



Trimac Income Fund

Report to Unitholders for the period ended
June 30, 2007

August 13, 2007

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Trimac Announces Second Quarter Results

Calgary, Alberta – **August 13, 2007** – **Trimac Income Fund** (TSX Symbol TMA.UN) (the “Fund”) today released the financial results of the Fund and Trimac Transportation Services Limited Partnership (“Trimac” or the “Partnership”) for the second quarter ended June 30, 2007.

Partnership	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
(millions of dollars, except per unit amounts and numbers of units)				
Revenues	84.2	79.4	163.3	160.0
EBITDA ⁽¹⁾	10.5	10.3	18.8	20.1
Net earnings	7.9	4.3	9.4	8.0
The Fund	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Distributable cash per unit ^{(1) (2)}	\$0.3864	\$0.0873	\$0.4355	\$0.4164
Distributions per unit ⁽¹⁾	\$0.2313	\$0.2313	\$0.4626	\$0.4542
Basic and diluted earnings per unit	\$0.1744	\$0.0832	\$0.2256	\$0.1560
Weighted average number of units used in computing basic earnings per unit	12,528,515	12,528,515	12,528,515	12,528,515
Weighted average number of units outstanding used in computing diluted earnings per unit	23,609,506	23,012,751	23,609,506	23,012,751

⁽¹⁾ EBITDA, distributable cash per unit and distributions per unit are not recognized measures under Generally Accepted Accounting Principles (GAAP) and do not have a standardized meaning prescribed by GAAP. Therefore, these amounts may not be comparable to similar measures presented by other issuers. Management considers EBITDA and Distributable cash as key measures that indicate the ability of the Fund to meet its capital and financing commitments.

⁽²⁾ Distributable cash available will fluctuate on a monthly basis due to seasonal cash flows, sustaining capital incurred and income taxes and interest paid. See “Distributable Cash” for additional commentary.

Strong revenue growth in the British Columbia and Prairie Provinces operations, a significant short-term contract, the sale of a non-strategic facility, and a one-time future tax recovery on a corporate reorganization positively influenced results in the quarter. These improved results were reduced by continued volatility in the woodchips operations and general weakness in the central Canadian economy.

Divisional highlights in the second quarter were as follows:

- Western division experienced strong revenue growth in British Columbia and the Prairie Provinces, which grew by 20.3 percent. Partially offsetting this growth was a 22.5 percent decline in woodchip revenue.
- Eastern division experienced a modest decline in revenue that was predominantly a result of business losses resulting from the highly competitive market conditions and lower revenue with existing customers due to general economic weakness in central Canada.
- Bulk Plus Logistics (BPL) experienced strong revenue growth as a result of increased volumes in the freight brokerage business. However, profitability was negatively impacted by decreased transload revenue and a customer contamination claim.
- The Partnership successfully concluded the sale of a non-strategic facility in June 2007 for \$5.9 million (net of disposal costs). A gain on disposal of \$2.9 million was recorded in the quarter.
- The Partnership recorded a one-time future tax recovery of \$1.7 million due to a corporate reorganization during the quarter.
- The Partnership successfully concluded the acquisition of Ken Angeli Trucking Ltd. (KAT) on April 30, 2007 and the purchase of certain assets of Logistics Express, Inc. (Logex) on June 1, 2007. Management is pleased with the results of these acquisitions to-date.

In commenting on the results for the second quarter, Terry Owen, President & CEO of Trimac, said:

“In the quarter, the Partnership recorded improved results in difficult market conditions. The western division achieved solid results, eastern division profitability deteriorated slightly due to difficult economic conditions and BPL’s results were impacted by transload operating challenges. Overall, our strategy of diversification by product, customer, industry and geography enabled us to deliver improvements in revenue, EBITDA, and net income over the same time period in the prior year.

Operationally, our western division benefited from increased seasonal construction activity due to strong economic conditions in western Canada; the acquisition of KAT; and the purchase of certain assets of Logex. Partially offsetting the higher revenue was continued volatility in the division’s woodchip operations. As we have indicated in previous quarters, the forestry industry continues to struggle with the strengthening Canadian dollar and other adverse industry conditions, which has resulted in further mill closures in Ontario and weaker demand for transportation throughout our woodchips operations.

Results in our eastern division were negatively impacted by business losses in the cement, dry bulk, and chemical product lines; general economic weakness in central Canada; and severance costs associated with both business losses and the closure and sale of a non-strategic facility. Our logistics business experienced strong growth in freight management volumes, however, profitability was negatively impacted by decreased transload revenue and costs resulting from a product contamination claim.”

In commenting on the future activities and outlook for the business, Terry Owen noted:

“As management looks ahead to the remainder of 2007, we expect favourable economic activity levels in B.C. and the Prairie Provinces, offset by continued volatility in the woodchip operations. In the eastern division, management believes that a higher Canadian dollar will contribute to a reduced level of manufacturing activity and slower economic growth in central Canada, resulting in a highly competitive operating environment for the remainder of 2007. Management remains confident that our strategy of diversification within the bulk trucking sector will continue to provide the framework for our success in the future.”

Financial Highlights

(millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Revenues				
Western	48.5	44.0	92.6	89.4
Eastern	30.2	30.8	60.1	61.6
Canadian trucking	78.7	74.8	152.7	151.0
Bulk Plus Logistics	5.5	4.6	10.6	9.0
	84.2	79.4	163.3	160.0
Direct costs	61.7	58.0	121.5	118.1
Selling and administrative	12.0	11.1	23.0	21.8
EBITDA ⁽¹⁾	10.5	10.3	18.8	20.1
Depreciation net of gains on disposal of capital assets ⁽²⁾	2.8	5.0	8.5	10.1
Operating earnings	7.7	5.3	10.3	10.0
Interest expense (net)	1.3	1.0	2.5	2.0
Earnings before taxes	6.4	4.3	7.8	8.0
Income tax recovery ⁽³⁾	(1.5)	-	(1.6)	-
Net earnings	7.9	4.3	9.4	8.0
<u>As a percentage of revenue</u>				
Direct costs	73.3%	73.0%	74.4%	73.8%
Selling and administrative	14.3%	14.0%	14.1%	13.6%
EBITDA ⁽¹⁾	12.4%	13.0%	11.5%	12.6%
Depreciation ⁽²⁾	3.3%	6.3%	5.2%	6.3%
Operating earnings	9.1%	6.7%	6.3%	6.3%

(millions of dollars)	As at June 30, 2007	As at December 31, 2006
Total assets	160.5	157.9
Total long-term liabilities	62.0	61.6

(1) EBITDA (earnings before interest, taxes, depreciation and amortization) is not a recognized measure under GAAP, does not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other issuers. Management believes that EBITDA is a useful measure of cash available for distribution before debt service expense, capital expenditures and income taxes and that indicates the ability of the Fund to meet its capital and financing commitments.

(2) Includes a \$2.9 million gain on the disposal of a non-strategic facility.

(3) Includes the reversal of a previously recorded future tax liability resulting from a corporate reorganization.

Distributable Cash

The table below represents the Partnership's distributable cash beginning with net cash provided by operations.

(millions of dollars except unit amounts, certain percentages and numbers of units)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Net cash provided by operations	8.4	3.7	14.4	15.9
Net change in non-cash working capital ⁽¹⁾	0.7	5.5	1.8	2.1
Cash provided by operations	9.1	9.2	16.2	18.0
Less adjustment for:				
net sustaining capital expenditures (net of proceeds) ^{(2) (3)}	5.3	(6.6)	(0.4)	(7.5)
provision for sustaining capital commitments ⁽⁴⁾	(4.7)	-	(4.0)	-
provision for long-term unfunded contractual operational obligations ⁽⁵⁾	-	-	(0.2)	-
Total estimated cash available for distribution (before public expenses)	9.7	2.6	11.6	10.5
Percentage of available cash distributable to unitholders ⁽⁶⁾	53%	54%	53%	54%
Cash available for distribution to unitholders (before public expenses)	5.1	1.4	6.2	5.7
Public expenses ⁽⁷⁾	(0.3)	(0.3)	(0.7)	(0.5)
Distributable cash from operations ^{(2) (8)}	4.8	1.1	5.5	5.2
Distributions declared and payable	2.9	2.9	5.8	5.7
Distributable cash per unit ^{(2) (8)}	0.3864	0.0873	0.4355	0.4164
Distributions declared per unit	0.2313	0.2313	0.4626	0.4542
Payout ratio ^{(2) (8)}	59.9%	264.9%	106.2%	109.1%
Weighted average number of units outstanding	12,528,515	12,528,515	12,528,515	12,528,515
Net capital expenditures				
Sustaining capital expenditures ⁽²⁾	1.5	7.5	7.5	9.4
Proceeds on disposal of capital assets ⁽⁴⁾	(6.8)	(0.9)	(7.1)	(1.9)
Net sustaining capital expenditures ^{(2) (3)}	(5.3)	6.6	0.4	7.5
Growth capital expenditures ^{(2) (9)}	0.6	3.1	1.9	5.3
	(4.7)	9.7	2.3	12.8

- (1) Changes in non-cash operating assets and liabilities are not included in the calculation of distributable cash. Working capital investments are funded through a combination of cash flow not distributed and the use of credit facilities available to the Partnership.
- (2) Distributable cash from operations, sustaining capital expenditures, net sustaining capital expenditures, payout ratio, and growth capital expenditures are not measures recognized by GAAP, do not have standardized meanings prescribed by GAAP and may not be comparable to similarly named measures presented by other issuers. Management believes that they are important and useful measures for readers to evaluate the performance of the Fund.
- (3) Net sustaining capital expenditures refers to capital expenditures, net of proceeds on disposal of assets replaced, which are necessary to sustain current revenue levels. See "Liquidity and Capital Resources - Capital Expenditures".
- (4) Represents a partial reversal of \$0.3 million in the quarter (\$1.0 million year to date) of a cash reserve accrued in the fourth quarter of 2006 for a facility capital expansion that commenced in 2006. In addition, the company has reserved \$5.0 million of proceeds on the disposal of a non-strategic facility in June 2007 to be used to acquire replacement facilities in 2008.
- (5) Represents a provision for cash requirements relating to a long-term incentive plan and an executive pension liability.
- (6) Percentage is equal to units outstanding of 12,528,515 divided by fully diluted units of 23,609,506.
- (7) Represents expenses associated with the Fund's status as a reporting issuer.
- (8) Distributable cash available will fluctuate on a monthly basis due to seasonal cash flows, sustaining capital expenditures incurred, income taxes paid and interest costs on outstanding debt. The distributable cash payout ratio in the second quarter of 2007 was influenced by reduced sustaining capital expenditures as compared to the prior period. The decrease in sustaining capital expenditures is due primarily to the delivery of substantially all of the 2007 sustaining tractor capital purchases during the previous quarter.
- (9) Cash used to fund growth capital expenditures does not affect distributable cash to unitholders where financing is available for these purposes. The Partnership funds growth capital from undistributed cash from operations, cash available from distributions on non-cash exchangeable shares, and, to the extent available, cash and unused lines of credit.

Distributable cash from operations was \$4.8 million in the three month period ended June 30, 2007 (the "current period"), an increase of \$3.7 million over the three month period ended June 30, 2006 (the "prior period"). The increase was due primarily to a decrease in net sustaining capital expenditures. In the six month period ended June 30, 2007 distributable cash from operations was \$5.5 million, an increase of \$0.3 million compared to the same period in 2006. The increase was due primarily to reduced net sustaining capital expenditures, partially offset by decreased net cash provided by operations and increased public expenses.

Distributions in the current period were funded from cash generated from operations. On a year-to-date basis, distributions were paid using cash generated from operations, available cash from distributions on non-cash exchangeable shares, and from borrowing on the credit facilities of the Partnership. Due to the seasonal nature of the Partnership's business and the timing of sustaining capital purchases, the amount of distributable cash may vary from quarter to quarter. Trimac's Board of Directors approves the level of monthly distributions based upon estimated cash flow on an annual basis, less estimated cash amounts required for debt service obligations, sustaining capital expenditures, cash taxes, other expense amounts and reserves (including amounts for capital expenditures and working capital) and to stabilize the monthly amount of distributions to unitholders. Growth capital expenditures are funded from undistributed cash from operations, cash available from distribution on non-cash exchangeable shares, and, to the extent available, cash and unused lines of credit.

Distributable cash from operations is not a defined term under Canadian generally accepted accounting principles (GAAP) but is determined by the Partnership as net cash provided by operations for the period, adjusted to remove specific non-cash items, including changes in non-cash working capital, and reduced by net sustaining capital expenditures, reserves for funding long-term liabilities, reserves (including amount for capital expenditures and working capital), and public costs.

Management believes that distributable cash from operations is a useful supplemental measure of performance as it provides investors with an indication of the amount of cash available for distribution to unitholders. Investors are cautioned, however, that distributable cash from operations should not be construed as an alternative to using net income as a measure of profitability or as an alternative to the statement of cash flows. In addition, the Fund's method of calculating distributable cash from operations may not be comparable to calculations used by other income trusts.

Operating Results

Trimac's total revenue in the current period was \$84.2 million, an increase of \$4.8 million or 6.1 percent from \$79.4 million recorded in the prior period. EBITDA grew to \$10.5 million in the current period as compared to \$10.3 million in the prior period, a gain of \$0.2 million or 1.9 percent. On a year-to-date basis revenue increased by \$3.3 million or 2.1 percent to \$163.3 million compared to \$160.0 million in the prior six month period. EBITDA for the current six month period totalled \$18.8 million, a decrease of \$1.3 million or 6.5 percent over the same period last year.

Bulk Trucking Operations

The western division generated \$48.5 million in revenue in the current period, an increase of \$4.5 million or 10.2 percent from \$44.0 million recorded in the prior period. The division achieved strong revenue growth of approximately 20.3 percent in its British Columbia and Prairie Province operations. Driving this revenue growth was increased cement revenue attributed to higher construction and oil and gas activity; improved weather conditions compared to the prior quarter; increased petroleum revenue due to contracts secured in 2006; the acquisition of KAT on April 30, 2007; and the June 1, 2007 acquisition of certain assets of

Logex. Revenue gains were partially offset by a 22.5 percent reduction in revenues from the division's woodchip operation. The woodchip revenue decline was primarily the result of business losses and the closure of sawmills and pulp mills during the last six months of 2006 and the current year. The division was successful in obtaining customer rate increases that mostly offset annual wage increases provided in the first quarter of 2007. Higher revenues and improved operating costs as a percentage of revenue resulted in a \$1.3 million or 20.0 percent increase in EBITDA in the western division to \$7.8 million in the current period.

On a year-to-date basis, the western division's revenues increased to \$92.6 million from \$89.4 million in 2006, an increase of \$3.2 million or 3.6 percent. Operations in British Columbia and the Prairie Provinces experienced year-over-year growth of 14.0 percent. This revenue growth was reduced by a 29.1 percent decline in the woodchip product line. The division generated EBITDA of \$12.8 million, a slight improvement over the prior year's six-month period as the strong results in the second quarter offset the impact of poor weather on the results in the first quarter of the year.

Second quarter revenue in the eastern division decreased from \$30.8 million in the prior period to \$30.2 million in the current period, a decrease of \$0.6 million or 1.9 percent. A short-term contract that contributed revenue of \$1.6 million in the current period and \$2.1 million of revenue generated from the 4th quarter 2006 acquisition of Jeff Brett Group of Companies (JBE) mostly offset revenue declines due to business losses and lower revenue in existing product lines. EBITDA decreased by \$0.3 million to \$2.6 million in the current period. The decrease was a result of lower revenue; severance costs associated with both business losses and the closure and sale of a non-strategic facility; and downward customer rate pressure due to weak economic conditions.

For the six months ended June 30, 2007, the eastern division's revenues decreased to \$60.1 million, compared to \$61.6 million in 2006, the decrease of \$1.5 million or 2.5 percent was primarily a result of business losses in the cement, dry bulk, plastics, and liquid chemical product lines and a reduction in volumes with existing customers. EBITDA was reduced to \$5.2 million as compared to \$5.4 million in the prior six-month period, a decrease of \$0.2 million or 3.7 percent over the prior year. Lower revenue and downward customer rate pressure due to weak economic conditions in central Canada were the main factors contributing to the decrease in EBITDA. Despite experiencing a decrease in revenue, operations in the Atlantic Provinces experienced increased EBITDA due to an improvement in operating costs as a result of the successful restructuring of the business.

Logistics Operations

BPL's current period revenue was \$5.5 million, an increase of \$0.9 million or 19.6 percent over the prior period. BPL's Canadian freight brokerage revenue gains more than offset reduced transload revenue. Increased freight brokerage revenue was primarily due to a short-term contract that contributed \$1.9 million in the quarter, offset by lower revenue with existing customers. U.S. freight brokerage and third-party logistics management experienced slight reductions in revenue when compared to the prior period. In the current period BPL recorded EBITDA of \$0.6 million, a decrease of \$0.2 million or 25.0 percent. The reduction in EBITDA was primarily due to decreased transload revenue and a product contamination claim.

For the first half of 2007, BPL's revenues were \$10.6 million compared to \$9.0 million in 2006, an increase of \$1.6 million or 17.8 percent. Increased volumes were achieved in Canadian and U.S. freight brokerage. Lower Canadian and U.S. transload volumes and the translation impact of reduced Canadian dollars for the U.S. operations due to the strengthening of the Canadian dollar tempered the revenue growth over the same six-month period in 2006. BPL's EBITDA for the first six months of 2007 was \$1.0 million, a decrease of \$0.5 million or 33.3 percent from the same period last year. The decreased EBITDA was primarily due to increased operating costs

in transload operations, lower transload revenue, and customer product contamination claims during the past six months.

Capital Expenditures

Net capital expenditures of the Partnership represented a cash inflow of \$4.7 million in the current period compared to expenditures of \$9.7 million in the prior period. The \$14.4 million difference in net capital expenditures from the prior year was made up of a \$6.0 million decrease in sustaining capital, \$2.5 million less growth capital, and an increase of \$5.9 million in proceeds on disposal resulting from sale of a non-strategic facility in Oakville, Ontario. The decrease in sustaining capital expenditures over the prior period was primarily the result of the purchase of \$4.2 million of tractors in the first quarter of 2007, which represents substantially all of the sustaining capital requirements for tractors in 2007. In addition, the partnership incurred higher sustaining capital purchases in the prior period due to late deliveries of tractors and in-cab technology purchases. Tractor and trailer purchases accounted for approximately 55 percent of the \$1.5 million of gross sustaining capital expenditures in the current period, with the balance applicable to other assets required in the operations. Growth capital spending decreased by \$2.5 million to \$0.6 million in the current period. The decrease in growth capital relates to higher trailer purchases delivered in the prior period for new business secured. Trailer purchases accounted for substantially all of the growth capital expenditures in the current period.

For the six months ended June 30, 2007, net capital expenditures totalled \$2.3 million compared to \$12.8 million for the prior year. The \$10.5 million difference in net capital expenditures from the prior year was made up of a \$1.9 million decrease in gross sustaining capital, \$3.4 million less growth capital, and an increase of \$5.2 million in proceeds on disposal resulting primarily from the aforementioned sale of a non-strategic facility. Sustaining capital purchases decreased when compared to the prior year due to a reduction in the number of power units purchased and substantial capital spending on tractor in-cab technology during the first half of 2006. On a year-to-date basis, the reduction in growth capital spending was due to tractor and trailer purchases in the prior year for new business secured.

Net annual capital expenditures relating to sustaining capital requirements will vary from year to year based on the economic life of the capital assets, historical purchase dates, the mix of life cycles expiring in a given year, other factors affecting equipment cost, disposal proceeds of replaced assets and annual equipment utilization. Estimated net ongoing sustaining capital expenditure requirements for 2007 are expected to be in the range of \$10.5 million to \$11.5 million. Year to date net sustaining capital purchases total \$4.4 million, after adjusting for the net facility replacement reserve of \$4.0 million, leaving approximately \$6.1 million to \$7.1 million of remaining net sustained capital purchases in 2007. Sustaining capital purchases are funded from the Partnership's net cash provided by operations in the year, cash available from distributions on non-cash exchangeable shares, and thereafter, to the extent required, available credit facilities.

Fuel Costs

Fuel costs fluctuated during the current period with average daily posted rack prices for diesel fuel at refineries across Canada ranging from \$0.73 per litre to \$0.87 per litre. Trimac has fuel surcharge programs in place with substantially all of its customers and the effect of changes in fuel prices has generally been neutral to its results in past years.

The bulk trucking industry and its customers have generally agreed to monthly fuel surcharges, a practice which tends to create a shortfall in fuel recoveries in periods of rising fuel prices and

an over-recovery when fuel prices decline. Fuel surcharges averaged approximately 10.9 percent of base trucking revenue during the current period and 10.4 percent on a year-to-date basis.

Forward-Looking Statements

This news release contains statements concerning the outlook for Trimac's business and estimates for sustaining capital or other expectations, plans, goals, objectives, assumptions, information or statements about future events, conditions, results of operations or performance that may constitute forward-looking statements or information under applicable securities legislation. Words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements or information are based on a number of assumptions, which may prove to be incorrect. In addition to any other assumptions identified in this news release, certain assumptions have been made concerning the forward-looking information contained herein including, among other things: Trimac will be successful in maintaining its customer relationships and such customers will not materially reduce the volume of business provided to Trimac; general economic conditions will not be materially different from those prevailing in the second quarter of 2007; Trimac will continue to attract and retain a sufficient number of qualified drivers and mechanics; Trimac will continue to be successful in recovering fuel price increases from its customers; adverse weather will not unduly impact Trimac's operations; the Canadian dollar will not materially strengthen against the United States dollar; distributions payable by Trimac to its unitholders will not be subject to tax in 2007; there will be no material changes to the laws and regulations applicable to Trimac or its businesses; the seasonality of Trimac's business will be consistent with historical trends; no irreparable damage will be done to Trimac's operating systems and databases or information contained thereon; Trimac will maintain or improve upon its competitive position within the bulk trucking sector; adequate financing will be available to Trimac to fund capital expenditures, working capital and distributions on terms and conditions favourable to Trimac; Trimac will not have any judgment entered against it in a court of law which would have a material adverse effect on Trimac or its businesses; Trimac will continue to have all material licences and permits required by law to conduct its businesses as presently conducted; there will not be a material increase in the price of equipment required in the business of Trimac; and the estimated useful life of equipment and the proceeds received on the disposition thereof will be consistent with historical trends at Trimac.

Although the Fund believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Fund can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Fund and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- General economic conditions – Certain product lines of Trimac are dependent on the general economic conditions of the regions in which it operates and cash flows may be negatively impacted by economic downturns in any particular region;
- Labour – Trimac's cash flow and growth are dependent on its ability to hire and retain quality drivers and mechanics;
- Fuel – Rising fuel prices and the ability of Trimac to recover cost increases in the marketplace may impact cash flow;
- Weather – Adverse weather may impact Trimac's transportation of goods and increase operating costs;

- Foreign currency exchange – The strengthening Canadian dollar may impact Trimac’s customers’ cost competitiveness and negatively impact the volume of goods transported;
- Tax structure – Changes in government regulation may negatively impact Trimac’s distributable cash;
- Environmental considerations – Changes in environmental law may impact operating costs;
- Seasonality of business – Financial results may be impacted by the seasonality of the business;
- Information technology – Cash flow could be adversely affected by an event that caused irreparable damage to Trimac’s operating systems and databases or information contained in the databases;
- Competitive conditions – There can be no assurance that Trimac will be able to compete successfully against its current or future competitors or that competition will not have a material adverse affect on its results of operations and financial condition; and
- Financing – No assurances can be made that financing will be available when required by business needs.

The foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other factors which may affect Trimac’s operations or financial results and those of the Fund are included under the heading “Risk Factors” in the Fund’s current Annual Information Form and as may be updated in the Fund’s annual and interim Management’s Discussion and Analysis and Annual Information Form, which are or will be filed with securities regulators. The Fund undertakes no obligation to update publicly or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Trimac is Canada’s largest provider of bulk trucking services, with operations from coast to coast. In addition, through its wholly owned subsidiary, BPL, Trimac provides third-party transportation logistics services in Canada and the United States. Trust units of Trimac Income Fund are traded on The Toronto Stock Exchange under the symbol TMA.UN

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You are invited to join us on a conference call at 10:00 a.m. Eastern Time on Tuesday, August 14, 2007. For North American participants, please dial 1-800-525-6384 or for international participants, please dial ++1-780-409-1668 at least 10 minutes prior to the start time of the call.

A playback of the call will be available starting at 12:30 p.m. Eastern Time on Tuesday, August 14, 2007 until midnight August 21, 2007. To hear the playback dial 1-888-562-2824 or for international participants, please dial ++1-402-220-7739 and give the conference ID number: 11245298.

MANAGEMENT'S DISCUSSION AND ANALYSIS PERIOD ENDED JUNE 30, 2007

This management's discussion and analysis (MD&A) is intended to assist in the understanding and assessment of the trends and significant changes in the results of operations and financial condition of Trimac Transportation Services Limited Partnership (the "Partnership" or "Trimac") and Trimac Income Fund (the "Fund").

This MD&A should be read in conjunction with the Fund and the Partnership's unaudited interim consolidated financial statements and accompanying notes thereto for the period ended June 30, 2007 and other public disclosure documents of the Fund that can be found on SEDAR at www.sedar.com. The unaudited interim consolidated financial statements and the accompanying notes of the Partnership and the Fund were prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are expressed in Canadian dollars.

This discussion contains certain forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements. In addition, this discussion makes reference to certain measures that do not conform to GAAP, such as EBITDA, to assist in assessing the Partnership's financial performance. The non-GAAP measures are not recognized under GAAP, do not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other issuers.

The Partnership provides bulk-trucking services throughout Canada and complementary logistics services in Canada and the United States. In this MD&A, the use of "we", "us", "our" or "Trimac" means the Partnership and its subsidiaries.

The Fund

The Fund is an unincorporated open-ended trust established under the laws of the Province of Alberta pursuant to the Declaration of Trust dated January 7, 2005, as amended and restated by the Amended and Restated Declaration of Trust dated February 17, 2005. The Fund has been created to invest, through TIF Commercial Trust (the "Trust"), a wholly-owned trust of the Fund, in the Partnership's bulk trucking and logistics businesses, through the acquisition of a non-controlling interest in the Partnership and in shares of Trimac Transportation Services Inc. (TTSI), the general partner of the Partnership.

The Fund commenced operations on February 25, 2005 through the completion of an \$86.0 million initial public offering (IPO). On March 9, 2005, the underwriters of the offering exercised their over-allotment option by subscribing for additional units for gross proceeds of \$4.3 million.

The Partnership

Trimac is Canada's largest bulk trucking services provider, with operations from coast to coast. Trimac is engaged in transporting a diverse range of products for a large, well-established customer base. Products transported by Trimac include chemicals, petroleum, cement, edible dry and liquid products, asphalt, compressed gases, woodchips and other wood residual products. Trimac also provides complementary logistics services through its subsidiary Bulk Plus Logistics (BPL), including distribution management, freight brokerage services and transloading facility operations. Headquartered in Calgary, Alberta, the

Partnership provides Canadian domestic and international cross-border bulk trucking services. BPL operates its logistics business across Canada and also in the United States.

The trucking business is managed within two divisions (western and eastern) that are primarily geographic in composition. BPL's business includes North American logistics services in related product lines as noted above. BPL is managed and reported as a separate division.

Multilateral Instrument 52-109 Disclosure

Evaluation of Controls and Procedures Related to Financial Reporting

We have evaluated the effectiveness of our disclosure controls and procedures and have concluded, based on our evaluation that they are sufficiently effective to provide reasonable assurance that material information relating to the Fund is made known to management and disclosed in accordance with applicable securities regulations.

Internal Controls Over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of Trimac Transportation Services Inc, the managing general partner of the Partnership and the administrator of the Fund, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the issuer's GAAP as of June 30, 2007, have not identified any changes to the Fund or Partnership's internal controls over financial reporting which would materially affect, or is reasonably likely to materially affect the Fund's internal control over financial reporting.

Selected Financial and Operating Information

The Fund

Consolidated Statement of Earnings and Unitholders' Equity

(millions of dollars, except per unit amounts and number of units)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Share of earnings of Trimac Transportation Services Limited Partnership	1.7	0.6	2.1	1.1
Interest Income	0.7	0.7	1.4	1.4
Administrative costs	(0.3)	(0.3)	(0.7)	(0.5)
Net earnings	2.1	1.0	2.8	2.0
Other comprehensive loss- share of Partnership other comprehensive loss	-	-	(0.1)	-
Comprehensive income	2.1	1.0	2.7	2.0
Opening unitholders' equity	111.1	118.3	113.4	120.1
Distributions	(2.9)	(2.9)	(5.8)	(5.7)
Closing unitholders' equity	110.3	116.4	110.3	116.4
Basic and diluted earnings per unit	\$ 0.1744	\$ 0.0832	\$ 0.2256	\$ 0.1560
Weighted average number of units outstanding used in computing basic earnings per unit	12,528,515	12,528,515	12,528,515	12,528,515
Weighted average number of units outstanding used in computing diluted earnings per unit	23,609,506	23,012,751	23,609,506	23,012,751

The Fund commenced operations on February 25, 2005 and earnings of the Fund's investment in Trimac have been accounted for using the equity method of accounting from commencement. Under this method, the Fund's share of earnings of Trimac, adjusted for the amortization of certain tangible and intangible assets arising from the use of purchase accounting, is reflected in the statement of earnings of the Fund as "Share of earnings of Trimac Transportation Services Limited Partnership". The results of operations of the Fund are entirely dependent on the performance of the Partnership. The above selected financial and unit information has been derived from, and should be read in conjunction with, the unaudited interim consolidated financial statements of the Fund.

The Fund's net earnings for the three month period ended June 30, 2007 (the "current period") increased by \$1.1 million over the three month period ended June 30, 2006 (the "prior period"). The increase in net earnings was due to increased earnings from the Partnership.

The Fund recorded equity earnings from the Partnership of \$1.7 million during the current period, an increase of \$1.1 million from the prior period. The Fund's share of the Partnership's earnings, as defined in the Partnership Agreement, before amortization of excess purchase price allocation, totalled \$3.1 million, an increase of \$1.2 million as compared to the prior period. During the current period, the Fund recorded \$1.4 million in excess purchase price amortization from its share of the Partnership's income, an

increase of \$0.1 million from the \$1.3 million recorded in the prior period. The excess purchase price amortization recorded in the current period included an adjustment of \$0.9 million to a gain recorded in the Partnership on the disposal of a facility. The \$1.3 purchase price amortization included in the prior period included \$0.7 million related to customer contracts which became fully amortized during the third quarter of 2006. In addition to its Partnership earnings, the Fund received interest income of \$0.7 million in the current period, the same as in the prior period, on a \$35 million note receivable from TTSI, the Partnership's managing general partner. The interest payment was funded through distributions from the Partnership to TTSI. Unitholders' distributions for the current period were \$2.9 million, the same as in the prior period and were funded by the interest income referred to above and through distributions received from the Partnership totalling \$2.4 million. The distributions received by the Fund were recorded as a reduction to the Fund's investment in Trimac Transportation Services Limited Partnership.

The Funds net earnings for the six month period ended June 30, 2007 increased by \$0.8 million over the six month period ended June 30, 2006 to \$2.8 million. Increased Partnership earnings of \$1.0 million were partially offset by \$0.2 million of increased administration costs. The increased administration cost was attributable to compliance costs associated with the implementation of Multilateral Instrument 52-109 of the Canadian Securities Administrators.

The Partnership

Financial Highlights

(millions of dollars)	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Revenues				
Western	48.5	44.0	92.6	89.4
Eastern	30.2	30.8	60.1	61.6
Canadian trucking	78.7	74.8	152.7	151.0
Bulk Plus Logistics	5.5	4.6	10.6	9.0
	84.2	79.4	163.3	160.0
Direct costs	61.7	58.0	121.5	118.1
Selling and administrative	12.0	11.1	23.0	21.8
	10.5	10.3	18.8	20.1
EBITDA ⁽¹⁾				
Depreciation net of gains on disposal of capital assets ⁽²⁾	2.8	5.0	8.5	10.1
	7.7	5.3	10.3	10.0
Operating earnings				
Interest expense (net)	1.3	1.0	2.5	2.0
	6.4	4.3	7.8	8.0
Earnings before taxes				
Income tax recovery ⁽³⁾	(1.5)	-	(1.6)	-
	7.9	4.3	9.4	8.0
Net earnings				
As a percentage of revenue				
Direct costs	73.3%	73.0%	74.4%	73.8%
Selling and administrative	14.3%	14.0%	14.1%	13.6%
EBITDA ⁽¹⁾	12.4%	13.0%	11.5%	12.6%
Depreciation ⁽²⁾	3.3%	6.3%	5.2%	6.3%
Operating earnings	9.1%	6.7%	6.3%	6.3%
	As at June 30, 2007	As at December 31, 2006		
(millions of dollars)				
Total assets	160.5	157.9		
Total long-term liabilities	62.0	61.6		

The above selected financial and operating information has been derived from, and should be read in conjunction with, the unaudited interim consolidated financial statements of the Partnership.

(1) EBITDA (earnings before interest, taxes, depreciation and amortization) is not a recognized measure under GAAP, does not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable to similar measures presented by other issuers. Management believes that EBITDA is a useful complementary measure of cash available for distribution before debt servicing expense, capital expenditures and income taxes.

(2) Includes a \$2.9 million gain on the disposal of a non strategic facility.

(3) Includes the reversal of a previously recorded future tax liability resulting from a corporate reorganization. See income tax expense below.

Distributable Cash

The table below represents the Partnership's distributable cash beginning with net cash provided by operations.

(millions of dollars except unit amounts, certain percentages and numbers of units)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Net cash provided by operations	8.4	3.7	14.4	15.9
Net change in non-cash working capital ⁽¹⁾	0.7	5.5	1.8	2.1
Cash provided by operations	9.1	9.2	16.2	18.0
Less adjustment for:				
net sustaining capital expenditures (net of proceeds) ^{(2) (3)}	5.3	(6.6)	(0.4)	(7.5)
provision for sustaining capital commitments ⁽⁴⁾	(4.7)	-	(4.0)	-
provision for long-term unfunded contractual operational obligations ⁽⁵⁾	-	-	(0.2)	-
Total estimated cash available for distribution (before public expenses)	9.7	2.6	11.6	10.5
Percentage of available cash distributable to unitholders ⁽⁶⁾	53%	54%	53%	54%
Cash available for distribution to unitholders (before public expenses)	5.1	1.4	6.2	5.7
Public expenses ⁽⁷⁾	(0.3)	(0.3)	(0.7)	(0.5)
Distributable cash from operations ^{(2) (8)}	4.8	1.1	5.5	5.2
Distributions declared and payable	2.9	2.9	5.8	5.7
Distributable cash per unit ^{(2) (8)}	0.3864	0.0873	0.4355	0.4164
Distributions declared per unit	0.2313	0.2313	0.4626	0.4542
Payout ratio ^{(2) (8)}	59.9%	264.9%	106.2%	109.1%
Weighted average number of units outstanding	12,528,515	12,528,515	12,528,515	12,528,515
Net capital expenditures				
Sustaining capital expenditures ⁽²⁾	1.5	7.5	7.5	9.4
Proceeds on disposal of capital assets ⁽⁴⁾	(6.8)	(0.9)	(7.1)	(1.9)
Net sustaining capital expenditures ^{(2) (3)}	(5.3)	6.6	0.4	7.5
Growth capital expenditures ^{(2) (9)}	0.6	3.1	1.9	5.3
	(4.7)	9.7	2.3	12.8

- (1) Changes in non-cash operating assets and liabilities are not included in the calculation of distributable cash. Working capital investments are funded through a combination of cash flow not distributed and the use of credit facilities available to the Partnership.
- (2) Distributable cash from operations, sustaining capital expenditures, net sustaining capital expenditures, payout ratio, and growth capital expenditures are not measures recognized by GAAP, do not have standardized meanings prescribed by GAAP and may not be comparable to similarly named measures presented by other issuers. Management believes that they are important and useful measures for readers to evaluate the performance of the Fund.
- (3) Net sustaining capital expenditures refers to capital expenditures, net of proceeds on disposal of assets replaced, which are necessary to sustain current revenue levels. See "Liquidity and Capital Resources - Capital Expenditures".
- (4) Represents a partial reversal of \$0.3 million in the quarter (\$1.0 million year to date) of a cash reserve in the three month period (\$1.0 million for the full year) accrued in the fourth quarter of 2006 for a facility capital expansion that commenced in 2006. In addition, the Partnership has reserved \$5.0 million of proceeds on the disposal of a non-strategic facility in June 2007 to be used to acquire replacement facilities in 2008.
- (5) Represents a provision for cash requirements relating to a long-term incentive plan and an executive pension liability.
- (6) Percentage is equal to units outstanding of 12,528,515 divided by fully diluted units of 23,609,506.
- (7) Represents expenses associated with the Fund's status as a reporting issuer.
- (8) Distributable cash available will fluctuate on a monthly basis due to seasonal cash flows, sustaining capital expenditures incurred, income taxes paid and interest costs on outstanding debt. The distributable cash payout ratio in the second quarter of 2007 was influenced by reduced sustaining capital expenditures as compared to the prior period. The decrease in sustaining capital expenditures is due primarily to the delivery of substantially all of the 2007 sustaining tractor capital purchases during the previous quarter.
- (9) Cash used to fund growth capital expenditures does not affect distributable cash to unitholders where financing is available for these purposes. The Partnership funds growth capital from undistributed cash from operations, cash available from distributions on non-cash exchangeable shares, and, to the extent available, cash and existing lines of credit.

Distributable cash from operations was \$4.8 million in the current period, an increase of \$3.7 million over the prior period. The increase was due primarily to a decrease in net sustaining capital expenditures. In the six month period ending June 30, 2007 distributable cash from operations was \$5.5 million, an increase of \$0.3 million compared to the same period in 2006. The increase was due primarily to reduced net sustaining capital expenditures, which were partially offset by decreased net cash provided by operation and increased public expenses.

Distributions in the current period were funded from cash generated from operations. On a year-to-date basis, distributions were paid using cash generated from operations, available cash from distributions on non-cash exchangeable shares, and from borrowing on the credit facilities of the Partnership. Due to the seasonal nature of the Partnership's business and the timing of sustaining capital purchases, the amount of distributable cash may vary from quarter to quarter. Trimac's Board of Directors approves the level of monthly distributions based upon estimated cash flow on an annual basis, less estimated cash amounts required for debt service obligations, sustaining capital expenditures, cash taxes, other expense amounts and reserves (including amounts for capital expenditures and working capital) and to stabilize the monthly amount of distributions to unitholders. Growth capital expenditures are funded from undistributed cash from operations, cash available from distributions non-cash exchangeable shares, and to the extent available cash and existing lines of credit.

Distributable cash from operations is not a defined term under GAAP but is determined by the Partnership as net cash provided by operations for the period, adjusted to remove specific non-cash items, including changes in non-cash working capital, and reduced by net sustaining capital expenditures, reserves for funding long-term liabilities, reserves for committed capital purchases in progress and public costs.

Management believes that distributable cash from operations is a useful supplemental measure of performance as it provides investors with an indication of the amount of cash available for distribution to unitholders. Investors are cautioned, however, that distributable cash from operations should not be construed as an alternative to using net income as a measure of profitability or as an alternative to the statement of cash flows. In addition, the Fund's method of calculating distributable cash from operations may not be comparable to calculations used by other income trusts.

The Partnership's results are commented on below.

June 30, 2007 compared to June 30, 2006 for the Partnership

Revenue

Trimac's total revenues in the three month period ended June 30, 2007 (the "current period") were \$84.2 million, an increase of \$4.8 million or 6.1 percent from \$79.4 million recorded in the three month period ended June 30, 2006 (the "prior period").

The western division generated \$48.5 million in revenue in the current period, an increase of \$4.5 million or 10.2 percent from \$44.0 million recorded in the prior period. The division achieved strong revenue growth of approximately 20.3 percent in its British Columbia and Prairie Province operations. Driving this revenue growth was increased cement revenue attributed to higher construction and oil and gas activity; improved weather conditions compared to the prior quarter; increased petroleum revenue due to contracts secured in 2006; the acquisition of Ken Angeli Trucking Ltd. (KAT) on April 30, 2007; and the June 1, 2007 acquisition of certain assets of Logistics Express, Inc. (Logex). Partially offsetting the revenue gains was a 22.5 percent reduction in revenues from the division's woodchip operation. The woodchip revenue decline was primarily the result of business losses and the closure of sawmills and pulp mills during the last six month of 2006 and the current year. The division was successful in obtaining customer rate increases that mostly offset wage increases provided in the first quarter of 2007.

The eastern division's revenue decreased from \$30.8 million in the prior period to \$30.2 million in the current period, a decrease of \$0.6 million or 1.9 percent. A short-term contract that contributed revenue of \$1.6 million in the current period and \$2.1 million of revenue generated from the 4th quarter 2006 acquisition of Jeff Brett Group of Companies (JBE) mostly offset revenue declines due to business losses and lower revenue in existing product lines as a result of weak economic conditions in central Canada.

BPL's current period revenue was \$5.5 million, an increase of \$0.9 million or 19.6 percent over the prior period. BPL's Canadian freight brokerage revenue gains more than offset reduced transload revenue. Increased freight brokerage revenue was primarily due to a short-term contract that contributed \$1.9 million in the quarter, offset by lower revenue with existing customers. U.S. freight brokerage and third-party logistics management experienced slight reductions in revenue when compared to the prior period.

On a year-to-date basis revenue increased by \$3.3 million or 2.1 percent to \$163.3 million compared to \$160.0 million in the prior six month period. The western division's revenue increased to \$92.6 million from \$89.4 million in 2006, an increase of \$3.2 million or 3.6 percent. Operations in British Columbia and the Prairie Provinces experienced year-over-year growth of 14.0 percent. This revenue growth was partially offset by a 29.1 percent decline in the woodchip product line. The eastern division's revenue decreased to \$60.1 million, compared to \$61.6 million in 2006. The decrease of \$1.5 million or 2.5 percent was primarily a result of business losses in the cement, dry bulk, plastics, and liquid chemical product lines and a reduction in volumes with existing customers. BPL's revenue was \$10.6 million compared to \$9.0 million in 2006, an increase of \$1.6 million or 17.8 percent. Increased volumes were achieved in Canadian and U.S. freight brokerage. Lower Canadian and U.S. transload revenue and the translation impact from U.S. dollars to Canadian dollars for the U.S. operations due to the strengthening of the Canadian dollar were the main factors for the reduction over the prior six-month period in 2006.

Direct costs

During the current period, Trimac's direct costs increased by \$3.7 million to \$61.7 million as revenue increases resulted in increased operating expenses, on an absolute basis. Expressed as a percentage of revenue, direct costs increased by 0.3 percent to 73.3 percent.

In the western division, costs increased by \$2.6 million from the prior period, however, expressed as a percentage of revenue, costs decreased by 1.3 percent to 71.3 percent. The dollar increase in expense was due to increased revenue in the division's British Columbia and Prairie Province operations. Direct costs as a percentage of revenue decreased due to favourable weather conditions compared to the prior period, lower benefit expenses due to rebates from the Alberta Workers Compensation Board, improved repair costs due to fleet replacements, and the realization of customer rate increases.

The eastern division experienced a decrease in direct costs of \$0.1 million in the current period. Expressed as a percentage of revenue, expenses increased 1.1 percent from the prior period to 77.5 percent. The main reasons for the increase, expressed as a percentage of revenue, were due to changes in customer mix from business losses which were replaced by revenues with higher operating costs, higher independent contractor costs on transborder hauling billed in U.S. dollars due to the strengthening Canadian dollar, severance costs associated with business losses and the sale of a non-strategic facility, and unrecovered wage increases.

BPL's direct costs in the current period increased by \$1.1 million over the prior period. Expressed as a percentage of revenue, direct costs were 11.4 percent higher than in the prior period. The primary reason for the increase was higher operating costs in the transload operation and increased subcontractor costs due to higher freight brokerage revenue. In addition, operating costs were negatively impacted by a customer product contamination claim during the current period.

During the six months ended June 30, 2007, direct costs increased by \$3.4 million from the same period in 2006 and expressed as a percentage of revenue, expenses increased by 0.6 percent to 74.4 percent. In the western division, direct costs increased by \$2.5 million. Expressed as a percentage of revenue, expenses increased by 0.2 percent from the prior six-month period to 73.4 percent. The division incurred higher wage expenses in the first six months of 2007 due to a lag in securing rate increases to cover wage settlements provided to drivers, mechanics, and independent contractors in the first quarter of 2007. To a large extent these customer rate increases were realized in the second quarter of 2007. In addition, higher subcontractor costs were also incurred in the first quarter of 2007 to support surge volumes in the division's petroleum business and direct costs were negatively affected by reduced equipment utilization due to severe weather conditions. The eastern division's direct costs decreased by \$1.1 million, expressed as a percentage of revenue, expenses were unchanged at 77.3 percent in the first half of 2007. Productivity gains in washrack operations were more than offset by the aforementioned changes in business mix, strengthening Canadian dollar, severance costs, and unrecovered wage increases. BPL's direct costs increased by \$2.1 million, expressed as a percentage of revenue, expenses increased from 56.0 percent in the prior year's six-month period to 66.7 percent for the six-month period ending June 30, 2007, an increase of 10.7 percent. The increase, as a percentage of revenue, was primarily due to: higher operating costs in the transload operations; increased subcontractor expenses due to higher freight brokerage revenue; a rail customer labour dispute; and costs associated with customer product contamination claims during the first half of 2007.

Selling and administrative

Trimac's selling and administrative costs increased by \$0.9 million from the prior period to \$12.0 million in the current period. Expressed as a percentage of revenue, expenses increased by 0.3 percent over the prior period to 14.3 percent in the current period. The increase was due primarily to: higher administrative costs associated with new business secured; increased expenses that included compensation, legal, and consulting expenses. In addition, the Partnership has an arrangement where certain hardware and software owned by Trimac was rented to Trimac Management Services Limited Partnership (TMSLP) for use in administration services provided by TMSLP under a shared service arrangement. Rental income derived from the use of the assets by TMSLP was partially offset against TMSLP administration fees in

the selling and administrative line of Trimac. During 2006, Trimac's rental assets were fully depreciated and the rental income reduced accordingly, resulting in higher net administration expense and by lower software depreciation expense (see "Depreciation" below).

For the six months ended June 30, 2007, selling and administrative costs have increased by \$1.2 million as compared to the prior year. As a percentage of revenue, selling and administrative costs have increased by 0.5 percent over the prior year. The increase was due primarily to: higher administration costs associated with new business secured; increased expenses including compensation, legal, and consulting; and the aforementioned decrease in rental income associated with the Partnership's rental arrangement.

Depreciation (net of gains on disposals of capital assets)

Trimac's depreciation and amortization expense, net of gains on disposal, was \$2.8 million in the current period, a decrease of \$2.2 million from the prior period. Excluding the gain on sale of \$2.9 million related to the disposal of a non-strategic facility, net depreciation and amortization expense was \$5.7 million compared to \$5.0 million in the prior period, an increase of \$0.7 million. This was due to higher tractor depreciation of \$0.8 million from the October, 2006 acquisition of JBE and the purchase of substantially all of the year's replacement power units in the first quarter. In addition, an increase of \$0.1 million in amortization expense was recorded in the current period relating to the acquisitions of JBE, Logex, and KAT. Mitigating these increases was a \$0.1 million decrease in trailer depreciation and a \$0.1 million reduction in software depreciation. Gains from disposal of assets, including the aforementioned non-strategic facility sale, totalled \$3.2 million in the current period compared to \$0.2 million in the prior period, an increase of \$3.0 million.

On a year-to-date basis, excluding the \$2.9 million gain on sale of the aforementioned non-strategic facility, depreciation and amortization net of gains on disposal was \$11.4 million a \$1.3 million increase over the prior year due to a \$1.5 million increase in tractor depreciation, an additional \$0.2 million in amortization expense relating to the acquisitions of JBE, Logex, and KAT, and \$0.1 million of reduced gains on sale of equipment. Partially offsetting this increase was lower trailer and software depreciation of \$0.5 million.

Interest expense (net)

The Partnership's net interest expense was \$1.3 million in the current period, representing an increase of \$0.3 million from the prior period. The increase over the prior period was due primarily to an additional \$4.0 million of long-term debt that was drawn on a floating-rate revolving credit facility and higher interest income of \$0.1 million in the prior period. On a year-to-date basis, interest was \$0.5 million higher than that recorded in the first half of 2006. This increase was primarily due to higher outstanding debt that was drawn on a revolving credit facility and higher interest income of \$0.1 million that was recorded in the first six months of 2006. Interest rates on the \$56 million note remain unchanged from the prior period due to fixed-rate financing.

Income tax expense

The Partnership recorded an income tax recovery in the current period and for the first six months of 2007 compared to a small provision in the prior period and the first six months of 2006. The income tax recovery in the current period was due to a corporate reorganization whereby certain temporary differences and the corresponding future tax liability of a corporate subsidiary was transferred to the Partnership. The Partnership is not required to record tax expense on Partnership income or future tax on temporary differences as it is a non-taxable entity and taxable income is allocated to its Partners and the

resulting tax is paid directly by them. As a result, a future tax recovery of \$1.7 million on the transfer was recorded by the corporate subsidiary. This tax recovery was partially offset by tax expense on current operations of subsidiaries that are taxable corporations.

Net earnings

Trimac's net earnings in the current period were \$7.9 million, an increase of \$3.6 million as compared to the prior period. The higher net earnings were due to a \$0.2 million increase in operating earnings before depreciation and gains on disposal of assets, lower depreciation net of gains on disposal of capital assets of \$2.2 million, and an income tax recovery of \$1.5 million in the current period. These results were partially reduced by higher interest expense of \$0.3 million.

For the six month period ended June 30, 2007, net earnings increased by \$1.4 million over the six month period ended June 30, 2006. Higher net earnings resulted from lower depreciation net of gains on disposal of \$1.6 million and an income tax recovery of \$1.6 million. These results were partially reduced by a \$1.3 million decrease in operating earnings before depreciation (and gains on disposal of assets) and a \$0.5 million increase in interest expense.

Partnership

Summary of eight most recently completed quarterly results

(millions of dollars except % of revenue)

	Q2 07	Q1 07	Q4 06	Q3 06	Q2 06	Q1 06	Q4 05	Q3 05
Revenue	84.2	79.1	79.8	83.6	79.4	80.6	85.0	78.0
Operating earnings	7.7	2.6	4.7	7.2	5.3	4.7	6.9	5.2
% of revenue	9.1%	3.3%	5.9%	8.6%	6.7%	5.8%	8.1%	6.7%
Earnings before taxes	6.4	1.4	3.7	6.2	4.3	3.7	5.8	4.0
Net earnings	7.9	1.5	3.1	5.9	4.3	3.7	5.7	4.1

Fluctuations in revenue and net earnings by quarter reflect the seasonality of Trimac's business. Revenue and net earnings in the first quarter and, to a lesser extent, in the fourth quarter, are generally lower than in the second and third quarters due to lower construction-related volume, colder weather, higher operating costs and lower operating efficiencies in colder weather. The second and third quarters have historically been the highest-volume and most profitable quarters for Trimac, due primarily to construction-related products and increased economic activity from industries using raw materials that Trimac hauls, generating higher volumes and increased utilization of its equipment at lower operating costs. The results of the first quarter of 2006 and fourth quarter of 2005 were favourably impacted by unseasonably warm weather, favourable economic conditions in western Canada and high levels of oil and natural gas drilling activity.

Liquidity and Capital Resources

Distributions

The Fund's monthly distributions, declared payable on or about the 15th day of each month to unitholders of record on the last day of each previous month, totalled \$2.9 million or \$0.2313 per unit for the current period, the same as in the prior period. Distributions for the six month period ended June 30, 2007 were \$5.8 million or \$0.4626 per unit as compared to \$5.7 million or \$0.4542 per unit for the prior six month period. Monthly cash distributions were increased to \$0.0771 from \$0.0729 per unit to unitholders of record on March 31, 2006. The current monthly distribution of \$0.0771 represents cash distributions of \$0.925 per unit annually.

The Partnership made monthly cash distributions in respect of the six month period ended June 30, 2007 to the limited and general partners. The distributions by the Partnership were used in part for unitholder distributions totalling \$0.4626 per unit to June 30, 2007, and to fund dividends on TTSI exchangeable shares outstanding that receive monthly cash dividends. The dividends on TTSI exchangeable shares were made up of monthly payments totalling \$0.4626 per share plus a monthly “Equalization Amount”⁽¹⁾ totalling \$0.08715 per share to June 30, 2007.

⁽¹⁾ *Equalization Amount is one-twelfth of the product obtained by multiplying (i) the quotient obtained by dividing the annual public expenses of the Fund by the number of units issued and outstanding, by (ii) the quotient obtained by dividing the number of units issuable on exchange of the TTSI Exchangeable Shares issued and outstanding by the number of units issuable on exchange of TTSI Exchangeable Shares issued and outstanding on which cash dividends are intended to be paid.*

Outstanding Securities Data

As at July 16, 2007, the Fund had the following number of securities outstanding or reserved for issuance:

Units	12,528,515
Units reserved ⁽¹⁾	<u>11,080,991</u>
Fully diluted units	<u>23,609,506</u>

There are 5,157,061 units reserved relating to Exchangeable Shares that receive monthly cash dividends (“cash exchangeables”) that flow from distributions from the Partnership and 5,923,930 units reserved relating to Exchangeable Shares that do not receive monthly cash dividends but have a monthly increase in their exchange ratio in lieu of such cash dividends (“ratchet exchangeables”). During the first half of 2007, 1,400 of the cash exchangeables were cancelled and 292,246 ratchet exchangeables were converted into 361,073 cash exchangeables.

There are 11,080,991 Exchangeable Security Voting Rights, entitling the holders of Exchangeable Shares of TTSI to one vote per right at meetings of holders of units of the Fund.

Distributions by the Fund are entirely dependent on the performance of the Partnership and its ability to make distributions to the Fund.

⁽¹⁾ *Reserved for issuance pursuant to Exchangeable Shares of TTSI, which are exchangeable for units of the Fund.*

The Partnership

Trimac maintains a \$45 million revolving credit facility to manage capital expenditures and working capital requirements throughout the year. The following table provides an overview of Trimac's cash flows for the periods indicated.

(millions of dollars)	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Cash provided by operations	9.1	9.2	16.2	18.0
Net change in non-cash working capital	(0.7)	(5.5)	(1.8)	(2.1)
Investment activities	1.2	(9.3)	(5.9)	(12.5)
Financing activities	(10.3)	(4.1)	(7.7)	(7.9)
(Decrease) increase in cash	(0.7)	(9.7)	0.8	(4.5)

Operating activities

Cash provided by operations decreased by \$0.1 million in the current period as compared to the prior period. Increased operating earnings before depreciation and gains on disposal of capital assets of \$0.2 million was offset by a \$0.3 million increase in net interest expense. For the six month period ended June 30, 2007, cash provided by operations decreased by \$1.8 million compared to the same period in 2006. This was due to a \$1.3 million decrease in operating earnings before depreciation and gains on disposal of capital assets and a \$0.5 million increase in net interest expense.

Net change in non-cash working capital

(millions of dollars)	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Accounts receivable	1.2	(1.0)	(2.0)	(0.4)
Material and supplies	(0.2)	-	(0.2)	0.3
Income taxes payable	0.2	0.1	(0.3)	0.1
Prepaid expenses	(1.7)	(1.7)	(1.1)	(1.2)
Accounts payable and accrued liabilities	(0.9)	(0.9)	2.8	2.1
Due to associated companies and partnerships	0.7	(2.0)	(1.0)	(3.0)
	(0.7)	(5.5)	(1.8)	(2.1)

Accounts receivable increased by \$2.0 million (excluding acquisitions) from December 31, 2006 to June 30, 2007. The increase was primarily in trade receivables and was due mainly to higher revenue in June 2007 than in December 2006. Accounts payable and accrued liabilities were higher by \$2.8 million (excluding acquisitions) in June 2007 over that recorded at December 2006. The increase was mainly due to higher trade payables as a result of increased activity in June 2007 as compared to December 2006, increased wages payable due to timing of the payroll cutoff and increased rates of pay due to annual increases and a higher vacation pay accrual as amounts tend to be paid out in December of each year. Prepaid expenses were \$1.1 million higher (excluding acquisitions) in June 2007 than at December 2006 due to annual payments for insurance, property taxes and licenses during the quarter. The net amount owing to associated companies and partnerships was \$1.0 million less in June 2007 than that

owing at December 2006. This was due to the timing of repayments of balances and the funding of certain expenses of a partnership providing shared services. The amount funded is repaid in the following month.

Investing activities

Trimac's cash inflows relating to investing activities were \$1.2 million in the current period compared to a cash outflow of \$9.3 million in the prior period, a net cash inflow change of \$10.5 million. The net inflow is attributable to proceeds on the disposal of a non strategic facility in Oakville, Ontario for \$5.9 million and reduced capital expenditures of \$8.4 million partially offset by the share acquisition of KAT and purchase of certain assets of Logex totalling \$3.3 million (net of cash acquired). See "Capital expenditures" below. For the six month period ended June 30, 2007, cash outflows relating to investing activities were \$6.0 million, a reduction of \$6.5 million over the comparable period in 2006. The reduction is due to the disposal of the Oakville property as referred to above and a \$4.6 million reduction in other net capital expenditures partially offset by the acquisitions referred to above.

Financing activities

In the current period, Trimac's cash flow used in financing activities was \$10.3 million, as represented by repayments of long-term debt of \$5.9 million and distributions paid in the quarter of \$4.4 million. The net cash outflow in the prior period totalled \$4.1 million, all of which related to distributions paid. For the six month period ended June 30, 2007 net cash outflows totalled \$7.7 million with distributions of \$9.4 million being partially offset by net long-term debt financing of \$1.7 million. Cash outflows in the comparable six month period in 2006 were \$7.9 million represented by distributions paid.

Capital expenditures

(millions of dollars)	Three months ended		Six months ended	
	June 30, 2007	2006	June 30, 2007	2006
Gross sustaining capital expenditures ⁽¹⁾	1.5	7.5	7.5	9.4
Less: proceeds on disposal of capital assets ⁽²⁾	(6.8)	(0.9)	(7.1)	(1.9)
Net sustaining capital expenditures ^{(1) (2)}	(5.3)	6.6	0.4	7.5
Growth capital expenditures ⁽¹⁾	0.6	3.1	1.9	5.3
Net capital expenditures	(4.7)	9.7	2.3	12.8

- (1) Gross sustaining capital expenditures, net sustaining capital expenditures and growth capital expenditures are not measures recognized by GAAP, do not have standardized meanings prescribed by GAAP and may not be comparable to similarly named measures presented by other issuers. Management believes that they are useful complementary measures for readers to evaluate the performance of the Fund.
- (2) Includes \$5.9 million on disposal of a non-strategic facility. Management has reserved \$5.0 million of the proceeds for replacement facilities expected to be acquired in 2008.
- (3) Trimac has outstanding capital commitments of \$3.2 million at June 30, 2007. See "Off-Balance Sheet and Contractual Obligations".

Net capital expenditures of the Partnership represented a cash inflow of \$4.7 million in the current period compared to expenditures of \$9.7 million in the prior period. The \$14.4 million difference in net capital expenditures from the prior year was made up of a \$6.0 million decrease in sustaining capital, \$2.5 million

less growth capital, and an increase of \$5.9 million in proceeds on disposal resulting from sale of a non-strategic facility in Oakville, Ontario. The decrease in sustaining capital expenditures over the prior period was primarily the result of the purchase of \$4.2 million of tractors in the first quarter of 2007, which represents substantially all of the sustaining tractor requirements for 2007. In addition, the Partnership incurred higher sustaining capital purchases in the prior period due to late deliveries of tractors and in-cab technology purchases. Tractor and trailer purchases accounted for approximately 55 percent of the \$1.5 million of gross sustaining capital expenditures in the current period, with the balance applicable to other assets required in the operations. Growth capital spending decreased by \$2.5 million to \$0.6 million in the current period. The decrease in growth capital relates to higher trailer purchases delivered in the prior period for new business secured. Trailer purchases accounted for substantially all of the growth capital expenditures in the current period.

For the six months ended June 30, 2007, net capital expenditures totalled \$2.3 million compared to \$12.8 million for the prior year. The \$10.5 million difference in net capital expenditures from the prior year was made up of a \$1.9 million decrease in gross sustaining capital, \$3.4 million less growth capital, and an increase of \$5.2 million in proceeds on disposal resulting primarily from the aforementioned sale of a non-strategic facility. Sustaining capital purchases decreased when compared to the prior year due to a reduction in the number of power units purchased and substantial capital spending on tractor in-cab technology during the first half of 2006.

Net annual capital expenditures relating to sustaining capital requirements will vary from year to year based on the economic life of the capital assets, historical purchase dates, the mix of life cycles expiring in a given year, other factors affecting equipment cost, disposal proceeds of replaced assets and annual equipment utilization. Estimated net ongoing sustaining capital expenditure requirements for 2007 are expected to be in the range of \$11.0 million to \$12.0 million. Sustaining capital purchases are funded from the Partnership's net cash provided by operations in the year, cash available from distributions on non-cash exchangeable shares, and thereafter, to the extent required, available credit facilities.

Growth capital spending decreased by \$2.5 million to \$0.6 million in the current period. The decrease relates to higher trailer purchases delivered in the prior period for new business secured. Trailer purchases accounted for substantially all of the growth capital expenditures in the current period. On a year-to-date basis, growth capital spending decreased by \$3.4 million when compared to the prior year. The decrease in the current year was due to tractor and trailer purchases in the prior year for new business secured. Growth capital expenditures are funded from undistributed cash from operations, cash available from distributions non-cash exchangeable shares, and, to the extent required, available cash and existing lines of credit.

The Partnership has an outstanding commitment of approximately \$0.1 million to complete the expansion of its Edmonton facility that was commenced in 2006 and commitments to purchase approximately \$3.1 million of additional equipment, consisting primarily of trailers, as part of its 2007 capital expenditure program. In addition, the Partnership has reserved \$5.0 million of the proceeds on disposal of the non-strategic facility in June 2007 for replacement facilities, expected to be acquired in 2008. The Edmonton facility commitment was funded from a reserve provision for sustaining capital commitments provided for in the 2006 determination of distributable cash from operations. Tractor and trailer commitments will be funded from 2007 cash from operations or existing credit lines. See "Off-Balance Sheet and Contractual Obligations" below.

Credit facilities

The credit facilities of the Partnership consist of a shared revolving credit facility and a senior note held by TTSI.

Due to TTSI – The Partnership’s long term debt includes a due to TTSI which relates to the portion of TTSI’s Partnership interest that is equal to the outstanding balance of the senior note and revolving credit facility retained by TTSI (“TTSI debt”). The Partnership has guaranteed the TTSI debt and, under the terms of the Partnership Agreement, the amount due is callable by TTSI when desired or in the event that TTSI is required to repay any of the TTSI debt. The Partnership and TTSI have entered into an agreement whereby TTSI has agreed not to call the TTSI debt except when required under the terms of the TTSI debt. Therefore, the repayment terms are equal to the terms of the senior note and revolving credit facility held by TTSI. In addition, the Partnership Agreement requires that a priority distribution be made to TTSI equal to the interest that TTSI pays on the TTSI debt. Given the terms of the Partnership interest noted above, \$56.0 million has been reclassified from Partnership equity to long-term debt and distributions related to this Partnership interest have been classified as interest expense on the consolidated statements of earnings. The amount outstanding at June 30, 2007 and December 31, 2006 was \$56.0 million. The unsecured \$56.0 million private placement debt, at a fixed annual rate of 7.29 percent, was issued in 1999. No payments on principal are required until August 2008, at which time annual payments of \$18.7 million are required until the note matures on August 20, 2010. Semi-annual payments of interest are required.

Revolving facilities – Trimac has an unsecured \$45.0 million revolving facility with a major Canadian bank. The facility is used to fund seasonal working capital and capital expenditures. The revolving credit facility bears interest at a floating rate based on the prime rate for the currency drawn or bankers’ acceptance rates plus, in each case, an applicable margin to those rates. There are no principal repayments required under this facility provided Trimac is in compliance with specified loan covenants. The agreement is a 364-day revolver subject to renewal in July 2008. If the agreement is not renewed, the loans are repayable at the end of a 12 month term-out period. The line was increased from \$25 million to \$45 million during 2006 with all other terms and conditions remaining unchanged. As at June 30, 2007, unused lines of credit totalled \$34.7 million (December 31, 2006 – \$36.3 million) after taking into account \$6.3 million of issued letters of credit (December 31, 2006 – \$6.4 million).

The revolving credit facility and the TTSI private placement debt have specified financial covenants and all of the covenants have been complied with as of June 30, 2007.

Management anticipates Trimac will have adequate financial resources to fund ongoing operations and financing of debt payments due under the TTSI private placement debt. Capital expenditure patterns and debt levels are seasonal. During the period February through September, Trimac generally purchases and takes delivery of new equipment and requires working capital for increases in receivables and prepaid insurance and licences. This seasonal debt has historically been repaid from operating cash flows by the end of each fiscal year based on the operating performance of the business.

Off-Balance Sheet and Contractual Obligations

Trimac's material off-balance sheet and contractual obligations are disclosed below:

As at June 30, 2007 (millions of dollars)	Payment due by period				
	Total	<1 year	1- 3 years	4-5 years	After 5 years
Operating leases - revenue vehicles	2.7	0.5	1.5	0.7	
Operating leases - facilities	3.0	1.0	1.8	0.2	
Operating leases - other ⁽¹⁾	1.9	0.6	1.2	0.1	
Fuel contract commitments ⁽²⁾	11.9	2.6	6.2	3.1	
Capital purchase obligations - sustaining ^{(3) (4)}	1.9	1.9	-	-	
Capital purchase obligations- growth ^{(3) (5)}	1.3	1.3	-	-	
Long-term debt payments	60.0	-	41.4	18.6	
Other long-term obligations ⁽⁶⁾	1.8	0.1	0.3	-	1.4
Total contractual obligations	84.5	8.0	52.4	22.7	1.4

- (1) Other operating leases are primarily office equipment including computers, copiers, and fax machines.
- (2) Under the terms of a customer contract, Trimac is committed to purchase 4.0 million litres of fuel annually over a five-year period, ending April 30, 2011, at a fixed price per litre, which is reset annually at the anniversary date of the contract (contract price per litre effective May 1, 2007 - \$0.7763). This price has been used to estimate the commitment for the period subsequent to June 30, 2007.
- (3) Represents Trimac's sustaining and growth capital commitments at June 30, 2007. The funding of these commitments will be made using cash from operations or existing credit lines for sustaining capital and retained cash or existing credit lines for growth capital.
- (4) Sustaining capital purchases refers to capital expenditures which are necessary to sustain current revenue levels.
- (5) Growth capital is defined as purchases necessary to support growth revenue opportunities.
- (6) Represent payments due under a long-term incentive plan and executive pension plan that will be funded from retained cash and cash from operations.

Transactions with Related Parties

The Fund

The Fund indirectly invested in notes receivable of \$35.0 million from TTSI. The note is due on February 25, 2030, is unsecured and interest is payable monthly at the rate of 8 percent per annum. The Fund earned interest income of \$0.7 million during the current period and \$1.4 million year to date, the same as in 2006.

Amounts due to associated companies and partnerships relate to amounts incurred in the ordinary course of business. The balances are non-interest bearing and paid monthly.

The Partnership

The Partnership received administrative services provided by a related partnership under common control. Administrative services provided under a shared service agreement totalled \$2.7 million in the current period (\$5.3 million year to date) and \$2.6 million in the prior period (\$5.4 million year to date). The agreement was amended in 2006 to extend the term to September 30, 2013 from September 30, 2008. At June 30, 2007, \$0.8 million was payable and included as an offset in due from associated companies and partnerships (\$1.0 million at December 31, 2006).

Due from associated companies and partnerships in current assets and due to associated companies in current liabilities relates to amounts incurred in the ordinary course of business and is owed from/to certain U.S. or Canadian associated companies or partnerships. The balances are non-interest bearing and paid monthly. Trimac Holdings Ltd., the parent of TTSI, controls the above associated companies and partnerships.

Critical Accounting Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported values of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Accordingly, actual results could differ from these estimates.

The accounting policies requiring the use of management estimates are the allowance for doubtful accounts, insurance reserves, capital asset useful lives, valuation of goodwill as recorded in the Partnership and valuation of the Fund's investment in the Partnership. These estimates, if changed, could materially affect the Fund's overall financial condition.

Capital Assets

Capital assets are recorded at cost.

Revenue vehicles are depreciated over seven to 10 years with estimated residual values of 4 percent to 5 percent. Industry norms for residual values range from 5 percent to 15 percent. There have not been any material gains or losses on disposal recorded over the years, which supports the appropriateness of this policy.

Buildings are depreciated over 25 years. Normal depreciation rates for buildings range from 15 to 40 years. Management believes that the depreciation policy accurately reflects the amortization of the useful life of buildings acquired for use in operations. Gains on disposal that have occurred are a reflection of property value increases.

Provision Balances

Trimac has recorded provisions for various liabilities on its books, in which a certain amount of judgment is used in the determination of their balance. Some of the more significant items are as follows:

Insurance — Claims are accrued to a specified maximum deductible for auto liability claims, based on estimates developed by management. Costs incurred are offset against the accrual.

Allowance for bad debts — Accounts are monitored on an ongoing basis and a provision is established based on historical experience.

Management is of the opinion that estimates used in the preparation of the financial statements have been made on a consistent basis over the years and accurately reflect the financial position of Trimac. Accrual balances have remained relatively consistent and experience has proved them to be adequate.

Goodwill

Under the provisions of CICA Handbook Section 3062, concerning goodwill, Trimac tested goodwill for impairment for the year ended December 31, 2006 by comparing the fair value of each reporting unit to the carrying value of the unit. It was determined that no impairment of goodwill had occurred.

The Fund's Investment in the Partnership

Under the provision's of CICA Handbook Section 3050, concerning the accounting for equity-accounted investments, a write-down in the investment should be made when there has been a loss in value of the investment that is other than a temporary decline. The fair value of the Fund's investment was tested during 2006 to determine if any impairment existed. It was concluded that there was no loss in value from the Fund's carrying value of its investment.

Financial Instruments and comprehensive income

While the availability of derivative financial instruments with respect to foreign exchange and interest rates is monitored, it has not been considered necessary to hedge such items.

Effective January 1, 2007, the Partnership adopted new accounting standards relating to the recognition and measurement of financial instruments. These standards require certain financial instruments and hedge positions to be recorded at their fair value. They also introduce the concept of comprehensive income and accumulated other comprehensive income. Adoption of these standards was on a prospective basis without retroactive restatement of prior periods, except for the restatement of equity balances to reflect the reclassification of "Foreign currency translation adjustments" to "Accumulated other comprehensive income". The impact of adoption of these standards on January 1, 2007 was to decrease other assets and partnership equity by \$0.1 million and to recognize accumulated other comprehensive losses. The adjustment to partnership equity reflects the write-off of deferred transaction costs that related to long-term debt. Any future costs of this type will be recognized when they are incurred in the Partnership's consolidated statement of earnings.

Income taxes - Fund

The Fund is a mutual fund trust for income tax purposes. On June 12, 2007, the Income Tax Act, as it relates to publicly traded trusts and partnerships, was amended. In particular, certain income of and distributions made by these entities will be taxed in a manner similar to income earned by and distributions made by a corporation. The amendments will be effective for the 2007 taxation year with respect to trusts that commenced public trading after October 31, 2006. The application of the rules will be delayed until the 2011 taxation year with respect to trusts which were publicly traded prior to November 1, 2006. Until that point in time, the Fund is only taxable on any amount not allocated to unitholders. As substantially all taxable income will be allocated to the unitholders, no current provision for income taxes on earnings has been made in the consolidated financial statements of the fund. Income tax liabilities, until 2011, relating to distributions of the Fund will continue to be taxed in the hands of the unitholders.

However, upon enactment of the rules, the Fund is required to account for future income taxes under the asset and liability method, whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets

would be recorded in the consolidated financial statements to the extent that realization of such benefits is more likely than not. The difference between the tax bases and the financial statement carrying amount of the Fund's temporary differences as at June 30, 2007 are as follows:

Investment in Trimac Transportation Services Limited Partnership	
Financial statement carrying value	\$ 75,580
Tax value	\$ 90,285

As realization of the future tax asset relating to this temporary difference cannot be estimated, it has not been recorded.

Outlook

Trimac believes that the funds available under its credit facilities and cash flow from operations will be sufficient to allow it to meet ongoing requirements for capital expenditures, working capital and distributions at existing business levels. Trimac's future needs may, however, change, and in such event, Trimac's ability to satisfy its obligations and make distributions will be dependent upon its future financial performance, which in turn will be subject to a number of risks and uncertainties, including elements beyond its control.

As management looks ahead to the remainder of 2007, we expect favourable economic activity levels in B.C. and the Prairie Provinces, offset by continued volatility in the woodchip operations. In the eastern division, management believes that a higher Canadian dollar will contribute to reduced level of manufacturing activity and slower economic growth in central Canada, resulting in a highly competitive operating environment for the remainder of 2007.

Forward-Looking Statements

This MD&A contains statements concerning the outlook for Trimac's business, estimates for sustaining capital expenditures and commitments and the adequacy of Trimac's financial resources to fund ongoing operations, including capital expenditures, working capital, debt repayments and distributions at existing business levels, or other expectations, plans, goals, objectives, assumptions, information or statements about future events, conditions, results of operations or performance that may constitute forward-looking statements or information under applicable securities legislation. Words such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements or information are based on a number of assumptions, which may prove to be incorrect. In addition to any other assumptions identified in this MD&A, certain assumptions have been made concerning the forward-looking information contained herein including, among other things: Trimac will be successful in maintaining its customer relationships and such customers will not materially reduce the volume of business provided to Trimac; the level of Trimac's business activities and economic conditions in general will not be materially different than those prevailing in the second quarter of 2007; Trimac will continue to attract and retain a sufficient number of qualified drivers and mechanics; Trimac will continue to be successful in recovering fuel price increases from its customers; adverse weather conditions will not unduly impact Trimac's operations; the Canadian dollar will not materially strengthen against the United States dollar; distributions payable by Trimac to its unitholders will not be subject to tax in 2007; there will be no material changes to the laws and regulations applicable to Trimac or its businesses; the seasonality of Trimac's business will be consistent with historical trends; no irreparable damage will be done to Trimac's operating systems and databases or information contained thereon; Trimac will maintain or improve upon its competitive position within the bulk trucking sector; adequate financing will be available to Trimac to fund capital expenditures, working capital and distributions on terms and conditions

favourable to Trimac; Trimac will not have any judgment entered against it in a court of law which would have a material adverse effect on Trimac or its businesses; Trimac will continue to have all material licences and permits required by law to conduct its businesses as currently conducted; there will not be a material increase in the price of equipment required in the business of Trimac; and the estimated useful life of equipment and the proceeds received on the disposition thereof will be consistent with historical trends at Trimac.

Although the Fund believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because the Fund can give no assurance that such expectations will prove to be correct. Forward-looking statements or information are based on current expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by the Fund and described in the forward-looking statements or information. These risks and uncertainties include but are not limited to:

- General economic conditions – Certain product lines of Trimac are dependent on the general economic conditions of the regions in which it operates, and cash flows may be negatively impacted by economic downturns in any particular region;
- Labour – Trimac's cash flow and growth are dependent on its ability to hire and retain quality drivers and mechanics;
- Fuel – Rising fuel prices and the ability of Trimac to recover cost increases in the marketplace may impact cash flow;
- Weather – Adverse weather may impact Trimac's transportation of goods and increase operating costs;
- Foreign currency exchange – The strengthening Canadian dollar may impact Trimac's customers' cost competitiveness and negatively impact the volume of goods transported;
- Tax structure – Changes in government regulation may negatively impact Trimac's distributable cash;
- Environmental considerations – Changes in environmental law may impact operating costs;
- Seasonality of business – Financial results may be impacted by the seasonality of the business;
- Information technology – Cash flow could be adversely affected by an event that caused irreparable damage to Trimac's operating systems and databases or information contained in the database;
- Competitive conditions – There can be no assurance that Trimac will be able to compete successfully against its current or future competitors or that competition will not have a material adverse effect on its results of operations and financial condition; and
- Financing – No assurances can be made that financing will be available when required by business needs.

The foregoing list of risks and uncertainties is not exhaustive. Additional information on these and other factors which may affect Trimac's operations or financial results and those of the Fund are included under "Risk Factors" in the Fund's current Annual Information Form and as may be updated in the Fund's annual and interim MD&A and Annual Information Form, which are or will be filed with securities regulators. The Fund undertakes no obligation to update publicly or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Trust units of Trimac Income Fund are traded on The Toronto Stock Exchange under the symbol TMA.UN

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Trimac Income Fund

Consolidated Interim Financial Statements

June 30, 2007

(unaudited)

Trimac Income Fund
Consolidated Balance Sheet
(unaudited)

(thousands of dollars)

	As at June 30, 2007	As at December 31, 2006
	\$	\$
Assets		
Current assets		
Cash	71	223
Interest receivable (note 5)	230	237
Distributions receivable	811	949
Prepaid expenses	118	75
	<u>1,230</u>	<u>1,484</u>
Investment in Trimac Transportation Services Limited Partnership (notes 1 and 3)	75,580	78,431
Note receivable from Trimac Transportation Services Inc. (note 5)	35,000	35,000
	<u>111,810</u>	<u>114,915</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	129	236
Due to associated companies and partnerships (note 5)	363	310
Distributions payable (note 4)	966	966
	<u>1,458</u>	<u>1,512</u>
Unitholders' equity (note 6)	<u>110,352</u>	<u>113,403</u>
	<u>111,810</u>	<u>114,915</u>

Trimac Income Fund

Consolidated Statement of Earnings, Comprehensive Income and Unitholders' Equity

(unaudited)

(thousands of dollars, except per unit amounts and number of units)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
	\$	\$	\$	\$
Share of earnings of Trimac Transportation Services Limited Partnership (note 3)	1,747	619	2,089	1,023
Interest income (note 5)	698	699	1,392	1,390
Administrative costs	(260)	(276)	(654)	(459)
Net earnings	2,185	1,042	2,827	1,954
Other comprehensive loss - share of Partnership other comprehensive loss	(45)	-	(48)	-
Comprehensive income	2,140	1,042	2,779	1,954
Opening unitholders' equity	111,110	118,242	113,403	120,122
Adoption of new accounting standard (note 2)	-	-	(35)	-
Distributions (note 4)	(2,898)	(2,898)	(5,795)	(5,690)
Closing unitholders' equity	110,352	116,386	110,352	116,386
Basic and diluted earnings per unit ⁽¹⁾	0.1744	0.0832	\$ 0.2256	\$ 0.1560
Weighted average number of units outstanding used in computing basic earnings per unit	12,528,515	12,528,515	12,528,515	12,528,515
Weighted average number of units outstanding used in computing diluted earnings per unit ⁽¹⁾	23,609,506	23,012,751	23,609,506	23,012,751

(1) Pursuant to an investor liquidity agreement, holders of TTSI Exchangeable Shares have the right to effectively liquidate their 9,912,140 shares of TTSI and receive units in the Fund on the basis as described in note 6. Following the full exercise of such liquidation rights, the Fund would own 100 percent of the Partnership. The number of units used in the calculation of diluted earnings per unit assumes full liquidation at the beginning of the period. The impact of the liquidation for the period ended June 30, 2007 has not been disclosed, as it is anti-dilutive.

Trimac Income Fund
Consolidated Statement of Cash Flows
(unaudited)
(thousands of dollars)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
	\$	\$	\$	\$
Cash provided (used)				
Operations				
Net earnings	2,185	1,042	2,827	1,954
(Deduct) add items not affecting cash:				
Share of earnings from Trimac Transportation Services Limited Partnership	(1,747)	(619)	(2,089)	(1,023)
Distributions from Trimac Transportation Services Limited Partnership	1,747	619	2,089	1,023
Cash provided by operations	2,185	1,042	2,827	1,954
Net change in non-cash working capital	100	54	(90)	140
Net cash provided by operations	2,285	1,096	2,737	2,094
Investments				
Distributions from Trimac Transportation Services Limited Partnership	670	1,765	2,906	3,494
Cash provided by investing activities	670	1,765	2,906	3,494
Financing				
Distributions paid	(2,898)	(2,898)	(5,795)	(5,637)
Cash used in financing activities	(2,898)	(2,898)	(5,795)	(5,637)
Increase (decrease) in cash	57	(37)	(152)	(49)
Cash, beginning of period	14	125	223	137
Cash, end of period	71	88	71	88
Supplemental information				
Cash received from interest	706	707	1,399	1,398

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

1. Description of the Fund

Trimac Income Fund (the "Fund") is a limited-purpose trust established under the laws of the Province of Alberta pursuant to the Declaration of Trust dated January 7, 2005, as amended and restated by the Amended and Restated Declaration of Trust dated February 17, 2005. The Fund was created to invest, through TIF Commercial Trust, a wholly-owned trust of the Fund (the "Trust"), in the Canadian bulk trucking business and logistics businesses, through the acquisition of a non-controlling interest in the Partnership and in shares of Trimac Transportation Services Inc. (TTSI), the general partner of the Partnership.

The accompanying unaudited interim consolidated financial statements include the accounts of the Trust and are prepared in accordance with Canadian generally accepted accounting principles (GAAP). In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These unaudited interim consolidated financial statements have been prepared using the same accounting policies as were applied in the audited consolidated financial statements of the Fund for the year ended December 31, 2006, with the exception of the adoption of a new standard relating to the recognition and measurement of financial instruments as described in note 2. Due to the limited amount of information that the unaudited interim consolidated financial statements provide on the underlying operations of the Partnership, these unaudited interim consolidated financial statements should be read in conjunction with the unaudited interim consolidated financial statements of the Partnership for the period ended June 30, 2007.

2. New accounting policy

Financial Instruments

On January 1, 2007, the Fund adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251, "Equity", Section 3855, "Financial Instruments – Recognition and Measurement", Section 3861, "Financial Instruments – Disclosure and Presentation" and Section 3865, "Hedges".

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income ("OCI") refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

Section 3251 describes the changes in how to report and disclose equity and changes in equity as a result of the new requirements of Section 1530, including the changes in equity for the period arising from OCI.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated.

Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these categories: held-for-trading, held-to-maturity, loans and receivables, available-for sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is sold or an other than temporary impairment exists, at which time the amounts would be recorded in net earnings.

The following is a summary of the classification of the Fund's financial assets and liabilities upon adoption of section 3855:

- Cash is classified as held-for-trading. The carrying amount included in the consolidated balance sheet approximates fair value due to the short maturity of these instruments.
- Interest receivable and distributions receivable are classified as loans and receivables and are measured at amortized cost. The carrying amount included in the consolidated balance sheet at January 1, 2007 approximated fair value due to the short maturity of these instruments.
- Note receivable from TTSI. is classified as loans and receivables and measured at amortized cost. The fair value at January 1, 2007 was not readily determinable given the many terms and conditions which would influence such determination.
- Accounts payable and accrued liabilities, due to associated companies and partnerships and distributions payable are classified as other financial liabilities and measured at amortized cost. The carrying amount included in the consolidated balance sheet at January 1, 2007 approximated fair value due to the short maturity of these instruments.

Any derivative instruments, including embedded derivatives, are to be recorded in the statement of income at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income. The Fund has elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after January 7, 2005. The Fund does not have any outstanding contracts or financial instruments with imbedded derivatives as at June 30, 2007 or December 31, 2006.

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

The adoption by the Partnership of section 1530 and 3251 resulted in it recording changes due to the translation of its self-sustaining investment in a 100% owned U.S. subsidiary as OCI. Upon adoption of these standards, the Fund has recorded as OCI, its proportionate share of Partnership's OCI. The Fund has also recorded, effective January 1, 2007, its proportionate share of the cumulative effect of the Partnership's translation adjustments as a decrease of \$7 to opening unitholders' equity.

The adoption by the Partnership of section 3855 resulted in it writing off to equity transaction costs relating to long-term debt. These costs were previously deferred as other assets on the Partnership's balance sheet. With the adoption of this standard, the Fund will record as a reduction in its investment in the Partnership and a charge against opening equity, its proportionate share (\$28) of this adjustment. The Fund will recognize its proportionate share of any future costs of this type when they are incurred in its consolidated statement of earnings.

Income taxes

The Fund is a mutual fund trust for income tax purposes. On June 12, 2007, the Income Tax Act, as it relates to publicly traded trusts and partnerships, was amended. In particular, certain income of and distributions made by these entities will be taxed in a manner similar to income earned by and distributions made by a corporation. The amendments will be effective for the 2007 taxation year with respect to trusts that commenced public trading after October 31, 2006. The application of the rules will be delayed until the 2011 taxation year with respect to trusts which were publicly traded prior to November 1, 2006. Until that point in time, the Fund is only taxable on any amount not allocated to unitholders. As substantially all taxable income will be allocated to the unitholders, no current provision for income taxes on earnings has been made in these consolidated financial statements. Income tax liabilities, until 2011, relating to distributions of the Fund will continue to be taxed in the hands of the unitholders.

However, upon enactment of the rules, the Fund is required to account for future income taxes under the asset and liability method, whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Future income tax assets would be recorded in the consolidated financial statements to the extent that realization of such benefits is more likely than not. The difference between the tax bases and the financial statement carrying amount of the Fund's temporary differences as at June 30, 2007 are as follows:

Investment in Trimac Transportation Services Limited Partnership	
Financial statement carrying value	\$ 75,580
Tax value	\$ 90,285

As realization of the future tax asset relating to this temporary difference cannot be estimated, it has not been recorded.

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

3. Investment in Trimac Transportation Services Limited Partnership

a) Share of partnership earnings

The net earnings of the Partnership are allocated between TTSI and the Fund based on the terms of the partnership agreement. The following is a reconciliation of net earnings recorded in the consolidated financial statements of the Partnership to the amount recorded by the Fund.

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
	\$	\$	\$	\$
Net earnings of the Partnership	7,922	4,259	9,430	7,959
Add: Interest expense on TTSI debt included in Partnership earnings	1,019	1,019	2,026	2,026
Adjusted Partnership earnings	8,941	5,278	11,456	9,985
Less: Purchase price allocation adjustments:				
Increase in amortization of capital assets and loss on disposal of capital assets ⁽¹⁾	(2,990)	(533)	(3,533)	(1,066)
Amortization of intangible assets ⁽²⁾	(1,010)	(3,084)	(2,020)	(6,169)
Partnership earnings after purchase price adjustments	4,941	1,661	5,903	2,750
Share of Partnership earnings	1,747	619	2,089	1,023

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

- 1) The amortization of capital assets is increased as the amortization is calculated in the Partnership financial statements using historical costs. The Fund is required to calculate its amortization expense based on its share of fair values on the date of acquisition. At the date of acquisition, the fair value of capital assets was estimated to be \$27,476 in excess of historical net book value as recorded in the Partnership. The amortization period for the value in excess of book for capital assets ranges from zero to 15 years, consistent with the amortization policies of the Partnership, and as a result an increase in amortization expense of \$1,044 and a reduction in the gain on sale on asset disposals of \$2,489 has been recorded for the six month period ended June 30, 2007 and increased amortization expense of \$1,066 has been recorded for the six month period ended June 30, 2006. The unamortized value of the excess at June 30, 2007 is \$19,101 (December 31, 2006 – \$22,634).
- (2) The estimated fair market value of intangible assets at the date the Fund acquired its interest in the Partnership was \$68,804. Amortization of the book value allocated to customer contracts was completed during the year ended December 31, 2006. The book value of intangibles and amortization is as follows:

	Amortization period (years)	Value at date of acquisition \$	Unamortized value at June 30, 2007 \$	Amortization for the six month period ended June 30, 2007 \$	Amortization for the six month period ended June 30, 2006 \$
Brand name	N/A	20,137	20,137	-	-
Customer contracts	1.5	12,449	-	-	4,150
Information technology	5	6,847	3,652	684	684
Customer relationships	11	29,371	23,141	1,336	1,335
		68,804	46,930	2,020	6,169

b) Investment in the Partnership

A continuity of the Fund's investment in the Partnership is as follows:

	As at June 30, 2007 \$	As at December 31, 2006 \$
Opening balance	78,431	85,153
Add (deduct):		
Share of earnings (note 3(a))	2,089	3,150
Share of OCI	(48)	-
Adjustment from adoption of new accounting standard (note 2)	(35)	-
Distributions from Partnership	(4,857)	(9,872)
Closing balance	75,580	78,431

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

As at June 30, 2007 the investment consisted of the following:

	<u>\$</u>
Equity investment	90,285
Accumulated share of earnings	7,507
Accumulated share of OCI	(48)
Adjustment from adoption of new accounting standards (note 2)	(35)
Accumulated distributions	<u>(22,129)</u>
	<u>75,580</u>

4. Distributions to unitholders

The policy of the Fund is to make monthly cash distributions to unitholders. Trimac's Board of Directors approves the level of monthly distributions based upon estimated cash flow on an annual basis, less estimated cash amounts required for debt service obligations, sustaining capital expenditures, cash taxes, other expense amounts and reserves (including amounts for capital expenditures and working capital) and to stabilize the monthly amount of distributions to unitholders. The distributions will be based upon cash receipts of the Fund less amounts which may be paid by the Fund in connection with any cash redemptions or repurchases of units and expenses and liabilities of the Fund, if any. The Fund may make additional distributions in excess of the monthly distributions during the year at the sole discretion of the Trustees.

Monthly distributions will be made available to unitholders of record on the last business day of each month and will be paid on or about the 15th day of the following month. Monthly distributions of \$0.0729 per unit (\$913 in total per month) were paid during January and February of 2006. The monthly distribution was increased to \$0.0771 per unit (\$966 in total per month) commencing with the March 2006 distribution and has remained at that level to June 2007.

5. Related-party transactions

The Trust invested in notes receivable of \$35,000 from TTSI. The note is due on February 25, 2030, is unsecured and interest is payable monthly at the rate of 8 percent per annum. The Trust earned interest income of \$1,389 during the six month period ended June 30, 2007 and \$698 during the quarter. During 2006, interest income of \$1,390 was earned during the six month period ended June 30 and \$699 in the quarter.

Amounts due to associated companies and partnerships relate to amounts incurred in the ordinary course of business. The balances are non-interest-bearing and paid monthly.

Trimac Holdings Ltd., the parent of TTSI, commonly controls the above associated companies and partnerships.

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

6. Unitholders' equity

In 2005, TTSI issued TTSI Exchangeable Shares to Holdings as part of certain pre-closing reorganization transactions. Holders of TTSI Exchangeable Shares have the right to receive units in the Fund, indirectly through TTSI or the Trust at any time (provided that the Board of Directors shall have the discretion to limit the number of exchanges per year), in exchange for their TTSI Exchangeable Shares. Such exchange right is not exercisable if the effect would be to cause the Fund to lose its status as a "mutual fund trust" under the Income Tax Act (Canada). TTSI Exchangeable Shares can be exchanged at the option of TTSI only if the TTSI Exchangeable Shares outstanding, at any time, are exchangeable for fewer than 350,000 units. Exchangeable Security Voting Rights were also issued by the Fund to the holders of TTSI Exchangeable Shares. These rights entitle the holder to one vote at unitholders' meetings of the Fund for each unit that the holder has a right to acquire on exchange of the TTSI Exchangeable Shares. The Exchangeable Shares may be exchanged for units in the Fund, on the basis of the exchange ratio in effect at the time of the exchange. During the six month period ended June 30, 2007, 1,400 of the TTSI exchangeable shares were cancelled and 292,246 ratchet exchangeable shares were exchanged for 361,073 cash exchangeable shares. (See below for a description of ratchet and cash exchangeable shares) During the six month period ended June 30, 2006, 1,600 of the TTSI Exchangeable Shares were cancelled. The number of TTSI Exchangeable Shares outstanding at June 30, 2007 was 9,912,140 (December 31, 2006 – 9,844,713), of which 5,157,061 (December 31, 2006 – 4,797,388) receive monthly distributions from the Partnership ("Cash Exchangeables") and 4,755,079 (December 31, 2006 – 5,047,325) do not receive monthly distributions but have a monthly increase in their exchange ratio in lieu of such distributions ("Ratchet Exchangeables"). The Exchange Ratio at June 30, 2007 is 1:1 for the Cash Exchangeables and 1.245811:1 for the Ratchet Exchangeables. At December 31, 2006 the Exchange Ratio for Cash Exchangeables was 1:1 and 1.184878:1 for Ratchet Exchangeables. Subsequent to the June 30 distribution, on July 16, 2007, the Fund had the following number of securities outstanding or reserved for issuance:

	As at June 30, 2007	As at December 31, 2006
Trust units	12,528,515	12,528,515
Trust units reserved ⁽¹⁾		
Reserved for Cash Exchangeables	5,157,061	4,797,388
Reserved for Ratchet Exchangeables	5,923,930	5,980,463
	11,080,991	10,777,851
Fully diluted units	23,609,506	23,306,366

Trimac Income Fund

Notes to Consolidated Financial Statements

(unaudited)

(thousands of dollars, except per unit amount and number of units)

The unitholders' equity balance consisted of the following:

	As at June 30, 2007 \$	As at December 31, 2006 \$
Equity investment	125,285	125,285
Accumulated earnings	11,685	8,858
Accumulated OCI	(48)	-
Adjustment from adoption of new accounting standard (note 2)	(35)	-
Accumulated distributions	(26,535)	(20,740)
Total unitholders' equity	<u>110,352</u>	<u>113,403</u>

⁽¹⁾ Reserved for issuance pursuant to TTSI Exchangeable Shares, which are exchangeable for Trust units.

7. Guarantees

The Trust and the Partnership have each guaranteed the senior note and the revolving credit facility retained by TTSI. These facilities are described in note 5 to the unaudited interim consolidated financial statements of the Partnership. In addition, payment of the note receivable from TTSI is subordinated to the senior note and revolving credit facility.

**Trimac Transportation Services
Limited Partnership**

Consolidated Interim Financial Statements

June 30, 2007

(Unaudited)

Trimac Transportation Services Limited Partnership

Consolidated Balance Sheet

(unaudited)

(thousands of dollars)

	As at June 30, 2007	As at December 31, 2006
	\$	\$
Assets		
Current assets		
Cash and term deposits	1,196	-
Accounts receivable	35,593	33,058
Materials and supplies	1,988	1,823
Due from associated companies and partnerships (note 6)	1,299	1,012
Prepaid expenses	11,206	9,978
	51,282	45,871
Capital assets (note 4)	101,087	105,163
Intangible assets	1,984	1,093
Goodwill	4,855	4,471
Other (note 2)	1,252	1,287
	160,460	157,885
Liabilities		
Current liabilities		
Bank indebtedness	1,058	699
Accounts payable and accrued liabilities	32,649	29,681
Distributions payable	5,165	5,099
Income taxes payable	358	540
Due to associated companies (note 6)	2,458	3,138
	41,688	39,157
Long-term debt (note 5)	60,000	58,260
Future income taxes	188	1,830
Other long-term liabilities	1,783	1,574
	103,659	100,821
Partnership equity	56,801	57,064
	160,460	157,885
Commitments and contingencies (note 8)		

Trimac Transportation Services Limited Partnership

Consolidated Statement of Earnings, Comprehensive Income and Equity

(unaudited)

(thousands of dollars)

	Three months ended June 30, 2007	Three months ended June 30, 2006 <small>(restated-note 11)</small>	Six months ended June 30, 2007	Six months ended June 30, 2006 <small>(restated-note 11)</small>
	\$	\$	\$	\$
Transportation revenue	74,985	71,199	146,384	144,395
Fuel surcharges	9,194	8,206	16,938	15,630
Total revenues	84,179	79,405	163,322	160,025
Operating costs and expenses				
Direct	61,728	57,998	121,593	118,099
Selling and administrative (note 6)	12,002	11,104	22,988	21,865
Depreciation and amortization	5,942	5,197	11,791	10,563
Gain on sale of assets (net)	(3,164)	(182)	(3,330)	(492)
Operating expense	76,508	74,117	153,042	150,035
Operating earnings	7,671	5,288	10,280	9,990
Interest on long-term debt	1,233	1,067	2,405	2,123
Other interest expense (income)	19	(77)	32	(141)
	1,252	990	2,437	1,982
Earnings before income taxes	6,419	4,298	7,843	8,008
Income tax expense (recovery)				
Current	221	115	323	143
Future	(1,724)	(76)	(1,910)	(94)
	(1,503)	39	(1,587)	49
Net earnings	7,922	4,259	9,430	7,959
Other comprehensive loss - net change in cumulative translation adjustments	(127)	(41)	(136)	(35)
Comprehensive income	7,795	4,218	9,294	7,924
Opening equity	53,606	58,778	57,064	59,650
Adoption of new accounting standard (note 2)	-	-	(81)	-
Distributions declared	(4,600)	(4,748)	(9,476)	(9,326)
Closing partnership equity	56,801	58,248	56,801	58,248
Accumulated other comprehensive losses (included in partnership equity)				
Opening balance as previously recorded	(29)	-	-	-
Adjustment on adoption of accounting policy (note 2)	-	(25)	(20)	(31)
	(29)	(25)	(20)	(31)
Other comprehensive loss	(127)	(41)	(136)	(35)
Closing balance	(156)	(66)	(156)	(66)

Trimac Transportation Services Limited Partnership

Consolidated Statement of Cash Flows

(unaudited)

(thousands of dollars)

	Three months ended June 30, 2007	Three months ended June 30, 2006	Six months ended June 30, 2007	Six months ended June 30, 2006
	\$	\$	\$	\$
Cash provided (used)				
Operations				
Net earnings	7,922	4,259	9,430	7,959
Add back (deduct) items not affecting cash:				
Depreciation and amortization	5,942	5,197	11,791	10,563
Gain on sale of assets (net)	(3,164)	(182)	(3,330)	(492)
Future income tax recovery	(1,724)	(76)	(1,910)	(94)
Other non-cash items	86	51	163	120
	<u>9,062</u>	<u>9,249</u>	<u>16,144</u>	<u>18,056</u>
Cash provided by operations				
Net change in non-cash working capital (note 9)	(697)	(5,547)	(1,798)	(2,133)
	<u>8,365</u>	<u>3,702</u>	<u>14,346</u>	<u>15,923</u>
Net cash provided by operations				
Investments				
Purchases of capital assets	(2,124)	(10,561)	(9,399)	(14,707)
Proceeds on sale of capital assets	6,778	878	7,106	1,881
Acquisition of transportation assets (note 12)	(3,264)	-	(3,264)	-
Increase (decrease) in accounts payable and accrued liabilities relating to investing activities	(176)	438	(197)	366
Increase in accounts receivable relating to investing activities	79	-	3	-
Other	(73)	(19)	(87)	(22)
	<u>1,220</u>	<u>(9,264)</u>	<u>(5,838)</u>	<u>(12,482)</u>
Cash provided by (used in) investing activities				
Financing				
Increase in long-term debt	-	-	7,618	-
Repayments of long-term debt	(5,878)	-	(5,878)	-
Distributions paid	(4,368)	(4,109)	(9,411)	(7,923)
	<u>(10,246)</u>	<u>(4,109)</u>	<u>(7,671)</u>	<u>(7,923)</u>
Cash used in financing activities				
(Decrease) increase in cash and term deposits	(661)	(9,671)	837	(4,482)
Cash and term deposits (bank indebtedness), beginning of period	799	11,936	(699)	6,747
	<u>138</u>	<u>2,265</u>	<u>138</u>	<u>2,265</u>
Cash and term deposits, end of period				
Supplemental Information				
Income taxes paid	(50)	27	607	61
Interest paid	234	(28)	2,443	2,010
Cash consists of the following:				
Cash and term deposits			1,196	2,265
Bank indebtedness			(1,058)	-
			<u>138</u>	<u>2,265</u>

Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for numbers of units)

1. Description of the business

Trimac Transportation Services Limited Partnership (“Trimac” or the “Partnership”) is a limited partnership established on November 12, 2004 under the laws of the province of Alberta. Trimac Transportation Services Inc. (“TTSI”) owns the general partnership interest and the Trimac Income Fund (“the Fund”) owns limited partnership units indirectly. The Partnership is Canada’s largest bulk trucking services provider, with operations from coast to coast. In addition, through its investment in another limited partnership and through a subsidiary company, the Partnership provides complementary logistics services in Canada and the United States. The Partnership is headquartered in Calgary, Alberta.

Prior to January 1, 2005, TTSI and certain of its direct and indirect subsidiaries conducted the bulk trucking and logistics operations of the Partnership.

The accompanying unaudited interim consolidated financial statements include the accounts of the Partnership and its subsidiaries. All of the subsidiaries are 100 percent owned. The statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP). In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These unaudited interim consolidated financial statements have been prepared using the same accounting policies as were applied in the audited consolidated financial statements of the Partnership for the year ended December 31, 2006, with the exception of the adoption of a new standard relating to the recognition and measurement of financial instruments as described in note 2.

2. New accounting policy

On January 1, 2007, the Partnership adopted CICA Handbook Sections 1530, “Comprehensive Income”, Section 3251, “Equity”, Section 3855, “Financial Instruments – Recognition and Measurement”, Section 3861, “Financial Instruments – Disclosure and Presentation” and Section 3865, “Hedges”.

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income (“OCI”) refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

Section 3251 describes the changes in how to report and disclose equity and changes in equity as a result of the new requirements of Section 1530, including the changes in equity for the period arising from OCI. Accumulated changes in OCI are included in accumulated other comprehensive income (“AOCI”) and are presented in the consolidated statement of earnings, comprehensive income and equity as a separate component of partnership equity.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated.

Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for numbers of units)

Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these categories: held-for-trading, held-to-maturity, loans and receivables, available-for sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is sold or an other than temporary impairment exists, at which time the amounts would be recorded in net earnings.

See note 3 for a description of the Partnerships designation of its Financial Instruments.

Any derivative instruments, including embedded derivatives, are to be recorded in the statement of income at fair value unless exempted from derivative treatment as a normal purchase and sale. All changes in their fair value are recorded in earnings unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income. The Partnership has elected to apply this accounting treatment for all embedded derivatives in host contracts entered into on or after January 1, 2003. The Partnership has determined it currently has no derivative or embedded derivative instruments that are required to be recorded at fair value and as such is not impacted by the change in accounting policy.

The Partnership's investment in a U.S. subsidiary, Bulk Plus Logistics Inc., is considered self-sustaining and as such its cumulative translation adjustment is reclassified as AOCI upon the adoption of sections 1530 and 3251. This adjustment is to be recorded on a retroactive basis and current translation changes will be recorded as OCI. Upon adoption of this standard on January 1, 2007 AOCI in the amount of (\$20) was recognized.

Transaction costs relating to long-term debt have previously been deferred and included in "other assets" on the Partnership's balance sheet. With the adoption of section 3855 these costs of \$81 have been written off against opening equity on a prospective basis. Any future costs of this type will be recognized when they are incurred in the Partnership's consolidated statement of earnings.

3. Financial instruments

While the availability of derivative financial instruments with respect to foreign exchange and interest rates is monitored, it has not been considered necessary to hedge such items.

Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for numbers of units)

The following is a summary of the classification of the Partnership's financial assets and liabilities upon adoption of section 3855:

- Cash and term deposits are classified as held-for-trading. The carrying amount included in the consolidated balance sheet approximates fair value due to the short maturity of these instruments.
- Accounts receivable, due from associated companies and partnerships and income taxes recoverable are classified as loans and receivables and are measured at amortized cost. The carrying amount included in the consolidated balance sheet at January 1, 2007 approximated fair value due to the short maturity of these instruments.
- Bank indebtedness, accounts payable and accrued liabilities, distributions payable, income taxes payable and due to associated companies are classified as other financial liabilities and measured at amortized cost. The carrying amount included in the consolidated balance sheet at January 1, 2007 approximated fair value due to the short maturity of these instruments.
- Long-term debt is classified as other financial liabilities and measured at amortized cost. As at June 30, 2007 and December 31, 2006, \$56,000 of the long-term debt of Trimac was fixed with an interest rate of 7.29 percent per annum. The estimated fair value using the present value of expected cash outlays for principal and interest, based on an estimated rate for long-term debt with similar terms, is \$58,892 at June 30, 2007 and \$59,395 at December 31, 2006. Floating-rate debt and the stated amount of outstanding principal is considered to be fair value.

Trimac hauls a wide variety of bulk materials for a broad customer base spanning numerous industries. Given the strength and diversity of the customer base, the credit risks are not considered overly concentrated.

4. Capital assets

The cost and net book value of capital assets by major classification are as follows:

As at June 30, 2007

	Cost \$	Accumulated depreciation \$	Net \$
Bulk hauling highway units	229,752	154,330	75,422
Land, buildings and yard improvements	39,499	21,240	18,259
Other equipment	54,113	46,707	7,406
	<u>323,364</u>	<u>222,277</u>	<u>101,087</u>

Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for numbers of units)

As at December 31, 2006

	Cost \$	Accumulated depreciation \$	Net \$
Bulk hauling highway units	229,482	153,745	75,737
Land, buildings and yard improvements	47,044	24,698	22,346
Other equipment	56,081	49,001	7,080
	<u>332,607</u>	<u>227,444</u>	<u>105,163</u>

5. Long-term debt

		June 30, 2007 \$	December 31, 2006 \$
Due to TTSI	a)	56,000	56,000
Revolving credit facility	b)	4,000	2,260
		<u>60,000</u>	<u>58,260</u>

- a) The \$56,000 amount due to TTSI relates to the portion of TTSI's partnership interest that is equal to TTSI's Series A Senior note at June 30, 2007 (December 31, 2006 - \$56,000). The note is unsecured and interest is at a fixed rate of 7.29 percent per annum. No payments are required until August 20, 2008, at which time payments of \$18,667 are required annually until the note matures in full on August 20, 2010. The Senior note and revolving credit facility (note 5 b) were retained by TTSI ("TTSI debt"). Under the terms of the partnership agreement, the amount due is callable by TTSI in the event that TTSI is required to repay any of the TTSI debt or when desired. The Partnership and TTSI have entered into an agreement whereby TTSI has committed not to call the TTSI debt except when required under the terms of the TTSI debt. Therefore, the repayment terms disclosed in note 5 c) are equal to the terms of the senior note and revolving credit facility held by TTSI. In addition, the partnership agreement requires that a priority distribution be made to TTSI equal to the interest that TTSI pays on the TTSI debt. Given the terms of the partnership interest noted above, \$56,000 has been reclassified between partnership equity and long-term debt and distributions related to this partnership interest have been classified as interest expense on the consolidated statements of earnings.
- b) The \$45,000 revolving credit facility is a joint facility with TTSI and the Partnership, is unsecured and interest rates are floating, generally from Canadian or U.S. prime plus 0.25 percent to Canadian or U.S. prime plus 1.5 percent, and are determined by grid pricing based on Trimac's ratio of debt to earnings before interest, taxes and depreciation. Trimac may elect to borrow in prime, LIBOR, Euro or bankers' acceptance instruments. The agreement is a 364 day revolver subject to renewal on July 31, 2008. Under the terms of the agreement, if the facility is not renewed, the loans are repayable one year after the termination date.

Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

(unaudited)

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After taking into consideration letters of credit of \$6,277 outstanding as at June 30, 2007 (December 31, 2006 – \$6,404), unused lines of credit totalled \$34,723 at June 30, 2007 and \$36,336 at December 31, 2006.

- c) The terms of all of the loans described in a) and b) above include certain covenants requiring the borrower to incur a minimum level of capital expenditures and to maintain specified debt service coverage, debt to earnings before interest, taxes, loss (gain) on sale of assets, depreciation and amortization (EBITDA) and EBITDA to interest ratios. Amounts of long-term debt repayable in the following years ending December 31, are:

	<u>\$</u>
2007	-
2008	22,667
2009	18,667
2010	18,666
Thereafter	-
	<u>60,000</u>

6. Related-party transactions

During the periods ended June 30, 2007 and June 30, 2006, the Partnership received administrative services provided by an associated partnership, Trimac Management Services Limited Partnership (TMSLP). The services are provided under a shared services agreement and amounted to \$5,326 for the six month period ended June 30, 2007 and \$2,685 for the quarter. During the six month period ended June 30, 2006 costs amounted to \$5,400 while \$2,649 was incurred in the second quarter of 2006. At June 30, 2007, \$780 was payable and included as an offset in due from associated companies and partnerships (December 31, 2006 – \$950).

Due from associated companies and partnerships in current assets and due to associated companies in current liabilities relates to amounts incurred in the ordinary course of business and are owed from/to certain U.S. or Canadian associated companies or partnerships. The balances are non-interest-bearing and paid monthly.

Trimac Holdings Ltd., the parent of TTSI, commonly controls the above associated companies and partnerships.

7. Segmented information

Trimac provides bulk-trucking services in Canada and logistics services to the transportation industry in Canada and the United States. Trimac manages its bulk trucking operations in Canada on a geographic basis (western and eastern divisions). Logistics services are managed and reported separately. Revenue is all directly related to the activity in a segment. Expenses are either directly related to a segment or, in the case of corporate administration and interest expenses, are centrally managed and allocated across the segments. Trimac has no customers which account for more than 10 percent of total revenue.

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Six months ended June 30, 2007

	Total revenues \$	Earnings before depreciation, (gain) on sale of assets, interest and taxes \$	Depreciation and (gains) on asset disposals \$	Interest expense \$	Earnings before income taxes \$	Total assets \$	Goodwill \$
Western	92,545	12,750	7,004	1,504	4,242	98,927	1,114
Eastern	60,135	5,239	3,508	829	902	47,399	3,741
Other (a)	27	(228)	(2,245)	42	1,975	3,880	-
Total bulk trucking	152,707	17,761	8,267	2,375	7,119	150,206	4,855
Logistics	10,615	980	194	62	724	10,254	-
Total	163,322	18,741	8,461	2,437	7,843	160,460	4,855

Six months ended June 30, 2006

	Total revenues \$	Earnings before depreciation, (gain) on sale of assets, interest and taxes \$	Depreciation and (gains) on asset disposals \$	Interest expense \$	Earnings (loss) before income taxes \$	Total assets \$	Goodwill \$
Western	89,352	12,672	6,124	1,201	5,347	88,172	730
Eastern	61,642	5,353	3,176	675	1,502	48,435	2,834
Other (a)	18	549	584	41	(76)	4,732	-
Total bulk trucking	151,012	18,574	9,884	1,917	6,773	141,339	3,564
Logistics	9,013	1,487	187	65	1,235	10,437	-
Total	160,025	20,061	10,071	1,982	8,008	151,776	3,564

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Three months ended June 30, 2007					
	Total revenues \$	Earnings before depreciation, (gain) loss on sale of assets, interest and taxes \$	Depreciation and (gains) loss on asset disposals \$	Interest expense \$	Earnings before income taxes \$
Western	48,447	7,773	3,519	784	3,470
Eastern	30,257	2,564	1,723	415	426
Other (a)	14	(446)	(2,560)	23	2,091
Total bulk trucking	78,718	9,891	2,682	1,222	5,987
Logistics	5,461	558	96	30	432
Total	84,179	10,449	2,778	1,252	6,419

Three months ended June 30, 2006					
	Total revenues \$	Earnings before depreciation, (gain) loss on sale of assets, interest and taxes \$	Depreciation and (gains) loss on asset disposals \$	Interest expense \$	Earnings (loss) before income taxes \$
Western	43,928	6,448	3,088	603	2,757
Eastern	30,811	2,905	1,534	331	1,040
Other (a)	9	114	314	21	(221)
Total bulk trucking	74,748	9,467	4,936	955	3,576
Logistics	4,657	836	79	35	722
Total	79,405	10,303	5,015	990	4,298

a) Includes certain unallocated or over-allocated corporate office and interest expenses net of corporate depreciation recoveries that are allocated to each division and recorded as corporate administrative or interest expense. Assets include cash and unallocated fixed assets used in corporate administrative functions.

Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

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8. Commitments and contingencies

Trimac has operating leases for certain terminal facilities, office equipment and automobiles. Future rental payments under operating leases with initial or remaining non-cancellable lease terms in excess of one year at June 30, 2007 are:

	<u>\$</u>
2007	2,133
2008	2,953
2009	1,664
2010	837
2011	151
Thereafter	-

Under the terms of a contract with a major customer, Trimac is committed to purchase 4.0 million litres of fuel annually over a five-year term, ending April 30, 2011, at a fixed price per litre that is reset at the contract anniversary date each year.

The Partnership has guaranteed its portion of the rent and other obligations due under an office lease arrangement entered into by TMSLP during the year. The relationship between the Partnership and TMSLP is described in note 6. Trimac's guarantee of approximately 49 percent of the lease obligation represents its share of cost allocation under the shared service agreement.

Trimac is involved in various legal actions, which have occurred in the ordinary course of operations. Management is of the opinion that losses, if any, arising from such legal actions would not have a material effect on these financial statements.

9. Non-cash working capital

Net changes in non-cash working capital balances are as follows:

	Three months ended		Six months ended	
	June 30		June 30	
	2007	2006	2007	2006
	\$	\$	\$	\$
Accounts receivable	1,178	(992)	(2,089)	(414)
Material and supplies	(269)	21	(153)	306
Income taxes payable	270	88	(285)	82
Prepaid expenses	(1,685)	(1,727)	(1,063)	(1,167)
Accounts payable and accrued liabilities	(890)	(868)	2,759	2,109
Due from/to associated companies and partnerships	699	(2,069)	(967)	(3,049)
	<u>(697)</u>	<u>(5,547)</u>	<u>(1,798)</u>	<u>(2,133)</u>

Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

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10. Seasonality

The Partnership's operations are subject to seasonal influences. Revenues and earnings in the first quarter and, to a lesser extent, in the fourth quarter are generally lower than in the second and third quarters due to lower construction-related volume, colder weather, higher operating costs and lower operating efficiencies in colder weather. The second and third quarters are generally the most profitable quarters for Trimac, due primarily to increased hauling of construction-related products and increased economic activity from industries using raw materials that Trimac hauls, generating higher volumes and increased utilization of its equipment at lower operating costs. This seasonality is influenced by changes in business mix and weather that varies from time to time.

11. Restatement

Upon the adoption of CICA Handbook section 1530 on the reporting and presentation of comprehensive income, translation changes were reclassified as OCI on a retroactive basis. For the six month period ended June 30, 2006, (\$35) (the change in the cumulative translation account during this period) was recorded as OCI ((\$41) during the quarter) whereas it was previously presented as an adjustment to partnership equity. The cumulative translation adjustment account at January 1, 2006 was reclassified as AOCI and consequently total equity did not change.

12. Acquisition of transportation assets

Effective April 30, 2007, the Partnership purchased all of the shares of Ken Angeli Trucking Ltd. (KAT) for \$1,796 (\$1,603 net of KAT's cash on hand). KAT provides liquid chemical hauling services to various chemical producers with operations in Kamloops, B.C. and Edmonton, Alberta.

Effective June 1, 2007, the Partnership purchased certain of the assets of the Canadian division of Logistics Express Inc, a U.S. multinational transportation company, for \$1,661. The division operates out of a leased facility in Edmonton, Alberta and hauls liquefied gases for various industrial gas manufacturers.

The acquisitions were funded through a combination of cash on hand and an existing credit facility of the Partnership. The purchase consideration is allocated as follows:

Period ended June 30, 2007

	<u>\$</u>
Assets purchased	
Working capital	348
Capital assets	1,878
Identifiable intangible assets	1,110
Goodwill	383
Future income taxes	(262)
Total consideration	<u>3,457</u>