



## News Release

Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2008 Third Quarter Results conference call via webcast on Friday, November 7, 2008 at 9:00 a.m. ET at [www.acadiantimber.com](http://www.acadiantimber.com) or via teleconference at 1-800-319-4610, toll free in North America. For overseas calls please dial +1-604-638-5340, at approximately 8:50 a.m. ET. The teleconference taped rebroadcast can be accessed at 1-800-319-6413 or +1-604-638-9010 and enter passcode 2826.

### ACADIAN TIMBER INCOME FUND REPORTS THIRD QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Toronto, ONTARIO – November 6, 2008** – Acadian Timber Income Fund (“Acadian” or the “Fund”) (TSX:ADN.UN) today reported financial and operating results<sup>1</sup> for the three months ended September 27, 2008 (the “third quarter”).

For the third quarter of fiscal 2008, Acadian generated net sales of \$17.2 million on consolidated log sales volumes of 319 thousand m<sup>3</sup> as compared with net sales of \$16.9 million on consolidated log volumes of 323 thousand m<sup>3</sup> during the same period last year.

EBITDA for the third quarter was \$4.3 million or 25% of sales as compared with EBITDA of \$3.9 million or 23% of sales for the comparable period in 2007.

For the nine months ended September 27, 2008, Acadian generated net sales of \$48.2 million as compared with net sales of \$57.1 million in the first nine months of 2007. EBITDA of \$10.5 million for the first nine months of 2008 was \$4.9 million lower than the \$15.4 million of EBITDA generated in the comparable period of the prior year.

Following the end of the quarter, Acadian successfully extended the maturity of its Canadian-dollar credit facilities to 2010: an achievement in the current credit environment and a reflection of the quality and long-term value of Acadian's assets.

“We are pleased with our results for the quarter which were within our expectations and were achieved despite the well-known market challenges facing the forest products industry,” said Reid Carter, President and CEO. “Acadian remains well positioned to meet distributable cash flow needs going forward.”

“Looking ahead, market conditions will remain challenging overall. However, Fraser Papers' decision to operate certain sawmills throughout much of the fourth quarter is expected to support demand and pricing through the end of the year. We are also encouraged by declining fuel prices and the recent strengthening of the U.S. dollar, which is expected to support log prices at our New Brunswick timberlands while improving the Canadian dollar contribution of cash flows from our Maine Timberlands.”

<sup>1</sup> This news release makes reference to earnings before interest, taxes, depletion, depreciation and amortization (“EBITDA”) and distributable cash from operations. Management believes that EBITDA and distributable cash from operations are key performance measures in evaluating the Fund's operations and are important in enhancing investors' understanding of the Fund's operating performance. As EBITDA and distributable cash from operations do not have a standardized meaning prescribed by Canadian GAAP, they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income (loss) and cash flow from operations, as determined in accordance with Canadian GAAP, to EBITDA and distributable cash from operations.

## Review of Operations

### 2008 Financial and Operating Highlights

	<i>Three Months Ended</i>		<i>Nine Months Ended</i>	
	<b>September 27, 2008</b>	September 29, 2007	<b>September 27, 2008</b>	September 29, 2007
<i>(\$ millions except per unit information)</i>				
Net sales	<b>\$ 17.2</b>	\$ 16.9	<b>\$ 48.2</b>	\$ 57.1
EBITDA	<b>4.3</b>	3.9	<b>10.5</b>	15.4
Distributable cash from operations	<b>3.3</b>	2.0	<b>7.6</b>	11.6
Distributions declared	<b>3.5</b>	3.5	<b>10.3</b>	10.3
Net income (loss) <sup>1</sup>	<b>6.8</b>	(4.3)	<b>3.1</b>	(23.9)
Per unit – fully diluted				
Net Income (loss) <sup>1</sup>	<b>0.11</b>	(0.36)	<b>0.17</b>	(1.98)
Distributable cash from operations	<b>0.20</b>	0.12	<b>0.46</b>	0.70
Distributions declared – Class A unitholders	<b>0.21</b>	0.21	<b>0.62</b>	0.62
Sales volume (000s m <sup>3</sup> )	<b>319.5</b>	323.5	<b>944.4</b>	1,073.7

<sup>1</sup> Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense, and the depreciation and depletion expense, which are non-cash items recorded in each respective period.

Included in the net income for the third quarter of 2008, is a non-cash gain related to the Class B Interest Liability of a subsidiary. The settlement obligation of this interest is based on the trading value of Acadian's units at the time of settlement, which requires the liability to be recorded at its fair value at each balance sheet date with the corresponding gain or loss included in the statement of operations. In addition, as this Canadian dollar liability has been issued by a self-sustaining U.S. dollar subsidiary of the Fund, the obligation is required to be converted to U.S. dollars at each reporting period, with the corresponding gain or loss included in the statement of operations. These items resulted in a \$6.0 million gain for the third quarter (2007 - \$4.1 million loss) and a \$3.1 million gain for the nine months ended September 27, 2008 (2007 - \$17.5 million loss), comprising a \$1.6 million mark-to-market gain (2007 - \$9.4 million loss) and a \$1.5 million foreign exchange gain (2007 - \$8.1 million loss).

Subsequent to the end of the reporting period, Acadian entered into an agreement to extend the bank term credit facility and the revolving credit facility for a period of one year. The bank term and revolving credit facilities will continue to bear interest at floating rates based on the 30-day Banker Acceptances rate, plus the applicable margin reflective of today's credit environment, and will mature on January 29, 2010. Based on the terms of the extension agreement, at today's market rates, Acadian would incur approximately \$500 thousand in additional interest expense over this period as compared to the terms of the original credit agreement. However, the actual increase in interest expense in 2009 as compared to 2008 is expected to be partially offset by recent reductions in Bankers Acceptances rates.

## New Brunswick Timberlands

The table below summarizes operating and financial results for New Brunswick Timberlands.

	<b>Three Months Ended September 27, 2008</b>			<b>Three Months Ended September 29, 2007</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>
Softwood	68.9	64.6	\$ 3.8	99.0	86.8	\$ 5.5
Hardwood	92.5	111.1	6.3	97.9	90.8	4.8
Biomass	67.8	67.8	1.4	65.1	65.1	1.4
	<b>229.2</b>	<b>243.5</b>	<b>11.5</b>	<b>262.0</b>	<b>242.7</b>	<b>11.7</b>
Other sales			1.5			0.8
Net sales			\$ 13.0			\$ 12.5
EBITDA			\$ 2.6			\$ 2.8
EBITDA margin			20%			22%

	<b>Nine Months Ended September 27, 2008</b>			<b>Nine Months Ended September 29, 2007</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>
Softwood	201.3	207.6	\$ 12.6	279.1	269.5	\$ 17.0
Hardwood	307.9	335.3	19.2	323.8	340.5	18.4
Biomass	184.2	184.2	3.3	210.3	210.3	4.4
	<b>693.4</b>	<b>727.1</b>	<b>35.1</b>	<b>813.2</b>	<b>820.3</b>	<b>39.8</b>
Other sales			1.6			3.2
Net sales			\$ 36.7			\$ 43.0
EBITDA			\$ 7.0			\$ 11.5
EBITDA margin			19%			27%

Softwood, hardwood and biomass shipments were 65 thousand m<sup>3</sup>, 111 thousand m<sup>3</sup> and 68 thousand m<sup>3</sup> for the third quarter, respectively. Approximately 28% of sales volumes were sold as sawlogs, 44% as pulpwood and 28% as biomass in the third quarter of 2008. This compares to 34% of sales volumes sold as sawlogs, 39% as pulpwood and 27% as biomass in the third quarter of 2007, demonstrating the operation's continued response to the strong pulpwood market.

Acadian's New Brunswick nursery has operated under challenging conditions during 2008 with total seedling shipments year to date being 1.1 million below expectations. However, the nursery remains profitable having generated \$160 thousand in EBITDA year to date.

Net sales for the third quarter of 2008 were \$13.0 million as compared to \$12.5 million during the third quarter of 2007. Weighted average selling price decreased 2% from \$48.14 per m<sup>3</sup> to \$47.13 per m<sup>3</sup>. Higher pulpwood and hardwood sawlog prices largely offset softwood sawlog prices which were down 11% as compared to the third quarter of 2007. Other sales, including Crown land operations, increased primarily due to the strong demand for pulpwood. For the nine months ended September 27, 2008, net sales were \$36.7 million, 15% lower than the comparable period of 2007 on 11% lower overall sales volume and, more notably, 41% lower high value spruce-fir sawlog sales volume.

Costs for the third quarter were \$10.4 million as compared to \$9.7 million in the comparable period of the prior year. This increase was attributable to higher fuel surcharges, 14% as compared to 3% in the comparable period last year, and increased road maintenance due to wet weather conditions.

EBITDA and EBITDA margin for the third quarter were \$2.6 million and 20%, respectively, consistent with the third quarter of 2007. For the nine months ended September 27, 2008, EBITDA was \$7.0 million as compared to \$11.5 million for the comparable period of 2007.

NB Timberlands experienced one minor reportable incident among employees and four reportable incidents among contractors during the quarter.

### *Maine Timberlands*

The table below summarizes operating and financial results for Maine Timberlands.

	Three Months Ended September 27, 2008			Three Months Ended September 29, 2007		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	52.3	52.2	\$ 3.0	63.4	63.4	\$ 3.6
Hardwood	19.6	19.4	1.1	14.1	14.2	0.6
Biomass	4.4	4.4	—	3.2	3.2	0.1
	76.3	76.0	4.1	80.7	80.8	4.3
Other sales			0.1			0.1
Net sales			\$ 4.2			\$ 4.4
EBITDA			\$ 1.8			\$ 1.4
EBITDA margin			43%			32%

	Nine Months Ended September 27, 2008			Nine Months Ended September 29, 2007		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	162.0	161.8	\$ 8.9	193.0	192.7	\$ 11.2
Hardwood	44.0	43.8	2.2	48.3	47.7	2.1
Biomass	11.7	11.7	0.1	13.0	13.0	0.5
	217.7	217.3	11.2	254.3	253.4	13.8
Other sales			0.3			0.3
Net sales			\$ 11.5			\$ 14.1
EBITDA			\$ 4.0			\$ 4.6
EBITDA margin			35%			33%

Softwood and hardwood shipments were 52 thousand m<sup>3</sup> and 19 thousand m<sup>3</sup> for the third quarter, respectively. Approximately 48% of sales volumes were sold as sawlogs, 46% as pulpwood and 6% as biomass in the third quarter of 2008. This compares to 56% of sales volumes sold as sawlogs, 40% as pulpwood and 4% as biomass in the comparable period of 2007, demonstrating the operation's continued response to the strong pulpwood market.

Net sales for the third quarter were \$4.2 million as compared to \$4.4 million during the third quarter of 2007 on 6% lower volume. Limited harvesting activity and a regional focus to cut hardwood rather than spruce-fir resulted in wood shortages and caused an overall weighted average selling price increase of 3% from \$52.18 per m<sup>3</sup> to \$53.84 per m<sup>3</sup>. Net sales for the nine months ended September 27, 2008 were \$11.5 million, \$2.6 million less than the comparable period of 2007, as a result of 14% lower sales volume and the adverse impact of the strong Canadian dollar year-to-date.

Costs for the third quarter, excluding a one-time gain related to the land sale transaction, were \$3.0 million, as compared to \$3.3 million during the third quarter of 2007. Lower costs associated with reduced harvest volumes were partially offset by 3% higher variable cost per m<sup>3</sup> and increased road maintenance due to wet weather conditions.

EBITDA for the third quarter was \$1.8 million. This includes the \$0.6 million gain generated by the operation's successful land sale transaction. For the nine months ended September 27, 2008, EBITDA was \$4.0 million as compared to \$4.6 million for the comparable period of 2007.

Maine Timberlands had one minor reportable incident among contractors during the quarter.

## **Market Outlook**

The following Market Outlook contains forward-looking statements about Acadian Timber Income Fund's market outlook for fiscal 2008. Reference should be made to the "Forward-looking Statements" section of this news release. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of our management's discussion and analysis (MD&A) in our most recent Annual Report and Annual Information Form available on our website at [www.acadiantimber.com](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).

Acadian continues to operate in difficult and uncertain market conditions. The market for softwood sawlogs is expected to continue to experience weak demand and soft pricing through 2009 with most forecasts for 2009 U.S. housing starts now ranging between 800 thousand and 900 thousand starts. This weakness has been partially offset by strong demand and pricing for pulpwood owing to robust pulp markets and limited supply of lower cost sawmill residuals as sawmills continue to take market-related curtailments. We anticipate only limited further deterioration in softwood sawlogs as further harvest reductions on Quebec and Ontario crown land and harvest reductions by private woodlot owners continue to balance supply with demand. However, while diesel fuel prices are expected to continue to decline, we expect to experience ongoing challenges in maintaining sales volumes while managing freight costs associated with accessing more distant, highest margin customers. Despite the apparent rapid deterioration of global pulp markets, we expect pricing for pulpwood to experience only limited weakness as pulp and paper producers will have little alternative supply until lumber markets improve. However, we do expect pulpwood demand to soften and lead to lower sales volumes.

Fraser Papers reopened its Plaster rock sawmill in early August and plans operate the sawmill until late November prior to closing it for six months while it carries out a significant mill upgrade. Fraser also intends to operate its Juniper sawmill until year end, while its Masardis sawmill in Maine continues to run on two shifts. In addition, most Maine spruce-fir mills remain very short on inventory. The operation of these mills is expected to support Acadian's softwood sawlog sales and regional selling prices throughout the fourth quarter. Acadian's NB Timberlands continues to plan for a 25% reduction in its 2008 harvest of spruce-fir sawlogs relative to 2007 levels to ensure the Fund is well positioned to maximize cash flows when the softwood market recovers.

Markets for hardwood sawlogs and specialty products are expected to remain stable in 2008. Markets for birch and hardwood veneers remain very strong while markets for red maple continue to be weak. Markets for biomass are expected to experience continued strength reflecting strong demand, regional chip shortages and lower levels of regional harvest activity. Markets for hardwood pulp are expected to continue to remain very favourable throughout 2008 as regional pulp and paper mills press for increasing supplies.

Biomass demand and pricing are expected to continue to be very favourable in 2008 owing to limited supply and increasing demand as new wood biomass, pellet, and biofuels projects are completed.

## Monthly Distribution

As previously announced, Acadian's Board of Trustees declared its monthly distribution of \$0.06875 per unit, payable on November 14, 2008 to unitholders of record on October 31, 2008.

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**Acadian Timber Income Fund** is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

Acadian owns and manages approximately 1.1 million acres of freehold timberlands in New Brunswick and Maine, and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to over 110 regional customers.

Acadian's units are listed for trading on the Toronto Stock Exchange under the symbol ADN.UN.

For further information, please visit our website at [www.acadiantimber.com](http://www.acadiantimber.com) or contact:

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## Forward-Looking Statements

*This News Release contains forward-looking information and other "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such statements use such words as "expect," "believe," "outlook," "remain," "anticipate," "continue," "plan," or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this News Release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; and other risks and factors discussed under Risk Factors in Acadian's Final Prospectus and other filings with securities regulatory authorities. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this News Release, and should not be relied upon as representing the Fund's views as of any date subsequent to the date of this news release.*

**Acadian Timber Income Fund**  
**Interim Consolidated Balance Sheet**  
**(unaudited)**

<i>As at (CAD millions)</i>	<b>September 27, 2008</b>	December 31, 2007
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5.1	\$ 4.9
Accounts receivable and other assets	8.4	8.1
Inventory	1.3	2.0
	<b>14.8</b>	15.0
Intangible assets	6.1	6.1
Timberlands, logging roads and fixed assets	196.7	199.1
	<b>\$ 217.6</b>	<b>\$ 220.2</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8.3	\$ 6.0
Distributions payable to unitholders	0.8	0.8
	<b>9.1</b>	6.8
Future income tax liability	9.5	9.4
Long-term debt	74.9	73.8
Class B Interest Liability of a subsidiary	45.1	46.6
Unitholders' equity	79.0	83.6
	<b>\$ 217.6</b>	<b>\$ 220.2</b>

**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Comprehensive Income (Loss)**  
**(unaudited)**

<i>CAD millions</i>	Three Months Ended		Nine Months Ended	
	<b>September 27, 2008</b>	September 29, 2007	<b>September 27, 2008</b>	September 29, 2007
Net income (loss)	<b>\$ 6.8</b>	\$ (4.3)	<b>\$ 3.1</b>	\$ (23.9)
<b>Other comprehensive income (loss)</b>				
Unrealized foreign currency translation gain (loss)	—	0.5	<b>(0.2)</b>	0.4
Comprehensive income (loss)	<b>\$ 6.8</b>	\$ (3.8)	<b>\$ 2.9</b>	\$ (23.5)



**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Operations and Deficit**  
**(unaudited)**

<i>CAD millions</i>	Three Months Ended		Nine Months Ended	
	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Net sales	\$ 17.2	\$ 16.9	\$ 48.2	\$ 57.1
Operating costs and expenses				
Cost of sales	11.9	11.5	33.7	36.9
Selling, administration and other	1.6	1.8	4.7	5.1
Depreciation and depletion	1.7	2.1	5.2	6.4
	15.2	15.4	43.6	48.4
Operating earnings	2.0	1.5	4.6	8.7
Gain on sale of timberlands	(0.6)	(0.3)	(0.7)	(0.3)
Loss (gain) on Class B Interest Liability of a subsidiary	(6.0)	4.1	(3.1)	17.5
Interest:				
Interest income	(0.1)	(0.1)	(0.2)	(0.3)
Interest expense on long-term debt	0.9	0.9	2.6	2.9
Class B Interest Liability of a subsidiary	1.0	1.0	2.8	2.8
Earnings (loss) before income taxes	6.8	(4.1)	3.2	(13.9)
Future income tax expense	—	(0.2)	(0.1)	(10.0)
<b>Net income (loss) for the period</b>	<b>6.8</b>	<b>(4.3)</b>	<b>3.1</b>	<b>(23.9)</b>
Deficit, beginning of period	(36.4)	(25.8)	(27.7)	(1.2)
Unitholders' distributions	(2.5)	(2.5)	(7.5)	(7.5)
<b>Deficit, end of period</b>	<b>\$ (32.1)</b>	<b>\$ (32.6)</b>	<b>\$ (32.1)</b>	<b>\$ (32.6)</b>
<b>Net income (loss) per unit – basic</b>	<b>\$ 0.56</b>	<b>\$ (0.36)</b>	<b>\$ 0.26</b>	<b>\$ (1.98)</b>
<b>Net income (loss) per unit – diluted</b>	<b>\$ 0.11</b>	<b>\$ (0.36)</b>	<b>\$ 0.17</b>	<b>\$ (1.98)</b>

**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Cash Flows**  
**(unaudited)**

<i>CAD millions</i>	Three Months Ended		Nine Months Ended	
	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Cash provided by (used for):				
<b>Operating activities</b>				
Net income (loss)	\$ 6.8	\$ (4.3)	\$ 3.1	\$ (23.9)
Items not affecting cash:				
Future income tax expense	—	0.2	0.1	10.0
Depreciation and depletion	1.7	2.1	5.2	6.4
Gain on sale of timberlands	(0.6)	(0.3)	(0.7)	(0.3)
Loss (gain) on Class B Interest Liability of a subsidiary	(6.0)	4.1	(3.1)	17.5
	1.9	1.8	4.6	9.7
Net change in non-cash working capital balances and other	(1.8)	(1.9)	2.9	(5.9)
	0.1	(0.1)	7.5	3.8
<b>Investing activities</b>				
Sale of timberlands, logging road and fixed assets	0.7	0.4	0.8	0.4
Additions to timberlands, logging roads and fixed assets	(0.1)	(0.6)	(0.3)	(0.6)
Silviculture expenditures	(0.2)	(0.6)	(0.3)	(0.7)
	0.4	(0.8)	0.2	(0.9)
<b>Financing activities</b>				
Distributions paid to unitholders	(2.5)	(2.5)	(7.5)	(7.5)
	(2.5)	(2.5)	(7.5)	(7.5)
Increase (decrease) in cash and cash equivalents during the period	(2.0)	(3.4)	0.2	(4.6)
Cash and cash equivalents, beginning of period	7.1	6.5	4.9	7.7
<b>Cash and cash equivalents, end of period</b>	<b>\$ 5.1</b>	<b>\$ 3.1</b>	<b>\$ 5.1</b>	<b>\$ 3.1</b>

## Reconciliation to EBITDA and Distributable Cash from Operations

<i>CAD millions</i>	Three Months Ended		Nine Months Ended	
	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Net income (loss) <sup>1</sup>	\$ 6.8	\$ (4.3)	\$ 3.1	\$ (23.9)
Add (deduct):				
Interest income	(0.1)	(0.1)	(0.2)	(0.3)
Interest expense on long-term debt	0.9	0.9	2.6	2.9
Distribution on Class B Interest Liability of a subsidiary	1.0	1.0	2.8	2.8
Future income tax expense	—	0.2	0.1	10.0
Depreciation and depletion	1.7	2.1	5.2	6.4
Non-cash loss (gain) on Class B Interest Liability of a subsidiary	(6.0)	4.1	(3.1)	17.5
<b>EBITDA</b>	<b>4.3</b>	<b>3.9</b>	<b>10.5</b>	<b>15.4</b>
Add (deduct):				
Interest income	0.1	0.1	0.2	0.3
Interest expense on long-term debt	(0.9)	(0.9)	(2.6)	(2.9)
Silviculture and capital expenditures	(0.3)	(1.2)	(0.6)	(1.3)
Non-cash gain on sale of timberlands	(0.6)	(0.3)	(0.7)	(0.3)
Proceeds from sale of timberlands, logging roads and fixed assets	0.7	0.4	0.8	0.4
<b>Distributable cash from operations</b>	<b>\$ 3.3</b>	<b>\$ 2.0</b>	<b>\$ 7.6</b>	<b>\$ 11.6</b>
Distributions declared	\$ 3.5	\$ 3.5	\$ 10.3	\$ 10.3

<sup>1</sup> Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense, and the depreciation and depletion expense, which are non-cash items recorded in each respective period.

## Reconciliation to Distributable Cash from Operations

<i>CAD millions</i>	Three Months Ended		Nine Months Ended	
	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
Cash flow from (used for) operating activities	\$ 0.1	\$ (0.1)	\$ 7.5	\$ 3.8
Add (deduct):				
Capital adjustments				
Proceeds from sale of timberlands, logging roads and fixed assets	0.7	0.4	0.8	0.4
Other adjustments				
Change in non-cash working capital balances and other	1.8	1.9	(2.9)	5.9
Distribution on Class B Interest liability of a subsidiary	1.0	1.0	2.8	2.8
Silviculture and capital expenditures	(0.3)	(1.2)	(0.6)	(1.3)
Distributable cash from operations	\$ 3.3	\$ 2.0	\$ 7.6	\$ 11.6