

NEWS RELEASE

CONTRANS INCOME FUND ANNOUNCES SECOND QUARTER RESULTS

(Woodstock, Ontario – August 8, 2007) (TSX. Symbol CSS.UN)

Canadian dollars

<i>(in millions except per unit amounts)</i>	Three Months		Six Months	
	2007	2006	2007	2006
Revenue - transportation services ⁽²⁾	\$ 111.2	\$ 102.2	\$ 217.6	\$ 196.8
Revenue - fuel surcharges ⁽¹⁾⁽²⁾	14.6	15.4	27.6	28.3
Revenue - total	125.8	117.6	245.2	225.1
Operating expenses - net of fuel surcharges	84.6	78.0	167.4	151.6
Selling, general and administration expenses	12.0	9.0	22.3	18.5
Earnings before amortization, interest, gain on sale of land and income taxes (EBITDA) ⁽²⁾	14.6	15.2	27.9	26.7
Amortization of property and equipment	3.3	3.4	6.6	6.5
Amortization of intangible assets	1.0	0.6	2.0	1.0
Net interest expense	1.3	0.5	2.5	0.9
Earnings before gain on sale of land and income taxes	9.0	10.7	16.8	18.3
Gain on sale of land	-	-	-	2.9
Earnings before income taxes	9.0	10.7	16.8	21.2
Income taxes - Current	0.4	0.1	0.6	0.4
- Future ⁽³⁾	7.1	0.3	6.6	0.8
Net earnings and comprehensive income	\$ 1.5	\$ 10.3	\$ 9.6	\$ 20.0
Earnings per unit – basic and diluted				
Excluding gain on sale of land	\$ 0.05	\$ 0.36	\$ 0.33	\$ 0.61
Including gain on sale of land	\$ 0.05	\$ 0.36	\$ 0.33	\$ 0.70
Distributions declared	\$ 0.31	\$ 0.31	\$ 0.63	\$ 0.63

(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 and EBITDA, 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.

(3) Reflects a \$7.6 million one-time, non-cash charge resulting from enactment of new taxes, on Income Trusts, commencing in 2011.

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 June 30, 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)

Periods ended June 30 (in millions except per unit amounts)	Three Months				Six Months			
	2007		2006		2007		2006	
Revenue - transportation services	\$ 111.2	100.0 %	\$ 102.2	100.0 %	\$ 217.6	100.0 %	\$ 196.8	100.0 %
Revenue - fuel surcharges	14.6		15.4		27.6		28.3	
Revenue - total	125.8		117.6		245.2		225.1	
Operating expenses - net of fuel surcharges	84.6	76.1	78.0	76.3	167.3	76.9	151.6	77.0
Selling, general and administration expenses	12.0	10.8	9.0	8.8	22.3	10.2	18.5	9.4
Earnings before amortization, interest, gain on sale of land and income taxes (EBITDA)	14.6	13.1	15.2	14.9	28.0	12.9	26.7	13.6
Amortization of property and equipment	3.3	3.0	3.4	3.3	6.6	3.0	6.5	3.3
Amortization of intangible assets	1.0	0.9	0.6	0.6	2.0	1.0	1.0	0.5
Net interest expense	1.3	1.2	0.5	0.5	2.6	1.2	0.9	0.5
Earnings before gain on sale of land and income taxes	9.0	8.0	10.7	10.5	16.8	7.7	18.3	9.3
Gain on sale of land	-	-	-	-	-	-	2.9	1.5
Earnings before income taxes (EBT)	9.0	8.0	10.7	10.5	16.8	7.7	21.2	10.8
Income tax provision:								
Current	0.4	0.3	0.1	0.1	0.6	0.3	0.4	0.2
Future ⁽¹⁾	7.1	6.4	0.3	0.3	6.6	3.0	0.8	0.4
	7.5	6.7	0.4	0.4	7.2	3.3	1.2	0.6
Net earnings	\$ 1.5	1.3 %	\$ 10.3	10.1 %	\$ 9.6	4.4 %	\$ 20.0	10.2 %
Earnings per unit - basic and diluted								
Excluding gain on sale of land ⁽²⁾	\$ 0.05		\$ 0.36		\$ 0.33		\$ 0.61	
Including gain on sale of land	\$ 0.05		\$ 0.36		\$ 0.33		\$ 0.70	

(1) Reflects a \$7.6 million charge resulting from the enactment of new taxes on income trusts commencing in 2011.

(2) The \$7.6 million future tax charge has reduced the Fund's 2007 second quarter earnings per unit (basic and diluted) from \$0.31 to \$0.05. For the year-to-date, the impact has reduced earnings per unit (basic and diluted) from \$0.59 to \$0.33.

SUMMARY OF QUARTERLY RESULTS

<i>(unaudited)</i> <i>(in millions except per unit amounts)</i>	<i>First Quarter</i>		<i>Second Quarter</i>		<i>Third Quarter</i>		<i>Fourth Quarter</i>	
	<i>2007</i>	<i>2006</i>	<i>2007</i>	<i>2006</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
Revenue – transportation services	\$ 106.4	\$ 94.6	\$ 111.2	\$ 102.2	\$ 99.5	\$ 83.3	\$ 103.6	\$ 90.0
Revenue – fuel surcharges	13.0	12.9	14.6	15.4	14.9	13.4	12.0	9.5
Revenue - total	\$ 119.4	\$ 107.5	\$ 125.8	\$ 117.6	\$ 114.4	\$ 96.7	\$ 115.6	\$ 99.5
Net earnings from continuing operations	\$ 8.1	\$ 9.7	\$ 1.5	\$ 10.3	\$ 7.9	\$ 7.5	\$ 7.8	\$ 6.3
Earnings (loss) from discontinued operations	-	-	-	-	-	(0.7)	-	-
Net earnings	\$ 8.1	\$ 9.7	\$ 1.5	\$ 10.3	\$ 7.9	\$ 6.8	\$ 7.8	\$ 6.3
Earnings (loss) per unit – basic								
Continuing operations	\$ 0.28	\$ 0.34	\$ 0.05	\$ 0.36	\$ 0.28	\$ 0.27	\$ 0.27	\$ 0.23
Discontinued operations	-	-	-	-	-	(0.03)	-	-
	\$ 0.28	\$ 0.34	\$ 0.05	\$ 0.36	\$ 0.28	\$ 0.24	\$ 0.27	\$ 0.23
Earnings (loss) per unit – diluted								
Continuing operations	\$ 0.28	\$ 0.34	\$ 0.05	\$ 0.36	\$ 0.28	\$ 0.27	\$ 0.27	\$ 0.22
Discontinued operations	-	-	-	-	-	(0.03)	-	-
	\$ 0.28	\$ 0.34	\$ 0.05	\$ 0.36	\$ 0.28	\$ 0.24	\$ 0.27	\$ 0.22

RESULTS FROM OPERATIONS

Acquisitions generated additional revenues from transportation services (“revenue”) of \$16.6 million in the second quarter of 2007 and additional EBT of \$2.0 million (\$36.9 million and \$3.9 million year-to-date respectively) compared to the same period in 2006. Core operations (operations existing 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 activity in both Canada and the US. Increased competition in the marketplace has put pressure on pricing that has also adversely affected revenue. Lower average fuel prices have caused revenue from fuel surcharges to decrease in 2007 compared to 2006. The Fund’s operating expenses, as a percentage of revenue, have remained stable due to the impact of the acquisition of an LTL operation in the fourth quarter of 2006. This LTL operation has lower operating costs and higher selling, general and administration expenses (“SG&A”) compared to the Fund’s logistics and truckload operations.

Acquisitions added \$1.8 million to SG&A expenses during the quarter (\$3.3 million year-to-date). Together with the effects of the Fund’s LTL operation, the Fund recognized a foreign exchange loss of \$1.3 million (2006 – loss of \$0.4 million) during the quarter. Year-to-date foreign exchange losses have amounted to \$1.0 million in 2007 (2006 – loss of \$0.4 million). In addition, second quarter SG&A expenses in 2007 were reduced by a \$0.3 million downward adjustment to the management incentive compensation plan (2006 - \$1.2 million downward adjustment).

Net interest expense increased as a result of long-term debt, net of cash, being higher in 2007 compared to 2006. This increase was largely caused by the acquisitions made in 2006 and was also due to purchases of property and equipment.

On June 5, 2007, UPM, a major customer of the Fund, announced its intention to close down its plant in Eastern Canada at the end of August 2007 for a period of up to one year and possibly indefinitely. The Fund is seeking to replace this anticipated loss of revenue.

On June 22, 2007, federal legislation (the “SIFT Rules”) received royal assent that will cause publicly-traded income trusts and partnerships to be subject to income taxes in the same manner as corporations commencing in 2011. Accordingly, the Fund recognized a one-time, non-cash, future income tax provision of \$7.6 million (\$0.26 per unit) in the second quarter of 2007.

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

Cash flow from operating activities (before changes in non-cash working capital balances) amounted to \$12.7 million in the second quarter of 2007 compared to \$14.6 million in the second quarter of 2006 (\$24.5 million and \$25.7 million year-to-date respectively). This decrease was primarily due to the decrease in pre-tax earnings.

The increase in non-cash working capital is due principally to the increase in receivables arising from increased business activity that is customary with the first half of the year. In addition, certain liabilities relating to past acquisitions were settled during the second quarter. Licence renewals also increased non-cash working capital by \$0.6 million over the first quarter.

Due to reduced shipping volumes, the Fund has continued to dispose 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 continues to replace productive equipment as needed.

PRODUCTIVE CAPACITY

Definition

The Fund's productive capacity is a function of:

- 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 the proportion of shipments made by each mode of providing service to its customers. In addition, capital requirements also vary within the Fund's service offerings. For example, a dry van trailer can cost between \$25,000 and \$40,000 whereas a pneumatic tank trailer can cost in excess of \$150,000.

The Fund considers capital expenditures made to replace currently productive tractors or trailers as expenditures made to maintain current productive capacity ("maintenance capital expenditures"). In general, these expenditures are made on specialized trailers, however, the Fund also incurs capital expenditures designed to add to the Fund's productive capacity to meet the needs of newly acquired customers. ("growth capital expenditures").

History

(unaudited)

For the periods ended June 30 (in millions)	Three Months		Six Months	
	2007	2006	2007	2006
Revenue - Linehaul ⁽¹⁾	\$ 98.2	\$ 99.5	\$ 190.9	\$ 188.3
- Brokerage ⁽²⁾	27.6	18.1	54.3	36.8
Total Revenue	\$ 125.8	\$ 117.6	\$ 245.2	\$ 225.1

Purchase of property and equipment

(unaudited)

For the periods ended June 30 (in millions)	Three Months		Six Months	
	2007	2006	2007	2006
Maintenance - Tractors	\$ 0.1	\$ 0.5	\$ 0.1	\$ 0.8
- Trailers	0.6	1.5	2.6	2.9
- Other ⁽³⁾	0.1	-	0.2	0.1
Total maintenance expenditure	0.8	2.0	2.9	3.8
Growth ⁽⁴⁾ - Tractors	0.1	0.1	0.1	1.1
- Trailers	0.8	2.9	2.2	6.3
- Other ⁽³⁾	0.3	1.3	0.5	1.3
Total growth expenditure	1.3	4.3	2.8	8.8
Purchase of property and equipment	\$ 2.0	\$ 6.3	\$ 5.7	\$ 12.5

⁽¹⁾ Revenue - linehaul refers to revenue generated on company or owner-operated equipment.

⁽²⁾ Revenue - brokerage refers to revenue generated on partner carrier equipment.

⁽³⁾ Other includes real estate, yard improvements and office & shop equipment.

⁽⁴⁾ Growth includes anticipated growth and capital expenditure for new or existing customers, where customer needs exceed current productive capacity.

Productive Capacity Management Strategy

The Fund generally prefers the use of owner-operators over the use of company 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 since they need to make maximum use of their tractors just as the Fund must make maximum use of its trailers. 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 a partner carrier capacity.

Financing Strategy

The Fund is averse to the inherent risk associated with fluctuations in the market for used tractors and in the market for certain types of trailers and, accordingly, prefers to lease these assets. Terms of tractor leases usually co-terminate with engine warranty periods to protect the Fund from costly repairs.

LIQUIDITY AND CAPITAL RESOURCES

(unaudited)
(in millions)

As at		June 30, 2007		December 31, 2006
Cash and cash equivalents	\$	-	\$	2.8
Operating line cash available	\$	25.8	\$	30.0
Long-term debt available ⁽¹⁾	\$	16.0	\$	16.0
Current ratio		1.7:1		1.7:1
Total debt (including future tax obligations) to equity ratio		1.0:1		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.

DEBT FINANCING STRATEGY

The Fund has entered into non-amortizing long-term loan agreements that provide for a single balloon payment at the end of each term. The payment of interest only as well as the fact that debt service costs are fixed provides added stability to the Fund's distributions.

One of the term loans, with a principal balance of \$37.5 million, matures on December 15, 2008. There is a risk that the Fund will not be able to refinance all, or part of, the balloon payments. The Fund is required to maintain certain financial ratios and thresholds. As at June 30, 2007, the Fund was at approximately 80% of the threshold of what management feels is the most stringent financial covenant. These factors pose a risk to the distributions that the Fund can pay to unitholders.

PROPERTY AND EQUIPMENT

(unaudited)
As at June 30, 2007

	Owned	Leased	Owner-operated	Total
Tractors	247	464	788	1,499
Trailers	1,700	542	140	2,382
Major office and terminal locations	16	4	-	20

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

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 July 31, 2007

(in thousands)

Subordinate voting trust units	22,755
Class A LP units	4,810
Class B LP units	1,468
Total	29,033

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 Section 3855, has reduced both other current assets and long-term loans by \$0.5 million at June 30, 2007 and has resulted in a nominal amount being reclassified from selling, general and administration expenses to interest expense for the quarter ended June 30, 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 June 30, 2007, the Fund had contracts with an aggregate value of US \$1.7 million to sell US funds through August 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 \$1.0554 and \$1.1643. As at June 30, 2007, the fair value of these contracts was \$0.1 million.

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 June 30, 2007.

ECONOMIC AND INDUSTRY CONDITIONS

The Canadian manufacturing and export sectors have been adversely affected by the strength of the Canadian dollar. This has had a direct impact on freight volumes in the transportation industry. In addition, legislation with respect to hours of service for truck drivers was introduced in Canada and became effective in 2007. These changes have not had a significant effect on the productivity of the Fund's drivers.

TRANSACTIONS WITH RELATED PARTIES

In the second quarter of 2007, \$1.6 million (\$3.0 million year-to-date) 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 year-to-date. 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, 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.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands except for per unit amounts)

(unaudited)

For the periods ended June 30

	Three Months		Six Months	
	2007	2006	2007	2006
Revenue	\$ 125,850	\$ 117,560	\$ 245,253	\$ 225,055
Operating expenses	99,288	93,370	194,940	179,888
Selling, general and administration expenses	11,999	9,021	22,309	18,481
Amortization of property and equipment	3,299	3,380	6,634	6,483
Amortization of intangible assets	954	565	1,991	1,031
	10,310	11,224	19,379	19,172
Net interest expense (income) - long-term	1,242	675	2,499	1,326
- short-term	60	(169)	51	(460)
Earnings before Gain on Sale of Land and Income Taxes	9,008	10,718	16,829	18,306
Gain on sale of land (Note 10)	-	-	-	2,867
Earnings before Income Taxes	9,008	10,718	16,829	21,173
Income taxes	7,462	424	7,218	1,140
Net Earnings and Comprehensive Income	\$ 1,546	\$ 10,294	\$ 9,611	\$ 20,033
Earnings per unit – basic and diluted	\$ 0.05	\$ 0.36	\$ 0.33	\$ 0.70
Weighted average number of units outstanding – basic	28,899	28,472	28,823	28,426
- diluted	28,899	28,540	28,823	28,553

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands)

(unaudited)

For the periods ended June 30

	Three Months		Six Months	
	2007	2006	2007	2006
Retained Earnings – Beginning of Period	\$ 17,999	\$ 20,312	\$ 18,975	\$ 19,629
Net earnings	1,546	10,294	9,611	20,033
Premium paid on units repurchased	-	(597)	(48)	(773)
Distributions declared	(9,043)	(8,900)	(18,036)	(17,780)
Retained Earnings – End of Period	\$ 10,502	\$ 21,109	\$ 10,502	\$ 21,109

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

(in thousands)

As at

	June 30	December 31
	2007	2006
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Current Assets		
Cash and cash equivalents	\$ -	\$ 2,844
Accounts receivable	59,611	55,615
Income taxes recoverable	114	-
Other current assets	7,683	6,389
	67,408	64,848
Property and Equipment	110,700	112,747
Goodwill	58,681	56,987
Intangible Assets	24,805	26,314
	\$ 261,594	\$ 260,896
Liabilities		
Current Liabilities		
Operating loan	\$ 4,223	\$ -
Accounts payable and accrued liabilities	31,083	35,138
Distributions payable	3,020	3,102
Income taxes payable	-	87
Current portion of long-term debt	474	420
	38,800	38,747
Long-Term Debt	74,117	74,914
Asset Retirement Obligations	1,104	1,029
Future Income Taxes	15,393	8,763
	129,414	123,453
Unitholders' Equity (Note 4)		
Contributed surplus	722	663
Trust units	120,956	117,805
Retained earnings	10,502	18,975
	132,180	137,443
	\$ 261,594	\$ 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 periods ended June 30

	Three Months		Six Months	
	2007	2006	2007	2006
Cash Provided by (Used in)				
Operating Activities				
Net earnings	\$ 1,546	\$ 10,294	\$ 9,611	\$ 20,033
Items not affecting cash:				
Unit-based compensation cost (Note 6)	22	(12)	59	180
Unrealized foreign exchange gain	(99)	-	(80)	-
Long term debt - accretion	29	-	64	-
Asset retirement obligations - accretion	14	12	27	23
Amortization of property and equipment	3,299	3,380	6,634	6,483
Amortization of intangible assets	954	565	1,991	1,031
Future income taxes (Note 8)	7,106	250	6,630	810
Gain on sale of land (Note 10)	-	-	-	(2,867)
Loss (gain) on sale of equipment	(169)	92	(435)	(39)
	12,702	14,581	24,501	25,654
Change in non-cash working capital (Note 7)	(5,543)	(6,267)	(10,121)	(10,610)
	7,159	8,314	14,380	15,044
Investing Activities				
Expended on acquisitions (Note 3)	-	(13,854)	(3,256)	(19,027)
Asset retirement obligations - settlements	(28)	(40)	(50)	(52)
Sale of land	-	-	-	3,717
Sale of equipment	1,121	449	2,775	1,220
Purchase of property and equipment	(2,015)	(6,290)	(5,682)	(12,548)
	(922)	(19,735)	(6,213)	(26,690)
Financing Activities				
Distributions paid - regular	(9,026)	(8,894)	(18,118)	(17,755)
- special	-	-	-	(6,501)
Proceeds from long-term debt	65	11	80	125
Repayment of long-term debt	(108)	(64)	(299)	(93)
Repurchase of units	-	(981)	(91)	(1,277)
Issuance of units	1,759	1,967	3,194	4,276
	(7,310)	(7,961)	(15,234)	(21,225)
Decrease in Cash and Cash Equivalents	(1,073)	(19,382)	(7,067)	(32,871)
Cash and Cash Equivalents (Operating Loan) – Beginning of Period	(3,150)	32,770	2,844	46,259
Cash and Cash Equivalents (Operating Loan) – End of Period	\$ (4,223)	\$ 13,388	\$ (4,223)	\$ 13,388

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the periods ended June 30, 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 \$0.5 million at June 30, 2007 and has resulted in a nominal amount being reclassified from selling, general and administration expenses to interest expense for the period ended June 30, 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.

3. ACQUISITIONS

Period ended June 30, 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 - December 31, 2006	\$ 663	\$ 117,805	\$ 18,975	\$ 137,443
Net earnings for the period	-	-	9,611	9,611
Distributions declared	-	-	(18,036)	(18,036)
Unit-based compensation	59	-	-	59
Issuance of units	-	3,194	-	3,194
Repurchase of units	-	(43)	(48)	(91)
Balance - June 30, 2007	\$ 722	\$ 120,956	\$ 10,502	\$ 132,180

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 June 30, 2007, the Fund had contracts with an aggregate value of US \$ 1.7 million to sell US funds through August 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 \$1.0554 and \$1.1643. As at June 30, 2007, the fair value of these contracts was \$0.1 million (December 31, 2006 – liability of \$0.1 million) which has been included in other current assets on the balance sheet.

6. UNIT-BASED COMPENSATION

	Units	Weighted Average Exercise Price
Unit options outstanding, December 31, 2006	2,179	\$ 12.21
Granted	-	-
Exercised	-	-
Unit options outstanding, June 30, 2007	2,179	\$ 12.21
Unit options exercisable, end of period	1,241	\$ 12.02
Period ended June 30, 2007		
Amount charged to compensation expense - three months		\$ 22
- six months		\$ 59

7. CASH FLOW

Change in non-cash working capital:

Period ended June 30	Three Months		Six Months	
	2007	2006	2007	2006
Increase in accounts receivable	\$ (826)	\$ (4,274)	\$ (3,290)	\$ (6,043)
Increase in other current assets	(559)	(158)	(1,794)	(1,983)
Decrease in accounts payable and accrued liabilities	(4,439)	(2,127)	(4,836)	(2,144)
Change in income taxes	281	292	(201)	(440)
Net change in non-cash working capital	\$ (5,543)	\$ (6,267)	\$ (10,121)	\$ (10,610)
Cash paid (received) in respect of:				
Interest	\$ 1,292	\$ 489	\$ 2,503	\$ 835
Income taxes	102	(80)	816	808

8. INCOME TAXES

On June 22, 2007, legislation (the “SIFT Rules”) relating to the federal income taxation of publicly-listed or traded trusts (such as income trusts and real estate investment trusts) and partnerships received royal assent. The SIFT Rules apply to a publicly-traded trust that is a specified investment flow-through entity (a “SIFT”) which existed before November 1, 2006 (“Existing Trust”) commencing with taxation years ending in 2011.

From 2011, certain distributions attributable to a SIFT will not be deductible in computing the SIFT’s taxable income, and the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. Distributions paid by a SIFT as returns of capital will not be subject to this tax. There may be circumstances where an Existing Trust could lose its transitional relief where its equity capital grows beyond certain dollar limits measured by reference to the Existing Trust’s market capitalization at the close of trading on October 31, 2006.

The Fund is a SIFT as defined in the Legislation. Accordingly, the Fund will be subject to taxes on distributions of certain income earned from investments in its trading partnerships made after 2010. The Fund is also required to recognize future income tax assets and liabilities with respect to the temporary differences between the carrying amount and the tax bases of its assets and liabilities and those of its flow-through entities that are expected to reverse in or after 2011. The impact of this legislation in this period is a future income tax expense of \$7.6 million.

9. 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.

10. 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.

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