PARKLAND INCOME FUND

STRATEGICFOCUS FOCUSEDPEOPLE

2009 THIRD QUARTER REPORT
for the nine months ended September 30,2009

PRESIDENT'S MESSAGE

In the third quarter of 2009, retail marketing continued to grow profitability including the contribution from branded distributorship volumes acquired in late 2008. Parkland's share of refiners' margins declined in the third quarter of 2009 compared with the same quarter in 2008. The contribution from commercial fuel and propane sales in northern Alberta was weaker than the prior year reflecting reduced economic activity as the oil and gas drilling industry continued to lag prior years and we have yet to see the contribution from the Columbia Fuels acquisition as this is dominantly a heating season business. Despite these challenges, our 2009 year to date has significantly outperformed 2008 for volume and earnings.

With the acquisition of the fuel marketing business of Anmart Fuels in July 2009, we have been able to demonstrate a continued ability to grow our marketing business in a profitable manner in challenging economic times.

Distributable cash exceeded cash distributions in the third quarter. The distribution payout ratio was 86 percent compared to 78 percent in 2008. Parkland has maintained our monthly distribution rate of $0.105 per unit.

Distributable cash exceeded cash distributions for the nine month period. The distribution payout ratio was 71 percent compared to 91 percent in 2008.

OUTLOOK

Retail fuel volumes in Parkland's market area continue to show moderate growth, despite the overall weakness in the economy. The program of rationalizing sites based on performance and its predominance in non-urban locations continues to improve gross profit performance. Commercial fuel sales volumes have reflected the weakness in the diesel and propane markets which have been impaired by the decline in the forestry, trucking and oil and gas drilling industries.

Refiners' margins remain positive for gasoline but declined after reaching a peak in February. Refiners' margins for diesel declined from their very strong beginning of the year and are below historical values as reduced commercial business activity has left the market with excess supply.

FUEL VOLUMES

Fuel volumes were strong with total sales of 712 million litres in the quarter ended September 30, 2009, an increase of 17 percent from 608 million litres for the same period in 2008. The increase primarily resulted from the acquisitions completed over the past year. The propane portion of these volumes was down 13 percent but propane margins were higher than 2008, resulting in good financial returns.

Retail fuel volumes grew from 329 million litres in the third quarter of 2008 to 385 million litres in the same period in 2009, an increase of 56 million litres or 17 percent. This increase is due to approximately 67 million litres from new sites, primarily retail branded distributorship sites, and in same-store growth. This was offset by 11 million litres lost due to the closure of 36 sites. Parkland attributes their continued strong performance to its program of rationalizing sites based on performance and its predominance in non-urban locations.

GROSS PROFIT

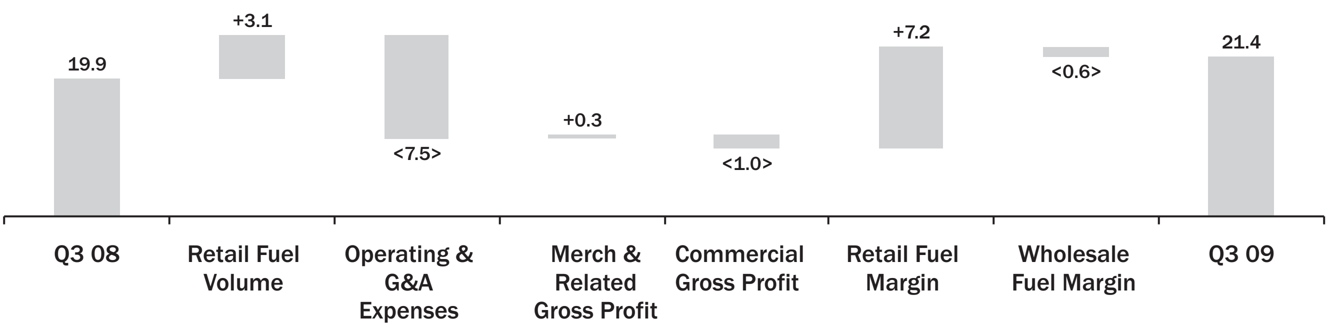
Sales revenues were lower than the prior year as underlying crude oil prices were lower. Cost of sales declined more than sales leaving comparable profit margins higher on a per litre basis compared to the prior year. In addition to the retail margins for gasoline and diesel, Parkland participates in the refiners' margins for a significant portion of its supply volumes. In the third quarter, Parkland's participation was approximately $8.7 million lower than the comparative period in 2008. During the period of gasoline shortages caused by the Edmonton refinery disruptions, refiners' margins did not rise significantly and were lower than would be normal during gasoline shortages.

Parkland's inventory of fuel volumes on hand is subject to revaluation as underlying crude oil prices rise and fall. In the third quarter of 2009 inventory revaluations resulted in a slight earnings loss of $0.3 million compared to a loss of $6.3 million in 2008.

Our operating and direct costs were $25.8 million in the third quarter compared to $21.4 million for the same period in 2008, an increase of 21 percent. Contributing to the increase is the addition of operating and direct costs from the Columbia Fuels acquisition on June 1, 2009 and Anmart Fuels on July 8, 2009.

Our marketing, general and administrative expenses were $13.4 million in the third quarter of 2009, significantly higher from $10.3 million in the same period in 2008. The increase is mainly attributable to costs associated with the operation of new business acquisitions.

EBITDA



CONSOLIDATED HIGHLIGHTS

(millions of Canadian dollars except volume and per Unit amounts)	**Three Months Ended Sept. 30, 2009**	Three Months Ended Sept. 30, 2008	Change	**Nine Months Ended Sept. 30, 2009**	Nine Months Ended Sept. 30, 2008	Change
Fuel volume *(millions of litres)*	**712**	608	17%	**2,014**	1,689	19%
Net sales and operating revenues	**543.1**	734.1	(26%)	**1,477.6**	1,823.6	(19%)
Gross profit	**60.6**	51.6	17%	**192.6**	156.0	23%
Gross profit, %	**11%**	7%		**13%**	9%	
Operating and direct costs	**25.8**	21.4	21%	**78.0**	65.1	20%
Marketing, general & administrative	**13.4**	10.3	30%	**37.5**	34.8	8%
Income before income taxes	**8.6**	11.5	(25%)	**45.3**	31.3	45%
Income tax expense (recovery)	**(1.5)**	(1.6)		**1.2**	(3.0)	
Net earnings	**10.1**	13.1	(23%)	**44.1**	34.3	29%
EBITDA (1)	**21.4**	19.9	8%	**77.1**	56.1	37%
Earnings per Unit - basic	**$0.20**	$0.26		**$0.88**	$0.68	
Earnings per Unit - diluted	**$0.20**	$0.26		**$0.88**	$0.68	
Distributable cash flow (2)	**18.5**	20.4	(9%)	**66.9**	52.2	28%
Distributions	**15.8**	15.9		**47.2**	47.5	
Distribution payout ratio	**86%**	78%		**71%**	91%	

(1) Please refer to the EBITDA section for a definition of this non-GAAP measure

(2) Please see Distributable Cash Flow reconciliation table

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2009
The information in this document is current as of November 6, 2009

INTRODUCTION

This MD&A provides a comparison of Parkland Income Fund's performance for its three and nine month period ended September 30, 2009 with the nine month period ended September 30, 2008 and it reviews Parkland's financial position as at September 30, 2009. It also includes discussion of Parkland's affairs up to November 6, 2009. This discussion should be read in conjunction with the unaudited interim consolidated financial statements and accompanying notes for the nine month period ended September 30, 2009, Management's Discussion and Analysis and the audited consolidated financial statements for the year ended December 31, 2008 and the Fund's Annual Information Form dated March 17, 2009. All amounts disclosed are in Canadian dollars.

Prospective data, comments and analysis are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints of maintaining the confidentiality of certain information that, if published, would potentially have an adverse impact on the competitive position of Parkland.

Additional information relating to Parkland can be found on its website at www.parkland.ca. The Fund's continuous disclosure materials, including its annual and quarterly MD&A, annual and quarterly financial statements, its 2008 Annual Report, Annual Information Form, Management Proxy Circular, Material Change Reports and the various press releases issued by the Fund are also available on its website or directly through the SEDAR system at www.sedar.com.

FORWARD-LOOKING STATEMENTS

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 Parkland'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 Parkland'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 Parkland 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.

Parkland wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OUR BUSINESS

Our Vision

Parkland's vision is to be the market leader in customer loyalty, employee engagement and investor confidence.

Our Mission

Parkland's mission is to be the most trusted source of convenience for fuel and related products focused on non-urban markets.

Our Values

Integrity: We will always do the right thing

People: Respect the needs of customers, employees and others

Teamwork: Achieve greater results by working together

Success: Set and achieve challenging goals

Parkland is a Red Deer, Alberta based marketer of transportation and commercial fuels and related products and services, and an operator of convenience stores primarily in western Canada. It transports fuel to its service station and commercial network through its own distribution division and it owns an industrial site in Bowden, Alberta, where it formerly operated a refinery.

Parkland's value propositions target four main groups: Customers, Investors, Employees and Business Partners.

Customers

Parkland strives to offer consistent, reliable, friendly service to its customers at competitive prices.

Investors

Parkland seeks to provide investors sustainable distributions. It intends to achieve this by continuing to develop its core competencies of operational excellence and efficient, streamlined supply chain management.

Employees

Parkland is a values-based culture that is employee friendly. It is investing significantly in recruitment of top talent and professional development and its growth strategy creates opportunity and challenge. Employees are unitholders and share in the financial success of the business.

Business Partners

Parkland strives to be a company that is easy to do business with. It is values driven and is financially sound and growing.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RETAIL

Parkland operates service stations under three primary business models and various brands which focus on differing customer segments in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, the Northwest Territories and the Yukon. The sites are a mix of company owned and operated, commission operated and dealer sites. Our portfolio of brands, Fas Gas, Fas Gas Plus and Race Trac, allow us to target different customer segments generally in non-urban areas. Parkland has had great success across the west. It is a Retail Branded Distributor for Imperial Oil Limited with locations in Saskatchewan, Alberta, British Columbia and Ontario operating under the Esso brand, and is also a Retail Branded Distributor for the Sunoco brand in Ontario.

The Retail Business Unit serves the motoring public through 612 retail stations in its marketing network. The total number of stations in the network has grown substantially in recent years primarily as a result of the acquisition of the Noco Energy fuel marketing business in Ontario in 2008 and the acquisition of additional Esso retail branded distributorship sites in the fourth quarter of 2008.

The four primary business models under which stations are operated include: Parkland stations managed and staffed by Parkland, Parkland stations managed by commission operators who provide staff in exchange for a commission on fuel volumes sold and pay rent to Parkland based on a percentage of other sales revenue generated, independent dealer stations managed by commission operators who are paid a commission on fuel volumes sold, and independent dealer sites, which are owned or controlled by third parties who contract with Parkland for fuel supply for their sites.

The following table sets out the number of service stations by brand in the Parkland network as of September 30, 2009:

	Fas Gas Plus	Fas Gas	Race Trac	Esso	Sunoco	Total
Parkland operated and commission operated locations	95	21	4	18	-	138
Independent dealer operated	39	27	141	250	17	474
Total	**134**	**48**	**145**	**268**	**17**	**612**

Fuel products sold through the network of service stations include gasoline and diesel fuel as well as propane at selected sites. Parkland's strategy is to increase overall sales volumes and average volumes per site within its current marketing area. The actual number of stations may increase or decrease as new sites are added and underperforming sites are closed or sold.

The retail fuel business is highly competitive, with margins ultimately dependent on the spread between crude oil, wholesale fuel costs and retail fuel prices. Due to its focus on non-urban markets, Parkland has limited exposure to the more competitive, larger urban markets where the retail fuel sales are dominated by major oil companies and by more recent entrants such as grocery chains and large retailers. This non-urban focus means Parkland operates in markets where average sales volumes are lower but earnings are enhanced by typically more stable pricing and margins, lower overhead costs and less expensive real estate. Parkland will continue to target growth by leveraging its unique brands within its existing network and through the acquisition of new sites.

Fas Gas Plus

Parkland's strategy is to continue to maximize penetration of its Fas Gas Plus brand throughout its traditional non-urban markets by investing in the Fas Gas Plus station upgrade and conversion program. The Fas Gas Plus brand brings consumers an urban offering to non-urban markets through continuing to invest and upgrade its locations.

Short Stop

Parkland operates its convenience store business under the brand Short Stop Food Stores. As at September 30, 2009, there were 43 Short Stop and 28 Short Stop Express convenience stores at sites that have Fas Gas Plus fuel stations with an additional 22 convenience stores under the brand Fas Gas Plus. These convenience stores offer a variety of food, beverage, snack and convenience products as well as lottery terminals and automated teller machines. Many of the stores are open 24 hours per day and, in many of these locations, offer customers the only 24-hour service in the area. Store layouts meet urban standards for quality product offering, lighting, cleanliness, a proprietary coffee program and modern facilities.

Esso

The Retail Branded Distributorship agreement provides Parkland with the opportunity to offer the Esso brand to independent operators or within its company operated network in Alberta, Saskatchewan, British Columbia, Ontario and the Northwest Territories.

Race Trac

In the independent dealer business, Parkland has focused on increasing its brand value to the operators. The Race Trac brand is positioned for locations where the Fas Gas Plus or Esso brands are not suited and is an important part of Parkland's brand portfolio.

Sunoco

Parkland is a Retail Branded Distributor for the Sunoco brand in Ontario.

MANAGEMENT'S DISCUSSION AND ANALYSIS

COMMERCIAL

Parkland offers branded and unbranded bulk fuel, propane, agricultural inputs, lubricants and related products and services to commercial and industrial customers in Alberta and British Columbia. The commercial customer base is varied and diverse with the fall and winter months generally providing stronger sales and margins. Emphasis in this market is on strong customer service and reliability of distribution. Parkland is well established in the markets in which it serves and is focused on providing its customers with a more comprehensive service and product offering. With the acquisition in July 2009 of Anmart Fuels, Parkland now has 39 commercial branch locations situated in Alberta, the Yukon and British Columbia.

Parkland has a diverse commercial customer base operating across a broad cross-section of industries with no single client accounting for more than 5 percent of consolidated revenue. Parkland seeks to mitigate its economic risk through its diversity of customers, the wide geographic scope of its service offering and the range of segments in which it operates. The oilfield exploration outlook is uncertain as drilling programs have been cut back with declining energy prices and capital market constraints. Operational oilfield production remains more stable.

Parkland is a supplier to a number of service providers to the forestry industry. These customers operate across northern Alberta and British Columbia. The forestry industry is a relatively small portion of the overall portfolio of the Commercial segment.

Parkland also supplies fuels and lubricants to a select group of mines in northern Alberta and British Columbia. Parkland has participated in this market segment for a number of years and regularly monitors and reviews the financial stability of its customers.

Fuel and Propane Marketing

Parkland markets propane and wholesale and commercial fuels and lubricants to residential, commercial and industrial customers in northern Alberta, British Columbia and the Northwest Territories.

Fertilizer and Other Agricultural Inputs

Parkland sells fertilizer and other agricultural inputs in northern Alberta.

Cardlock

Parkland markets fuel through 43 locally targeted cardlock facilities. These cardlock facilities are operated under various brands, including United, Esso, Race Trac, Petro-Canada, Neufeld and Columbia Fuels.

Great Northern Oil

Parkland markets home heating fuel under the brand name Great Northern Oil from a bulk facility in Whitehorse, Yukon. This facility also supports Fas Gas and Race Trac service stations located in northern British Columbia, the Yukon and the Northwest Territories.

HUMAN RESOURCES

Parkland has over 1,200 employees, including almost 300 retail convenience store personnel throughout western Canada and approximately 170 employees in its Red Deer, Alberta head office.

Parkland's employees are also owners of the Fund, investing in Parkland regularly through its unit purchase plan. A profit sharing plan further contributes to the entrepreneurial spirit of Parkland's employees, fostering a sense of ownership and pride.

ACCRETIVE ACQUISITIONS

Corporate acquisitions are an effective means of consolidating assets, improving efficiencies in existing core areas or adding new core areas. Parkland intends to continue to be proactive, focused and disciplined in its approach to such acquisitions.

Generally, Parkland seeks to make acquisitions that:

- are accretive to cash from operating activities;
- increase fuel sales volumes to increase market presence;
- build non-fuel profits to enhance the long-term stability of the enterprise;
- optimize supply contracts; and
- diversify the customer base.

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, Refinery Remediation Accrual, Accretion Expense and (Gain) Loss on Disposal of Property, Plant and Equipment. It can be calculated from the GAAP amounts included in Parkland's financial statements. Parkland 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. Parkland'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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RECONCILIATION OF DISTRIBUTABLE CASH FLOW

(thousands of Canadian dollars except per Unit amounts)	**Three Months Ended September 30, 2009**	Three Months Ended September 30, 2008
Cash flows from operating activities	**14,784**	(10,039)
Less: Total capital expenditures	**(12,812)**	(8,778)
Standardized distributable cash flow (1)	**1,972**	(18,817)
Add back (deduct):		
Growth capital expenditures	**9,375**	8,030
Proceeds on disposal of capital items	**136**	376
Change in non-cash working capital	**6,997**	30,820
Distributable cash flows	**18,480**	20,409
Distributions	**15,807**	15,860
Distribution payout ratio	**86%**	78%

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Cash flows from operating activities	**108,416**	33,437
Less: Total capital expenditures	**(26,950)**	(17,320)
Standardized distributable cash flow (1)	**81,466**	16,117
Add back (deduct):		
Growth capital expenditures	**17,527**	10,790
Proceeds on disposal of capital items	**2,404**	725
Change in non-cash working capital	**(34,482)**	24,592
Distributable cash flows	**66,915**	52,224
Distributions	**47,225**	47,535
Distribution payout ratio	**71%**	91%

(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.

The maintenance of productive capacity is measured by 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 the calculation of standardized distributable cash is maintenance capital expenditures during the period excluding the cost of any asset acquisitions or proceeds of any asset dispositions. Parkland believes that the current capital programs, based on the current view of its assets and opportunities and the outlook for fuel supply and demand and industry conditions, should be sufficient to maintain productive capacity in the medium term. Due to the risks inherent in the industry, particularly the 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 production levels or cash flow from operating activities. As Parkland strives to maintain sufficient credit facilities and appropriate levels of debt, the seasonality of the business is not currently expected to influence distribution policies.

Parkland's calculation of standardized distributable cash has no adjustment for long-term unfunded contractual obligations. Parkland believes the 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 indefinable period of time.

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.

Distributable cash exceeded cash distributions in the third quarter ended September 30, 2009. The distribution payout ratio was 86 percent compared to 78 percent in the third quarter of 2008. For the nine month period ended September 30, 2009, distributable cash also exceeded cash distributions, the distribution payout ratio was 71 percent in 2009 and 91 percent in 2008. Accordingly, Parkland has maintained the monthly distribution rate of $0.105 per unit. Parkland believes the current level of distributions is sustainable and there are no plans under current conditions to reduce or eliminate monthly distributions.

CASH FLOWS, NET EARNINGS AND EBITDA COMPARED TO DISTRIBUTIONS

(thousands of Canadian dollars except per Unit amounts)	**Three Months Ended September 30, 2009**	Three Months Ended September 30, 2008
Cash from operating activities	**14,784**	(10,039)
Net earnings	**10,053**	13,050
EBITDA (1)	**21,443**	19,927
Distributions	**15,807**	15,860
Excess (shortage) of cash flows from operating activities relative to distributions	**(1,023)**	(25,899)
Excess (shortage) of cash flows from net earnings relative to distributions	**(5,754)**	(2,810)
Excess of cash flows from EBITDA relative to distributions	**5,636**	4,067

	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Cash from operating activities	**108,416**	33,437
Net earnings	**44,126**	34,288
EBITDA (1)	**77,142**	56,137
Distributions	**47,225**	47,535
Excess (shortage) of cash flows from operating activities relative to distributions	**61,191**	(14,098)
Excess (shortage) of cash flows from net earnings relative to distributions	**(3,099)**	(13,247)
Excess of cash flows from EBITDA relative to distributions	**29,917**	8,602

(1) Please refer to the Non-GAAP Measures section for a definition of EBITDA

Net earnings includes significant non-cash charges including amortization, accretion expense and (gain) loss on disposals of property, plant and equipment. These non-cash charges do not impact Parkland's ability to meet its cash distribution payments. Both cash flows from operating activities and EBITDA are adequate to fund cash distributions on an annual basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED SEPTEMBER 30, 2009

The financial highlights for the third quarter of 2009 are as follows:

- Record Q3 fuel sales volumes of 712 million litres, up 17 percent from 608 million litres the prior year, driven by strategic acquisitions.
- Q3 EBITDA of $21.4 million, up 8 percent from $19.9 million in 2008.
- Q3 2009 net earnings of $10.1 million, down 23 percent from $13.1 million in 2008.
- Acquisition of the fuel marketing business of Anmart Fuels.
- Distribution payout ratio of 86 percent for Q3 2009 compared to 78 percent in 2008.

CONSOLIDATED HIGHLIGHTS

(millions of Canadian dollars except volume and per Unit amounts)	**Three Months Ended September 30, 2009**	Three Months Ended September 30, 2008	Change
Fuel volume *(millions of litres)*	**712**	608	17%
Net sales and operating revenues	**543.1**	734.1	(26%)
Gross profit	**60.6**	51.6	17%
Gross profit, %	**11%**	7%	
Operating and direct costs	**25.8**	21.4	21%
Marketing, general & administrative	**13.4**	10.3	30%
Income before income taxes	**8.6**	11.5	(25%)
Income tax expense (recovery)	**(1.5)**	(1.6)	
Net earnings	**10.1**	13.1	(23%)
EBITDA (1)	**21.4**	19.9	8%
Earnings per Unit - basic	**$0.20**	$0.26	
Earnings per Unit - diluted	**$0.20**	$0.26	
Distributable cash flow (2)	**18.5**	20.4	(9%)
Distributions	**15.8**	15.9	
Distribution payout ratio	**86%**	78%	

(1) Please refer to the EBITDA section for a definition of this non-GAAP measure

(2) Please see Distributable Cash Flow reconciliation table

In the third quarter of 2009, retail marketing continued to grow profitability including the contribution from branded distributorship volumes acquired in late 2008. Parkland's share of refiners' margins declined in the third quarter of 2009 compared with the same quarter in 2008. The contribution from commercial fuel and propane sales in northern Alberta was weaker than the prior year reflecting reduced economic activity as the oil and gas drilling industry continued to lag prior years and we have yet to see the contribution from the Columbia Fuels acquisition as this is dominantly a heating season business.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In July 2009, Parkland acquired the fuel marketing business of Anmart Fuels. Anmart Fuels has been re-branded as Neufeld Fuels and serves southern Alberta with two cardlock locations, lubricants and bulk deliveries of fuel, methanol, glycol and other related products. The purchase price was $4.7 million financed by existing cash balances.

Distributable cash exceeded cash distributions in the third quarter. The distribution payout ratio was 86 percent compared to 78 percent in 2008. Parkland has maintained our monthly distribution rate of $0.105 per unit.

Parkland has been able to demonstrate a continued ability to grow our marketing business in a profitable manner in challenging economic times. Parkland's continued profitability can be attributed to a sharp strategic and operational focus, the continued diversification of the business by brand, fuel type and geography, and the strength of over 1,200 Parkland employees from B.C. to Ontario.

FUEL VOLUMES

Fuel volumes were strong with total sales of 712 million litres in the quarter ended September 30, 2009, an increase of 17 percent from 608 million litres for the same period in 2008. The increase primarily resulted from the acquisitions completed over the past year. The propane portion of these volumes was down 13 percent but propane margins were higher than 2008, resulting in good financial returns.

Retail fuel volumes grew from 329 million litres in the third quarter of 2008 to 385 million litres in the same period in 2009, an increase of 56 million litres or 17 percent. This increase is due to approximately 67 million litres from new sites, primarily retail branded distributorship sites, and in same-store, growth. This was offset by 11 million litres lost due to the closure of 36 sites. Parkland attributes their continued strong performance to its program of rationalizing sites based on performance and its predominance in non-urban locations.

Wholesale gas and diesel fuel volumes increased from 294 million litres in the third quarter of 2008 to 350 million litres in the same period in 2009, an increase of 56 million litres, or 19%, primarily as a result of acquisitions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SALES, COST OF SALES AND GROSS PROFIT

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

(millions of Canadian dollars)	**Three Months Ended September 30, 2009**	Three Months Ended September 30, 2008	Change
Fuel Marketing Segment			
Net sales	**512.2**	697.9	(27%)
Cost of sales	**460.5**	657.4	(30%)
Gross profit	**51.7**	40.5	28%
Gross margin	**10%**	5.8%	
Convenience Store Merchandise Segment			
Net sales	**12.8**	16.7	(23%)
Cost of sales	**9.4**	12.1	(22%)
Gross profit	**3.4**	4.6	(26%)
Gross margin	**26.6%**	27.5%	
Commercial Segment			
Net sales	**18.1**	19.5	(7%)
Cost of sales	**12.6**	13.0	(3%)
Gross profit	**5.5**	6.5	(15%)
Gross margin	**30.4%**	33.3%	
Gross Profit Sources			
Total gross profit	**60.6**	51.6	17%
Less:			
Convenience store gross profit	**3.4**	4.6	
Gross profit on commercial sales	**5.5**	6.5	
Other revenue included in gross profit (1)	**5.5**	4.0	
Fuel gross profit	**46.2**	36.5	27%
Cents per litre	**$0.065**	$0.060	

(1) Other revenue includes third party hauling generated from the Wiebe acquisition, which is included in the Fuel Marketing segment.

Net sales and operating revenue for the three month period ended September 30, 2009 was $543.1 million, down 26 percent from $734.1 million during the same period last year as underlying crude oil prices were lower. Fuel marketing revenue decreased 27 percent and commercial sales decreased 7 percent compared to the same three month period in 2008. Although fuel volumes for the quarter increased by 104 million litres or 17 percent compared to the third quarter in 2008, a 43 cent per litre average decrease in selling prices resulted in the $185.8 million decrease in fuel marketing revenue. The average fuel gross profit for the quarter was 6.5 cents per litre, up 0.005 cents compared to the same quarter in 2008, contributing to the 27 percent increase in fuel gross profit.

In addition to the retail margins for gasoline and diesel, Parkland participates in the refiners' margins for a significant portion of its supply volumes. In the third quarter, Parkland's participation was approximately $8.7 million lower than the comparative period in 2008. During the period of gasoline shortages caused by the Edmonton refinery disruptions, refiners' margins did not rise significantly and were lower than would be normal during gasoline shortages.

Convenience store merchandise sales decreased 23.2 percent during the three month period compared to 2008. The decrease can be attributed to the 2009 conversions of corporate operated sites to commission operated sites. The conversion to a commission operated site has the impact of decreasing sales and operating costs 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 September 30, 2009 was $482.5 million, down 29.3 percent from $682.5 million a year earlier. The Fuel Marketing segment was the primary driver for this, decreasing to $460.5 million in the current quarter, down 30.0 percent from $657.4 million a year earlier because of lower fuel prices.

For the Convenience Store segment, the decrease in sales exceeded the decrease in cost of sales, resulting in a slight change to gross margin of 26.6 percent compared to 27.5 percent in the comparative quarter.

Parkland's inventory of fuel volumes on hand is subject to revaluation as underlying crude oil prices rise and fall. In the third quarter of 2009 inventory revaluations resulted in a slight earnings loss of $0.3 million compared to a loss of $6.3 million in 2008.

OPERATING EXPENSES

Operating and direct costs were $25.8 million in the third quarter compared to $21.4 million for the same period in 2008, an increase of 21 percent. Contributing to the increase is the addition of operating and direct costs from the Columbia Fuels acquisition on June 1, 2009 and Anmart Fuels on July 8, 2009.

Marketing, general and administrative expenses were $13.4 million in the third quarter of 2009, significantly higher from $10.3 million in the same period in 2008. The increase is mainly attributable to costs associated with the operation of new business acquisitions.

During the third quarter of 2009, Parkland disposed of property, plant and equipment and recorded a $1.3 million loss on disposal, for the corresponding period in 2008 there was a gain of $.4 million.

INCOME TAX EXPENSE

An income tax recovery of $1.5 million was recorded in the third quarter of 2009 compared to a recovery of $1.6 million for the same period in 2008. The current tax recovery of $1.1 million was a result of distributions and tax deductions exceeding taxable income. In addition, a future income tax recovery of $0.4 million resulted from changes in timing differences.

EARNINGS

Earnings before income taxes in the third quarter of 2009 were $8.6 million, down $2.9 million from $11.5 million a year earlier.

EBITDA for the third quarter of 2009 was $21.4 million, up 8 percent from $19.9 million in 2008. The increase in EBITDA from 2008 is explained by the $9.0 million increase in gross profit less increased operating costs of $7.5 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS AND AMORTIZATION

Amortization expense in the third quarter of 2009 was $9.9 million, up from $7.3 million a year earlier. During the third quarter of 2009, the Fund expended $12.7 million (2008 - $8.4 million) net capital investments, of which $3.3 million (2008 - $0.4 million) was classified as maintenance capital and $9.4 million (2008 - $8.0 million) was classified as growth capital.

For accounting purposes, amounts expended on both maintenance and growth capital are 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.

LONG-TERM DEBT AND CASH BALANCES

Interest on long-term debt was $1.6 million in the third quarter compared to $1.2 million for the same period in 2008, primarily due to increased borrowing amounts which have been slightly offset by the decrease in the Prime rate of interest. The Bank of Canada prime rate has declined from 5.75 percent on January 2008 to 2.25 percent on September 30, 2009. As most of the Fund's long-term debt bears interest at variable rates linked to prime this has temporarily reduced the overall cost of borrowing to the Fund. With the extension of the Fund's credit facility negotiated at current market conditions in June 2009, the Fund's cost of borrowing relative to prime has increased and, at current levels of borrowing, interest on long-term debt will increase in future periods.

During the third quarter, operating activities generated $14.8 million of cash after accounting for changes in non-cash working capital. $15.8 million was used to fund unitholder distributions, and $12.7 million was used for net growth and maintenance capital purchases during the quarter. Parkland's bank indebtedness did not change during the quarter. Parkland's cash position at September 30, 2009 decreased by $18.5 million during the quarter.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NINE MONTHS ENDED SEPTEMBER 30, 2009

The financial highlights for the nine month period ended September 30, 2009 are as follows:

- Record nine month fuel sales volumes of 2,014 million litres, up 19 percent from 1,689 million litres in the prior year, driven by strategic acquisitions.
- Nine month EBITDA of $77.1 million, up 37 percent from $56.1 million in 2008.
- Nine month net earnings of $44.1 million, up 29 percent from $34.3 million in 2008.
- Distribution payout ratio of 71 percent for the nine month period compared to 91 percent in 2008.

FUEL VOLUMES

Fuel volumes for the nine month period of 2009 increased 19 percent with total fuel volume of 2,014 million litres in 2009 compared to 1,689 million litres in 2008. Wholesale fuel volumes increased 14 percent to 948 million litres compared to 828 million litres last year, primarily as a result of acquisitions. Retail fuel volumes for the nine month period increased 25 percent or 220 million litres with most of the net increase in retail fuel volumes being attributed to the Imperial Oil Limited retail branded distributorship business. Propane volumes for the nine month period decreased 8 percent or 8 million litres compared to 2008.

SALES, COST OF SALES AND GROSS PROFIT

Net sales and operating revenue for the nine month period ended September 30, 2009 was $1,477.6 million, down 19 percent from $1,823.6 million during the same period last year. The primary reason was a 20 percent decrease in fuel marketing revenue. Although fuel volumes sold for the nine month period increased 19 percent compared to 2008, the average cent per litre selling price for fuel volumes sold in the first nine months of 2009 decreased 32 cents.

Convenience store merchandise sales decreased 14 percent, from $46.8 million in 2008 to $40.1 million in 2009. Commercial sales increased $2.2 million from $68.9 million in 2008 to $71.1 million in 2009, an increase of 3 percent.

Total cost of sales for the nine month period ended September 30, 2009 was $1,285.0 million, down 23 percent from $1,667.6 million a year earlier. For the convenience store segment gross profit of 26% in 2009 was slightly less than the 26.6% for 2008. For fuel marketing, the largest segment, sales revenue decreased by 20 percent while the cost of sales decreased by 24 percent, resulting in an improved gross margin of 12 percent compared to 7 percent in 2008.

The commercial segment experienced significant margin erosion for the September year-to-date period of 2009 compared with the similar period of 2008, primarily due to large increases in the cost of agricultural inputs which could not be fully passed on to consumers. Although sales increased 3 percent, from $68.9 million in 2008 to $71.1 million in 2009, the cost of sales increased 16 percent, from $43.7 million in 2008 to $50.7 million in 2009. This resulted in a gross margin of 29 percent compared to 37 percent in the comparable period in 2008.

Total gross profit for the nine month period ended September 30, 2009 was $192.6 million, up 23 percent from $156.0 million a year earlier. Total gross margin improved from 8.6 percent in 2008 to 13.0 percent in 2009, mainly due to the strong performance of the fuel marketing segment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

(millions of Canadian dollars)	**Nine Months Ended September 30, 2009**	Nine Months Ended September 30, 2008	Change
Fuel Marketing Segment			
Net sales	**1,366.5**	1,707.9	(20%)
Cost of sales	**1,204.6**	1,589.5	(24%)
Gross profit	**161.8**	118.4	37%
Gross margin	**12%**	7%	
Convenience Store Merchandise Segment			
Net sales	**40.1**	46.8	(14%)
Cost of sales	**29.6**	34.4	(14%)
Gross profit	**10.4**	12.4	(16%)
Gross margin	**26%**	26%	
Commercial Segment			
Net sales	**71.1**	68.9	3%
Cost of sales	**50.7**	43.7	16%
Gross profit	**20.4**	25.2	(19%)
Gross margin	**29%**	37%	
Gross Profit Sources			
Total gross profit	**192.6**	156.0	23%
Less:			
Convenience store gross profit	**10.4**	12.4	
Gross profit on commercial sales	**20.4**	25.2	
Other revenue included in gross profit (1)	**15.2**	8.7	
Fuel gross profit	**146.6**	109.7	34%
Cents per litre	**$0.073**	$0.065	

(1) *Other revenue includes third party hauling generated from the Wiebe acquisition, which is included in the Fuel Marketing segment.*

OPERATING EXPENSES

Operating and direct costs incurred during the nine month period of 2009 were $78.0 million, up 20 percent from $65.1 million a year earlier. Most of the increase is the addition of operating and direct costs from the Columbia Fuels acquisition on June 1, 2009 and Anmart Fuels on July 8, 2009, the acquisition of Weibe Transport on February 28, 2008, the addition of NOCO in April 2008 and the addition of 40 new Esso sites in the fourth quarter of 2008. Marketing, general and administrative expenses for the nine months were $37.5 million in 2009, up 8 percent from $34.8 million a year earlier. The increase is mainly attributable to costs associated with the operation of new business acquisitions.

INCOME TAX EXPENSE

Income tax expense was $1.2 million in 2009 compared to a recovery of $3.0 million in 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

EARNINGS

Net earnings for the nine month period of 2009 were $44.1 million, up 29 percent from $34.3 million a year earlier. The increase in the nine month earnings over the prior year is primarily due to the increase in the gross profit of the fuel marketing segment.

EBITDA for 2009 was $77.1 million, up $21.0 million or 37 percent from $56.1 million in 2008. The increase in EBITDA from 2008 can be summarized as a $36.6 million increase in gross profit offset by an increase in operating costs of $15.6 million.

The FIFO revaluation of fuel inventory volumes on hand for the nine month period ended September 30, 2009 resulted in an increase in earnings of $6.6 million compared to an increase of $2.8 million in 2008.

CAPITAL ASSETS AND AMORTIZATION

Amortization expense during the nine month period of 2009 was $28.1 million, up 32 percent from $21.2 million a year earlier. Amortization for capital assets and intangible assets acquired throughout 2008 and 2009 accounted for most of the increase.

The Fund expended $24.5 million in net capital investments, of which $7.0 million was classified as maintenance capital and $17.5 million was classified as growth capital.

LONG-TERM DEBT AND CASH BALANCES

Interest on long-term debt was $3.7 million in 2009 compared to $3.5 million in 2008. The increase is due to the increase in long-term debt which had been slightly offset by the decrease in the Prime rate of interest.

During the first nine months of 2009, operating activities generated $108.4 million of cash after accounting for changes in non-cash working capital. $47.2 million was used to fund unitholder distributions, $45.5 million was used to acquire Columbia Fuels, Anmart Fuels fuel marketing business and Imperial Oil customer volume. In addition, $24.5 million was used for net growth and maintenance capital purchases during the period. Parkland reduced its bank indebtedness by $31.0 million during the first nine months of the year but increased its long-term debt by $23.3 million. Parkland's cash position at September 30, 2009 decreased by $14.7 million during the nine month period.

SUMMARY OF THE EIGHT MOST RECENTLY COMPLETED CONSOLIDATED QUARTERLY RESULTS

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

	2009			2008				2007
For the three months ended	**Sep 30**	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Fuel volume (millions of litres)	**712**	628	673	664	608	525	523	516
Net sales and operating revenue	**543.1**	479.5	455.1	524.5	734.1	606.6	482.9	456.1
Net earnings	**10.1**	14.3	19.8	10.1	13.1	11.0	10.2	10.2
EBITDA	**21.4**	23.4	32.3	25.1	19.9	19.0	17.2	17.9
Net earnings per Unit								
Basic	**0.20**	0.28	0.40	0.20	0.26	0.22	0.20	0.24
Diluted	**0.20**	0.28	0.40	0.20	0.26	0.22	0.20	0.23

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL CONDITION, CAPITAL RESOURCES AND LIQUIDITY

On June 16, 2009 Parkland renewed the Extendible Facility, including bank indebtedness and letters of credit. The facility is a revolving extendible credit facility up to a maximum amount of $265 million. The Extendible Facility is subject to renewal on June 16, 2010 at which time it can be extended at Parkland or lender's option for 364 days. If the Extendible Facility is not extended, all amounts outstanding are repayable in eight equal and consecutive quarterly installments, commencing on the last day of the third month following the then maturity date. The facility also incurs standby fees for any unused portion of the facility at a rate of 0.65 percent to 0.75 percent depending on the ratio of Funded Debt to EBITDA. Security for the Extendible Facility is assignment of insurance and an unlimited guarantee from the secured entities.

At September 30, 2009 Parkland had $95.9 million in long-term debt (excluding $0.7 million of the current portion) up from $70.2 million at December 31, 2008. At September 30, 2009, $9.0 million of the revolving operating facility was utilized, down from $40.0 million at December 31, 2008.

Parkland believes that cash flow from operations will be adequate to fund maintenance capital, interest and targeted distributions. Growth capital expenditures in 2009 will be funded by the revolving extendible credit facility. Additional debt incurred will be serviced by anticipated increases in cash flow and management targets a Net Debt to EBITDA ratio of less than 2.0 times under normal conditions.

Parkland manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving objectives stated above. To manage the capital structure, Parkland may adjust capital spending, adjust distributions paid to Unitholders, issue new Units, issue new debt or repay existing debt. Parkland takes into account the maximum equity growth limits when managing and monitoring its capital structure. Parkland's allowed growth capital at September 30, 2009 was approximately $177 million (September 30, 2008 - $204.0 million). If the maximum equity growth allowed is exceeded, the Fund may be subject to trust taxation prior to 2011.

At September 30, 2009, Parkland 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 2.50 to 1.00;
3. Ratio of EBITDA less maintenance capital expenditures and taxes to sum of interest, principal and distributions shall not be less than 1.00 to 1.00 for the four quarters ended September 30, 2009.

Liquidity risk is the risk Parkland will encounter difficulties in meeting its short-term financial obligations. Parkland manages its liquidity risk through cash and debt management. In managing liquidity risk, Parkland has access to various credit products at competitive rates. Parkland believes it has sufficient funding through the use of these facilities to meet foreseeable borrowing requirements.

DISTRIBUTIONS

The following table sets forth the record date, date of payment, per Trust Unit amount of distributions paid and total cash distributed for 2008 and 2009:

Record Date	Payment Date	Per Trust Unit	Total Distributions ($000's)
January 31, 2008	February 15, 2008	$0.1050	5,261
February 29, 2008	March 14, 2008	$0.1050	5,281
March 31, 2008	April 15, 2008	$0.1050	5,282
April 30, 2008	May 15, 2008	$0.1050	5,283
May 30, 2008	June 13, 2008	$0.1050	5,284
June 30, 2008	July 15, 2008	$0.1050	5,285
July 31, 2008	August 15, 2008	$0.1050	5,286
August 29, 2008	September 15, 2008	$0.1050	5,287
September 30, 2008	October 15, 2008	$0.1050	5,288
October 31, 2008	November 14, 2008	$0.1050	5,291
November 28, 2008	December 15, 2008	$0.1050	5,292
December 31, 2008	January 15, 2009	$0.1050	5,296
Total distributions declared to Unitholders in 2008		$1.26	**63,416**
January 30, 2009	February 13, 2009	$0.1050	**5,231**
February 27, 2009	March 13, 2009	$0.1050	**5,232**
March 31, 2009	April 15, 2009	$0.1050	**5,235**
April 30, 2009	May 15, 2009	$0.1050	**5,235**
May 29, 2009	June 15, 2009	$0.1050	**5,237**
June 30, 2009	July 15, 2009	$0.1050	**5,248**
July 31, 2009	August 14, 2009	$0.1050	**5,268**
August 31, 2009	September 15, 2009	$0.1050	**5,269**
September 30, 2009	October 15, 2009	$0.1050	**5,270**
Total distributions declared to Unitholders during the nine month period ended Sept. 30, 2009		$0.945	**47,225**

CRITICAL ACCOUNTING ESTIMATES

Estimates are used when accounting for items such as allowance for doubtful accounts, asset retirement obligations, the refinery remediation accrual, amortization and income taxes. These estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

Parkland has recorded the net estimated liability that would be incurred if the refinery assets were remediated, dismantled and sold for salvage values. Estimated remediation costs were supported by a third party report prepared in 2007, while other costs were based on management estimates. Actual costs and salvage values could differ significantly from these estimates when, and if, the refinery is remediated, dismantled and sold.

FINANCIAL INSTRUMENTS

Credit and Market Risk

A substantial portion of Parkland's accounts receivable balance is with customers in the oil and gas and forestry industries and is subject to normal industry credit risks. In light of the current market conditions, Parkland's credit department has been expanded and policies strengthened to control the credit granting process. Parkland performs ongoing credit evaluations of its customers and outstanding debts are regularly monitored.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Parkland is exposed to market risk from changes in the Canadian prime interest rate which can impact its borrowing costs. Parkland 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

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

At September 30, 2009, the provision for impairment of credit losses was $4.1 million, for the same period in 2008 it was $1.1 million.

RISKS AND UNCERTAINTIES

There has been no significant change in Parkland's risk factors from those disclosed in its 2008 Annual Report and Annual Information Form.

OFF BALANCE SHEET ARRANGEMENTS

The Fund has not engaged in any off balance sheet arrangements.

OUTLOOK

Retail fuel volumes in Parkland's market area continue to show moderate growth, despite the overall weakness in the economy. The program of rationalizing sites based on performance and its predominance in non-urban locations continues to improve gross profit performance. Commercial fuel sales volumes have reflected the weakness in the diesel and propane markets which have been impaired by the decline in the forestry, trucking and oil and gas drilling industries.

Refiners' margins remain positive for gasoline but declined after reaching a peak in February. Refiners' margins for diesel declined from their very strong beginning of the year and are below historical values as reduced commercial business activity has left the market with excess supply.

While profitability for the first nine months of 2009 remained positive Parkland recognizes that it operates in uncertain economic times. Demand for Parkland's products fluctuates to a certain extent with economic conditions and may deteriorate over time. Profit margins also vary from time to time in response to changes in demand and economic conditions in general. These factors represent a risk for Parkland's profitability going forward.

NON CAPITAL RESOURCES

SAFETY

In addition to other risks, Parkland's primary business involves the transportation and sale of fuel products and other dangerous goods such as anhydrous ammonia, which have an inherently high degree of risk. Parkland provides training to all staff as required to mitigate these risks and has operations and response procedures to cover risk situations. Safety bonuses are also provided to employees in higher risk roles as a means of motivating safe performance of duties.

Parkland has a Director of Health, Safety & Environment ("HSE"), three HSE managers and HSE Committees. The HSE Committees represent all areas of Parkland's business and ensures all identified risks are properly mitigated and that procedures and documentation are consistent across the entire organization. In 2008, Parkland satisfactorily completed external and internal audits of its safety program and facilities.

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. Details are available from the Fund or from Valiant Trust.

CONTROLS ENVIRONMENT

Disclosure Controls & Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the CEO and CFO, on a timely basis, so that appropriate decisions can be made regarding public disclosure. The CEO and CFO together are responsible for establishing and maintaining Parkland's disclosure controls and procedures. They are assisted in this responsibility by the Disclosure Committee which is composed of senior management of the Corporation. During the first quarter of 2009, an evaluation of the effectiveness of the design of disclosure controls and procedures was carried out under the supervision of Parkland's management, including the CEO and CFO, with oversight by the Audit Committee and the Board of Directors. The CEO and CFO have concluded that the design of the Corporation's disclosure controls and procedures as defined in National Instrument 52-109 ("NI 52-109"), Certification of Disclosure in Issuers Annual and Interim Filings, were effective as at September 30, 2009.

Internal Controls Over Financial Reporting

Internal controls over financial reporting ("ICFR") are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Because of inherent limitations in all control systems, absolute assurance cannot be provided that all misstatements have been detected. Management is responsible for establishing and maintaining adequate internal controls appropriate to the nature and size of the business, to provide reasonable assurance regarding the reliability of financial reporting for the Corporation. Under the oversight of the Audit Committee and Board of Directors, management with the participation of the Corporation's CEO and CFO, evaluates the design of the Corporation's internal controls over financial reporting using the control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework ("COSO"). As at the end of the period covered by this management discussion and analysis, management has concluded that the internal controls over financial reporting were appropriately designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Material Changes to the Internal Controls over Financial Reporting

For the nine months ended September 30, 2009, the CEO and CFO evaluated whether there were any material changes in internal controls over financial reporting pursuant to NI 52-109. They concluded that there were no changes to the Corporation's internal controls over financial reporting that have materially affected or were likely to materially affect the Corporation's internal controls over financial reporting.

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.

NEW ACCOUNTING STANDARDS ADOPTED

Goodwill and Intangible Assets

Section 3064 Goodwill and Intangible Assets, is effective for periods beginning on or after October 1, 2008. This section, which replaces Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions have been adopted and included in Parkland's financial statements.

FUTURE ACCOUNTING STANDARDS TO BE ADOPTED

International Financial Reporting Standards ("IFRS")

The Accounting Standards Board has announced that Canadian publicly accountable enterprises will be required to adopt IFRS effective January 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. A diagnostic analysis on Parkland's 2008 Financial Statements was performed near the end of 2008. The diagnostic identified the key accounting changes that Parkland would expect as a result of IFRS transition. Parkland has undertaken a project to assess the potential impacts of the transition to IFRS and has established a project team led by financial management to plan for and achieve a smooth transition to IFRS. The project team is developing a detailed project plan to ensure compliance with the new standards. Regular progress reports on the status of Parkland's IFRS implementation project are provided to the project Steering Committee and to the Audit Committee of the Board of Directors. An international consulting firm has been engaged to provide technical accounting advice and project management guidance in the conversion to IFRS.

Future Accounting Pronouncements

In October 2008, the CICA issued Handbook Section 1582, Business Combinations ("CICA 1582"), concurrently with Handbook Sections 1601, Consolidated Financial Statements ("CICA 1601"), and 1602, Non-controlling Interests ("CICA 1602"). CICA 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for Parkland's interim and annual consolidated financial statements commencing on January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. Parkland is assessing the impact of the new standards on its consolidated financial statements.

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, September 30	Bank indebtedness, bank loans and notes payable	Operating leases	Capital leases
2010	8,542	2,207	645
2011	47,298	1,808	572
2012	46,997	1,125	489
2013	-	802	346
2014	-	562	164
Thereafter	-	1,732	595
	102,838	8,236	2,811

The Fund also has purchase commitments under its fuel supply contracts that require the purchase of approximately 1.0 billion litres of product over the next year.

UNITS OUTSTANDING

On November 18, 2008, Parkland commenced a Normal Course Issuer Bid ("NCIB"), under which it is entitled to purchase up to a maximum of 4,134,661 Fund units in a 12 month period. During the fourth quarter of 2008, Parkland repurchased 765,100 Fund units at an average of $5.92 per Fund unit. The funding for the NCIB was from the Fund's cash and cash equivalents balance. The NCIB will terminate on November 17, 2009 or such earlier date on which Parkland completes its purchases of Fund units under the NCIB or terminates the NCIB at its option.

As at September 30, 2009, Parkland had 50.2 million units outstanding, 0.6 million unit options outstanding and 0.7 million restricted units unvested. All of the options outstanding are currently exercisable into units.

CONSOLIDATED BALANCE SHEET

($000's)	**September 30 2009**	December 31 2008
ASSETS		
Current Assets		
Cash and cash equivalents	**4,851**	19,529
Accounts receivable	**109,466**	112,927
Income tax recoverable	**-**	313
Inventories	**49,892**	34,666
Prepaid expenses and other	**6,400**	6,796
	170,609	174,231
Property, plant and equipment (Note 3)	**202,362**	195,917
Intangible assets	**33,317**	17,619
Goodwill	**27,362**	13,500
Other long-term assets	**2,069**	2,699
Future income taxes	**1,522**	1,522
	437,241	405,488
LIABILITIES		
Current Liabilities		
Bank indebtedness	**9,000**	40,000
Accounts payable and accrued liabilities	**110,054**	73,595
Distributions declared and payable	**5,270**	5,295
Income tax payable	**1,680**	-
Deferred revenue	**1,836**	3,260
Long-term debt - current portion (Note 4)	**736**	3,224
	128,576	125,374
Long-term debt (Note 4)	**95,912**	70,151
Refinery remediation accrual	**6,422**	6,107
Asset retirement obligations	**2,993**	3,094
Future income taxes	**9,034**	9,206
	242,937	213,932
UNITHOLDERS' CAPITAL (Note 5)		
Class B Limited Partners' Capital	**3,010**	3,153
Class C Limited Partners' Capital	**55,057**	53,461
Unitholders' Capital	**136,237**	134,942
	194,304	191,556
	437,241	405,488

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND OTHER COMPREHENSIVE INCOME, ACCUMULATED OTHER COMPREHENSIVE INCOME AND RETAINED EARNINGS

($000's except Unit and per Unit amounts)	Three months ended September 30, 2009	2008	Nine months ended September 30, 2009	2008
Net sales and operating revenue	**543,084**	734,090	**1,477,622**	1,823,595
Cost of sales	**482,484**	682,519	**1,284,991**	1,667,582
Gross profit	**60,600**	51,571	**192,631**	156,013
Expenses				
Operating and direct costs	**25,795**	21,350	**78,012**	65,066
Marketing, general and administrative	**13,362**	10,294	**37,477**	34,810
Amortization	**9,875**	7,267	**28,090**	21,238
Refinery remediation	**105**	-	**315**	-
Accretion expense	**21**	-	**64**	-
Interest on long-term debt	**1,594**	1,241	**3,706**	3,474
(Gain) loss on disposal of property, plant and equipment	**1,295**	(32)	**(359)**	93
	52,047	40,120	**147,305**	124,681
Earnings before income taxes	**8,553**	11,451	**45,326**	31,332
Income tax expense (recovery)				
Current	**(1,100)**	(1,255)	**2,000**	(2,993)
Future	**(400)**	(344)	**(800)**	37
	(1,500)	(1,599)	**1,200**	(2,956)
Net earnings	**10,053**	13,050	**44,126**	34,288
Other comprehensive income	**-**	-	**-**	-
Comprehensive income	**10,053**	13,050	**44,126**	34,288
Accumulated other comprehensive income, beginning of period	**-**	-	**-**	-
Other comprehensive income	**-**	-	**-**	-
Accumulated other comprehensive income, end of period	**-**	-	**-**	-
Retained earnings, beginning of period	**-**	-	**-**	-
Allocation to Class B Limited Partners (Note 5)	**(517)**	(2,117)	**(2,489)**	(5,722)
Allocation to Class C Limited Partners (Note 5)	**(1,078)**	(1,358)	**(4,677)**	(3,589)
Allocation to Unitholders (Note 5)	**(8,458)**	(9,575)	**(36,960)**	(24,977)
Retained earnings, end of period	**-**	-	**-**	-
Net earnings per Unit				
- basic	**$0.20**	$0.26	**$0.88**	$0.68
- diluted	**$0.20**	$0.26	**$0.88**	$0.68
Units outstanding (Note 5)			**50,192**	50,356

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

($000's)	Three Months ended September 30, 2009	2008	Nine Months ended September 30, 2009	2008
Cash Provided By Operations				
Net earnings	**10,053**	13,050	**44,126**	34,288
Add (deduct) non-cash items				
Amortization	**9,875**	7,267	**28,090**	21,238
(Gain) loss on disposal of property, plant and equipment	**1,295**	(32)	**(359)**	93
Unit incentive compensation (Note 5)	**832**	732	**2,498**	2,027
Refinery remediation accrual	**105**	-	**315**	-
Accretion expense	**21**	108	**64**	346
Future taxes	**(400)**	(344)	**(800)**	37
Funds flow from operations	**21,781**	20,781	**73,934**	58,029
Net changes in non-cash working capital (Note 11)	**(6,997)**	(30,820)	**34,482**	(24,592)
Cash from operating activities	**14,784**	(10,039)	**108,416**	33,437
Financing Activities				
Long-term debt repayments	**(62)**	(228)	**(310)**	(5,527)
Distributions to Class B Limited Partners (Note 5)	**(814)**	(2,573)	**(2,632)**	(7,950)
Distributions to Class C Limited Partners (Note 5)	**(1,694)**	(1,650)	**(5,016)**	(4,977)
Distributions to Unitholders (Note 5)	**(13,299)**	(11,637)	**(39,577)**	(34,608)
Fund Units issued (Note 5)	**404**	227	**1,414**	1,246
Proceeds from long-term debt	**-**	15,968	**23,452**	60,968
Net changes in non-cash working capital (Note 11)	**4**	6	**(31,025)**	(7,137)
Cash (used for) from financing activities	**(15,461)**	113	**(53,694)**	2,015
Investing Activities				
Acquisition of Columbia Fields (Note 8)	**(266)**	-	**(33,472)**	-
Acquisition of Wiebe Transport	**-**	-	**-**	(6,899)
Acquisition of NOCO Energy Fuel Marketing Business	**-**	(91)	**-**	(8,808)
Acquisition of Anmart Fuels Fuel Marketing Business (Note 9)	**(4,812)**	-	**(4,812)**	-
Change in other assets	**(45)**	(166)	**630**	(790)
Purchase of property, plant and equipment	**(12,812)**	(8,778)	**(26,950)**	(17,320)
Proceeds on sale of property, plant and equipment	**136**	376	**2,404**	725
Acquisition of Imperial Oil Customer Volume (Note 7)	**-**	-	**(7,200)**	-
Cash used for investing activities	**(17,799)**	(8,659)	**(69,400)**	(33,092)
Increase (decrease) in cash and cash equivalents	**(18,476)**	(18,585)	**(14,678)**	2,360
Cash and cash equivalents, beginning of period	**23,327**	27,241	**19,529**	6,296
Cash and cash equivalents, end of period	**4,851**	8,656	**4,851**	8,656

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009
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

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The unaudited interim Consolidated Financial Statements include the accounts of Parkland Income Fund and its subsidiaries, partnerships and trusts (collectively the "Fund").

The notes presented in these unaudited interim Consolidated Financial Statements include only significant events and transactions occurring since the Fund's last fiscal year 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, 2008.

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

2. CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

The Canadian Institute of Chartered Accountants ("CICA") issued Handbook section 3064 Goodwill and Intangible Assets which is effective for periods beginning on or after October 1, 2008. This section, which replaces Section 3062 Goodwill and Other Intangible Assets and Section 3450 Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions have been adopted and included in these financial statements.

Future accounting pronouncements

In October 2008, the CICA issued Handbook Section 1582, Business Combinations ("CICA 1582"), concurrently with Handbook Sections 1601, Consolidated Financial Statements ("CICA 1601"), and 1602, Non-controlling Interests ("CICA 1602"). CICA 1582, which replaces CICA Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces CICA Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than noncontrolling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Fund's interim and annual consolidated financial statements commencing on January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The Fund is assessing the impact of the new standards on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has adopted a strategy to apply IFRS to publicly accountable enterprises in the future. In May 2007, the AcSB published an updated version of its "Implementation Plan for Incorporating International Financial Reporting Standards into Canadian GAAP". This plan includes an outline of the key decisions that the AcSB will need to make as it implements the Strategic Plan for publicly accountable enterprises. One step in the implementation plan is for the AcSB to conduct a Progress Review to determine if the changeover date to IFRS for fiscal years beginning on or after January 1, 2011 continues to be appropriate. The AcSB has commenced these activities and published its initial plan “Progress Review - Steps to IFRS Incorporation into Canadian GAAP” in July 2007.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On February 13, 2008, the AcSB confirmed the transition date of January 1, 2011. The transition date of January 1, 2011, will require the Fund to restate for comparative purposes amounts reported for the year ended December 31, 2010. The Fund is still investigating the impact of the adoption of IFRS on its financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

September 30, 2009	**Cost**	**Accumulated Amortization**	**Net Book Value**
Land	**30,691**	**-**	**30,691**
Land improvements	**11,697**	**3,410**	**8,287**
Buildings	**59,029**	**15,921**	**43,108**
Assets under capital lease	**14,095**	**10,365**	**3,730**
Equipment	**196,470**	**79,924**	**116,546**
	311,982	**109,620**	**202,362**

December 31, 2008	Cost	Accumulated Amortization	Net Book Value
Land	29,455	-	29,455
Land improvements	10,720	3,141	7,579
Buildings	52,012	14,645	37,367
Assets under capital lease	12,675	9,551	3,124
Equipment	184,609	66,217	118,392
	289,471	93,554	195,917

4. LONG-TERM DEBT

	September 30 2009	December 31 2008
Bank loans	**110**	167
Extendible facility	**93,432**	71,825
Mortgage payable	**295**	-
Capital lease obligations	**2,811**	1,383
	96,648	73,375
Less current portion	**736**	3,224
	95,912	70,151

On June 16, 2009, the Fund renewed the Extendible Facility, including bank indebtedness and letters of credit. This facility is a revolving extendible credit facility up to a maximum amount of $265 million, with interest only payable at the bank's prime lending rate plus 2.5 to 3.25 percent per annum. The Extendible Facility is subject to renewal on June 16, 2010 at which time it can be extended at the Fund or lender's option for 364 days. If the Extendible Facility is not extended, all amounts outstanding are repayable in eight equal and consecutive quarterly instalments, commencing on the last day of the third month following the then maturity date. The facility also incurs standby fees for any unused portion of the facility at a rate of 0.65% to 0.75% depending on the ratio of funded debt to EBITDA. Security for the Extendible Facility is assignment of insurance and an unlimited guarantee from the secured entities.

The fund has outstanding letters of credit totaling $31.6 million (December 31, 2008 - $31.6 million) which mature at various dates to September 15, 2010. The Fund's credit facility provides for letters of credit to a maximum of $45.0 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. UNITHOLDERS' CAPITAL

An unlimited number of Fund Units and LP Units may be created and issued, pursuant to the Fund Declaration of Trust and the Amended and Restated Limited Partnership Agreement, respectively, as outlined in the Plan of Arrangement.

Fund Units represent an undivided interest in the Fund. LP Units represent a partnership interest in Parkland Holdings Limited Partnership and are exchangeable on a one-for-one basis into Fund Units. Both Fund Unitholders and LP Unitholders are entitled to vote at meetings of the Fund and are entitled to distributions from time to time as determined by the Board of Directors.

	Nine months ended September 30, 2009		Year ended December 31, 2008	
	Number of Units *(000's)*	Amount	Number of Units *(000's)*	Amount
Class B Limited Partnership Units				
Balance, beginning of period	**2,885**	**3,153**	8,534	12,606
Allocation of retained earnings	**-**	**2,489**	-	6,298
Distribution to partners	**-**	**(2,632)**	-	(8,860)
Exchanged for Fund Units	**(308)**	**-**	(5,649)	(6,891)
Balance, end of period	**2,577**	**3,010**	2,885	3,153
Class C Limited Partnership Units				
Balance, beginning of period	**5,238**	**53,461**	5,165	54,121
Issued on capital acquisition, net of issue costs	**208**	**1,935**	167	2,320
Allocation of retained earnings	**-**	**4,677**	-	4,634
Distribution to partners	**-**	**(5,016)**	-	(6,627)
Exchanged for Fund Units	**(137)**	**-**	(94)	(987)
Balance, end of period	**5,309**	**55,057**	5,238	53,461
Fund Units				
Balance, beginning of period	**41,542**	**134,942**	36,287	141,978
Allocation of retained earnings	**-**	**36,960**	-	33,409
Issued on vesting of restricted units	**136**	**-**	89	-
Unit incentive compensation	**-**	**2,498**	-	2,390
Issued for cash, net of issue costs	**4**	**35**	-	-
Issued under distribution reinvestment plan	**106**	**915**	107	1,089
Issued under unit option plan	**73**	**464**	81	647
Distribution to unitholders	**-**	**(39,577)**	-	(47,929)
Exchange of Limited Partnership Units	**445**	**-**	5,743	7,878
Units repurchased	**-**	**-**	(765)	(4,520)
Balance, end of period	**42,306**	**136,237**	41,542	134,942
	50,192	**194,304**	49,665	191,556

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Unit Option Plan

The Fund has a Unit Option Plan under which the Fund may grant up to 3,600,000 Unit options to directors, officers, employees and consultants. The maximum number of options is reduced by the number of Units allocated to the Restricted Unit Plan. The Unit options have a 10 year term and, with limited exceptions, vest proportionally over the first three anniversary dates following the grant.

The table below represents the status of the Fund's Unit Option Plan as at September 30, 2009 and the changes therein for the periods then ended:

	Nine months ended September 30, 2009		Year ended December 31, 2008	
	Number of Units *(000's)*	**Weighted Average Exercise Price**	Number of Units (000's)	Weighted Average Exercise Price
Option units, beginning of period	**682**	**$ 6.58**	779	$ 6.60
Exercised	**(70)**	**6.35**	(97)	6.68
Option units, end of period	**612**	**$ 6.61**	682	$ 6.58
Exercisable options, end of period	**612**	**$ 6.61**	682	$ 6.58

Exercise prices for outstanding options at September 30, 2009 have the following ranges: 76,506 from $4.15 - $5.87, 147,496 from $6.32 - $6.68 and 388,013 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 three to six 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 (2008 - $0.2 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, 2008 and 2009 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 September 30, 2009 and the changes therein for the period then ended:

	Nine months ended September 30, 2009		Year ended December 31, 2008	
	Number of Units *(000's)*	**Weighted Average Unit Price**	Number of Units *(000's)*	Weighted Average Unit Price
Restricted Units, beginning of period	**339**	**$ 12.70**	294	$ 10.62
Granted	**506**	**6.40**	152	15.89
Issued	**(136)**	**12.81**	(88)	10.97
Cancelled	**(24)**	**13.33**	(19)	13.93
Restricted Units, end of period	**685**	**$ 8.28**	339	$ 12.70

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 2009 is $2.9 million (2008 - $2.4 million). The compensation cost that has been included in marketing, general and administrative expenses for the nine months ended September 30, 2009 is $2.6 million (2008 - $1.9 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 the Fund'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.

The Fund currently targets a Net Debt to Capitalization ratio of below 50% and is calculated as follows:

	September 30 2009	December 31 2008
Bank indebtedness	**9,000**	40,000
Long-term debt, including current portion	**96,648**	73,375
Cash and cash equivalents	**(4,851)**	(19,529)
Net Debt	**100,797**	93,846
Unitholders' Capital	**194,304**	191,556
Capitalization	**295,101**	285,402
Net Debt to Capitalization	**34%**	33%

The Fund's Net Debt to Capitalization ratio increased to 34% from 33% at December 31, 2008 primarily due decreasing cash balances to fund acquisitions and working capital.

The Fund currently targets a Net Debt to EBITDA of less than 2.0 times. This target may be periodically exceeded if strategic acquisitions are available. At September 30, 2009, the Net Debt to EBITDA was 1.00 times (December 31, 2008 - 1.16 times) calculated on a trailing twelve-month basis as follows:

	September 30 2009	December 31 2008
Net Debt	**100,797**	93,846
Net earnings	**54,179**	44,341
Add		
Interest on long-term debt	**5,063**	4,831
Income tax expense	**4,983**	827
Refinery remediation	**709**	394
Accretion expense	**177**	113
(Gain) loss on disposal of property, plant and equipment	**(108)**	344
Amortization	**37,211**	30,359
EBITDA	**102,214**	81,209
Net Debt to EBITDA	**0.99**	1.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 its capital structure.

The Fund's capital management objectives, evaluation measures, definitions and targets have remained unchanged over the period presented. The Fund 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 up to December 31, 2010 based on the Fund's market capitalization on October 31, 2006.

The Fund's allowed cumulative growth capital at September 30, 2009 was approximately $340 million. The Fund has used approximately $163 million to date. If the maximum equity growth allowed is exceeded, the Fund may be subject to trust taxation prior to 2011.

7. ACQUISITION OF IMPERIAL OIL CUSTOMER VOLUME

On January 15, 2009 the Fund acquired the fuel supply and marketing business for 40 stations from Imperial Oil. The transaction was effective October 15, 2008 and was accounted for using the purchase method with the allocation of the purchase price as follows:

	(000's)
Estimated fair value of net assets acquired:	
Intangible assets	7,200
	7,200
Consideration:	
Cash paid to vendor	7,200
	7,200

8. ACQUISITION OF FUEL DISTRIBUTION BUSINESS OF COLUMBIA FUELS LTD.

On June 15, 2009 the Fund acquired the fuel distribution business of Columbia Fuels Ltd., a company specializing in home heating oil, bulk petroleum and bio fuels based in Victoria, BC. The transaction was accounted for using the purchase method with the allocation of the purchase price as follows:

	(000's)
Estimated fair value of net assets acquired:	
Intangible asset - customer relationships	4,100
Intangible asset - non compete agreement	200
Goodwill	13,670
Property, plant and equipment	12,265
Future income tax liability	(600)
Working capital	7,613
	37,248
Consideration:	
Cash paid to vendor	21,721
Capital lease liabilities assumed	1,841
Loan paid out	10,347
Class C Limited Partnership Units	1,935
Acquisition costs	1,404
	37,248

The effective date of the transaction was June 1, 2009. The Fund issued 208,045 Class C Limited Partnership units valued at $9.30 per unit. The units were valued using the 10 day weighted average market price based on the closing price 5 days before and 5 days after the announcement date of the acquisition. Goodwill and Intangible Assets have a tax basis of $4,813,667.

In the third quarter the Fund adjusted the purchase price allocation for Columbia Fuels Ltd in order to capture revisions to the acquired asset fair market values as well as the costs of acquisition.

9. ACQUISITION OF FUEL MARKETING BUSINESS OF ANMART FUELS

On July 8, 2009 the Fund acquired the fuel marketing business of Anmart Fuels. The transaction was accounted for using the purchase method with the allocation of the purchase price as follows:

	(000's)
Estimated fair value of net assets acquired:	
Intangible asset - customer relationships	450
Intangible asset - non compete agreement	25
Goodwill	192
Property, plant and equipment	1,813
Working capital	2,332
	4,812
Consideration:	
Cash paid to vendor	4,700
Acquisition costs	112
	4,812

The effective date of the transaction was May 31, 2009. The above purchase price allocation is subject to change.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Values

The fair value of cash and cash equivalents, accounts receivable, tax payable, distributions payable, bank indebtedness, deferred revenue and accounts payable and accrued liabilities are equal to their carrying values due to their short term maturities. The fair value of the extendible facility and operating line of credit equal their carrying values as their interest rates fluctuate with the prime lending rate. The carrying values and fair values of bank loans, capital lease obligations and mortgages and loans receivable are as follows:

	As at September 30, 2009		As at December 31, 2008	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Bank loans	**405**	**407**	167	169
Capital lease obligations	**2,811**	**3,669**	1,383	1,827
Mortgages and loans receivable	**3,027**	**2,967**	2,699	2,571

Fair value of bank loans, capital lease obligations and mortgages and loans receivable are estimated using discounted cash flow analysis based upon incremental borrowing rates for similar borrowing arrangements.

The Fund does not have a significant credit exposure to any individual customer. The Fund reviews each new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance.

Mortgages and loans receivable are receivable in monthly instalments of $79,764 (2008 - $75,334), bear interest at rates ranging between nil and 10.75 percent (2008 - nil and 10.75 percent) and are secured by specific assets of the mortgage.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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. In light of the current market conditions, the Fund's credit department has been expanded and policies strengthened to control the credit granting process. The Fund performs ongoing credit evaluations of its customers and outstanding debts are regularly monitored. At September 30, 2009, the provision for impairment of credit losses was $4.1 million.

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.

A one percent change to interest rates would have caused an increase or decrease to earnings by $0.4 million as at September 30, 2009.

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 that the Fund will encounter difficulties in meeting its short term financial 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 September 30, 2009, the Fund had available unused credit facilities in the amount of $124 million. The Fund believes it has sufficient funding through the use of these facilities to meet foreseeable borrowing requirements.

11. NET CHANGES IN NON-CASH WORKING CAPITAL

	Three months ended September 30		Nine months ended September 30	
	2009	2008	**2009**	2008
Accounts receivable	**5,189**	(9,341)	**17,063**	(51,673)
Inventories	**(2,710)**	8,356	**(12,268)**	(4,804)
Prepaid expenses and other	**(1,867)**	(1,318)	**638**	(1,992)
Income taxes recoverable	**-**	(6,901)	**313**	(1,025)
Accounts payable and accrued liabilities	**(7,575)**	(21,920)	**28,848**	38,481
Income taxes payable	**(645)**	-	**1,680**	(1,716)
Deferred revenue	**611**	304	**(1,792)**	(1,863)
Total for operating activities	**(6,997)**	(30,820)	**34,482**	(24,592)
Operating line of credit	**-**	-	**(31,000)**	9,750
Distributions declared and payable	**4**	6	**(25)**	(16,887)
Total for financing activities	**4**	6	**(31,025)**	(7,137)
Other cash flow information				
Cash taxes paid	**-**	62	**-**	715
Cash interest paid	**1,594**	1,241	**3,706**	3,474

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. SEGMENTED INFORMATION

The Fund's operations have been predominantly in fuel marketing and convenience store sales. With acquisitions in the past three years the Fund has expanded it's sales in propane, fertilizer, lubricants, home heating oil, other agricultural inputs and industrial products and services.

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.

Three months ended September 30	Fuel Marketing	Convenience Store Merchandise	Commercial	Total
2009				
Net sales and operating revenue	**512,153**	**12,816**	**18,115**	**543,084**
Cost of sales	**460,455**	**9,445**	**12,584**	**482,484**
Gross profit	**51,698**	**3,371**	**5,531**	**60,600**
2008				
Net sales and operating revenue	697,904	16,676	19,510	734,090
Cost of sales	657,430	12,055	13,034	682,519
Gross profit	40,474	4,621	6,476	51,571

Nine months ended September 30	Fuel Marketing	Convenience Store Merchandise	Commercial	Total
2009				
Net sales and operating revenue	**1,366,466**	**40,073**	**71,083**	**1,477,622**
Cost of sales	**1,204,639**	**29,636**	**50,716**	**1,284,991**
Gross profit	**161,827**	**10,437**	**20,367**	**192,631**
2008				
Net sales and operating revenue	1,707,898	46,821	68,876	1,823,595
Cost of sales	1,589,494	34,390	43,698	1,667,582
Gross profit	118,404	12,431	25,178	156,013

13. RELATED PARTY TRANSACTIONS

The Fund receives legal services from Bennett Jones LLP where a director of the Fund is a partner. The fees paid during the first nine months of 2009 amounted to $0.5 million (2008 - $0.4 million).

These transactions are 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.

14. COMPARATIVE FIGURES

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

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION

(Unaudited)

	Three months ended September 30 2009	2008	Nine months ended September 30 2009	2008
VOLUME ***(millions of litres)***				
Retail gas and diesel				
Retail branded distributorship	**191**	129	**530**	313
Company controlled	**114**	108	**331**	311
Dealer operated buy/sell	**53**	63	**144**	158
Dealer operated commission	**27**	29	**77**	80
	385	329	**1,082**	862
Wholesale gas and diesel	**350**	294	**948**	828
Propane	**21**	24	**94**	102
Intersegment sales	**(44)**	(39)	**(110)**	(103)
Total fuel volume	**712**	608	**2,014**	1,689
NET SALES AND OPERATING REVENUE ***(millions of Canadian dollars)***				
Retail gas and diesel				
Retail branded distributorship	**142.0**	137.4	**372.1**	324.0
Company controlled	**91.5**	119.4	**247.8**	327.3
Dealer operated buy/sell	**39.6**	66.9	**100.2**	161.7
Dealer operated commission	**21.9**	32.3	**58.1**	84.4
	295.0	356.0	**778.2**	897.4
Wholesale gas and diesel	**241.2**	368.7	**621.6**	852.1
Propane	**8.0**	9.5	**42.4**	58.9
Fuel sales	**544.2**	734.2	**1,442.2**	1,808.4
Convenience store merchandise sales	**12.8**	16.7	**40.1**	46.8
Commercial sales	**18.1**	19.5	**71.1**	68.9
Total gross sales and operating revenue	**575.1**	770.4	**1,553.4**	1,924
Intersegment sales	**(32.0)**	(36.3)	**(75.8)**	(100.5)
Total net sales and operating revenue	**543.1**	734.1	**1,477.6**	1,823.6
Gross profit	**60.6**	51.6	**192.6**	156.0
Less: Convenience store merchandise gross profit	**3.4**	4.6	**10.4**	12.4
Gross profit on commercial sales	**5.5**	6.5	**20.4**	25.2
Other revenue included in gross profit	**5.5**	4.0	**15.2**	8.7
Fuel gross profit	**46.2**	36.5	**146.6**	109.7
Cents per litre	**$ 0.0649**	$ 0.0599	**$ 0.0728**	$ 0.0650
FUEL GROSS PROFIT				
Retail gas and diesel				
Retail branded distributorship	**8.4**	3.2	**22.7**	13.2
Company controlled	**14.1**	10.9	**38.8**	31.5
Dealer operated buy/sell	**2.6**	1.7	**6.3**	6.0
Dealer operated commission	**3.5**	2.5	**8.8**	7.8
	28.6	18.3	**76.0**	58.5
Commercial fuel (Note 1)	**17.6**	18.2	**70.0**	51.2
Total fuel gross profit	**46.2**	36.5	**146.6**	109.7

Note 1 - Commercial fuel gross profit includes the gross profit from sales to commercial customers, Parkland's share of refiners' margins and any FIFO inventory valuation adjustments.

CORPORATE INFORMATION

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 612 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 Alberta, British Columbia and the Yukon Territory under the Neufeld, United Petroleum, Columbia and Great Northern Oil brands. Additionally, Parkland operates the Bowden refinery near Red Deer, Alberta as a storage and contract-processing site.

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.

CORPORATE INFORMATION

HEAD OFFICE

Suite 236, Riverside Office Plaza
4919 - 59th Street
Red Deer, Alberta T4N 6C9
Tel: (403) 357-6400
Fax: (403) 352-0042
Email: corpinfo@parkland.ca
Website: www.parkland.ca

BANKER

HSBC Bank Canada
108, 4909 - 49th Street
Red Deer, Alberta T4N 1V1

AUDITORS

PricewaterhouseCoopers LLP
3100, 111 - 5th Avenue SW
Calgary, Alberta T2P 5L3

LEGAL COUNSEL

Bennett Jones LLP
4500, Bankers Hall East
855 - 2nd Avenue SW
Calgary, Alberta T2P 4K7

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Trading Symbol: PKI.UN

REGISTRAR AND TRANSFER AGENT

Valiant Trust Company
310, 606 - 4th Street SW
Calgary, Alberta T2P 1T1

DIRECTORS

John F. Bechtold
Robert G. Brawn
Michael W. Chorlton
Jim Dinning
Alain Ferland
Kris Matthews
Jim Pantelidis
Ron Rogers
David A. Spencer

OFFICERS

Michael W. Chorlton
President and CEO

Kenneth J. Grondin
Vice President and CFO
Corporate Secretary

Philip L. Szabo
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.

PARKLAND INCOME FUND
Suite 236, Riverside Office Plaza
4919 - 59th Street
Red Deer, Alberta T4N 6C9

www.parkland.ca