

NEWS RELEASE

CONTRANS INCOME FUND ANNOUNCES FIRST QUARTER RESULTS

(Woodstock, Ontario - May 10, 2007) (TSX. Symbol CSS.UN)

	Canadian dollars	
(in millions except per unit amounts)	2007	2006
Revenue - transportation services ⁽²⁾	\$ 106.4	\$ 94.6
Revenue - fuel surcharges ⁽¹⁾⁽²⁾	13.0	12.9
Revenue - total	119.4	107.5
Operating expenses - net of fuel surcharges	82.7	73.6
Selling, general and administration expenses	10.3	9.5
Earnings before amortization, interest, gain on sale of land and income taxes (EBITDA) ⁽²⁾	13.4	11.5
Amortization of property and equipment	3.3	3.1
Amortization of intangible assets	1.0	0.5
Net interest expense	1.3	0.4
Earnings before gain on sale of land and income taxes	7.8	7.5
Gain on sale of land	-	2.9
Earnings before taxes	7.8	10.4
Income taxes	(0.3)	0.7
Net earnings and comprehensive income	\$ 8.1	\$ 9.7
Earnings per unit – basic and diluted		
Excluding gain on sale of land	\$ 0.28	\$ 0.25
Including gain on sale of land	\$ 0.28	\$ 0.34
Distributable cash earned ⁽²⁾ per unit - basic and diluted		
Excluding proceeds from sale of land	\$ 0.39	\$ 0.35
Proceeds from sale of land	-	0.13
Distributable cash earned	0.39	0.48
Distributions declared	0.31	0.31
Distributable cash earned per unit in excess of distributions declared per unit	\$ 0.08	\$ 0.17

⁽¹⁾ 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.

⁽²⁾ Revenue – transportation services, revenue – fuel surcharges, EBITDA and, distributable cash earned are not measures recognized by Canadian generally accepted accounting principles (“GAAP”), do not have standardized meanings prescribed by GAAP and are therefore unlikely to be comparable to similarly named measures presented by other issuers. However, management believes that they are important and useful measures in evaluating the performance of the Fund. Reasons for using these non-GAAP measures are outlined under “Use of Non-GAAP Financial Measures” in the Fund’s 2006 Annual Report.

“We entered 2007 as the pre-eminent freight transportation company in Canada,” stated Chairman and Chief Executive Officer, Stan Dunford. “Our focus has never wavered from providing our customers with premium service. This level of service often gives our customers an advantage over their competitors and makes us an integral part of their supply chain. Our drivers and owner-operators have the best equipment on the road and they operate it in a safe, courteous manner. Management continues to find innovative ways to enhance revenue quality and improve equipment utilization. Since the early 1990’s, we have consistently attained good profit margins while growing slowly but surely. In contrast with the recent rapid growth of some of our competitors, we feel that our strategy for growth better serves the long-term interests of unitholders.”

“We are very pleased with our first quarter,” added Mr. Dunford. “In spite of reduced manufacturing and construction activity, we still managed to post excellent operating results. These results were in part due to the solid performances of the acquisitions that we made in 2006. In addition, our success was also attributable to the growing diversity of our customer base.”

“Southbound freight out of Central and Eastern Canada continues to be a problem for our entire industry,” Mr. Dunford continued. “While this has reduced the pressure of a driver shortage, it has also resulted in a tougher competitive environment that has affected all carriers. Some will do better than others in these circumstances. We expect that Contrans’ strengths will become increasingly evident the longer these conditions exist.”

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 quarters ended March 31, 2007 and 2006. 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)

Period ended March 31

(in millions except per unit amounts)

	Three Months			
	2007		2006	
Revenue - transportation services	\$ 106.4	100.0 %	\$ 94.6	100.0 %
Revenue - fuel surcharges	13.0		12.9	
Revenue - total	119.4		107.5	
Operating expenses - net of fuel surcharges	82.7	77.7	73.6	77.8
Selling, general and administration expenses	10.3	9.7	9.5	10.0
Earnings before amortization, interest, gain on sale of land and income taxes (EBITDA)	13.4	12.6	11.5	12.2
Amortization of property and equipment	3.3	3.1	3.1	3.3
Amortization of intangible assets	1.0	0.9	0.5	0.5
Net interest expense	1.3	1.2	0.4	0.5
Earnings before gain on sale of land and income taxes	7.8	7.4	7.5	7.9
Gain on sale of land	-	-	2.9	3.1
Earnings before taxes (EBT)	7.8	7.4	10.4	11.0
Income taxes	(0.3)	(0.3)	0.7	0.7
Net earnings	\$ 8.1	7.7 %	\$ 9.7	10.3 %
Earnings per unit – basic and diluted				
Excluding gain on sale of land	\$ 0.28		\$ 0.25	
Including gain on sale of land	\$ 0.28		\$ 0.34	

SUMMARY OF QUARTERLY RESULTS

(unaudited)	<i>First Quarter</i>		<i>Second Quarter</i>		<i>Third Quarter</i>		<i>Fourth Quarter</i>	
(in millions except per unit amounts)	<i>2007</i>	<i>2006</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Revenue – transportation services	\$ 106.4	\$ 94.6	\$ 102.2	\$ 86.1	\$ 99.5	\$ 83.3	\$ 103.6	\$ 90.0
Revenue – fuel surcharges	13.0	12.9	15.4	11.4	14.9	13.4	12.0	9.5
Revenue	\$ 119.4	\$ 107.5	\$ 117.6	\$ 97.5	\$ 114.4	\$ 96.7	\$ 115.6	\$ 99.5
Net earnings from continuing operations	\$ 8.1	\$ 9.7	\$ 10.3	\$ 8.0	\$ 7.9	\$ 7.5	\$ 7.8	\$ 6.3
Earnings (loss) from discontinued operations	-	-	-	1.4	-	(0.7)	-	-
Net earnings	\$ 8.1	\$ 9.7	\$ 10.3	\$ 9.4	\$ 7.9	\$ 6.8	\$ 7.8	\$ 6.3
Earnings (loss) per unit – basic								
Continuing operations	\$ 0.28	\$ 0.34	\$ 0.36	\$ 0.28	\$ 0.28	\$ 0.27	\$ 0.27	\$ 0.23
Discontinued operations	-	-	-	0.05	-	(0.03)	-	-
	\$ 0.28	\$ 0.34	\$ 0.36	\$ 0.33	\$ 0.28	\$ 0.24	\$ 0.27	\$ 0.23
Earnings (loss) per unit – diluted								
Continuing operations	\$ 0.28	\$ 0.34	\$ 0.36	\$ 0.28	\$ 0.28	\$ 0.27	\$ 0.27	\$ 0.22
Discontinued operations	-	-	-	0.05	-	(0.03)	-	-
	\$ 0.28	\$ 0.34	\$ 0.36	\$ 0.33	\$ 0.28	\$ 0.24	\$ 0.27	\$ 0.22

RESULTS FROM OPERATIONS

Acquisitions generated additional revenues from transportation services (“revenue”) of \$20.3 million in the first quarter of 2007 and additional EBT of \$1.9 million. Core operations (operations on hand at the beginning of 2006) continued to be adversely affected by the strong Canadian dollar, slowing economies in Central and Eastern Canada as well as a slowdown in construction. Revenue from core operations fell by \$8.5 million in the first quarter of 2007 compared to the same period in 2006.

Acquisitions added \$1.5 million to selling, general and administration costs during the quarter. This increase was partially offset by a favourable swing in foreign exchange gains and professional fees compared to the same period in 2006.

Amortization of property and equipment as well as amortization of intangibles increased in 2007 primarily due to acquisitions. Long-term debt net of cash was higher in the first quarter of 2007 compared to the first quarter of 2006 due principally to the acquisitions that were made in 2006 and also due to the purchase of property and equipment made in 2006. Net interest expense increased as a result.

The Fund reorganized its operations in the fourth quarter of 2006 so as to eliminate certain future income tax obligations within its structure. This reorganization has reduced the level of taxable income that would otherwise flow through a taxable entity within the Fund and, accordingly, this impact is reflected in the income tax provision.

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 drop off with 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

Cash flow from operating activities (before changes in non-cash working capital balances) amounted to \$11.8 million in 2007 compared to \$11.1 million in the first quarter of 2006. This improvement was primarily due to the increase in net earnings.

Non-cash working capital items have increased in the first quarter of 2007 compared to the first quarter of 2006 due principally to an increase in receivables and other current assets. Receivables increased as first quarter activity increased compared to December volumes. Other current assets increased due to the renewal of licences and insurance premiums.

UNITHOLDER DISTRIBUTIONS
Distributable Cash

(unaudited)

Period ended March 31

(in thousands except per unit amounts)

	Three Months	
	2007	2006
Cash flow from operating activities	\$ 7,221	\$ 6,730
Net change in non-cash working capital	4,578	4,343
Proceeds from sale of property and equipment	1,654	771
Asset retirement obligations - settlements	(22)	(12)
Maintenance capital expenditures	(2,108)	(1,811)
Distributable cash from operating activities before proceeds from sale of land	11,323	10,021
Proceeds from sale of land	-	3,717
Distributable cash earned	11,323	13,738
Distributions declared	8,993	8,880
Surplus of distributable cash earned over distributions declared	\$ 2,330	\$ 4,858
Distributable cash earned per unit from:		
Operating activities	\$ 0.39	\$ 0.35
Proceeds from sale of land	-	0.13
	0.39	0.48
Distributions declared per unit	0.31	0.31
Surplus of distributable cash earned over distributions declared	\$ 0.08	\$ 0.17
Weighted average number of units outstanding	28,739	28,380
Capital expenditures		
Maintenance capital expenditures	\$ 2,108	\$ 1,811
Growth capital expenditures	1,559	4,447
Total capital expenditures	\$ 3,667	\$ 6,258

The amount of distributable cash earned has exceeded distributions to unitholders. Management believes that unitholders appreciate a stable rate of distributions. Since management anticipates higher levels of maintenance capital expenditures in the future it is necessary to retain this surplus and not pay out all distributable cash that is earned. Other potential needs for surplus cash include, but are not necessarily limited to, unit repurchases, debt repayments and acquisitions. See also "Forward-looking Statements".

Due to the slowing economies in Central and Eastern Canada as well as a slowdown in construction, the Fund has disposed of redundant equipment. Proceeds from the sale of property and equipment have increased as a result compared to the same period in 2006.

The Fund has expended \$1.6 million related to growth capital expenditures, principally on trailing equipment, to meet specialized requirements for customers within specific targeted service areas.

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

LIQUIDITY AND CAPITAL RESOURCES

(unaudited)

(in millions)

As at		March 31, 2007		December 31, 2006
(Operating loan) cash and cash equivalents	\$	(3.2)	\$	2.8
Operating line cash available - continuing operations	\$	30.0	\$	30.0
Long-term debt available ⁽¹⁾	\$	16.0	\$	16.0
Current ratio		1.6:1		1.7:1
Total debt (including future tax obligations) to equity ratio		0.9:1		0.9:1

(1) Availability expires November 1, 2007 but may be renewed by lender. Draws on this facility can be made for growth purposes only.

The Fund requires working capital to meet day-to-day operating activities, to fund maintenance capital expenditures and to pay distributions. In 2007, management expects that the Fund's cash flow from operating activities will be sufficient to meet these requirements. Management believes that the Fund's operating line is adequate to meet seasonal fluctuations in working capital requirements. The trustees of the Fund assess the level of distribution each month based on the Fund's actual and expected performance as well as on the expected capital requirements to maintain its fleet over the longer term. The long-term debt facility is available to fund growth opportunities.

Economic and industry conditions that were affecting the Fund in 2006 have remained largely unchanged.

PROPERTY AND EQUIPMENT

(unaudited)

As at March 31, 2007

	Owned	Leased	Owner-operated	Total
Tractors	307	429	793	1,529
Trailers	1,736	547	94	2,377
Major office and terminal locations	16	4	-	20

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.

CONTRACTUAL OBLIGATIONS

In 2007, there has not been any material change in the Fund's contractual obligations outside the ordinary course of business.

OUTSTANDING UNITS

(unaudited)

As at April 30, 2007

(in thousands)

Subordinate voting trust units	22,592
Class A LP units	4,810
Class B LP units	1,468
Total	28,870

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 2006 annual report contains a discussion of critical accounting estimates on page 9 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, changes in financial condition or results of operations.

NEW ACCOUNTING PRONOUNCEMENTS

The Fund has adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income; CICA Handbook Section 3251, Equity; CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement; CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation; and CICA Handbook Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

The adoption of CICA Handbook Sections 3855, has reduced both other current assets and long-term loans by \$0.6 million at March 31, 2007 and has resulted in a nominal amount being reclassified from selling, general and administration expenses to interest expense for the quarter ended March 31, 2007. Financing fees and related transaction costs are offset against long-term debt and charged against income using the effective interest method over the life of the long-term debt.

FINANCIAL INSTRUMENTS

The Fund from time to time enters into foreign exchange contracts to manage its net exposure to currency fluctuations against the US dollar. As at March 31, 2007, the Fund had contracts with an aggregate value of CAD \$3.5 million to sell US funds through July 2007. The contracts expire on a monthly basis over the period and require the Fund to sell US dollars for CAD dollars at rates between \$1.1340 and \$1.1643. As at March 31, 2007, the fair value of these contracts was a nominal amount.

BUSINESS RISKS

Management's discussion and analysis in the Fund's 2006 annual report contains a discussion of business risks on pages 10 and 11. Those risks remain in effect as at March 31, 2007.

TRANSACTIONS WITH RELATED PARTIES

In the first quarter of 2007, \$1.4 million was paid by the Fund 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. in 2007 for consideration of \$0.1 million. 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.

EBITDA, distributable cash, maintenance capital expenditures and 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.

May 10, 2007

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME*(in thousands except for per unit amounts)**(unaudited)*

For the period ended March 31

	Three Months	
	2007	2006
Revenue	\$ 119,403	\$ 107,495
Operating expenses	95,652	86,518
Selling, general and administration expenses	10,310	9,460
Amortization of property and equipment	3,335	3,103
Amortization of intangible assets	1,037	466
	9,069	7,948
Net interest expense (income) - long-term	1,257	651
- short-term	(9)	(291)
Earnings before Income Taxes and Gain on Sale of Land	7,821	7,588
Gain on sale of land (Note 9)	-	2,867
Earnings before Income Taxes	7,821	10,455
Income taxes	(244)	716
Net Earnings and Comprehensive Income	\$ 8,065	\$ 9,739
Earnings per unit – basic and diluted	\$ 0.28	\$ 0.34
Weighted average number of units outstanding – basic	28,739	28,380
- diluted	28,739	28,565

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS*(in thousands)**(unaudited)*

For the period ended March 31

	Three Months	
	2007	2006
Retained Earnings –Beginning of Period	\$ 18,975	\$ 19,629
Net earnings	8,065	9,739
Premium paid on units repurchased	(48)	(176)
Distributions declared	(8,993)	(8,880)
Retained Earnings –End of Period	\$ 17,999	\$ 20,312

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(in thousands)

As at	March 31 December 31	
	2007	2006
Assets	<i>(unaudited)</i>	<i>(audited)</i>
Current Assets		
Cash and cash equivalents	\$ -	\$ 2,844
Accounts receivable	58,785	55,615
Income taxes recoverable	395	-
Other current assets	7,025	6,389
	66,205	64,848
Property and Equipment	112,890	112,747
Goodwill	58,681	56,987
Intangible Assets	25,759	26,314
	\$ 263,535	\$ 260,896
Liabilities		
Current Liabilities		
Operating loan	\$ 3,150	\$ -
Accounts payable and accrued liabilities	35,522	35,138
Distributions payable	3,003	3,102
Income taxes payable	-	87
Current portion of long-term debt	367	420
	42,042	38,747
Long-term Debt	74,238	74,914
Asset Retirement Obligations	1,072	1,029
Future Income Taxes	8,287	8,763
	125,639	123,453
Unitholders' Equity (Note 4)		
Contributed surplus	700	663
Trust units	119,197	117,805
Retained earnings	17,999	18,975
	137,896	137,443
	\$ 263,535	\$ 260,896

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 period ended March 31

	Three Months	
	2007	2006
Cash Provided by (Used in)		
Operating Activities		
Net earnings	\$ 8,065	\$ 9,739
Items not affecting cash:		
Unit-based compensation cost (Note 6)	37	192
Unrealized foreign exchange loss	19	-
Long term debt accretion	35	-
Asset retirement obligations - accretion	13	11
Amortization of property and equipment	3,335	3,103
Amortization of intangible assets	1,037	466
Future income taxes	(476)	560
Gain on sale of land (Note 9)	-	(2,867)
Gain on sale of equipment	(266)	(131)
	11,799	11,073
Change in non-cash working capital (Note 7)	(4,578)	(4,343)
	7,221	6,730
Investing Activities		
Expended on acquisitions (Note 3)	(3,256)	(5,173)
Asset retirement obligations - settlements	(22)	(12)
Sale of land	-	3,717
Sale of equipment	1,654	771
Purchase of property and equipment	(3,667)	(6,258)
	(5,291)	(6,955)
Financing Activities		
Distributions paid - regular	(9,092)	(8,861)
- special	-	(6,501)
Proceeds from long-term debt	15	114
Repayment of long-term debt	(191)	(29)
Repurchase of units	(91)	(296)
Issuance of units	1,435	2,309
	(7,924)	(13,264)
Decrease in Cash and Cash Equivalents	(5,994)	(13,489)
Cash and Cash Equivalents –Beginning of Period	2,844	46,259
Cash and Cash Equivalents (Operating Loan) -End of Period	\$ (3,150)	\$ 32,770

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended March 31, 2007 and 2006

(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, 2006 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, 2006.

2. CHANGES IN ACCOUNTING POLICIES

The Fund has adopted the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1530, Comprehensive Income; CICA Handbook Section 3251, Equity; CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement; CICA Handbook Section 3861, Financial Instruments – Disclosure; and Presentation and CICA Handbook Section 3865, Hedges. These new Handbook Sections, which apply to fiscal years beginning on or after October 1, 2006, provide comprehensive requirements for the recognition and measurement of financial instruments, as well as standards on when and how hedge accounting may be applied.

Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated balance sheet and are measured either at fair market value, with the exception of loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held for trading financial investments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in other comprehensive income until the assets are removed from the balance sheet.

The standards also require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized in earnings unless specific hedge criteria are met, which requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

The adoption of these standards by the Fund has reduced both prepaid expenses and long term loans by \$0.6 million at March 31, 2007 and has resulted in a nominal amount being reclassified from selling, general and administration expenses to interest expense for the period ended March 31, 2007. Financing fees and related transaction costs are offset against long-term debt and charged against income using the effected interest method over the life of the long-term debt.

3. ACQUISITIONS

Period ended March 31, 2007	Marco	ECL	Total
Accounts receivable	\$ 706	\$ -	\$ 706
Other current assets	8	-	8
Property and equipment	1,147	-	1,147
Intangible assets		-	
Customer relationships	200	-	200
Non-competition agreements	282	-	282
Goodwill	-	1,694	1,694
Fair value of assets acquired	2,343	1,694	4,037
Accounts payable & accrued liabilities	781	-	781
Fair value of liabilities assumed	781	-	781
	\$ 1,562	\$ 1,694	\$ 3,256
Consideration			
Cash	\$ 1,562	\$ 1,694	\$ 3,256

Entity acquired	Date	% Shares Acquired	Province	Service Area
Marco Transport Inc. ("Marco")	1-Mar-07	100%	Quebec	Dump

This acquisition has been accounted for using the purchase method. The results of operations from the acquisition date have been included in these consolidated financial statements. The purchase price and fair value allocation are subject to final adjustments.

Due to the achievement of certain performance objectives, the Fund paid additional consideration to the former owner of Elgin Cartage Limited ("ECL"), a company acquired by the Fund in 2004.

4. UNITHOLDERS EQUITY

	Contributed Surplus	Trust Units	Retained Earnings	Total
Balance - Beginning of Period	\$ 663	\$ 117,805	\$ 18,975	\$ 137,443
Net earnings for the period	-	-	8,065	8,065
Distributions declared	-	-	(8,993)	(8,993)
Unit-based compensation	37	-	-	37
Issuance of units	-	1,435	-	1,435
Repurchase of units	-	(43)	(48)	(91)
Balance - End of Period	\$ 700	\$ 119,197	\$ 17,999	\$ 137,896

5. FINANCIAL INSTRUMENTS

The Fund from time to time enters into foreign exchange contracts to manage its net exposure to currency fluctuations against the US dollar. As at March 31, 2007, the Fund had contracts with an aggregate value of US \$ 3.5 million to sell US funds through July 2007. The contracts expire on a monthly basis evenly over the period and require the Fund to sell US dollars for CAD dollars at rates between \$1.1340 and \$1.1643. As at March 31, 2007, the fair value of these contracts was a nominal amount.

6. UNIT-BASED COMPENSATION

Period ended March 31, 2007	Three Months	
	Units	Weighted Average Exercise Price
Unit options outstanding, beginning of period	2,179	\$ 12.21
Granted	-	-
Exercised	-	-
Unit options outstanding, end of period	2,179	\$ 12.21
Unit options exercisable, end of period	1,241	\$ 12.02
Amount charged to compensation expense		\$ 37

7. CASH FLOW

Change in non-cash working capital:

Period ended March 31	Three Months	
	2007	2006
Increase in accounts receivable	\$ (2,464)	\$ (1,769)
Increase in other current assets	(1,235)	(1,825)
Decrease in accounts payable and accrued liabilities	(397)	(17)
Change in income taxes	(482)	(732)
Net change in non-cash working capital	\$ (4,578)	\$ (4,343)
Cash paid in respect of:		
Interest	\$ 1,211	\$ 346
Income taxes	714	888

8. SEASONALITY

The Fund is subject to seasonal influences. Freight transportation volumes have historically peaked in the second and third quarters of the year. Freight shipments in the first and fourth quarters are affected by winter weather conditions and plant closings during the Christmas holiday season.

9. SALE OF LAND

During the first quarter of 2006, the Fund sold a vacant parcel of surplus land that was in excess of operating requirements for proceeds of \$3.7 million. This transaction resulted in a gain of \$2.9 million before an income tax charge of \$0.4 million.

10. COMPARATIVE FIGURES

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

For further information please contact:

Stan G. Dunford, Chairman and Chief Executive Officer, or
Gregory W. Rumble, President and Chief Operating Officer

Phone: 519-421-4600 • E-mail: info@contrans.ca • Web site: www.contrans.ca