Q1 2009 Interim Report

To our Unitholders,

We are pleased to announce very strong operating and financial results for Acadian Timber Income Fund's ("Acadian") three months ended March 28, 2009 (herein referred to as the "first quarter"). Acadian generated distributable cash from operations[1] of $9.5 million or $0.57 per unit, resulting in a payout ratio of 36%. These results were above our expectations and are particularly encouraging given the exceptionally difficult market environment currently facing the North American wood products industry.

Acadian generated net sales of $26.2 million on consolidated log sales volume of 427 thousand m^3. EBITDA[1] of $10.8 million for the first quarter of 2009 was $3.6 million, or 50%, higher than Acadian's first quarter of 2008. EBITDA margin improved to 41% from 32% in the first quarter of 2008.

As we have highlighted over the past year, Acadian experiences significant seasonality in its distributable cash flow. The first quarter of the year is traditionally our strongest, historically generating approximately 45% of annual distributable cash flow, as harvesting conditions are optimal with the frozen ground offering good access for harvesting equipment. Acadian's Maine and New Brunswick ("NB") operations experienced excellent operating conditions throughout the first quarter and also benefited from lower fuel costs and shorter hauling distances resulting in a very strong quarter.

Operations

Acadian's NB Timberlands experienced one reportable incident among employees and three minor reportable incidents among contractors during the quarter. Acadian's Maine Timberlands had no accidents among its employees or its contractors. While all of these injuries were minor, we continue to focus on improving our safety performance and look forward to reporting improved results.

A significant and rapid weakening in hardwood pulpwood demand and surprisingly strong demand for softwood sawlogs and softwood residuals resulted in Acadian shifting its production toward softwood sawlogs, which accounted for 47% of Acadian's net sales and 42% of sales volume during the first quarter. Despite the weakness in North American lumber demand, Acadian's average softwood sawlog selling price was $4.22 per m^3 higher in the first quarter of 2009 than the same period of 2008. These price increases reflect the larger component of higher value spruce-fir sawlogs in the overall sales mix and the benefit of the foreign exchange translation of U.S. dollar sales of our Maine operations. In addition, prices continued to be supported by very low harvest levels on private woodlots.

Markets for hardwood sawlogs remained mixed, with markets for maple being particularly weak, while the average selling price was effectively unchanged year-over-year. The average selling price of softwood pulpwood increased 4% as compared to the fourth quarter of 2008 and 8% year-over-year, and the average selling price of hardwood pulpwood declined 14% as compared to the fourth quarter of 2008 and 3% year-over-year as pulp markets weakened dramatically. Biomass represented 16% of total sales volume and 6% of total sales during the quarter while margins remained strong.

Acadian's weighted average selling price across all products increased by 3% in the first quarter of 2009 as compared to the fourth quarter of 2008 and increased by 7% year-over-year. These price increases reflect the larger component of higher value spruce-fir sawlogs in the overall sales mix and the benefit of the foreign exchange translation of U.S. dollar sales in our Maine operations.

Variable costs per cubic meter in Acadian's NB operations during the quarter were 18% lower than first quarter of 2008. This reduction was attributable to shorter hauling distances and lower fuel costs, partially offset by higher road construction costs as a result of the shift from hardwood to softwood stands. The benefit of these lower variable costs in the NB operations was partially offset by an increase in variable costs per cubic meter in the Maine operations. These higher costs in our Maine operations were the result of a stronger U.S. dollar and increased road construction costs associated with the shift from hardwood to softwood stands. As a result, variable costs per cubic meter across all of Acadian's operations declined by $2.65 per cubic meter, or 8%, from the first quarter of 2008.

Outlook

Despite Acadian's very strong first quarter performance, we expect that the remainder of the year will be challenging. This view is supported by several factors. First, most of Acadian's regional customers appear to have sufficient log or chip inventories to carry them through the second quarter during which they typically have very low wood deliveries. In addition, many of these regional converters are currently planning to take significant market-related downtime with the timing and level of operation at start-up remaining uncertain. In 2008, a similarly weak outlook for softwood sawlogs had the benefit of a very strong market for pulpwood with shortages of pulp logs placing upward pressure on sawlog pricing. This is not the case in 2009 and this market uncertainty is making it difficult to develop a confident outlook for softwood sawlog demand through 2010.

During these challenging market conditions, our primary focus will continue to be on merchandising all of our products for their highest value, while seeking every opportunity to reduce costs. Acadian is focused on maximizing long-term value for unitholders. Our very strong balance sheet, with a cash balance of $13.1 million in addition to an undrawn credit facility, leaves Acadian well positioned to weather the current market conditions while maintaining a stable financial performance and preserving the long-term value of the business.

We thank you for your continued support of Acadian Timber Income Fund and remain confident that Acadian is well positioned to meet its distributable cash target for the year.

Reid Carter
President and Chief Executive Officer
May 6, 2009

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[1] *Distributable cash from operations and earnings before interest, taxes, depletion, depreciation and amortization ("EBITDA") are key performance measures in evaluating the Fund's operations and are important in enhancing investors' understanding of the Fund's operating performance. As distributable cash from operations and EBITDA do not have a standardized meaning prescribed by GAAP, they may not be comparable to similar measures presented by other companies.*

Management's Discussion and Analysis

INTRODUCTION

Acadian Timber Income Fund ("Acadian" or the "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 765,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 311,000 acres of freehold timberlands in Maine ("Maine Timberlands") 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 business strategy is to maximize cash flows from its timberland assets, while enhancing the value of these assets over time.

Basis of Presentation

This section of our interim report presents management's discussion and analysis ("MD&A") of our financial results and is followed by our consolidated financial statements for the most recent period. The MD&A is intended to provide you with an assessment of our performance during the three-month period ended March 28, 2009, (herein referred to as the "first quarter") as compared to the three-month period ended March 29, 2008.

Our financial results are determined in accordance with Canadian generally accepted accounting principles ("GAAP") and are expressed in Canadian dollars unless otherwise noted. External economic and industry factors remain unchanged, unless otherwise noted.

This MD&A has been prepared based on information available as at May 6, 2009. Additional information is available on Acadian's website at *www.acadiantimber.com* and on SEDAR's website at *www.sedar.com*.

Non-GAAP Measures

Throughout the MD&A, reference is made 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 GAAP, they may not be comparable to similar measures presented by other companies. As a result, we have provided reconciliations of net income (loss) and cash flow from operating activities, as determined in accordance with GAAP, to EBITDA and distributable cash from operations in the "Distributable Cash from Operations" section of this MD&A.

Assessment and Changes in Disclosure Controls and Internal Controls

Management has evaluated the effectiveness of the design and operation of the Fund's disclosure controls and procedures as at December 31, 2008. There have been no changes in our disclosure controls and procedures during the period ended March 28, 2009 that have materially affected, or are reasonably likely to materially affect, our disclosure controls and procedures.

Management has also evaluated the design and effectiveness of our internal controls over financial reporting in accordance with Multilateral Instrument 52-109 using the COSO framework as at December 31, 2008. There have been no changes in our internal controls over financial reporting during the period ended March 28, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

REVIEW OF OPERATIONS

Summary of First Quarter Results

The table below summarizes operating and financial data for Acadian:

		Three Months Ended		
millions, except per unit data and where indicated		**March 28, 2009**		March 29, 2008
Total				
Sales volume (000s m^3)		**427.4**		412.0
Net sales	**$**	**26.2**	$	22.7
EBITDA		**10.8**		7.2
EBITDA margin		**41%**		32%
Distributable cash from operations	**$**	**9.5**	$	6.3
Net income[1]		**11.1**		4.7
Distributions declared				
Class A unitholders		**3.1**		2.5
Class B Interest liability of a subsidiary		**0.3**		0.9
		3.4		3.4
Payout ratio		**36%**		54%
Total assets	**$**	**234.7**	$	223.2
Total debt financing		**81.4**		74.5
Per Unit (fully diluted)				
Distributable cash from operations	**$**	**0.57**	$	0.38
Distributions declared per unit				
Class A unitholders		**0.21**		0.21
Class B Interest liability of a subsidiary		**0.07**		0.21
Net income[1]		**0.40**		0.22
Book value - fully diluted		**7.70**		7.93
Units outstanding				
Class A unitholders		**16,571,453**		12,064,423
Class B Interest of a subsidiary		**—**		4,507,030

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

Distributable Cash from Operations

Distributable cash from operations for the first quarter ended March 28, 2009 was $9.5 million as compared to $6.3 million for the comparable period in 2008. Based on distributable cash generated to date and existing cash reserves, Acadian is well positioned to meet distribution targets in 2009.

Distributable cash from operations represents cash that is generated from the sale of our timber, from the services provided in the management of Crown licensed timberlands and from the sale of non-timber products. Hardwood and softwood harvest volumes represent the productive capacity of Acadian's operations. Harvest volumes, excluding biomass, for the first quarter of 2009 were 417 thousand m^3, which was within the harvest levels required to maintain the Long Run Sustained Yield ("LRSY") of our timberland estates. Acadian is focused on maximizing long-term value for unitholders, and in doing so will make every effort to maintain a stable financial performance while preserving the long-term value of the business. In order to continue to achieve this objective, Acadian will operate at harvest levels within LRSY and will invest in silviculture to improve the quality and value of future harvests. Although this may cause volatility in our distributable cash from operations annually, we will continue to focus on preserving the long-term value of Acadian.

The following table provides a reconciliation of net income (loss), as determined in accordance with GAAP, to distributable cash from operations during each respective period:

	Three Months Ended	
millions	**March 28, 2009**	March 29, 2008
Net income[1]	**$ 11.1**	$ 4.7
Add (deduct):		
Interest expense on long-term debt	**0.9**	0.9
Distribution on Class B Interest Liability of a subsidiary	**0.3**	0.9
Income tax recovery	**(0.4)**	—
Depreciation and depletion	**3.6**	2.7
Non-cash gain on Class B Interest Liability of a subsidiary	**(4.7)**	(2.0)
EDITDA	**10.8**	7.2
Add (deduct):		
Interest expense on long-term debt	**(0.9)**	(0.9)
Current income tax expense	**(0.4)**	—
Distributable cash from operations	**$ 9.5**	$ 6.3
Distributions declared	**$ 3.4**	$ 3.4

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

In calculating our distributable cash from operations, adjustments are made to cash flow from operating activities, as determined in accordance with GAAP, to reflect changes in non-cash working capital items, actual cash spent on silviculture required to maintain the productive capacity of our forests, and actual cash spent to maintain our assets. In addition, an adjustment is made for the distributions on the Class B Interest Liability of a subsidiary, which is included as interest expense in accordance with GAAP; however, these payments are made on the same basis as distributions to our other unitholders, and consequently are included in our disclosure of distributions declared. The following table provides a reconciliation of cash flow from operating activities, as determined in accordance with GAAP, to distributable cash from operations during each respective period:

	Three Months Ended	
millions	**March 28, 2009**	March 29, 2008
Cash flow from operating activities	**$ 7.2**	$ 8.4
Add (deduct):		
Net change in non-cash working capital balances and other	**2.0**	(3.0)
Distribution on Class B Interest Liability of a subsidiary	**0.3**	0.9
Distributable cash from operations	**$ 9.5**	$ 6.3
Distributions declared	**$ 3.4**	$ 3.4

The following table provides a comparison of distributions declared on Class A units during the first quarter of 2009 and during the comparable period in 2008, to the net income and cash flow from operating activities recorded during each of these respective periods. Distributions on the Class B Interest Liability of a subsidiary are included in net income and cash flow from operating activities, as they are recorded as interest expense in accordance with GAAP, and have thus been excluded from this analysis.

	Three Months Ended	
millions	**March 28, 2009**	March 29, 2008
Net income[1]	**$ 11.1**	$ 4.7
Cash flow from operating activities	**7.2**	8.4
Actual cash distributions declared on Class A	**3.1**	2.5
Excess of cash flows from operating activities over distributions declared	**4.1**	5.9
Excess of net income over cash distributions declared	**8.0**	2.2

[1] *Net income includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense (recovery) and the depreciation and depletion expense, which are non-cash items recorded in each respective period.*

Net income and cash flow from operating activities were both greater than cash distributions declared to Class A unitholders during the period ended March 28, 2009 and during the comparable period in 2008. In determining the appropriate level of distributions, our Board of Trustees considers the historic and forecasted annual distributable cash from operations of Acadian. Given the seasonality of Acadian's operations, the Fund's performance may vary significantly on a quarter by quarter basis. The payout ratio of the Fund, which represents the amount of distributions declared as a percentage of the distributable cash from operations generated during a respective period, for the first quarter of 2009 is 36% as compared to 54% during the first quarter of 2008. Since Acadian's inception on January 31, 2006, the cumulative payout ratio of the Fund is 84%.

As described in more detail on page 10 of this report, Acadian has borrowings totaling $81.4 million that have a security interest over the assets and contain certain restrictive covenants relating to debt incurrence, sale of assets, and the maintenance of certain financial ratios, all of which are in compliance as at March 28, 2009. These covenants are not expected to restrict the ability of the Fund to distribute cash flows to its unitholders. The obligations of these borrowings over the next five years are disclosed on page 14 of this report. Upon maturity, management intends to refinance these debt obligations at fixed or floating interest rates, depending on the best interests of Acadian. In seeking to refinance these debt obligations, there is no assurance that Acadian will be able to refinance these obligations at maturity; or if refinanced, that the terms of the refinancing will be as favourable as the original terms. If unable to refinance these facilities on acceptable terms, or at all, Acadian may need to dispose of a portion of its assets, or otherwise raise funds, to settle their obligations. All interest payments on the existing debt obligations are incurred in order to sustain the Fund's productive capacity and are thus considered in determining the distributable cash from operations of Acadian.

Distribution Policy of the Fund

The Fund makes monthly distributions of its available cash, including the funds available under the terms of the revolving credit facility, to the extent determined prudent by the Trustees. These distributions represent all cash received from the Fund's indirect interest in NB Timberlands and Maine Timberlands, less estimated cash amounts required for expenses and other obligations of the Fund, cash redemptions of units and any tax liability. Distributions are paid on or about the 15th day following the end of each month. Total distributions declared to unitholders for the period ended March 28, 2009 were $3.4 million or $0.21 per unit, as compared to $3.4 million or $0.21 per unit during the first quarter of 2008, which was in line with distributions anticipated at the initial public offering.

Market Conditions

A significant and rapid weakening in hardwood pulpwood demand and surprisingly strong demand for softwood sawlogs and softwood residuals resulted in Acadian shifting its production toward softwood sawlogs, which accounted for 47% of Acadian's net sales and 42% of sales volume during the first quarter. This compares with 38% of Acadian's net sales and 32% of sales volume that resulted from the sale of softwood sawlogs during the first quarter of 2008. Despite the very weak housing market, the average softwood sawlog selling price was $4.22 per m^3 higher in the first quarter of 2009 than during the same period of 2008. This strong selling price was largely the result of the foreign exchange translation of sales by the Maine Timberlands associated with the 24% appreciation of the U.S. dollar as compared to the Canadian dollar. In addition, prices continued to be supported by very low harvest levels on private woodlots.

Markets for hardwood sawlogs remained mixed with markets for maple being particularly weak. Hardwood sawlogs accounted for 5% of Acadian's net sales and 3% of sales volume during the first quarter, down slightly from 7% of Acadian's net sales and 4% of sales volume during the first quarter of 2008. The average selling price was effectively unchanged year-over-year.

The average selling price of softwood pulpwood increased 4% compared to the fourth quarter of 2008 and 8% year-over-year whereas the average hardwood pulpwood price declined 14% as compared to the fourth quarter of 2008 and 3% year-over-year as pulp markets weakened dramatically. Biomass represented 16% of total sales volume and 6% of total sales during the quarter while margins remained strong.

Acadian's weighted average selling price across all products increased by 3% in the first quarter of 2009 as compared to the fourth quarter of 2008 and increased by 7% year-over-year. These price increases reflect the larger component of higher value spruce-fir sawlogs in the overall sales mix and the benefit of the foreign exchange translation of U.S. dollar sales by the Maine Timberlands.

Results from Operations

Strong first quarter results in 2009 demonstrate management's continued ability to merchandize product effectively through very challenging market conditions and the flexibility of our operations to shift focus from hardwood to softwood dominated stands in response to market demand. Good weather, lower fuel costs and shorter hauling distances also contributed to strong first quarter results.

Acadian generated net sales of $26.2 million on consolidated log sales volume of 427.4 thousand m^3. EBITDA of $10.8 million for the first quarter of 2009 was $3.6 million, or 50%, higher than Acadian's first quarter of 2008. EBITDA margin improved to 41% from 32% in the first quarter of 2008.

Class B Interest Liability

Included in net income for the first quarter of 2009, is a non-cash gain related to the Class B Interest Liability of a subsidiary. The settlement obligation of this interest was based on the trading value of Acadian's units at the time of settlement, which required the liability to be recorded at its fair value at each balance sheet date with the corresponding gain arising from a decrease in Acadian's unit price or loss arising from an increase in Acadian's unit price included in the statement of operations. In addition, as this Canadian dollar liability was issued by a self-sustaining U.S. dollar subsidiary of the Fund, the obligation was 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 $4.7 million gain for the first quarter (2008 – $2.0 million gain) comprised of a $4.1 million mark-to-market gain (2008 – $0.9 million gain) and a $0.6 million foreign exchange gain (2008 – $1.1 million gain).

On February 3, 2009, an affiliate of Brookfield Asset Management Inc. (collectively "Brookfield") converted all units representing the Class B Liability of a Subsidiary into Class A units of the Fund.

Income Tax Recovery

Also included in net income for the three months ended March 28, 2009 is an income tax recovery of $0.4 million (2008 – nil), which is comprised of a $0.8 million non-cash future income tax recovery that was partially offset by a $0.4 million current tax expense.

The current income tax expense, and the associated liability, reported during the period are a result of the seasonality of Acadian's operations. A greater proportion of the Fund's earnings are typically generated during the first quarter than any other quarter during the year, while distributions are paid evenly throughout the year. Accordingly, the Fund recorded a current tax expense as an estimate of the taxes that would be payable as at the end of the reporting period. As a greater proportion of distributions are expected to be paid during the remainder of the year than income will be earned, management does expect that this expense will reverse in future periods.

Segmented Results of Operations

The table below summarizes operating and financial results for NB Timberlands and Maine Timberlands:

	Three Months Ended March 28, 2009			
millions	**NB Timberlands**	**Maine Timberlands**	**Corporate**	**Consolidated**
Sales volumes (000s m^3)	**308.5**	**118.9**	**—**	**427.4**
Net sales	**$ 18.2**	**$ 8.0**	**$ —**	**$ 26.2**
EBITDA	**$ 7.8**	**$ 3.3**	**$ (0.3)**	**$ 10.8**
EBITDA margin	**43%**	**41%**	**—%**	**41%**

	Three Months Ended March 29, 2008			
millions	NB Timberlands	Maine Timberlands	Corporate	Consolidated
Sales volumes (000s m^3)	308.9	103.1	—	412.0
Net sales	$ 17.2	$ 5.5	$ —	$ 22.7
EBITDA	$ 5.2	$ 2.2	$ (0.2)	$ 7.2
EBITDA margin	30%	40%	—%	32%

NB Timberlands

NB Timberlands owns and manages 765,000 acres of freehold timberlands, provides management services relating to approximately 1.3 million acres of Crown licensed timberlands, and owns a forest nursery. Approximately two-thirds of harvesting operations was performed by third-party contractors and one-third by NB Timberlands employees.

The table below summarizes operating and financial results for NB Timberlands:

	Three Months Ended March 28, 2009			Three Months Ended March 29, 2008		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results
	(000s m^3)	*(000s m^3)*	*(millions)*	*(000s m^3)*	*(000s m^3)*	*(millions)*
Softwood	**174.2**	**151.9**	**$ 9.1**	123.4	122.7	$ 7.6
Hardwood	**123.8**	**93.2**	**5.1**	138.7	131.7	7.3
Biomass	**63.4**	**63.4**	**1.5**	54.5	54.5	1.0
	361.4	**308.5**	**15.7**	316.6	308.9	15.9
Other sales			**2.5**			1.3
Net sales			**$ 18.2**			$ 17.2
EBITDA			**$ 7.8**			$ 5.2
EBITDA margin			**43%**			30%

Softwood, hardwood and biomass shipments were 152 thousand m^3, 93 thousand m^3 and 63 thousand m^3 for the first quarter, respectively. Approximately 39% of sales volumes were sold as sawlogs, 40% as pulpwood and 21% as biomass in the first quarter of 2009. This compares to 29% of sales volumes sold as sawlogs, 53% as pulpwood and 18% as biomass in the first quarter of 2008. Due to the softening of the hardwood pulp market, the emphasis of operations shifted heavily to softwood. This shift to softwood allows NB Timberlands to catch up on its softwood harvest as hardwood has been its focus over the past three years.

Net sales for the first quarter of 2009 were $18.2 million (2008 – $17.2 million) with an average selling price across all products of $50.88 per m^3 which compares to an average selling price of $51.41 per m^3 during the first quarter of 2008. Higher value species mix was offset by lower delivered prices due to the close proximity of customers and softer market conditions. While volumes were similar to those in the same period last year, other sales increased $1.2 million as a result of increased harvesting activity on the Crown licensed timberlands and shorter hauling distances for this wood during the first quarter of 2009 as compared to the same period in 2008.

Costs for the first quarter were $10.4 million (2008 – $12.0 million). Variable costs per cubic meter were 18% lower than the first quarter of 2008 as a result of shorter hauling distances and lower fuel costs, which were partially offset by higher road construction costs resulting from the shift from hardwood to softwood stands.

EBITDA for the first quarter was $7.8 million, as compared to $5.2 million during the first quarter of 2008. An improved EBITDA margin of 43%, as compared to 30% for the first quarter of 2008, primarily reflects the impact of higher value species mix, shorter hauling distances and the increased contribution of the Crown operations.

During the first quarter of 2009, NB Timberlands experienced one recordable incident among employees and three recordable incidents among contractors from which the individuals are expected to fully recover.

Maine Timberlands

Maine Timberlands owns and operates 311,000 acres of freehold timberlands and is operated exclusively by third-party contractors.

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

	Three Months Ended March 28, 2009			Three Months Ended March 29, 2008		
	Harvest	**Sales**	**Results**	Harvest	Sales	Results
	(000s m^3)	*(000s m^3)*	*(millions)*	*(000s m^3)*	*(000s m^3)*	*(millions)*
Softwood	**108.8**	**104.9**	**$ 7.4**	86.6	86.6	$ 4.8
Hardwood	**9.8**	**8.6**	**0.4**	14.4	12.8	0.6
Biomass	**5.4**	**5.4**	**0.1**	3.7	3.7	—
	124.0	**118.9**	**7.9**	104.7	103.1	5.4
Other sales			**0.1**			0.1
Net sales			**$ 8.0**			$ 5.5
EBITDA			**$ 3.3**			$ 2.2
EBITDA margin			**41%**			40%

The first quarter of 2009 was very productive with good weather, easy-to-operate stands and extra contractor equipment and personnel dedicated to operations on our Maine Timberlands. Softwood, hardwood and biomass shipments were 105 thousand m^3, 9 thousand m^3 and 5 thousand m^3 for the first quarter, respectively. Approximately 63% of sales volume was sold as sawlogs, 32% as pulpwood and 5% as biomass in the first quarter of 2009. This compares to 59% of sales volume sold as sawlogs, 37% as pulpwood and 4% as biomass in the first quarter of 2008. Similar to the NB Timberlands' operation, Maine Timberlands shifted its emphasis to softwood due to the limited ability to sell hardwood pulpwood.

Net sales for the first quarter were $8.0 million (2008 – $5.5 million) with an average selling price across all products of $66.76 per m^3 which compares to an average selling price of $52.15 per m^3 during the first quarter of 2008. The 24% appreciation of the U.S. dollar as compared to the Canadian dollar during the quarter, the higher value species mix, and stronger softwood pulpwood prices in U.S. dollar terms, due to the trailing six month pricing provision in the fibre supply agreement between the Maine Timberlands and an affiliate of Brookfield, contributed to this year-over-year increase in average price.

Costs for the first quarter were $4.7 million (2008 – $3.3 million). Higher harvest volumes, a stronger U.S. dollar, and increased road construction costs associated with the shift from hardwood to softwood stands attributed to this increase in costs.

EBITDA for the first quarter was $3.3 million, compared to $2.2 million during the first quarter of 2008, and EBITDA margin slightly improved from 40% in the first quarter of 2008 to 41% during the first quarter of 2009.

We are pleased to report that during the first quarter of 2009, Maine Timberlands experienced no recordable incidents among employees or contractors.

Financial Position

As at March 28, 2009, Acadian's balance sheet consisted of total assets of $234.7 million, represented primarily by timberlands and logging roads of $205.6 million (December 31, 2008 – $207.8 million) and the balance in cash and working capital of $23.0 million (December 31, 2008 – $15.1 million) and intangible assets of $6.1 million (December 31, 2008 – $6.1 million). Timberlands have been recorded at cost as determined through the purchase of these assets on formation of the Fund and are depleted and charged to operations in a systematic manner based on the utilization of the timber resources. Silviculture costs have been capitalized as incurred.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Acadian's principal sources of liquidity include cash earned from operations and a $5.0 million revolving credit facility which remains undrawn since the inception of the Fund. These sources, combined with existing cash and cash equivalents and net working capital generated by the Fund since inception, are expected to allow the Fund to meet its operating, debt service, capital expenditure and distribution requirements. As indicated previously, due to the seasonal nature of our business, it is typical that cash reserves are generated in the first quarter of the year and are then drawn down during periods such as the second quarter when harvesting conditions are not ideal. This remains unchanged from the prior year.

The Fund expects to make monthly distributions of its available cash to the extent determined prudent by the Fund's Trustees.

Silviculture and capital expenditures for the first quarter were nil (2008 – nil) and are in line with management's estimate of annual silviculture and capital expenditures of $0.3 million (2008 – $0.8 million), which are expected to be incurred mainly during the second and third quarters of this year.

Management will continue to assess financing alternatives which may include the issuance of additional Fund units and debt when funding requirements such as potential acquisitions and debt maturities, present themselves.

Capital Resources

Borrowings

The Fund has a $47.0 million bank credit facility consisting of a $42.0 million bank term credit facility and a $5.0 million revolving credit facility. As at March 28, 2009, no funds (December 31, 2008 – nil) had been drawn on the revolving credit facility. The term facility, which matures on January 29, 2010, is fully drawn, and bears interest based on the 30-day Banker Acceptances rate. Management intends to refinance these facilities and is currently assessing the term and amount of these facilities as well as other financing alternatives, including the fixing of interest rates where appropriate. In seeking to refinance this debt obligation, there is no assurance that Acadian will be able to refinance this obligation at maturity; or if refinanced, that the terms of the refinancing will be as favourable as the original terms of the bank credit facility. If unable to refinance this facility on acceptable terms, or at all, Acadian may need to dispose of a portion of its assets, or otherwise raise funds, to settle the bank term credit facility.

The Fund has also secured a term loan facility of US$31.5 million. This facility bears interest at 4.67%, payable quarterly and expires on February 27, 2011. The Fund has granted the lenders a security interest over its assets.

Both facilities contain certain restrictive covenants relating to debt incurrence, sale of assets, and maintenance of certain financial ratios, all of which are in compliance as at March 28, 2009.

Outstanding Units

As at March 28, 2009, 16,571,453 Class A units were issued and outstanding, which represents an increase of 4,507,030 units from December 31, 2008 resulting from the conversion of all units representing the Class B Liability Interest of a Subsidiary by an affiliate of Brookfield on February 3, 2009. The Fund is authorized to issue an unlimited number of units of the same class with equal rights and privileges. Unitholders are entitled to receive distributions as and when declared by the Trustees of the Fund and are entitled to one vote per unit on all matters to be voted on by unitholders at each meeting of unitholders.

As at March 28, 2009, Brookfield owned 7,513,262 Class A units. Brookfield's ownership interest is 45% of the outstanding units of Acadian.

A summary of the Fund units on a fully diluted basis is as follows:

	As at March 28, 2009	
	Units	**Percentage**
Class A units outstanding	**16,571,453**	**100%**
Class B Interest Liability of a subsidiary outstanding	**—**	**—%**
	16,571,453	**100%**

	As at December 31, 2008	
	Units	Percentage
Class A units outstanding	12,064,423	73%
Class B Interest Liability of a subsidiary outstanding	4,507,030	27%
	16,571,453	100%

MARKET OUTLOOK

The following contains forward-looking statements about Acadian Timber Income Fund's market outlook for fiscal 2009. Reference should be made to "Forward-looking Statements" on page 16. 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 most recent Annual Report and Annual Information Form available on our website at www.acadiantimber.com or www.sedar.com.

We continue to be very pleased with Acadian's success in recognizing, producing and selling into market opportunities as they have arisen. Despite Acadian's very strong first quarter performance, we expect that the remainder of the year will be exceptionally challenging. This view is supported by several factors. First, most of Acadian's regional customers appear to have sufficient log or chip inventories to carry them through the traditionally weak second quarter. In addition, many of these regional converters are currently planning to take significant market-related downtime, with the timing and level of operation at start-up remaining uncertain.

Last year, as Acadian faced a similarly weak market for softwood sawlogs we had the benefit of a very strong market for pulpwood with shortages of pulp logs placing upward pressure on sawlog pricing. That is not the case in 2009 with market uncertainty making it difficult to develop a confident outlook for softwood sawlog demand through 2010. Hardwood pulpwood markets are expected to be similarly challenging. Several facilities are planning downtime in May and June. As a result, Acadian may face difficult and uncertain market conditions throughout 2009 and into 2010.

On a more positive note, we are aware of at least one pulp mill that has recently restarted operations. In addition, markets for hardwood sawlogs and specialty products, while soft, are expected to remain relatively stable through 2009 as overall hardwood production is expected to decline significantly reducing the availability of hardwood sawlogs in the marketplace. This reduction in the regional harvest of hardwoods should also support biomass pricing as demand remains strong. Acadian is also expected to continue to benefit from the strengthened U.S. dollar, providing support for NB log prices while improving the Canadian dollar contribution of cash flows from Acadian's Maine Timberlands. Finally, fuel costs have declined significantly reducing overall harvesting and transportation costs.

Canadian Government's Tax Fairness Plan

On October 31, 2006, the Canadian government announced proposed changes to Canada's taxation system designed to level the playing field between trusts and corporations. These proposed changes were enacted into law on June 22, 2008. Based on the information that the government has provided, it appears that Acadian would be considered a specified investment flow-through vehicle, which would result in Acadian being impacted by this incremental tax beginning in 2011.

The Fund continues to feel that it is too early to fully determine the extent to which the legislation will ultimately impact Acadian. The Fund's management and Board of Trustees will continue to monitor and analyze the situation and its implications to Acadian as they develop.

SUPPLEMENTAL INFORMATION

This supplemental information contains information required by applicable continuous disclosure guidelines and to facilitate additional analysis.

Selected Consolidated Quarterly Information

The table below sets forth selected consolidated quarterly information for the last eight quarters. See "Additional Quarterly Information" section for the segmented quarterly results.

	2009	2008				2007		
millions, except per unit data and where indicated	**Q1**	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Sales volume (000s m³)	**427**	307	319	213	412	314	323	267
Net sales	**$ 26.2**	$ 19.7	$ 17.2	$ 8.3	$ 22.7	$ 17.7	$ 16.9	$ 13.3
EBITDA	**$ 10.8**	$ 6.9	$ 4.3	$ (1.0)	$ 7.2	$ 4.9	$ 3.9	$ 1.9
Distributable cash from operations	**$ 9.5**	$ 5.7	$ 3.3	$ (2.0)	$ 6.3	$ 3.9	$ 2.0	$ 0.9
Net income (loss)[1]	**$ 11.1**	$ 15.8	$ 6.8	$ (8.4)	$ 4.7	$ 7.4	$ (4.3)	$ (19.2)
Net income (loss) per unit - basic	**$ 0.75**	$ 1.31	$ 0.56	$ (0.70)	$ 0.39	$ 0.61	$ (0.36)	$ (1.59)
Net income (loss) per unit - diluted	**$ 0.40**	$ (0.14)	$ 0.11	$ (0.70)	$ 0.22	$ 0.16	$ (0.36)	$ (1.59)

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

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reported period. Actual results could differ from these estimates.

Acadian considers the following policies to be most critical in understanding the judgements that are involved in preparing the Fund's consolidated financial statements and the uncertainties that could affect the Fund's results of operations, financial position and cash flows.

Accounting for Timberlands and Logging Roads

Acadian's timberlands and logging roads are recorded at cost less accumulated depletion. Depletion is recorded in a systematic manner based on the utilization of the timber resources. Depletion amounts are charged to operations based on a pro rata calculation of units of timber harvested and relative values of timber present, and is applied against the historical cost of timberlands. Main logging roads and their associated bridges are depreciated on a straight-line basis over their estimated useful lives of twenty years.

Class B Interest Liability of a Subsidiary

The Class B Interest Liability represents preferred interests in the Maine Timberlands. The preferred interests are convertible into units at the option of the holder and are treated as a liability of the Maine Timberlands for accounting purposes.

The value of the liability is measured at each reporting date to reflect the market price of the units and the current exchange rates. Changes in value are recorded in the consolidated statement of operations.

Translation of Foreign Currencies

The currency of measurement of the Fund's Canadian operations and U.S. operations are the Canadian dollar and U.S. dollar respectively. Monetary assets and liabilities denominated in a currency other than the operation's currency of measurement are translated at exchange rates prevailing at the end of the period with the associated gain or loss recorded in the consolidated statement of operations.

The accounts of self-sustaining operations in the United States are translated using the current rate method under which assets and liabilities are translated at exchange rates prevailing at the end of the period and revenues and expenses at average exchange rates during the period. Gains or losses on translation are not included in the consolidated statement of operations, but are presented as an other comprehensive gain or loss in the consolidated statement of comprehensive income and as a separate item in unitholders' equity.

Change in Accounting Policies

Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, Goodwill and Intangible Assets, replacing CICA Section 3062, Goodwill and Other Intangible Assets and CICA Section 3450, Research and Development Costs. Section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The CICA also issued amendments to Section 1000, Financial Statement Concepts, and Accounting Guideline AcG-11, Enterprises in the Development Stage. EIC-27, Revenues and Expenditures during the Pre-operating Period, will not apply to entities that have adopted Section 3064. These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption permitted, and was adopted by the Fund effective January 1, 2009. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States ("U.S. GAAP") by eliminating the practice of recognizing as assets a variety of start up, pre-production and similar costs that do not meet the definition and recognition criteria of an asset. The adoption of this standard did not have any impact on the consolidated financial statements of the Fund.

Future Accounting Policies

International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to converge with IFRS. In May 2007, the CICA published an updated version of its implementation plan which outlines the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS for years beginning on or after January 1, 2011. The CICA plans to converge Canadian GAAP with IFRS, with the objective to move toward the use of a single set of world-wide accounting standards, improving financial reporting and transparency. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which may significantly impact the Fund's processes and financial results.

The Fund is currently in the planning phase of the conversion. This includes identifying the differences between existing Canadian GAAP and IFRS, identifying potential business impacts, developing the project plan, assessing resource requirements and providing training to staff. Over the next two years, the Fund will assess the implications of converting to IFRS, estimate the impact, implement the changes and perform work to ensure the accuracy of opening balances. It is currently not possible to fully determine the impact to the financial statements and any potential business impacts, as accounting standards and the interpretations of those standards are changing. The Fund currently expects to report under IFRS starting January 1, 2011.

Taxation of Fund Distributions

Management estimates approximately 50% of the Fund's targeted distributions for 2009 will represent a return of capital.

Related Party Transactions

In the normal course of operations, the Fund enters into various transactions on market terms with related parties which have been measured at exchange value and recognized in the consolidated financial statements. The Fund has one significant related party, Brookfield Asset Management Inc., and its affiliates. As at March 28, 2009, Brookfield owned 7,513,262 Class A units representing approximately 45% of the outstanding units of the Fund. Acadian is also a related party of Fraser Papers Inc. ("Fraser Papers") as a result of their common significant shareholder. A summary of the significant related party transactions have been provided below.

a) Acadian has entered into a number of fibre supply agreements whereby Acadian agreed to provide fibre to Fraser Papers and Brookfield for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Fraser Papers. Total sales to Fraser Papers and Brookfield during the three months ended March 28, 2009 amounted to $11.9 million and $1.1 million, respectively, which represented 43% of consolidated total sales (2008 – $6.6 million and $0.6 million, respectively, or 25% of total sales). Included in accounts receivable at March 28, 2009 is $2.2 million related to these agreements (March 29, 2008 – $1.0 million).

b) Acadian has entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three months ended March 28, 2009 amounted to $0.5 million (2008 – $0.5 million). All fees have been fully paid in accordance with the services agreement.

c) Payments on the Class B Interest Liability to Brookfield during the three months ended March 28, 2009 totaled $0.3 million (2008 – $0.9 million). No amounts have been included in accounts payable and accrued liabilities as at March 28, 2009 as a result of the conversion of all units representing the Class B Liability of a subsidiary by an affiliate of Brookfield on February 3, 2009 (December 31, 2008 – $0.3 million).

d) Maine Timberlands rents space in a shared office building from Katahdin Paper Company LLC (a wholly-owned subsidiary of Brookfield), which also provides certain administrative services to Maine Timberlands. Total costs paid for these services were $4 thousand during the three-month period ended March 28, 2009 (2008 – $4 thousand).

Contractual Obligations

The Fund has no material capital or operating lease obligations; however, it has three significant contractual obligations related to the supply of fibre to related parties and the provision of management services under a Crown License Agreement at the direction of a related party. See Related Party Transactions for further discussion of these contracts. A summary of the Fund's debt obligations is as follows:

		Payments Due by Period				
millions	Total Available	Total	Less Than One Year	1 to 3 Years	4 to 5 Years	After 5 Years
Long-term debt						
Bank term credit facility[i]	$ 42.0	$ 42.0	$ 42.0	$ —	$ —	$ —
Revolving credit facility	5.0	—	—	—	—	—
Term loan facility	39.5	39.5	—	39.5	—	—
	$ 86.5	$ 81.5	$ 42.0	$ 39.5	$ —	$ —
Interest expense [ii][iii]		$ 4.5	$ 2.9	$ 1.6	$ —	$ —

The following assumptions have been made with respect to interest rates for the periods noted in the table above.

(i) Represents principal of the bank term credit facility, excluding the deferred extension fee incurred in the fourth quarter of 2008;

(ii) Bank term debt credit facility variable interest at 3.4% per annum;

(iii) Term loan facility fixed interest at 4.67% with a Canadian to U.S. dollar conversion of 1.24.

Additional Quarterly Information

The tables below set forth additional quarterly information for the last eight quarters by reportable segment:

NB Timberlands

	2009 Q1			2008 Q4			2008 Q3			2008 Q2		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*
Softwood	**174.2**	**151.9**	**$ 9.1**	72.5	73.2	$ 4.4	68.9	64.6	$ 3.8	9.0	20.3	$ 1.2
Hardwood	**123.8**	**93.2**	**5.1**	81.7	78.2	4.6	92.5	111.1	6.3	76.7	92.5	5.6
Biomass	**63.4**	**63.4**	**1.5**	57.4	57.4	1.1	67.8	67.8	1.4	61.9	61.9	0.9
	361.4	**308.5**	**15.7**	211.6	208.8	10.1	229.2	243.5	11.5	147.6	174.7	7.7
Other Sales			**2.5**			3.2			1.5			(1.2)
Net sales			**$ 18.2**			$ 13.3			$ 13.0			$ 6.5
EBITDA			**$ 7.8**			$ 4.5			$ 2.6			$ (0.8)
EBITDA Margin			**43%**			34%			20%			(12)%

Maine Timberlands

	2009 Q1			2008 Q4			2008 Q3			2008 Q2		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*
Softwood	**108.8**	**104.9**	**$ 7.4**	72.4	72.4	$ 4.8	52.3	52.2	$ 3.0	23.1	23.0	$ 1.1
Hardwood	**9.8**	**8.6**	**0.4**	18.1	18.7	1.4	19.6	19.4	1.1	10.0	11.6	0.5
Biomass	**5.4**	**5.4**	**0.1**	6.7	6.7	0.1	4.4	4.4	—	3.6	3.6	0.1
	124.0	**118.9**	**7.9**	97.2	97.8	6.3	76.3	76.0	4.1	36.7	38.2	1.7
Other Sales			**0.1**			0.1			0.1			0.1
Net sales			**$ 8.0**			$ 6.4			$ 4.2			$ 1.8
EBITDA			**$ 3.3**			$ 2.5			$ 1.8			$ —
EBITDA Margin			**41%**			39%			43%			0%

Corporate

	2009 Q1			2008 Q4			2008 Q3			2008 Q2		
	Harvest *(000s m³)*	**Sales** *(000s m³)*	**Results** *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*
Softwood	**—**	**—**	**$ —**	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—
Biomass	**—**	**—**	**—**	—	—	—	—	—	—	—	—	—
	—	**—**	**—**	—	—	—	—	—	—	—	—	—
Other Sales			**—**			—			—			—
Net sales			**$ —**			$ —			$ —			$ —
EBITDA			**$ (0.3)**			$ (0.1)			$ (0.1)			$ (0.2)
EBITDA Margin			**n/a**			n/a			n/a			n/a

NB Timberlands

	2008 Q1			2007 Q4			2007 Q3			2007 Q2		
	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*
Softwood	123.4	122.7	$ 7.6	93.4	113.2	$ 7.0	99.0	86.8	$ 5.5	32.0	49.4	$ 3.0
Hardwood	138.7	131.7	7.3	119.6	102.1	5.3	97.9	90.8	4.8	63.7	96.4	5.5
Biomass	54.5	54.5	1.0	37.3	37.3	0.9	65.1	65.1	1.4	74.4	74.4	1.6
	316.6	308.9	15.9	250.3	252.6	13.2	262.0	242.7	11.7	170.1	220.2	10.1
Other Sales			1.3			1.6			0.8			0.9
Net sales			$ 17.2			$ 14.8			$ 12.5			$ 11.0
EBITDA			$ 5.2			$ 4.3			$ 2.8			$ 2.0
EBITDA Margin			30%			29%			22%			18%

Maine Timberlands

	2008 Q1			2007 Q4			2007 Q3			2007 Q2		
	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*
Softwood	86.6	86.6	$ 4.8	50.9	50.8	$ 2.4	63.4	63.4	$ 3.6	28.6	28.5	$ 1.4
Hardwood	14.4	12.8	0.6	8.6	8.5	0.4	14.1	14.2	0.6	12.5	13.7	0.6
Biomass	3.7	3.7	—	1.8	1.8	—	3.2	3.2	0.1	5.2	5.2	0.2
	104.7	103.1	5.4	61.3	61.1	2.8	80.7	80.8	4.3	46.3	47.4	2.2
Other Sales			0.1			0.1			0.1			0.1
Net sales			$ 5.5			$ 2.9			$ 4.4			$ 2.3
EBITDA			$ 2.2			$ 0.8			$ 1.4			$ 0.3
EBITDA Margin			40%			28%			32%			13%

Corporate

	2008 Q1			2007 Q4			2007 Q3			2007 Q2		
	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*	Harvest *(000s m³)*	Sales *(000s m³)*	Results *(millions)*
Softwood	—	—	$ —	—	—	$ —	—	—	$ —	—	—	$ —
Hardwood	—	—	—	—	—	—	—	—	—	—	—	—
Biomass	—	—	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—	—	—
Other Sales			—			—			—			—
Net sales			$ —			$ —			$ —			$ —
EBITDA			$ (0.2)			$ (0.2)			$ (0.3)			$ (0.4)
EBITDA Margin			n/a			n/a			n/a			n/a

Forward-Looking Statements

This Interim Report 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 Interim Report, such statements use such words as “may,” “will,” “intend,” “should,” “expect,” “believe,” “outlook,” “predict,” “remain,” “anticipate,” “estimate,” “potential,” “continue” 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 Interim Report. 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 Interim Report 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 Interim Report, and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.

Interim Consolidated Balance Sheet

(unaudited)

As at *CAD millions*	Note	**March 28, 2009**	December 31, 2008
Assets			
Current assets			
Cash and cash equivalents		**$ 13.1**	$ 9.0
Accounts receivable and other assets	8	**6.8**	4.7
Inventory		**3.1**	1.4
		23.0	15.1
Intangible assets		**6.1**	6.1
Timberlands, logging roads and fixed assets	4	**205.6**	207.8
		$ 234.7	$ 229.0
Liabilities and unitholders' equity			
Current liabilities			
Accounts payable and accrued liabilities	8,12	**$ 7.6**	$ 6.2
Distributions payable to unitholders		**1.1**	0.8
Bank term credit facility	5	**41.9**	—
		50.6	7.0
Future income tax liability		**17.0**	17.7
Long-term debt	5	**39.5**	80.8
Class B Interest Liability of a subsidiary	6	**—**	31.6
Unitholders' equity	7	**127.6**	91.9
		$ 234.7	$ 229.0

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Operations and Deficit

(unaudited)

		Three Months Ended	
CAD millions	Note	**March 28, 2009**	March 29, 2008
Net sales	8	**$ 26.2**	$ 22.7
Operating costs and expenses			
Cost of sales		**13.7**	14.0
Selling, administration and other	8	**1.7**	1.5
Depreciation and depletion		**3.6**	2.7
		19.0	18.2
Operating earnings		**7.2**	4.5
Gain on Class B Interest Liability of a subsidiary	6	**(4.7)**	(2.0)
Interest:			
Interest expense on long-term debt		**0.9**	0.9
Class B Interest Liability of a subsidiary	8	**0.3**	0.9
Earnings before income taxes		**10.7**	4.7
Income tax recovery (expense)	12		
Current		**(0.4)**	—
Future		**0.8**	—
Net income for the period		**11.1**	4.7
Deficit, beginning of period		**(20.9)**	(29.8)
Unitholders' distributions	14	**(3.1)**	(2.5)
Deficit, end of period		**$ (12.9)**	$ (27.6)
Net income per unit - basic	7	**$ 0.75**	$ 0.39
Net income per unit - diluted	7	**$ 0.40**	$ 0.22

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income

(unaudited)

CAD millions	Note	Three Months Ended March 28, 2009	Three Months Ended March 29, 2008
Net income		**$ 11.1**	$ 4.7
Other comprehensive income (loss)			
Unrealized foreign currency translation gains (losses)	7	**0.2**	(0.1)
Comprehensive income		**$ 11.3**	$ 4.6

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statement of Cash Flows
(unaudited)

		Three Months Ended	
CAD millions	Note	**March 28, 2009**	March 29, 2008
Cash provided by (used for):			
Operating activities			
Net income		**$ 11.1**	$ 4.7
Items not affecting cash:			
Future income tax recovery	12	**(0.8)**	—
Depreciation and depletion		**3.6**	2.7
Gain on Class B Interest Liability of a subsidiary	6	**(4.7)**	(2.0)
		9.2	5.4
Net change in non-cash working capital balances and other		**(2.0)**	3.0
		7.2	8.4
Investing activities			
Sale of timberlands, logging roads and fixed assets		**—**	—
Additions to timberlands, logging roads & fixed assets		**—**	—
Silviculture expenditures		**—**	—
		—	—
Financing activities			
Distributions paid to unitholders	14	**(3.1)**	(2.5)
		(3.1)	(2.5)
Increase in cash and cash equivalents during the period		**4.1**	5.9
Cash and cash equivalents, beginning of period		**9.0**	4.9
Cash and cash equivalents, end of period		**$ 13.1**	$ 10.8

See accompanying notes to interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 1. GENERAL

In these notes "Acadian" means Acadian Timber Income Fund and all of its consolidated operations, while the "Fund" means Acadian Timber Income Fund as a separate entity.

The Fund is an unincorporated open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated December 15, 2005, as amended. The Fund qualifies as a "mutual fund trust" for the purposes of the Income Tax Act (Canada). The authorized equity of the Fund consists of an unlimited number of Fund units ("units"). Unitholders are entitled to receive distributions as and when declared by the trustees of the Fund (the "Trustees") and are entitled to one vote per unit on all matters to be voted on by unitholders at each meeting of unitholders.

Acadian owns and manages approximately 765,000 acres of freehold timberlands in New Brunswick ("NB Timberlands"), approximately 311,000 acres of freehold timberlands in Maine ("Maine Timberlands") 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.

As at March 28, 2009, affiliates of Brookfield Asset Management Inc. (collectively "Brookfield") owns 7,513,262 Class A units representing approximately 45% of the outstanding units of the Fund. Acadian and Fraser Papers Inc. ("Fraser Papers") remain related parties as a result of a common significant shareholder.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements present the results of operations and cash flows of Acadian for the three-month period ended March 28, 2009 along with the comparative results for the three-month period ended March 29, 2008. These consolidated financial statements include the accounts of Acadian and the entities over which it has control and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA").

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during a period. Significant estimates include the determination of the carrying value of assets, and estimating the useful lives of timberlands, logging roads and fixed assets. Actual results could differ from those estimates.

These interim consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing the Fund's most recent annual report, except as discussed in Note 3. These consolidated financial statements do not include all of the disclosure required under GAAP for annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Fund and notes for the year ended December 31, 2008.

Seasonality

Due to the seasonal nature of Acadian's timberland operations, the first, third and fourth quarters of the fiscal year typically account for, and are expected in the future to account for, a greater portion of revenue and net income individually than does the second quarter of each fiscal year. This seasonal pattern may cause Acadian's revenue and net income to vary significantly from quarter to quarter.

NOTE 3. CHANGES IN ACCOUNTING POLICIES

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, replacing CICA 3062, Goodwill and Other Intangible Assets and CICA 3450, Research and Development Costs. New section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The CICA also issued amendments to Section 1000, Financial Statement Concepts, and Accounting Guideline AcG-11, Enterprises in the Development Stage. EIC-27, Revenues and Expenditures during the Pre-operating Period, will not apply to entities that have adopted Section 3064. These changes are effective for fiscal years beginning on or after October 1, 2008, with earlier adoption permitted, and was adopted by the Fund effective January 1, 2009. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards ("IFRS") and generally accepted accounting principles in the United States ("U.S. GAAP") by eliminating the practice of recognizing as assets a variety of start up, pre-production and similar costs that do not meet the definition and recognition criteria of an asset. The adoption of this standard did not have any impact on the consolidated financial statements of the Fund.

Future Accounting Policies

International Financial Reporting Standards

In 2005, the Accounting Standards Board of Canada (AcSB) announced that accounting standards in Canada are to converge with IFRS. In May 2008, the CICA published an updated version of its implementation plan which outlines the key decisions that the CICA will need to make as it implements the Strategic Plan for publicly accountable enterprises that will converge Canadian GAAP with IFRS by January 1, 2011. The CICA plans to converge Canadian GAAP with IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies. The Fund currently expects to adopt IFRS effective January 1, 2011 and is currently assessing the future impact of the new standards on its consolidated financial statements.

NOTE 4. TIMBERLANDS, LOGGING ROADS AND FIXED ASSETS

As at March 28, 2009 (millions)	Book Value	Accumulated Depletion and Depreciation	Net Book Value
Timberlands	$ 205.4	$ (25.5)	$ 179.9
Land	10.9	—	10.9
Logging roads and bridges	15.6	(2.3)	13.3
Building and equipment	1.9	(0.4)	1.5
	$ 233.8	$ (28.2)	$ 205.6

As at December 31, 2008 (millions)	Book Value	Accumulated Depletion and Depreciation	Net Book Value
Timberlands	$ 204.0	$ (22.0)	$ 182.0
Land	10.9	—	10.9
Logging roads and bridges	15.5	(2.1)	13.4
Building and equipment	1.9	(0.4)	1.5
	$ 232.3	$ (24.5)	$ 207.8

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 5. DEBT FINANCING

Debt financing consisted of the following:

millions	**March 28, 2009**	December 31, 2008
Bank term credit facility, repayable in January 2010	**$ 42.0**	$ 42.0
Less: Deferred debt issuance costs	**(0.1)**	(0.1)
	41.9	41.9
Term loan facility, repayable in February 2011	**39.5**	38.9
	$ 81.4	$ 80.8

Acadian has a term credit facility of up to $42.0 million and a revolving credit facility of up to $5.0 million. The term credit facility expires on January 29, 2010 and bears interest at floating rates which for the period ended March 28, 2009 was based on 30-day Banker Acceptance rates. The revolving credit facility bears interest at 30-day Banker Acceptance rates, has a period of 364 days and has customary extension features. Management intends to refinance these facilities and is currently assessing the term and amount of these facilities as well as other financing alternatives, including the fixing of interest rates where appropriate. As at March 28, 2009, Acadian has borrowed $42.0 million under the term facility and nil under the revolving facility. As security for these facilities, Acadian has granted the lenders a security interest over the assets of the NB Timberlands. These facilities have certain restrictive covenants relating to debt incurrence and the sale of assets and require Acadian to maintain certain financial ratios (see Note 10). As at March 28, 2009, Acadian was in compliance with all covenants.

The Maine Timberlands secured a term loan facility for up to US$31.5 million which was fully drawn at March 28, 2009. The carrying amount of the facility includes US$0.4 million of deferred financing costs payable upon maturity of the facility. The facility bears interest at 4.67% and expires on February 27, 2011. The fair value of the secured term loan facility is estimated to be US$32.9 million as compared to the carrying value of US$31.9 million. As security for this facility, Maine Timberlands has granted the lenders a security interest over its assets. The facility has certain restrictive covenants relating to debt incurrence and the sale of assets and requires Maine Timberlands to maintain certain financial ratios (see Note 10). As at March 28, 2009, Maine Timberlands was in compliance with all covenants. The amount payable under this facility totalled $39.5 million at March 28, 2009 (December 31, 2008 – $38.9 million).

NOTE 6. CLASS B INTEREST LIABILITY OF A SUBSIDIARY

The Class B Interest Liability represents 4,507,030 preferred interests in the Maine Timberlands which were convertible into Units of the Fund. The distributions were entitled to a fixed monthly cumulative preferential dividend equal to the lesser of $0.075625 and the most recently announced distribution per Unit of the Fund. These interests were convertible at the option of the holder on a one for one basis into units of the Fund or, at the sole discretion of Acadian, into cash equal to the full market value of these Units on the date of conversion. On February 3, 2009, an affiliate of Brookfield converted all units representing the Class B Liability of a subsidiary into Class A units of the Fund. During the period, distributions on the Class B Interests were $0.07 per preferred interest (2008 – $0.21 per preferred interest).

The Class B Interest Liability was a Canadian dollar liability of the Maine Timberlands. As the currency of measurement of Maine Timberlands is the U.S. dollar, the liability was marked to market at each balance sheet date based on the change on the value of the units of the Fund and the U.S to Canadian dollar exchange rate with the change recorded in income for the period. For the period ended March 28, 2009, the revaluation of this interest resulted in a gain of $4.7 million (2008 – $2.0 million gain). The year-to-date gain is comprised of a $4.1 million mark-to-market gain (2008 – $0.9 million gain) plus an additional $0.6 million foreign exchange gain (2008 – $1.1 million gain) due to the weakening of the Canadian currency in the quarter.

(unaudited) (All figures in Canadian dollars unless otherwise stated)

NOTE 7. UNITHOLDERS' EQUITY

The components of Unitholders' equity as at March 28, 2009 are as follows:

millions		
Units issued and outstanding - 16,571,453 Units	$	**139.1**
Accumulated other comprehensive income		**1.4**
Deficit		**(12.9)**
Total	$	**127.6**

As a result of the conversion of the Class B Interest Liability of a subsidiary on February 3, 2009 (Note 6), Acadian has issued an additional 4,507,030 Class A units at a value of $27.5 million.

The components of Unitholders' equity as at December 31, 2008 are as follows:

millions		
Units issued and outstanding – 12,064,423 units	$	**111.6**
Accumulated other comprehensive income		**1.2**
Deficit		**(20.9)**
Total	$	**91.9**

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) reflects unrealized gains (losses) on the translation of the financial statements of the Maine Timberlands. Accumulated other comprehensive income (loss) as at March 28, 2009 and March 29, 2008 is:

	Three Months Ended			
millions		**March 28, 2009**		March 29, 2008
Balance, beginning of period	**$**	**1.2**	$	(0.3)
Other comprehensive income (loss)		**0.2**		(0.1)
Balance, end of period	**$**	**1.4**	$	(0.4)

As at March 28, 2009 the Fund had 16,571,453 Class A units issued and outstanding.

The weighted average number of Units outstanding for basic net income per Unit is determined by dividing net income by the total number of Units outstanding. Diluted net income per Unit for the three months ended March 28, 2009, and the comparable period of 2008, respectively, was calculated as follows:

Reconciliation to net income:

	Three Months Ended			
millions		**March 28, 2009**		March 29, 2008
Net income	**$**	**11.1**	$	4.7
Add (deduct)				
Interest expense of Class B Interest Liability of a subsidiary		**0.3**		0.9
Gain on Class B Interest Liability of a subsidiary		**(4.7)**		(2.0)
Diluted net income available for unitholders	**$**	**6.7**	$	3.6

(unaudited) (All figures in Canadian dollars unless otherwise stated)

Reconciliation of number of Units:

	Three Months Ended	
thousands	**March 28, 2009**	March 29, 2008
Weighted average number of Units		
Class A units	**14,810**	12,064
Basic weighted average number of Units	**14,810**	12,064
Conversion of Class B Interest Liability of a subsidiary	**1,761**	4,507
Diluted weighted average number of Units	**16,571**	16,571

NOTE 8. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount.

a) Acadian has entered into a number of fibre supply agreements whereby Acadian agreed to provide fibre to Fraser Papers and Brookfield for periods of up to 20 years. In addition, Acadian agreed to administer certain licenses on behalf of Fraser Papers. Total sales to Fraser Papers and Brookfield during the three months ended March 28, 2009 amounted to $11.9 million and $1.1 million, respectively, which represented 43% of consolidated total sales (2008 – $6.6 million and $0.6 million, respectively, or 25% of total sales). Included in accounts receivable at March 28, 2009 is $2.2 million related to these agreements (March 29, 2008 – $1.0 million).

b) Acadian has entered into an agreement with Brookfield whereby Brookfield will provide a number of administrative and advisory services to Acadian. Total fees for services provided in the three months ended March 28, 2009 amounted to $0.5 million (2008 – $0.5 million). All fees have been fully paid in accordance with the services agreement.

c) Payments on the Class B Interest Liability to Brookfield during the three months ended March 28, 2009 totaled $0.3 million (2008 – $0.9 million). No amounts have been included in accounts payable and accrued liabilities as at March 28, 2009 as a result of the conversion of all units representing the Class B Liability of a subsidiary by an affiliate of Brookfield on February 3, 2009 (December 31, 2008 – $0.3 million).

d) Maine Timberlands rents space in a shared office building from Katahdin Paper Company LLC (a wholly-owned subsidiary of Brookfield), which also provides certain administrative services to Maine Timberlands. Total costs paid for these services were $4 thousand during the three-month period ended March 28, 2009 (2008 – $4 thousand).

NOTE 9. SEGMENTED INFORMATION

The Fund's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. The Fund has two reporting segments, the NB Timberlands and Maine Timberlands. Net sales, net income and assets by reportable segments are as follows:

For the Three Months Ended March 28, 2009 *millions*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 16.5	$ 9.1	$ 7.4	$ —
Hardwood	5.5	5.1	0.4	—
Other	4.2	4.0	0.2	—
Total net sales	26.2	18.2	8.0	—
Operating costs	(15.4)	(10.4)	(4.7)	(0.3)
Earnings (loss) before under noted	10.8	7.8	3.3	(0.3)
Depletion and depreciation	(3.6)	(2.0)	(1.6)	—
Operating earnings (loss)	7.2	5.8	1.7	(0.3)
Gain on Class B Interest Liability of a subsidiary	4.7			
Interest expense, net	(1.2)			
Future income tax recovery	0.4			
Net income	$ 11.1			

As at March 28, 2009 *millions*				
Timberlands, logging roads, fixed assets and intangible assets	$ 211.7	$ 127.7	$ 84.0	$ —
Total assets	$ 234.7	$ 137.2	$ 88.9	$ 8.6

For the Three Months Ended March 29, 2008 *millions*	Total	NB Timberlands	Maine Timberlands	Corporate and Other
Net sales				
Softwood	$ 12.4	$ 7.6	$ 4.8	$ —
Hardwood	7.9	7.3	0.6	—
Other	2.4	2.3	0.1	—
Total net sales	22.7	17.2	5.5	—
Operating costs	(15.5)	(12.0)	(3.3)	(0.2)
Earnings (loss) before under noted	7.2	5.2	2.2	(0.2)
Depletion and depreciation	(2.7)	(1.7)	(1.0)	—
Operating earnings (loss)	4.5	3.5	1.2	(0.2)
Gain on Class B Interest Liability of a subsidiary	2.0			
Interest expense, net	(1.8)			
Net income	$ 4.7			

As at March 29, 2008 *millions*				
Timberlands, logging roads, fixed assets and intangible assets	$ 204.1	$ 131.6	$ 72.5	$ —
Total assets	$ 223.2	$ 140.0	$ 75.6	$ 7.6

During the three months ended March 28, 2009 approximately 20% of total sales were originated with customers domiciled in the U.S. and the balance in Canada. During the same period approximately 32% of total sales were denominated in U.S. dollars.

(unaudited) (All figures in Canadian dollars unless otherwise stated)

Acadian outsources much of its harvesting, transportation and other services which comprise the majority of the Fund's cost of sales. For the three-month period ended March 28, 2009, Acadian's top three suppliers accounted for approximately 18%, 17% and 14%, respectively, of the Fund's cost of sales.

Acadian sells its products to many forest product companies in North America. For the three-month period ended March 28, 2009, related parties (see Note 8) and the next largest customer accounted for 43% and 7% of total sales, respectively.

NOTE 10. CAPITAL DISCLOSURES

Acadian's capital structure is comprised of unitholders' equity inclusive of comprehensive income (loss), and long term loan facilities, which include current portions.

Acadian's corporate finance objective is to utilize prudent levels of leverage to lower the trust's cost of capital while minimizing financial risk for unitholders. In managing its capital structure, Acadian may adjust the amount of distributions paid to unitholders, discretionary silviculture and capital expenditures during a given period, or re-evaluate Acadian's leverage ratios.

Acadian monitors its capital structure to ensure compliance with its financial covenants with debtholders. These financial covenants include funded debt to the last twelve months earnings before interest, taxes, depletion, depreciation and amortization ("LTM EBITDA") and interest coverage in respect to the bank term credit facility and debt service coverage in respect to the term loan facility. The financial covenants contained in the bank term credit facility are as follows:

As at *millions*	**March 28, 2009**	December 31, 2008
Funded debt	**$ 42.0**	$ 42.0
Capitalization	**133.9**	131.4
Funded debt / Capitalization (maximum 42.5)	**31.4%**	32.0%

	Three Months Ended	
millions	**March 28, 2009**	March 29, 2008
LTM EBITDA	**$ 14.1**	$ 14.3
LTM Interest for period	**1.9**	2.2
Interest coverage (minimum 3.0)	**7.4**	6.5

The Maine Timberlands' term loan facility requires that a minimum debt service coverage ratio is maintained. This ratio is disclosed below:

	Three Months Ended	
U.S. millions	**March 28, 2009**	March 29, 2008
LTM EBITDA	**$ 6.5**	$ 4.7
Capital expenditure	**(0.1)**	—
Cash flow	**6.4**	4.7
Interest	**1.5**	1.5
Debt service coverage ratio (minimum 1.25)	**4.3**	3.1

Acadian's long-term debt obligations, inclusive of current portions, have restrictive covenants which required the NB Timberlands and Maine Timberlands, respectively, to maintain certain financial ratios. As at March 28, 2009, Acadian is in compliance with all financial covenants.

NOTE 11. FINANCIAL INSTRUMENTS

Cash and cash equivalents are classified as held for trading and are measured at fair value as at the balance sheet date with all realized gains or losses and unrealized holdings gains and losses resulting from the change in fair value included in net income in the period in which they arise. Accounts receivable and other assets have been classified as loans and receivables, which are accounted for at amortized cost, which approximates their carrying value given the short-term nature of these receivables. Accounts payable and accrued liabilities, distributions payable to unitholders and long-term loan facilities, including current portions, have been classified as other financial liabilities which are accounted for at amortized cost.

Financial Risk Management

Acadian is exposed to various risks that have been identified by management. These risks have been categorized as foreign exchange risk, interest rate risk, other price risk, credit risk and liquidity risk.

Foreign Exchange Risk

Acadian owns and manages timberlands in both Canada and the United States; as a result, revenues and expenses are incurred in both Canadian dollars and U.S. dollars. The functional currency of Maine Timberlands is the U.S dollar and the functional currency of the NB Timberlands is the Canadian dollar. Acadian's reporting currency is the Canadian dollar. Acadian's most significant foreign currency risk exposure arises due to its investment in the Maine Timberlands. Accordingly, the impact of a strengthening Canadian dollar will reduce the net income of Acadian, and will also result in an other comprehensive loss on the revaluation of the Maine Timberlands' assets..

During the three-month period ended March 28, 2009, a $0.01 appreciation (depreciation) in the U.S. to Canadian dollar foreign exchange rates, all else being equal, would have increased (decreased) cash flow from operations by approximately $35 thousand, would not have significantly increased (decreased) net income in the quarter and would have decreased (increased) the unrealized foreign exchange losses recorded in other comprehensive income (loss) resulting from the revaluation of the Maine Timberlands' financial instruments by approximately $0.6 million. The foreign exchange risk arising on the translation of the Maine Timberlands' financial statements is considered to be a financial reporting risk that does not represent a significant operating risk.

The objective of Acadian's foreign exchange risk management activities is to minimize foreign exchange exposures that would have an impact on its operating performance. All of the NB Timberlands expenses and a significant proportion of its revenues are incurred in Canadian dollars. As such, the financial reporting and operational risk associated with the revaluation of NB Timberlands revenues and accounts receivables denominated in U.S. dollars is considered immaterial. Management continues to monitor the operational impact of all foreign exchange exposure, and will consider alternatives, as required, to ensure that this risk is maintained at prudent levels.

Interest Rate Risk

Acadian's interest rate risk arises from the floating interest rate bank term credit facility (see Note 5). A change in Bankers' Acceptances rates will result in variability in the interest expense of Acadian, impacting its consolidated net income. As at March 28, 2009, a 25 basis point increase (decrease) in Bankers' Acceptances rates, all else being equal, would have resulted in an increase (decrease) of the interest expense recorded in the first quarter of $26 thousand, or $105 thousand per annum.

Additionally, a change in interest rates will also expose Acadian to variability in the fair value of the Maine Timberlands' term loan facility, but would have no impact on the reporting value of the debt facility (see Note 5). As at March 28, 2009, a 25 basis point increase (decrease) in U.S. treasury rates, all else being equal, would have resulted in a decrease (increase) in the fair value of the term loan facility by approximately $150 thousand.

Other Price Risk

Acadian is exposed to commodity price risk as its financial performance is dependent on the selling prices of its products and the costs incurred in harvesting its timber. The markets for timber are cyclical and are influenced by a variety of factors beyond Acadian's control. For example, the market prices for timber can be affected by changes in regional and global demand, global supply and economic conditions, including increased competition from a variety of substitute products.

Additionally, Acadian's operating expenses can be impacted by fuel cost increases. Acadian relies almost exclusively on land transportation, and therefore may be more susceptible to fuel cost increases than other timberland companies which rely more heavily on other transportation methods that are less exposed to fuel prices. Accordingly, commodity price variations may impact Acadian's sales, costs of sales, cash flows and earnings. Furthermore, weakness in the market prices of its timber products will also have an effect on Acadian's ability to attract additional capital, the cost of that capital and the value of its timberland assets.

To manage these risks, management monitors market developments in all commodity prices to which it is materially exposed. Given the nature of Acadian's operations, during periods of decreased selling prices and increased costs, Acadian will adjust harvest levels and manage variable expenditures in an effort to preserve the long-term value of Acadian's timberlands.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, as well as credit exposures to clients, including outstanding accounts receivables. The maximum exposure is equal to the carrying value of the financial assets as at the balance sheet date.

The objective of managing counterparty credit risk is to prevent losses in financial assets. Investments of excess cash and cash equivalents are invested with counterparties meeting minimum credit quality requirements in accordance with the terms of Acadian's declaration of trust. With respect to outstanding accounts receivables, NB Timberlands and Maine Timberlands each assess the credit quality of the counterparties, including customers, taking into account their financial position, past experience and other factors. In cases where the credit quality of a client does not meet Acadian's credit requirements, a cash deposit is received before any timber is harvested and sold. Management, upon evaluating all open balances as at March 28, 2009, does not anticipate any defaults by its counterparties, and accordingly has not recorded an allowance against outstanding receivables. Pursuant to their respective terms, all outstanding accounts receivables are current with the exception of approximately $0.6 million.

Liquidity Risk

Acadian's objective in managing liquidity risk is to maintain sufficient reserves in order to meet operational and investing requirements at any point in time, and to maintain debt financing at levels which will allow Acadian to attract additional capital at reasonable cost. The bank term credit facility, which has security over the assets of the NB Timberlands, matures on January 29, 2010. In seeking to refinance this debt obligation, there is no assurance that Acadian will be able to refinance this obligation at maturity; or if refinanced, that the terms of the refinancing will be as favourable as the original terms of the bank term credit facility. If unable to refinance this facility on acceptable terms, or at all, Acadian may need to dispose of a portion of its assets, or otherwise raise funds, to settle the bank term credit facility. In addition, prevailing interest rates or other factors at the time of refinancing could increase Acadian's interest expense in subsequent years.

Additionally, management assesses the nature and timing of discretionary payments in an effort to mitigate any impact on the financial condition or results of operations of Acadian. As at March 28, 2009, the accounts payable and accrued liabilities and distributions payable of Acadian are due in less than 30 days. Acadian is also exposed to liquidity risk associated with the future tax liability. The future tax liability represents estimated differences between the financial reporting and tax bases of the assets and liabilities of the Fund's subsidiaries as at the beginning of the 2011 taxation year, which will be payable in future years. Management is currently assessing the extent and timing of expected future payments.

NOTE 12. INCOME TAXES

The Fund qualifies as a "mutual fund trust" within the meaning of the Income Tax Act (Canada). All of the taxable income of the Fund is expected to be paid or payable to unitholders in each calendar year. As a result, no income tax is estimated to be payable by the Fund during the current fiscal period under the current provisions of the Income Tax Act.

(unaudited) (All figures in Canadian dollars unless otherwise stated)

Under the terms of the Income Tax Act (Canada), Acadian, excluding its corporate subsidiaries, is not currently subject to income taxes to the extent that its taxable income in a year is paid or payable to a unitholder. As a result of enactment of the Canadian government's tax fairness plan on June 22, 2008, which will effectively impose an income tax for specified investment flow through vehicles for taxation years beginning in 2011, the Fund and its subsidiaries, in accordance with the recommendations of Section 3465, Income Taxes, of the CICA Handbook, the Fund, on a consolidated basis, has recorded a future tax liability based on differences between the financial reporting and tax bases of assets and liabilities of its subsidiaries which have been measured using the substantially enacted tax rates and laws that are expected to be in effect at the time the differences are anticipated to reverse.

The interim income tax recovery (expense) is calculated based on expected annual effective tax rates.

The components of income tax recovery (expense) are as follows:

millions		**2009**		2008
Current	**$**	**(0.4)**	$	—
Future		**0.8**		—
Income tax recovery (expense)	**$**	**0.4**	$	—

millions				
Income before income taxes	**$**	**10.7**	$	4.7
Tax expense at statutory rate		**(3.2)**		(1.4)
Income of fund distributed		**0.9**		0.7
Class B income allocations		—		0.6
Rate Differential		**0.7**		—
Other income not taxed		**0.7**		0.1
Permanent Differences		**1.3**		—
Income tax recovery	**$**	**0.4**	$	—

The future tax liability represents the cumulative amount of tax payable on the differences between the financial reporting and tax bases of the Fund's assets and liabilities at the rates expected to be effective at the time the differences are anticipated to reverse. The future tax liability relates to differences between financial reporting and tax values of intangible assets and timberlands, logging roads and fixed assets.

NOTE 13. EMPLOYEE BENEFIT PLANS

NB Timberlands and Maine Timberlands each have defined contribution plans covering substantially all employees. During the first quarter, contributions recorded as expenses amounted to $72 thousand (2008 – $72 thousand).

NOTE 14. DISTRIBUTIONS TO UNITHOLDERS

Acadian makes monthly distributions of its available cash, including the funds available under the terms of the revolving credit facility, to the extent determined prudent by the Trustees in accordance with the requirements of the Fund's Declaration of Trust. These distributions represent all cash received from the Fund's indirect investments in its subsidiaries, less estimated cash amounts required for expenses and other obligations of the Fund, cash redemptions of units and any tax liability.

Total distributions declared for the three months ended March 28, 2009 were $3.1 million (2008 – $2.5 million).

Board and Management

MANAGEMENT
Acadian Timber Income Fund's Manager:
Brookfield Timberlands Management LP

Reid Carter
President and Chief Executive Officer of Acadian and
Managing Partner of the Manager

Joseph Cornacchia
Chief Financial Officer of Acadian

Marcia McKeague
Vice President, Maine Woodland Operations

Luc Ouellet
Vice President, NB Woodland Operations

Corporate and Unitholder Information

www.acadiantimber.com

HEAD OFFICE OF THE MANAGER

Brookfield Timberlands Management LP
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Suite 458, Bentall 5, 550 Burrard Street, Box 51
Vancouver, B.C. V6C 2B5

Please direct your inquiries to:
Tracey Wise
Vice President, Investor Relations and Communications
t. 416-956-5154
f. 416-363-2856
e. twise@acadiantimber.com

TRUSTEE, TRANSFER AGENT AND REGISTRAR

Unitholder inquiries relating to distributions, address changes and unitholder account information should be directed to the Fund's transfer agent:

CIBC Mellon Trust Company
P.O. Box 7010, Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
t. 416-643-5500 or
1-800-387-0825 (toll free throughout North America)
f. 416-643-5501
www.cibcmellon.com

UNIT INFORMATION

Toronto Stock Exchange:	ADN.UN
Fully Diluted Units Outstanding (March 28, 2009):	16,571,453
Targeted 2009 Monthly Distribution:	$0.06875 per unit
Record Date:	Last business day of each month
Payment Date:	On or about the 15th day of each subsequent month

ACADIAN TIMBER

Printed in Canada