Class C Limited Partnership Units				
Balance, beginning of year	**5,165**	**54,121**	–	–
Issued on capital acquisition, net of issue costs	**167**	**2,320**	5,519	58,954
Allocation of retained earnings	**–**	**2,231**	–	8,624
Exchanged for Fund Units	**(94)**	**(987)**	(354)	(3,839)
Distribution to partners	**–**	**(3,327)**	–	(9,618)
Balance, end of period	**5,238**	**54,358**	5,165	54,121
Fund Units				
Balance, beginning of year	**36,287**	**141,978**	30,014	72,693
Allocation of retained earnings	**–**	**15,402**	–	57,774
Issued on vesting of restricted units	**88**	**–**	26	–
Unit incentive compensation	**–**	**1,295**	–	1,916
Issued for cash, net of issue costs	**–**	**–**	4,080	47,037
Issued under distribution reinvestment plan	**47**	**637**	44	636
Issued under unit option plan	**47**	**382**	462	2,460
To be issued to unitholders pursuant to special distribution	**–**	**–**	1,275	20,459
Distribution to unitholders	**–**	**(22,971)**	–	(64,902)
Exchange of Limited Partnership Units	**94**	**987**	386	3,905
Balance, end of period	**36,563**	**137,710**	36,287	141,978
	50,335	**202,902**	49,986	208,705

Unit Option Plan

The table below represents the status of the Fund's Unit Option Plan as at June 30, 2008 and the changes therein for the period then ended:

	Six months ended June 30, 2008		Year ended December 31, 2007	
	Number of Option Units *(000's)*	Weighted Average Exercise Price	Number of Option Units *(000's)*	Weighted Average Exercise Price
Option units, beginning of year	**779**	**$ 6.60**	1,228	$ 6.20
Cancelled	**–**	**–**	–	–
Exercised	**(63)**	**6.64**	(449)	5.50
Option units, end of period	**716**	**$ 6.59**	779	$ 6.60
Exercisable options, end of period	**716**	**$ 6.59**	589	$ 6.43

Exercise prices for outstanding options at June 30, 2008 have the following ranges: 87,375 from $4.15 – $5.87, 161,405 from $6.32 – $6.68 and 467,013 from $6.73 – $7.27. These issue prices represent the market value at the time of issue. The corresponding remaining contractual life for these options range from 4 – 7 years.

The Fund accounts for its grants of options using the fair value based method of accounting for stock based compensation. The total cost to be reported is $0.2 million (2007 – $0.4 million).

Restricted Unit Plan

Effective January 1, 2006, the Fund adopted a Restricted Unit Plan to complement the Unit Option Plan. Under the Plan the units granted in 2006 vest over a five year period and the units issued in 2007 and 2008 vest over a three year period. The units are subject to entity performance criteria.

The table below represents the status of the Fund's Restricted Unit Plan as at June 30, 2008 and the changes therein for the period then ended:

	Six months ended June 30, 2008		Year ended December 31, 2007	
	Number of Units *(000's)*	Weighted Average Unit Price	Number of Units *(000's)*	Weighted Average Unit Price
Restricted units, beginning of year	**294**	**$ 10.62**	131	$ 6.60
Granted	**152**	**15.89**	191	12.83
Issued	**(87)**	**10.91**	(26)	6.60
Cancelled	**(7)**	**6.07**	(2)	12.38
Restricted units, end of period	**352**	**$ 12.91**	294	$ 10.62

The Fund accounts for its grants of restricted units over the graded vesting schedule of each grant. Each grant of restricted units is treated as if the grant were a series of awards rather than a single award. The fair value of the award is determined based on the different expected lives for the restricted units that vest each year. The total cost to be reported for the restricted units granted in 2008 is $2.4 million (2007 – $1.7 million). The compensation cost that has been included in marketing, general and administrative expenses for the six months ended June 30, 2008 is $1.2 million (2007 – $0.9 million).

6. CAPITAL MANAGEMENT

The Fund's capital structure is comprised of Unitholder's capital plus long-term debt. The Fund's objectives when managing its capital structure are to:

1) maintain financial flexibility so as to preserve Parkland's access to capital markets and its ability to meet its financial obligations; and

2) finance internally generated growth as well as potential acquisitions.

The Fund monitors its capital structure and financing requirements using non-GAAP financial metrics consisting of Net Debt to Capitalization and Net Debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). The metrics are used to monitor and guide the Fund's overall debt position as a measure of the Fund's overall financial strength and flexibility of capital structure.

Parkland targets a Net Debt to Capitalization ratio of below 40% and is calculated as follows:

	June 30, 2008	December 31, 2007
Bank indebtedness	**32,000**	22,250
Long-term debt, including current portion	**58,193**	18,493
Cash and cash equivalents	**(27,241)**	(6,296)
Net Debt	**62,952**	34,447
Unitholders' Capital	**202,902**	208,705
Capitalization	**265,854**	243,152
Net Debt to Capitalization	**24%**	14%

The Fund's Net Debt to Capitalization ratio increased to 24% from 14% at December 31, 2007 primarily due to funding of working capital and acquisitions which has increased the Fund's long-term debt. This increase was part of the Fund's overall capital plan to continue to fund the future growth of the Fund.

Parkland targets a Net Debt to EBITDA of 0.2 to 1.5 times. At June 30, 2008, the Net Debt to EBITDA was 0.79 times (December 31, 2007 – 0.30 times) calculated on a trailing twelve-month basis as follows:

	June 30, 2008	December 31, 2007
Net Debt	**62,952**	34,447
Net earnings	**62,911**	80,737
Add		
Interest	**3,128**	1,676
Income tax (recovery) expense	**(12,152)**	8,002
Refinery accrual	**2,669**	2,677
Loss on disposal of capital assets	**538**	275
Amortization	**22,742**	21,627
EBITDA	**79,836**	114,994
Net Debt to EBITDA	**0.79**	0.30

The Fund manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving objectives stated above. To manage the capital structure, the Fund may adjust capital spending, adjust distributions paid to Unitholders, issue new Units, issue new debt or repay existing debt. The Fund takes into account the maximum equity growth limits as detailed below when managing and monitoring it capital structure.

The Fund's capital management objectives, evaluation measures, definitions and targets have remained unchanged over the period presented. Parkland is subject to certain financial covenants in its credit facility agreements and is in compliance with all financial covenants.

As a result of the Canadian trust legislation passed in June 2007 and effective January 1, 2011, the Fund is subject to certain capital growth restrictions referred to as "normal growth" equity rules. These rules limit the amount of Unitholders' capital that can be issued by the Fund in each of the next three years, based on the Fund's market capitalization on October 31, 2006, as follows:

	Annual	Cumulative
Normal growth capital allowed in:		
2008	68	204
2009	68	272
2010	68	340

The Fund's allowed growth capital at December 31, 2007 was approximately $204 million. If the maximum equity growth allowed is exceeded, the Fund may be subject to trust taxation prior to 2011.

7. ACQUISITION OF WIEBE TRANSPORT

On February 28, 2008, the Fund acquired all of the outstanding shares of 1374582 Alberta Ltd. ("Wiebe Transport"). The transaction was accounted for using the purchase method with the allocation of the purchase price as follows:

Estimated fair value of net assets acquired:	
Capital assets	10,480
Future income taxes	(1,261)
	9,219
Consideration:	
Cash paid to vendor	6,750
Class C Limited Partnership Units	2,320
Acquisition costs	149
	9,219

The effective date of the transaction was February 28, 2008.

8. ACQUISITION OF NOCO ENERGY FUEL MARKETING BUSINESS

On April 24, 2008, the Fund acquired the fuel supply and marketing business of NOCO Energy Canada Inc. The transaction was accounted for using the purchase method with the allocation of the purchase price as follows:

Estimated fair value of net assets acquired:	
Intangible assets	6,800
Goodwill	1,815
Working capital	102
	8,717
Consideration:	
Cash paid to vendor	8,500
Acquisition costs	217
	8,717

The effective date of the transaction was May 29, 2008. The above purchase price is subject to change.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

The Fund's financial instruments recognized on the interim consolidated balance sheet consist of cash and cash equivalents, accounts receivable, income tax recoverable, bank indebtedness, accounts payable and accrued liabilities, distributions declared and payable, income tax payable, deferred revenue and long-term debt. The fair values of these recognized financial instruments, excluding the bank indebtedness and long-term debt, approximate their carrying amounts due to their short-term maturity. At June 30, 2008, the fair values of the bank indebtedness and long-term debt approximated their carrying values due to their floating rate nature and short-term maturity.

Credit and Market Risk

A substantial portion of the Fund's accounts receivable balance is with customers in the oil and gas and forestry industries and is subject to normal industry credit risks.

The Fund is exposed to market risk from changes in the Canadian prime interest rate which can impact its borrowing costs. The Fund purchases certain products in US dollars and sells such products to its customers typically in Canadian dollars. As a result, fluctuations in the value of the Canadian dollar relative to the US dollar can result in foreign exchange gains and losses.

Risk Management

The Fund manages its exposure to credit risk through rigorous credit granting procedures, typically short payment terms and security interests where applicable. The Fund attempts to closely monitor financial conditions of its customers and the industries in which they operate.

Liquidity Risk

Liquidity risk is the risk the Fund will encounter difficulties in meeting its financial liability obligations. The Fund manages its liquidity risk through cash and debt management. In managing liquidity risk, the Fund has access to various credit products at competitive rates. As at June 30, 2008, the Fund had available unused credit facilities in the amount of $45 million. The Fund believes it has sufficient funding through the use of these facilities to meet foreseeable borrowing requirements.

10. NET CHANGES IN NON-CASH WORKING CAPITAL

	For the three months ended June 30, 2008	2007	For the six months ended June 30, 2008	2007
		(restated – see Note 1)		*(restated – see Note 1)*
Accounts receivable	**(14,718)**	1,848	**(42,332)**	(7,580)
Inventories	**(6,734)**	(1,342)	**(13,160)**	(7,086)
Income tax recoverable	**(674)**	–	**(674)**	–
Prepaid expenses and other	**4,538**	6,443	**5,876**	565
Accounts payable	**38,469**	2,017	**60,401**	508
Income tax payable	**(43)**	12,801	**(1,716)**	12,002
Deferred revenue	**(5,179)**	(4,139)	**(2,167)**	448
Subtotal for operating activities	**15,659**	17,628	**6,228**	(1,143)
Operating line of credit	**–**	–	**9,750**	–
Distributions declared and payable	**2**	864	**(16,893)**	(11,181)
Subtotal for financing activities	**2**	864	**(7,143)**	(11,181)
Other cash flow information				
Cash taxes paid	**20**	193	**653**	209
Cash interest paid	**1,312**	139	**2,233**	781

11. SEGMENTED INFORMATION

The Fund's operations have been predominantly in fuel marketing and convenience store sales in western Canada. With the acquisitions in 2007, the Fund now sells propane, fertilizer, lubes, other agricultural inputs and industrial products and services. The Fund's operating segments have been adjusted to reflect these changes.

Fuel Marketing includes sales of gasoline, diesel, heating oil, propane fuel and variable rents derived from service station sites. Convenience Store Merchandise continues to include the operations of the Fund owned and operated convenience stores that are integrated into fuel marketing sites and bear common operating costs. Commercial includes sales of fertilizer, lubes, other agricultural inputs and industrial products and services.

Due to the amount of common operating and property costs it is not practical to report these segments below their respective gross profits. The segregation of capital expenditures and total assets is not practical as the reportable segments represent product sales that are generated from common locations.

For the three months ended June 30	Fuel Marketing	Convenience Store Merchandise	Commercial	Total
2008				
Net sales and operating revenue	**560,255**	**14,841**	**31,516**	**606,612**
Cost of sales	**522,481**	**11,065**	**21,621**	**555,167**
Gross profit	**37,774**	**3,776**	**9,895**	**51,445**
2007 *(restated – Note 1)*				
Net sales and operating revenue	387,006	16,239	21,383	424,628
Cost of sales	328,028	12,021	12,118	352,167
Gross profit	58,978	4,218	9,265	72,461

For the six months ended June 30	Fuel Marketing	Convenience Store Merchandise	Commercial	Total
2008				
Net sales and operating revenue	**1,009,994**	**30,145**	**49,366**	**1,089,505**
Cost of sales	**932,064**	**22,335**	**30,664**	**985,063**
Gross profit	**77,930**	**7,810**	**18,702**	**104,442**
2007 *(restated – Note 1)*				
Net sales and operating revenue	697,494	30,614	30,526	758,634
Cost of sales	602,737	22,730	16,789	642,256
Gross profit	94,757	7,884	13,737	116,378

12. RELATED PARTY TRANSACTIONS

During the second quarter of 2008, the Fund paid $0.3 million (2007 – $0.2 million) for legal services to Bennett Jones LLP where David Spencer, a Parkland director, is a partner. The majority of services received related to documentation for the acquisitions and a new credit facility.

The Fund provides management, labor, accounting and delivery services to Neufeld Petroleum and Propane (High Level) Ltd. (NPPHL). NPPHL is owned by Abe Neufeld, Parkland's Vice President, Commercial Business Development and consists of a small scale Petro-Canada bulk fuel agency in High Level, Alberta. The services are provided by the Fund on a cost recovery basis and totalled $0.2 million during the second quarter of 2008 (2007 – nil).

Parkland also sells fuel and related products to NPPHL. The total amount of sales during the second quarter of 2008 was $0.2 million (2007 – $0.1 million). In addition, the Fund received rental income totalling $0.1 million from NPPHL during the second quarter (2007 – $0.1 million).

The above transactions are all in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The exchange amounts represent normal commercial terms.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the presentation adopted in the current period.

Supplementary Information

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	**2008**	2007
Volume *(millions of litres)*				
Retail gas and diesel				
IOL retail branded distributorship	**98**	89	**184**	171
Commission operated and corporate	**102**	103	**203**	204
Dealer operated buy/sell	**52**	49	**95**	94
Dealer operated commission	**27**	29	**51**	54
	279	270	**533**	523
Wholesale gas and diesel	**222**	180	**470**	337
Propane	**24**	21	**78**	51
Total fuel volume	**525**	471	**1,081**	911
Net sales and operating revenue *(thousands of Canadian dollars)*				
Retail gas and diesel				
IOL retail branded distributorship	**106,787**	75,864	**186,656**	138,645
Commission operated and corporate	**111,143**	92,359	**207,920**	173,000
Dealer operated buy/sell	**56,373**	42,168	**94,849**	75,271
Dealer operated commission	**29,178**	25,820	**52,135**	45,968
	303,481	236,211	**541,560**	432,884
Wholesale gas and diesel	**243,103**	143,112	**424,763**	243,579
Propane	**13,671**	7,683	**43,671**	21,031
Fuel sales	**560,255**	387,006	**1,009,994**	697,494
Convenience store merchandise sales	**14,841**	16,239	**30,145**	30,614
Commercial sales	**31,516**	21,383	**49,366**	30,526
Total net sales and operating revenue	**606,612**	424,628	**1,089,505**	758,634
Gross profit	**51,445**	72,461	**104,442**	116,378
Less: Convenience store merchandise gross profit	**3,776**	4,218	**7,810**	7,884
Gross profit on commercial sales	**9,895**	9,265	**18,702**	13,737
Other revenue included in gross profit	**1,819**	2,204	**4,656**	4,141
Fuel gross profit	**35,955**	56,774	**73,274**	90,616
Cents per litre	**$ 0.0685**	$ 0.1205	**$ 0.0678**	$ 0.0995
Station counts:				
Parkland operated and commission operated locations				
Fas Gas Plus			**106**	92
Fas Gas			**59**	83
Esso			**9**	6
Race Trac			**5**	–
			179	181
Independent dealer operated				
Esso			**215**	172
Race Trac Fuels			**155**	170
Fas Gas Plus			**19**	23
Fas Gas			**4**	–
Sunoco			**17**	–
			410	365
Total stations			**589**	546

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.

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Corporate Secretary
Chief Privacy Officer

Chris R. Podolsky
Corporate Controller

Shaun M. Peesker
Treasurer

WHOLLY-OWNED SUBSIDIARIES

986408 Alberta Ltd.
986413 Alberta Ltd.
Neufeld Petroleum and Propane Ltd.
Parkland Holdings Limited Partnership
Parkland Industries Limited Partnership
Parkland Industries Ltd.
Parkland Investment Trust
Parkland Refining Ltd.

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