

NEWS RELEASE

CONTRANS ANNOUNCES FOURTH QUARTER RESULTS

(Woodstock, Ontario, March 1, 2011)

(TSX:CSS)

Financial Highlights

Periods ended December 31 (\$ millions except per share amounts)	Three Months				Twelve Months			
	2010		2009		2010		2009	
Revenue - as stated	\$ 99.8		\$ 99.2		\$ 396.3		\$ 373.6	
- fuel surcharges ⁽¹⁾	(9.7)		(9.3)		(37.8)		(30.4)	
Revenue - transportation services ⁽¹⁾	90.1	100.0 %	89.9	100.0 %	358.5	100.0 %	343.2	100.0 %
Operating expenses - net of fuel surcharges	69.0	76.6	69.2	77.0	275.7	76.9	266.6	77.7
Selling, general and administration expenses	9.4	10.4	8.1	9.0	35.9	10.0	34.1	9.9
Foreign exchange loss (gain)	0.2	0.2	0.1	0.1	0.1	0.0	(1.2)	(0.3)
Earnings before amortization, interest and income taxes (EBITDA)	11.5	12.8	12.5	13.9	46.8	13.1	43.7	12.7
Amortization of property and equipment	3.5	3.9	3.0	3.3	12.9	3.6	12.0	3.4
Amortization of intangible assets	1.1	1.2	1.0	1.1	4.0	1.1	3.8	1.1
Net interest expense	1.1	1.2	1.4	1.6	5.3	1.5	5.7	1.7
Earnings before income taxes (EBT)	5.8	6.5	7.1	7.9	24.6	6.9	22.2	6.5
Income tax provision (recovery)								
Current	0.8	0.9	(1.0)	(1.2)	6.8	1.9	0.5	0.1
Future	0.4	0.4	(0.4)	(0.4)	0.2	0.1	(1.3)	(0.3)
	1.2	1.3	(1.4)	(1.6)	7.0	2.0	(0.8)	(0.2)
Net earnings and comprehensive income	\$ 4.6	5.2 %	\$ 8.5	9.5 %	\$ 17.6	4.9 %	\$ 23.0	6.7 %
Earnings per share - basic and diluted	\$ 0.14		\$ 0.29		\$ 0.53		\$ 0.77	
Total assets					\$ 344.3		\$ 275.4	
Long-term debt and capital lease obligations					98.5		94.4	
Cash and restricted cash					85.8		37.6	
Dividends declared per share					\$ 0.24		\$ 0.80	

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

"The strong cash position that Contrans enjoyed at the beginning of 2010 was enhanced during the year by continued improvement in operating profits and margins as well as by the \$53 million equity issue raised in June," stated Contrans' Chairman and Chief Executive Officer, Stan Dunford. "We now have a balance sheet that is the envy of our industry. This strength is particularly significant in light of the recent political instability in Africa and the Middle East that is driving oil prices higher and may threaten global economic recovery. It is unusual for a shareholder to be invested in a company that is in a position to benefit from either a deteriorating economy or from continued recovery. In either scenario, Contrans offers great upside potential for its shareholders."

"Contrans entered into the waste collection business in 2010 with the acquisitions of ProWerx Disposal Ltd. and certain contracts and waste collection assets from BFI Canada Inc.'s Edmonton, Alberta operation," added Mr. Dunford. "We have been very pleased with the contributions that these acquisitions have made to Contrans' profitability to date. Waste collection has many attributes that make it a good fit for Contrans. It is a niche business with relatively few competitors, high barriers to entry, a workforce that possesses specialized skills and demand for this service is relatively non-cyclical. These two acquisitions have added to Contrans' diversity and have enhanced the sustainability of the Company's earnings. We are looking to enlarge Contrans' footprint in this industry."

“Recently, after careful analysis of our 2010 results and future opportunities, Contrans’ Board of Directors announced that it intended to increase the quarterly dividend rate by 25% to \$0.10 per share per quarter. In the long term, the Board believes that Contrans’ shareholders will be best served by delivering a significant percentage of the Company’s future earnings by way of dividends.”

“I have never felt more confident in Contrans’ future than I do now,” concluded Mr. Dunford. “The Company’s balance sheet is as strong as it has ever been and the Company is positioned to capitalize on growth opportunities.”

MANAGEMENT’S DISCUSSION AND ANALYSIS

On December 1, 2009, under a plan of arrangement, Contrans Income Fund (“the Fund”) was effectively converted into a corporation, Contrans Group Inc. (“the Company”). This conversion has been recorded using the continuity of interest method of accounting. Accordingly, the consolidated financial statements contained in this annual report, 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 Group Inc. and the Fund for the years ended December 31, 2010 and 2009 as if Contrans Group Inc. had always carried on the business carried on by the Fund. Accordingly, the use of “Contrans” hereafter is intended to be understood as a reference to the business carried on by the Fund and, after December 1, 2009, by Contrans Group Inc. 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 this Management’s Discussion and Analysis of Operations and Financial Condition.

RESULTS FROM OPERATIONS

Revenue

Revenue from transportation (“revenue”) increased in most of Contrans’ operations in 2010 compared to 2009. Improved business conditions resulted in increased shipping activity, most notably in the construction and steel industries. Several new major customers contributed approximately \$14.1 million of revenue in 2010 (Q4 - \$5.6 million). However, revenue from project work undertaken by Contrans’ bulk operation, involving specialized handling of environmentally-sensitive materials, was \$13.0 million lower in 2010 compared to 2009 (Q4 - \$6.7 million lower). In addition, certain lanes in the Company’s van operation were determined to be unprofitable late in 2009 and were rationalized. Revenue from these lanes approximated \$3.4 million in 2009. Fuel surcharge revenue was higher in 2010 compared to 2009 due to higher fuel prices as well as increased shipping activity. Truboy Freight International Inc. (“Truboy”), a flatbed operation, was acquired on January 29, 2010 and contributed \$2.7 million to current year revenue (Q4 - \$0.8 million). Contrans’ acquisitions in the waste collection business contributed \$3.6 million to 2010 revenues. ProWerx Disposal Ltd. (“ProWerx”) was acquired on September 20, 2010 and on October 4, 2010, Contrans acquired certain contracts and waste collection assets from BFI Canada Inc.’s Edmonton, Alberta operation. These latter two acquisitions are expected to contribute approximately \$12 - \$14 million of revenue annually.

Operating expenses

Management reduced Contrans’ company-owned tractor fleet in the first half of 2009 in response to the then prevailing poor economic conditions. Since then, utilization of company-owned tractors has improved resulting in lower operating expenses measured as a percentage of revenue. Operating margins in 2010 have also benefited from a slight easing of pricing pressures. These positive effects have been partially offset by a \$1.1 million increase in accident claim costs in 2010 compared to 2009 (no increase or decrease in Q4).

Selling, general and administration expenses

SG&A expenses have increased in 2010 primarily due to the cancellation of the salary and wage roll-back program and due to the reinstatement of management bonuses. Compensation expense was \$4.0 million higher in 2010 than in 2009 as a result (Q4 - \$1.1 million higher). In 2009, salaries and wages were rolled back and management bonuses were eliminated as part of Company-wide cost savings initiatives in response to the poor business climate at the time. Management continues to monitor staff levels and to scrutinize discretionary spending.

In 2009, Contrans incurred the following SG&A expenses that did not recur in 2010:

- \$0.8 million (\$0.5 million fourth quarter of 2009) that related to Contrans’ conversion to a corporation
- \$0.3 million related to the third quarter write-down in the value of property located in Vermont.
- \$0.8 million (\$0.2 million fourth quarter of 2009) that related to the recognition of increased credit risk associated with a note receivable.

Foreign exchange loss (gain)

Foreign exchange losses in 2010 amounted to \$0.1 million. These losses arose from the revaluation of receivables, cash balances and equipment debt denominated in US dollars during the year. In 2009, a \$1.2 million gain was recorded and consisted primarily of mark-to-market adjustments on foreign exchange contracts. In both 2009 and 2010, approximately 15% to 20% of Contrans' revenues were billed in US dollars thereby exposing Contrans to fluctuating foreign exchange rates. Although Contrans has some natural hedges in the form of US dollar expenses, the majority of Contrans' expenses are incurred in Canadian funds. The Company did not have any foreign exchange contracts outstanding as at December 31, 2010.

Net interest expense

Net interest expense has decreased in 2010 compared to 2009 due to the additional cash on hand resulting from the issue of shares in 2010. There has also been a modest increase in interest rates on the cash and cash equivalents held by Contrans.

Income Tax Provision

The income tax provision has increased significantly due to the conversion to a corporation from an income trust on December 1, 2009.

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 may not 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:

Management believes that EBITDA is a useful supplement to the information contained in Contrans' statements of cash flow as it facilitates a greater depth of analysis. Accordingly, these measures can enhance the evaluation of Contrans' historical and prospective operating performances.

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 alone as the base. In addition, operating expenses are stated after netting fuel surcharges against fuel expenses in the Financial Highlights table. Management believes that this 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 Contrans' 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 Contrans 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 Contrans' Annual Information Form, which is available at www.sedar.com. Although Contrans 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. Contrans is under no obligation (and expressly disclaims any such obligation) to update forward-looking statements if circumstances or management's views or estimates change. Accordingly, readers are cautioned not to place undue reliance on forward-looking statements.

ADDITIONAL INFORMATION

Additional information is available at www.sedar.com.

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(in thousands except for per share amounts)

Years ended December 31	2010	2009
Revenue	\$ 396,277	\$ 373,587
Operating expenses	313,493	297,011
Selling, general and administration expenses	35,884	34,060
Foreign exchange loss (gain)	114	(1,184)
Amortization of property and equipment	12,847	12,045
Amortization of intangible assets	4,012	3,770
	29,927	27,885
Net interest expense (income) - long term	6,011	5,862
- short term	(689)	(179)
Earnings before Income Taxes	24,605	22,202
Income Tax Provision (Recovery) (Note 11):		
Current	6,772	491
Future	190	(1,242)
	6,962	(751)
Net Earnings and Comprehensive Income	\$ 17,643	\$ 22,953
Earnings per share - basic and diluted	\$ 0.53	\$ 0.77
Weighted average number of shares outstanding - basic and diluted	33,339	29,897

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

(in thousands)

Years ended December 31	2010	2009
Retained Earnings (Deficit) – Beginning of Year	\$ (478)	\$ 435
Net earnings	17,643	22,953
Dividends declared	(8,122)	(23,866)
Retained Earnings (Deficit) – End of Year	\$ 9,043	\$ (478)

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS*(in thousands)*

As at December 31	2010	2009
Assets		
Current Assets		
Cash and cash equivalents (Note 4)	\$ 85,760	\$ 30,193
Accounts receivable	48,378	48,909
Income taxes recoverable	-	495
Other current assets	5,446	5,089
	139,584	84,686
Restricted Cash (Note 5)	-	7,375
Note Receivable (Note 6)	-	88
Property and Equipment (Note 7)	117,440	104,381
Intangible Assets (Note 8)	17,167	15,135
Goodwill	70,079	63,764
	\$ 344,270	\$ 275,429
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 31,068	\$ 32,057
Distributions payable	-	4,491
Income taxes payable	6,556	-
Current portion of capital lease obligations (Note 9)	2,049	1,921
Current portion of long-term debt (Note 10)	1,632	339
	41,305	38,808
Capital Lease Obligations (Note 9)	5,552	6,978
Long-term Debt (Note 10)	89,221	85,193
Asset Retirement Obligations	637	720
Future Income Taxes (Note 11)	14,629	14,531
	151,344	146,230
Shareholders' Equity (Note 12)		
Contributed surplus	961	961
Share Capital	182,922	128,716
Retained earnings (deficit)	9,043	(478)
	192,926	129,199
	\$ 344,270	\$ 275,429

*Contingencies and commitments (Notes 13 and 14 (b) (v))**Subsequent Event (Note 19)**The accompanying notes are an integral part of these statements.**Signed on behalf of the Board of Directors*

Stan G. Dunford,
Director

Archie M. Leach , C.A.,
Director

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands)

Years ended December 31	2010	2009
Cash Provided by (Used in):		
Operating Activities		
Net earnings	\$ 17,643	\$ 22,953
Items not affecting cash:		
Change in unrealized gain on foreign exchange	(67)	(5,072)
Share-based compensation expense (Note 12)	-	127
Long-term debt – accretion	80	79
Gain on sale of business units (Note 6)	-	(23)
Fair value adjustment to notes receivable (Note 6)	-	767
Asset retirement obligations - accretion	27	38
Amortization of property and equipment	12,847	12,045
Amortization of intangible assets	4,012	3,770
Future income taxes	190	(1,242)
Gain on sale of equipment	(295)	(248)
	34,437	33,194
Change in non-cash working capital (Note 16)	8,501	5,804
	42,938	38,998
Investing Activities		
Expended on acquisitions (Note 3)	(16,966)	(3,075)
Asset retirement obligations - settlements	(153)	(354)
Proceeds on disposal of business unit (Note 6)	-	100
Proceeds from note receivable (Note 6)	120	84
Proceeds on sale of equipment	2,886	4,444
Purchase of property and equipment	(24,106)	(10,435)
	(38,219)	(9,236)
Financing Activities		
Dividends paid	(12,613)	(22,462)
Proceeds from restricted cash	7,375	3,000
Proceeds from long-term debt	5,716	2,276
Repayment of long-term debt	(1,012)	(509)
Repayment of capital lease obligations	(2,123)	(1,856)
Issuance of shares (Note 12)	53,505	1,531
	50,848	(18,020)
Increase in Cash and Cash Equivalents	55,567	11,742
Cash and Cash Equivalents – Beginning of Year	30,193	18,451
Cash and Cash Equivalents – End of Year (Note 4)	\$ 85,760	\$ 30,193

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2010 and 2009
(tabular amounts in thousands except per share amounts)

1. Organization

Contrans Group Inc. was incorporated on October 15, 2009 under the laws of the province of Ontario. On December 1, 2009, under a plan of arrangement, trust units of its predecessor entity, Contrans Income Fund, and limited partnership units of three controlled limited partnerships (collectively “the Fund”) were exchanged for shares of Contrans Group Inc. The exchange resulted in the conversion of the Fund from an open-ended income trust to a corporation and was recorded using the continuity of interest method of accounting. Accordingly, the consolidated financial statements, which have been prepared in accordance with GAAP and reported in Canadian dollars, detail the performance and financial position of Contrans Group Inc. and the Fund for the years ended December 31, 2010 and 2009 as if Contrans Group Inc. had always carried on the business formerly carried on by the Fund. The use of “Contrans” herein refers to both Contrans Group Inc. and the Fund. References made to distributions declared, distributions payable, distributions paid and distribution reinvestment plan reflect business of the Fund prior to the plan of arrangement.

Contrans is based in Canada and operates in a single reportable industry segment, freight transportation.

2. Significant Accounting Policies

These financial statements are prepared in accordance with accounting principles generally accepted in Canada. Significant accounting policies are as follows:

PRINCIPLES OF CONSOLIDATION

The purchase method of accounting for business combinations has been used and the accounts of all subsidiaries have been consolidated with those of Contrans. Intercompany balances and transactions have been eliminated upon consolidation.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES

CICA Handbook Section 3855 establishes standards for recognizing and measuring financial assets and financial liabilities. It requires that financial assets and liabilities be recognized on the balance sheet when Contrans becomes a party to the contractual provisions of a financial instrument. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, loans and receivables, held to maturity, available for sale or financial liabilities. Management determines the classification of financial assets and liabilities at initial recognition.

Contrans designated its cash and cash equivalents, restricted cash and derivative financial instruments, which have not been designated in a hedging relationship, as held for trading, with gains and losses arising from changes in fair value of these instruments recorded in the consolidated statement of earnings and comprehensive income.

Accounts receivable and note receivable are classified as loans and receivables which are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities, distribution payable, long-term debt and capital lease obligations are classified as other liabilities, which are also measured at amortized cost using the effective interest method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and short-term interest-bearing securities with maturities at purchase date of one year or less, with the majority being cashable at face value after 30 days from the purchase date.

PROPERTY AND EQUIPMENT

Property and equipment are valued at acquisition cost less accumulated amortization. Amortization is provided over the estimated service lives of the assets as follows:

- Buildings** – Straight-line over 15 to 40 years
- Rolling Stock** – Tractors – Highway tractors 25% declining balance, Waste trucks 8 year straight line
 - Trailers – Straight-line over 10 to 25 years
 - Bins – Straight-line over 10 years
- Service Vehicles and Other Equipment** – 20% to 30% declining balance

Management periodically reviews the estimated service lives of these assets and adjusts future amortization accordingly.

GOODWILL AND INTANGIBLE ASSETS

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, net of liabilities assumed, based on fair values. Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Management periodically reviews the estimated lives of intangible assets and adjusts amortization accordingly. Intangible assets, with finite lives, are amortized on a straight-line basis over a period of up to ten years.

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, including property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell and would no longer be amortized. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

ASSET RETIREMENT OBLIGATIONS

Contrans recognizes the fair value of a future asset retirement obligation as a liability in the period in which it enters into operating leases. The fair value of the asset retirement obligation is determined using the discounted expected cash flow approach and, accordingly, the change in the obligation due to the passage of time is recognized in income as an operating expense. Any change in the obligation due to changes in estimated cash flow is recognized as an adjustment to the carrying amount of the obligation. Contrans concurrently recognizes a corresponding change in the carrying amount of the related long-lived asset. This asset is amortized over the term of the operating lease agreement.

REVENUE RECOGNITION

Revenue is recognized upon delivery of goods to customers.

INCOME TAXES

The liability method is used to account for future income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated income tax consequences attributable to differences between financial statement carrying amounts of assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effects of changes in income tax rates are reflected in future income tax assets and liabilities in the period that the rate changes are substantively enacted.

FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet dates and non-monetary items are translated at rates of exchange in effect when the assets are acquired or obligations incurred. Revenues and expenses denominated in foreign currencies are translated at monthly average rates of exchange during the year. Foreign exchange gains and losses are included in earnings and comprehensive income.

SHARE-BASED COMPENSATION

Share based compensation plans that will be settled in cash are accounted for as liabilities based on the intrinsic value of the awards that have been granted. Compensation expense is accrued over the vesting period. Changes in the intrinsic value of the awards, if any, are recognized as compensation expense in the period in which they occur.

EARNINGS PER SHARE

Basic earnings per share are computed by dividing net earnings by the weighted average shares outstanding during the year. Diluted earnings per share are similarly computed except that the weighted average shares outstanding are increased to include additional shares from an assumed exercise of share options, if dilutive. The number of additional shares is calculated by assuming that outstanding share options were exercised and that the proceeds from such exercises were used to acquire shares at average market prices.

MEASUREMENT UNCERTAINTY

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts at the date of, and for the period of, the financial statements. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, note receivable, property and equipment, goodwill, intangible assets, accounts payable and accrued liabilities, future income taxes, asset retirement obligations and purchase price allocations related to acquisitions.

3. Acquisitions

Year ended December 31, 2010	Truboy	ProWerx	BFI	Narum	Total
Accounts receivable	\$ -	\$ 1,611	\$ 497	\$ -	\$ 2,108
Other current assets	-	26	-	-	26
Corporation taxes	-	195	-	-	195
Property and equipment	712	3,630	1,356	-	5,698
Intangible assets					
Customer relationships	160	1,873	3,081	-	5,114
Non-competition agreements	200	730	-	-	930
Goodwill	51	5,458	731	75	6,315
Fair value of assets acquired	1,123	13,523	5,665	75	20,386
Accounts payable and accrued liabilities	5	1,852	302	-	2,159
Capital leases assumed on acquisition	79	-	-	-	79
Debt assumed on acquisition	573	-	-	-	573
Future tax liability	-	691	(82)	-	609
Fair value of liabilities assumed	657	2,543	220	-	3,420
	\$ 466	\$ 10,980	\$ 5,445	\$ 75	\$ 16,966
Consideration					
Cash	\$ 466	\$ 10,980	\$ 5,445	\$ 75	\$ 16,966

⁽¹⁾ The accounting for ProWerx and BFI purchases are preliminary and may change upon final determination of the fair value of the assets acquired and liabilities assumed.

Entity acquired	Date	% Shares Acquired	Province	Service Area
Truboy Freight International Inc. ("Truboy")	29-Jan-10	Assets acquired	Ontario	Flatbed
ProWerx Disposal Ltd. ("ProWerx")	20-Sep-10	100%	Alberta	Waste
BFI Canada Inc. ("BFI")	4-Oct-10	Assets acquired	Alberta	Waste

These acquisitions have been accounted for using the purchase method. The results of operations from the acquisition dates have been included in these consolidated financial statements.

Additional consideration of \$0.5 million is payable to the vendors of Truboy, contingent upon the achievement of certain financial objectives. If earned, the contingent consideration will be payable in three annual instalments and will be recorded as an increase to goodwill.

Due to the achievement of certain performance objectives, additional consideration of \$75,000 was paid in 2010 and also in 2009 to the former owners of Narum Transport Ltd, an operation acquired by Contrans in 2007. This additional consideration was allocated to goodwill. Also due to the achievement of certain performance objectives, additional consideration of \$3 million was paid, in January, 2009, out of restricted cash to the former owners of Tripar Transportation Inc., a company acquired by Contrans in 2006. This additional consideration was accrued and allocated to goodwill in the financial statements at December 31, 2008.

4. Cash and Cash Equivalents

As at December 31	2010	2009
Cash	\$ 9,370	\$ 30,193
Cash equivalents ⁽¹⁾	76,390	-
	\$ 85,760	\$ 30,193

⁽¹⁾ Due to the short term nature of cash equivalents held by the Company, these instruments have been valued at cost plus accrued interest, which together approximates fair value

5. Restricted Cash

Under the terms of Contrans' long-term debt facility, Restricted Cash could only be used to repay senior secured notes or to fund growth opportunities. In 2010, Contrans used the remainder of its Restricted Cash to fund acquisitions.

6. Disposal of Business Unit

	Veritrans		
	March 2009		
Date of disposal			
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
Consideration received:			
Cash			\$ 100
Note receivable (fair value):			
Current			137
Long-term			163
			\$ 400
Gain on sale of business unit			\$ (23)
Notes receivable (fair value)			
	Current	Long-term	Total
As at December 31, 2008	\$ 230	\$ 538	\$ 768
Note received as part consideration for Veritrans	137	163	300
Cash received	(84)	-	(84)
Transfer from long-term to current	75	(75)	-
Fair value adjustment - 2009	(229)	(538)	(767)
As at December 31, 2009	\$ 129	\$ 88	\$ 217
Cash received	(120)	-	(120)
Transfer from long-term to current	88	(88)	-
As at December 31, 2010	\$ 97	\$ -	\$ 97

In March 2009, Contrans disposed of its fuel tax reporting and driver log checking operation (Veritrans). Principal payments on the note receivable taken as part consideration are based on revenues generated and are payable monthly. The note matures in April 2013.

In September 2008, Contrans recognized the disposal of its plant services operation, located in Hamilton Ontario. The fair value adjustment to the notes receivable was made to reflect increased credit risk related to the sale of the plant services operation.

The current portion of the notes receivable is included in accounts receivable.

7. Property and Equipment

2010	Cost	Accumulated amortization	Net
Land	\$ 8,654	\$ -	\$ 8,654
Buildings	28,208	10,828	17,380
Rolling stock and other - owned	138,416	57,438	80,978
Rolling stock - capital leases	13,527	3,099	10,428
	\$ 188,805	\$ 71,365	\$ 117,440

2009	Cost	Accumulated amortization	Net
Land	\$ 8,374	\$ -	\$ 8,374
Buildings	25,960	9,765	16,195
Rolling stock and other - owned	125,211	56,251	68,960
Rolling stock - capital leases	12,727	1,875	10,852
	\$ 172,272	\$ 67,891	\$ 104,381

8. Intangible Assets

2010	Cost	Accumulated amortization	Net
Customer relationships	\$ 27,679	\$ 12,755	\$ 14,924
Non-competition agreements	9,924	7,681	2,243
	\$ 37,603	\$ 20,436	\$ 17,167

2009	Cost	Accumulated amortization	Net
Customer relationships	\$ 22,565	\$ 10,369	\$ 12,196
Non-competition agreements	8,994	6,055	2,939
	\$ 31,559	\$ 16,424	\$ 15,135

9. Capital Lease Obligations

As at December 31	2010	2009
2011 and prior	\$ 2,457	\$ 4,701
2012	2,191	2,037
2013	1,829	1,638
2014	1,581	1,373
2015 and thereafter	500	506
Minimum lease payments	8,558	10,255
Less amount representing interest at rates ranging from 4.8% to 8.4% (2009 - 4.8% to 8.9%)	(957)	(1,356)
Present value of net minimum capital lease payments	7,601	8,899
Less current portion	(2,049)	(1,921)
	\$ 5,552	\$ 6,978

Interest of \$0.5 million (2009 - \$0.5 million) relating to capital lease obligations has been included in interest expense - long-term. Contrans has an unrealized gain on its US dollar-denominated capital lease obligations of \$0.05 million as at December 31, 2010 (2009 – gain of \$0.1 million). Approximately \$0.5 million of the capital lease obligations is denominated in US dollars (2009 - \$0.8 million).

	2010	2009
Senior secured notes payable with fixed interest rates between 5.9% and 6.5% (2009 - 5.9% and 6.5%)	\$ 81,521	\$ 81,443
Equipment financing agreements with fixed interest rates between 5.0% and 6.9% (2009 - 6.5% and 6.9%)	7,200	1,951
Other unsecured loans with varying interest rates and due dates	2,132	2,138
Long-term debt	90,853	85,532
Less current portion	(1,632)	(339)
	\$ 89,221	\$ 85,193

10. Long-term Debt

The senior secured notes payable are stated net of unamortized financing transaction costs of \$0.4 million (2009 - \$0.4 million) and provide for monthly payments of interest only. The principal repayments are due on December 15, 2013 (\$31.9 million) and October 15, 2016 (\$50 million). Liens on rolling stock with a net book value of approximately \$66.5 million (2009 - \$61 million) have been provided as security for the senior secured notes. The lender also holds a second floating charge over receivables and a general security interest in the remaining assets of Contrans. Liens on rolling stock with a net book value of approximately \$8.9 million (2009 - \$2.5 million) have been provided as security for the holders of the equipment financing agreements. Approximately \$1.9 million of the long-term debt is denominated in US dollars (2009 - nil).

Aggregate minimum principal payments required on long-term debt in each of the next five years are as follows:

As at December 31	2010
2011	\$ 1,632
2012	1,500
2013	33,462
2014	1,489
2015	927
Thereafter	52,196
Minimum principal payments	91,206
Less unamortized financing transaction costs	(353)
Long-term debt	\$ 90,853

11. Income Taxes

The following table reconciles the provision for income taxes recorded in the consolidated statement of earnings and comprehensive income with a statutory income tax rate of 30.7% (2009 – 32.5%):

	2010	2009
Earnings before income taxes	\$ 24,605	\$ 22,202
Computed income tax expense at Canadian statutory rate	7,554	7,207
Reduction of taxes due to taxable income allocated to unitholders	-	(6,824)
Change to future Canadian statutory tax rate	-	(1,622)
Reduction of taxes on reorganization	-	(108)
Impact of lower rate on deferred income	(657)	(286)
Impact of permanent differences	(186)	193
US state taxes	-	586
Other	251	103
Income tax provision	\$ 6,962	\$ (751)

The tax effects of temporary differences that give rise to future tax assets and liabilities are presented below:

	2010	2009
Future tax assets		
Deductible reserves	\$ (715)	\$ (567)
Share issue costs and financing fees	(1,066)	(183)
Other	-	(141)
Future tax liabilities		
Property, equipment and intangible assets	11,614	12,195
Impact of off-calendar year end of corporate subsidiary	4,614	3,227
Other	182	-
Net future income tax liability	\$ 14,629	\$ 14,531

Contrans recognizes future income tax liabilities and assets where the recovery or settlement of the carrying amount of the liability or asset would result in a future income tax outflow or income tax reduction.

12. Shareholders' equity

SHARES

AUTHORIZED

An unlimited number of Class A Subordinate Voting Shares and 1,467,724 Class B Multiple Voting Shares.

ISSUED AND FULLY PAID

Shares	Class A Subordinate Voting Shares		Class B Multiple Voting Shares		Total	
	Shares	Amount	Shares	Amount	Shares	Amount
Shares issued, December 1, 2009, in exchange for						
Trust Units	23,799	\$ 121,019	-	\$ -	23,799	\$ 121,019
Class A LP Units	4,671	6,399	-	-	4,671	6,399
Class B LP Units	-	-	1,468	1,298	1,468	1,298
Balance at December 31, 2009	28,470	\$ 127,418	1,468	\$ 1,298	29,938	\$ 128,716
Shares issued June 2, 2010	5,856	54,206	-	-	5,856	54,206
Balance at December 31, 2010	34,326	\$ 181,624	1,468	\$ 1,298	35,794	\$ 182,922

Trust Units	Trust Units		Class A LP Units		Class B LP Units		Total	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Balance at December 31, 2008	23,341	\$ 119,297	4,810	\$ 6,590	1,468	\$ 1,298	29,619	\$ 127,185
Distribution reinvestment plan	319	1,531	-	-	-	-	319	1,531
Exchanges	139	191	(139)	(191)	-	-	-	-
Exchanged for shares	(23,799)	(121,019)	(4,671)	(6,399)	(1,468)	(1,298)	(29,938)	(128,716)
Balance at December 31, 2009	-	\$ -	-	\$ -	-	\$ -	-	\$ -

Voting, Dividend and Exchange Rights and Obligations

The Class A Subordinate Voting Shares are entitled to one vote each. The Class B Multiple Voting Shares are entitled to ten votes each.

Any dividends that are declared are to be paid equally on a pro rata basis between the two classes of shares.

The holders of Class B Multiple Voting Shares are entitled to convert any or all of the Class B Multiple Voting Shares held at any time into Class A Subordinate Voting Shares on the basis of one Multiple Voting Share for each Subordinate Voting Share held upon written notice to the Corporation. The holders of Class B Multiple Voting Shares are obligated to convert all Class B Multiple Voting Shares held into Class A Subordinate Voting Shares on the basis of one Class A Subordinate Voting Share for each Class B Multiple Voting Share held upon the occurrence of certain events or circumstances, including but not limited to:

- (i) if at any time the aggregate number of Class B Multiple Voting Shares outstanding is less than 698,351;
- (ii) in the event that an offer, bid, or similar process, is made to, and accepted by, holders of 90% or more of the aggregate number of Class A Subordinate Voting Shares and Class B Multiple Voting Shares at the time then outstanding;
- (iii) in the event that the holder, or any pledgee of the holder, purports to transfer or assign the Class B Multiple Voting Shares (unless otherwise permitted by the Articles of the Corporation), including any transfer to a pledgee or any person by a pledgee exercising its rights under such pledge;
- (iv) in the event that Contrans' CEO, Stan G. Dunford together with his spouse and any spousal trust of Stan G. Dunford, cease to beneficially own, directly or indirectly, a number of Class A Subordinate Voting Shares and Class B Multiple Voting Shares, which are entitled to vote at least 33% of the aggregate voting rights attached to all Class A Subordinate Voting Shares and Class B Multiple Voting Shares;
- (v) on July 23, 2022.

The Class B Multiple Voting Shares may be transferred by an individual to a spouse or to a spousal trust (as defined in the Income Tax Act (Canada)) but may not otherwise be transferred.

a) Issue of share capital

On June 2, 2010 Contrans issued 5,856,800 Class A Subordinate Voting Shares, for cash, at a price of \$9.60 per share. The total number of Class A Subordinate Voting Shares in issue at December 31, 2010 was 34,326,474. The impact on share capital was as follows:

Gross proceeds	\$ 56,225
Costs of issue	(2,720)
Net cash proceeds	53,505
Future tax benefit on costs of issue	701
Increase in share capital	\$ 54,206

b) Normal course issuer bid

On April 20, 2010, Contrans received regulatory approval to proceed with a normal course issuer bid to purchase certain of its outstanding Class A Subordinate Voting Shares to a maximum of 2,349,446 shares. The bid commenced on April 22, 2010 and expires on April 21, 2011. Class A shares purchased pursuant to the bid will be cancelled. There were no repurchases of shares in the period to December 31, 2010.

SHARE-BASED COMPENSATION

a) Restricted stock units

Contrans' Board of Directors established a restricted share unit ("RSU") plan in 2010 that will provide cash compensation to certain employees based on the Company's future earnings and share price. Each RSU has a value equal to one Class A Subordinate Voting Share. Additional RSU's will be issued to reflect dividends declared and paid to the Company's shareholders over the award period. The award period spans three years from the date of the granting of the award and cash settlement will occur at the end of the award period. If, however, employment is terminated on account of disability or death, cash settlement will occur at that time and the award will be calculated on a pro rata basis. Awards are forfeited when employment is terminated for cause or by resignation.

In 2010, a total of 174,300 RSU's were awarded. A liability of \$288,000 has been accrued for these awards as at December 31, 2010 and has been charged to selling, general and administrative expenses.

b) Stock option plan

Years ended December 31	2009	
	#	Weighted Average Exercise Price
Options outstanding - beginning of year	2,019	\$ 12.22
Terminated	(2,014)	12.22
Cancelled	(5)	11.50
Options outstanding - end of year	-	\$ -

All outstanding options were returned by employees during 2009 and cancelled by Contrans. Vesting was considered to be accelerated in accordance with GAAP resulting in share-based compensation expense of \$127,000 in 2009.

SHAREHOLDERS' EQUITY

	Contributed Surplus	Trust Units	Share Capital	Retained Earnings	Total
Balance at December 31, 2008	\$ 834	\$127,185	\$ -	\$ 435	\$ 128,454
Share-based compensation expense	127	-	-	-	127
Distribution reinvestment plan	-	1,531	-	-	1,531
Conversion to corporation	-	(128,716)	128,716	-	-
Net earnings	-	-	-	22,953	22,953
Distributions declared	-	-	-	(23,866)	(23,866)
Balance at December 31, 2009	\$ 961	\$ -	\$ 128,716	\$ (478)	\$ 129,199
Issue of share capital	-	-	54,206	-	54,206
Net earnings	-	-	-	17,643	17,643
Dividends declared	-	-	-	(8,122)	(8,122)
Balance at December 31, 2010	\$ 961	\$ -	\$ 182,922	\$ 9,043	\$ 192,926

Capital Management

Contrans' 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 shareholders.

Management defines capital as shareholders' equity and net debt. Net debt is defined as all interest-bearing debt less cash and cash equivalents.

Capital under management

As at December 31	2010	2009
Long-term debt	\$ 91,206	\$ 85,532
Capital lease obligations	7,601	8,899
Cash and cash equivalents	(85,760)	(30,193)
Restricted cash	-	(7,375)
Net debt	13,047	56,863
Shareholders' equity	192,926	129,199
Total capital	\$ 205,973	\$ 186,062

The Board of Directors approves dividend payments, annual operating plans and business acquisitions.

Contrans' debt covenants are based on cash flow, leverage and asset coverage ratios. If Contrans breaches any of these covenants, the lenders have remedies including restricting Contrans from paying dividends. Management monitors covenant compliance and the factors affecting their calculation. As at December 31, 2010, Contrans was in compliance with all its covenants.

During 2010, Contrans raised \$53.5 million of cash from the issue of new shares.

13. Contingencies

In the ordinary course of business, Contrans had issued letters of credit amounting to \$2.2 million at December 31, 2010 (2009 - \$2.5 million). These letters of credit expire at various dates from January 2011 to October 2011.

In the ordinary course of business there are claims pending against the Company. In management's assessment these claims are provided for adequately and any variation between the provision and the settlement amounts are not expected to have a significant impact on the Company's financial position or results of operations.

14. 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.

Long-term debt with a carrying value of \$90.9 million (December 31, 2009 - \$85.5 million) has a fair value of \$95.6 million as at December 31, 2010 (December 31, 2009 - \$89.8 million). As at December 31, 2010, the fair value of capital lease obligations was \$7.3 million (2009 - \$8.7 million). The fair values are calculated using discounted cash flows at year-end market rates.

The fair value of the notes receivable is \$0.1 million (2009 - \$0.2 million) based on the expected future payments discounted at year-end market rates.

b) Risk management

Contrans 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 arises primarily from Contrans' accounts and notes receivable. Management controls this risk through a diverse customer base, by monitoring the aging of its accounts receivable and by carrying out credit checks on new customers. General provisions for doubtful accounts are based upon past experience and specific provisions are made against trade receivables for any customer that is known to be in poor financial condition. The bad debt expense for 2010 was \$0.3 million (2009 - \$0.4 million).

There is credit risk related to cash and cash equivalents. This risk is minimized by ensuring that these assets are invested in instruments with highly rated financial institutions and by limiting exposure to any one counterparty.

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

Provision as at December 31, 2009	\$	1,986
Accounts written off		(338)
Movement in general provision		104
Bad debt expense		310
Provision as at December 31, 2010	\$	2,062

Contrans has specifically provided for \$1.3 million of accounts receivable that were considered to be impaired as at December 31, 2010 (2009 - \$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 December 31, 2010, approximately \$14.5 million (2009 - \$15.4 million) of receivables are overdue but are not considered impaired.

A provision for doubtful accounts of \$2.1 million (December 31, 2009 - \$2.0 million) is netted against accounts receivable on the consolidated balance sheets. In 2009, an allowance of \$0.8 million was provided against the \$1.5 million note receivable to reduce the face value of the note receivable to its estimated fair value of \$Nil. Bad debt expenses and provision for notes receivable impairment 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% to 20% (2009 – 15% to 20%) of Contrans' revenue is billed in US dollars and, accordingly, Contrans is subject to foreign exchange risk. Management manages this risk through foreign exchange contracts, denominating certain of its equipment debt 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 December 31, 2010 (2009 - \$0.1 million) all other things being equal.

There are no foreign exchange contracts outstanding at December 31, 2010, (2009 – US\$Nil).

Contrans operates in both Canada and the United States. However, due to the nature of the operations and inherent system limitations, 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, restricted cash and notes receivable. As at December 31, 2010, approximately 98% (2009 – 97%) of Contrans' long-term debt had fixed interest rates. A 1% change in the interest rate on the floating rate debt, cash and cash equivalents and note receivable would impact net earnings by \$0.2 million (2009 – \$0.1 million).

(iv) Liquidity risk

Liquidity risk is the risk that Contrans will not be able to meet its obligations as they fall due. Contrans has systems in place to ensure that it has sufficient cash or credit lines to meet these obligations. Contrans has a demand operating line of up to \$30 million. The amount that can be drawn from this line, however, is limited by a margining formula based on the Company's accounts receivable. As at December 31, 2010, Contrans utilized \$2.2 million of the operating line through the issue of letters of credit (2009 – \$2.5 million) and had an additional \$23.8 million available (2009 - \$21.0 million). The use of the operating line is restricted to funding working capital requirements, issuance of letters of credit and funding growth opportunities.

(v) Contractual obligations

Contrans has contractual obligations, including interest payments, to extinguish financial liabilities and fulfill its commitments as follows:

(\$ millions)	2011	2012	2013	2014	2015	Thereafter	Total
Senior secured notes payable	\$ 5.1	\$ 5.1	\$ 36.9	\$ 3.3	\$ 3.3	\$ 55.0	\$ 108.7
Equipment financing agreements	2.0	1.8	1.8	1.6	0.9	0.1	8.2
Capital leases	2.4	2.2	1.8	1.6	0.5	-	8.5
Operating leases	3.6	2.0	0.9	0.5	-	-	7.0
Accounts payable and accrued liabilities	31.1	-	-	-	-	-	31.1
Equipment purchase commitments	7.9	-	-	-	-	-	7.9
Total	\$ 52.1	\$ 11.1	\$ 41.4	\$ 7.0	\$ 4.7	\$ 55.1	\$ 171.4

15. Related Party Transactions

Contrans had business transactions with and had balances owing to and from companies controlled by the Chairman of Contrans as follows:

As at December 31	2010	2009
Accounts payable	\$ 430	\$ 395
Accounts receivable	8	4
For the years ended December 31	2010	2009
Repairs & maintenance, equipment purchases and leases	\$ 9,933	\$ 6,335
Rental income	195	190

These transactions were carried out in the normal course of business and recorded at exchange amounts, which approximates an arm's length arrangement.

16. Cash flow

Change in non-cash working capital:

	2010	2009
Decrease in accounts receivable	\$ 2,607	\$ 48
Decrease (increase) in other current assets	(331)	1,068
Increase (decrease) in accounts payable and accrued liabilities	(1,021)	4,645
Increase in income taxes payable	7,246	43
Net change in non-cash working capital	\$ 8,501	\$ 5,804
Cash paid (received) in respect of:		
Interest expense	\$ 5,834	\$ 5,862
Interest income	(693)	(179)
Income taxes	(78)	545
Non-cash transactions:		
Value of equipment financed through capital leases	\$ 777	\$ 1,561
Accrued value of equipment acquired late in the year	-	2,128

17. Future Accounting Changes

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")
In February 2008 the Canadian 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. IFRS allows for different accounting treatments on first implementation. Contrans has completed its initial assessment of the possible impacts of implementing IFRS, and the standards which may have the most significant impact on Contrans upon first adoption of IFRS include IAS 16 – Property, Plant and Equipment, IAS 36 – Impairment of Assets, and IFRS 1 – First-time Adoption of International Financial Reporting Standards. The adoption of IFRS will require restatement of Contrans' consolidated financial statements for comparative purposes for its year ended December 31, 2010 and of the opening balance sheet as at January 1, 2010.

18. Subsequent Events

On January 19, 2011, Contrans announced a dividend of \$0.08 per share. As a result, approximately \$2.9 million was paid on February 15, 2011 to shareholders of record as at January 31, 2011.

For further information please contact:

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