



TRIMAC INCOME FUND
ANNUAL REPORT FOR YEAR ENDED DECEMBER 31, 2008

March 12, 2009

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LETTER TO UNITHOLDERS

2008 RESULTS

In 2008, our western division benefited from its product line diversity and the positive economic conditions that prevailed in many of the industries and product lines it serves. The western division recorded its highest annual EBITDA since our initial public offering in 2005.

In the eastern division, the weak economic environment in central Canada resulted in reduced volumes with existing customers and downward rate pressure. Contributing to a further reduction in revenue was the non-recurrence of a short-term contract in 2007. Despite these significant headwinds the division remained profitable in 2008.

Trimac's Bulk Plus Logistics (BPL) division achieved increased profitability, despite a significantly lower revenue base. Improved profitability resulted from new contracts secured during 2008.

Overall for the year, after adjusting for the one-time prior-year's gain on sale of a non-strategic facility, Trimac delivered improved earnings before tax. Trimac's proven business model of diversification by customer, industry, product line and geography once again delivered results consistent with our historical track record.

ACQUISITION STRATEGY

We are very pleased with our December 5, 2008 purchase of Canamera Carriers Inc. (CCI). CCI operates out of Yorkton, Saskatchewan and provides transportation and warehousing of fertilizer throughout western Canada. The acquisition of CCI fits well within Trimac's diversification strategy by providing expanded services in the fertilizer and agricultural product business and expanding our footprint in the Saskatchewan marketplace.

OUTLOOK

As Trimac's management team looks ahead through 2009, we are proceeding with caution. Controls are in place to reduce capacity and maintain costs consistent with levels of business activity. Trimac's ongoing and planned capital purchases in 2009 continue to be monitored and contain the flexibility to respond to changes in demand. Distributions have been reduced to maintain financial flexibility and increase cash reserves to cover potential risks and capitalize on opportunities that may arise. Adding to Trimac's financial flexibility is a conservative debt level of 1.6 times EBITDA as at December 31, 2008.

Trimac has operated for more than 60 years, during which time Trimac has navigated through many economic cycles and has continued to succeed and thrive. Trimac's diversification by customer, industry, product, and geographical area mitigates some of the risks posed by the current economic downturn, which chiefly include reduced customer demand for Trimac's services. Trimac also benefits from its engaged employees, a good safety record, long-term and high-quality customers, a strong balance sheet, and an experienced management team that is well-prepared to face and work through the uncertain economic conditions being faced in 2009.



Jeffrey J. McCaig

Chairman of the Board, President
& Chief Executive Officer
Trimac Transportation Services Inc.

March 12, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year ended December 31, 2008

This management's discussion and analysis (MD&A) is intended to assist in the understanding and assessment of the trends and significant changes in the results of operations and financial condition of Trimac Transportation Services Limited Partnership (the "Partnership" or "Trimac") and Trimac Income Fund (the "Fund").

This MD&A should be read in conjunction with the Fund and the Partnership's consolidated financial statements and accompanying notes thereto for the year ended December 31, 2008 and other public disclosure documents of the Fund that can be found on SEDAR at www.sedar.com. The consolidated financial statements and the accompanying notes of the Partnership and the Fund were prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are expressed in Canadian dollars.

This discussion contains certain forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements. In addition, this discussion makes reference to certain measures that are not defined by GAAP, such as EBITDA, to assist in assessing the Partnership's financial performance. The non-GAAP measures may not be comparable to similar measures presented by other issuers.

The Partnership provides bulk-trucking services throughout Canada and complementary logistics services in Canada and the United States. In this MD&A, the use of "we", "us", "our" or "Trimac" means the Partnership and its subsidiaries.

This MD&A is dated March 12, 2009.

THE FUND

The Fund is an unincorporated open-ended trust established under the laws of the Province of Alberta pursuant to the Declaration of Trust dated January 7, 2005 as amended and restated by the Amended and Restated Declaration of Trust dated February 17, 2005. The Fund has been created to invest, through TIF Commercial Trust (the "Trust"), a wholly-owned trust of the Fund, in the Partnership's bulk trucking and logistics businesses, through the acquisition of a non-controlling interest in the Partnership and in shares of Trimac Transportation Services Inc. (TTSI), the general partner of the Partnership.

The Fund commenced operations on February 25, 2005 through the completion of an \$86.0 million initial public offering (IPO). On March 9, 2005, the underwriters of the offering exercised their over-allotment option by subscribing for additional units for gross proceeds of \$4.3 million.

THE PARTNERSHIP

Trimac is Canada's largest bulk trucking services provider, with operations from coast to coast. Trimac is engaged in transporting a diverse range of products for a large, well-established customer base. Products transported by Trimac include chemicals, petroleum, cement, edible dry and liquid products, asphalt, compressed gases, woodchips and other wood residual products. Trimac also provides complementary logistics services through its subsidiary Bulk Plus Logistics (BPL), including distribution management, freight brokerage services and transloading facility operations. Headquartered in Calgary, Alberta, the Partnership provides Canadian domestic and international cross-border bulk trucking services. BPL operates its logistics business across Canada and in the United States.

The trucking business is managed through two divisions (western and eastern) that are primarily geographic in composition. BPL's business includes North American logistics services in related product lines as noted above. BPL is managed and reported as a separate division.

INTERNAL CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures within the Fund have been designed to provide reasonable assurance that all relevant information is identified to management and the Disclosure Policy Committee to ensure appropriate and timely decisions are made regarding public disclosure.

As of December 31, 2008, an evaluation of the design and effectiveness of the operation of Trimac Income Fund's disclosure controls and procedures has been conducted by management, under the supervision of the CEO and CFO. Based on this evaluation, the CEO and CFO concluded that the Fund's disclosure controls and procedures, as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, provide reasonable assurance that: (a) information required to be disclosed by the Fund in its annual filings or other reports filed and submitted under applicable securities legislation is recorded, processed, summarized and reported within the prescribed periods; and (b) material information regarding the Partnership is accumulated and communicated to management in a timely manner.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting has been designed, based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, to provide reasonable assurance regarding the reliability of the Fund's financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Management, under the supervision of the CEO and CFO, has evaluated the effectiveness of the Fund's internal control over financial reporting using the framework described above. Based on this evaluation, the CEO and CFO have concluded that internal control over financial reporting was effective as of December 31, 2008.

CHANGES IN INTERNAL CONTROL

There have been no changes in internal controls during the period beginning October 1, 2008 and ended on December 31, 2008 that have materially affected, or are reasonably likely to materially affect, Trimac's internal control over financial reporting.

2008 ANNUAL FINANCIAL REVIEW**SELECT ANNUAL INFORMATION**

(millions of dollars except per unit amounts)

Years ended December 31,	2008	2007	2006
Partnership			
Revenue	326.7	330.6	323.4
Operating earnings ⁽¹⁾	19.5	20.9	21.9
Earnings before income taxes ⁽¹⁾	14.6	16.2	17.9
Net earnings ⁽¹⁾⁽²⁾	13.8	17.4	17.0
Cash provided by operations	34.3	36.0	38.3
Total assets	152.7	155.4	157.9
Total long-term debt (including current maturities)	63.4	61.0	58.3
Fund			
Net earnings	5.9	6.2	4.8
Earnings per unit			
– basic	\$ 0.4690	\$ 0.4989	\$ 0.3805
– fully diluted	\$ 0.4690	\$ 0.4989	\$ 0.3805
Cash distributions declared	11.6	11.6	11.5
Cash distributions declared per unit	\$ 0.9252	\$ 0.9252	\$ 0.9168

⁽¹⁾ Includes gain on sale of facilities of \$2.9 million in 2007 and \$0.9 million in 2006.⁽²⁾ Includes a one-time future tax recovery of \$1.7 million in 2007.

FINANCIAL AND OPERATING INFORMATION**THE FUND**

(millions of dollars except unit amounts and number of units)	Three months ended December 31		Year ended December 31	
	2008	2007	2008	2007
Share of earnings of Trimac Transportation Services Limited Partnership	0.8	0.6	3.9	4.5
Interest income	0.7	0.7	2.8	2.8
Administrative costs	(0.1)	(0.2)	(0.8)	(1.1)
Net earnings	1.4	1.1	5.9	6.2
Other comprehensive income (loss) – share of Partnership other comprehensive income (loss)	0.2	–	0.2	(0.1)
Comprehensive income	1.6	1.1	6.1	6.1
Opening unitholders' equity	104.2	109.9	108.1	113.4
Issue of additional units	–	–	0.3	0.2
Distributions	(2.9)	(2.9)	(11.6)	(11.6)
Closing unitholders' equity	102.9	108.1	102.9	108.1
Basic and fully diluted earnings per unit	\$ 0.1088	\$ 0.0875	\$ 0.4690	\$ 0.4989
Weighted average number of units outstanding used in computing basic earnings per unit	12,574,520	12,534,193	12,574,520	12,534,193
Number of units outstanding used in computing diluted earnings per unit	24,980,735	23,928,479	24,980,735	23,928,479

The Fund commenced operations on February 25, 2005 and earnings of the Fund's investment in Trimac have been accounted for using the equity method of accounting from commencement. Under this method, the Fund's share of earnings of Trimac, adjusted for the amortization of certain tangible and intangible assets arising from the use of purchase accounting, is reflected in the statement of earnings of the Fund as "Share of earnings of Trimac Transportation Services Limited Partnership". The results of operations of the Fund are entirely dependent on the performance of the Partnership. The above selected financial and unit information has been derived from, and should be read in conjunction with, the consolidated financial statements of the Fund.

The Fund's net earnings for the year ended December 31, 2008 (the "current year") decreased by \$0.3 million from the \$6.2 million that was recorded in the year ended December 31, 2007 (the "prior year"). Decreased Partnership earnings were partially offset by a reduction in administration costs.

TRIMAC INCOME FUND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Fund recorded earnings of \$3.9 million from the Partnership during the current year, a decrease of \$0.6 million from the prior year. The Fund's share of the Partnership's earnings, as defined in the Partnership Agreement, before amortization of excess purchase price allocation, totaled \$6.1 million, a decrease of \$1.5 million from the \$7.6 million recorded in the prior year. During the current year, the Fund deducted \$2.2 million in excess purchase price amortization from its share of the Partnership's income, a decrease of \$0.9 million from the \$3.1 million deducted in the prior year. The reduction in excess purchase price amortization was as a result of a reduction in amortization of capital assets due to the disposal of a terminal facility in the Partnership in the prior year.

In addition to its Partnership earnings, the Fund received interest income of \$2.8 million in the current year, the same amount as in the prior year, on a \$35.4 million (December 31, 2007 – \$35.1 million) note receivable from TTSI, the Partnership's managing general partner. The interest payment was funded through distributions from the Partnership to TTSI. Administrative costs were \$0.8 million during the current year, \$0.3 million less than the prior year. The decreased administration costs were attributable primarily to reduced consulting costs associated with the implementation of National Instrument 52-109. Unitholders' distributions for the current year were \$11.6 million, the same as in the prior year and were funded by the interest income referred to above and through distributions received from the Partnership of \$9.5 million (2007 – \$9.8 million). The distributions received by the Fund were recorded as a reduction to the Fund's investment in Trimac Transportation Services Limited Partnership.

The Fund's net earnings of \$1.4 million for the three-month period ended December 31, 2008 (the "current period") increased by \$0.3 million over the three month period ended December 31, 2007 (the "prior period"). The increase in net earnings was due to an increase of \$0.2 million in the Fund's share of earnings from the Partnership and a \$0.1 million reduction in administrative costs.

**THE PARTNERSHIP
FINANCIAL HIGHLIGHTS**

(millions of dollars)	Three months ended December 31		Year ended December 31	
	2008	2007	2008	2007
Revenues	78.1	79.3	326.7	330.6
Direct costs	57.8	59.2	240.8	244.0
Selling and administrative	10.5	10.8	45.3	45.7
EBITDA ⁽¹⁾	9.8	9.3	40.6	40.9
Depreciation net of gains on disposal of capital assets ⁽²⁾	5.4	5.7	21.1	20.0
Operating earnings	4.4	3.6	19.5	20.9
Interest expense (net)	1.2	1.1	4.9	4.7
Earnings before taxes	3.2	2.5	14.6	16.2
Income tax expense (recovery) ⁽³⁾	0.2	0.3	0.8	(1.2)
Net earnings	3.0	2.2	13.8	17.4
As a percentage of revenue				
Direct costs	74.0%	74.7%	73.7%	73.8%
Selling and administrative	13.4%	13.6%	13.9%	13.8%
EBITDA ⁽¹⁾	12.5%	11.7%	12.4%	12.4%
Depreciation ⁽²⁾	6.9%	7.2%	6.5%	6.0%
Operating earnings	5.6%	4.5%	6.0%	6.3%

(millions of dollars)	As at December 31,	
	2008	2007
Total assets	152.7	155.4
Total long-term liabilities	47.2	44.7

The above selected financial and operating information has been derived from, and should be read in conjunction with, the consolidated financial statements of the Partnership.

⁽¹⁾ EBITDA (earnings before interest, taxes, depreciation and amortization) is not a recognized measure under GAAP, does not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other issuers. Management believes that EBITDA is a useful complementary measure of cash available for distribution before debt servicing expense, capital expenditures and income taxes.

⁽²⁾ Results in 2007 include a \$2.9 million gain on the disposal of a non strategic facility in the second quarter.

⁽³⁾ Results in 2007 include a \$1.7 million reversal of a previously recorded future tax liability resulting from a corporate reorganization in the second quarter. See "Income tax expense" on page 12 of this MD&A.

DISTRIBUTABLE CASH

The table below illustrates distributable cash to unitholders beginning with net cash provided by the Partnership's operations.

(millions of dollars except unit amounts, certain percentages and number of units)	Three months ended December 31		Year ended December 31	
	2008	2007	2008	2007
Net cash provided by operations	11.9	3.3	36.7	32.7
Net change in non-cash working capital ⁽¹⁾	(3.7)	5.1	(2.4)	3.3
Cash provided by operations	8.2	8.4	34.3	36.0
Less adjustments for:				
Net sustaining capital expenditures (net of proceeds) ⁽²⁾⁽³⁾	(1.3)	(1.6)	(6.2)	(3.0)
Provision for sustaining capital commitments ⁽⁴⁾	–	–	–	(3.9)
Provision for long-term unfunded contractual operational obligations ⁽⁵⁾	–	(0.2)	0.3	(0.5)
Total estimated cash available for distribution (before public expenses)	6.9	6.6	28.4	28.6
Percentage of available cash distributable to unitholders ⁽⁶⁾	50%	52%	50%	52%
Cash available for distribution to unitholders (before public expenses)	3.3	3.3	14.3	14.9
Public expenses ⁽⁷⁾	(0.1)	(0.2)	(0.8)	(1.1)
Distributable cash from operations ⁽²⁾⁽⁸⁾	3.2	3.1	13.5	13.8
Distributions declared and payable	2.9	2.9	11.6	11.6
Distributable cash per unit ⁽²⁾⁽⁸⁾	0.2525	0.2492	1.0733	1.1033
Distributions declared per unit	0.2313	0.2313	0.9252	0.9252
Payout ratio ⁽²⁾⁽⁸⁾	91.6%	92.8%	86.2%	83.9%
Weighted average number of units outstanding	12,574,520	12,534,193	12,574,520	12,534,193
Net capital expenditures				
Sustaining capital expenditures ⁽²⁾	2.1	2.3	9.4	11.2
Proceeds on disposal of replaced assets	(0.8)	(0.7)	(3.2)	(8.2)
Net sustaining capital expenditures ⁽²⁾⁽³⁾	1.3	1.6	6.2	3.0
Growth capital expenditures ⁽²⁾⁽⁹⁾	0.9	1.3	6.5	4.8
	2.2	2.9	12.7	7.8

⁽¹⁾ Changes in non-cash operating assets and liabilities are not included in the calculation of distributable cash. Working capital investments are funded through a combination of cash flow not distributed and the use of credit facilities available to the Partnership.

⁽²⁾ Distributable cash from operations, sustaining capital expenditures, net sustaining capital expenditures, payout ratio, and growth capital expenditures are not measures recognized by GAAP, do not have standardized meanings prescribed by GAAP and may not be comparable to similarly named measures presented by other issuers.

⁽³⁾ Net sustaining capital expenditures refers to capital expenditures, net of proceeds on disposal of assets replaced, which are necessary to sustain current revenue levels. See "Liquidity and Capital Resources – Capital Expenditures."

⁽⁴⁾ This represented the prior-year reversal of a \$1.1 million reserve established in the fourth quarter of 2006 for a facility capital expansion that commenced in 2006. In addition, the Partnership had reserved \$5.0 million of proceeds on the disposal of a non-strategic facility in June 2007 to be used to acquire replacement facilities in a subsequent period.

⁽⁵⁾ Represents a provision for cash requirements relating to a long-term incentive plan and an executive pension liability. During the current year, a partial reversal of \$0.3 million previously provided for was recorded.

⁽⁶⁾ Percentage is equal to weighted average number of units outstanding of 12,574,520 divided by fully diluted units of 24,980,735.

⁽⁷⁾ Represents expenses associated with the Fund's status as a reporting issuer.

⁽⁸⁾ Distributable cash available will fluctuate on a monthly basis due to seasonal cash flows, sustaining capital expenditures incurred, income taxes paid and interest costs on outstanding debt.

⁽⁹⁾ Cash used to fund growth capital expenditures does not affect distributable cash to unitholders where financing is available for these purposes. The Partnership funds growth capital from undistributed cash from operations, cash available from distributions on non-cash exchangeable shares and, to the extent available, existing lines of credit.

During the current year the Partnership's cash provided by operations decreased by \$1.7 million. This was largely offset by a decrease in the provision for unfunded long-term executive compensation plans of \$0.8 million and a reduction in net sustaining capital expenditures of \$0.7 million (including provisions for sustaining capital commitments). The Fund's distributable cash was \$13.5 million in the current year, a decrease of \$0.3 million from the prior year. For the current period, distributable cash from operations was \$3.2 million, a \$0.1 million increase over the prior period. The increase was due to a reduced level of net sustaining capital expenditures and a decrease in unfunded long-term executive plans. This was partially offset by reduced cash provided by operations.

Distributions in the current period were paid using cash generated from operations including cash retained in the business relating to non-cash exchangeable shares. Due to the seasonal nature of the Partnership's business and the timing of sustaining capital purchases, the amount of distributable cash may vary from quarter to quarter. Trimac's Board of Directors approves the level of monthly distributions based upon estimated cash flow on an annual basis, less estimated cash required for debt service, cash taxes, other amounts (including sustaining capital expenditures, working capital and provisions) to stabilize the monthly amount of distributions to unitholders. Growth capital expenditures are funded from undistributed cash from operations, cash available from notional distributions on non-cash exchangeable shares, and, to the extent available, cash and existing lines of credit.

Distributable cash from operations is not a defined term under GAAP but is determined by the Partnership as net cash provided by operations for the period, adjusted to remove specific non-cash items, including changes in working capital, and reduced by sustaining capital expenditures, provisions for funding long-term liabilities, provisions for committed capital purchases in progress and public costs.

Management believes that distributable cash from operations is a useful supplemental measure of performance as it provides investors with an indication of the amount of cash available for distribution to unitholders. Investors are cautioned, however, that distributable cash from operations should not be construed as an alternative to using net income as a measure of profitability or as an alternative to the statement of cash flows. In addition, the Fund's method of calculating distributable cash from operations may not be comparable to calculations used by other issuers.

The Partnership's results are discussed below.

ANNUAL RESULTS

REVENUE

Year ended December 31 (millions of dollars)	2008	2007	Variance	%
Bulk trucking				
Western division	197.8	193.3	4.5	2.3%
Eastern division	112.9	116.4	(3.5)	(3.0%)
Total bulk trucking	310.7	309.7	1.0	0.3%
Bulk Plus Logistics	15.9	20.9	(5.0)	(23.9%)
Other	0.1	–	0.1	–
Total revenue	326.7	330.6	(3.9)	(1.2%)

For the current year, total revenue decreased by \$3.9 million or 1.2 percent from the prior year. Fuel surcharges as a percentage of base trucking revenue totaled approximately 18 percent in comparison to 12 percent in the prior year, resulting in an increase of \$17.3 million. Trimac has fuel surcharge programs in place with substantially all of its customers and the effect of changes in fuel prices has generally been neutral to its results.

The western division's revenue increased by \$4.5 million or 2.3 percent as operations in British Columbia and the Prairie Provinces experienced year-over-year growth of 7 percent. The April 30, 2007 acquisition of Ken Angeli Trucking Ltd. and the June 1, 2007 acquisition of certain assets of Logistics Express, Inc. contributed \$3.2 million of incremental revenue in 2008 over the prior year, while the December 5, 2008 acquisition of Canamera Carriers Inc. contributed an additional \$0.3 million in revenue during the current year. Revenue growth was partially offset by a \$5.6 million or 21.9 percent decline in revenue within the woodchip product line and lower revenue in the chemical and tractor service product lines.

The eastern division's revenue decreased by \$3.5 million or 3.0 percent as incremental revenue gains of \$3.5 million from the November 6, 2007 acquisition of Stan Fergusson Fuels Ltd. (Fergusson) were offset by a non-recurring short-term contract that contributed \$5.2 million of revenue in the first nine months of 2007 and reduced demand in the chemicals product line.

For the current year, BPL's revenue decreased by \$5.0 million or 23.9 percent. Although increased revenue was achieved in Canadian and U.S. consulting operations due to new contracts secured, the gains were offset by lower freight brokerage and transload revenue due to the non-recurrence of a short-term contract in freight brokerage and management's decision to terminate a transload facility management contract in May 2008.

DIRECT COSTS

Year ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	% Revenue change
Bulk trucking						
Western division	144.3	73.0%	140.4	72.6%	3.9	0.4%
Eastern division	87.4	77.4%	89.6	77.0%	(2.2)	0.4%
Total bulk trucking	231.7	74.6%	230.0	74.3%	1.7	0.3%
Bulk Plus Logistics	9.0	56.6%	13.8	66.0%	(4.8)	(9.4%)
Other	0.1	–	0.2	–	(0.1)	–
Total direct costs	240.8	73.7%	244.0	73.8%	(3.2)	(0.1%)

During the current year, total direct costs decreased by \$3.2 million from the prior year, and expressed as a percentage of revenue, direct costs were slightly lower compared to the prior year.

Direct costs in the western division increased by \$3.9 million over the prior year. Expressed as a percentage of revenue, expenses increased by 0.4 percent. Despite lower repair costs and reduced wages, direct costs increased as a percentage of revenue primarily due to higher fuel costs in the current year.

The eastern division's direct costs decreased by \$2.2 million. However, expressed as a percentage of revenue, expenses increased by 0.4 percent year-over-year. This was primarily due to increased fuel costs, rate concessions on contract renewals, and reduced rates for new contracts in the current year.

BPL's direct costs decreased by \$4.8 million in the current year and, expressed as a percentage of revenue, decreased by 9.4 percent year-over-year. This was primarily due to a reduction in short-term contract activity from the freight brokerage product line which has a higher percentage of direct operating costs than other product lines within BPL. During the year BPL experienced clean-up costs associated with a product spill at a customer transload facility in Canada that occurred in the first quarter of 2008.

SELLING AND ADMINISTRATIVE

Year ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	% Revenue change
Total selling and administrative	45.3	13.9%	45.7	13.8%	(0.4)	(0.9%)

For the current year, selling and administrative costs decreased by \$0.4 million from the prior year. As a percentage of revenue, selling and administrative costs increased by 0.1 percent over the prior year, primarily due to higher communication expenses related to the operation of Trimac's in-cab technology system that was not fully implemented in the prior year as well as to an increase in management incentive.

DEPRECIATION AND AMORTIZATION, NET OF GAINS ON DISPOSALS OF CAPITAL ASSETS

Year ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	%	% Revenue change
Depreciation and amortization	21.9	6.7%	23.4	7.1%	(1.5)	(6.8%)	(0.4%)
Gain on sale of assets (net)	(0.8)	(0.2%)	(3.4)	(1.0%)	2.6	–	0.8%
Depreciation net of gains on disposal	21.1	6.5%	20.0	6.0%	1.1	5.2%	0.5%

For the current year, depreciation and amortization net of gains on disposal was \$21.1 million, a \$1.1 million increase over the prior year. Results for the prior year included a \$2.9 million gain on the disposal of a non-strategic facility in Oakville, Ontario during the second quarter. Depreciation and amortization expense decreased by \$1.5 million in the current year predominately due to a reduction in tractor and trailer depreciation. This reduction was primarily due to lower tractor purchases in the current year and a large portion of growth capital additions occurring during the fourth quarter of the current year while the prior-year's additions were dispersed more evenly.

INTEREST EXPENSE (NET)

The Partnership's net interest expense was \$4.9 million in the current year, an increase of \$0.2 million over the prior year. The increase is due to higher average debt outstanding as a result of 2007 acquisitions and \$0.1 million less interest income in the current year. Interest rates on the senior note due to TTSI remain unchanged from the prior period due to fixed-rate financing. The balance outstanding on this note was reduced by \$18.7 million to \$37.3 million during the third quarter. The payment was financed with floating interest rate debt using the Partnership's revolving credit line.

INCOME TAX EXPENSE

The Partnership recorded a \$0.8 million provision for income taxes in the current year compared to a recovery of \$1.2 million in the prior year. The Partnership is not required to record tax expense on Partnership income or future tax on temporary differences as it is a non-taxable entity and taxable income is allocated to its Partners and the resulting tax is paid directly by them. The recorded provision represents a net tax expense or recovery by subsidiaries that are taxable corporations. The recovery in the prior year was due to a corporate reorganization whereby certain temporary differences and the corresponding future tax liability of a corporate subsidiary were transferred to the Partnership. As a result, a future tax recovery of \$1.7 million on the transfer was recorded by the corporate subsidiary. This recovery was partially offset by tax expense on current operations of subsidiaries that are taxable corporations. The increase in the provision, excluding the corporate reorganization, as compared to the prior year is due to an increase in earnings of certain taxable subsidiaries.

Corporate subsidiaries of the Partnership are required to record tax expense. Accumulated temporary differences are not material and therefore the current year's substantively enacted federal and provincial tax rate reductions do not have a material effect on the results of the Partnership.

NET EARNINGS

Year ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	% Revenue change
Net earnings	13.8	4.2%	17.4	5.3%	(3.6)	(26.1%) (1.1%)

The current year's net earnings decreased by \$3.6 million from prior year. Lower net earnings resulted from: a \$0.3 million decrease in operating earnings before depreciation and amortization net of gains on disposal of capital assets, a \$1.1 million increase in depreciation and amortization net of gains on disposal of capital assets, a \$0.2 million increase in interest expense, and increased income tax expense of \$2.0 million.

**FOURTH QUARTER RESULTS
REVENUE**

Three months ended December 31 (millions of dollars)	2008	2007	Variance	%
Bulk trucking				
Western division	47.9	48.1	(0.2)	(0.4%)
Eastern division	26.4	27.4	(1.0)	(3.6%)
Total bulk trucking	74.3	75.5	(1.2)	(1.6%)
Bulk Plus Logistics	3.7	3.8	(0.1)	(2.6%)
Other	0.1	–	0.1	–
Total revenue	78.1	79.3	(1.2)	(1.5%)

Trimac's total revenue in the current period decreased by \$1.2 million or 1.5 percent. Revenue increased in the compressed gas, petroleum, and edible product lines. In the current period, fuel surcharges as a percentage of base trucking revenue totaled approximately 16 percent in comparison to 13 percent in the prior period, which resulted in a increase of \$2.1 million.

In the current period, revenue generated by the western division decreased by \$0.2 million due primarily to revenue declines of \$2.1 million in the woodchip, chemical, and tractor service product lines. Partially offsetting these declines was revenue growth related to fuel surcharges of \$1.9 million.

The eastern division's revenue decreased by \$1.0 million or 3.6 percent in the current period. Increased revenue in the compressed gas, petroleum, and edible product lines was offset by lower revenue with existing customers in the cementitious and chemicals product lines.

BPL's revenue decreased by \$0.1 million in the current period. This decrease was due to the exiting of a transload management contract in May 2008 and was mitigated by gains in third-party logistics management and freight brokerage.

DIRECT COSTS

Three months ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	% Revenue change
Bulk trucking						
Western division	35.3	73.7%	35.4	73.6%	(0.1)	0.1%
Eastern division	19.7	74.6%	21.3	77.7%	(1.6)	(3.1%)
Total bulk trucking	55.0	74.0%	56.7	75.1%	(1.7)	(1.1%)
Bulk Plus Logistics	2.6	70.3%	2.5	65.8%	0.1	4.5%
Other	0.2	–	–	–	0.2	–
Total direct costs	57.8	74.0%	59.2	74.7%	(1.4)	(0.7%)

Trimac's total direct costs in the current period decreased by \$1.4 million from the prior period. Expressed as a percentage of revenue, direct costs decreased by 0.7 percent to 74.0 percent in the current period.

In the western division, costs decreased by \$0.1 million from the prior period, but expressed as a percentage of revenue, increased by 0.1 percent. Despite lower repair costs and reduced wages as a percentage of revenue, higher fuel costs resulted in a slight increase in direct costs as a percentage of revenue.

The eastern division experienced a decrease in direct costs of \$1.6 million and, expressed as a percentage of revenue, direct costs decreased by 3.1 percent from the prior period. The decrease in direct costs as a percentage of revenue was primarily due to improved operating costs in the cementitious and compressed gas product lines.

BPL's direct costs in the current period increased by \$0.1 million and, expressed as a percentage of revenue, were 4.5 percent higher than in the prior period due to higher product claim costs.

SELLING AND ADMINISTRATIVE

Three months ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	% Revenue change
Total selling and administrative	10.5	13.4%	10.8	13.6%	(0.3)	(2.9%)

Trimac's selling and administrative costs were \$10.5 million in the quarter, a decrease of \$0.3 million from the prior period. Expressed as a percentage of revenue, expenses decreased by 0.2 percent in the current period. The decrease was primarily due to lower legal, outside service, and shared service expense mitigated by an increase in management incentive in the current period.

DEPRECIATION AND AMORTIZATION, NET OF GAINS ON DISPOSAL OF CAPITAL ASSETS

Three months ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	%	% Revenue change
Depreciation and amortization	5.5	7.0%	5.8	7.3%	(0.3)	(5.5%)	(0.3%)
Gain on sale of assets (net)	(0.1)	(0.1%)	(0.1)	(0.1%)	–	–	0.0%
Depreciation net of gains on disposal	5.4	6.9%	5.7	7.2%	(0.3)	(5.6%)	(0.3%)

Trimac's depreciation and amortization expense, net of gains on disposal, was \$5.4 million in the current period, a decrease of \$0.3 million from the prior period. This decrease is due to a \$0.4 million reduction in tractor and trailer depreciation expense.

INTEREST EXPENSE (NET)

The Partnership's net interest expense was \$1.2 million in the current period, an increase of \$0.1 million over the prior period. The increase was due to reduced interest income and a slight increase in average debt outstanding in the quarter.

INCOME TAX EXPENSE

The Partnership recorded a \$0.2 million provision for income taxes in the current period compared to \$0.3 million in the prior period.

NET EARNINGS

Three months ended December 31 (millions of dollars)	2008	% Revenue	2007	% Revenue	Variance	%	% Revenue change
Net earnings	3.0	3.8%	2.2	2.8%	0.8	26.7%	1.0%

Trimac's net earnings in the current period were \$3.0 million, an increase of \$0.8 million from the prior period. The increase was due to a \$0.5 million increase in operating earnings before depreciation and gains on disposal of assets, a \$0.3 million decrease in depreciation and amortization net of gains on disposal of capital assets, and a \$0.1 million reduction in income tax expense. This was slightly offset by a \$0.1 million increase in interest expense.

RESULTS BY QUARTER (PARTNERSHIP)

(millions of dollars except percentage of revenue)	Q4 08	Q3 08	Q2 08	Q1 08	Q4 07	Q3 07	Q2 07	Q1 07
Revenue	78.1	88.8	83.0	76.8	79.3	88.0	84.2	79.1
Operating earnings	4.4	9.1	4.1	1.9	3.6	7.0	7.7	2.6
Percentage of revenue	5.6%	10.2%	4.9%	2.5%	4.5%	8.0%	9.1%	3.3%
Earnings before taxes	3.2	7.9	2.8	0.7	2.5	5.9	6.4	1.4
Net earnings	3.0	7.6	2.6	0.6	2.2	5.7	7.9	1.5

Fluctuations in revenue and net earnings by quarter illustrate the seasonality of Trimac's business. Revenue and net earnings in the first quarter and, to a lesser extent, in the fourth quarter, are generally lower than in the second and third quarters due to lower construction-related volume, colder weather, higher costs and lower operating efficiencies in colder weather. The second and third quarters have historically been the highest-volume and most profitable quarters for Trimac, due primarily to construction-related products and increased economic activity from industries using raw materials that Trimac hauls, generating a greater number of loads hauled and increased utilization of its equipment at lower operating costs. One-time gains on disposal of a facility totalling \$2.9 million in the second quarter of 2007 and a one-time future tax recovery of \$1.7 million in the second quarter of 2007 positively impacted net earnings for those quarters.

LIQUIDITY AND CAPITAL RESOURCES

DISTRIBUTIONS

The Fund's monthly distributions, declared payable on or about the fifteenth day of each month to unitholders of record on the last day of each previous month, totaled \$11.6 million or \$0.9252 per unit for the current year, the same as in the prior year. The monthly distribution of \$0.0771 per unit represents cash distributions of \$0.9252 per unit annually. Effective for the January 2009 distribution, payable in February, the monthly distribution was reduced to \$0.04 per unit representing cash distributions of \$0.48 annually.

The Partnership made monthly cash distributions in respect of the current year to the limited and general partners. The distributions by the Partnership were used in part for unitholder distributions totalling \$0.9252 per unit to December 31, 2008, and to fund dividends on TTSI Exchangeable Shares outstanding that receive monthly cash dividends. The dividends on TTSI Exchangeable Shares were made up of monthly payments totalling \$0.9252 per share plus a monthly Equalization Amount⁽¹⁾ totalling \$0.1133 per share to December 31, 2008.

⁽¹⁾ Equalization Amount is one-twelfth of the product obtained by multiplying (i) the quotient obtained by dividing the annual public expenses of the Fund by the number of units issued and outstanding, by (ii) the quotient obtained by dividing the number of units issuable on exchange of the TTSI Exchangeable Shares issued and outstanding by the number of units issuable on exchange of TTSI Exchangeable Shares issued and outstanding on which cash dividends are intended to be paid.

OUTSTANDING SECURITIES DATA

As at January 15, 2009, the Fund had the following number of securities outstanding or reserved for issuance:

Units	12,584,679
Units reserved ⁽¹⁾	12,396,056
Fully diluted units	24,980,735

⁽¹⁾ Reserved for issuance pursuant to Exchangeable Shares of TTSI, which are exchangeable for units of the Fund.

There are 6,070,502 units reserved relating to Exchangeable Shares that receive monthly cash dividends ("cash exchangeable") that flow from distributions from the Partnership, and 6,325,554 units reserved relating to Exchangeable Shares that do not receive monthly cash dividends but have a monthly increase in their exchange ratio in lieu of such cash dividends ("ratchet exchangeable"). During the current year: 3,000 of the cash exchangeables were cancelled; 39,129 were converted into an equal number of Fund units; and 35,579 ratchet exchangeables were exchanged for 51,518 cash exchangeables.

There are 12,396,056 Exchangeable Security Voting Rights entitling the holders of Exchangeable Shares of TTSI to one vote per right at meetings of holders of units of the Fund.

Distributions by the Fund are entirely dependent on the performance of the Partnership and its ability to make distributions to the Fund.

SOURCES AND USES OF CASH (PARTNERSHIP)

Trimac maintains a revolving credit facility of up to \$60 million (the facility was increased to \$60 million from \$45 million effective July 30, 2008 as the credit agreement was renewed for another 12-month period ending July 29, 2009). The increase in the facility was used to fund the required repayment of \$18.7 million made in August 2008 relating to the Partnership's notes payable. The Partnership uses the facility to manage capital expenditures and working capital requirements throughout the year. The following table provides an overview of Trimac's cash flows for the periods indicated.

SUMMARY OF CASH FLOWS

Year ended December 31

(millions of dollars)

	2008	2007
Cash provided by operations	34.3	36.0
Net change in non-cash working capital	2.4	(3.3)
Investment activities	(16.3)	(15.6)
Financing activities	(19.8)	(16.6)
Increase in cash	0.6	0.5

OPERATING ACTIVITIES

Cash provided by operations decreased by \$1.7 million in the current year from the prior year. The decrease was due to a \$0.3 million decrease in operating earnings before depreciation and gains on disposal of capital assets, a \$0.8 million reduction in miscellaneous non-cash expenses, a \$0.2 million increase in interest expense and a \$0.4 million increase in current tax expense.

NET CHANGE IN NON-CASH WORKING CAPITAL

Year ended December 31
(millions of dollars)

	2008	2007
Accounts receivable	2.5	0.4
Materials and supplies	0.2	0.1
Prepaid expenses	(0.4)	0.6
Accounts payable and accrued liabilities	1.1	(1.5)
Income taxes payable/recoverable	0.4	(0.7)
Due from/to related parties	(1.4)	(2.2)
	2.4	(3.3)

Accounts receivable decreased by \$1.5 million from December 31, 2007 to December 31, 2008. Excluding the increase due to an acquisition, the decrease was \$2.5 million. The decrease was due mainly to lower volumes in 2008 compared to 2007, more efficient processing of payments and a reduction in the amount of time invoices are outstanding. This has been partially offset by new business from a customer of the U.S. division of BPL. Prepaid expenses increased by \$0.7 million from December 2007 to December 2008 (\$0.4 million excluding amounts upon acquisition) primarily due to a change in the policy year on the Partnership's insurance policies. The commencement date for the policies was changed from June 1 to November 1. The increase in cash from operating activities due to accounts payable increases was \$1.1 million. The increase was due to new business obtained from a customer of the U.S. division of BPL as described above, increased incentive payable and increased insurance payable, partially offset by a reduction in payroll payables due to timing differences in pay periods. Excluding an increase due to an acquisition, income taxes payable increased by \$0.4 million. The increase was due primarily to an increase in earnings of the U.S. division of BPL. The net amount owing from related parties was \$1.4 million higher at December 2008 than at December 2007. The primary reason for the net increase was the advancement of funds to an associated partnership for the purchase of capital assets at the end of December 2008. This amount was repaid in January 2009.

INVESTING ACTIVITIES

Trimac's cash outflows relating to investing were \$16.3 million in the current year, an increase of \$0.7 million from the \$15.6 million recorded in the prior year. The increase is mainly attributable to a \$5.0 million reduction of proceeds on disposal of capital assets, primarily relating to the disposal of a non-strategic facility in 2007, mostly offset by a \$4.2 million decrease in acquisitions and a \$0.1 million decrease in other investing activities as compared to the prior year. See "Capital Expenditures" on page 19.

FINANCING ACTIVITIES

In the current year, Trimac's cash flow used in financing activities was a net cash outflow of \$19.8 million, as represented by distributions paid of \$20.4 million partially offset by a \$0.6 million net financing of long-term debt. The net cash outflow in the prior year totaled \$16.6 million of which \$19.3 million related to distributions paid that were offset by \$2.7 million of net long-term debt financing.

CAPITAL EXPENDITURES

Year ended December 31
(millions of dollars)

	2008	2007
Gross sustaining capital expenditures ⁽¹⁾⁽²⁾	9.4	11.2
Less: proceeds on disposal of capital assets ⁽³⁾	(3.2)	(8.2)
Net sustaining capital expenditures ⁽¹⁾⁽²⁾⁽³⁾	6.2	3.0
Growth capital expenditures ⁽¹⁾	6.5	4.8
Net capital expenditures	12.7	7.8

⁽¹⁾ Gross sustaining capital expenditures, net sustaining capital expenditures and growth capital expenditures are not measures recognized by GAAP, do not have standardized meanings prescribed by GAAP and may not be comparable to similarly named measures presented by other issuers. Management believes that they are useful complementary measures for readers to evaluate the performance of the Fund.

⁽²⁾ Excludes acquisition of transportation assets totalling \$3.2 million in 2008 and \$7.4 million in 2007. These amounts are disclosed as a line item in the Partnership's consolidated statement of cash flows.

⁽³⁾ Results in the prior year include \$5.9 million of proceeds on the disposal of a non-strategic facility. Management reserved \$5.0 million of the proceeds for replacement facilities in 2007.

The Partnership's net capital expenditures, including growth and sustaining capital, totaled \$12.7 million in the current year compared to \$7.8 million in the prior year. The increase of \$4.9 million over the prior year was made up of increased growth capital expenditures of \$1.7 million and reduced proceeds on asset disposals of \$5.0 million. This was partially offset by a \$1.8 million decrease in gross sustaining capital purchases.

Gross sustaining capital purchases of \$9.4 million were made up primarily of replacement tractors and trailers, accounting for approximately 81 percent of the total, with the balance applicable to other operating assets. Net sustaining capital expenditures were \$3.2 million higher than in the prior year due to a \$5.0 million reduction in proceeds on disposal of capital assets partially offset by reduced tractor purchases. The reduced proceeds on disposal were the result of a \$5.9 million disposal of a non-strategic facility in the prior year partially offset by higher equipment sales of \$0.9 million in the current year.

Increased growth capital spending of \$1.7 million in the current year was driven by higher tractor and trailer purchases than in the prior year. Trailer purchases accounted for approximately 75 percent of all growth capital expenditures in the current year. Growth capital purchases are funded from undistributed cash from operations, cash available from notional distributions on non-cash exchangeable shares and, to the extent required, available cash and existing lines of credit.

Net annual capital expenditures relating to sustaining capital requirements will vary from year to year based on: the economic life of the capital assets; historical purchase dates; the mix of life cycles expiring in a given year; other factors affecting equipment cost; disposal proceeds of replaced assets; and annual equipment utilization. Estimated ongoing net sustaining capital expenditure requirements for 2009 are expected to be in the range of \$8.0 million to \$10.0 million. Sustaining capital purchases are funded from the Partnership's net cash provided by operations in the year, cash available from notional distributions on non-cash exchangeable shares and, thereafter, to the extent required, available credit facilities.

The Partnership has outstanding commitments to purchase approximately \$1.4 million of additional trailers, as part of its 2009 capital expenditure program. The capital commitments will be funded from 2009 cash from operations or existing credit lines. See "Off-Balance-Sheet and Contractual Obligations" on page 21.

CREDIT FACILITIES

Management anticipates Trimac will have adequate financial resources to fund ongoing operations and financing of debt payments due under the TTSI senior note. Capital expenditure patterns and debt levels are seasonal. During the period March through September, Trimac generally purchases and takes delivery of new equipment and requires working capital for increases in receivables and prepaid insurance and licences. This seasonal debt has historically been repaid from operating cash flows by the end of each fiscal year based on the operating performance of the business.

The credit facilities of the Partnership consist of a shared revolving credit facility and a senior note held by TTSI.

Due to TTSI – The amount due to TTSI relates to the portion of TTSI's partnership interest that is equal to the outstanding balance of the senior note and revolving credit facility retained by TTSI ("TTSI debt"). The Partnership has guaranteed the TTSI debt and under the terms of the Partnership Agreement, the amount due is callable by TTSI when desired or in the event that TTSI is required to repay any of the TTSI debt. The Partnership and TTSI have entered into an agreement whereby TTSI has agreed not to call the TTSI debt except when required under the terms of the TTSI debt. Therefore, the repayment terms are equal to the terms of the senior note and revolving credit facility held by TTSI. In addition, the Partnership Agreement requires that a priority distribution be made to TTSI equal to the interest that TTSI pays on the TTSI debt. Given the terms of the partnership interest noted above, \$37.3 million has been reclassified from partnership equity to long-term debt and distributions related to this partnership interest have been classified as interest expense on the consolidated statement of earnings. The amount outstanding at December 31, 2008 was \$37.3 million and at December 31, 2007 was \$56.0 million. The senior note, first issued in 1999 and amended and restated in February 2005, provides for a fixed annual rate of interest of 7.29 percent and semi-annual payments of interest. No payments on principal were required until August 2008, at which time the initial payment of \$18.7 million was made by using existing revolving credit facilities. Two further installments of principal each in the amount of \$18.7 million are due in August 2009 and August 2010. Management expects to maintain the portion of long-term debt that matures in 2009 as debt by using the existing revolving credit facility.

Revolving facilities – Trimac has an unsecured \$60.0 million revolving facility with a major Canadian bank. The facility is used to fund seasonal working capital and capital expenditures. The revolving credit facility bears interest at a floating rate based on the prime rate for the currency drawn or bankers' acceptance rates plus, in each case, an applicable margin to those rates. There are no principal repayments required under this facility provided Trimac is in compliance with specified loan covenants. The agreement is a 364-day revolving facility subject to renewal in July 2009. If the agreement is not renewed, the loans are repayable at the end of a 12-month term-out period. The line was increased from \$45 million to \$60 million during 2008 with other terms and conditions remaining substantially the same. As at December 31, 2008, unused lines of credit totaled \$28.0 million (December 31, 2007 – \$33.8 million) after taking into account \$5.9 million of issued letters of credit (December 31, 2007 – \$6.1 million).

The revolving credit facility and the TTSI private placement debt have specified financial covenants and all of the covenants have been complied with as of December 31, 2008.

OFF-BALANCE-SHEET AND CONTRACTUAL OBLIGATIONS

Trimac's material off-balance-sheet and contractual obligations are disclosed below:

As at December 31, 2008 (millions of dollars)	Payment due by period				
	Total	< 1 year	1-3 years	4-5 years	After 5 years
Operating leases – revenue vehicles	1.4	0.8	0.6	–	–
Operating leases – facilities	3.3	1.4	1.2	0.3	0.4
Operating leases – other ⁽¹⁾	1.3	0.7	0.5	0.1	–
Fuel contract commitments ⁽²⁾	9.8	4.3	5.5	–	–
Capital purchase obligations – sustaining ⁽³⁾⁽⁴⁾	0.2	0.2	–	–	–
Capital purchase obligations – growth ⁽³⁾⁽⁵⁾	1.2	1.2	–	–	–
Long-term debt repayments	63.4	18.7	44.7	–	–
Interest on long-term debt	4.8	3.3	1.5	–	–
Other long-term obligations ⁽⁶⁾	1.7	0.4	0.2	–	1.1
Total contractual obligations	87.1	31.0	54.2	0.4	1.5

⁽¹⁾ Other operating leases are primarily office equipment including computers, copiers, and fax machines.

⁽²⁾ Under the terms of a customer contract, Trimac has committed to purchase 4 million litres of fuel annually over a five-year period, ending April 30, 2011, at a fixed price per litre, which is reset annually at the anniversary of the contract (contract price per litre effective May 1, 2008 – \$1.02). This price has been used to estimate the commitment for the period subsequent to December 31, 2008.

⁽³⁾ Represents Trimac's sustaining and growth capital commitments at December 31, 2008. The funding of these commitments will be made using cash from operations or existing credit lines for sustaining capital and retained cash or existing credit lines for growth capital.

⁽⁴⁾ Sustaining capital purchases refers to capital expenditures that are necessary to sustain current revenue levels.

⁽⁵⁾ Growth capital is defined as purchases necessary to support revenue-increasing opportunities.

⁽⁶⁾ Represent payments due under a long-term incentive plan and executive pension plan that will be funded from retained cash and cash from operations.

DEFERRED COMPENSATION PLANS

PARTNERSHIP – LONG-TERM INCENTIVE PLAN (LTIP)

The Partnership adopted a long-term incentive plan effective January 1, 2006 to provide eligible executive officers of TTSI, eligible management of subsidiaries of the Partnership and eligible management of Trimac Management Services Limited Partnership with compensation opportunities that encourage ownership of units, enhance Trimac's ability to attract, retain and motivate key personnel, and reward key senior management for significant performance. The LTIP is based on the achievement of distributable cash flow of the Fund in excess of a threshold level. The Governance and Compensation Committee of the Board of Directors of TTSI sets the threshold annually in accordance with the terms of the plan. When distributable cash flow exceeds the threshold, amounts will be allocated to participants based on the following table. No amount will be allocated under the LTIP if the distributable cash flow in the fiscal year is below the threshold.

Distributable cash flow above threshold	Maximum amount allocated (% of distribution above threshold)
Up to 5%	10%
5% to 10%	15% of the amount in excess of 5%
More than 10%	20% of the amount in excess of 10%

Terms of the LTIP include the grant of a number of notional units with a market value equal to the allocated amount with notional units (and the notional distributions thereon) vesting at one-third of the allocation on each anniversary of the grant date of the allocation. Following full vesting, the Governance and Compensation Committee will determine whether the vested amount will be settled in cash or by purchase of units. If the units are to be purchased, they will be purchased in the market on behalf of participants equal in value to the value of the number of notional units granted and the notional distributions thereon (less withholding taxes, if applicable). The Partnership recorded a reversal of compensation expense and shared service costs of \$0.1 million for the year ended December 31, 2008. The reversal of expense was due to a reduction in the unit price value of the Fund's units. For the year ended December 31, 2007, \$0.4 million of compensation expense and shared service costs were recorded.

THE FUND

As part of the trustees/directors compensation, the Fund adopted a deferred compensation plan (DCP), effective March 6, 2008, to provide directors of TTSI with a compensation plan based in part on performance of units of the Fund. The Board of Directors of TTSI approved the plan and established the number of notional units to be awarded. Terms of the DCP included the granting of 25,000 notional units with a market value of \$7.28 per unit on the date of the grant. The notional units (and notional distributions thereon) vest at one-third of the allocation on each anniversary of the grant. Following full vesting, the market value of the notional units will be settled in cash. Compensation expense related to the DCP of \$0.1 million was recorded by the Fund for the year ended December 31, 2008.

TRANSACTIONS WITH RELATED PARTIES

THE FUND

On the date of the IPO, the Fund, indirectly, invested in a note receivable of \$35.0 million from TTSI. The note receivable was increased to \$35.1 million during 2007 and during the current year to \$35.4 million concurrent with the conversion of TTSI Exchangeable Shares into Fund units. The note is due on February 25, 2030, is unsecured and interest is payable monthly at the rate of 8 percent per annum. The Fund earned interest income of \$2.8 million during both the current and prior years.

During the current year, shareholders of TTSI Exchangeable Shares converted 39,129 of their shares in exchange for an equal number of new units of the Fund. The value of the units at the time of the exchanges averaged \$7.61 per unit for total consideration of \$0.3 million. In exchange for the issue of new units, the Fund received an increase in the note receivable from TTSI of \$0.3 million with the same terms and conditions as described above.

Amounts due to associated companies and partnerships relate to amounts incurred in the ordinary course of business. The balances are non-interest-bearing and paid monthly. Trimac Holdings Ltd., the parent of TTSI, commonly controls the above related parties.

THE PARTNERSHIP

The Partnership received administrative services provided by Trimac Management Services Limited Partnership (TMSLP), a related partnership that is under common control. Services costing \$11.6 million in the current year and \$11.4 million in the prior year were provided under a shared services agreement that is in place until September 30, 2013.

Due from related parties in current assets and due to related parties in current liabilities arise through the ordinary course of business. The balances are non-interest-bearing and paid monthly. Trimac Holdings Ltd., the parent of TTSI, controls or has significant influence over the above related parties.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported values of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, are reported in earnings in the periods in which they become known. Accordingly, actual results could differ from these estimates.

The accounting policies requiring the use of management estimates are the allowance for doubtful accounts, insurance reserves, capital asset useful lives, valuation of goodwill as recorded in the Partnership and valuation of the Fund's investment in the Partnership. These estimates, if changed, could materially affect the Fund's overall financial condition.

CAPITAL ASSETS

Capital assets are recorded at cost.

Revenue vehicles are depreciated over 7 to 10 years with estimated residual values of 4 percent to 5 percent. Industry norms for residual values range from 5 percent to 15 percent. There have not been any material gains or losses on disposal recorded over the years, which supports the appropriateness of this policy.

Buildings are depreciated over 25 years. Normal depreciation rates for buildings range from 15 to 40 years. Management believes that the depreciation policy accurately reflects the amortization of the useful life of buildings acquired for use in operations. Gains on disposal that have occurred are a reflection of property value increases.

PROVISION BALANCES

Trimac has recorded provisions against certain assets and for various liabilities on its books, in which a certain amount of judgement is used in the determination of their balance. Some of the more significant items are:

Insurance – Claims are accrued to a specified maximum deductible for auto liability claims based on estimates developed by management. Costs incurred are offset against the accrual; and

Allowance for bad debts – Accounts are monitored on an ongoing basis and a provision is established based on historical experience.

Management is of the opinion that estimates used in the preparation of the financial statements have been made on a consistent basis over the years and accurately reflect the financial position of Trimac. Accrual balances have remained relatively consistent and experience has proven them to be adequate.

GOODWILL

Under the provisions of Canadian Institute of Chartered Accountants (CICA) Handbook Section 3062, concerning goodwill, Trimac tested goodwill for impairment for the years ended December 31, 2008 and December 31, 2007 by comparing the fair value of each reporting unit to the carrying value of the unit. Fair value was determined using a discounted cash flow model. It was determined that no impairment of goodwill had occurred.

THE FUND'S INVESTMENT IN THE PARTNERSHIP

Under the provisions of CICA Handbook Section 3051, concerning the accounting for equity-accounted investments, a write-down in the investment should be made when there has been a loss in value of the investment that is other than a temporary decline. The fair value of the Fund's investment was tested for the year ended December 31, 2008 to determine if any permanent impairment existed. It was concluded that there has been no permanent impairment from the Fund's carrying value of its investment.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

CLASSIFICATION

The following is a summary of the classification of the Partnership's financial assets and liabilities in its consolidated financial statements:

- Cash is classified as held-for-trading. The carrying amount approximates fair value due to the short maturity of these instruments;
- Accounts receivable, due from related parties and income taxes recoverable are classified as loans and receivables and are measured at amortized cost. The carrying amount approximates fair value due to the short maturity of these instruments;
- Bank indebtedness, accounts payable and accrued liabilities, distributions payable, income taxes payable and due to related parties are classified as other financial liabilities and measured at amortized cost. The carrying amount approximates fair value due to the short maturity of these instruments; and
- Long-term debt (including current maturities) is classified as other financial liabilities and measured at amortized cost. As at December 31, 2008, \$37.3 million (December 31, 2007 – \$56.0 million) of Trimac's long-term debt was fixed with an interest rate of 7.29 percent per annum. The estimated fair value using the present value of expected cash outlays for principal and interest, based on an estimated rate for long-term debt with similar terms, was \$36.0 million at December 31, 2008 and \$57.4 million at December 31, 2007. Floating-rate debt and the stated amount of outstanding principal is considered to be fair value.

Any derivative instruments, including embedded derivatives, are to be recorded in the statement of income at fair value unless exempted from derivative treatment as a normal purchase and sale. The Partnership has elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after January 1, 2003. The Partnership has determined it currently has no derivative or embedded derivative instruments that are required to be recorded at fair value.

RISK EXPOSURE

The Partnership is exposed to various risks associated with its financial instruments. These risks are as follows:

- a) **Credit risk** – The Partnership hauls a wide variety of bulk materials for a broad customer base spanning numerous industries. The credit risk is considered to be low and not overly concentrated due to the strength, diversity and long-standing relationships which exist with a substantial portion of the customer base. At December 31, 2008, current trade receivables (i.e. less than 30 days) comprised 77 percent of the Partnership's total receivable base while the average number of days that sales were in accounts receivables was 27. At December 31, 2007, current receivables were 75 percent of total and the average number of days that sales were in accounts receivables was 28. The Partnership's credit management constantly monitors receivable balances and new customers are subject to extensive credit checks to ensure that any potential credit risks are minimized. Provisions have been estimated by management and included in the accounts to recognize potential bad debts. Past experience has established the provisions to be adequate. The allowance for doubtful accounts was \$0.2 million at December 31, 2008 and \$0.1 million at December 31, 2007.

- b) **Interest rate risk** – The interest rate risk at December 31, 2007 was considered low due to the high proportion of fixed rate debt as a percentage of the total (\$56.0 million out of the \$61.0 million total debt was fixed). During the 2008 fiscal year, \$18.7 million of the fixed rate debt was repaid, with the payment being financed through the Partnership's floating rate revolving credit facility. As a result, the proportion of the Partnership's fixed rate debt to total debt has decreased (\$37.3 million out of the \$63.4 million total debt was fixed). A 1 percent movement in the prime rate would have resulted in a \$0.1 million change to net earnings in the year ended December 31, 2008.
- c) **Foreign exchange risk** – While the availability of derivative financial instruments with respect to foreign exchange is monitored, it has not been considered necessary to hedge this risk. The Partnership is exposed to changes in the Canada/U.S. exchange rate as certain balances within working capital may fluctuate due to changing rates. The Partnership's exposure is limited to certain contracts denominated in U.S. dollars within the eastern division, various capital expenditures which are paid in U.S. dollars, the shared services agreement which provides for an allocation of TMSLP's expenses between the Partnership and certain affiliated U.S. companies based on a pro rata basis of revenues translated into Canadian dollars and the operations of Bulk Plus Logistics U.S. division which are incurred in U.S. dollars and translated to Canadian dollars for financial statement presentation. The exposure is considered to be low as the proportion of the Partnership's total revenue expressed in U.S. dollars is less than 5 percent.
- d) **Liquidity risk** – TThe Partnership is exposed to liquidity risk through its working capital balance. Working capital was in a deficiency position at December 31, 2008 and December 31, 2007 due to the required long-term debt repayment scheduled for August 2009, which has been classified as a current liability. Management expects to fund this repayment by using existing credit facilities. The exposure is limited due to a substantial amount of available credit under the revolving credit facility. The table below reflects the contractual maturity of the Partnership's financial liabilities as at December 31, 2008:

Financial liabilities

(millions of dollars)	< 1 year \$	1 - 2 years \$	2 - 3 years \$	Thereafter \$	Total \$
Bank indebtedness	2.0	–	–	–	2.0
Accounts payable and accrued liabilities	29.3	–	–	–	29.3
Distributions payable	3.1	–	–	–	3.1
Income taxes payable	0.5	–	–	–	0.5
Due to related parties	1.2	–	–	–	1.2
Long-term debt	18.7	44.7	–	–	63.4
Other long-term liabilities	–	0.1	–	1.2	1.3
	54.8	44.8	–	1.2	100.8

The Partnership process for managing liquidity risk includes preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures and authorizing contracted agreements.

e) **Commodity risk** – The Partnership is exposed to commodity risk related to the purchase of diesel fuel and the potential reduction in net income due to increases in the price of diesel. The impact of rising fuel costs has been mitigated by fuel surcharge programs in place with substantially all of the Partnership's customers and the effect of changes in fuel prices has generally been neutral to the Partnership's results in past years. Recovery of rising fuel costs, however, is impacted by the inherent lag in resetting surcharges due to contractual agreements with customers; price increase thresholds set in fuel surcharge programs; the fuel content percentage agreed on in the surcharge mechanism; and the timing of price increases compared to agreed upon reset periods. All of the above factors may vary from customer to customer as no standard exists. The Partnership believes its fuel surcharge program is effective in recovering fuel cost increases over time, however, there is a lag in fuel price recovery that may result in quarterly shortfalls or surpluses depending on the price trend in any given period.

NEW ACCOUNTING POLICIES

Trimac adopted the following new accounting policies effective January 1, 2008.

Financial instruments and capital disclosures

The CICA has issued the following accounting standards effective for fiscal years beginning on or after January 1, 2008: Section 3862 "Financial Instruments – Disclosures", Section 3863 "Financial Instruments – Presentation", and Section 1535 "Capital Disclosures."

Section 3862 and Section 3863 replace Section 3861 "Financial Instruments – Disclosure and Presentation", revising disclosures related to financial instruments, including hedging instruments, and carrying forward unchanged presentation requirements.

Section 1535 requires the Partnership to provide disclosures about its capital and how it is managed.

The adoption of these new accounting standards did not impact the amounts reported in the Partnership's financial statements. However, it did result in expanded note disclosure.

Inventories – materials and supplies

Section 3031 replaces Section 3030. This section provides guidance on the method of determining the cost of the Partnership's materials and supplies. The adoption of "Inventories" did not impact the Partnership's financial statements.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) IN CANADA

In February 2008, the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable enterprises in Canada. In April 2008, the AcSB issued an IFRS Omnibus Exposure Draft proposing that publicly accountable enterprises be required to apply IFRS, in full and without modification, on January 1, 2011.

On June 27, 2008, the Canadian Securities Administrators ("CSA") issued Staff Notice 52-321, Early Adoption of IFRS which indicated that the CSA would be prepared to grant an exemption to allow Canadian financial statement issuers to adopt IFRS early on a case-by-case basis, provided that they could demonstrate that they met certain conditions. The Fund is not planning to adopt IFRS early.

The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Fund for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010. The Accounting Standards Board proposes that CICA Handbook Section – Accounting Changes, paragraph 1506.30, which would require an entity to disclose information relating to a new primary source of GAAP that has been issued but it not yet effective and that the entity has not applied, not be applied with respect to the IFRS Omnibus Exposure Draft.

The Fund is continuing to assess the financial reporting impacts of the adoption of IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable. The Fund does anticipate a significant increase in disclosure resulting from the adoption of IFRS and is continuing to assess the level of disclosure required as well as systems changes that may be necessary to gather and process the required information.

The Fund commenced its IFRS conversion project in 2008 and has established a formal project governance structure which includes the audit committee, senior management, technical review committee and a project team. Senior management is updated on a monthly basis and regular reporting will occur to the audit committee of the Board of Directors of the Fund where appropriate. An external advisor has been engaged to assist in the IFRS conversion project.

The Fund's IFRS conversion project consists of three phases: Scoping and Diagnostics, Analysis and Development, and Implementation and Review.

Phase One: Scoping and Diagnostics, which involved project planning and staffing and identification of differences between Canadian GAAP and IFRS, has been completed. The resulting identified areas of accounting difference of highest potential impact to the Fund, based on existing IFRS, are classification of trust units, property, plant and equipment, provisions and contingent liabilities, employee benefits, impairment of assets, business combinations, financial instruments and hedging and initial adoption of IFRS under the provisions of IFRS 1 First-Time Adoption of IFRS.

Phase Two: Analysis and Development, is nearing completion, and involves detailed diagnostics and evaluation of the financial impacts of various options and alternative methodologies provided for under IFRS; identification and design of operational and financial business processes; initial staff and audit committee training; analysis of IFRS 1 optional exemptions and mandatory exceptions to the general requirement for full retrospective application upon transition to IFRS; summarization of 2011 IFRS disclosure requirements; and development of required solutions to address identified issues. As phase two is not complete, the impact on the overall business and its internal controls, covenant requirements, capital requirements and compensation arrangements is not reasonably determinable at this time.

It is anticipated that the adoption of IFRS may have an impact on information systems requirements. The extent of any impact on the Fund's information system is not reasonably determinable at this time.

Phase Three: Implementation and Review, expected to commence mid-year 2009, will involve the execution of any changes that may be required to information systems and business processes; completion of formal authorization processes to approve recommended accounting policy changes; and further training programs across the Fund's finance and other affected areas, as necessary. It will culminate in the collection of financial information necessary to compile IFRS-compliant financial statements and reconciliations; embedding of IFRS in business processes; and, audit committee approval of IFRS-compliant financial statements.

The Fund will continue to review all proposed and continuing projects of the International Accounting Standards Board that may be applicable to the Fund.

INCOME TAXES

The Partnership is not subject to income or capital taxes, as the income, if any, is taxed in the hands of the individual partners.

Income taxes for the Partnership's subsidiaries are accounted for under the asset and liability method, whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax base. Future tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of the change in tax rates is recognized in income in the period that includes the enactment date. Future income tax assets are recorded in the financial statements to the extent that realization of such benefits is more likely than not.

The Fund is a mutual fund trust for income tax purposes. On June 12, 2007, the Income Tax Act, as it relates to publicly traded trusts and partnerships, was amended. In particular, certain income of and distributions made by these entities will be taxed in a manner similar to income earned by and distributions made by a corporation. The amendments will be effective for the 2007 taxation year with respect to trusts that commenced public trading after October 31, 2006. The application of the rules will be delayed until the 2011 taxation year with respect to trusts which were publicly traded prior to November 1, 2006. Until that time, the Fund is only taxable on any amount not allocated to unitholders. As substantially all taxable income will be allocated to the unitholders, no current provision for income taxes on earnings has been made in the consolidated financial statements of the Fund. Income tax liabilities relating to distributions of the Fund prior to 2011 will continue to be taxed in the hands of the unitholders.

As previously disclosed, upon enactment of the June 12, 2007 Income Tax Act amendments the Fund is required to account for future income under the asset and liability method, whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets would be recorded in the consolidated financial statements to the extent that realization of such benefits is more likely than not. The difference between the adjusted cost base for tax purposes and the financial statement carrying value of the Fund as at December, 2008 is as follows:

Investment in Trimac Transportation Services Limited Partnership

Financial statement carrying value	\$ 67.4 million
Tax value	\$ 90.3 million

As realization of the future tax asset relating to this temporary difference cannot be estimated, it has not been recorded.

During 2006, the federal Minister of Finance released guidance for income trusts and other flow-through entities that qualify for the four-year transitional relief. The guidance establishes objective tests with respect to how much an income trust is permitted to grow without jeopardizing its transitional relief. In general, the Fund will be permitted to issue new equity over the transitional four years equal to its market capitalization as of the end of trading on October 31, 2006 (subject to certain annual limits). Market capitalization, for these purposes, is to be measured in terms of the value of the Fund's issued and outstanding publicly-traded units. If these limits are exceeded, the Fund may lose its transitional relief and thereby become immediately subject to the proposed rules.

OUTLOOK

Trimac believes that the funds available under its credit facilities and cash flow from operations will be sufficient to allow it to meet debt repayment requirements, ongoing requirements for capital expenditures, working capital and distributions at existing business levels. Trimac's future needs may, however, change, and in such event, Trimac's ability to satisfy its obligations and make distributions will be dependent upon its future financial performance, which in turn will be subject to a number of risks and uncertainties, including elements beyond its control.

As Trimac's management team looks ahead through 2009, we are proceeding with caution. Controls are in place to reduce capacity and maintain costs consistent with levels of business activity. Trimac's ongoing and planned capital purchases in 2009 continue to be monitored and contain the flexibility to respond to changes in demand. Distributions have been reduced to maintain financial flexibility and increase cash reserves to cover potential risks and capitalize on opportunities that may arise.

Trimac has operated for more than 60 years, during which time Trimac has navigated through many economic cycles and has continued to succeed and thrive. Trimac's diversification by customer, industry, product, and geographical area mitigates some of the risks posed by the current economic downturn, which chiefly include reduced customer demand for Trimac's services. Trimac also benefits from its engaged employees, a good safety record, long-term and high-quality customers, a strong balance sheet, and an experienced management team that is well-prepared to face and work through the uncertain economic conditions being faced in 2009.

FORWARD-LOOKING STATEMENTS

This document contains statements concerning the outlook for Trimac's business, estimates for sustaining capital expenditures and commitments and the adequacy of Trimac's financial resources to fund ongoing operations, including capital expenditures, working capital, debt repayments and distributions at existing business levels, or other expectations, plans, goals, objectives, assumptions, information or statements about future events, conditions, results of operations or performance that may constitute forward-looking statements or information under applicable securities legislation. Words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements or information are based on a number of assumptions, which may prove to be incorrect. In addition to any other assumptions identified in this MD&A, certain assumptions have been made concerning the forward-looking information contained herein including, among other things: Trimac will be successful in maintaining its customer relationships; the level of Trimac's business activities and economic conditions in general will not be materially different from those prevailing in the fourth quarter of 2008; Trimac will continue to attract and retain a sufficient number of qualified drivers and mechanics; Trimac will continue to be successful in recovering fuel price increases from its customers; adverse weather conditions will not unduly impact Trimac's operations; the Canadian

dollar will not materially strengthen against the United States dollar; distributions payable by Trimac to its unitholders will not be subject to tax in 2009; there will be no material changes to the laws and regulations applicable to Trimac or its businesses; the seasonality of Trimac's business will be consistent with historical trends; no irreparable damage will be done to Trimac's operating systems and databases or information contained thereon; Trimac will maintain or improve upon its competitive position within the bulk trucking sector; adequate financing will be available to Trimac to fund capital expenditures, working capital and distributions on terms and conditions favourable to Trimac; Trimac will not experience greater than anticipated accident costs; Trimac will not have any judgement entered against it in a court of law which would have a material adverse effect on Trimac or its businesses; Trimac will continue to have all material licences and permits required by law to conduct its businesses as currently conducted; there will not be a material increase in the price of equipment required in the business of Trimac; and the estimated useful life of equipment and the proceeds received on the disposition thereof will be consistent with historical trends at Trimac.

Although the Fund believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Fund can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Fund and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- **General economic conditions** – Certain product lines of Trimac are dependent on the general economic conditions of the regions in which Trimac operates and cash flows may be negatively impacted by economic downturns in any particular region or the economy generally;
- **Labour** – Trimac's cash flow and growth are dependent on its ability to hire and retain quality drivers and mechanics;
- **Fuel** – Rising fuel prices and the ability of Trimac to recover cost increases in the marketplace may impact cash flow;
- **Weather** – Adverse weather may impact Trimac's transportation of goods and increase operating costs;
- **Foreign currency exchange rates** – If the Canadian dollar strengthens against the U.S. dollar it may impact Trimac's customers' cost-competitiveness and negatively impact the volume of goods transported;
- **Tax structure** – Changes in government regulation may negatively impact Trimac's distributable cash;
- **Environmental considerations** – Changes in government regulation may negatively impact Trimac's distributable cash;
- **Seasonality of business** – Financial results may be impacted by the seasonality of the business;
- **Information technology** – Cash flow could be adversely affected by an event that caused irreparable damage to Trimac's operating systems and databases or information contained in the databases;
- **Accident costs** – Financial results may be impacted by large accident claims;
- **Competitive conditions** – There can be no assurance that Trimac will be able to compete successfully against its current or future competitors or that competition will not have a material adverse effect on its results of operations and financial condition; and
- **Financing** – No assurances can be made that financing will be available when required by business needs or to refinance existing debt.

The foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other factors which may affect Trimac's operations or financial results and those of the Fund are included under "Risk Factors" in the Fund's current Annual Information Form and as may be updated in the Fund's annual and interim MD&A and Annual Information Form, which are or will be filed with securities regulators. The Fund undertakes no obligation to update publicly or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Trust units of Trimac Income Fund are traded on The Toronto Stock Exchange under the symbol TMA.UN.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

TO THE UNITHOLDERS OF TRIMAC INCOME FUND

The accompanying consolidated financial statements and all information in the Annual Report have been prepared by management and approved by the Board of Trustees of the Fund and the Board of Directors of Trimac Transportation Services Inc. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Management is responsible for the accuracy, integrity and objectivity of the consolidated financial statements within reasonable limits of materiality and for the consistency of financial data included in the text of the Annual Report with that in the consolidated financial statements.

Where estimates are used in the preparation of these financial statements, management has ensured that careful judgement has been made and that these estimates are reasonable, based on all information known at the time the estimates are made.

The Board of Trustees of the Fund and Board of Directors of Trimac Transportation Services Inc. are responsible for ensuring that management fulfills its responsibilities for financial reporting, and each Board has reviewed and approved these consolidated financial statements, Management's Discussion and Analysis and Annual Report.

PricewaterhouseCoopers LLP has independently audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audits and expresses their opinion on the consolidated financial statements.



Jeffrey J. McCaig

Chairman of the Board, President
& Chief Executive Officer
Trimac Transportation Services Inc.



Scott D. Calver

Vice President & Chief Financial Officer
Trimac Transportation Services Inc.

March 12, 2009

TRIMAC INCOME FUND AUDITORS' REPORT

TO THE TRUSTEES OF TRIMAC INCOME FUND

We have audited the consolidated balance sheets of Trimac Income Fund as at December 31, 2008 and 2007 and the consolidated statement of earnings, comprehensive income and unitholders' equity and cash flows for each of the years in the two year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2008 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta, Canada

March 11, 2009

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

TRIMAC INCOME FUND

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(thousands of dollars)
As at December 31,

	2008 \$	2007 \$
ASSETS		
Current assets		
Cash	970	404
Interest receivable (note 6)	241	238
Distributions receivable	719	866
Prepaid expenses	105	64
	2,035	1,572
Investment in Trimac Transportation Services Limited Partnership (note 4 b)	67,412	72,961
Note receivable from Trimac Transportation Services Inc. (note 6)	35,438	35,141
	104,885	109,674
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	74	189
Due to associated companies and partnerships (note 6)	967	439
Distributions payable (note 5)	970	967
	2,011	1,595
Deferred compensation plan (note 8)	50	–
	2,061	1,595
Unitholders' equity (note 7)	102,824	108,079
	104,885	109,674

See accompanying notes to the consolidated financial statements

On behalf of the Trustees



Gerald A. Romanzin
Trustee



Rhys T. Eyton
Trustee

CONSOLIDATED STATEMENT OF EARNINGS, COMPREHENSIVE INCOME AND UNITHOLDERS' EQUITY

(thousands of dollars, except per unit amounts and number of units)

Year ended December 31,	2008 \$	2007 \$
Share of earnings of Trimac Transportation Services Limited Partnership (note 4)	3,806	4,499
Interest income (note 6)	2,848	2,807
Administrative costs	(756)	(1,053)
Net earnings	5,898	6,253
Other comprehensive income (loss) – share of Partnership other comprehensive income (loss)	182	(88)
Comprehensive income	6,080	6,165
Opening unitholders' equity	108,079	113,403
Adoption of new accounting standard	–	(35)
Issue of additional units (notes 6 and 7)	297	141
Distributions declared (note 5)	(11,632)	(11,595)
Closing unitholders' equity	102,824	108,079
Basic and fully diluted earnings per unit ⁽¹⁾	\$ 0.4690	\$ 0.4989
Weighted average number of units outstanding used in computing basic earnings per unit	12,574,520	12,534,193
Number of units outstanding used in computing diluted earnings per unit ⁽¹⁾	24,980,735	23,928,479

⁽¹⁾ Pursuant to an investor liquidity agreement, holders of TTSI Exchangeable Shares have the right to liquidate their 10,060,405 shares of TTSI and receive units in the Fund on the basis as described in note 7. Following the full exercise of such liquidation rights, the Fund would own 100 percent of the Partnership. The number of units used in the calculation of diluted earnings per unit assumes full liquidation at the beginning of the period. The fully diluted earnings per unit is equal to the basic earnings per unit as the impact on liquidating the exchangeable units is anti-dilutive.

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS(thousands of dollars)
Year ended December 31,

	2008	2007
	\$	\$
CASH PROVIDED (USED)		
OPERATIONS		
Net earnings	5,898	6,253
Add (deduct) items not affecting cash:		
Share of earnings from Trimac Transportation Services Limited Partnership	(3,806)	(4,499)
Distributions from Trimac Transportation Services Limited Partnership	3,806	4,499
Deferred compensation costs (note 8)	50	-
Cash provided by operations	5,948	6,253
Net change in non-cash working capital	369	92
Net cash provided by operations	6,317	6,345
INVESTMENTS		
Distributions from Trimac Transportation Services Limited Partnership	5,878	5,430
Cash provided by investing activities	5,878	5,430
FINANCING		
Distributions paid	(11,629)	(11,594)
Cash used in financing activities	(11,629)	(11,594)
Increase (decrease) in cash	566	181
Cash, beginning of year	404	223
Cash, end of year	970	404
Supplemental information		
Cash received from interest	2,845	2,806

See accompanying notes to the consolidated financial statements

TRIMAC INCOME FUND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of dollars, except per unit amount and number of units)

1. DESCRIPTION OF THE FUND

Trimac Income Fund (the "Fund") is a limited-purpose trust established under the laws of the Province of Alberta pursuant to the Declaration of Trust dated January 7, 2005 as amended and restated by the Amended and Restated Declaration of Trust dated February 17, 2005. The Fund was created to invest, through TIF Commercial Trust, a wholly-owned trust of the Fund (the "Trust"), in the Canadian bulk trucking business and logistics businesses, through the acquisition of a non-controlling interest in Trimac Transportation Services Limited Partnership (the "Partnership") and in shares of Trimac Transportation Services Inc. (TTSI), the general partner of the Partnership. On February 25, 2005 the Fund issued units pursuant to an initial public offering.

Each unitholder participates pro rata in any distribution from the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Due to the limited amount of information that the consolidated financial statements provide on the underlying operations of the Partnership, these consolidated financial statements should be read in conjunction with the consolidated financial statements of the Partnership for the year ended December 31, 2008.

PRINCIPLES OF CONSOLIDATION

The Fund's consolidated financial statements include the accounts of the Trust.

INVESTMENT IN THE PARTNERSHIP

As the Fund has significant influence over the Partnership its investment is accounted for using the equity method. Under this method, the cost of the investment is increased by the Fund's proportionate share of earnings, adjusted for the amortization of certain intangible assets and other items arising from the use of purchase accounting, and reduced by any distributions paid or payable to the Fund. The Fund's investment in the Partnership is reviewed for impairment if conditions arise that indicate that the investment may be permanently impaired. If there is a loss in value that is other than a temporary decline, the investment is written down to recognize the loss.

INCOME TAXES

The Fund is a mutual fund trust for income tax purposes. Pursuant to the Income Tax Act as currently enacted, the Fund is only taxable on any amount not allocated to unitholders. As substantially all taxable income will be allocated to the unitholders, no provision for income taxes on earnings has been made in these consolidated financial statements. Income tax liabilities relating to distributions of the Fund are taxed in the hands of the unitholders.

The Fund is a mutual fund trust for income tax purposes. On June 12, 2007, the Income Tax Act, as it relates to publicly traded trusts and partnerships, was amended. In particular, certain income of and distributions made by these entities will be taxed in a manner similar to income earned by and distributions made by a corporation. The amendments will be effective for the 2007 taxation year with respect to trusts that commenced public trading after October 31, 2006. The application of the rules will be delayed until the 2011 taxation year with respect to trusts which were publicly traded prior to November 1, 2006. Until that time, the Fund is only taxable on any amount not allocated to unitholders. As substantially all taxable income will be allocated to the unitholders, no current provision for income taxes on earnings has been made in the

TRIMAC INCOME FUND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

consolidated financial statements of the Fund. Income tax liabilities, until 2011, relating to distributions of the Fund will continue to be taxed in the hands of the unitholders.

The Fund is required to account for future income taxes under the asset and liability method, whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets would be recorded in the consolidated financial statements to the extent that realization of such benefits is more likely than not. The differences between the tax bases and the financial statement carrying amounts of the Fund's temporary differences as at December 31, 2008 are as follows:

Investment in Trimac Transportation Services Limited Partnership

Financial statement carrying value	\$ 67,412
Tax value	\$ 90,285

As realization of the future tax asset relating to this temporary difference is not likely, it has not been recorded.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. These estimates are revised periodically. The items which are subject to the greatest measurement uncertainty include the valuation of the Fund's investment in the Partnership and the realization of the future tax asset relating to the Fund's investment in the Partnership. Results as determined by actual events could differ materially from the above estimates.

DEFERRED COMPENSATION PLAN

The Fund maintains a deferred compensation plan which provides participants of the plan with a grant of notional units in the Fund. Upon vesting, the units will be settled by the Fund in cash. Compensation expense is recognized based on a graded vesting schedule. Notional distributions, paid in the form of increases to notional units, are recognized when paid. Total notional units recognized are subsequently marked to the current market value of the units. See note 8.

FINANCIAL INSTRUMENTS

See note 3 for a description of the Fund's designation of its financial instruments.

CURRENT ACCOUNTING CHANGES

A) FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

The Canadian Institute of Chartered Accountants (CICA) has issued the following accounting standards effective for fiscal years beginning on or after January 1, 2008: Section 3862 “Financial Instruments – Disclosures”, Section 3863 “Financial Instruments – Presentation”, and Section 1535 “Capital Disclosures.”

Section 3862 and Section 3863 replace Section 3861 “Financial Instruments – Disclosure and Presentation,” revising disclosures related to financial instruments, including hedging instruments, and carrying forward unchanged presentation requirements.

Section 1535 requires the Fund to provide disclosures about its capital and how it is managed.

The adoption of these new accounting standards did not impact the amounts reported in the Fund’s financial statements.

FUTURE ACCOUNTING CHANGES

A) INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS) ADOPTION

In February 2008, the Accounting Standards Board announced that 2011 will be the changeover for publicly-listed entities to use IFRS, replacing Canada’s own GAAP. The changeover becomes operative for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Fund for the year ended December 31, 2010. While the Fund has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. FINANCIAL INSTRUMENTS

The following is a summary of the classification of the Fund’s financial assets and liabilities:

- Cash is classified as held-for-trading. The carrying amount included in the consolidated balance sheet approximates fair value due to the short maturity of these instruments;
- Interest receivable and distributions receivable are classified as loans and receivables and are measured at amortized cost. The carrying amount included in the consolidated balance sheet approximates fair value due to the short maturity of these instruments;
- Note receivable from TTSI is classified as loans and receivables and measured at amortized cost. The fair value is not readily determinable given the many terms and conditions which would influence such determination; and
- Accounts payable and accrued liabilities, due to associated companies and partnerships and distributions payable are classified as other financial liabilities and measured at amortized cost. The carrying amount included in the consolidated balance sheet approximates fair value due to the short maturity of these instruments.

Any derivative instruments, including embedded derivatives, are to be recorded in the statement of earnings at fair value unless exempted from derivative treatment as a normal purchase and sale. The Fund has elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after January 7, 2005. The Fund does not have any outstanding contracts or financial instruments with embedded derivatives as at December 31, 2008 or December 31, 2007.

4. INVESTMENT IN TRIMAC TRANSPORTATION SERVICES LIMITED PARTNERSHIP

A) SHARE OF PARTNERSHIP EARNINGS

The net earnings of the Partnership are allocated between TTSI and the Fund based on the terms of the partnership agreement. The following is a reconciliation of net earnings recorded in the consolidated financial statements of the Partnership to the amount recorded by the Fund.

Year ended December 31,	2008 \$	2007 \$
Net earnings of the Partnership	13,736	17,442
Add: Interest expense on TTSI debt included in Partnership earnings	3,600	4,085
Adjusted Partnership earnings	17,336	21,527
Less: Purchase price allocation adjustments:		
Increase in amortization of capital assets and loss on disposal of capital assets ⁽¹⁾	(2,318)	(4,717)
Amortization of intangible assets ⁽²⁾	(4,039)	(4,039)
Partnership earnings after purchase price adjustments	10,979	12,771
Share of Partnership earnings	3,806	4,499

⁽¹⁾ The amortization of capital assets is increased as the amortization is calculated in the Partnership financial statements using historical costs. The Fund is required to calculate its amortization expense based on its share of fair values on the date of acquisition. At the date of acquisition, the fair value of capital assets was estimated to be \$27,476 in excess of historical net book value as recorded in the Partnership. The amortization period for the value in excess of book for capital assets ranges from zero to 15 years, consistent with the amortization policies of the Partnership and, as a result, amortization expense of \$1,908 and an adjustment on asset disposals of \$410 has been recorded for the year ended December 31, 2008, and amortization expense of \$2,040 and an adjustment on asset disposals of \$2,677 has been recorded for the year ended December 31, 2007. The unamortized value of the excess at December 31, 2008 is \$15,599 (December 31, 2007 – \$17,917).

⁽²⁾ The estimated fair market value of intangible assets at the date the Fund acquired its interest in the Partnership was \$68,804. Amortization of the book value allocated to customer contracts was completed during the year ended December 31, 2006. The book value of intangibles and amortization is as follows:

	Amortization period (years)	Value at date of acquisition \$	Unamortized value at December 31, 2008 \$	Amortization for the year ended December 31, 2008 \$	Amortization for the year ended December 31, 2007 \$
Brand name	N/A	20,137	20,137	–	–
Customer contracts	1.5	12,449	–	–	–
Information technology	5	6,847	1,599	1,369	1,369
Customer relationships	11	29,371	19,136	2,670	2,670
		68,804	40,872	4,039	4,039

B) INVESTMENT IN THE PARTNERSHIP

A continuity of the Fund's investment in the Partnership is as follows:

As at December 31,	2008 \$	2007 \$
Opening balance	72,961	78,431
Add (deduct):		
Share of earnings (note 4(a))	3,806	4,499
Share of other comprehensive income (OCI)	182	(88)
Adjustment from adoption of new accounting standard	-	(35)
Distributions from Partnership	(9,537)	(9,846)
Closing balance	67,412	72,961

The Fund's investment in the Partnership consisted of the following:

As at December 31,	2008 \$	2007 \$
Equity investment	90,285	90,285
Accumulated share of earnings	13,723	9,917
Accumulated share of OCI	94	(88)
Adjustment from adoption of new accounting standards	(35)	(35)
Accumulated distributions	(36,655)	(27,118)
Closing balance	67,412	72,961

5. DISTRIBUTIONS TO UNITHOLDERS

The policy of the Fund is to make monthly cash distributions to unitholders. TTSI's Board of Directors, as administrators of the Fund, approve the level of monthly distributions based upon estimated cash flow on an annual basis, less estimated cash amounts required for debt service obligations, sustaining capital expenditures, cash taxes, other expense amounts and reserves (including amounts for capital expenditures and working capital) and to stabilize the monthly amount of distributions to unitholders. The distributions will be based upon cash receipts of the Fund less amounts which may be paid by the Fund in connection with any cash redemptions or repurchases of units and expenses and liabilities of the Fund, if any. The Fund may make additional distributions in excess of the monthly distributions during the year at the sole discretion of the Trustees.

Monthly distributions will be made available to unitholders of record on the last business day of each month and will be paid on or about the fifteenth day of the following month. Monthly distributions of \$0.0771 per unit (\$966 to \$971 in total per month) were paid during 2007 and 2008. In December 2008, TTSI's Board of Directors approved a reduction in monthly distributions to \$0.04 per unit commencing with the January 2009 distribution paid in February 2009.

6. RELATED-PARTY TRANSACTIONS

On the date of the initial public offering, the Trust invested in a note receivable of \$35,000 from TTSI. This was increased to \$35,141 during 2007 concurrent with the conversion of TTSI Exchangeable Shares into Fund units. The note is due on February 25, 2030, is unsecured and interest is payable monthly at the rate of 8 percent per annum. The Trust earned interest income of \$2,836 during the year ended December 31, 2008. In the year ended December 31, 2007 interest income of \$2,803 was earned.

During the year ended December 31, 2008 shareholders of TTSI Exchangeable Shares have converted 39,129 of their shares in exchange for an equal number of new units of the Fund. The value of the units at the time of the exchange has averaged \$7.61 per unit for a total consideration of \$297. In exchange for the issue of new units, the Fund received an increase in the note receivable from TTSI of \$298, with the same terms and conditions as described above.

Amounts due to associated companies and partnerships relate to amounts incurred in the ordinary course of business. The balances are non-interest-bearing and paid monthly.

Trimac Holdings Ltd., the parent of TTSI, commonly controls the above associated companies and partnerships.

7. UNITHOLDERS' EQUITY

In 2005, TTSI issued TTSI Exchangeable Shares to its parent company, Trimac Holdings Ltd., and certain management personnel as part of certain pre-closing reorganization transactions. Holders of TTSI Exchangeable Shares have the right to receive units in the Fund, indirectly through TTSI or the Trust at any time (provided that the Board of Directors shall have the discretion to limit the number of exchanges per year), in exchange for their TTSI Exchangeable Shares. Such exchange right is not exercisable if the effect would be to cause the Fund to lose its status as a mutual fund trust under the Income Tax Act (Canada). TTSI Exchangeable Shares can be exchanged at the option of TTSI only if the TTSI Exchangeable Shares outstanding, at any time, are exchangeable for fewer than 350,000 units. Exchangeable Security Voting Rights were also issued by the Fund to the holders of TTSI Exchangeable Shares. These rights entitle the holder to one vote at unitholders' meetings of the Fund for each unit that the holder has a right to acquire on exchange of the TTSI Exchangeable Shares. The Exchangeable Shares may be exchanged for units in the Fund, on the basis of the exchange ratio in effect at the time of the exchange. During the year ended December 31, 2008, 3,000 of the TTSI Exchangeable Shares were cancelled and 39,129 of the TTSI Exchangeable Shares were converted into 39,129 units in the Fund. The number of TTSI Exchangeable Shares outstanding at December 31, 2008 was 10,060,405 (December 31, 2007 – 10,086,595), of which 6,070,502 (December 31, 2007 – 6,061,113) receive monthly distributions from the Partnership ("Cash Exchangeables") and 3,989,903 (December 31, 2007 – 4,025,482) do not receive monthly distributions but have a monthly increase in their exchange ratio in lieu of such distributions ("Ratchet Exchangeables"). During the year ended December 31, 2008, 35,579 Ratchet Exchangeables were exchanged for 51,518 Cash Exchangeables. The Exchange Ratio at December 31, 2008 is 1:1 for the Cash Exchangeables and 1.585390:1 for the Ratchet Exchangeables. At December 31, 2007 the Exchange Ratio for Cash Exchangeables was 1:1 and 1.322032:1 for Ratchet Exchangeables. Subsequent to the December 31, 2008 distribution, on January 15, 2009, the Fund had the following number of securities outstanding or reserved for issuance:

	Reserved for TTSI Exchangeable Shares ⁽¹⁾			Fully diluted Units
	Trust Units	Cash	Ratchet	
Balance, December 31, 2006	12,528,515	4,797,388	5,980,463	23,306,366
Unit allocation	–	–	635,450	635,450
Cancellation	–	(13,337)	–	(13,337)
Exchange Ratchet for Cash				
Exchangeable Shares	–	1,294,097	(1,294,097)	–
Convert Exchangeable Shares into Trust units	17,035	(17,035)	–	–
Balance, December 31, 2007	12,545,550	6,061,113	5,321,816	23,928,479
Unit allocation	–	–	1,055,256	1,055,256
Cancellation	–	(3,000)	–	(3,000)
Exchange Ratchet for Cash				
Exchangeable Shares	–	51,518	(51,518)	–
Convert Exchangeable Shares into Trust units	39,129	(39,129)	–	–
Balance, December 31, 2008	12,584,679	6,070,502	6,325,554	24,980,735

The unitholders' equity balance consisted of the following:

	2008	2007
As at December 31,	\$	\$
Equity investment	125,723	125,426
Accumulated earnings	21,009	15,111
Accumulated OCI	94	(88)
Adjustment from adoption of new accounting standard	(35)	(35)
Accumulated distributions	(43,967)	(32,335)
Total unitholders' equity	102,824	108,079

⁽¹⁾ Reserved for issuance pursuant to TTSI Exchangeable Shares, which are exchangeable for Trust units.

8. DEFERRED COMPENSATION PLAN

As part of the trustees/directors compensation the Fund adopted a deferred compensation plan (DCP), effective March 6, 2008, to provide directors of TTSI with a compensation plan based in part on performance of units of the Fund. The Board of Directors of TTSI approved the plan and established the number of notional units to be awarded.

Terms of the DCP included the granting of 25,000 notional units with a market value of \$7.28 per unit on the date of the grant. The notional units (and the notional distributions thereon) vest at one-third of the allocation on each anniversary of the grant. Following full vesting, the market value of the notional units will be settled in cash. The Fund recorded compensation expense related to the DCP of \$50 for the year ended December 31, 2008. The number of notional units (including notional distributions) outstanding as at December 31, 2008 was 29,625.

9. GUARANTEES

The Trust and the Partnership have each guaranteed the senior note and the revolving credit facility retained by TTSI. These facilities are described in note 5 to the consolidated financial statements of the Partnership. In addition, payment of the note receivable from TTSI is subordinated to the senior note and revolving credit facility.

TRIMAC TRANSPORTATION SERVICES LIMITED PARTNERSHIP AUDITORS' REPORT

TO THE DIRECTORS OF TRIMAC TRANSPORTATION SERVICES INC., AS GENERAL PARTNER OF TRIMAC TRANSPORTATION SERVICES LIMITED PARTNERSHIP

We have audited the consolidated balance sheets of Trimac Transportation Services Limited Partnership as at December 31, 2008 and 2007 and the consolidated statement of earnings, comprehensive income and partnership equity and cash flows for each of the years in the two year period ended December 31, 2008. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years in the two year period ended December 31, 2008 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta, Canada

March 11, 2009

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

TRIMAC TRANSPORTATION SERVICES LIMITED PARTNERSHIP

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(thousands of dollars)
As at December 31,

	2008 \$	2007 \$
ASSETS		
Current assets		
Cash	2,350	1,072
Accounts receivable	31,350	32,816
Materials and supplies	1,626	1,777
Due from related parties (note 7)	3,088	2,685
Income taxes recoverable	-	61
Prepaid expenses	10,315	9,637
	48,729	48,048
Capital assets (note 4)	92,708	97,467
Intangible assets (notes 12 and 15)	3,495	2,387
Goodwill	6,182	6,052
Other	1,622	1,398
	152,736	155,352
LIABILITIES		
Current liabilities		
Bank indebtedness	1,969	1,310
Accounts payable and accrued liabilities	29,282	28,559
Distributions payable	3,080	4,765
Income taxes payable	570	-
Due to related parties (note 7)	1,223	2,173
Current maturities of long-term debt (note 5)	18,666	18,666
	54,790	55,473
Long-term debt (note 5)	44,723	42,338
Future income taxes (note 6)	1,207	435
Other long-term liabilities	1,253	1,920
	101,973	100,166
Partnership equity	50,763	55,186
	152,736	155,352

Commitments and contingencies (note 9)

See accompanying notes to the consolidated financial statements

Approved by the Board of Directors of the Managing General Partner Trimac Transportation Services Inc.



Jeffrey J. McCaig
Director



Rhys T. Eyton
Director

CONSOLIDATED STATEMENT OF EARNINGS, COMPREHENSIVE INCOME AND PARTNERSHIP EQUITY

(thousands of dollars)
Year ended December 31,

	2008 \$	2007 \$
Revenue		
Transportation revenue	273,685	294,935
Fuel surcharges	52,985	35,665
	326,670	330,600
Operating costs and expenses		
Direct	240,778	243,999
Selling and administrative (note 7)	45,333	45,691
Depreciation and amortization	21,880	23,384
Gain on sale of assets (net)	(774)	(3,394)
Operating expense	307,217	309,680
Operating earnings	19,453	20,920
Interest on long-term debt	4,783	4,687
Other interest expense (income)	114	(10)
	4,897	4,677
Earnings before income taxes	14,556	16,243
Income tax expense (recovery) (note 6)		
Current	820	469
Future	-	(1,668)
	820	(1,199)
Net earnings	13,736	17,442
Other comprehensive income (loss) – net change in cumulative translation adjustments	533	(249)
Comprehensive income	14,269	17,193
Opening partnership equity	55,186	57,064
Adoption of new accounting standard	-	(81)
Distributions declared	(18,692)	(18,990)
Closing partnership equity	50,763	55,186
Accumulated other comprehensive (losses) income (included in partnership equity)		
Opening balance	(269)	(20)
Other comprehensive income (loss)	533	(249)
Closing balance	264	(269)

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS(thousands of dollars)
Year ended December 31,

	2008 \$	2007 \$
CASH PROVIDED (USED)		
OPERATIONS		
Net earnings	13,736	17,442
Add back (deduct) items not affecting cash:		
Depreciation and amortization	21,880	23,384
Gain on sale of assets (net)	(774)	(3,394)
Future income tax expense (recovery)	–	(1,668)
Other non-cash items	(585)	187
Cash provided by operations	34,257	35,951
Net change in non-cash working capital (note 10)	2,397	(3,289)
Net cash provided by operations	36,654	32,662
INVESTMENTS		
Purchases of capital assets	(15,912)	(15,987)
Proceeds on sale of capital assets	3,235	8,187
Acquisition of transportation businesses – net of cash (note 12)	(3,218)	(7,364)
Decrease in accounts payable and accrued liabilities relating to investing activities	(563)	(117)
Decrease in accounts receivable relating to investing activities	9	9
Other	228	(349)
Cash used in investing activities	(16,221)	(15,621)
FINANCING		
Increase in long-term debt	21,052	2,744
Repayments of long-term debt	(20,491)	–
Distributions paid	(20,375)	(19,324)
Cash used in financing activities	(19,814)	(16,580)
Increase in cash	619	461
Bank indebtedness, beginning of year	(238)	(699)
Cash (bank indebtedness), end of year	381	(238)
Supplemental information		
Income taxes paid	375	1,070
Interest paid	5,349	4,689
Cash consists of the following:		
Cash	2,350	1,072
Bank indebtedness	(1,969)	(1,310)
	381	(238)

See accompanying notes to the consolidated financial statements

TRIMAC TRANSPORTATION SERVICES LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(thousands of dollars except ratios and certain other exceptions as indicated)

1. DESCRIPTION OF THE BUSINESS

Trimac Transportation Services Limited Partnership (“Trimac” or the “Partnership”) is a limited partnership established on November 12, 2004 under the laws of the Province of Alberta. Trimac Transportation Services Inc. (TTSI) owns the general partnership interest and the Trimac Income Fund (the “Fund”) owns limited partnership units indirectly. The Partnership is Canada’s largest bulk trucking services provider, with operations from coast to coast. In addition, through its investment in another limited partnership and through a subsidiary company, the Partnership provides complementary logistics services in Canada and the United States. The Partnership is headquartered in Calgary, Alberta.

The accompanying consolidated financial statements include the accounts of the Partnership and its subsidiaries. All of the subsidiaries are 100 percent owned. The statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These consolidated financial statements have been prepared using the accounting policies described in note 2.

2. ACCOUNTING POLICIES

MATERIALS AND SUPPLIES

Materials and supplies are valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

PREPAID TIRES

The cost of original and new replacement tires and tubes on vehicles hauling bulk commodities is charged to prepaid expense and is written off against income, to direct expense, on a mileage basis.

GOODWILL

Goodwill is tested for impairment on an annual basis by comparing the fair value of each reporting unit to its book value. Where the carrying value of a reporting unit exceeds its fair value, goodwill is written down to its fair value. It was determined that there had been no impairment for the years ended December 31, 2008 and 2007. Fair value was determined by using a discounted cash flow model.

INTANGIBLE ASSETS

The intangible assets account represents the value of customer contracts and relationships and non-compete agreements purchased through acquisitions. The assets have limited lives and are amortized over their useful life.

CAPITAL ASSETS

Capital assets are originally recorded at cost. Depreciation is provided at rates which will amortize costs to estimated residual values over the assets' estimated useful lives as follows:

Asset	Depreciation	Estimated useful life
Highway tractors	Declining balance (5% residual)	7 years
Highway trailers	Straight-line (4% residual)	8 to 10 years
Buildings and yard improvements	Straight-line	25 years
Other	Straight-line	3 to 10 years

FOREIGN CURRENCY TRANSLATION

Bulk Plus Logistics Inc., a U.S. wholly owned subsidiary, is considered self-sustaining and is translated using the current rate method. Its cumulative translation adjustment is classified as accumulated other comprehensive income and current translation changes are recorded as other comprehensive income.

For foreign currency transactions occurring in Canadian business units, the transactions are translated into Canadian dollars at the applicable rate when they occur.

TRANSACTION COSTS RELATING TO FINANCING

Transaction costs relating to financings are recognized when incurred in the Partnership's consolidated statement of earnings.

MEASUREMENT UNCERTAINTY

The preparation of consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The items that are subject to the greatest measurement uncertainty include recoverability of accounts receivable, third-party liability claims, valuation of goodwill and estimated useful life of capital and intangible assets.

REVENUE RECOGNITION

Revenue, including related fuel surcharges, for the trucking business is recognized when goods are delivered. Revenue is recognized for the logistics business when the service has been completed. Revenue is not recognized until collection is reasonably assured.

FUTURE INCOME TAXES

The partnership is not required to record tax expense on partnership income or future tax on temporary differences as it is a non-taxable entity and taxable income is allocated to its partners and the resulting tax is paid directly by them. The recorded amounts for income tax expense (recovery), income taxes payable and future income taxes on the consolidated financial statements represents amounts which are applicable to subsidiaries of the partnership that are taxable corporations.

Trimac follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are tested for possible impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

LONG-TERM INCENTIVE PLAN

The Partnership maintains a long-term incentive plan which provides participants of the plan with the opportunity to earn a grant of notional units in the Fund. Upon vesting, the units will be settled by the Partnership in cash or by purchase of units. Compensation expense is recognized based on a graded vesting schedule. Notional distributions, paid in the form of increases to notional units, are recognized when paid. Total notional units recognized are subsequently marked to the current market value of the units. See note 13.

FINANCIAL INSTRUMENTS

See note 3 for a description of the Partnership's designation and accounting policies of its financial instruments.

CURRENT ACCOUNTING CHANGES***A) FINANCIAL INSTRUMENT AND CAPITAL DISCLOSURES***

The Canadian Institute of Chartered Accountants (CICA) has issued the following accounting standards effective for fiscal years beginning on or after January 1, 2008: Section 3862 "Financial Instruments – Disclosures", Section 3863 "Financial Instruments – Presentation", and Section 1535 "Capital Disclosures."

Section 3862 and Section 3863 replace Section 3861 "Financial Instruments – Disclosure and Presentation", revising disclosures related to financial instruments, including hedging instruments, and carrying forward unchanged presentation requirements.

Section 1535 requires the Partnership to provide disclosures about its capital and how it is managed.

The adoption of these new accounting standards did not impact the amounts reported in the Partnership's financial statements; however, it resulted in expanded note disclosure (see notes 3 and 14).

B) INVENTORIES – MATERIALS AND SUPPLIES

Effective January 1, 2008, the Partnership has adopted the new CICA Handbook Section 3031, Inventories. This section provides guidance on the method of determining the cost of the Partnership's materials and supplies. The adoption of Inventories did not impact the Partnership's financial statements.

FUTURE ACCOUNTING CHANGES

A) GOODWILL AND INTANGIBLE ASSETS

CICA Handbook Section 3064 – Goodwill and Intangible Assets which is required to be adopted for fiscal years beginning on or after October 1, 2008 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Partnership will adopt this standard on January 1, 2009. This standard will not impact the Partnership's financial statements upon adoption.

B) CREDIT RISK AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Emerging issues committee abstract 173 – This abstract will be effective for fiscal years beginning on or after January 1, 2009 and requires entities to take both counterparty and their own credit risk into account when measuring the fair value of financial assets and liabilities, including derivatives. The Partnership will adopt this section effective January 1, 2009. The abstract will not impact the Partnership's financial statements upon adoption.

C) INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) ADOPTION

In February 2008, the Accounting Standards Board announced that 2011 will be the changeover for publicly-listed entities to use IFRS, replacing Canada's own GAAP. The changeover becomes operative for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Partnership for the year ended December 31, 2010. While the Partnership has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

PRESENTATION

The following is a summary of the classification of the Partnership's financial assets and liabilities:

- Cash is classified as held-for-trading. The carrying amount approximates fair value due to the short maturity of these instruments;
- Accounts receivable, due from related parties and income taxes recoverable are classified as loans and receivables and are measured at amortized cost. The carrying amount approximates fair value due to the short maturity of these instruments;
- Bank indebtedness, accounts payable and accrued liabilities, distributions payable, income taxes payable and due to related parties are classified as other financial liabilities and measured at amortized cost. The carrying amount approximates fair value due to the short maturity of these instruments; and
- Long-term debt (including current maturities) is classified as other financial liabilities and measured at amortized cost. As at December 31, 2008, \$37,333 (December 31, 2007 – \$56,000) of the long-term debt of Trimac was fixed with an interest rate of 7.29 percent per annum. The estimated fair value using the present value of expected cash outlays for principal and interest, based on an estimated rate for long-term debt with similar terms, was \$35,996 at December 31, 2008 and \$57,406 at December 31, 2007. Floating-rate debt and the stated amount of outstanding principal is considered to be fair value.

Any derivative instruments, including embedded derivatives, are to be recorded in the statement of income at fair value unless exempted from derivative treatment as a normal purchase and sale. The Partnership has elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after January 1, 2003. The Partnership has determined it currently has no derivative or embedded derivative instruments that are required to be recorded at fair value.

RISK EXPOSURE

The Partnership is exposed to various risks associated with its financial instruments. These risks are as follows:

- a) **Credit risk** – The Partnership hauls a wide variety of bulk materials for a broad customer base spanning numerous industries. The credit risk is considered to be low and not overly concentrated due to the strength, diversity and long-standing relationships which exist with a substantial portion of the customer base. At December 31, 2008 current trade receivables (i.e. less than 30 days) comprised 77 percent of the Partnership's total receivable base while the average number of days that sales were in accounts receivables was 27. At December 31, 2007 current receivables were 75 percent of total and the average number of days that sales were in accounts receivables was 28. The Partnership's credit management constantly monitors receivable balances and new customers are subject to extensive credit checks to ensure that any potential credit risks are minimized. Provisions have been estimated by management and included in the accounts to recognize potential bad debts. Past experience has established the provisions to be adequate. The allowance for doubtful accounts was \$176 at December 31, 2008 and \$135 at December 31, 2007.

- b) **Interest rate risk** – The interest rate risk at December 31, 2007 was considered low due to the high proportion of fixed rate debt as a percentage of the total (\$56,000 out of the \$61,004 total debt was fixed). During the 2008 fiscal year, \$18,667 of the fixed rate debt was repaid, with the payment being financed through the Partnership's floating rate revolving credit facility. As a result the proportion of the Partnership's fixed rate debt to total debt has decreased (\$37,333 out of the \$63,389 total debt was fixed). A 1 percent movement in the prime rate would have resulted in a \$149 change to net earnings in the year ended December 31, 2008.
- c) **Foreign exchange risk** – While the availability of derivative financial instruments with respect to foreign exchange is monitored, it has not been considered necessary to hedge this risk. The Partnership is exposed to changes in the Canada/U.S. exchange rate as certain balances within working capital may fluctuate due to changing rates. The Partnership's exposure is limited to certain contracts denominated in U.S. dollars within the eastern division, various capital expenditures which are paid in U.S. dollars, the shared services agreement referred to in note 7 which provides for an allocation of Trimac Management Services Limited Partnership's (TMSLP) expenses between the Partnership and certain affiliated U.S. companies based on a pro rata basis of revenues translated into Canadian dollars and the operations of Bulk Plus Logistics U.S. division which are incurred in U.S. dollars and translated to Canadian dollars for financial statement presentation. The exposure is considered to be low as the proportion of the Partnership's total revenue expressed in U.S. dollars is less than 5 percent.
- d) **Liquidity risk** – The Partnership is exposed to liquidity risk through its working capital balance. Working capital was in a deficiency position at December 31, 2008 and December 31, 2007 due to the required long-term debt repayment scheduled for August 2009, which has been classified as a current liability (note 5). Management expects to fund this repayment by using existing credit facilities. The exposure is limited due to a substantial amount of available credit under the revolving credit facility (note 5). The table below reflects the contractual maturity of the Partnership's financial liabilities as at December 31, 2008:

Financial liabilities

	< 1 year \$	1 - 2 years \$	2 - 3 years \$	Thereafter \$	Total \$
Bank indebtedness	1,969	–	–	–	1,969
Accounts payable and accrued liabilities	29,282	–	–	–	29,282
Distributions payable	3,080	–	–	–	3,080
Income taxes payable	570	–	–	–	570
Due to related parties	1,223	–	–	–	1,223
Long-term debt	18,666	44,723	–	–	63,389
Other long-term liabilities	–	94	–	1,159	1,253
	54,790	44,817	–	1,159	100,766

The Partnership process for managing liquidity risk includes preparing and monitoring capital and operating budgets, coordinating and authorizing project expenditures and authorizing contracted agreements.

e) **Commodity risk** – The Partnership is exposed to commodity risk related to the purchase of diesel fuel and the potential reduction in net income due to increases in the price of diesel. The impact of rising fuel costs has been mitigated by fuel surcharge programs in place with substantially all of the Partnership’s customers and the effect of changes in fuel prices has generally been neutral to the Partnership’s results in past years. Recovery of rising fuel costs, however, is impacted by the inherent lag in resetting surcharges due to contractual agreements with customers; price increase thresholds set in fuel surcharge programs; the fuel content percentage agreed on in the surcharge mechanism; and the timing of price increases compared to agreed upon reset periods. All of the above factors may vary from customer to customer as no standard exists. The Partnership believes its fuel surcharge program is effective in recovering fuel cost increases over time; however, there is a lag in fuel price recovery that may result in quarterly shortfalls or surpluses depending on the price trend in any given period.

4. CAPITAL ASSETS

The cost and net book value of capital assets by major classification are as follows:

As at December 31, 2008 ⁽¹⁾

	Cost \$	Accumulated depreciation \$	Net \$
Bulk hauling highway units (including highway tractors and trailers)	228,312	158,848	69,464
Land, buildings and yard improvements	43,096	24,668	18,428
Other equipment	50,421	45,605	4,816
	321,829	229,121	92,708

As at December 31, 2007 ⁽¹⁾

	Cost \$	Accumulated depreciation \$	Net \$
Bulk hauling highway units (including highway tractors and trailers)	228,823	156,898	71,925
Land, buildings and yard improvements	42,125	22,427	19,698
Other equipment	52,419	46,575	5,844
	323,367	225,900	97,467

⁽¹⁾ Included in capital assets at December 31, 2008 are assets held for resale in the amount of \$109 (December 31, 2007 – \$485).

5. LONG-TERM DEBT

As at December 31,		2008 \$	2007 \$
Due to TTSI	a)	37,333	56,000
Revolving credit facility	b)	26,056	5,004
		63,389	61,004
Less: current maturities of long-term debt		18,666	18,666
		44,723	42,338

a) The \$37,333 amount due to TTSI relates to the portion of TTSI's partnership interest that is equal to TTSI's Series A Senior note at December 31, 2008 (December 31, 2007 – \$56,000). The note is unsecured and interest is at a fixed rate of 7.29 percent per annum. No payments were required until August 20, 2008, at which time payments of \$18,666 were required annually until the note matures in full on August 20, 2010. The first scheduled repayment on this note was made during the year. The Senior note and revolving credit facility (note 5b) were retained by TTSI ("TTSI debt"). Under the terms of the partnership agreement, the amount due is callable by TTSI in the event that TTSI is required to repay any of the TTSI debt or when desired. The Partnership and TTSI have entered into an agreement whereby TTSI has committed not to call the TTSI debt except when required under the terms of the TTSI debt. Therefore, the repayment terms disclosed in note 5 c) are equal to the terms of the senior note and revolving credit facility held by TTSI. In addition, the partnership agreement requires that a priority distribution be made to TTSI equal to the interest that TTSI pays on the TTSI debt. Given the terms of the partnership interest noted above, \$37,333 has been reclassified between partnership equity and long-term debt and distributions related to this partnership interest have been classified as interest expense on the consolidated statement of earnings. During the year ended December 31, 2008, the Partnership was charged interest of \$3,600 (2007 – \$4,085) from TTSI.

b) As at December 31, 2008, the Partnership and TTSI maintained a joint \$60,000 revolving credit facility. This credit line is unsecured and interest rates are floating, generally from Canadian or U.S. prime plus 0.25 percent to Canadian or U.S. prime plus 1.5 percent, and are determined by grid pricing based on Trimac's ratio of debt to earnings before interest, taxes and depreciation. Trimac may elect to borrow in prime, LIBOR, Euro or bankers' acceptance instruments. The agreement is a 364-day revolver subject to renewal on July 29, 2009. Under the terms of the agreement, if the facility is not renewed, the loans are repayable one year after the termination date.

After taking into consideration letters of credit of \$5,902 outstanding as at December 31, 2008 (December 31, 2007 – \$6,132), unused lines of credit totalled \$28,042 at December 31, 2008 (December 31, 2007 – \$33,864).

c) The terms of the loans described in a) and b) above include certain covenants requiring the Partnership to incur a minimum level of capital expenditures and to maintain specified debt service coverage, debt to earnings before interest, taxes, loss (gain) on sale of assets, depreciation and amortization (EBITDA) ratios and EBITDA to interest ratios (see note 14). Amounts of long-term debt repayable in the following years ending December 31 are:

	\$
2009	18,666
2010	44,723
	63,389

6. INCOME TAXES

The income tax provision is other than expected for the reasons set out below:

Year ended December 31,	2008	2007
Expected combined federal/provincial corporate tax rate	31.0%	34.0%
	\$	\$
Expected provision based on the above rate	4,512	5,523
Increase (decrease) from:		
Earnings taxed outside of Partnership	(3,848)	(5,043)
Jurisdictional rate differences	164	44
Reduction in substantively enacted tax rates on temporary differences	(5)	31
Effect of corporate reorganization	–	(1,739)
Other – net	(3)	(15)
	820	(1,199)

Future tax liabilities and assets are recognized based on temporary differences between the carrying values of assets and liabilities used for financial statement and income tax purposes, using substantively enacted tax rates. Net future tax liabilities or assets may be offset when they relate to the same taxation authority. The temporary differences comprising the net future income tax liability are as follows:

As at December 31,	2008	2007
	\$	\$
Future income tax liabilities		
Capital assets in excess of tax values	962	188
Prepaid expenses deductible for tax	42	19
Goodwill and deferred charges in excess of tax values	168	163
Provisions claimed for tax in advance of book	481	453
Deferral of income for tax purposes	30	226
	1,683	1,049
Future income tax assets		
Loss carry-forwards recognized	369	575
Book provisions not claimed for tax purposes	67	39
Tax credit carry-forward	40	–
	476	614
Net future income tax liability	1,207	435

As at December 31, 2008, certain subsidiaries of the Partnership have non-capital loss carry-forwards available to reduce taxable income in the amount of \$1,231. The losses expire at various dates from 2009 to 2028. For financial statement purposes, the future tax benefits relating to the losses have been offset against the recognized future tax liability relating to other accumulated temporary differences.

7. RELATED-PARTY TRANSACTIONS

During the periods ended December 31, 2008 and December 31, 2007, the Partnership received administrative services provided by an associated partnership, Trimac Management Services Limited Partnership (TMSLP). The services are provided under a shared services agreement and amounted to \$11,624 for the year ended December 31, 2008. During the year ended December 31, 2007, costs amounted to \$11,421.

Due from related parties in current assets and due to related parties in current liabilities arise through the ordinary course of business, are owed from/to certain U.S. or Canadian related parties and are measured at the exchange amount. The balances are non-interest-bearing and paid monthly.

Trimac Holdings Ltd., the parent of TTSI, commonly controls or has significant influence over the above related parties.

8. SEGMENTED INFORMATION

Trimac provides bulk-trucking services in Canada and logistics services to the transportation industry in Canada and the United States. Trimac manages its bulk trucking operations in Canada on a geographic basis (western and eastern divisions). Logistics services are managed and reported separately. Revenue is all directly related to the activity in a segment. Expenses are either directly related to a segment or, in the case of corporate administration and interest expenses, are centrally managed and allocated across the segments. Trimac has no customers which account for more than 10 percent of total revenue. Inter-segmental transactions are eliminated on consolidation.

Year ended December 31, 2008

	Total revenues \$	Earnings before depreciation, (gain) loss on sale of assets, interest and taxes \$	Depreciation and (gains) losses on asset disposals \$	Interest expense \$	Earnings (loss) before income taxes \$	Total assets (end of year) \$	Goodwill (end of year) \$
Western	197,757	29,515	12,963	3,032	13,520	91,990	1,243
Eastern	112,901	8,867	6,467	1,471	929	46,306	4,939
Other (a)	40	(552)	984	180	(1,716)	1,556	–
Total bulk trucking	310,698	37,830	20,414	4,683	12,733	139,852	6,052
Logistics	15,972	2,729	692	214	1,823	12,884	–
Total	326,670	40,559	21,106	4,897	14,556	152,736	6,182

Year ended December 31, 2007

	Total revenues \$	Earnings (loss) before depreciation, (gain) loss on sale of assets, interest and taxes \$	Depreciation and (gains) losses on asset disposals \$	Interest expense \$	Earnings before income taxes \$	Total assets (end of year) \$	Goodwill (end of year) \$
Western	193,266	28,511	14,346	2,995	11,170	90,643	1,113
Eastern	116,428	10,039	6,794	1,509	1,736	52,313	4,939
Other (a)	60	(73)	(1,662)	96	1,493	1,974	–
Total bulk trucking	309,754	38,477	19,478	4,600	14,399	144,930	6,052
Logistics	20,846	2,433	512	77	1,844	10,422	–
Total	330,600	40,910	19,990	4,677	16,243	155,352	6,052

a) Includes certain unallocated or over-allocated corporate office and interest expenses net of corporate depreciation recoveries that are allocated to each division and recorded as corporate administrative or interest expense. Assets include cash and unallocated fixed assets used in corporate administrative functions.

9. COMMITMENTS AND CONTINGENCIES

Trimac has operating leases for certain terminal facilities, office equipment and automobiles. Future rental payments under operating leases with initial or remaining non-cancellable lease terms in excess of one year at December 31, 2008 are:

	\$
2009	2,859
2010	1,640
2011	775
2012	349
2013	76
Thereafter	341
	6,040

The Partnership has guaranteed its portion of the rent and other obligations due under an office lease arrangement entered into by TMSLP during the previous year. The relationship between the Partnership and TMSLP is described in note 7. Trimac's guarantee of approximately 53 percent of the lease obligation represents its share of cost allocation under the shared service agreement.

The Partnership has outstanding commitments to purchase approximately \$1,391 of additional capital items, as part of its 2009 capital expenditure program.

Under the terms of a contract with a major customer, Trimac is committed to purchase 4 million litres of fuel annually over a five-year term, ending April 30, 2011, at a fixed price per litre that is reset at each contract anniversary.

Trimac is involved in various legal actions, which have occurred in the ordinary course of operations. Management is of the opinion that losses, if any, arising from such legal actions would not have a material effect on these financial statements.

10. NON-CASH WORKING CAPITAL

Net changes in non-cash working capital balances are as follows:

Year ended December 31,	2008 \$	2007 \$
Accounts receivable	2,523	460
Material and supplies	167	56
Prepaid expenses	(415)	602
Accounts payable and accrued liabilities	1,070	(1,452)
Income taxes payable/recoverable	405	(704)
Due from/to related parties	(1,353)	(2,251)
	2,397	(3,289)

11. SEASONALITY

The Partnership's operations are subject to seasonal influences. Revenues and earnings in the first quarter and, to a lesser extent, in the fourth quarter are generally lower than in the second and third quarters due to lower construction-related volume, colder weather, higher operating costs, and lower operating efficiencies in colder weather. The second and third quarters are generally the most profitable quarters for Trimac, due primarily to increased hauling of construction-related products and increased economic activity from industries using raw materials that Trimac hauls, generating higher volumes and increased utilization of its equipment at lower operating costs. This seasonality is influenced by changes in business mix and weather that varies from time to time.

12. ACQUISITION OF TRANSPORTATION BUSINESSES

Effective December 5, 2008, the Partnership purchased all of the shares of Canamera Carriers Inc. (CCI) for \$3,304 (\$3,218 net of CCI's cash on hand). CCI operates out of Yorkton, Saskatchewan and provides transportation and warehousing of fertilizer primarily throughout western Canada.

Effective April 30, 2007, the Partnership purchased all of the shares of Ken Angeli Trucking Ltd. (KAT) for \$1,796 (\$1,603 net of KAT's cash on hand). KAT provides liquid chemical hauling services to various chemical producers with operations in Kamloops, B.C. and Edmonton, Alberta.

Effective June 1, 2007, the Partnership purchased certain of the assets of the Canadian division of Logistics Express Inc, a U.S. multinational transportation company, for \$1,661. The division operates out of a leased facility in Edmonton, Alberta and hauls liquefied gases for various industrial gas manufacturers.

Effective November 7, 2007, the Partnership purchased certain of the assets of Stan Fergusson Fuels Ltd. for \$4,100. Fergusson operates out of a leased facility in Trenton, Ontario and hauls liquefied petroleum products.

The acquisitions were funded through a combination of cash on hand and an existing credit facility of the Partnership. The purchase consideration was allocated as follows:

Year ended December 31,	2008 \$	2007 \$
Net assets purchased		
Working capital	953	443
Capital assets	3,004	3,983
Identifiable intangible assets	1,773	1,812
Other assets	92	–
Goodwill	131	1,581
Long-term debt	(1,823)	–
Future income taxes	(826)	(262)
Total consideration	3,304	7,557
Less: cash on hand	(86)	(193)
	3,218	7,364

13. LONG-TERM INCENTIVE PLAN

The Partnership adopted a long-term incentive plan (LTIP) effective January 1, 2006 to provide eligible executive officers of TTSI, eligible management personnel of subsidiaries of the Partnership and TMSLP with compensation opportunities that encourage ownership of units, enhance Trimac's ability to attract, retain and motivate key personnel, and reward key senior management for significant performance. The LTIP is based on the achievement of distributable cash flow of the Fund in excess of a threshold. The Governance and Compensation Committee of the Board of Directors of TTSI sets the threshold annually in accordance with the terms of the plan. When distributable cash flow exceeds the threshold, amounts will be allocated to participants based on the following table. No amount will be allocated under the LTIP if the distributable cash flow in the fiscal year is below the threshold.

Distributable cash flow above threshold	Maximum amount allocated (% of distribution above threshold)
Up to 5%	10%
5% to 10%	15% of the amount in excess of 5%
More than 10%	20% of the amount in excess of 10%

Terms of the LTIP include the grant of a number of notional units with a market value equal to the allocated amount with notional units (and the notional distributions thereon) vesting at one-third of the allocation on each anniversary of the grant. Following full vesting, the Governance and Compensation Committee will determine whether the vested amount will be settled in cash or by purchase of units. If the units are to be purchased, they will be purchased in the market on behalf of participants equal in value to the value of the number of notional units granted and the notional distributions thereon (less withholding taxes, if applicable). The Partnership recorded a reversal of compensation expense and shared service costs previously recorded related to the LTIP of \$148 for the year ended December 31, 2008 and expense of \$387 for the year ended December 31, 2007. The reversal of expense for 2008 was due to a reduction in the unit price value of the Fund's units. A continuity of the number of notional units outstanding is as follows:

	2006 Grant	2007 Grant	Total
Balance, December 31, 2006	87,761	–	87,761
Notional distributions	8,863	–	8,863
Cancellation of notional units	(5,274)	–	(5,274)
Issue of notional units	–	43,631	43,631
Balance, December 31, 2007	91,350	43,631	134,981
Notional distributions	14,631	8,159	22,790
Settlement of grant	(10,548)	–	(10,548)
Balance, December 31, 2008	95,433	51,790	147,223

No additional grants were issued for the year ended December 31, 2008.

14. CAPITAL DISCLOSURES

The Partnership's objectives when managing its capital are:

- To manage capital in a manner that will maintain compliance with its financial covenants;
- To maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business; and
- To maintain a financially sustainable and consistent level of distributions to the unitholders of the Fund.

The Partnership defines its capital as follows:

- Partnership equity; and
- Long-term debt, including current maturities.

The Partnership's primary sources of capital are cash provided by operations after capital expenditures and distributions to partners and a \$60,000 364-day revolving credit facility. The credit facility is used to fund seasonal working capital and capital expenditures to the extent that current cash from operations is inadequate. Debt levels tend to be seasonal and historically have been repaid from operating cash flows by the end of each fiscal year. The Partnership also maintains a \$37,333 fixed rate note, which requires repayments of \$18,666 in each of August 2009 and August 2010. The first repayment of \$18,666 on this note was made in August 2008. This payment was financed by drawing on the Partnership's existing revolving credit facility (note 5b). Management expects to repay a portion of debt that matures in 2009 by drawing on this facility as well.

The lending agreements require the Partnership to incur a minimum of \$8,000 in annual capital expenditures and to maintain certain specified financial ratios; the most significant being:

Financial ratio	Minimum covenant	Maximum covenant	Calculated ratio at December 31,	
			2008	2007
Debt to EBITDA ⁽¹⁾	–	2.5	1.71	1.64
Debt coverage	1.25	–	1.69	1.73
EBITDA to interest ⁽¹⁾	3.5	–	8.08	8.47

⁽¹⁾ EBITDA (defined here as total revenue less direct costs and selling and administrative costs) is not a recognized measure under GAAP, does not have a standardized meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other issuers. Debt for the purposes of this ratio includes outstanding letters of credit.

In management's opinion, the Partnership's available borrowing capacity under its debt facilities and its ongoing cash from operations are sufficient to fund its anticipated financial commitments.

15. INTANGIBLE ASSETS

A continuity of intangible assets is as follows:

	Customer contracts/ relationships	Non- compete agreements	Total
Balance, December 31, 2006	1,093	–	1,093
Acquired during the year	1,538	274	1,812
Amortization	(511)	(7)	(518)
Balance, December 31, 2007	2,120	267	2,387
Acquired during the year	1,653	120	1,773
Amortization	(626)	(39)	(665)
Balance, December 31, 2008	3,147	348	3,495

Customer contracts/relationships are amortized over periods from three to seven years while non-compete agreements are being amortized over seven years.

16. RECLASSIFICATION

Certain amounts presented in the Consolidated Balance Sheet and Consolidated Statement of Earnings have been reclassified from those previously reported. There has been no change to net earnings as previously reported.

17. PENSION EXPENSE

The Partnership maintains a defined contribution plan for substantially all of its employees. All of the pension expense for this plan is on account of current service and no future liabilities exist. Pension expense relating to this plan was \$2,009 for the year ended December 31, 2008 (December 31, 2007 – \$2,117).

CORPORATE INFORMATION

DIRECTORS

Jeffrey J. McCaig

Director, Trimac Transportation Services Inc.;
Chairman of the Board;
President and Chief Executive Officer;
Governance and Compensation Committee

Jeffrey J. McCaig is the Chairman, President and Chief Executive Officer of TTSI, the Chairman and Chief Executive Officer of Trimac U.S. and a director and Chief Executive Officer of Trimac Holdings. Mr. McCaig has been a director of Orbus Pharma Inc. since December 1989, a director of Potash Corporation of Saskatchewan since January 2001, a director of Standard Life Assurance Company of Canada since December 2004, and a director of Bantrel Company, becoming its Chairman in December 2007. Mr. McCaig is also a director and co-owner of the Calgary Flames Hockey Club.

Rhys T. Eyton

Director, Trimac Transportation Services Inc.; Trustee;
Chairman Audit Committee

Rhys T. Eyton is a corporate director and has served as a director of the Vancouver International Airport Authority since 2000 and as a trustee of the Canadian Hotel Income Properties Real Estate Investment Trust from 1997 until September 2007.

Andrew B. Zaleski

Director, Trimac Transportation Services Inc.; Chairman of the Governance and Compensation Committee;
Audit Committee

Andrew B. Zaleski is a corporate director and served as a director of Trimac Holdings from 2002 to February 2005; as a director of Orbus Pharma Inc., a pharmaceutical company, from 2004 to the present and as Chairman of the Orbus Pharma board from 2005 to the present; as a director of Technicoil Corporation from 2005 to the present; as Chairman, President and Chief Restructuring Officer and director of Cage Logistics Inc. from March 2002 to March 2003 and prior thereto as President of Trimac Transportation Services Inc. from 1983 to 2001.

M. Jerry Patava

Lead Director, Trimac Transportation Services Inc.; Trustee; Governance and Compensation Committee

M. Jerry Patava is the President and Chief Executive Officer of the Great Gulf Group of Companies, a position he has held since July 2007. He has served as a trustee, chair of the Governance Committee and a member of the Audit Committee of The Consumers' Waterheater Income Fund from December 2002, as a trustee of Osprey Media Income Fund from December 2004 until August 2007 and as a director of TransAlta Power, L.P. from May 2005 until December 2007. Mr. Patava was the Executive Vice President and Chief Financial Officer of Fairmont Hotels and Resorts Inc. from January 1998 to January 2005.

Maurice W. McCaig

Director, Trimac Transportation Services Inc.; Trustee

Maurice W. McCaig is President of Mo-Mac Investments Ltd., a holding company. Mr. McCaig has been a director of Trimac Holdings or its predecessors for over five years.

Gerald A. Romanzin

Director, Trimac Transportation Services Inc.; Trustee;
Chairman of the Board of Trustees;
Audit Committee

Gerald A. Romanzin is a corporate director and has served as a director of the administrator of Crescent Point Energy Trust from March 2004, Petrowest Energy Services Trust from July 2006, Ketch Resources Trust from January 2005 until June 2006, Focus Energy Trust from August 2002 until February 2008, and Cadence Energy Inc. (formerly: Kereco Energy Ltd.) from January 2005 until September 2008. Mr. Romanzin is currently the Chairman of the Audit Committee and a member of the Reserves Committee of Crescent Point Energy Trust, the Chairman of the Compensation Committee and a member of the Audit Committee of Petrowest Energy Trust, and has been a member of the Independent Review Committee of Titan Funds Incorporated since October 2007. He previously served as Executive Vice-President of the TSX Venture Exchange or predecessor exchanges from 1995 to April 2002.

UNITHOLDER INFORMATION

STOCK EXCHANGE LISTING

Toronto Stock Exchange:
TMA.UN

TRANSFER AGENT

Computershare Trust
Company of Canada
600, 530-8th Avenue S.W.,
Calgary, Alberta
Canada T2P 3S8

INVESTOR RELATIONS CONTACT

Scott Calver
Vice President & Chief Financial Officer
1700, 800-5th Avenue S.W.
P.O. Box 3500
Calgary, Alberta
Canada T2P 2P9
Telephone: 403-298-5100
E-mail: investors@trimac.com

TMA.UN PRICE AND VOLUMES – TSX

2008	High	Low	Volume
First Quarter	\$ 7.75	\$ 5.80	815,760
Second Quarter	\$ 8.24	\$ 6.35	530,797
Third Quarter	\$ 6.80	\$ 5.59	589,142
Fourth Quarter	\$ 5.76	\$ 2.40	665,525
Annual	\$ 8.24	\$ 2.40	2,601,224

DISTRIBUTION INFORMATION

The policy of the Fund is to make monthly cash distributions to unitholders of record on each Record Date on or about the 15th day of the following month following the Record Date. Monthly distributions are based upon Trimac's estimated cash flow on an annual basis, less estimated cash amounts required for debt service obligations, sustaining capital expenditures, cash taxes, other expenses and reserves (including amounts for capital expenditures and working capital) and to stabilize the monthly amount of distributions to unitholders.

CASH DISTRIBUTIONS FOR 2008

Record Date	Payment Date	Payment per Unit
1/31/2008	2/15/2008	0.0771
2/29/2008	3/17/2008	0.0771
3/31/2008	4/15/2008	0.0771
4/30/2008	5/15/2008	0.0771
5/31/2008	6/16/2008	0.0771
6/30/2008	7/15/2008	0.0771
7/31/2008	8/15/2008	0.0771
8/31/2008	9/15/2008	0.0771
9/30/2008	10/15/2008	0.0771
10/31/2008	11/17/2008	0.0771
11/30/2008	12/15/2008	0.0771
12/31/2008	1/15/2009	0.0771
Total Distributed		0.9252

CORPORATE INFORMATION

OFFICERS

Jeffrey J. McCaig

Director, Trimac Transportation Services Inc.
Chairman of the Board, President and Chief Executive Officer

Jeffrey J. McCaig is the Chairman, President and Chief Executive Officer of TTSI, the Chairman and Chief Executive Officer of Trimac U.S. and a director and Chief Executive Officer of Trimac Holdings. Mr. McCaig has been a director of Orbus Pharma Inc. since December 1989, a director of Potash Corporation of Saskatchewan since January 2001, a director of Standard Life Assurance Company of Canada since December 2004, and a director of Bantrel Company, becoming its Chairman in December 2007. Mr. McCaig is also a director and co-owner of the Calgary Flames Hockey Club.

Edward V. Malysa

Executive Vice President and Chief Operating Officer

Edward V. Malysa's principal occupation has been Executive Vice President and Chief Operating Officer of TTSI since January 2008. In addition, for part of 2008, Mr. Malysa also held the position of Chief Financial Officer of TTSI. From February 2005 until December 2007, his principal occupation was Vice President and Chief Financial Officer of TTSI. From 2003 until February 2005, Mr. Malysa was Vice President and Chief Financial Officer of Trimac Holdings. From 2001 to 2003, he was Vice President Finance of Trimac Holdings and prior to that he was Director of Acquisitions.

Scott D. Calver

Vice President and Chief Financial Officer

Scott D. Calver's principal occupation has been Vice President and Chief Financial Officer of TTSI since December 1, 2008. From December 2004 until November 2008, Mr. Calver was employed by ICS Courier where his most recent position was Vice President, Finance. Prior to ICS Courier, Mr. Calver was Controller with the Nutech Group of Companies. Mr. Calver is a Certified General Accountant with an MBA from the University of Western Ontario and a Bachelor of Commerce degree from Laurentian University.

Robert J. Kennedy

Vice President, General Counsel and Corporate Secretary

Robert J. Kennedy's principal occupation from February 2005 has been Vice President, General Counsel and Corporate Secretary of TMSLP. Prior to that Mr. Kennedy was Vice President, General Counsel and Corporate Secretary of Trimac Holdings.

Mary Ann Kozlowicz

Assistant Corporate Secretary

Mary Ann Kozlowicz's principal occupation since December 2006 has been Assistant Corporate Secretary of TMSLP. Prior to joining TMSLP, Ms. Kozlowicz was a paralegal at Magna International Inc., a position she held since 1998.

AUDITORS

PricewaterhouseCoopers LLP

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