



CONTRANS INCOME FUND

*First Quarter Report
March 31, 2009*

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REPORT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



Contrans' unitholders have benefitted from a business model that has enabled the Fund to pay distributions at a constant rate since the Fund's inception in July 2002. However, after thorough consideration of the impact on the Fund of the current recession and of the current business environment, the Board of Trustees decided in March 2009 to temporarily suspend the payment of distributions. The Board of Trustees has also recommended to unitholders that future distribution declarations be made quarterly in arrears instead of monthly in advance in consideration of the uncertainty over the future business environment. Unitholders will vote on whether or not to adopt this recommendation at the Fund's Annual General Meeting to be held later today.

In spite of operating in a poor economic environment, Contrans has continued to win new business. Although this internal growth has been modest and has not offset all of the effects of the current recession, it is an encouraging reminder that opportunities do arise in poor economic times. Moreover, this growth has only required a relatively small investments in equipment. We expect that similar growth opportunities will continue to arise,

particularly if and when competitors succumb to recessionary pressures. Changes in the competitive landscape are more likely to favour organizations, such as Contrans, that have the necessary resources available to act quickly upon opportunities when they arise. These opportunities are driving management's objective of not merely surviving the recession, but ensuring that the creation of long-term value for Contrans' unitholders is enhanced by it.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Stan G. Dunford'.

*Stan G. Dunford,
Chairman and Chief Executive Officer
April 30, 2009*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The attached consolidated financial statements, which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), and reported in Canadian funds, detail the performance and financial position of Contrans Income Fund (the "Fund") for the periods ended March 31, 2009 and 2008. The financial statements should be read in conjunction with the analysis that follows.

A cautionary note regarding non-GAAP measures and forward-looking statements follows management's discussion and analysis of operations and financial condition.

Financial Highlights

(unaudited)

(in millions except per unit amounts)

Three months ended March 31

| | 2009 | | 2008 | |
|--|---------------------|--|---------------|--|
| Revenue – as stated | \$ 88.0 | | \$ 120.5 | |
| – fuel surcharges ⁽¹⁾ | (7.1) | | (18.2) | |
| Revenue – transportation services ⁽¹⁾ | 80.9 100.0 % | | 102.3 100.0 % | |
| Operating expenses – net of fuel surcharges | 63.9 79.0 | | 81.7 79.9 | |
| Selling, general and administration expenses | 9.2 11.4 | | 10.8 10.6 | |
| Foreign exchange loss (gain) | 1.2 1.5 | | (0.5) (0.5) | |
| Earnings before amortization, interest and income taxes | 6.6 8.1 | | 10.3 10.0 | |
| Amortization of property and equipment | 3.0 3.7 | | 3.0 2.9 | |
| Amortization of intangible assets | 0.9 1.1 | | 0.9 0.9 | |
| Net interest expense | 1.4 1.7 | | 1.4 1.4 | |
| Earnings before income taxes | 1.3 1.6 | | 5.0 4.8 | |
| Income tax provision (recovery): | | | | |
| Current | (0.2) (0.2) | | 0.3 0.3 | |
| Future | — — | | (0.3) (0.3) | |
| | (0.2) (0.2) | | — — | |
| Net earnings | \$ 1.5 1.8 % | | \$ 5.0 4.8 % | |
| Earnings per unit – basic and diluted | \$ 0.05 | | \$ 0.17 | |

(1) See "Use of Non-GAAP Financial Measures" below.

Results From Operations

Revenue from transportation services decreased in the first quarter of 2009 compared to the first quarter of 2008 by \$21.4 million. This reduction is due principally to the continuing recession which has reduced freight volumes and applied downward pressure to freight rates. In addition, closure of some operations and rationalization of some unprofitable traffic lanes in the first quarter of 2008 reduced revenue by approximately \$5.0 million in the first quarter of 2009 compared to 2008. Lower fuel prices have reduced fuel surcharge revenue in 2009 compared to 2008.

Accident claim costs fell \$0.9 million in the first quarter of 2009 compared to the first quarter of 2008. This improvement offset the adverse effects of rate pressures and reduced equipment utilization on the Fund's operating expenses measured as a percentage of revenue from transportation services.

Selling, general and administration expenses were lower in the first quarter of 2009 compared to 2008 primarily due to the rationalization of underperforming operations in 2008 and due to

reduced provisions for the management incentive program. As a result compensation expenses were \$0.5 million lower in the first quarter of 2009 compared to the first quarter of 2008. Management is continuing to reduce costs through such means as salary and wage roll-backs, staff attrition, pursuing concessions from suppliers and by minimizing discretionary expenditures.

Improved accounts receivable aging has reduced the Fund's exposure to credit risk and has contributed to reduced provisions for doubtful accounts. In the first quarter of 2009, the Fund recognized a credit to income of \$0.4 million compared to a charge of \$0.3 million in the first quarter of 2008. In light of deteriorating economic conditions, management has been increasingly diligent in its collection efforts. In spite of these efforts, the Fund had approximately \$0.4 million outstanding with Abitibi-Bowater, one of the Fund's larger accounts, when that customer filed for creditor protection in April, 2009. Of this amount, less than \$0.1 million related to 2009 first quarter billings by the Fund and has been accounted for in the Fund's bad debt reserves.

During 2008 the Fund entered into foreign exchange contracts to protect the Fund's US source revenues from a falling US dollar. Since December 31, 2008 the US dollar has continued to strengthen against the Canadian dollar and has adversely affected the value of the Fund's outstanding foreign exchange contracts.

Net interest expense remained constant in the first quarter of 2009 compared to 2008. Higher average net debt levels were offset by lower average interest rates.

Summary of Quarterly Results

| (unaudited) (in millions except per unit amounts) | First Quarter | | Second Quarter | | Third Quarter | | Fourth Quarter | |
|--|---------------|----------|----------------|----------|---------------|----------|----------------|----------|
| | 2009 | 2008 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenue – as stated | \$ 88.0 | \$ 120.5 | \$ 129.7 | \$ 125.8 | \$ 128.9 | \$ 122.1 | \$ 109.6 | \$ 118.5 |
| – fuel surcharges ⁽¹⁾ | (7.1) | (18.2) | (23.9) | (14.6) | (24.3) | (13.9) | (12.7) | (15.2) |
| Revenue – transportation services ⁽¹⁾ | \$ 80.9 | \$ 102.3 | \$ 105.8 | \$ 111.2 | \$ 104.6 | \$ 108.2 | \$ 96.9 | \$ 103.3 |
| Net earnings | \$ 1.5 | \$ 5.0 | \$ 10.2 | \$ 1.5 | \$ 11.4 | \$ 9.1 | \$ 3.0 | \$ 7.5 |
| Earnings per unit – basic and diluted | \$ 0.05 | \$ 0.17 | \$ 0.35 | \$ 0.05 | \$ 0.40 | \$ 0.32 | \$ 0.10 | \$ 0.26 |

(1) See "Use of Non-GAAP Financial Measures" below.

Seasonality

Generally, the second quarter is the Fund's strongest period. Volumes from customers in the construction industry typically increase as temperatures warm in the spring, peak in the fall and then decline with the onset of winter weather. Some manufacturing customers close their plants during the summer and many customers either shut down their production facilities or otherwise reduce shipments during the Christmas holiday season. Harsh winter weather conditions hinder traffic and increase operating costs.

Cash Flow

Unlike past years when working capital has typically increased with increased business activity, the Fund's working capital has decreased in the first quarter of 2009 due to the effects of the recession. Annual licensing renewals required for part of the Fund's fleet occurred in March, 2009. This caused the balance of other current

assets to increase. In addition, payment was made in the first quarter of 2009 of amounts earned under the management incentive program in respect of the 2008 year.

During the first quarter of 2009 the Fund disposed of its fuel tax reporting and driver log checking operation for total proceeds of \$0.4 million. There was a nominal profit arising on the disposal of this operation.

Due to the achievement of certain performance objectives contained in the purchase agreement, additional consideration of \$3 million was paid out of the Fund's restricted cash and cash equivalents in January, 2009 to the former owners of Tripar Transportation Inc., a company acquired by the Fund in 2006.

The Fund received \$1.5 million in the first quarter of 2009 (2008 – \$1.1 million) from unitholder participation in the distribution reinvestment plan.

Liquidity and Capital Resources

(unaudited)
(in millions)
As at

| | March 31, 2009 | December 31, 2008 |
|---|-------------------|----------------------|
| Cash and cash equivalents | | |
| Unrestricted | \$ 19.8 | \$ 18.4 |
| Restricted | \$ 7.4 | \$ 10.4 |
| Operating line available | \$ 22.5 | \$ 29.1 |
| Current ratio | 2.4:1 | 2.2:1 |
| Total debt (including future tax obligations) to equity ratio | 1.1:1 | 1.1:1 |

The Fund requires working capital, sourced by operating cash flows and an operating line, to fund day-to-day operating activities and to pay distributions. Management believes that the Fund's operating line is adequate to meet seasonal fluctuations in working capital requirements. The operating line availability has reduced in line with the reduction in accounts receivable balances.

Under the terms of its long-term credit agreement, the Fund's

restricted cash and cash equivalents can only be used to finance growth activities or to repay senior secured notes.

Principal maturities of the Fund's senior secured notes are as follows:

| (\$ millions) | |
|-------------------|---------|
| December 15, 2013 | \$ 31.9 |
| October 15, 2016 | \$ 50.0 |

Cash Distributions

(unaudited)
(in thousands)

Three months ended March 31

| | 2009 | 2008 |
|---|------------|------------|
| Cash flow provided by operating activities ⁽¹⁾ | \$ 11,320 | \$ (212) |
| Net earnings | 1,547 | 4,964 |
| Distributions declared | 6,203 | 9,008 |
| Surplus (shortfall) of cash flow provided by operating activities over distributions declared | \$ 5,117 | \$ (9,220) |
| Shortfall of net earnings over distributions declared | \$ (4,656) | \$ (4,044) |
| Net earnings | \$ 1,547 | \$ 4,964 |
| Amortization of intangible assets | 944 | 944 |
| Income tax recovery – future | (63) | (280) |
| Net earnings before amortization of intangible assets and future income tax recovery | \$ 2,428 | \$ 5,628 |
| Shortfall of net earnings before amortization of intangible assets and future income tax recovery over distributions declared | \$ (3,775) | \$ (3,380) |

(1) Includes changes in non-cash working capital balances.

Distributable Cash ⁽¹⁾

(unaudited)
(in thousands except per unit amounts)

Three months ended March 31

| | 2009 | 2008 |
|--|------------|------------|
| Cash flow provided by (used in) operating activities | \$ 11,320 | \$ (212) |
| Change in non-cash working capital | (6,655) | 8,875 |
| Proceeds on sale of equipment | 1,182 | 1,125 |
| Asset retirement obligations – settlements | (56) | (4) |
| Capital lease repayments | (404) | (68) |
| Long-term debt repayments | (269) | (168) |
| Maintenance capital expenditures ⁽¹⁾ | (1,197) | (1,974) |
| Distributable cash earned ⁽¹⁾ | 3,921 | 7,574 |
| Distributions declared | 6,203 | 9,008 |
| Deficit of distributable cash earned vs. distributions declared | \$ (2,282) | \$ (1,434) |
| Distributable cash earned per unit | \$ 0.13 | \$ 0.26 |
| Distributions declared per unit | 0.21 | 0.31 |
| Deficit of distributable cash earned vs. distributions declared per unit | \$ (0.08) | \$ (0.05) |
| Weighted average number of units outstanding | 29,754 | 28,795 |
| Purchase of property and equipment | | |
| Maintenance capital expenditures ⁽¹⁾ | \$ 1,197 | \$ 1,974 |
| Growth capital expenditures ⁽¹⁾ | 1,631 | 1,792 |
| Total | \$ 2,828 | \$ 3,766 |

(1) See "Use of Non-GAAP Financial Measures" below.

On March 12, 2009, the Fund's Board of Trustees decided to temporarily suspend unitholders' distributions. This decision was made after careful consideration of many factors including the Fund's financial performance to date in 2009, its financial condition and the considerable uncertainty surrounding the prospects for economic recovery as well as the restrictive covenants that are contained in the Fund's loan agreements. The Fund's trustees also recommended to unitholders that, due to the foregoing factors, the Fund's indenture be amended to adjust the frequency of distribution declarations to a quarterly basis in arrears, rather than a monthly basis in advance.

The Board of Trustees believes that these measures are necessary under the circumstances and will be sufficient to preserve the financial strength of the Fund.

Distributable Cash Earned – Reconciliation

Cash used to fund working capital, growth capital expenditures or debt repayments does not affect amounts that can be distributed to unitholders when financing is available. Similarly, cash generated by changes in non-cash working capital is not considered distributable to unitholders. Proceeds from the sale of retired highway equipment

effectively reduce the cost of maintenance capital expenditures and therefore these proceeds need to be considered when determining what amounts can be distributed to unitholders. Settlements of asset retirement obligations reflect amounts paid by the Fund, at the termination of equipment leases, to bring such equipment to the condition that was stipulated and agreed to in each lease contract. Accordingly, these settlements need to be considered when determining distributable cash earned since they are not deducted from cash provided by (used in) operating activities in the consolidated statements of cash flow. Maintenance capital expenditures refer to capital expenditures that are necessary to sustain current revenue levels and therefore reduce the amount of cash that is available for distribution.

Productive Capacity

Definition

The Fund's productive capacity is a function of the following service modes:

- Tractors and trailers owned or leased by the Fund
- Tractors and trailers of owner-operators under contract with the Fund
- Partner carriers under contract with the Fund

The Fund's capital requirements are affected by each of the foregoing service modes. In addition, capital requirements vary by the type of trailer used within each of Contrans' operating divisions. For example, a dry van trailer can cost between \$25,000 and \$40,000 whereas a pneumatic tank trailer can cost more than \$150,000.

A detailed discussion on the Fund's expected future maintenance capital expenditures together with the factors that affect these expenditures is contained on page 9 of the Fund's 2008 annual report. Neither management's expectations nor the factors that can affect these requirements have changed materially since the date of publication of that annual report.

Productive Capacity Management Strategy

The Fund generally prefers to utilize owner-operators' tractors over Fund tractors. Owner-operators own their own tractors, providing the Fund with equipment that it would otherwise have to lease or purchase. Some owner-operators also own their own trailers. Accordingly, these individuals are effectively a source of capital as well as providers of freight-hauling capacity. In addition, owner-operators' goals are generally well-aligned with those of the Fund. As a result, the Fund is very focused on recruiting and retaining qualified owner-operators.

The Fund is also focused on maintaining good working relationships with partner carriers that are safe, provide reliable service and have adequate insurance coverage. The Fund is often an important source of revenue for these carriers who, in turn, provide service to the Fund's customers when the Fund cannot provide its own equipment or when it is more efficient to make use of partner carrier capacity.

Financing Strategy

The Fund prefers to lease rather than purchase tractors and certain types of trailers due to the risk associated with fluctuations in the market for used equipment. Terms of tractor leases usually coincide with engine warranty periods to protect the Fund from costly repairs. The Fund expanded its use of capital leases in 2008 to fund some of its equipment purchases.

Property and Equipment

| (Unaudited) As at March 31, 2009 | Owned | Leased | Owner- Operated | Total |
|--|-------|--------|--------------------|-------|
| Tractors | 158 | 347 | 682 | 1,187 |
| Trailers | 1,553 | 625 | 92 | 2,270 |
| Major office and terminal locations | 16 | 5 | — | 21 |

Tax Attributes of Distributions

The tax attributes of the distributions made to holders of the Fund's subordinate voting trust units can be found on the Fund's website at www.contrans.ca under Investor Relations.

Contractual Obligations

(unaudited)

(in millions)

| As at March 31, 2009 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Thereafter | Total |
|---|----------------|----------------|---------------|---------------|----------------|---------------|----------------|-----------------|
| Principal and interest payments: | | | | | | | | |
| Senior secured notes payable | \$ 3.9 | \$ 5.1 | \$ 5.1 | \$ 5.1 | \$ 37.0 | \$ 3.3 | \$ 57.9 | \$ 117.4 |
| Capital leases | 1.8 | 2.1 | 2.0 | 1.7 | 1.3 | 1.1 | 0.5 | 10.5 |
| Operating leases | 8.0 | 7.2 | 2.0 | 0.6 | — | — | — | 17.8 |
| Derivative financial instruments ⁽¹⁾ | 45.4 | — | — | — | — | — | — | 45.4 |
| Accounts payable and accrued liabilities | 30.1 | — | — | — | — | — | — | 30.1 |
| Total | \$ 89.2 | \$ 14.4 | \$ 9.1 | \$ 7.4 | \$ 38.3 | \$ 4.4 | \$ 58.4 | \$ 221.2 |

(1) See "Financial Instruments" below.

Outstanding Units

(unaudited)

As at April 21, 2009

(in thousands)

| | |
|--------------------------------|---------------|
| Subordinate voting trust units | 23,799 |
| Class A LP units | 4,671 |
| Class B LP units | 1,468 |
| Total | 29,938 |

Goodwill Impairment Test

At March 31, 2009 the total market value of the Fund's units was less than the value of the unitholders' equity. In accordance with CICA Section 3064, management assessed the fair value of goodwill and concluded that there was no impairment charge required to be made to the carrying value of goodwill in the consolidated financial statements.

Critical Accounting Estimates

Management is required to make significant estimates and assumptions in preparing its financial statements. Management's discussion and analysis in the Fund's 2008 annual report contains a discussion of critical accounting estimates on page 11 of that annual report. These estimates have remained substantially unchanged. Furthermore, management does not believe that there are changes that are reasonably likely to occur in the assumptions that have been used that will have a material impact on the Fund's financial position, or results of operations.

New Accounting Pronouncements

Effective January 1, 2009, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") revised Handbook Section 3064 – Goodwill and Intangible Assets. This section establishes new standards for the recognition and measurement of intangible assets, but does not affect accounting for goodwill. The adoption of this revised section had no impact on the Fund's financial statements.

Effective January 20, 2009, the Fund adopted the Emerging Issues Committee ("EIC") abstract EIC 173 – Credit Risks and the Fair Value of Financial Assets and Liabilities. This provides further guidance on CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement and concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities. Adoption of EIC 173 had no impact on the Fund's financial statements.

International Financial Reporting Standards ("IFRS")

In February 2008 the Accounting Standards Board announced that publicly-listed companies would, for fiscal years beginning on or after January 1, 2011, be required to report their results under IFRS. Management is in the process of assessing the impact of the implementation of IFRS on its accounting policies and financial statements. IFRS allows for different accounting treatments on first implementing IFRS and management is evaluating its alternatives. Management will also be assessing possible changes that may need to be implemented to ensure that adequate internal controls over financial reporting and disclosure controls and procedures will remain in place once IFRS is implemented. In addition, the impact on information systems will be addressed, as will the training needs for the Fund's finance and accounting personnel.

Financial Instruments

The Fund from time to time enters into foreign exchange contracts to manage its exposure to currency fluctuations. As at March 31, 2009, the Fund had contracts to sell \$4.0 million of US funds per month from April to December 2009 inclusively. These contracts settle at exchange rates between \$1.0000 and \$1.0935 (April to July), between \$1.0200 and \$1.1095 (August to October) and between \$1.0500 and \$1.1529 (November and December). As at March 31, 2009, the fair value of these contracts was recorded as a liability of \$4.4 million.

Business Risks

Management's discussion and analysis in the Fund's 2008 annual report contains a discussion of business risks on page 13. Those risks remain in effect as at March 31, 2009. Since December 31, 2008, the Fund has been affected by worsening economic conditions.

Transactions With Related Parties

In the first quarter of 2009 the Fund paid \$1.5 million to Peterbilt of Ontario Inc., a company controlled by the Chairman of the Fund, for tractor repairs, maintenance and equipment lease costs. The Fund also leased certain premises to Peterbilt of Ontario Inc. for consideration of \$0.1 million in the first quarter of 2009. These transactions were carried out in the normal course of business and recorded at the exchange amount, which management believes approximates an arm's length arrangement.

Use of Non-GAAP Financial Measures

Management has included certain non-GAAP measures to supplement its consolidated financial statements which are presented in accordance with Canadian GAAP. Non-GAAP measures do not have any standardized meaning prescribed under Canadian GAAP and therefore they are unlikely to be comparable to similar measures employed by other issuers. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. Management has included these non-GAAP measures for the reasons set forth below.

Distributable cash, distributable cash earned, maintenance capital expenditures, growth capital expenditures:

Management believes that these measures are useful supplements to the information contained in the Fund's statements of cash flow as they facilitate a greater depth of analysis. Accordingly, these measures can enhance the evaluation of the Fund's historical and prospective operating performances as well as the sustainability of the Fund's distributions.

Revenue – transportation services, revenue – fuel surcharges:

Management believes that it is important to isolate the effects of fuel surcharges, a volatile source of revenue, when analyzing operating results. Management regards revenue from transportation services as the relevant indicator of business level activity. Accordingly, the percentages in the Financial Highlights table were calculated using revenue from transportation services as a base. In addition,

operating expenses are stated after netting fuel surcharges against fuel expenses in the Financial Highlights table. Management believes that this presentation facilitates a better comparison of operating costs between periods.

Forward-Looking Statements

Management's discussion and analysis contains certain forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements relate to future events or future performance and include, but are not limited to, changes in government regulations regarding weights and dimensions of highway equipment, the age and condition of the transportation fleet and the growth of the Fund's business. Often, but not always, forward-looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. Such statements reflect the current views and estimates of management of the Fund with respect to future events, as of the date such statements are made, and they involve known and unknown risks and uncertainties which may cause actual events or results to differ materially from those expressed or implied by forward-looking statements. In evaluating these statements, readers should specifically consider factors such as the risks outlined under "Risk Factors" in the Fund's Annual Information Form, which is available at www.sedar.com. Although the Fund has attempted to identify important factors that could cause actual events, actions or results to differ materially from those described in the forward-looking statements, there may be other factors that cause such events, actions or results to differ.

Additional Information

Additional information, including the Fund's Annual Information Form, is available at www.sedar.com.

April 30, 2009

CONTRANS INCOME FUND

Consolidated Financial Statements

First Quarter Report

March 31, 2009

These consolidated financial statements have not been reviewed by the Fund's auditors.

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(in thousands except for per unit amounts)
(unaudited)

| | Three Months | |
|--|------------------|------------|
| | 2009 | 2008 |
| <i>For the periods ended March 31</i> | | |
| Revenue | \$ 87,960 | \$ 120,528 |
| Operating expenses | 70,926 | 99,912 |
| Selling, general and administration expenses | 9,206 | 10,823 |
| Foreign exchange loss (gain) | 1,158 | (494) |
| Amortization of property and equipment | 3,038 | 3,031 |
| Amortization of intangible assets | 944 | 944 |
| | 2,688 | 6,312 |
| Net interest expense (income) – long-term | 1,465 | 1,529 |
| – short-term | (79) | (163) |
| Earnings Before Income Taxes | 1,302 | 4,946 |
| Income Tax Provision (Recovery) | | |
| Current | (182) | 262 |
| Future | (63) | (280) |
| | (245) | (18) |
| Net Earnings and Comprehensive Income | \$ 1,547 | \$ 4,964 |
| Earnings per unit – basic and diluted | \$ 0.05 | \$ 0.17 |
| Weighted average number of units outstanding – basic and diluted | 29,754 | 28,795 |

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands)
(unaudited)

| | Three Months | |
|---|-------------------|----------|
| | 2009 | 2008 |
| <i>For the periods ended March 31</i> | | |
| Retained Earnings – Beginning of Period | \$ 435 | \$ 7,380 |
| Net earnings | 1,547 | 4,964 |
| Distributions declared | (6,203) | (9,008) |
| Retained Earning (Deficit) – End of Period | \$ (4,221) | \$ 3,336 |

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(in thousands)

| As at | March 31 2009 | December 31 2008 |
|--|--------------------------|-----------------------------|
| Assets | (unaudited) | (audited) |
| Current Assets | | |
| Cash and cash equivalents | \$ 27,206 | \$ 28,826 |
| Accounts receivable | 42,162 | 49,089 |
| Income taxes recoverable | 1,064 | 538 |
| Other current assets | 6,447 | 6,167 |
| | 76,879 | 84,620 |
| Notes Receivable | 713 | 538 |
| Property and Equipment | 105,447 | 106,551 |
| Intangible Assets | 17,961 | 18,905 |
| Goodwill | 63,689 | 63,978 |
| | \$ 264,689 | \$ 274,592 |
| Liabilities and Unitholders' Equity | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 30,111 | \$ 33,215 |
| Distributions payable | — | 3,087 |
| Current portion of capital lease obligations | 1,836 | 1,823 |
| | 31,947 | 38,125 |
| Capital Lease Obligations | 7,134 | 7,518 |
| Asset Retirement Obligations | 988 | 1,036 |
| Long-Term Debt | 83,531 | 83,686 |
| Future Income Taxes | 15,710 | 15,773 |
| | 139,310 | 146,138 |
| Unitholders' Equity (Note 4) | | |
| Contributed surplus | 884 | 834 |
| Trust units | 128,716 | 127,185 |
| Retained earnings (deficit) | (4,221) | 435 |
| | 125,379 | 128,454 |
| | \$ 264,689 | \$ 274,592 |

The accompanying notes are an integral part of these statements.

Signed on behalf of the Board of Trustees



Stan G. Dunford, Trustee



Archie M. Leach, C.A., Trustee

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands)
(unaudited)

| For the periods ended March 31 | Three Months | |
|---|------------------|-----------|
| | 2009 | 2008 |
| Cash Provided by (Used in): | | |
| Operating Activities | | |
| Net earnings | \$ 1,547 | \$ 4,964 |
| Items not affecting cash: | | |
| Change in unrealized loss on foreign exchange contracts | (515) | 55 |
| Unit-based compensation expense (Note 6) | 50 | 22 |
| Long-term debt – accretion | 20 | 37 |
| Gain on sale of business unit (Note 3) | (23) | — |
| Asset retirement obligations – accretion | 10 | 13 |
| Amortization of property and equipment | 3,038 | 3,031 |
| Amortization of intangible assets | 944 | 944 |
| Future income taxes | (63) | (280) |
| Gain on sale of equipment | (343) | (123) |
| | 4,665 | 8,663 |
| Change in non-cash working capital (Note 7) | 6,655 | (8,875) |
| | 11,320 | (212) |
| Investing Activities | | |
| Expended on acquisitions (Note 8) | (3,000) | — |
| Asset retirement obligations – settlements | (56) | (4) |
| Proceeds on disposal of business unit (Note 3) | 100 | — |
| Proceeds on sale of equipment | 1,182 | 1,125 |
| Purchase of property and equipment | (2,828) | (3,766) |
| | (4,602) | (2,645) |
| Financing Activities | | |
| Distributions paid | (9,290) | (8,994) |
| Proceeds from operating loan | — | 8,848 |
| Proceeds from long-term debt | 94 | 44 |
| Repayment of long-term debt | (269) | (168) |
| Repayment of capital lease obligations | (404) | (68) |
| Distribution reinvestment plan (Note 4) | 1,531 | 1,125 |
| | (8,338) | 787 |
| Decrease in Cash and Cash Equivalents | (1,620) | (2,070) |
| Cash and Cash Equivalents – Beginning of Period | 28,826 | 18,301 |
| Cash and Cash Equivalents – End of Period | \$ 27,206 | \$ 16,231 |

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended March 31, 2009 and 2008

(Unaudited, tabular amounts in thousands except for per unit amounts)

1. Basis of Presentation

These unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements using the same accounting policies as were applied in the audited consolidated financial statements for the year ended December 31, 2008 except as described in note 2. These interim financial statements do not conform in all respects with disclosure required for annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Fund for the year ended December 31, 2008.

2. Adoption of Accounting Standards

Effective January 1, 2009, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") revised Handbook Section 3064 – Goodwill and Intangible Assets. This section establishes new standards for the recognition and measurement of intangible assets, but does not affect accounting for goodwill. Adoption of this revised section had no impact on the Fund's financial statements.

Effective January 20, 2009, the Fund adopted the Emerging Issues Committee ("EIC") abstract EIC 173 – Credit Risks and the Fair Value of Financial Assets and Liabilities. This provides further guidance on CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement and concludes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities. Adoption of EIC 173 had no impact on the Fund's financial statements.

3. Disposal of Business Unit

In March 2009, the Fund disposed of its fuel tax reporting and driver log checking operation. This operation was acquired by the Fund in 2005 and generated \$0.2 million of revenues for the year ended December 31, 2008.

Net book value of assets disposed:

| | | |
|--|----|------|
| Property and equipment | \$ | 53 |
| Goodwill | | 289 |
| Other current assets | | 10 |
| Accounts receivable | | 31 |
| Accounts payable and accrued liabilities | | (6) |
| | \$ | 377 |
| <hr/> | | |
| Consideration received: | | |
| Cash | \$ | 100 |
| Note receivable (fair value): | | |
| Current | | 137 |
| Long-term | | 163 |
| | \$ | 400 |
| <hr/> | | |
| Gain on sale of business unit | \$ | (23) |

The note receivable has a face value of \$0.3 million. Future principal payments are conditional on revenues generated and are payable monthly. The current portion of the note receivable is included in accounts receivable.

4. Unitholders' Equity

| | Contributed Surplus | Trust Units | Retained Earnings (Deficit) | Total |
|----------------------------------|------------------------|-------------------|-----------------------------------|-------------------|
| Balance at December 31, 2008 | \$ 834 | \$ 127,185 | \$ 435 | \$ 128,454 |
| Net earnings | — | — | 1,547 | 1,547 |
| Distributions declared | — | — | (6,203) | (6,203) |
| Distribution reinvestment plan | — | 1,531 | — | 1,531 |
| Unit-based compensation | 50 | — | — | 50 |
| Balance at March 31, 2009 | \$ 884 | \$ 128,716 | \$ (4,221) | \$ 125,379 |

CAPITAL MANAGEMENT

The Fund's objectives in managing capital are to ensure sufficient liquidity exists to pursue its strategy of growth, both internally and through accretive acquisitions, and to provide returns to its unitholders.

Management defines capital as unitholders' equity and net debt. Net debt is defined as all interest-bearing debt, including obligations under capital leases, less cash and cash equivalents.

Capital under management

| As at | March 31, 2009 | December 31, 2008 |
|---------------------------|-------------------|----------------------|
| Long-term debt | \$ 83,531 | \$ 83,686 |
| Capital lease obligations | 8,970 | 9,341 |
| Cash and cash equivalents | (27,206) | (28,826) |
| Net debt | 65,295 | 64,201 |
| Unitholders' equity | 125,379 | 128,454 |
| Total capital | \$ 190,674 | \$ 192,655 |

The Board of Trustees approves distributions, annual operating plans and business acquisitions.

The Fund's debt covenants are based on cash flow, leverage and asset cover ratios. If the Fund exceeds these covenant limits the lenders can restrict the Fund from paying distributions. The Fund monitors its compliance with all covenants and the factors affecting their calculation. At March 31, 2009, the Fund was in compliance with all of its covenants. The Fund's lenders have a security interest in all of the assets of the Fund.

The Fund's distribution reinvestment plan ("DRIP") provides capital for future business development. This plan allows existing unitholders to automatically reinvest their distributions into new units. The new units are issued at 95% of the average market price for the preceding ten trading days. The fund issued 318,152 new units in the three month period ended March 31, 2009.

On March 12, 2009, the Fund's Board of Trustees decided to temporarily suspend unitholders' distributions. The Fund's trustees also recommended to unitholders that, due to the uncertainty concerning the economy, the Fund's indenture be amended to adjust the frequency of distribution declarations to a quarterly basis, rather than a monthly basis. Unitholders will vote on whether or not to accept the Trustees' recommendation at the special and annual general meeting on April 30, 2009.

5. Financial Instruments

a) FAIR VALUES

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of these instruments. The fair value of foreign exchange contracts is disclosed in note 5 (b).

Long-term debt with a carrying value of \$83.5 million (December 31, 2008 – \$83.7 million) has a fair value of \$87.3 million at March 31, 2009 (December 31, 2008 – \$88.1 million). At March 31, 2009, the fair value of capital lease obligations was \$8.8 million (December 31, 2008 – \$9.2 million). The fair values are calculated using discounted cash flows at current market rates.

Notes receivable with a carrying value of \$1.8 million (December 31, 2008 – \$1.5 million) have a fair value of \$1.1 million (December 31, 2008 – \$0.8 million) based on the expected future payments discounted at current market rates. The current portion of notes receivable of \$0.4 million (December 31, 2008 – \$0.3 million) is included in accounts receivable on the consolidated balance sheets.

b) DERIVATIVE FINANCIAL INSTRUMENTS

The Fund from time to time enters into foreign exchange contracts to manage its exposure to currency fluctuations. As at March 31, 2009 the Fund had the following contracts in place to sell US dollars in order to hedge foreign exchange risk on US dollar-denominated net assets:

| Maturity dates | Monthly amount | CAD \$ Settlement rates |
|-----------------------|-----------------------|--------------------------------|
| April to July 2009 | US \$4 million | \$1.0000–\$1.0935 |
| Aug. to Oct. 2009 | US \$4 million | \$1.0200–\$1.1095 |
| Nov. and Dec. 2009 | US \$4 million | \$1.0500–\$1.1529 |

As at March 31, 2009, the fair value of these contracts was recorded as a liability of \$4.4 million (December 31, 2008 – liability of \$4.9 million) and included in accounts payable and accrued liabilities on the consolidated balance sheets. The fair value of the contracts was provided by the counterparty on an open market basis.

c) RISK MANAGEMENT

The Fund has exposure to the following risks from its use of financial instruments:

i) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to meet their payment obligations and is primarily attributable to accounts receivable and notes receivable. The Fund manages its credit risk by having a diverse range of customers, monitoring the aging of its accounts receivable and through credit checks that are carried out on new customers. General provisions for doubtful accounts are made based on past bad debt experience.

Specific provisions are made against trade receivables for any customer that is known to be in poor financial condition. The decrease in provision, both specific and general, for the first quarter of 2009 was \$0.4 million (2008 – charge of \$0.3 million).

The movement in the provision for doubtful accounts was as follows:

| | |
|---------------------------------------|-----------------|
| Provision at December 31, 2008 | \$ 2,321 |
| Accounts written off | (268) |
| Decrease in provision | (383) |
| Provision as at March 31, 2009 | \$ 1,670 |

The Fund has specifically provided for \$0.9 million of accounts receivable that were considered to be impaired as at March 31, 2009 (December 31, 2008 – \$1.3 million). Management considers the financial health of the customer as well as the aging of the account when considering whether an account is impaired. At March 31, 2009, approximately \$7.6 million (December 31, 2008 – \$14.6 million) of receivables were overdue but were not considered impaired.

As at March 31, 2009 the Fund had a provision for doubtful accounts of \$1.7 million (December 31, 2008 – \$2.3 million) netted against accounts receivable. In addition, a provision of \$0.7 million has been netted against notes receivable as at March 31, 2009 and December 31, 2008. Bad debt expenses or recoveries and provisions are included in selling, general and administration expenses in the consolidated statements of earnings and comprehensive income.

ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 15–20% of the Fund's revenue was billed in US dollars during the first quarter of 2009 (2008, approximately 20–25%) and, accordingly, the Fund is subject to foreign exchange risk. Management manages this risk through foreign exchange contracts, denominating certain of its equipment leases in US dollars and through customer negotiations. The impact of a 1% strengthening/weakening of the Canadian dollar against the US dollar would result in a decrease/increase in net earnings of \$0.1 million as at March 31, 2009, all other things being equal.

The Fund operates in both Canada and the United States. Due to the nature of the operations and inherent system limitations however, it is impracticable to split the results from operations between the two countries.

iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will change with market interest rates. Changes in interest rates affect both interest paid on floating rate debt and interest received on surplus cash and cash equivalents and notes receivable. As at March 31, 2009, approximately 97% of the Fund's long-term debt, including capital lease obligations, had fixed interest rates. A 1% change in the interest rate on the Fund's floating rate instruments would have a nominal impact on net earnings.

iv) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund ensures that it has sufficient cash or credit lines to meet these obligations. The Fund has a demand operating line of \$30 million to meet seasonal fluctuations in working capital requirements, for letters of credit and to fund growth opportunities. At March 31, 2009, the Fund had \$23.4 million (December 31, 2008 – \$30 million) available on its demand operating line of which it had used \$0.9 million for outstanding letters of credit (December 31, 2008 – \$0.9 million).

Under the terms of the long-term debt facility, \$7.4 million of the cash and cash equivalents on hand at March 31, 2009 (December 31, 2008 – \$10.4 million) is restricted and may only be used to repay senior secured notes and to fund growth opportunities.

The Fund has contractual obligations in regard to financial liabilities as follows:

| (in millions) | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Thereafter | Total |
|--|---------|---------|--------|--------|---------|--------|------------|---------|
| Principal and interest payments: | | | | | | | | |
| Senior secured notes payable | \$ 3.9 | \$ 5.1 | \$ 5.1 | \$ 5.1 | \$ 37.0 | \$ 3.3 | \$ 57.9 | \$117.4 |
| Capital leases | 1.8 | 2.1 | 2.0 | 1.7 | 1.3 | 1.1 | 0.5 | 10.5 |
| Operating leases | 8.0 | 7.2 | 2.0 | 0.6 | — | — | — | 17.8 |
| Derivative financial instruments | 45.4 | — | — | — | — | — | — | 45.4 |
| Accounts payable and accrued liabilities | 30.1 | — | — | — | — | — | — | 30.1 |
| Total | \$ 89.2 | \$ 14.4 | \$ 9.1 | \$ 7.4 | \$ 38.3 | \$ 4.4 | \$ 58.4 | \$221.2 |

6. Unit-Based Compensation

| | Units | Weighted Average Exercise Price |
|--|--------------|---------------------------------|
| Unit options outstanding – December 31, 2008 | 2,019 | \$ 12.22 |
| Cancelled | (5) | — |
| Unit options outstanding – March 31, 2009 | 2,014 | \$ 12.22 |
| Unit options exercisable – end of period | 1,829 | \$ 12.14 |

The amount charged to unit-based compensation expense for the three-month period ended March 31, 2009 was \$50,000, (2008 – \$22,000).

7. Cash Flow

Change in non-cash working capital:

Period ended March 31

| | 2009 | 2008 |
|---|----------|------------|
| Decrease (increase) in accounts receivable | \$ 7,022 | \$ (5,047) |
| Increase in other current assets | (290) | (1,697) |
| Increase (decrease) in accounts payable and accrued liabilities | 449 | (1,279) |
| Decrease in income taxes payable | (526) | (852) |
| Net change in non-cash working capital | \$ 6,655 | \$ (8,875) |
| Cash paid in respect of: | | |
| Interest | \$ 1,458 | \$ 1,524 |
| Income taxes | 441 | 1,204 |
| Non-cash transactions | | |
| Value of equipment financed through capital leases | — | 635 |

8. Acquisitions

Due to the achievement of certain performance objectives, additional consideration of \$3 million was paid, out of restricted cash and cash equivalents, in January, 2009 to the former owners of Tripar Transportation Inc. ("Tripar"), a company acquired by the Fund in 2006. This additional consideration was accrued in the financial statements at December 31, 2008 and was allocated to goodwill.

9. Comparative Figures

Certain comparative figures have been restated to conform to the current year's basis of presentation.

10. Seasonality

Generally, the second quarter is the Fund's strongest period. Volumes from customers in the construction industry typically increase as temperatures warm in the spring, peak in the fall and then decline with the onset of winter weather. Some manufacturing customers close their plants during the summer and many customers either shut down their production facilities or otherwise reduce shipments during the Christmas holiday season. Harsh winter weather conditions hinder traffic and increase operating costs.

11. Future Accounting Changes

a) International Financial Reporting Standards ("IFRS")

In February 2008 the Accounting Standards Board ("AcSB") announced that publicly-listed companies would, for fiscal years beginning on or after January 1, 2011, be required to report their results under IFRS. The Fund is in the process of assessing the impact of the implementation of IFRS on its financial statements, accounting policies and information systems. IFRS allows for different accounting treatments on first implementing IFRS and the Fund is evaluating these options at present.

b) Consolidated Financial Statements

The AcSB issued a revised Section 1601 – Consolidated Financial Statements. This revised section is applicable to accounting periods beginning on or after January 1, 2011. This section establishes standards for the preparation of consolidated financial statements. Management does not expect that the adoption of this revised section will have a material impact on the Fund's financial statements.

c) Non-Controlling Interests

The AcSB issued a revised Section 1602 – Non-controlling Interests. This revised section is applicable to accounting periods beginning on or after January 1, 2011. This section establishes standards for accounting for a non-controlling interest in a subsidiary within consolidated financial statements subsequent to a business combination. There are currently no non-controlling interests, nor are there any expected, in the Fund's subsidiaries. Accordingly, management does not expect that the adoption of this revised section will have a material impact on the Fund's financial statements.

d) Business Combinations

The AcSB issued a revised Section 1582 – Business Combinations. This revised section is applicable to accounting periods beginning on or after January 1, 2011. The objective of this section is to improve the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects. The adoption of this revised section could have a material impact on the accounting for business acquisitions that occur after January 1, 2011.

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