FOR IMMEDIATE RELEASE: Tuesday, March 1, 2005

PARKLAND INCOME FUND REPORTS RECORD ANNUAL VOLUMES AND CASH FLOW; WRITEDOWN OF THE BOWDEN REFINERY HAS NO IMPACT ON CASH FLOW OR DISTRIBUTIONS

Red Deer, March 1, 2005 – Parkland completed a record year for fuel sales volumes and EBITDA and its business performance met management's expectations for the quarter ended December 31, 2004. Sales volumes for the year exceeded 1.1 billion litres, a 6% increase over 2003 while EBITDA of $30.5 million represented a 5% increase over the prior year. These results allowed the Fund to increase its monthly distributions in September, 2004 from $0.14 to $0.15 and reinvest in the Fund's business to sustain future cash flows.

As a result of the continued delay in finalizing the sale of the Bowden refinery, Parkland has written off its investment in the facility in the fourth quarter, 2004. The write off was $25.3 million offset by an $8.6 million recovery of book taxes associated with the asset. Parkland remains optimistic that positive cash flows can be generated from the refinery site and assets, either through the previously announced sale to the Blood Tribe or an alternative use. Final results of the fourth quarter showed a $15.1 million net loss compared to net income of $2.2 million in the comparable period of 2003.

President and CEO Andrew Wiswell commented "2004 was a record year for Parkland. We set a game plan and met or exceeded expectations across the board. We implemented our core strategies, delivered improved performance, increased monthly distributions, achieved success on positive change initiatives and management and the Board set the course for our direction in 2005 and beyond."

Consolidated Operating and Financial Highlights

	Three Months Ended December 31			Twelve Months Ended December 31		
	2004	2003 (***)	2002 (***)	2004	2003 (***)	2002 (***)
Fuel volumes, Refined Products (Millions of litres)	258	263	216	1,101	1,039	897
Revenue (Millions)	$169.0	$134.2	$119.2	$686.7	$567.2	$471.7
EBITDA (*) (Thousands)	$4,324	$4,448	$5,304	$30,529	$29,048	$25,571
Net Earnings prior to refinery writedown (**) (Thousands)	$1,557	$2,226	$1,913	$20,652	$20,291	$13,845
Net Earnings (Thousands)	$(15,135)	$2,226	$1,913	$3,960	$20,291	$13,845
Per Unit – Basic	$(1.24)	$0.18	$0.16	$0.33	$1.67	$1.16
Per Unit – Diluted	$(1.24)	$0.18	$0.16	$0.32	$1.66	$1.16

(*) EBITDA is not a defined measure under Canadian Generally Accepted Accounting Principles (GAAP). In this document, EBITDA means earnings before Interest Expense, Income Taxes, Depreciation and Amortization and the loss on the writedown of the refinery.

(**) Net Earnings prior to refinery writedown is not a defined measure under Canadian GAAP. In this document, this amount represents Net Earnings excluding the loss on the writedown of the refinery and the related future tax recovery.
(***) Restated to give effect to the change in accounting policy as described in Note 2 to the Financial Statements.

Three Months Ended December 31, 2004

EBITDA for the fourth quarter of 2004 was relatively consistent at $4.3 million compared to $4.4 million in the fourth quarter of 2003. Fuel volumes and margins were similar to the prior year. Merchandise sales from convenience stores increased 16% and total fuel and merchandise gross margin improved by 5%. Overall, marketing, general and administrative expenses increased by $1.0 million to $13.4 million, primarily due to an increase in the number of stores. Excluding the $25.3 million loss on the writedown of the refinery assets, net earnings before tax for the fourth quarter of 2004 decreased to $1.6 million from $2.3 million in the prior year, primarily as a result of increased amortization charges.

Twelve Months Ended December 31, 2004

Fuel sales volumes of 1.1 billion litres, merchandise sales of $38.1 million, gross margin of $82.9 million and EBITDA of $30.5 million all represent new records for Parkland and demonstrate the ongoing success of its business and the initiatives that have been undertaken.

Fuel volumes were up 5.8% over the prior year to 1.1 billion litres with growth in both retail and wholesale volumes. Fuel margins remained stable with the prior year. Merchandise sales were higher by 22%, merchandise gross margins increased slightly from 25.9% to 26.1% year over year, with sales per store month increasing from $84,000 to $96,000, an increase of 14%. Total fuel and merchandise gross margin increased by 7% to $82.9 million. Marketing, general and administrative expenses increased 8% overall from $48.4 to $52.3 million due to higher commissions on increased retail volume, increased repair and maintenance to enhance our sites, higher overall convenience store operating costs associated with new store openings and additional personnel costs. All of these factors combined to deliver an increase in EBITDA to $30.5 million, a 5.1% increase over 2003.

The $25.3 million writedown of the Bowden refinery resulted in an annual net loss before tax of $4.8 million, down from $20.6 million in earnings in 2003 and $17.2 million in earnings in 2002. Excluding this writedown, net income before tax was $20.5 million, $0.1 million lower than the same period in 2003. There is no cash impact related to this writedown, no current or future EBITDA reductions, no implications for future distributions and no impact on the future performance of the business. In addition, the writedown does not impact any future opportunities to complete the sale to the Blood Tribe or pursue alternative uses for the site independently or with other third parties.

Management also targeted certain key initiatives designed to increase 2005 cash flow and provide continued growth in the future. Network upgrades, positive brand positioning, increased non-fuel revenues, upgrades in technology, and higher operator and dealer quality will all contribute to future performance.

The Fund's financial position is strong with cash balances increasing to $5.3 million at December 31, 2004 compared to $2.7 million at December 31, 2003. Long-term debt was $13.2 million compared to $10.6 million the prior year as we funded a portion of our 2004 capital expenditure program with borrowings. Overall, Parkland's long-term debt remains a conservative 0.43 times 2004 EBITDA.

Overall, the Fund's financial performance for 2004 exceeded management's expectations and allowed for the increase in monthly distributions (from $0.14 per unit to $0.15) per unit which commenced in September, 2004.

Outlook

For 2005, we are expecting higher volumes and increasing non-fuel revenues to be offset by lower margins driven by higher product costs. These higher costs commenced July 1, 2004 as refiners passed along the costs incurred to reduce the sulfur content in gasoline. We expect to meet or exceed our 2004 EBITDA and continue our monthly distributions at $0.15 per unit per month. As is normal and forecasted in our business, the first quarter will likely be the weakest of the year and distributions are expected to exceed cash available for distributions in the quarter. As seasonal demand increases, the second and third quarters in 2005 are expected to deliver strong performance. Fourth quarter 2005 performance will likely be in the range of 2004 levels. Operationally, a further 15 – 20 Fas Gas Plus station upgrades are planned, as well as 1 - 2 new convenience stores, with most construction starting early in the second quarter. The Fund will also continue its efforts to create a business opportunity that will generate positive cash flows from the Bowden refinery site. Although not required to support targeted distributions, management will continue to assess acquisitions or alliances which will add accretive cash flow and unitholder value.

Distributions

Parkland converted the business previously reported as Parkland Industries Ltd. into Parkland Income Fund effective June 28, 2002 and paid consistent $0.14 per unit monthly cash distributions from August 15, 2002 to August 15, 2004 at which time the monthly distribution was increased to $0.15 per unit. These distributions totaled $21.1 million for the year ended December 31, 2004.

Cash Available for Distributions ($000's)

For the period ended December 31, 2004	Three Months	Twelve Months
EBITDA	$4,324	$30,529
Maintenance Capital Expended	(1,160)	(4,352)
Capital Taxes and Interest	(126)	(635)
Cash Available for Distribution	$3,038	$25,542
Cash Distributed	$5,496	$21,075

The Trustees review distributions quarterly giving consideration to current performance, historical and future trends in the business and the expected sustainability of those trends, as well as maintenance capital requirements to sustain performance.

Distribution Reinvestment Plan

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

Fund Description

The Fund is an unincorporated open-ended limited purpose trust established under the laws of the Province of Alberta. The Fund, together with the limited partnership that issued the exchangeable LP Units, own, indirectly, securities which collectively represent the right to receive cash flow available for distribution from the business formerly operated as Parkland Industries Ltd., after debt service payments, maintenance capital expenditures and other cash requirements.
Parkland Income Fund operates retail and wholesale fuels and convenience store businesses under its marketing brands Fas Gas, RT Fuels and Short Stop Food Stores and transports fuel through its Petrohaul

division. Parkland has developed a strong market niche in western and northern Canada by focusing on non-urban markets.

Parkland Income Fund is listed on the TSX (PKI.UN).

This report contains forward-looking statements, including references to cash generated by operations, unitholder distributions and capital expenditures. These forward-looking statements are subject to known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity, competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. These factors are discussed in greater detail in filings made by Parkland with the Canadian provincial securities commissions.

Conference Call

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

Wednesday, March 2, 2005, 9:00 a.m. (11:00 a.m. Eastern Time)
Toronto: 416-640-4127
Toll-free: 800-814-3911

The replay will be available as follows:

From Wednesday, March 2, 2005, 11:00 a.m. (1:00 p.m. Eastern Time)
To Wednesday, March 16, 2005 at 9:59 p.m. (11:59 p.m. Eastern Time)
Toronto: 416-640-1917
Toll-free: 877-289-8525
Passcode: 21113067

Webcast

Wednesday, March 2, 2005, 9:00 a.m. (11:00 a.m. Eastern Time)

http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=1018820

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For further information:

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(If you prefer to receive Parkland's news releases via e-mail, please request at corpinfo@pkif.com)

consolidated balance sheet

($000's)	December 31, 2004	December 31, 2003

Restated (Note 2)		
Assets		
CURRENT ASSETS		
Cash	$ 5,286	$ 2,717
Accounts receivable	21,923	15,660
Inventories	17,973	19,472
Prepaid expenses	1,522	1,637
	46,704	39,486
Other	2,101	3,075
Capital assets (Note 3)	66,652	63,955
Future income taxes (Note 7)	1,960	-
Assets held for sale (Note 4)	-	22,086
	$ 117,417	$ 128,602

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Liabilities		
CURRENT LIABILITIES		
Accounts payable	$ 40,315	$ 35,140
Long-term debt - current portion (Note 5)	4,466	4,555
	44,781	39,695
Long-term debt (Note 5)	13,169	10,582
Asset retirement obligation (Note 2)	1,043	930
Refinery closure accrual (Note 4)	3,400	-
Future income taxes (Note 7)	-	6,658
	62,393	57,865
Unitholders' Capital		
Class B Limited Partners' Capital (Note 6)	18,833	31,487
Unitholders' Capital (Note 6)	36,191	39,250
	55,024	70,737
	$ 117,417	$ 128,602

Approved by the Board of Directors

(signed)
Jack C. Donald
Chairman of the Board

(signed)
Andrew B.Wiswell
President and CEO

consolidated statement of earnings
and retained earnings

($000's except per unit amounts)

For the years ended December 31	2004	2003
		Restated (Note 2)
Net sales and operating revenues	$ 686,658	$ 567,226

Cost of sales and operating expenses	603,766	489,804
Gross margin	82,892	77,422
Expenses		
Marketing, general and administrative	52,363	48,374
Amortization	9,242	7,577
Loss on writedown of refinery assets	25,310	-
Interest on long-term debt	738	897
	87,653	56,848
Earnings (loss) before income taxes	(4,761)	20,574
Income tax expense (recovery) (Note 7)		
Current	(103)	50
Future	(8,618)	233
	(8,721)	283
Net earnings	3,960	20,291
Retained earnings, beginning of year	-	-
Allocation to Class B Limited Partners (Note 6)	$ (2,187)	$ (9,175)
Allocation to Unitholders (Note 6)	$ (1,773)	$ (11,116)
Retained earnings, end of year	$ -	$ -
Net earnings per unit - basic	$ 0.33	$ 1.67
Net earnings per unit - diluted	$ 0.32	$ 1.66
Units outstanding	12,221	12,132

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consolidated statement of cash flows

($000's)

For the years ended December 31	2004	2003
		Restated (Note 2)
Cash Provided By (Used For) Operations		
Net earnings	$ 3,960	$ 20,291
Add (deduct) non-cash items		
Amortization	9,242	7,577
Unit option compensation	97	29
Accretion expense (Note 2)	57	57
Loss on writedown of refinery	25,310	-
Future taxes	(8,618)	233
Funds flow from operations	30,048	28,187
Net changes in non-cash working capital (Note 10)	526	3,382

Cash from operating activities	30,574	31,569
Financing Activities		
Proceeds from long-term debt	5,485	568
Long-term debt repayments	(4,556)	(3,092)
Fund Units issued	1,305	89
Distributions to Class B Limited Partners	(8,534)	(9,213)
Distributions to Unitholders	(12,541)	(11,163)
Cash (used for) financing activities	(18,841)	(22,811)
Investing Activities		
Change in other assets	974	571
Purchase of fixed assets	(12,265)	(9,917)
Proceeds on sale of fixed assets	2,127	658
Cash (used for) investing activities	(9,164)	(8,688)
Increase in cash	2,569	70
Cash and Cash equivalents, beginning of year	2,717	2,647
Cash and Cash equivalents, end of year	$ 5,286	$ 2,717

notes to consolidated financial statements

December 31, 2004
Dollar and unit amounts presented in tables are in thousands, except per unit information

Significant Accounting Policies

Basis of Presentation

Parkland Income Fund (the "Fund" or "Parkland") is an unincorporated, open-ended limited purpose mutual fund trust established under the laws of the Province of Alberta on April 30, 2002. The Fund was created to acquire the fuel marketing, convenience store and related ancillary businesses formerly owned by Parkland Industries Ltd. This acquisition was completed on June 28, 2002 through a Plan of Arrangement that resulted in the previous Parkland Industries Ltd. shareholders indirectly exchanging their shares for Units in the Fund or Class B Limited Partnership Units in Parkland Holdings Limited Partnership ("LP Units"), a limited partnership controlled by the Fund.

Principles of Consolidation

The consolidated financial statements include the accounts of all wholly owned subsidiaries, partnerships and trusts. All significant accounts and transactions between consolidated entities are eliminated.

The LP Units are, to the greatest extent possible, the economic equivalent to a Unit in the Fund. They are exchangeable by the holder on a one-for-one basis into Units in the Fund until June 30, 2008. In certain circumstances, and at any time after June 30, 2008, the Fund may compel the exchange of the LP Units. As such, the LP Units are treated as being equivalent to Fund Units.

Use of Estimates

The preparation of the financial statements necessarily involves the use of estimates and approximations. Should the underlying assumptions change, the actual amounts could differ from those estimated.

Estimates are used when accounting for items such as allowance for doubtful accounts, asset retirement obligations, the refinery closure cost accrual and amortization.

Inventories

The Fund values its inventories at the lower of cost and market value. The Fund uses the last-in, first-out (LIFO) method of determining the cost of product inventory.

Amortization

Amortization is provided for on a straight line basis over the estimated useful lives of assets at the following annual rates:

Land improvements	4%
Buildings	5%
Equipment	10-20%
Assets under capital lease	10-20%

Assets held for sale are not subject to amortization.

Income Taxes

Income earned directly by the Limited Partnership is not subject to income taxes as its income is taxed directly to the Limited Partnership unitholders. Income earned in the Fund and distributed to the Fund unitholders is taxed directly to the Fund unitholders. Income taxes incurred by taxable entities controlled by the Fund are accounted for using the future method. Under this method, the Fund recognizes a future tax liability whenever recovery or settlement of the carrying amount of an asset or liability would result in future income tax outflow. Similarly, the Fund recognizes a future income tax asset whenever recovery or settlement of the carrying amount of an asset or liability would generate future income tax reductions.

Long-term future tax assets or liabilities arise primarily due to differences in the provision for amortization for income tax purposes and the amount recorded in the accounts.

Asset Retirement Obligations

The estimated future costs to remove underground fuel storage tanks at locations where the Fund has a legal obligation to remove these tanks is recorded as an Asset Retirement Obligation at the time the tanks are installed. A corresponding increase to the carrying value of the fuel storage tanks is also recorded at installation. The Fund recognizes accretion expense in connection with the discounted retirement obligation and amortization in connection with the increase in carrying value over the estimated remaining life of the respective underground fuel storage tanks.

Long-Term Debt

Capital lease obligations, which relate to transactions which are similar in nature to a purchase, are capitalized and included in long-term debt.

Earnings Per Unit

Basic earnings per unit is calculated on the weighted average number of units outstanding for the period. Diluted earnings per unit are calculated by application of the Treasury Stock Method. Under this method, the units are calculated based upon the weighted average number of units outstanding for the period plus the dilutive effect of the exercise of those employee stock options which were "in-the-money" during the period.

Revenue

Net sales and operating revenue are recorded net of provincial fuel taxes. The Fund recognizes revenue on its sale of goods when title passes to the purchaser.

Grants of Options

The Fund accounts for its grants of options in accordance with the fair value based method of accounting for stock based compensation.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments, such as money market deposits or similar type instruments, with a maturity of three months or less when purchased.

1. Earnings Analysis and Earnings per Unit

For the years ended December 31	2004	2003
		Restated (Note 2)
Earnings (loss) before tax	$ (4,761)	$ 20,574
Income tax expense (recovery)		
Current	(103)	50
Future	(8,618)	233
Total income tax expense (recovery)	$ (8,721)	283
Net earnings	$ 3,960	$ 20,291
Earnings per unit - basic	$ 0.33	$ 1.67
- diluted	$ 0.32	$ 1.66

For the years ended December 31	2004	2003
Equivalent units outstanding, beginning of year	12,132	12,127
Weighted average of equivalent units issued pursuant to distribution reinvestment plan	10	2
Weighted average of equivalent units issued pursuant to exercise of employee unit options	40	-
Denominator utilized in basic earnings per unit	12,182	12,129
Incremental equivalent units outstanding that were "in-the-money"	106	107
Denominator utilized in diluted earnings per unit	12,288	12,236

2. Asset Retirement Obligations

Commencing in January, 2004 the Fund adopted a new accounting policy related to Asset Retirement Obligations as required by Section 3110 of the CICA Handbook. Under this policy, the Fund records an estimated liability for the future cost to remove underground fuel storage tanks at sites where it has legal obligations to remove these tanks. A liability for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related fuel storage tank is recorded at the time the tank is installed. The Fund amortizes the amount added to capital assets and recognizes accretion expense in connection with the discounted liability over the estimated remaining life of the respective underground storage tank.

The Fund retroactively adopted the new policy and the effects at January 1, 2003 were: recording a discounted liability of $872,000; increasing net capital assets by $293,000; and recognizing a decrease to unitholders' capital of $579,000. Additionally, as a component of the change in policy, previously recorded site restoration costs of $245,000 were reversed and a corresponding increase in unitholders' capital was recorded. On an undiscounted basis the estimated liability is $1.5 million, with costs expected to be incurred between 2005 and 2019. The discount rate used to calculate the liability is 6.5 percent. Results of operations for prior fiscal periods have been retroactively restated as follows:

For the year ended December 31	2003
Marketing, general & administrative	
As previously stated	48,574
Accretion expense	57
Site restoration accruals	(257)
As restated	48,374
Amortization	
As previously stated	7,533
Amortization of asset retirement costs	44
As restated	7,577

A reconciliation of the Fund's liability for the removal of its underground fuel storage tanks is as follows:

For the years ended December 31	2004	2003
Asset retirement obligation, beginning of year	$ 930	$ 873
Additions during the year	$ 56	$ -
Accretion expense	$ 57	$ 57
Asset retirement obligation, end of year	$ 1,043	$ 930

3. Capital Assets

December 31, 2004

	Accumulated	Net Book

	Cost	Amortization	Value
Land	$ 14,508	$ -	$ 14,508
Land improvements	6,238	1,862	4,376
Buildings	20,455	8,035	12,420
Assets under capital lease	13,168	5,304	7,864
Equipment	58,137	30,653	27,484
	$ 112,506	$ 45,854	$ 66,652

December 31, 2003

	Cost	Accumulated Amortization	Net Book Value
Land	$ 13,317	$ -	$ 13,317
Land improvements	5,886	1,709	4,177
Buildings	20,412	7,811	12,601
Assets under capital lease	11,011	4,010	7,001
Equipment	56,561	29,702	26,859
	$ 107,187	$ 43,232	$ 63,955

4. Assets Held for Sale

In December, 2004, the Fund reduced the carrying value of its Bowden refinery by $25.3 million to a net liability of $3.4 million based on the uncertainty of creating an alternative to the refinery being dismantled, remediated and sold for salvage values. A corresponding future tax recovery of $8.6 million was also recorded, related to the writedown.

Operations at the refinery have been suspended since September 2001 pending the completion of a sale to the Blood Tribe/Kainaiwa Specific Claim Trust No. 1 of Standoff, Alberta. The sale terms are outlined in a non-binding Letter of Intent amended in October 2003. The Tribe is currently working on one of the key remaining conditions to the transaction which is to obtain confirmation of its exemption from excise tax obligations on reserve lands. The Tribe has initiated legal action against the Federal Government related to this taxation issue. Should the remaining conditions to the sale be satisfied, the Fund would receive proceeds from the sale of the refinery assets out of the refinery cash flows realized subsequent to the sale. The total gain realized on the sale will be contingent on the amount of such cash flows.

In prior periods, the Fund has recorded the refinery assets at their previous carrying amounts based on the assumption that the sale to the Blood Tribe would be completed and that the proceeds from this sale would significantly exceed the carrying value. However, in 2004 no tax ruling has been given and it appears that court proceedings to achieve a ruling could take an extended period of time. Although the refinery remains in a state of readiness for such a sale, the uncertainty of the timing and ultimate successful completion of the sale is such that the sale value is no longer considered an appropriate measure of the value of the refinery assets. The Fund is also pursuing alternative uses for the refinery site and equipment and is in discussion with interested parties.However, to date there have been no specific financial proposals completed. The timing and cash flows related to possible alternative uses is also uncertain and not considered an appropriate measure for determining the value of the refinery assets.

The Fund remains optimistic that the refinery assets can generate positive cash flows in the future but, in the absence of specific timing or proposals, the decision was made to writedown the assets to salvage value net of remediation costs. Remediation costs are supported by third party estimates while salvage values are based on management estimates. The actual net amounts realized for the refinery assets could vary significantly from the carrying value.

Annual costs of approximately $400,000 will continue to be incurred to protect the value of the refinery assets. These costs primarily relate to security, maintenance, insurance and property taxes and will continue to be expensed as incurred.

5. Long-Term Debt

	December 31, 2004	December 31, 2003
Bank loans secured by an assignment of accounts receivable, inventories and demand debentures creating a first fixed charge over specific fixed assets and floating charge upon all other assets. The loans are repayable in monthly installments of $84,272 including interest at prime plus 0.35 percent. The effective interest rate at year end was 4.60 percent (2003 - 4.85 percent). The loans mature November 30, 2006 and December 31, 2009.	$ 3,286	$ 1,188
Mortgages payable in monthly installments totaling $128,425 including interest. Interest rates vary from 5.2 percent to 8.5 percent and prime plus 0.7 percent to prime plus 0.8 percent per annum. The effective rates of interest at the year end for the prime based loans were 5.0 percent to 5.1 percent (2003 - 5.2 percent to 7.5 percent). The mortgages are secured by real properties with a net book value of $9,285,000 and mature at various dates ending May 7, 2009.	5,359	7,007
Capital leases payable in monthly installments totaling $228,298 including interest varying from 4.5 percent to 15.5 percent and prime plus 0.35 percent per annum. The effective rate of interest at the year end for the prime based leases was 4.60 percent (2003 - 4.85 percent). The leases are for land, buildings and equipment with a net book value of $9,753,000 and mature at various dates ending July 2022.	8,928	6,702
Unsecured notes repayable in monthly installments totaling $15,625. The notes are discounted at 6.0 percent per annum.	62	240
	17,635	15,137
Less current portion	4,466	4,555
	$ 13,169	$ 10,582

Estimated principal repayments for the next five years are:

2005	$ 4,466
2006	6,190
2007	2,431
2008	2,668
2009	885
Thereafter	995
	$ 17,635

For the years ended December 31, 2004, and December 31, 2003, the Fund did not incur net interest expense on working capital borrowings, as average monthly cash balances exceeded average borrowings.

The Fund has outstanding letters of credit totaling $18,605,000 (December 31, 2003 - $13,835,000) which mature at various dates to October 21, 2005.

For 2004 the Fund has available lines of credit of $28,000,000, subject to margin calculations. The outstanding letters of credit are considered a part of this facility.

6. Unitholders' Capital

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

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

	December 31, 2004		December 31, 2003	
	Units	Dollars	Units	Dollars
Class B Limited Partnership Units				
Balance, beginning of year, as originally stated	5,411	$ 31,487	5,574	$ 32,654
Change in accounting policy (Note 2)	-	-	-	(182)
Balance, beginning of year, as restated	5,411	31,487	5,574	32,472
Allocation of retained earnings	-	2,187	-	9,175
Distribution to partners	-	(8,534)	-	(9,213)
Exchanged for Fund Units	(1,104)	(6,307)	(163)	(947)
Balance, end of year	4,307	18,833	5,411	31,487
Unitholders' Capital				
Balance, beginning of year, as originally stated	6,721	39,250	6,553	38,384

Change in accounting policy (Note 2)	-	-	-	(152)
Balance, beginning of year, as restated	6,721	39,250	6,553	38,232
Allocation of retained earnings	-	1,773	-	11,116
Unit option compensation	-	97	-	29
Issued under distribution reinvestment plan	22	441	5	89
Issued under unit option plan	67	864	-	-
Distribution to unitholders	-	(12,541)	-	(11,163)
Exchange of Limited Partnership Units	1,104	6,307	163	947
Balance, end of year	7,914	36,191	6,721	39,250
	12,221	$ 55,024	12,132	$ 70,737

The Fund has an Incentive Option Plan under which the Fund may grant up to 1,000,000 Incentive Options to trustees, directors, officers, employees and consultants. The incentive options have a 10 year term and, with limited exceptions, vest proportionately over the first three anniversary dates following the grant.

The table below represents the status of the Fund's Incentive Option Plan as at December 31, 2004 and 2003 and the changes therein for the years then ended:

	2004		2003	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	361	$ 13.04	-	-
Granted	170	$ 19.03	381	$ 13.01
Options exercised	(67)	$ 12.87	-	-
Cancelled	(26)	$ 15.22	(20)	$ 12.45
Balance, end of year	438	$ 15.26	361	$ 13.04
Exercisable options at end of year	55	$ 13.23	-	-

Exercise prices for outstanding options at December 31, 2004 have the following ranges: 252,307 from $12.45 - $15.71, and 185,667 from $17.62 - $20.05 which represent market value at the date of issue.

The corresponding remaining contractual life for these options ranges from 8 - 10 years.

The Fund accounts for its grants of options in accordance with the fair value based method of accounting for stock based compensation. The total cost to be reported is $301,350. The compensation cost that has been charged against income for the year ended December 31, 2004 is $97,000 (December 31, 2003 - $29,000)

The fair value of the options granted is estimated using the Black-Scholes options pricing model on the basis of the following assumptions:

Expected average annual distribution	$1.68
Expected average volatility	20%
Weighted average risk-free interest rate	3.31%
Expected life	3 years

The weighted average fair value of options granted during the year is $1.11.

Subsequent to December 31, 2004 the Fund has granted an additional 230,000 Unit Options under the Incentive Option Plan.

7. Income Taxes

Income tax expense varies from the amounts that would be computed by applying the Canadian Federal and Provincial income tax rates to earnings before provision for income taxes as shown in the following table:

For the years ended	December 31, 2004 Amount of	%	December 31, 2003 Amount of	%
Provision for income taxes at statutory rates	$ (1,612)	33.87	$ 7,477	36.62
Add (deduct) the tax effect of:				
Income earned in limited partnership	(6,796)	142.74	(7,140)	(34.97)
Large Corporation Tax/Capital Taxes	(103)	2.16	50	0.25
Change in tax rates	(158)	3.32	(90)	(0.44)
Other	(52)	1.08	(14)	(0.07)
	$ (8,721)	183.17	$ 283	1.39

Capital assets and inventories held directly by the Limited Partnership, having carrying values of $51,739,494 (December 31, 2003 - $50,448,172) and $5,077,934 (December 31, 2003 - $7,064,007), have a tax basis of $47,750,014 (December 31, 2003 - $46,229,430) and $6,331,134 (December 31, 2003 - $7,766,809), respectively.

Future income tax assets or liabilities amounting to $1,960,000 (2003 liability - $6,658,000) relate to the difference in carrying value of the refinery assets to the tax basis. The refinery assets are held by Parkland Refining Ltd., a wholly owned subsidiary of the Fund.

8. Commitments

The Fund has contracted obligations under various debt agreements as well as under operating and capital leases for land, building and equipment. Minimum lease and principal payments under the existing terms for each of the five succeeding years are as follows:

2005	$ 1,618
2006	1,249
2007	977

2008	636
2009	351

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

9. Financial Instruments

The fair value of cash, accounts receivable and accounts payable are equal to their carrying values due to their short term maturities. The fair value of long-term bank loans equal their carrying values as their interest rates fluctuate with the prime lending rate. The carrying values and fair values of mortgages payable, capital lease obligations unsecured notes payable and other assets, which consist primarily of mortgages and loans receivables, are as follows:

	December 31, 2004		December 31, 2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Mortgages payable	5,359	5,359	$ 7,007	$ 7,044
Capital lease obligations	8,928	8,991	6,702	6,721
Notes payable	62	62	240	241
Mortgages and loans receivable	2,438	2,347	1,570	2,035

Fair values of mortgages and loans receivable, and long-term debt are estimated using discounted cash flow analysis based upon incremental borrowing rates for similar borrowing arrangements.

The Fund does not have a significant exposure to any individual customer. The Fund reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. Mortgages and loan receivables are receivable in monthly installments of $29,132, bear interest at rates ranging between 0 and 14 percent and are secured by specific assets of the mortgage.

10. Net Changes in Non-Cash Working Capital

	December 31, 2004	December 31, 2003
Accounts receivable	$(6,263)	$ (149)
Inventories	1,499	(595)
Prepaid expenses	115	(352)
Accounts payable	5,175	5,456
Income taxes payable	-	(978)
	$ 526	$ 3,382
Other Cash Flow Information:		
Cash taxes paid (received)	$ (103)	$ 1,028
Cash interest paid	$ 738	$ 897

11. Segmented Information

The Fund's operations are predominantly in fuel marketing in Western Canada. Wholesale and retail sales are considered to be a single reportable segment as margins in both are primarily dependent on the difference between fuel costs and retail prices for transportation fuels. In recent years, the Fund initiated operations in the convenience store industry.

The convenience stores have been integrated into fuel marketing properties already owned by the Fund, and all continue to market transportation fuels. Due to the amount of common operating and property costs it is not practical to report these segments below the gross margin.

Similarly, it is not practical to segregate total assets, capital expenditures or cash flows from these segments.

	Fuel Marketing	Merchandise	Total
Year ended December 31, 2004			
Net sales and operating revenues	$ 648,607	$ 38,051	$ 686,658
Cost of sales	575,603	28,163	603,766
Gross margin	$ 73,004	$ 9,888	$ 82,892
Year ended December 31, 2003			
Net sales and operating revenues	$ 535,960	$ 31,266	$ 567,226
Cost of sales	466,578	23,226	489,804
Gross margin	$ 69,382	$ 8,040	$ 77,422