

# 1 REPORT TO SHAREHOLDERS

for the three-month period  
ended March 31, 2009

## CORPORATE PROFILE

TransForce Inc. ([www.transforce.ca](http://www.transforce.ca)) is the leader in Canada's transportation and logistics industry. Headquartered in Montreal, Quebec, TransForce creates value for shareholders through managing and investing in a growing network of wholly-owned, operating subsidiaries.

TransForce provides a comprehensive and unique combination of capabilities, resources and geographical coverage in both domestic and trans-border markets.

Its companies currently operate in four well-defined business segments:

- Less Than Truckload;
- Package and Courier;
- Specialized Services, which includes its ancillary transportation services such as logistics, warehousing & dedicated services, fleet management & personnel services; oilfield & oilsand services, and; waste management;
- Truckload, which includes specialized truckload services.

TransForce Inc. shares are listed on the Toronto Stock Exchange under the symbol TFI.

The following is TransForce Inc.'s management discussion and analysis (MD&A). Throughout this MD&A, the term "Company" shall mean TransForce Inc., and shall include its independent operating subsidiaries.

This MD&A provides a comparison of the Company's performance for its three month period ended March 31, 2009 with the three month period ended March 31, 2008 and it reviews the Company's financial position as at March 31, 2009. It also includes discussion of the Company's affairs up to April 24, 2009. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes. All amounts disclosed are in Canadian dollars.

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

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

## Forward-looking statements

The Company may make statements in this report that reflect its current expectations regarding future results of operations, performance and achievements. These are "forward-looking" statements and reflect management's current beliefs. They are based on information currently available to management. Words such as "may", "could", "should", "would", "believe", "expect", "anticipate" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. The following important factors could cause the Company's actual financial performance to differ materially from that expressed in any forward-looking statement:

- (1) The highly competitive conditions that currently exist in the Company's market and the Company's ability to compete
- (2) The Company's ability to recruit, train and retain qualified drivers
- (3) Increases in fuel prices, and the Company's ability to recover these costs from its customers
- (4) Foreign currency fluctuations
- (5) The impact of environmental standards and regulations
- (6) Changes in governmental regulations applicable to the Company's operations
- (7) Adverse weather conditions
- (8) Accidents
- (9) The market for used revenue equipment
- (10) Changes in interest rates
- (11) Cost of liability insurance coverage
- (12) Downturns in general economic conditions affecting the Company and its customers
- (13) Illiquid credit markets

The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation subsequently to revise or update any previously made forward-looking statements unless required to do so by applicable securities laws. Unanticipated events are likely to occur. Readers should also refer to the section **Risks and Uncertainties** at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. The Company's future financial and operating results may fluctuate as a result of these and other risk factors.

## Our business

The Company is Canada's pre-eminent transportation and logistics services provider. Its operations extend throughout Canada, and it directly serves more urban centers than any other Canadian transport and logistics services provider.

### Human resources

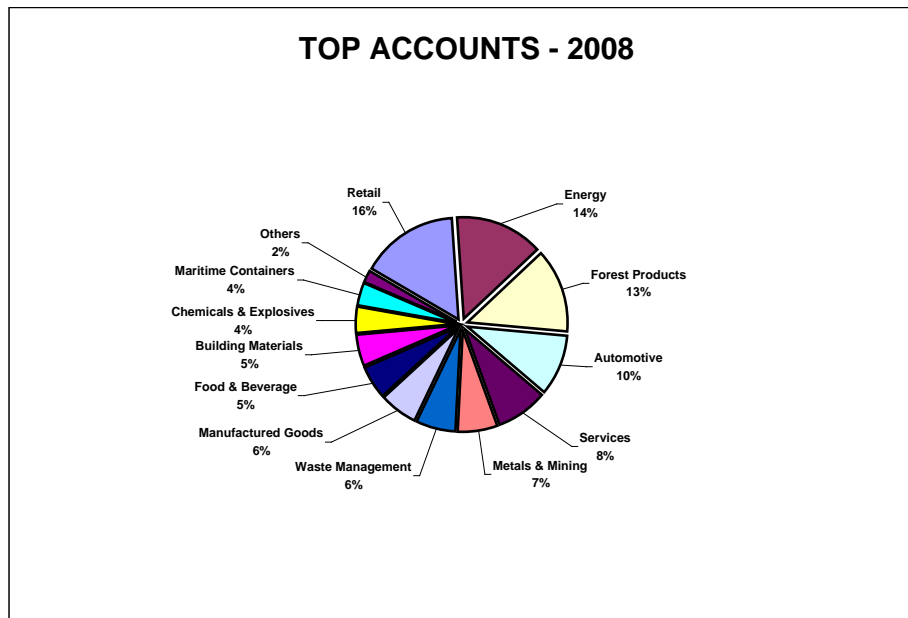
Including the Company's recent acquisitions, the Company has approximately 14,750 employees including 1,780 owner operators and 1,850 employees in the Company's Personnel Services divisions working all across Canada in its different business segments. This compares to approximately 16,000 employees including 2,075 owner operators and 1,970 employees in the Fund's Personnel Services divisions in 2008. A number of these employees are subject to collective agreements. The Company considers that it has a relatively low turnover rate among its employees and that employee relations are good.

### Facilities

The Company's head office is situated in Montréal, Québec. As at March 31, 2009 the Company has 268 terminals, with 66 in Ontario, 95 in Western Canada, 83 in Québec and 20 in the Atlantic Provinces. The Company also has 4 terminals in the United States.

### Customers

The Company has a diverse customer base operating across a broad cross-section of industries (see graph below) with no single client accounting for more than 10% of consolidated revenue. Because of its customer diversity, as well as the wide geographic scope of the Company's service offering and the range of segments in which it operates, a downturn in the activities of individual customers or customers in a particular industry is not expected to have a material adverse impact on the operations of the Company. In the last several years, the Company concluded strategic partnerships with other transport companies in North America, in order to extend its service offering to customers across Canada and the United States.



## **Equipment**

The Company has the largest trucking fleet in Canada, with approximately 6,935 power units (including 1,780 owner operators) and 12,800 trailers as at March 31, 2009. This includes approximately 925 trailers operated by the Company's Fleet Management Services. This compares to approximately 7,260 power units (including 2,075 owner operators) and 12,900 trailers in 2008.

## **Seasonality of operations**

The activities conducted by the Company are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter being generally the weakest in terms of demand, both the second and third quarters being stronger and the fourth quarter being the strongest. This is with the exception of the Company's Oilfield Services where the first and fourth quarters are the strongest and the second and third quarters are the weakest. The Oilfield Services thus provide a natural counterbalance to the Company's transportation cycles. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

## **Services**

TransForce provides a comprehensive and unique combination of capabilities, resources and geographical coverage in both domestic and transborder markets. Its companies operate in four well-defined reportable segments:

- Less Than Truckload
- Package and Courier
- Specialized Services, which includes its Waste Management divisions, its Oilfield Services divisions, Logistics and Dedicated Fleet divisions as well as Fleet Management and Personnel Services divisions.
- Truckload

In each of these reportable segments, the Company's independent subsidiaries are recognized for their professional expertise. Transforce offers Package and Courier service across Canada and Less than Truckload service across Canada and into the United States through its exclusive partnerships. Specialized Services includes Logistics Services, Warehousing, Fleet Management & Personnel Services, Oilfield & Oilsand Services and Waste Management Services. Truckload service includes dry van, specialized equipment & Dedicated Services providing service in both the domestic and transborder markets.

## **Critical accounting policies and estimates**

The Company considers its purchase price allocation, goodwill and intangible asset valuation estimates as being critical and that if changed, could materially affect the Company's overall financial condition or results of operations. Refer to note # 2 (b) and (d) in the Company's audited 2008 financial statements.

## **Approval of the financial statements**

The Company's interim financial statements have been approved by its Board of Directors upon recommendation of its audit committee prior to release.

## **Changes in the design of Internal Control over Financial Reporting**

There were no changes in the design of internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **Changes in accounting policies**

### **Adopted during the current period**

In February 2008, the CICA issued HB Section 3064, Goodwill and Intangible Assets, which replaced existing HB Section 3062, Goodwill and Other Intangible Assets, and HB Section 3450, Research and Development. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this new standard did not have any significant impact on its financial statements disclosures or results of operations.

EIC 173 approved in January 2009 an abstract which clarifies that own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of this Abstract.

EIC 173 clarifies that an entity must consider its own credit risk and the credit risk of the counterparty in the determination of fair value of derivative instruments. The basis of application provides guidance on how the transition provisions should be applied. Entities would re-measure the financial assets and financial liabilities, including derivative instruments, as at the beginning of the period of adoption, to take into account both own credit risk and counterparty credit risk. Any resulting difference would be recorded as an adjustment to retained earnings, except for cash flow and fair value hedges financial instruments. The adoption of this new standard did not have any significant impact on its financial statements disclosures or results of operations.

### **To be adopted in future periods**

CICA issued HB 1582, Business Combinations, to establish new standards for accounting for business combinations. It is the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. New HB 1582, HB 1601, Consolidated Financial Statements, and HB 1602, Non-Controlling Interests, are to be implemented concurrently.

This new section requires, amongst others, that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination be recorded at "full fair value" and acquisition-related costs are recognized as expenses as incurred and that liabilities associated with restructuring or exit activities are recognized only if they meet the definition of a liability as of the acquisition date.

CICA issued HB 1602, Non-Controlling Interests, to provide guidance on accounting for non-controlling interests subsequent to a business combination. The section is to be implemented concurrently with HB 1582, Business Combinations. As a result of the guidance included in the two standards above, HB 1600, Consolidated Financial Statements, is replaced with HB1601, Consolidated Financial Statements. HB 1601

and 1602 are effective for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. HB 1602 is to be applied retrospectively, with certain exceptions.

HB 1602 replicates the provisions of IAS 27, Consolidated and Separate Financial Statements, other than the disclosure requirements. The key features are: non-controlling interests in subsidiaries are presented in the consolidated balance sheet with equity, separate from the parent shareholders' equity. In income statements, non-controlling interest is not deducted in arriving at consolidated net income but is allocated to the controlling interest and the non-controlling interest according to their percentage ownership. HB 1601 carries forward the consolidation guidance previously included in HB 1600.

In February 2008, CICA Accounting Standards Board ("AcSB") confirmed the changeover to International Financial Reporting Standards ("IFRS") from Canadian GAAP (GAAP) will be required for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. The transition from current GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company has formed a Committee as part of its plan to review and assess the potential effects of the changeover to IFRS. The Company will disclose any and all potential effects of the changeover once the review is completed.

## Consolidated highlights

### Financial Results

(unaudited)

	Three months ended		Three months ended	
<i>(in thousands of dollars, except per share amounts)</i>	March 31, 2009		March 31, 2008	
Revenue	422,249		469,510	
Fuel surcharge revenue	30,131		56,748	
Total Revenue	452,380	100.0%	526,258	100.0%
Earnings before interest, income taxes, depreciation and amortization (EBITDA) <sup>Note (1)</sup>	44,507	9.8%	56,879	10.8%
Depreciation and amortization expense	30,922	6.8%	29,074	5.5%
Interest expense	9,888	2.2%	11,440	2.2%
Unrealized loss (gain) on interest rate swap contracts	(295)	(0.1)%	-	-%
Gain on disposal of fixed assets	(271)	(0.1)%	(1,051)	(0.2)%
Income before income taxes	4,263	1.0%	17,416	3.3%
Income taxes	1,152	0.3%	(1,678)	(0.3)%
Net income <sup>Note (2)</sup>	3,111	0.7%	19,094	3.6%
Earnings per share				
Basic	0.04		0.22	
Diluted	0.04		0.22	
EBITDA / Revenue ratio	9.8%		10.8%	

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

(Note 2: Transforce Inc operated as an Income Trust during Q1 08)

## CONSOLIDATED FINANCIAL RESULTS

Three months ended March 31, 2009

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

- Total Revenue decreased 14% to \$452.4 million
- Revenue excluding fuel surcharge decreased 10% to \$422.2 million
- EBITDA<sup>(1)</sup> decreased by 22% to \$44.5 million (15% excluding favorable ruling in a class-action settlement of \$4.5 million recorded in Q1 2008)

The decrease in revenue year over year for the first quarter of 2009 is indicative of the general economic downturn experienced since the beginning of the year and is reflected in all four of the Company's reporting segments. Total revenue in Q1 2009 decreased 14% to \$452.4 million from \$526.3 million in 2008. Revenue excluding fuel surcharge decreased 10% to \$422.2 million.

As a result, the Company's EBITDA<sup>(1)</sup> decreased 22% to \$44.5 million in Q1 2009 from \$56.9 million in 2008. As with revenue, the decrease is reflected in all four of the Company's reporting segments. Excluding the favorable ruling in a class-action settlement of \$4.5 million recorded in Q1 2008, EBITDA decreased 15% from Q1 08.

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

## Consolidated expenses

### Operating expenses

<i>(in thousands of dollars)</i>	Three months ended March 31, 2009	Three months ended March 31, 2008	Variance	
Operating expenses	322,553	386,687	(64,134)	(17%)
Percentage of total revenue	71%	73%		

The Company's operating expenses are primarily composed of costs related to employees and sub-contractors, vehicle operation, insurance, road taxes and operating permits.

The operating expenses for the first quarter of 2009 were \$322.6 million, compared to \$386.7 million in Q1 2008. The Company's operating expenses as a percentage of revenue decreased two percentage points versus the quarter last year. Headcount, sub-contractor related costs and lower fuel consumption as a result of lower volume levels account for most of the year over year decrease.

### Fixed costs and general and administrative expenses

<i>(in thousands of dollars)</i>	Three months ended March 31, 2009	Three months ended March 31, 2008	Variance	
Fixed costs and general and administrative expenses	85,320	81,245	4,075	5%
Percentage of total revenue	19%	15%		

The Company's fixed costs and general and administrative expenses (FCGA) are primarily composed of costs related to employee salaries, rent, telecommunications, maintenance, security and other general expenses.

During Q1 2008, the Company received a favorable ruling in a class-action settlement originating from prior years that was confirmed by the Supreme Court of Canada. As a result, the Company recorded a \$4.5 million amount receivable and a corresponding reduction to Fixed, general and administrative expenses.

FCGA expenses for the first quarter of 2009 totaled \$85.3 million compared to \$81.2 million in 2008. Excluding the impact of the \$4.5 million favorable class-action settlement recorded in Q1 2008, year over year costs remained relatively stable. Bad debt expense for Q1 09 was \$1.4 million compared with \$0.6 million in 2008 (see note 4 of financial statements).

In response to the growing economic challenges, the Company has initiated a salary as well as a hiring freeze in Q1 2009. The Company has also initiated cost-cutting initiatives aimed at discretionary spending within the FCGA expenses.

## Operating ratio

The operating ratio (OR) is a non-GAAP financial measure which does not have any standardized meaning prescribed by GAAP. It is the sum of operating expenses, fixed costs, general and administrative expenses, long term incentive plan expense, depreciation and amortization less the gain or plus the loss on disposal of fixed assets divided by revenue. Although OR is not a recognized financial measure defined by GAAP, it is a widely recognized measure in the transportation industry, which we believe provides a comparable benchmark for evaluating the Company's performance. Investors should also note that our presentation of OR may not be comparable to similarly titled measures by other companies.

<b>(unaudited)</b>	<b>Three months ended March 31, 2009</b>	<b>Three months ended March 31, 2008</b>
<b>(in thousands of dollars)</b>		
Operating expenses	<b>322,553</b>	386,687
Fixed costs, general and administrative expenses	<b>85,320</b>	81,245
Incentive plan expense	-	1,447
Depreciation and amortization	<b>30,922</b>	29,074
Gain on disposal of fixed assets	<b>(271)</b>	(1,051)
	<b>438,524</b>	497,402
Total revenue	<b>452,380</b>	526,258
Operating ratio	<b>96.9%</b>	94.5%

For the first quarter of 2009, the operating ratio stood at 96.9% versus the 94.5% in Q1 2008. Excluding the impact of the \$4.5 million favorable class-action settlement recorded in Q1 2008, the Q1 2008 operating ratio stood at 95.4%

## EBITDA

While EBITDA (Earnings before interest, income taxes, depreciation and amortization) is not a recognized measure under Canadian generally acceptable accounting principles (GAAP), management believes it to be a useful supplemental measure. It is provided to assist in determining the ability of the Company to generate cash from its operations. Investors should also note that our presentation of EBITDA may not be comparable to similarly titled measures by other companies.

### Reconciliation of Net Income to EBITDA

<b>(unaudited)</b>	<b>Three months ended March 31, 2009</b>	<b>Three months ended March 31, 2008</b>
<b>(in thousands of dollars)</b>		
Net Income <sup>Note (1)</sup>	<b>3,111</b>	19,094
Depreciation and amortization	<b>30,922</b>	29,074
Interest on long-term debt	<b>9,888</b>	11,440
Unrealized loss (gain) on interest rate swap contracts	<b>(295)</b>	-
Gain on disposal of fixed assets	<b>(271)</b>	(1,051)
Income taxes	<b>1,152</b>	(1,678)
EBITDA	<b>44,507</b>	56,879

(Note 1: Transforce Inc operated as an Income Trust during Q1 08)

EBITDA amounted to \$44.5 million or 9.8% of total revenue for Q1 2009, compared to \$56.9 million or 10.8% of total revenue in Q1 2008. Excluding the impact of the \$4.5 million favorable class-action settlement recorded in Q1 2008, Q1 2008 EBITDA was \$52.4 million or 10.0%.

## **Depreciation and amortization**

Depreciation of fixed assets rose to \$26.6 million in Q1 2009 from \$25.1 million in Q1 2008. The increase is mainly attributable to acquisitions. The Company also amortized \$4.4 million of intangible assets in Q1 2009 versus \$4.0 million in 2008.

## **Interest expense**

Interest expense decreased to \$9.9 million in Q1 2009 from \$11.4 million in Q1 2008 primarily as a result of lower interest rates.

## **Unrealized gain on interest rate swap contracts**

The Company entered into interest rate swap contracts in order to mitigate the interest rate risk on a portion of its variable rate debt. As at March 31, 2009, the Company had interest rate swap contracts on the notional amount of \$225,000,000 of debt at an average contracted Banker's Acceptance rate of 3.66% that expire through various dates through October 2013. As at March 31, 2009, the fair market value of the interest rate swap contracts was approximately negative \$13,545,000 (December 2008 - negative \$13,840,000). As a result the Company recorded a \$0.3 million recovery in Q1 09 related to these contracts (Q1 2008 - nil) since it does not use hedge accounting.

## **Income taxes**

The income tax expense increased to \$1.2 million in Q1 2009 from a recovery of \$1.7 million in Q1 2008. This is due to the Company now recording income tax expense following its conversion from an income trust to a corporation in Q2 08.

## **Net Income**

The Company's net income for Q1 2009 decreased to \$3.1 million, compared to \$19.1 million in Q1 2008.

## **Segmented results**

*(unaudited)*

### **Three month period ended March 31, 2009**

*(in thousands of dollars)*

	Less than Truckload	Package and Courier	Specialized Services	Truckload	Corporate	Elimination	Total
Revenue	116,103	62,071	114,414	142,849	-	(13,188)	422,249
Fuel surcharge revenue	13,071	3,340	1,129	12,591	-	-	30,131
<b>Total Revenue</b>	<b>129,174</b>	<b>65,411</b>	<b>115,543</b>	<b>155,440</b>	<b>-</b>	<b>(13,188)</b>	<b>452,380</b>
Operating expenses	87,913	41,909	81,664	124,794	(539)	(13,188)	322,553
Fixed costs, general and administrative expenses	30,571	16,654	15,523	19,301	3,271	-	85,320
EBITDA <sup>(1)</sup>	10,690	6,848	18,356	11,345	(2,732)	-	44,507

### **Three month period ended March 31, 2008**

*(in thousands of dollars)*

	Less than Truckload	Package and Courier	Specialized Services	Truckload	Corporate	Elimination	Total
Revenue	125,601	62,553	121,115	173,923	-	(13,682)	469,510
Fuel surcharge revenue	21,644	6,284	1,557	27,263	-	-	56,748
<b>Total Revenue</b>	<b>147,245</b>	<b>68,837</b>	<b>122,672</b>	<b>201,186</b>	<b>-</b>	<b>(13,682)</b>	<b>526,258</b>
Operating expenses	101,315	43,333	88,754	168,624	(1,657)	(13,682)	386,687
Fixed costs, general and administrative expenses	31,384	17,903	14,441	19,263	(1,746)	-	81,245
Incentive plan expense	-	-	-	-	1,447	-	1,447
EBITDA <sup>(1)</sup>	14,546	7,601	19,477	13,299	1,956	-	56,879

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

## **Less than Truckload**

Revenue from Less than Truckload activities contributed 29% of total revenue. This segment's combined revenue for Q1 2009 totaled \$129.2 million, compared to \$147.2 million for Q1 2008. Excluding fuel surcharge, combined revenue for Q1 2009 totaled \$116.1 million, compared to \$125.6 million for Q1 2008.

Operating Expenses from Less than Truckload activities for Q1 2009 totaled \$87.9 million, compared to \$101.3 million for Q1 2008.

FCGA Expenses from Less than Truckload activities for Q1 2009 totaled \$30.6 million, compared to \$31.4 million for Q1 2008.

EBITDA from Less than Truckload activities for Q1 2009 totaled \$10.7 million, compared to \$14.5 million for Q1 2008.

## **Package and Courier**

Revenue from Package and Courier activities contributed 14% of total revenue. This segment's combined revenue for Q1 2009 totaled \$65.4 million, compared to \$68.8 million for Q1 2008. Excluding fuel surcharge, combined revenue for Q1 2009 totaled \$62.1 million, compared to \$62.6 million for Q1 2008.

Operating Expenses from Package and Courier activities for Q1 2009 totaled \$41.9 million, compared to \$43.3 million for Q1 2008.

FCGA Expenses from Package and Courier activities for Q1 2009 totaled \$16.7 million, compared to \$17.9 million for Q1 2008.

EBITDA from Package and Courier activities for Q1 2009 totaled \$6.8 million, compared to \$7.6 million for Q1 2008.

## **Specialized Services**

Revenue from Specialized Services activities contributed 26% of total revenue. This segment's combined revenue for Q1 2009 totaled \$115.5 million, compared to \$122.7 million for Q1 2008. Excluding fuel surcharge, combined revenue for Q1 2009 totaled \$114.4 million, compared to \$121.1 million for Q1 2008.

Operating Expenses from Specialized Services activities for Q1 2009 totaled \$81.7 million, compared to \$88.8 million for Q1 2008.

FCGA Expenses from Specialized Services activities for Q1 2009 totaled \$15.5 million, compared to \$14.4 million for Q1 2008.

EBITDA from Specialized Services activities for Q1 2009 totaled \$18.4 million, compared to \$19.5 million for Q1 2008.

## **Truckload**

Beginning in Q4 08, Truckload and Specialized Truckload segments have been combined into Truckload.

Revenue from Truckload activities contributed 34% of total revenue. This segment's combined revenue for Q1 2009 totaled \$155.4 million, compared to \$201.2 million for Q1 2008. Excluding fuel surcharge, combined revenue for Q1 2009 totaled \$142.8 million, compared to \$173.9 million for Q1 2008.

Operating Expenses from Truckload activities for Q1 2009 totaled \$124.8 million, compared to \$168.6 million for Q1 2008. Operating lease expense in Q1 09 totaled \$8.4 million compared to \$11.7 million in 2008. Including owner operators, the total tractor count is 2,670 in Q1 09 compared to 3,125 in 2008.

FCGA Expenses from Truckload activities for Q1 2009 totaled \$19.3 million, compared to \$19.3 million for Q1 2008.

EBITDA from Truckload activities for Q1 2009 totaled \$11.3 million, compared to \$13.3 million for Q1 2008.

## Corporate

Intersegment revenue eliminations totaled \$13.2 million for Q1 2009, compared to \$13.7 million for Q1 2008.

The Operating Expense recovery of \$0.5 million in Q1 2009 compares to \$1.7 million for Q1 2008. The additional expense in Q1 2009 is made up primarily by unrealized foreign exchange and heating oil futures losses.

FCGA Expenses totaled \$3.3 million for Q1 2009, compared to a recovery of \$1.7 million for Q1 2008. These expenses are made up primarily by corporate headcount related costs. The Q1 08 recovery was due to the recording of a \$4.5 million favorable class-action settlement.

In Q1 2008, the Company recorded a \$1.4 million expense related to its Incentive Plan, which was terminated in Q2 2008.

EBITDA for Q1 2009 totaled a loss of \$2.7 million, compared to a recovery of \$2.0 million for Q1 2008.

## **Liquidity and capital resources**

### **Cash flow from operating activities**

Cash flow from operating activities before the net change in non-cash balances decreased 28% from Q1 2008. It amounted to \$33.1 million for Q1 2009, compared to \$45.7 million in Q1 2008.

The Company's objectives when managing its cash flow from operations are to ensure proper capital investment is done in order to provide stability and competitiveness to its operations, to ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions and to maintain an appropriate debt level so that there are no financial constraints on the use of capital.

### **Debt as at March 31, 2009**

As at March 31, 2009, the Company's long-term debt of \$777.8 million (including the short term portion) is composed of \$160.0 million 7-year term loan (maturing October 2013), \$386.3 million 4-year revolving facility (maturing October 2010), \$100.0 million FSTQ junior loan (maturing October 2013), \$23.7 million in capital leases, \$79.3 million in conditional sales contracts and other debt and \$28.5 million for the CIT real estate related term loan (maturing July 09).

The Company also had approximately \$16.0 million in letters of credit outstanding against the 4-year revolving facility. As such, approximately \$112.7 million was available to be drawn under this facility at March 31, 2009.

### **Outlook on Liquidity**

Although the Company's results for 2008 were satisfactory, the economic environment in 2009 is uncertain. Compounding this problem, volatility in the North American credit markets has resulted in much tougher credit markets and conditions.

Notwithstanding this, the Company is well positioned to weather these current conditions.

The Company's current outlook for 2009 is that it will generate cash flow after interest expense, current income tax expense, current dividends and capital expenditures in excess of \$100 million. This excess cash flow will serve to reduce its revolving line of credit.

During 2008, the Company took advantage of lower rolling stock acquisition costs as a result of the strong Canadian dollar and deep manufacturers' discounts in order to acquire new equipment. As such, the Company's outlook for net capital expenditures in 2009 is less than \$50 million.

The above-mentioned items will allow the Company to reduce its overall debt levels in 2009. The Company forecasts its long term debt position to be approximately \$700 million by the end of 2009. The 4 year revolving term loan component of the Company's syndicated bank debt comes due in October 2010 while the 7 year term loan component comes due in October 2013.

As part of the Company's syndicated bank debt, two financial covenants must be maintained. The first is an adjusted debt (senior balance sheet debt plus 5 times rent expense) to earnings before interest, income taxes, depreciation and amortization and rent expense ("EBITDAR") ratio. This covenant is measured on a consolidated last twelve month basis and must be kept below 3.5 times. As at March 31, 2009, the Company's adjusted debt to EBITDAR ratio was 2.93. The second is an EBITDAR to fixed cost (interest and rent expense) ratio. This covenant is measured on a consolidated last twelve month basis and must be kept above 2.75 times. As at March 31, 2009, the Company's EBITDAR to

fixed cost ratio was 3.26 times. The Company's outlook with regard to these covenants is that it will be in compliance throughout 2009.

## Investing activities

Capital expenditures for the first quarter of 2009 amounted to \$11.3 million compared to \$13.1 million in Q1 2008 and includes \$6.7 million for rolling stock, \$0.6 million for land and buildings, \$0.7 million for technology and \$3.3 million for other equipment. The proceeds from the disposal of fixed assets generated \$3.5 million in Q1 2009 all of which was rolling stock. The Company invests in new equipment in order to ensure its quality of service while keeping maintenance costs low.

Business acquisitions in Q1 2009 totaled \$5.7 million compared to \$43.1 million in 2008.

The Company's investing activities therefore used total cash flow of \$13.4 million in Q1 2009 compared to \$48.7 million in Q1 2008.

## Financial position

### Highlights

<i>(in thousands of dollars)</i>	March 31, 2009	December 31, 2008	% change
Total assets	<b>1,577,650</b>	1,621,907	(2.7%)
Total long-term debt (including the current portion of long-term debt)	<b>777,845</b>	808,014	(3.7%)
Shareholders' equity	<b>504,282</b>	509,850	(1.1%)
Long-Term Debt to equity ratio	<b>154.25%</b>	158.48%	
Long-Term Debt to Total Capitalization	<b>60.67%</b>	61.31%	

The Company's long-term debt to equity and long-term debt to capitalization ratios have decreased since December 2008.

## Incentive plan

The Company recorded no compensation expense in Q1 2009. The incentive plan was terminated in Q2 2008.

The Company recorded a compensation expense of \$1.4 million in Q1 2008 related to the trust units granted in 2008 and prior.

## Retained earnings (Deficit)

The Company's Deficit increased by \$5.6 million in the three month period ended March 31, 2009 compared to December 31, 2008 as stated in the consolidated balance sheet. The net income for the three month period ended March 31, 2009 is \$3.1 million and the declared dividends were \$8.7 million.

## Outstanding share data

On March 31, 2009 a total of 86,790,097 shares were outstanding, compared to 86,790,097 shares as at December 31, 2008. The following table provides the details:

*(in thousands of dollars)*

### Shares of the Company:

	Number	\$
Balance as at December 31, 2008	86,790,097	519,404
<b>Balance as at March 31, 2009</b>	<b>86,790,097</b>	<b>519,404</b>

There was no change in the Company's outstanding capital stock between March 31, 2009 and April 24, 2009.

On March 18, 2009, the Company initiated a Normal Course Issuer Bid (NCIB) that will allow it to purchase for cancellation up to a maximum of 5,000,000 its shares, The NCIB expires March 17, 2010. At March 31, 2009, no shares had been purchased under NCIB.

## Contractual obligations

<i>(in thousands of dollars)</i>	<i>Payments Due by Period</i>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>4-5 years</b>	<b>After 5 years</b>
Bank 4 year revolving facility	<b>386,318</b>	-	386,318	-	-
Bank 7 year facility	<b>160,000</b>	-	-	160,000	-
Subordinated Debt	<b>100,000</b>	-	-	100,000	-
Capital Lease Obligations	<b>23,747</b>	13,007	10,439	301	-
Other Long Term Obligations	<b>107,780</b>	51,115	28,883	15,011	12,771
<b>Total Contractual Obligations</b>	<b>777,845</b>	<b>64,122</b>	<b>425,640</b>	<b>275,312</b>	<b>12,772</b>

## Commitments and off-balance sheet arrangements

<i>(in thousands of dollars)</i>	<i>Payments Due by Period</i>				
	<b>Total</b>	<b>Less than 1 year</b>	<b>1-3 years</b>	<b>4-5 years</b>	<b>After 5 years</b>
Operating Leases – Rolling Stock	<b>38,390</b>	22,205	14,023	2,129	33
Operating Leases – Real Estate & Others	<b>90,891</b>	18,904	26,325	16,319	29,343
<b>Total Off-balance sheet Obligations</b>	<b>129,281</b>	<b>41,109</b>	<b>40,348</b>	<b>18,448</b>	<b>29,376</b>

## Legal proceedings

The Company is involved in litigation arising from the ordinary course of business primarily involving claims for bodily injury and property damage. It is not feasible to predict or determine the outcome of these or similar proceedings. However the Company believes the ultimate recovery or liability if any resulting from such litigation individually or in total would not materially adversely affect the Company's financial condition or results of operations and if necessary have been provided for in the financial statements.

## Summary of eight most recently completed consolidated quarterly results

<i>(\$ million, except per share amounts)</i>								
	<b>Q1 09</b>	<b>Q4 08</b>	<b>Q3 08</b>	<b>Q2 08</b>	<b>Q1 08</b>	<b>Q4 07</b>	<b>Q4 07</b>	<b>Q2 07</b>
Revenue	452.4	544.5	595.5	595.6	526.3	493.5	486.2	495.7
EBITDA <sup>Note (1)</sup>	44.5	73.8	82.3	66.9	56.9	61.1	65.1	64.1
Net income <sup>Note (2)</sup>	3.1	14.8	26.5	19.3	19.1	(30.9)	28.5	26.3
Earnings per share								
Basic	0.04	0.17	0.31	0.22	0.22	(0.36)	0.33	0.31
Diluted	0.04	0.17	0.31	0.22	0.22	(0.36)	0.33	0.31

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

(Note 2: Transforce Inc operated as an Income Trust prior to Q2 08)

## **Financial instruments**

The Company has entered into foreign exchange forward contracts, average rate forward exchange contracts and foreign exchange collars for the sale of US dollars in exchange for Canadian dollars that expire on various dates through March 2011. As at March 31, 2009, the notional amount of these contracts was US\$38,349,000 (December 2008 - US\$43,227,000), and the average exchange rate of the contracts was C\$1.1748 (December 2008 - C\$1.1533).

The fair value of the foreign exchange contracts generally reflects the estimated amount that the Company would receive from settlements of favorable contracts, or which it would be required to pay to cancel unfavorable contracts at the balance sheet date. As at March 31, 2009, the fair value of the foreign exchange contracts was approximately negative \$5,059,000 (December 2008 - negative \$3,775,000).

The Company has also entered into interest rate swap contracts in order to mitigate the interest rate risk on a portion of its variable rate debt. As at March 31, 2009, the Company had interest rate swap contracts on the notional amount of \$225,000,000 of debt at an average contracted Banker's Acceptance rate of 3.66% that expire through various dates through October 2013. This represents 38% of the Company's total variable rate debt (see note 6 of financial statements). As a result, the effective interest rate on the interest swap contracts is 5.21% at March 31, 2009. As at March 31, 2009, the fair market value of the interest rate swap contracts was approximately negative \$13,545,000 (December 2008 - negative \$13,840,000).

The Company has entered into heating oil futures that expire on various dates through December 2010. As at March 31, 2009, the notional amount of these contracts was US \$5,715,000 (December 2008 - US \$5,842,000), and the average heating oil price of the contracts was Cdn \$0.5974 per litre. As at March 31, 2009, the fair market value of the heating oil futures is negative \$1,124,000 (December 2008 - negative \$762,000).

## **Risks and uncertainties**

### **Economic conditions**

Demand for freight transport is closely linked to the state of the overall economy. Consequently, a change in general economic growth could affect the Company's performance. However, the Company serves an extensive customer base, covers a broad geographic area and participates in four distinct transport sectors. These factors may mitigate the effects of an economic downturn.

### **Competition**

Deregulation in the transport industry has increased the number of competitors, as well as competition with respect to pricing. Competition is strong within the Canadian market. In addition the Company faces competition from other transporters in the United States.

### **Regulation**

Notwithstanding the fact that the transportation industry is largely deregulated, carriers must obtain licenses issued by provincial transport boards in order to carry goods inter-provincially or to transport goods within any province. Licensing from United States regulatory authorities is also required for the transportation of goods between Canada and the United States. Any change in these regulations could have an adverse impact on the scope of the Company's activities.

**General operating environment**

The Company is subject to changes in its general operating environment. The elements affecting its environment are the cost of liability insurance, the market for used revenue equipment, adverse weather conditions and accidents.

## **Fuel prices**

The Company is exposed to variations in the price of fuel. The Company is generally able to recover the majority of added fuel costs through surcharges to its customers. It also strives to ensure the fuel consumption of its fleet is as efficient as possible. The cost of fuel ranges from 3% to 16% depending on the operating segment's total revenue.

## **Currency fluctuations**

In the normal course of business the Company is subject to fluctuations in the value of the US dollar. The Company manages this risk through the use of foreign exchange forward contracts. Please refer to the *Financial Instruments* section for more details on the currency fluctuation.

The Company estimates its annual net US denominated cash flow at approximately \$132 million (before forward exchange contracts) at March 31, 2009. A change of 1 cent in the exchange rate would impact the Company's earnings before taxes by approximately \$1.32 million on an annual basis (before forward exchange contracts).

## **Interest rates fluctuations**

The Company is subject to fluctuations in interest rates. The Company had \$353.8 million of long-term debt at variable rates as at March 31, 2009 (net of \$225 million of interest rate swap contracts). A 1% change in interest rates would have impacted the Company's 2009 earnings before taxes by approximately \$0.9 million.

## **Credit**

The Company sells services to clients primarily in Canada and the United States. The concentration of credit risk to which the Company is exposed is limited due to the significant number of customers that make up its client base and their distribution across different geographic areas. As at March 31, 2009 no client accounted for more than 10% of total accounts receivable.

## **Loan default**

The Company's current credit facilities and financing agreement impose certain covenant requirements. There is a risk that such loans may go into default if there is a breach in complying with such covenants and obligations which could result in the Company being unable to pay dividends to shareholders and the lenders realizing on their security and causing the Company to lose some or all of its investment. As at March 31, 2009, the Company is in compliance with all of its debt covenants and obligations.

## **Key personnel**

The future success of the Company will be based in large part on the quality of its management and key personnel. The loss of key personnel could have a negative effect on the Company. There can be no assurance that the Company will be able to retain its current personnel or in the event of their departure to attract new personnel of equal quality.

<b>CONSOLIDATED STATEMENTS OF INCOME (unaudited) (In thousands of dollars, except per unit amounts)</b>	Three months ended March 31, 2009	Three months ended March 31, 2008
Revenues	422,249	469,510
Fuel surcharge revenues	30,131	56,748
<b>Total revenues</b>	<b>452,380</b>	<b>526,258</b>
<b>Expenses</b>		
Operating expenses	322,553	386,687
Fixed costs, general and administrative expenses	85,320	81,245
Incentive plan expense	-	1,447
Operating income before the following:	44,507	56,879
Depreciation of fixed assets	26,554	25,053
Amortization of intangible assets	4,368	4,021
Interest on long-term debt	9,888	11,440
Unrealized gain on interest rate swap contracts	(295)	-
Gain on disposal of fixed assets	(271)	(1,051)
Income before provision for income taxes	4,263	17,416
Provision for income taxes		
Current	2,076	1,810
Future	(924)	(3,488)
	1,152	(1,678)
Net income	3,111	19,094
Earnings per share		
Basic	0.04	0.22
Diluted	0.04	0.22
Outstanding weighted average number of		
Shares	86,790,097	-
Units	-	72,178,418
Tracking shares	-	13,765,716
Total	86,790,097	85,944,134
Shares outstanding		
Number of Shares	86,790,097	-
Number of Trust units of the Fund	-	73,024,381
Number of Tracking shares	-	13,765,716
Total	86,790,097	86,790,097

**CONSOLIDATED BALANCE SHEETS****( in thousands of dollars)**

	As at March 31, 2009 <b>(unaudited)</b>	As at December 31, 2008 <b>(audited)</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable	267,341	302,801
Inventories	10,656	11,296
Prepaid expenses	20,554	14,285
Income tax receivable	1,872	519
Future income taxes	1,473	1,666
	<hr/> 301,896	<hr/> 330,567
Fixed assets	704,984	718,713
Goodwill	438,602	435,851
Intangible assets	125,099	128,672
Other assets	6,154	6,258
Future income taxes	915	1,846
	<hr/> 1,577,650	<hr/> 1,621,907
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Bank indebtedness	12,959	12,517
Accounts payable and accrued liabilities	209,203	218,763
Dividends payable on Tracking Share Units of TFI Holdings Inc.	571	571
Dividends payable	8,679	8,679
Current portion of long-term debt	64,122	69,028
	<hr/> 295,534	<hr/> 309,558
Long-term debt	713,723	738,986
Asset retirement obligations	10,490	8,204
Future income taxes	53,621	55,309
	<hr/>	<hr/>
<b>Shareholders' equity</b>		
Share capital	519,404	-
Capital contributions and Tracking Share Units	-	519,404
Deficit	(15,122)	(9,554)
	<hr/> 504,282	<hr/> 509,850
	<hr/> 1,577,650	<hr/> 1,621,907

**CONSOLIDATED STATEMENTS OF (DEFICIT)**  
**(unaudited)**  
**( in thousands of dollars)**

	Three months ended March 31, 2009	Three months ended March 31, 2008
(Deficit), beginning of period	(9,554)	(15,146)
Net income for the period	3,111	19,094
Distributions to unitholders	-	(29,027)
Dividends on Tracking Share Units of TFI Holdings Inc.	-	(3,721)
Dividends	(8,679)	-
Incentive plan contribution	-	(445)
(Deficit), end of period	(15,122)	(29,245)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**  
**( in thousands of dollars)**

Three months  
ended  
March 31, 2009

Three months  
ended  
March 31, 2008

**CASH FLOW FROM OPERATING ACTIVITIES**

Net income for the period	3,111	19,094
Non-cash items:		
Depreciation of fixed assets	26,554	25,053
Amortization of intangible assets	4,368	4,021
Incentive plan expense	-	1,447
Deferred financing charges	390	234
Future income taxes	(924)	(3,488)
Unrealized gain on interest rate swap contracts	(295)	-
Gain on disposal of fixed assets	(271)	(1,051)
Other	112	439
	<hr/> 33,045	<hr/> 45,749
Net change in non-cash working capital balances related to operations	20,452	(36,256)
	<hr/> 53,497	<hr/> 9,493

**CASH FLOW FROM FINANCING ACTIVITIES**

Increase in bank advances and overdraft	442	6,106
Repayment of long-term debt	(13,061)	(25,346)
Increase (decrease) in long term revolver facility	(18,794)	91,849
Cash distributions paid to unitholders	-	(29,027)
Dividends paid	(8,679)	-
Dividends paid on Tracking Share Units	-	(4,403)
	<hr/> (40,092)	<hr/> 39,179

**CASH FLOW FROM INVESTING ACTIVITIES**

Additions to fixed assets	(11,255)	(13,130)
Proceeds from disposal of fixed assets	3,487	7,480
Business acquisitions (including bank advances net of cash)	(5,741)	(43,149)
Other assets, net	104	127
	<hr/> (13,405)	<hr/> (48,672)

Net change in cash and cash equivalent during the  
period

	-	-
Cash and cash equivalent, beginning of the period	-	-
Cash and cash equivalent, end of the period	<hr/> -	<hr/> -

Supplemental cash flow information:

Cash paid during the period for:

Interest	9,468	11,444
Income taxes	3,428	4,022

## **TransForce Inc.**

### **Notes to unaudited Interim Financial Statements**

For the three month period ended March 31, 2009

(unaudited)

*All tabular amounts are expressed in thousands of dollars, except per share amounts*

#### **1. ORGANIZATION**

The Company, through its independent operating subsidiaries (the "Company"), operates in four well-defined business segments: Less than Truckload (LTL), Package and Courier, Specialized Services and Truckload (TL).

#### **2. BASIS OF PRESENTATION**

These unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles and contain the financial position, results of operations and cash flows of the Company. The same accounting policies used in the last annual report have been applied in the unaudited interim consolidated financial statements except for changes described in note 3. The unaudited interim consolidated financial statements do not include all the information and notes required according to generally accepted accounting principles for annual financial statements, and should therefore be read in conjunction with the audited consolidated financial statements of the Company in the annual report for the fiscal period ended December 31, 2008.

The activities conducted by the Company are subject to general demand for freight transportation. Historically, demand has been rather stable with the exception of the winter months, in which demand slightly decreases (with the exception of the Company's Oilfield Services), and the fall months, in which demand increases. Consequently, the Company's activities in its second, third and fourth quarters are usually stronger than the first quarter. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

### **3. CHANGES IN ACCOUNTING POLICIES**

#### **Adopted during the current period**

In February 2008, the CICA issued HB Section 3064, Goodwill and Intangible Assets, which replaced existing HB Section 3062, Goodwill and Other Intangible Assets, and HB Section 3450, Research and Development. The new standard provides guidance on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this new standard did not have any significant impact on its financial statements disclosures or results of operations.

EIC 173 approved in January 2009 an abstract which clarifies that own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of this Abstract.

EIC 173 clarifies that an entity must consider its own credit risk and the credit risk of the counterparty in the determination of fair value of derivative instruments. The basis of application provides guidance on how the transition provisions should be applied. Entities would re-measure the financial assets and financial liabilities, including derivative instruments, as at the beginning of the period of adoption, to take into account both own credit risk and counterparty credit risk. Any resulting difference would be recorded as an adjustment to retained earnings, except for cash flow and fair value hedges financial instruments. The adoption of this new standard did not have any significant impact on its financial statements disclosures or results of operations.

#### **To be adopted in future periods**

CICA issued HB 1582, Business Combinations, to establish new standards for accounting for business combinations. It is the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. New HB 1582, HB 1601, Consolidated Financial Statements, and HB 1602, Non-Controlling Interests, are to be implemented concurrently.

This new section requires, amongst others, that most identifiable assets, liabilities, non-controlling interests and goodwill acquired in a business combination be recorded at "full fair value" and acquisition-related costs are recognized as expenses as incurred and that liabilities associated with restructuring or exit activities are recognized only if they meet the definition of a liability as of the acquisition date.

CICA issued HB 1602, Non-Controlling Interests, to provide guidance on accounting for non-controlling interests subsequent to a business combination. The section is to be implemented concurrently with HB 1582, Business Combinations. As a result of the guidance included in the two standards above, HB 1600, Consolidated Financial Statements, is replaced with HB1601, Consolidated Financial Statements. HB 1601 and 1602 are effective for fiscal years beginning on or after January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. HB 1602 is to be applied retrospectively, with certain exceptions.

HB 1602 replicates the provisions of IAS 27, Consolidated and Separate Financial Statements, other than the disclosure requirements. The key features are: non-controlling interests in subsidiaries are presented in the consolidated balance sheet with equity, separate from the parent shareholders' equity. In income statements, non-controlling interest is not deducted in arriving at consolidated net income but is allocated to

the controlling interest and the non-controlling interest according to their percentage ownership. HB 1601 carries forward the consolidation guidance previously included in HB 1600.

In February 2008, CICA Accounting Standards Board ("AcSB") confirmed the changeover to International Financial Reporting Standards ("IFRS") from Canadian GAAP (GAAP) will be required for publicly accountable enterprises for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. The transition from current GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. The Company has formed a Committee as part of its plan to review and assess the potential effects of the changeover to IFRS. The Company will disclose any and all potential effects of the changeover once the review is completed.

#### 4. ACCOUNTS RECEIVABLE

The Company grants credit to its customers under the ordinary course of business. Management believes that the credit risk of accounts receivable is limited due to the following reasons:

- There is a broad base of customers with dispersion across different market segments,
- No single customer accounts for more than 10% of the Company's total revenue,
- Approximately 89% of the Company's trade Accounts Receivable are less than 60 days old,
- Write-offs as a percentage of total revenue have been approximately 0.13% of consolidated revenues for the last 3 years. Write-offs as a percentage of total revenue in Q1 09 were 0.32% compared to 0.08% in 2008. In light of the above, the allowance for doubtful accounts at March 31, 2009 was \$6.9 million and was \$7.0 million at December 31, 2008. Bad debt expense is charged to fixed, general and administration expenses.

## 5. BUSINESS ACQUISITIONS

During the three month period ended March 31, 2009, the Company acquired all of the voting shares of 2 businesses.

These acquisitions were recorded under the purchase method and the earnings of the companies acquired were consolidated from the date of their acquisition. The 2009 purchase price allocations have not been finalized at March 31, 2009. They will be finalized by the end of 2009. The purchase price allocations break down as follows:

	Three months ended March 31, 2009
<hr/>	
Assets	
Cash	70
Non-cash working capital	1,239
Fixed assets	1,707
Intangible assets	795
Goodwill	2,751
	<hr/>
	6,562
	<hr/>
Liabilities	
Long-term debt	391
Future income tax liabilities	360
	<hr/>
	751
	<hr/>
Net assets	5,811
	<hr/>
Consideration	
Cash	5,811
Balance of sale	-
	<hr/>
	5,811
	<hr/>

Of the goodwill and intangible assets acquired in 2009, none is deductible for tax purposes.

## 6. FINANCIAL INSTRUMENTS

Foreign exchange contracts:

The Company's activities which result in exposure to fluctuations in foreign currency exchange rates consist of the selling of transportation services which will be paid in US \$. The Company estimates its annual net US denominated cash flow at approximately \$132.0 million dollars. The Company manages this exposure by creating offsetting positions through the use of financial instruments. These instruments include forward contracts, which are commitments to sell at a future date, and may be settled in cash.

The credit risk associated with foreign exchange contracts arises from the possibility that a counterparty to a foreign exchange contract in which the Company has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Forward foreign exchange contracts have maturities of less than two years and relate exclusively to U.S. currency. The counterparty to these contracts is a major Canadian financial institution. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparties. Changes in the fair value of foreign exchange contracts are recorded under the caption "Operating Expenses" in the consolidated statements of income. The Company's foreign currency forward contracts at March 31, 2009 and December 2008 are as follows:

Sales-US dollars	Q1 2009			Q4 2008		
	Forward	Forward	Fair Value	Forward	Forward	Fair Value
	notional contract amount	notional contract amount		notional contract amount	notional contract amount	
	US \$	CDN \$	CDN \$	US \$	CDN \$	CDN \$
Less than 1 year	32,011	37,149	(5,013)	43,227	49,856	(3,775)
1 to 2 years	6,338	7,904	(46)	-	-	-
Total	38,349	45,053	(5,059)	43,227	49,856	(3,775)

Interest rate swap contracts:

The Company had \$353.8 million of long-term debt at variable rates as at March 31, 2009 (net of \$225 million of interest rate swap contracts). In order to limit the Company's exposure to interest rate fluctuations, the Company entered into interest rate swap contracts. As at March 31, 2009, the Company had interest rate swap contracts on the notional amount of \$225,000,000 of debt at an average rate contracted Banker's Acceptance rate of 3.66% that expire through various dates through October 2013. As a result, the effective interest rate on the interest swap contracts is 5.21% at March 31, 2009. Changes in the fair value of interest rate swap contracts are recorded under the caption "Unrealized loss (gain) on interest rate swap contracts" in the consolidated statements of income. The Company's Interest rate swap contracts at March 31, 2009 and December 2008 are as follows:

Interest swap contracts Coverage schedule	Q1 2009		Q4 2008	
	notional contract amount CDN \$	Fair Value CDN \$	notional contract amount CDN \$	Fair Value CDN \$
Less than 1 year	218,333	(5,762)	224,167	(5,393)
1 to 2 years	131,667	(3,316)	153,333	(3,619)
2 to 3 years	102,500	(2,585)	106,250	(2,515)
3 to 4 years	62,500	(1,562)	75,000	(1,746)
4 to 5 years	12,500	(320)	25,000	(567)
Total		(13,545)		(13,840)

Heating Oil contracts:

The Company has entered into heating oil futures that expire on various dates through December 2010. As at March 31, 2009, the notional amount of these contracts was US \$5,715,000 (December 2008 - US \$5,842,000) and the average heating oil price of the contracts was Cdn \$0.5974 per litre. As at March 31, 2009, the fair market value of the heating oil futures is negative \$1,124,000 (December 2008 - negative \$762,000). Changes in the fair value of heating oil contracts are recorded under the caption "Operating Expenses" in the consolidated statements of income. The Company's heating oil contracts at March 31, 2009 and December 2008 are as follows:

Heating Oil Contracts	Q1 2009			Q4 2008		
	Forward notional contract amount US \$	Forward notional contract amount CDN \$	Fair Value CDN \$	Forward notional contract amount US \$	Forward notional contract amount CDN \$	Fair Value CDN \$
	Less than 1 year	4,407	5,558	(903)	3,721	4,557
1 to 2 years	1,308	1,650	(221)	2,121	2,597	(207)
Total	5,715	7,208	(1,124)	5,842	7,154	(762)

## Risks:

The Company, through its financial assets and liabilities is exposed to various risks. The following analysis provides a measurement of risks as at March 31, 2009.

### a) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company believes it has limited credit risk other than those explained in note 4 - Accounts receivable.

### b) Foreign exchange risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's activities which result in exposure to fluctuations in foreign currency exchange rates consist of the selling of transportation services which will be paid in US \$. The Company estimates its annual net US denominated cash flow at approximately \$132.0 million dollars. This cash flow is earned evenly throughout the year. The Company mitigates its exposure to foreign currency by entering into forward exchange contracts (see table above).

At March 31, 2009, the US/Can. rate was \$1.2602. Based on the balance sheet exposure at March 31, 2009, a 1-cent increase in the Canadian dollar would result in a decrease in earnings before taxes of approximately \$0.14 million, while a 1-cent decrease would result in an increase in earnings before taxes of approximately \$0.14 million.

### c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company had \$353.8 million of long-term debt at variable rates as at March 31, 2009 (net of \$225 million of interest rate swap contracts). All other debts of the Company, being \$199.0 million of capital leases, conditional sales type leases, mortgages and other loans, have fixed interest rates and are therefore not exposed to cash flow interest rate risk. For the three month period ended March 31, 2009, had interest rates been 100-basis points higher, earnings before taxes would have been approximately \$0.9 lower. Had interest rates been 100-basis point lower, earnings before taxes would have been approximately \$0.9 higher.

### d) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The following are the contractual maturities of financial liabilities at March 31, 2009 (excluding interest payments):

	Carrying Amount	Less than a year	1 to 3 years	4 to 5 years	More than 5 years
Financial liabilities :					
Bank Indebtedness	12,959	12,959	-	-	-
Long-term debt	777,845	64,122	425,640	275,312	12,771
Accounts payable and accrued liabilities	209,104	209,104	-	-	-
Total	999,908	286,185	425,640	275,312	12,771

The fair value of the financial liabilities approximates their carrying values.

It is the Company's intention to either renew the long-term debts coming due in the next 12 months at similar terms and conditions or to repay them. All other financial liabilities would be financed through the collection of accounts receivable and cash flow generated from the business.

In addition, the Company has \$112.7 million available on its revolving line of credit that was not drawn at March 31, 2009.

## 7. FIXED ASSETS

	As at March 31, 2009		As at December 31, 2008	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land	119,500	-	119,496	-
Buildings	169,479	35,124	168,970	33,365
Rolling stock	653,709	292,965	624,667	250,062
Furniture, machinery and hardware/software	144,429	66,131	135,811	59,517
Leasehold improvements	23,436	11,349	22,883	10,170
	<b>1,110,553</b>	<b>405,569</b>	1,071,827	353,114
Accumulated depreciation	<b>(405,569)</b>		(353,114)	
Net carrying value	<b>704,984</b>		718,713	

During the three month period ended March 31, 2009, the Company acquired fixed assets in the amount of \$0.9 million under capital leases and conditional sales contracts (2008 – \$nil million).

## 8. GOODWILL

	Less than Truckload	Package and Courier		Specialized Services Truckload	Total
Balance as at December 31, 2008	114,025	96,910	146,582	78,334	435,851
Business acquisitions during the period	-	-	-	2,751	2,751
Balance as at March 31, 2009	114,025	96,910	146,582	81,085	438,602

## 9. INTANGIBLE ASSETS

	As at March 31, 2009		As at December 31, 2008	
	Cost	Accumulated amortization	Cost	Accumulated Amortization
Customer relationships	69,758	24,782	69,514	22,071
Customer contracts	11,991	8,391	11,991	8,215
Non-competition agreements, licenses and permits	78,201	6,695	77,886	5,593
Trade marks	8,061	3,044	7,825	2,665
	168,011	42,912	167,216	38,544
Accumulated amortization	(42,912)		(38,544)	
<b>Net carrying value</b>	<b>125,099</b>		<b>128,672</b>	

## 10. SEGMENTED INFORMATION

The Company operates within the trucking and logistics industry in Canada and the United States in the following four reportable segments: Less than truckload, Package and Courier, Specialized Services and Truckload. The Company's results in each of these segments was as follows:

Quarter ended March 31, 2009	Package		Specialized		Corporate Elimination	Total	
	LTL	and Courier	TL	Services			
Revenue	116,103	62,071	142,849	114,414	-	(13,188)	422,249
Fuel surcharge revenue	13,071	3,340	12,591	1,129	-	-	30,131
<b>Total revenue</b>	<b>129,174</b>	<b>65,411</b>	<b>155,440</b>	<b>115,543</b>	<b>-</b>	<b>(13,188)</b>	<b>452,380</b>
Operating income before the following:	10,690	6,848	11,345	18,356	(2,732)	-	44,507
Depreciation of fixed assets	7,214	3,059	9,282	6,963	36	-	26,554
Amortization of intangible assets	458	933	486	2,491	-	-	4,368
Interest on long-term debt	-	-	-	-	9,888	-	9,888
Unrealized loss (gain) on interest rate swaps	-	-	-	-	(295)	-	(295)
Loss (Gain) on disposal of fixed assets	(137)	5	(136)	(3)	-	-	(271)
Income (loss) before provision for income taxes	3,155	2,851	1,713	8,905	(12,361)	-	4,263
Total assets	507,886	198,304	360,833	499,906	10,721	-	1,577,650
Capital expenditures	1,663	389	5,857	3,346	-	-	11,255
Goodwill	114,025	96,910	81,085	146,582	-	-	438,602
Intangible assets	6,576	11,688	8,427	98,408	-	-	125,099
Operating leases expenses	441	545	5,788	323	-	-	7,097

Quarter ended March 31, 2008	Package		Specialized		Corporate Elimination	Total	
	LTL	and Courier	TL	Services			
Revenue	125,601	62,553	173,923	121,115	-	(13,682)	469,510
Fuel surcharge revenue	21,644	6,284	27,263	1,557	-	-	56,748
<b>Total revenue</b>	<b>147,245</b>	<b>68,837</b>	<b>201,186</b>	<b>122,672</b>	<b>-</b>	<b>(13,682)</b>	<b>526,258</b>
Operating income before the following:	14,546	7,601	13,299	19,477	1,956	-	56,879
Depreciation of fixed assets	7,851	2,731	8,244	6,172	55	-	25,053
Amortization of intangible assets	676	965	463	1,917	-	-	4,021
Interest on long-term debt	-	-	-	-	11,440	-	11,440
Unrealized loss (gain) on interest rate swaps	-	-	-	-	-	-	-
Loss (Gain) on disposal of fixed assets	(433)	-	(51)	(567)	-	-	(1,051)
Income (loss) before provision for income taxes	6,452	3,905	4,643	11,955	(9,539)	-	17,416
Total assets	545,172	197,902	367,626	440,437	9,894	-	1,561,031
Capital expenditures	2,932	1,684	3,208	5,306	-	-	13,130
Goodwill	114,234	96,910	75,520	133,626	-	-	420,290
Intangible assets	8,452	15,633	7,028	50,466	-	-	81,579
Operating leases expenses	655	662	8,304	463	-	-	10,084

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. The Company measures the performance of each segment and through the use of key operational performance indicators.

The Company's revenue by geographic segment is as follows:

	<b>Three months ended March 31, 2009</b>	Three months ended March 31, 2008
Canada	<b>311,290</b>	353,321
United States	<b>141,090</b>	172,937
Revenue Total	<b>452,380</b>	526,258

Revenue allocated to the United States includes transborder revenue between Canada and the United States.

## 11. EARNINGS PER SHARE

<u>Periods ended March 31</u>	<u>Three months</u>	<u>Three months</u>
	<u>2009</u>	<u>2008</u>
<b>BASIC EARNINGS PER SHARE</b>		
Net income	\$ 3,111	\$ 19,094
Weighted average number of shares/units outstanding	86,790,097	73,024,381
Trust shares held for long term incentive plan	-	(845,963)
Adjusted weighted average number of Shares/units outstanding	86,790,097	72,178,418
Weighted average number of Tracking Shares outstanding	-	13,765,716
Adjusted weighted average number of Shares/units and Tracking Shares outstanding	86,790,097	85,944,134
<b>Basic earnings per share/unit</b>	<b>\$ 0.04</b>	<b>\$ 0.22</b>
<b>DILUTED EARNINGS PER SHARE</b>		
Net income	\$ 3,111	\$ 19,094
Adjusted weighted average number of Shares/units and Tracking Shares outstanding	86,790,097	85,944,134
<b>Diluted earnings per share/unit</b>	<b>\$ 0.04</b>	<b>\$ 0.22</b>

## 12. EMPLOYEE PENSION PLANS

The Company provides defined benefit plans to a small number of eligible employees. Pension obligations are affected by factors such as interest rates, adjustments arising from plan amendments, changes in assumptions and experience gains or losses. The costs are based on a measurement of the pension plan obligations and the pension Company assets.

Total defined benefit pension expense for the three month period ended March 31, 2009 is as follows:

<b>Three months ended March 31, 2009</b>	Three months ended March 31, 2008
<b>438</b>	254

The Company maintains defined contribution pension plans for its salaried employees and contributes an amount ranging from 1% to 6% of each participant's eligible salary. The Company has expensed \$3.2 million for these plans in the three month period ended March 31, 2009 (\$3.2 million in 2008).

### 13. SHARE CAPITAL, CAPITAL CONTRIBUTIONS AND TRACKING SHARE UNITS

On March 31, 2009 a total of 86,790,097 shares were outstanding, compared to 86,790,097 shares as at December 31, 2008. The following table provides the detail:

<i>In thousands of dollars</i>	<b>Number</b>	<b>\$</b>
<b>Shares of the Company:</b>		
Balance as at December 31, 2008	86,790,097	519,404
<b>Balance as at March 31, 2009</b>	<b>86,790,097</b>	<b>519,404</b>

On March 18, 2009, the Company initiated a Normal Course Issuer Bid (NCIB) that will allow it to purchase for cancellation up to a maximum of 5,000,000 shares, The NCIB expires March 17, 2010. At March 31, 2009, no shares had been purchased under NCIB.

#### **Capital management:**

The Company's objectives when managing capital are:

- To ensure proper capital investment is done in order to provide stability and competitiveness to its operations.
- To ensure sufficient liquidity to pursue its growth strategy and undertake selective acquisitions.
- To maintain an appropriate debt level so that there are no financial constraints on the use of capital.

On a quarterly basis, the Company monitors its adjusted debt to earnings before interest, income taxes, depreciation and amortization and rent expense ("EBITDAR") ratio. Today this ratio is measured on a consolidated last twelve month basis and must be kept below a certain threshold so as to not breach a covenant in the Company's syndicated bank agreement. At March 31, 2009 the Company respected this covenant.

On a quarterly basis, the Company also monitors its fixed costs (interest and rent expenses) to earnings before interest, income taxes, depreciation and amortization and rent expense ("EBITDAR") ratio. Today this ratio is measured on a consolidated last twelve month basis and must be kept above a certain threshold so as to not breach a covenant in the Company's syndicated bank agreement. At March 31, 2009 the Company respected this covenant.

The Company has sufficient liquidity to continue both its operations as well as its acquisition strategy.

Upon maturity of the Company's long term debt, the Company's Management and its Board of Directors will assess if the debt should be renewed at its original value, increased or decreased based on the then required capital need, credit availability and future interest rates.

## 14. INCOME TAXES

	<b>Three months ended March 31, 2009</b>	Three months ended March 31, 2008
Income before provision for income taxes	<b>4,263</b>	17,416
Portion attributable to unitholders	-	(21,621)
Portion subject to corporate income tax	<b>4,263</b>	(4,205)
Canadian statutory income tax rate	<b>31.20%</b>	32.84%
Income tax calculated at statutory rate	<b>1,330</b>	(1,381)
Increase (decrease) resulting from:		
Future income tax benefit following a change in statutory rates	<b>(68)</b>	-
Other	<b>(43)</b>	(297)
Income tax per financial statements	<b>1,152</b>	(1,678)

## 15. **COMPARATIVE FIGURES**

Certain comparative figures for the three month period ended March 31, 2008 have been reclassified to conform to the financial statement presentation adopted in the current period.

## Certification of Interim Filings

I, Salvatore Vitale, Chief Financial Officer of TransForce Inc., certify that:

1. I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of TransForce Inc for the three month period ending March 31, 2009;

2. Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings.;

3. Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of Transforce Inc, as of the date of and for the periods presented in the interim filings.;

4. Transforce Inc’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for Transforce Inc;

5. Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, Transforce Inc’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings

a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

i) material information relating to Transforce Inc is made known to us by others, particularly during the period in which the interim filings are being prepared; and

ii) (ii) information required to be disclosed by Transforce Inc in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Transforce Inc’s GAAP.

5.1. The control framework Transforce Inc’s other certifying officer(s) and I used to design Transforce Inc’s ICFR is the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

5.2 N/A

5.3 N/A

6.0 Transforce Inc has disclosed in its interim MD&A any change in Transforce Inc’s ICFR that occurred during the period beginning on January 1, 2009 and ended on March 31, 2009 that has materially affected, or is reasonably likely to materially affect, Transforce Inc’s ICFR.

April 24, 2009



Salvatore Vitale, CA  
Chief Financial Officer

## Certification of Interim Filings

I, Alain Bédard, Chairman of the Board, President and Chief Executive Officer of TransForce Inc., certify that:

1. I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of TransForce Inc for the three month period ending March 31, 2009;

2. Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the interim filings;

3. Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of Transforce Inc, as of the date of and for the periods presented in the interim filings;

4. Transforce Inc’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings, for Transforce Inc;

5. Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, Transforce Inc’s other certifying officer(s) and I have, as at the end of the period covered by the interim filings

b) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

i) material information relating to Transforce Inc is made known to us by others, particularly during the period in which the interim filings are being prepared; and

ii) (ii) information required to be disclosed by Transforce Inc in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Transforce Inc’s GAAP.

5.1 N/A

5.2 N/A

6.0 TransForce Inc has disclosed in its interim MD&A any change in Transforce Inc’s ICFR that occurred during the period beginning on January 1, 2009 and ended on March 31, 2009 that has materially affected, or is reasonably likely to materially affect, Transforce Inc’s ICFR.

April 24, 2009



Alain Bédard, CA, CMA  
Chairman of the Board  
President and Chief Executive Officer

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