

BFI CANADA INCOME FUND ANNOUNCES FINANCIAL RESULTS FOR THIRD QUARTER 2003

Toronto, Ontario – November 10, 2003 – **BFI Canada Income Fund (TSX: BFC.UN)** today announced its quarterly financial results for the three months ended September 30, 2003. Highlights of the results include the following:

- Revenues and EBITDA^(A) increased 8% and 7%, respectively, for the comparative three month period ended September 30, 2002
- Revenues and EBITDA^(A) both increased by 12% for the comparative nine month period ended September 30, 2002
- Free cash flow available for distribution^(B) increased by \$0.3 million to \$9.2 million for the comparative three month period ended September 30, 2002
- Distributions increased 6.25% to an annualized rate of \$1.275 per trust unit beginning with the distribution payable on September 15, 2003 to unitholders of record on August 31, 2003

“I am pleased to report that core operations, contract wins and strategic acquisitions continue to support the Fund’s revenue and EBITDA^(A) growth and strong generation of free cash flow available for distribution^(B)” said Keith Carrigan, President and Chief Executive Officer. “During the quarter, the Fund made two “tuck-in” acquisitions which were immediately accretive to our free cash flow available for distribution^(B). These acquisitions are precisely in line with our primary goal to increase free cash flow available for distribution^(B) by continuing to improve efficiencies and grow through strategic acquisition.”

(in millions except for per unit amounts)	Three months ended		Nine months ended	
	2003⁽¹⁾	2002	2003⁽¹⁾	2002 ⁽²⁾
Revenues	\$ 43.1	\$ 39.8	\$ 124.2	\$ 110.9
Operating expenses	22.5	20.3	64.7	58.1
Selling, general and administration expenses	6.0	5.9	18.7	16.3
Income before the following	14.6	13.6	40.8	36.5
Amortization	10.6	11.3	30.9	28.0
Interest on long-term debt	1.3	1.1	3.9	5.9
Net loss on sale of capital and landfill assets	0.3	-	0.3	-
Other expenses	-	-	-	1.5
Income before income taxes	2.4	1.2	5.7	1.1
Income tax recovery	(1.0)	(0.4)	(4.1)	(3.2)
Net income	\$ 3.4	\$ 1.6	\$ 9.8	\$ 4.3
Net income per trust unit, basic & diluted	\$ 0.13	\$ 0.06	\$ 0.37	\$ 0.16
Number of units outstanding (thousands)	26,500	26,500	26,500	26,500
Maintenance capital expenditures	\$ 3.9	\$ 3.3	\$ 7.1	\$ 8.4
Growth capital expenditures	2.2	1.3	4.7	2.3
Total capital expenditures	\$ 6.1	\$ 4.6	\$ 11.8	\$ 10.7
Free cash flow available for distribution ⁽³⁾	\$ 9.2	\$ 8.9	\$ 29.2	\$ 15.8
Free cash flow available for distribution per trust unit ⁽³⁾	\$ 0.35	\$ 0.34	\$ 1.10	\$ 0.60
Aggregate distributions declared ⁽³⁾	\$ 8.3	\$ 8.0	\$ 24.2	\$ 13.7
Aggregate distributions declared per trust unit ⁽³⁾	\$ 0.31	\$ 0.30	\$ 0.91	\$ 0.52

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Notes:

- (1) Effective March 2003, the Canadian Institute of Chartered Accountants issued a new Canadian accounting standard for asset retirement obligations, which requires the recognition of an obligation associated with the retirement of a tangible long-lived asset that an entity is legally obligated to settle. The new standard is effective for fiscal years beginning on or after January 1, 2004 and requires the Fund to retroactively restate all comparative consolidated financial statements. Accordingly, the September 30, 2003 consolidated financial statements will be restated for all future comparative purposes. Adopting the new accounting standard is expected to have a material impact on landfill assets and closure and post-closure costs, however, it will have no impact on free cash flow available for distribution^(B).
- (2) Operating results for the period from January 1, 2002 to April 24, 2002 are the results of 3743276 Canada Inc., one of the predecessors of BFI Canada Holdings Inc. The Fund indirectly acquired all of the issued and outstanding shares of 3743276 Canada Inc. on April 25, 2002 in connection with the closing of its initial public offering of trust units. The Fund has only consolidated the results of BFI Canada Holdings Inc. with its results since April 25, 2002. Reference is made to the prospectus of the Fund dated April 16, 2002 relating to the initial public offering for a complete description of the transactions effected concurrently with the closing of such offering.
- (3) Free cash flow available for distribution^(B) in aggregate and per trust unit and aggregate distributions declared and per trust unit for the comparative nine month period is for the period from April 25, 2002 to September 30, 2002.

Operations Highlights

Revenues for the three months ended September 30, 2003 increased \$3.3 million or 8.3% to \$43.1 million, of which the solid waste collection ("collection") and landfill and energy ("landfill") segments contributed \$2.2 million and \$1.1 million, respectively, to the current period increase. Continued contribution from new collection contracts, two strategic "tuck-in" acquisitions completed in August 2003, and a combination of price increases and net organic growth contributed to the collection segment increase. Contributions from the City of Lethbridge landfill operating contract coupled with higher volumes of waste entering the Fund's Calgary landfill site continue to support landfill segment revenue growth.

Revenues for the nine months ended September 30, 2003 increased \$13.3 million or 12.0% to \$124.2 million. Approximately \$8.4 million of the period over period increase relates to the collection segment. Consolidation of Entreprise Sanitaire F.A. Ltee's ("F.A.") collection and transfer station operations for two additional months, coupled with new collection contracts that commenced in the first quarter of 2003 and a combination of price increases and net organic growth contributed to the period over period collection increase. The Fund's landfill segment accounted for \$4.9 million of the period over period increase, with the City of Lethbridge landfill operating contract and volume and price increases for non-hazardous solid waste entering Fund owned landfills contributing to the improvement.

Operating expenses for the three months ended September 30, 2003 increased \$2.2 million or 10.8% to \$22.5 million. Higher operating expenses were incurred to service net organic revenue growth, new contracts, recently completed acquisitions, the City of Lethbridge landfill operating contract and to service the increase in volumes of non-hazardous solid waste entering Fund-owned landfills.

Operating expenses for the nine months ended September 30, 2003 increased \$6.6 million or 11.4% to \$64.7 million. The consolidation of F.A.'s collection and transfer station operations for two additional months together with the reasons outlined for the period collectively account for the year to date increase.

Selling, general and administration expenses for the three month period ended September 30, 2003 increased marginally to \$6.0 million. The \$0.1 million increase is not attributable to any one significant variance.

Selling, general and administration expenses for the nine months ended September 30, 2003 increased \$2.4 million to \$18.7 million. The increase is attributable to the consolidation of F.A.'s collection operations for two additional months, an increase in senior management compensation, the addition of corporate employees and public company costs and other variances.

EBITDA^(A) of \$14.6 million was \$1.0 million or 7.4% higher than the comparative three month period ended September 30, 2002. Operating the City of Lethbridge landfill, albeit at a lower EBITDA^(A) margin than Fund-owned landfills, and accepting higher volumes of non-hazardous solid waste at Fund-owned landfills, coupled with new collection contracts, organic growth, price increases, and two strategic “tuck-in” acquisitions contributed to the period over period EBITDA^(A) improvement.

EBITDA^(A) for the nine months ended September 30, 2003 increased \$4.3 million or 11.8% to \$40.8 million compared to the nine month period ended September 30, 2002. The consolidation of F.A.’s collection and transfer station operations for two additional months together with the contributions detailed above contributed to the increase. Management of the Fund remains committed to growing the business, realizing operating efficiencies and managing selling, general and administration expenses.

The Fund paid cash distributions to unitholders of \$0.30625 and \$0.90625 per unit for the three and nine periods ended September 30, 2003, respectively, and declared a distribution of \$0.10625 per unit payable to unitholders of record on September 30, 2003, payable October 15, 2003. A distribution of \$0.10625 per unit was also declared payable to unitholders of record on October 31, 2003 payable November 14, 2003. Monthly distributions increased by 6.25% or \$0.00625 per unit to \$0.10625 per unit beginning with the distribution payable on September 15, 2003 to unitholders of record on August 31, 2003.

Outlook

The remaining permitted airspace capacity at the Lachenaie landfill is expected to be exhausted by April 2004. However, the Fund has recently received local and provincial zoning by-law approval to expand the footprint of the existing landfill by 500 additional acres. The Fund’s predecessor applied for and successfully received landfill airspace expansions for the Lachenaie site prior to reaching permitted capacities in each of 1985 and 1995. The Fund recently applied for and received permission for vertical expansion over existing placed waste, providing an additional 1.1 million tonnes capacity. This additional capacity will provide airspace to April 2004. While the granting of the permit is entirely within the discretion of the Quebec Government, management is confident that final approval will be obtained prior to the expiry of the Fund’s current permit, because:

- there will be a critical shortage of sanitary landfills in the Province of Quebec, especially in the Montreal metropolitan area, by 2005, without this expansion;
- the Fund’s sophisticated operations have an excellent environmental track record; and
- the expansion design is similar to the Fund’s current operations.

The potential available airspace capacity at this expansion site, if approved, is estimated to be approximately 39.5 million additional tonnes, which would equate to an operating life span of approximately 40 years, based on current disposal volumes and a six-day-per-week operation. Based on the current plan, which allows for contingencies, management expects to continue landfill operations through construction of the proposed expansion without interruption.

Looking ahead, management’s principal objective is to increase free cash flow available for distribution^(B) by continuing to enhance the Fund’s service offerings, improving efficiencies and growing through strategic acquisitions. In this regard, management continuously reviews and evaluates potential strategic acquisitions; especially those that can increase free cash flow and, accordingly, distributions. Future strategic initiatives may be financed with borrowings, the additional issuance of units, from working capital or from cash flow generated from operations.

Management is actively reviewing financing alternatives to efficiently finance its future growth initiatives.

Management expects that the Fund will be able to progressively increase future distributions as free cash flow available for distribution^(B) increases. Increases will be considered by the Trustees as appropriate.

New Accounting Policy

Effective March 2003, the Canadian Institute of Chartered Accountants issued a new Canadian accounting standard for asset retirement obligations, which requires the recognition of an obligation associated with the retirement of a tangible long-lived asset that an entity is legally obligated to settle. The new standard is effective for fiscal years beginning on or after January 1, 2004 and requires the Fund to retroactively restate all comparative consolidated financial statements. Accordingly, the September 30, 2003 consolidated financial statements will be restated for all future comparative purposes. Adopting the new accounting standard is expected to have a material effect on landfill assets and closure and post-closure costs, however, it will have no impact on cash generated from operating activities or free cash flow available for distribution^(B).

^(A) All references to “EBITDA” are to “income before the following” on the consolidated statement of operations, or more explicitly, to “income before interest on long-term debt, amortization, net loss on sale of capital and landfill assets and income taxes”. EBITDA is a term used by the Fund that does not have a standardized meaning prescribed by Canadian generally accepted accounting principles (“GAAP”) and is therefore unlikely to be comparable to similar measures used by other issuers. EBITDA is a measure of the Fund’s operating profitability, and by definition, excludes certain expenses (specifically amortization, interest on long-term debt, net loss on sale of capital and landfill assets and income taxes). These expenses are viewed by management as either non-cash (in the case of amortization, net loss on sale of capital and landfill assets and future income taxes) or non-operating (in the case of both interest on long-term debt and current income taxes). EBITDA is a useful financial metric for investors as it represents a starting point in the determination of free cash flow available for distribution^(B). The underlying reasons for exclusion of each item are as follows:

Amortization – as a non-cash item amortization has no impact on the determination of free cash flow available for distribution^(B).

Interest on long-term debt – interest on long-term debt is a function of an entity’s debt/equity mix and interest rates; as such, it reflects the treasury/financing activities of the entity and represents a different class of expense than the components of EBITDA.

Net loss on sale of capital and landfill assets – as non-cash item, the net loss on sale of capital and landfill assets has no impact on the determination of free cash flow available for distribution^(B).

Income taxes – income taxes are a function of tax laws and rates and are affected by matters which are separate from the daily operations of the Fund.

EBITDA should not be construed as a measure of income or of cash flows. The reconciling items between EBITDA and net income are detailed in the consolidated statement of operations beginning with “income before the following” and ending with “net income”.

^(B) The Fund has adopted a measurement called free cash flow available for distribution to supplement net income as a measure of operating performance. Free cash flow available for distribution is a term which does not have a standardized meaning prescribed by GAAP and is therefore unlikely to be comparable to similar measures used by other issuers. The objective of presenting this non-GAAP measure is to calculate the amount which is available for distribution to unitholders. Free cash flow available for distribution is calculated as EBITDA^(A) less interest on long-term debt, current income taxes and maintenance capital expenditures. Free cash flow available for distribution is not necessarily indicative of cash available to fund cash needs and should not be considered as an alternative to cash flow as a measure of liquidity. All references to “free cash flow available for distribution” have the meaning set out in this note.

Forward-looking statements

This document may contain forward-looking statements relating to the Fund's operations or to the environment in which it operates, which are based on the Fund's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, or are beyond the Fund's control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include those set forth in the Fund's Initial Annual Information Form for the period ended December 31, 2002. Consequently, readers should not rely on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, the Fund cannot assure unitholders that actual results will be consistent with these forward looking statements, and the Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Management will hold a conference call on **Monday, November 10, 2003 at 4:30 PM (ET)**. To access the call, participants should dial **1-800-814-3911**, at approximately 4:20 pm. The conference call will also be Webcast live at www.bficanada.com or www.vcall.com and subsequently archived on the BFI Canada site.

A rebroadcast of the call will be available until midnight on Monday, November 17, 2003. To access the rebroadcast, dial **877-289-8525** and quote the reservation number **21022502#**.

BFI Canada Income Fund, through its subsidiaries, is one of Canada's largest full-service waste management companies, providing non-hazardous solid waste collection and landfill disposal services for commercial, industrial and residential customers in the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec. Through its wholly-owned subsidiaries, the Fund operates one and owns and operates three landfills, carries on solid waste collection operations in 18 markets, and operates two transfer collection stations, seven material recovery collection facilities and one landfill gas-to-energy facility. BFI Canada's business does not include any management, collection or disposal of hazardous or liquid waste. The Fund's units are listed on the Toronto Stock Exchange under the symbol BFC.UN. For more information on the Fund, visit www.bficanada.com.

To find out more about BFI Canada Income Fund (TSX: BFC.UN), visit our **new** website at www.bficanada.com.

Further information:

The Fund provides a full Management Discussion and Analysis document on its website: www.bficanada.com

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BFI CANADA INCOME FUND

Consolidated Balance Sheets

September 30, 2003 (unaudited) and December 31, 2002 (audited)

(in thousands of dollars)

	<u>September 30, 2003</u>	<u>December 31, 2002</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 7,283	\$ 5,666
Accounts receivable	25,895	24,962
Other receivables	1,238	415
Prepaid expenses	2,701	3,959
	<u>37,117</u>	<u>35,002</u>
OTHER RECEIVABLES	3,588	1,509
INTANGIBLES	70,119	77,805
GOODWILL	49,171	49,171
DEFERRED COSTS	2,726	1,832
DEFERRED FINANCING COSTS	1,397	2,058
CAPITAL ASSETS	87,513	89,665
LANDFILL ASSETS	115,204	122,399
	<u>\$ 366,835</u>	<u>\$ 379,441</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 11,421	\$ 15,410
Accrued charges	5,193	6,076
Distribution payable	2,816	2,650
Income taxes payable	399	157
Deferred revenue	6,266	5,360
Current portion of long-term debt	266	252
	<u>26,361</u>	<u>29,905</u>
LONG-TERM DEBT	85,433	76,985
LANDFILL CLOSURE AND POST-CLOSURE COSTS	9,509	8,013
FUTURE INCOME TAX LIABILITIES	20,655	25,298
	<u>141,958</u>	<u>140,201</u>
UNITHOLDERS' EQUITY	<u>224,877</u>	<u>239,240</u>
	<u>\$ 366,835</u>	<u>\$ 379,441</u>

BFI CANADA INCOME FUND
Consolidated Statements of Operations

For the period ended September 30, 2003

(unaudited)

(in thousands of dollars, except net income per trust unit amounts)

	Three months ended		Nine months ended	
	2003	2002	2003	2002
				(Note 3)
REVENUES	\$ 43,163	\$ 39,847	\$ 124,256	\$ 68,818
OPERATING EXPENSES	22,553	20,286	64,786	36,045
SELLING, GENERAL AND ADMINISTRATION EXPENSES	5,976	5,954	18,740	10,013
INCOME BEFORE THE FOLLOWING	14,634	13,607	40,730	22,760
AMORTIZATION	10,675	11,288	30,917	18,742
INTEREST ON LONG-TERM DEBT	1,320	1,165	3,871	1,992
NET LOSS ON SALE OF CAPITAL AND LANDFILL ASSETS	258	-	242	-
INCOME BEFORE INCOME TAXES	2,381	1,154	5,700	2,026
INCOME TAX EXPENSE (RECOVERY)				
Current	175	261	525	388
Future	(1,193)	(696)	(4,643)	(3,740)
	(1,018)	(435)	(4,118)	(3,352)
NET INCOME	\$ 3,399	\$ 1,589	\$ 9,818	\$ 5,378
Net income per trust unit, basic and diluted	\$ 0.13	\$ 0.06	\$ 0.37	\$ 0.20
Weighted average number of units outstanding (thousands)	26,500	26,500	26,500	26,500

BFI CANADA INCOME FUND
Consolidated Statements of Cash Flows

For the period ended September 30, 2003

(unaudited)

(in thousands of dollars)

	Three months ended		Nine months ended	
	2003	2002	2003	2002
				(Note 3)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net income	\$ 3,399	\$ 1,589	\$ 9,818	\$ 5,378
Items not affecting cash				
Amortization of intangibles	3,028	3,130	9,220	5,222
Amortization of deferred financing costs	220	220	661	367
Amortization of capital assets	4,058	4,890	12,307	8,105
Amortization of landfill assets	3,369	3,048	8,729	5,048
Gain on disposal of capital assets	-	-	(16)	-
Loss on disposal of landfill assets	258	-	258	-
Provision for landfill closure and post-closure costs	823	718	2,246	1,231
Future income taxes	(1,193)	(696)	(4,643)	(3,740)
Landfill closure and post-closure expenditures	(157)	(786)	(750)	(1,456)
	13,805	12,113	37,830	20,155
Changes in non-cash working capital items	1,441	340	(3,846)	1,280
Cash generated from operating activities	15,246	12,453	33,984	21,435
INVESTING				
Acquisitions (Note 5)	(2,376)	-	(2,376)	(158,660)
Investment in other receivables	-	-	(2,850)	-
Proceeds from other receivables	274	-	785	-
Purchase of capital assets	(4,327)	(4,349)	(9,845)	(5,179)
Landfill assets	(1,850)	(232)	(1,987)	(1,842)
Proceeds on disposal of capital assets	-	-	166	-
Deferred costs	(131)	(297)	(894)	(435)
Cash utilized in investing activities	(8,410)	(4,878)	(17,001)	(166,116)
FINANCING				
Proceeds from revolving loan	2,400	1,250	8,650	1,250
Issue of trust units	-	-	-	176,609
Trust units purchased for cancellation	-	-	-	(17,170)
Distributions paid to unitholders	(8,116)	(7,950)	(24,016)	(11,042)
Cash (utilized in) generated from financing activities	(5,716)	(6,700)	(15,366)	149,647
NET CASH INFLOW	1,120	875	1,617	4,966
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	6,163	4,091	5,666	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 7,283	\$ 4,966	\$ 7,283	\$ 4,966
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash and cash equivalents are comprised of:				
Cash	\$ 4,062	\$ 2,257	\$ 4,062	\$ 2,257
Cash equivalents	3,221	2,709	3,221	2,709
	\$ 7,283	\$ 4,966	\$ 7,283	\$ 4,966
Cash paid during the period for:				
Income taxes	\$ 1,129	\$ -	\$ 1,265	\$ -
Interest	\$ 1,297	\$ 1,174	\$ 3,933	\$ 2,298

BFI CANADA INCOME FUND
Consolidated Statements of Unitholders' Equity

For the period ended September 30, 2003

(unaudited)

(in thousands of dollars)

	Three months ended		Nine months ended	
	2003	2002	2003	2002 (Note 3)
BALANCE, BEGINNING OF PERIOD	\$ 229,759	\$ 253,044	\$ 239,240	\$ -
Issue of trust units	-	-	-	272,167
Cancelled	-	-	-	(17,507)
Contributed surplus	-	-	-	337
Net income	3,399	1,589	9,818	5,378
Distributions	(8,281)	(7,950)	(24,181)	(13,692)
BALANCE, END OF PERIOD	\$ 224,877	\$ 246,683	\$ 224,877	\$ 246,683