



# Trimac Income Fund

Report to Unitholders for the period ended  
September 30, 2006

November 10, 2006

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## Trimac Announces Improved Third Quarter Results

(Calgary, AB – November 10, 2006) 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 third quarter of 2006.

### Summary

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
	(millions of dollars, except per unit amounts and unit numbers) (unaudited)			
Revenues <sup>(1)</sup>	83.6	78.0	243.6	228.6
EBITDA <sup>(1) (2)</sup>	11.7	10.5	31.8	28.5
Net earnings <sup>(1)</sup>	5.9	4.1	13.9	9.7
Distributable cash per unit <sup>(2)(3)(4)</sup>	\$0.3885	\$0.3046	\$0.8048	\$0.7157
Distributions per unit <sup>(2)(3)</sup>	\$0.2313	\$0.2187	\$0.6855	\$0.5199
Basic and diluted earnings per unit <sup>(3)</sup>	\$0.1460	\$0.0907	\$0.3020	\$0.1989
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	23,138,033	22,576,994	23,138,033	22,576,994

<sup>(1)</sup> Revenues, EBITDA and net earnings are for the Partnership for the periods indicated.

<sup>(2)</sup> 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 believes that they are useful complementary measures to assist readers in evaluating the performance of the Fund.

<sup>(3)</sup> Distributable cash, distributions and basic and diluted earnings expressed on a per unit basis are for the Fund for the 3 months and 9 months ended September 30, 2006 and for the 3 months ended September 30 and from commencement of operations on February 25 to September 30 for 2005.

<sup>(4)</sup> 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” below for additional commentary.

- Trimac achieved strong results for the third quarter. Significant increases were achieved in the quarter:
  - Revenues - 7% increase to \$83.6 million
  - EBITDA - 11% increase to \$11.7 million
  - Net earnings - 44% increase to \$5.9 million
  - Cash provided by operations - 16% increase to \$10.7 million
- Divisional highlights in the third quarter were as follows:
  - Western division operations continued their strong revenue growth and enhanced profitability, with improvements in all operations excluding woodchips.
  - Eastern division results continued to rebound with increased revenues and significant improvements in cash flow over the prior year’s quarter.

- Bulk Plus Logistics (“BPL”) operations performed well, however, results were negatively impacted by costs related to an incident at a transload facility.
- Trimac announced the acquisition of the JeffBrett Group of Companies on October 1, 2006 with estimated annual revenues of \$10 million.
- To facilitate growth opportunities, Trimac has reached an agreement with its lenders to expand its line of credit to \$45 million, an increase of \$20 million.

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

“The western division business remained strong, as the robust western Canadian economy fuelled increased demand in the quarter for all product lines, excluding woodchips. We also successfully implemented \$11 million of new business awards during the quarter. This was a significant accomplishment in a capacity constrained environment with labour shortages and equipment supply challenges. As management indicated in our second quarter outlook, the woodchips operation continued to be very volatile and we experienced significant revenue declines during the third quarter. Despite the revenue erosion, the woodchips operation experienced slightly improved cash flows from operations over the third quarter of 2005. We were pleased with the improved quality and increased revenues and profits in our eastern division, despite a less than robust operating environment. The Atlantic Province operations returned to profitability as a result of the success of reorganization efforts over the past year. Our logistics businesses performed well in both U.S. and Canadian operations but results were dampened by the clean-up costs associated with an incident in its transload operations. Overall, the solid growth and improved profitability resulted in a strong quarter for the Fund.”

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

“The western division is expected to continue to grow as a result of new business awards and the continued strength of the western Canadian economy, tempered somewhat by continued volatility in the woodchips operations. In the eastern division, we look forward to solid performance as a result of restructuring initiatives, although we do anticipate an increasingly competitive tender environment as a result of economic conditions in the Ontario and Quebec market.

The hallmark of Trimac's strategy is stability through diversification within the bulk-trucking sector. We are diversified by customer, product, industry and geography. This diversification, together with acquisitions and new business awards, cause us to continue to be optimistic when assessing the outlook for our business.”

### **Proposed Federal Tax Legislation Changes**

On October 31, 2006 the Minister of Finance announced proposed new tax measures, that if passed into legislation, would result in existing public income trusts paying a tax on distributions beginning in 2011. More specifically, this proposal would tax public income trusts on a basis similar to corporations, where distributions made to unitholders would be taxed at the trust level. Distributions received by taxable Canadian residents would be treated as dividends and eligible for the dividend tax credit. Due to the limited information available at this time, Management is unable to assess the impact of the proposed measures on Trimac and its unitholders. Unitholders are encouraged to contact their own financial and tax advisors regarding the potential tax consequences of the Federal Government's announcement.

Trimac is a member of the Canadian Association of Income Funds (CAIF) and, together with CAIF, we oppose the imposition of this tax and the Government's breach of its unequivocal election promise to not impose any new taxes on trusts. We encourage unitholders to express their views in this regard directly to the Minister of Finance and their Member of Parliament. Contact information for MP's is available at [www.caif.ca/action](http://www.caif.ca/action).

## Financial Highlights

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
	(unaudited)		(unaudited)	
	(millions of dollars)			
<b>Revenues</b>				
Western	48.2	44.3	137.0	129.5
Eastern	31.2	29.6	93.4	86.4
Canadian trucking	79.4	73.9	230.4	215.9
Bulk Plus Logistics	4.2	4.1	13.2	12.6
Other	-	-	-	0.1
	<b>83.6</b>	<b>78.0</b>	<b>243.6</b>	<b>228.6</b>
Direct costs	60.6	57.1	178.7	168.4
Selling and administrative	11.3	10.4	33.1	31.7
<b>EBITDA <sup>(1)</sup></b>	<b>11.7</b>	<b>10.5</b>	<b>31.8</b>	<b>28.5</b>
Depreciation net of gains on disposal of capital assets	4.5	5.3	14.6	16.2
<b>Operating earnings</b>	<b>7.2</b>	<b>5.2</b>	<b>17.2</b>	<b>12.3</b>
Interest expense (net)	1.0	1.2	3.0	2.7
<b>Earnings before taxes</b>	<b>6.2</b>	<b>4.0</b>	<b>14.2</b>	<b>9.6</b>
Income tax expense (recovery)	0.3	(0.1)	0.3	(0.1)
<b>Net earnings</b>	<b>5.9</b>	<b>4.1</b>	<b>13.9</b>	<b>9.7</b>
<b>As a percentage of revenue</b>				
Direct costs	72.5%	73.2%	73.4%	73.7%
Selling and administrative	13.5%	13.3%	13.6%	13.9%
EBITDA <sup>(1)</sup>	14.0%	13.5%	13.1%	12.5%
Depreciation	5.4%	6.8%	6.0%	7.1%
Operating earnings	8.6%	6.7%	7.1%	5.4%

	September 30 2006	December 31 2005
	(millions of dollars)	
Total assets	156.2	151.1
Total long-term liabilities	57.5	57.2

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

## Distributable Cash

	Three months ended		Nine months	February 25
	September 30, 2006	September 30, 2005	ended September 30, 2006	to September 30, 2005
	(unaudited)		(unaudited)	
	(millions of dollars except unit amounts, certain percentages and number of units)			
Net cash provided by operations	11.0	11.7	26.9	26.8
Net change in non-cash working capital <sup>(1)</sup>	(0.2)	(2.4)	1.9	(5.1)
Net sustaining capital (net of proceeds) <sup>(2) (3)</sup>	<u>(1.2)</u>	<u>(2.2)</u>	<u>(8.7)</u>	<u>(5.0)</u>
Total estimated cash available for distribution (before public expenses)	9.6	7.1	20.1	16.7
Percentage of available cash distributable to unitholders <sup>(4)</sup>	<u>54%</u>	<u>55%</u>	<u>54%</u>	<u>55%</u>
Cash available for distribution to unitholders (before public expenses)	5.2	3.9	10.9	9.3
Public expenses <sup>(5)</sup>	<u>(0.3)</u>	<u>(0.1)</u>	<u>(0.8)</u>	<u>(0.3)</u>
<b>Distributable cash available to unitholders <sup>(6)</sup></b>	<b>4.9</b>	<b>3.8</b>	<b>10.1</b>	<b>9.0</b>
<b>Distributions declared and payable</b>	<b>2.9</b>	<b>2.7</b>	<b>8.6</b>	<b>6.5</b>
Distributable cash per unit <sup>(6)</sup>	0.3885	0.3046	0.8048	0.7157
Distributions declared per unit	0.2313	0.2187	0.6855	0.5199
Payout ratio <sup>(6)</sup>	59.5%	71.8%	85.2%	72.6%
Weighted average number of units outstanding	12,528,515	12,528,515	12,528,515	12,528,515
<b>Net capital expenditures</b>				
Sustaining capital expenditures	2.8	3.1	12.2	6.9
Proceeds on disposal of replaced assets	<u>(1.6)</u>	<u>(0.9)</u>	<u>(3.5)</u>	<u>(1.9)</u>
Net sustaining capital expenditures	1.2	2.2	8.7	5.0
Growth capital expenditures <sup>(2) (7)</sup>	<u>7.4</u>	<u>1.1</u>	<u>12.7</u>	<u>1.7</u>
	<u>8.6</u>	<u>3.3</u>	<u>21.4</u>	<u>6.7</u>

(1) Changes in operating assets and liabilities are not considered a source of distributable cash.

(2) Distributable cash, 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 to assist readers in evaluating 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.

(4) Percentage is equal to units outstanding of 12,528,515 divided fully diluted units of 23,138,033.

(5) Represents public expenses borne by the Fund for the period.

(6) Distributable cash available will fluctuate on a monthly basis due to seasonal cash flows, sustaining capital incurred, income taxes paid and interest costs on outstanding debt.

(7) Cash used to fund growth capital expenditures does not affect distributable cash to unitholders when alternative sources of financing are available for these purposes. The 2006 growth capital was funded from cash reserves.

The timing of sustaining capital purchases impacts the Partnership's distributable cash. The purchase of sustaining capital occurs unevenly throughout the fiscal year and does not match with monthly distributable cash earned, therefore, the amount of distributable cash may vary in each quarter due to the amount of sustaining capital purchased. Net sustaining capital purchases for the full-year are estimated to be between \$11.5 million to \$12.5 million, although at this point management expects net sustaining capital expenditures to be at the high end of this range. Trimac's Board approves the level of monthly distributions based upon estimated cash from operations on an annual basis, less estimated cash amounts required for debt service obligations, sustaining capital expenditures, other expense amounts and reserves (including amounts for capital expenditures and working capital) and to stabilize the monthly amount of distributions to unitholders.

## ***Operating Results***

Trimac's revenue in the third quarter of 2006 ("current period") totalled \$83.6 million, a \$5.6 million or 7.2% increase over the prior year's quarter ("prior period"). EBITDA increased by \$1.2 million or 11.4% to \$11.7 million. On a year-to-date basis revenue increased by \$15.0 million or 6.6% to \$243.6 million compared to \$228.6 million in the prior nine-month period. EBITDA improved to \$31.8 million for the current nine-month period, an increase of \$3.3 million or 11.6% over the same period last year.

### ***Bulk Trucking Operations***

The western division's third quarter revenues increased from \$44.3 million to \$48.2 million in 2006, an increase of \$3.9 million over the prior period. Strong revenue growth of approximately 17.4% was achieved in B.C., the Prairie Provinces and the commercial wash and shop operations. Tempering this growth was a decline of 19.5% in woodchip revenues due to business losses and ongoing challenges in the pulp and paper industry. Growth in revenue was achieved as a result of: new business awards in Saskatchewan and Alberta, growth with existing customers in B.C. and Prairie Province operations, and commercial shop and washrack operations. EBITDA increased by \$1.5 million or 22% to \$8.2 million in the current period compared to the prior period as a result of the above mentioned revenue growth.

On a year-to-date basis, the western division's revenues increased to \$137.0 million from \$129.5 million in 2005, an increase of \$7.5 million or 5.8%. All of the operations within the western division experienced year-over-year growth with the exception of the woodchip product line. The division generated EBITDA of \$20.6 million, an increase of \$2.4 million or 13.1% over the nine-month period ended September 2005. All operations, excluding woodchips, reported improved results due to the increased revenues on a year-to-date basis.

Third quarter revenues in the eastern division increased from \$29.6 million to \$31.2 million, an increase of \$1.6 million or 5.4% over the prior period. Revenues grew in the chemical, petroleum, plastics and compressed gas product lines of our Ontario operations. This growth was offset by the shedding of non-compensatory petroleum business in Atlantic Canada, the closure of the Oakville tote cleaning facility in September 2005, the loss of the slag hauling contract in Southern Ontario in the second quarter of 2006 and lower chemical volumes in the Quebec operations. For the current period, EBITDA increased from \$2.5 million to \$3.8 million, an improvement of \$1.3 million or 52% over the prior period. Improved revenues, lower wash facility expenses and lower shop operating costs together with reduced accident claims all positively impacted the eastern division's EBITDA.

For the nine months ended September 30, 2006, the eastern division's revenues increased to \$93.4 million, compared to \$86.4 million in 2005, an increase of \$7.0 million or 8.1%. All of the eastern division's operations experienced year-over-year growth with the exception of the operations in the Atlantic provinces and commercial wash and shop revenues. EBITDA improved to \$9.5 million from \$7.5 million for the year, an increase of \$2.0 million or 26.7% over the prior year. Ontario and Quebec operations achieved improved profitability due to strong revenue growth and closure of the Oakville tote cleaning facility in September 2005. EBITDA for the Atlantic Province operations was similar to last year despite experiencing an 8% decline in revenues due to the successful restructuring and shedding of non-compensatory petroleum business.

## *Logistics Operations*

Revenues from BPL's businesses were \$4.2 million in the current period, an increase of \$0.1 million or 2.9% over the third quarter of 2005. Canadian revenues were unchanged over the prior period. Growth in freight brokerage revenues was offset by lower transload volumes due to the in-boarding of certain managed transload facilities. BPL's U.S. revenue, expressed in U.S. dollars, grew by 23.9%, however, a stronger Canadian dollar and the resulting translation into Canadian dollars reduced growth to 15.1% over the prior period. BPL's EBITDA was at breakeven for the current period, representing a decrease of \$0.6 million from the prior period. The reduction in EBITDA was due to significant clean-up costs (\$0.6 million) associated with a product spill at a customer transload facility. Clean-up operations associated with the spill were completed in the quarter.

For the first nine months of the year, BPL's revenues were \$13.2 million compared to \$12.6 million in 2005, an increase of \$0.6 million or 4.7%. Increased volumes were achieved in freight brokerage (U.S. and Canada) and U.S. third party logistics, offset by lower volumes in the transload (U.S. and Canada) product line. BPL's EBITDA for the first nine months of 2006 was \$1.5 million, an increase of \$0.1 million from the nine month period ended September 2005. Improved EBITDA from the freight brokerage (U.S. and Canada) operations offset the impact of transload facility closures in the U.S. and Canada as well as the previously noted clean-up costs.

## **Capital Expenditures**

Net capital expenditures of the Partnership were \$8.6 million in the current period compared with \$3.3 million in the prior period. The increased net capital expenditures of \$5.3 million over the prior period were made up of growth capital of \$6.3 million partially offset by reduced sustaining capital expenditures of \$0.3 million and higher proceeds on disposal of assets of \$0.7 million. Growth capital expenditures were higher than the prior period due to \$2.2 million of tractor purchases related to the propane transportation business acquisition in December 2005 and new business secured in the current year. The main reason for the increased proceeds was due to the sale of excess land in Edmonton, which generated \$1.5 million in the current period compared to the \$0.4 million from the disposal of a terminal in Regina in the prior period.

For the nine months ended September 30, 2006, net capital expenditures totalled \$21.4 million compared to \$12.4 million for the prior year. Adjusting for the one-time \$4.9 million Waneta transload lease buy-out in February 2005, net capital expenditures for the nine month period ended September 2006 were \$13.9 million higher than the same period in 2005. Increased net capital expenditures were made up of sustaining capital purchases of \$4.4 million and growth capital of \$10.8 million partially offset by higher disposal proceeds of \$1.3 million. Sustaining capital purchases on a year-to-date basis increased over the prior year due to reduced spending in 2005 as a result of redeployment of excess equipment primarily in woodchips and petroleum operations. Growth capital spending increases for the year relate to significant new business awards and tractor purchases related to the December 2005 propane transportation business acquisition.

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 sustaining capital requirements for the year are expected to be in the range of \$11.5 million to \$12.5 million, although at this point management expects net sustaining capital expenditures to be at the high end of this range.

## ***Fuel Costs***

Fuel costs fluctuated during the quarter with average daily posted rack prices for low-sulphur diesel fuel at refineries across Canada ranging from \$0.79 per litre to \$0.91 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 our 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 12% of base trucking revenues during the current period. The Partnership estimates it has fully recovered fuel cost increases for the nine months ended September 2006.

## ***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. 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, assumptions have been made regarding, among other things, level of business activity, equipment prices, estimated useful life of equipment and disposal proceeds. 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. 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 it operates in and cash flows may be negatively impacted by economic downturns in any particular region.
- Labour – Trimac's cash flow and growth is 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 conditions 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.
- Environment 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 affect on its results of operations and financial condition.
- 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 prospectus 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

**FOR FURTHER INFORMATION PLEASE CONTACT:**

Terry J. Owen  
 President & Chief Executive Officer  
 Trimac Transportation Services Inc.

Edward V. Malysa  
 Vice President & Chief Financial Officer  
 Trimac Transportation Services Inc.

Telephone: (403) 298-5101  
 Facsimile: (403) 298-5355

Telephone: (403) 298-5176  
 Facsimile: (403) 298-5146

Investor Relations: [investors@trimac.com](mailto:investors@trimac.com)

You are invited to join us on a conference call at 3:30 p.m. Eastern Time on Friday November 10, 2006. For North American participants, please dial 1-(800) 525-6384 or for international participants, please dial (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 7:00 p.m. Eastern Time on Friday, November 10, 2006 until midnight November 17, 2006. To hear the playback dial 1-(800) 395-0364 or for international participants, please dial (402) 220-2885 and give the conference ID number 9878534.

## MANAGEMENT'S DISCUSSION AND ANALYSIS PERIOD ENDED SEPTEMBER 30, 2006

*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 Partnership's unaudited interim consolidated financial statements and accompanying notes thereto for the quarter ended September 30, 2006, management's discussion and analysis and consolidated financial statements of the Fund and Partnership for the year ended December 31, 2005, and other public disclosure documents of Trimac Income Fund that can be found on SEDAR at [www.sedar.com](http://www.sedar.com).*

*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 Generally Accepted Accounting Principles (GAAP) in Canada, such as EBITDA, to assist in assessing the Partnership's financial performance. The non-GAAP measures are not recognized under GAAP and 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. Effective January 1, 2005, the Partnership purchased substantially all of the assets of Trimac Transportation Services Inc. (TTSI) relating to its Canadian bulk trucking business and its North American logistics business. 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 TTSI, the general partner of the Partnership.

### **The Partnership**

Trimac is Canada's largest bulk trucking services provider, with operations from coast to coast. We are 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 subsidiaries (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; it is managed and reported as a separate division.

## 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 September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	From February 25 to September 30, 2005
Share of earnings of Trimac Transportation Services Limited Partnership	1.4	0.5	2.5	1.1
Interest income	0.7	0.7	2.1	1.7
Administrative costs	(0.3)	(0.1)	(0.8)	(0.3)
<b>Net earnings</b>	<b>1.8</b>	<b>1.1</b>	<b>3.8</b>	<b>2.5</b>
Opening unitholders' equity	116.4	122.9	120.1	-
Issue of units through Initial Public Offering	-	-	-	86.0
Issue of units on over-allotment option	-	-	-	4.3
Issue of units through private offering	-	-	-	35.0
Distributions	(2.9)	(2.7)	(8.6)	(6.5)
<b>Closing unitholders' equity</b>	<b>115.3</b>	<b>121.3</b>	<b>115.3</b>	<b>121.3</b>
Basic and diluted earnings per unit	0.1460	0.0907	0.3020	0.1989
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	23,138,033	22,576,994	23,138,033	22,576,994

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 September 30, 2006 ("current period") increased by \$0.7 million or 39% over the three month period ended September 30, 2005 ("prior period") due to a \$0.9 million increase in its share of Partnership earnings partially offset by increased administrative costs of \$0.2 million. The increase in the Fund's share of Partnership earnings was due to improved Partnership results in the current period as compared to the prior period and reduced amortization expense. The value allocated to intangible assets for customer contracts was fully amortized and resulted in reduced amortization expense of \$0.2 million during the current period. The increase in administrative expense for the current period was due to compliance costs associated with the implementation of Multilateral Instrument 52-109 of the Canadian Securities Administrators.

On a year-to-date basis, net earnings improved by \$1.3 million in 2006 compared to the period from February 25, 2005 to September 30, 2005. The Fund operated for an additional 52 days in the nine-month period ending September 30, 2006, as operations commenced on February 25, 2005. In addition, during the comparable period from February 25, 2006 to September 30, 2006 the Fund earned \$1.2 million higher earnings from its investment in the Partnership. Administrative expenses were increased over 2005 due to the additional operating period and the previously mentioned compliance costs incurred in 2006.

## The Partnership

### Financial Highlights

	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
	(millions of dollars)			
<b>Revenues</b>				
Western	48.2	44.3	137.0	129.5
Eastern	31.2	29.6	93.4	86.4
Canadian trucking	79.4	73.9	230.4	215.9
Bulk Plus Logistics	4.2	4.1	13.2	12.6
Other	-	-	-	0.1
	<b>83.6</b>	<b>78.0</b>	<b>243.6</b>	<b>228.6</b>
Direct costs	60.6	57.1	178.7	168.4
Selling and administrative	11.3	10.4	33.1	31.7
<b>EBITDA <sup>(1)</sup></b>	<b>11.7</b>	<b>10.5</b>	<b>31.8</b>	<b>28.5</b>
Depreciation net of gains on disposal of capital assets	4.5	5.3	14.6	16.2
<b>Operating earnings</b>	<b>7.2</b>	<b>5.2</b>	<b>17.2</b>	<b>12.3</b>
Interest expense (net)	1.0	1.2	3.0	2.7
<b>Earnings before taxes</b>	<b>6.2</b>	<b>4.0</b>	<b>14.2</b>	<b>9.6</b>
Income tax expense (recovery)	0.3	(0.1)	0.3	(0.1)
<b>Net earnings</b>	<b>5.9</b>	<b>4.1</b>	<b>13.9</b>	<b>9.7</b>
<b>As a percentage of revenue</b>				
Direct costs	72.5%	73.2%	73.4%	73.7%
Selling and administrative	13.5%	13.3%	13.6%	13.9%
EBITDA <sup>(1)</sup>	14.0%	13.5%	13.1%	12.5%
Depreciation	5.4%	6.8%	6.0%	7.1%
Operating earnings	8.6%	6.7%	7.1%	5.4%

	September 30	December 31
	2006	2005

(millions of dollars)

Total assets	156.2	151.1
Total long-term liabilities	57.5	57.2

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.

<sup>(1)</sup> EBITDA (earnings before interest, taxes, depreciation and amortization) is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore EBITDA 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 service, capital expenditures and income taxes.

## Distributable Cash

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

	Three months ended September 30		Nine months ended September 30, 2006	February 25 to September 30, 2005
	2006	2005		
(millions of dollars except unit amounts, certain percentages and number of units)				
Net cash provided by operations	11.0	11.7	26.9	26.8
Net change in non-cash working capital <sup>(1)</sup>	(0.2)	(2.4)	1.9	(5.1)
Net sustaining capital (net of proceeds) <sup>(2) (3)</sup>	<u>(1.2)</u>	<u>(2.2)</u>	<u>(8.7)</u>	<u>(5.0)</u>
Total estimated cash available for distribution (before public expenses)	9.6	7.1	20.1	16.7
Percentage of available cash distributable to unitholders <sup>(4)</sup>	<u>54%</u>	<u>55%</u>	<u>54%</u>	<u>55%</u>
Cash available for distribution to unitholders (before public expenses)	5.2	3.9	10.9	9.3
Public expenses <sup>(5)</sup>	<u>(0.3)</u>	<u>(0.1)</u>	<u>(0.8)</u>	<u>(0.3)</u>
<b>Distributable cash available to unitholders <sup>(6)</sup></b>	<b>4.9</b>	<b>3.8</b>	<b>10.1</b>	<b>9.0</b>
<b>Distributions declared and payable</b>	<b>2.9</b>	<b>2.7</b>	<b>8.6</b>	<b>6.5</b>
Distributable cash per unit <sup>(6)</sup>	0.3885	0.3046	0.8048	0.7157
Distributions declared per unit	0.2313	0.2187	0.6855	0.5199
Payout ratio <sup>(6)</sup>	59.5%	71.8%	85.2%	72.6%
Weighted average number of units outstanding	12,528,515	12,528,515	12,528,515	12,528,515
<b>Net capital expenditures</b>				
Sustaining capital expenditures	2.8	3.1	12.2	6.9
Proceeds on disposal of replaced assets	<u>(1.6)</u>	<u>(0.9)</u>	<u>(3.5)</u>	<u>(1.9)</u>
Net sustaining capital expenditures	1.2	2.2	8.7	5.0
Growth capital expenditures <sup>(2) (7)</sup>	<u>7.4</u>	<u>1.1</u>	<u>12.7</u>	<u>1.7</u>
	<u>8.6</u>	<u>3.3</u>	<u>21.4</u>	<u>6.7</u>

(1) Changes in operating assets and liabilities are not considered a source of distributable cash.

(2) Distributable cash, 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 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.

(4) Percentage is equal to units outstanding of 12,528,515 divided by fully diluted units of 23,138,033.

(5) Represents public expenses borne by the Fund for the period.

(6) Distributable cash available will fluctuate on a monthly basis due to seasonal cash flows, sustaining capital incurred, income taxes paid and interest costs on outstanding debt.

(7) Cash used to fund growth capital expenditures does not affect distributable cash to unitholders where financing is available for these purposes.

The timing of sustaining capital purchases impacts the Partnership's distributable cash reported. The purchase of sustaining capital used in the business occurs unevenly throughout the fiscal year and does not match with the monthly distributable cash earned, therefore, the amount of distributable cash may vary from quarter to quarter depending on the amount of sustaining capital purchased. 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.

## September 30, 2006 compared to September 30, 2005 for the Partnership

### *Revenue*

Trimac's total revenues for the three month period ended September 30, 2006 were \$83.6 million, an increase of \$5.6 million or 7.2% from \$78.0 million recorded in the three month period ended September 30, 2005.

The western division generated \$48.2 million in revenue, an increase of \$3.9 million or 9.0% over the \$44.3 million recorded in the prior period. The division achieved strong revenue growth of approximately 17.4% in its B.C., Prairie Provinces and commercial shop and wash operations. Tempering this growth was a 19.5% reduction in woodchip operation revenue due to both the temporary and permanent closures of sawmill and pulp mills and business losses in 2005 and 2006. Growth was achieved as a result of new business awards in Alberta and Saskatchewan, growth with existing customers in the B.C. and Prairie Province operations and commercial shop and washrack operations.

The eastern division's revenue increased from \$29.6 million in the prior period to \$31.2 million in the current period, an increase of \$1.6 million or 5.4%. Revenue growth was achieved in the chemical, petroleum, plastics and compressed gas product lines of the Ontario operations. This growth was offset by the shedding of non-compensatory petroleum business in Atlantic Canada, the closure of the Oakville tote cleaning facility in September 2005, the loss of the slag hauling contract in Southern Ontario in the second quarter of 2006 and reduced chemical volumes in the Quebec operations.

BPL's current period revenue was \$4.2 million, an increase of \$0.1 million or 2.4% over the prior period. BPL's Canadian operating revenues were unchanged over the prior period as higher freight brokerage volume offset lower transload volumes resulting from the termination of BPL's services at certain managed transload facilities. BPL's U.S. revenues experienced growth of 23.9%, as a result of increased freight brokerage and third party logistics management volumes. The U.S. revenue growth converted to Canadian dollars was reduced to 15.1% as a result of the strengthening Canadian dollar compared to the prior period.

For the nine months ended September 30, 2006 total revenues were \$243.6 million compared to \$228.6 million in the same period last year, an increase of \$15.0 million or 6.6%. The western division generated \$137.0 million in revenue, an increase of \$7.5 million or 5.8% over the \$129.5 million in the same period last year. Excluding the decline in woodchip revenue of 15.4% for the year, the western division's remaining operations achieved year-over-year growth of 13.6% with strong growth achieved in petroleum, cement, chemicals and compressed gas, as a result of the overall growth in the western Canadian economy. The eastern division's revenues for the nine-month period ended September 2006 improved from \$86.4 million in the same period last year to \$93.4 million for 2006, an increase of \$7.0 million or 8.1%. Revenue growth was achieved in the chemical, plastics, compressed gas and tractor service product lines, offset by lower volumes in cement, petroleum and slag. Bulk Plus' year-to-date 2006 revenues were \$13.2 million, an increase of \$0.6 million or 4.8% from the same period last year. Increased volumes were achieved in freight brokerage (U.S. and Canada) and U.S. third party logistics. Offsetting BPL's gains were reduced transload revenues due to customer site closures and termination of BPL's services at certain managed transload facilities. BPL's operations in the U.S. experienced revenue growth of 10%, expressed in U.S. dollars, for the nine-month period ended September 2006. The revenue increase was reduced to 4.7% after translation into Canadian dollars due to the strengthening Canadian dollar over the nine-month period ended September 2005.

### *Direct costs*

During the current period, Trimac's direct costs increased by \$3.5 million to \$60.6 million. Expressed as a percentage of revenue, however, direct costs declined by 0.7% to 72.5% in the current period.

In the western division, costs increased by \$2.3 million from the prior period and expressed as a percentage of revenue, decreased by 1.2% to 71.3%. The primary reasons for the reduction in operating costs expressed as a percentage of revenue over the prior period were: improved equipment utilization and a change in quality of revenues from higher cost woodchip volumes to lower cost petroleum and cement volumes. The eastern

division direct costs increased by \$0.4 million, however, expressed as a percentage of revenue direct costs decreased by 2.8% from the prior period. The prior period closure of the Oakville tote cleaning facility, lower accident costs, the elimination of higher direct cost Atlantic Province petroleum volumes and the outsourcing of the Atlantic Province shop facilities in the prior period resulted in lower direct costs for the current period. In addition, a change in product line mix from increased propane volumes with lower direct costs contributed to the reduction in direct cost expressed as a percentage of revenue. BPL's direct costs in the current period increased by \$0.8 million and expressed as a percentage of revenue were 18.4% higher than the prior period. The primary reason for increased direct costs was clean-up costs (\$0.6 million) associated with a product spill at a customer transload facility in Canada. The other factor impacting direct costs expressed as a percentage of revenue was the growth in freight brokerage revenues which have higher direct costs as compared to the remaining product lines in BPL.

During the nine months ended September 30, 2006 direct costs increased by \$10.3 million from the same period in 2005, while as a percentage of revenue expenses decreased by 0.3% to 73.4%. In the western division, direct costs increased by \$4.5 million, however, expressed as a percentage of revenue expenses declined by 0.8% from the prior nine-month period to 72.7%. Lower repair costs and the reduction of woodchip volumes with its higher direct costs were the primary reasons for the year-over-year reduction in direct costs expressed as a percentage of revenue. The eastern division's direct costs increased by \$4.8 million for the current year-to-date period, and expressed as a percentage of revenue, expenses declined by 0.6% to 76.1%. The main reasons for the reduction were reduced shop and wash expenses, elimination of higher cost petroleum volumes from the Atlantic Province operations and the previously mentioned increased propane volumes with lower direct costs. BPL's direct costs increased by \$1.0 million. Expressed as a percentage of revenue, expenses increased from 55.5% for last year's nine-month period to 60.9% for the nine-month period ended September 30, 2006, an increase of 5.4%. The percentage increase was caused by the previously mentioned product spill and the increase in freight brokerage volumes that have higher direct operating costs than transload or third party logistics operations.

#### *Selling and administrative*

Trimac's selling and administrative costs increased by \$0.9 million from the prior period to \$11.3 million in the current period. Expressed as a percentage of revenue, the current period expenses increased by 0.2% to 13.5% of revenue from the prior period due primarily to a higher incentive expense as a result of increased profitability and the implementation of a long-term incentive plan in 2006.

For the nine months ended September 30, 2006, selling and administrative costs have increased by \$1.4 million as compared to the prior year, although as a percentage of revenue, costs have declined by 0.3% from the same period last year. The increased costs are due to additional branch administration required to service new business, annual staff salary increases and higher incentive due to improved profitability. Offsetting these cost increases are reductions in division and corporate expense which reduced overall administration costs expressed as a percentage of revenue for the current nine-month period as compared to last year's nine-month period.

#### *Depreciation (net of gains on disposals of capital assets)*

Depreciation expense in the current period, net of gains on disposal, was \$0.8 million less than in the prior period. Higher depreciation for tractors and trailers were more than offset by reductions in software amortization in the current period compared to the prior period. Gains on disposal of assets in the current period gains exceeded the prior period by \$0.5 million. In the current period a sale of excess land at our Edmonton terminal resulted in a gain of \$0.9 million compared to a gain of \$0.4 million recorded on the sale of a terminal in Regina in the prior period.

On a year-to-date basis, depreciation net of gains on disposal was \$1.6 million less than the prior year due to a \$0.9 million decrease in depreciation relating entirely to reduced amortization for a major IT software upgrade that was fully depreciated during the second quarter of 2006. Gains on disposal of equipment and property were \$0.7 million over the prior nine-month period primarily due to higher gains recorded on property disposals

in 2006.

#### *Interest expense (net)*

For the current period, interest expense was \$0.2 million lower than in the prior period due to higher interest on the Partnership's credit facility in 2005 and increased interest income in 2006. On a year-to-date basis interest was \$0.3 million higher than that recorded in 2005, primarily due to the Partnership incurring a \$56 million interest-bearing note upon completion of the initial public offering (IPO) on February 25, 2005. The Partnership's interest bearing debt as explained under "Credit Facilities – Due to TTSI" was nil for the period January 1, 2005 to February 24, 2005. Interest rates remain unchanged from the prior year due to fixed-rate financing on the outstanding debt.

#### *Income tax expense*

The Partnership recorded a small provision for income taxes in the current period and on a year-to-date basis. The Partnership is not required to record tax expense on partnership income as taxable income is allocated to its Partners and the resulting tax is paid directly by them. The recorded provision represents net tax expense of subsidiaries that are taxable corporations. The increase in the provision over the prior period is due to an increase in earnings, as a result of the sale of vacant land referred to above, in a certain taxable subsidiary.

#### *Net earnings*

Net earnings in the current period increased by \$1.8 million over the prior period's net earnings as a result of: \$1.2 million of improved operating earnings before depreciation and gains on disposal of capital assets, reduced depreciation net of gains on disposal of \$0.8 million and \$0.2 million reduction in interest. This was partially offset by higher income tax expense of \$0.4 million.

For the nine-month period ended September 30, 2006 net earnings increased by \$4.2 million over the nine-month period ended September 30, 2005 due to a \$3.3 million improvement in operating earnings before depreciation and gains on disposal of capital assets and reduced depreciation net of gains on disposal of \$1.6 million, partially offset by increased interest of \$0.3 million and higher income tax expense of \$0.4 million.

## Summary of eight most recently completed consolidated quarterly results

(millions of dollars except % of revenue)

	Q3 06	Q2 06	Q1 06	Q4 05	Q3 05	Q2 05	Q1 05	Q4 04
Revenue	83.6	79.4	80.6	85.0	78.0	77.4	73.2	78.1
Operating earnings	7.2	5.3	4.7	6.9	5.2	5.0	2.1	4.4
% revenue	8.6%	6.7%	5.8%	8.1%	6.7%	6.5%	2.9%	5.6%
Earnings before taxes	6.2	4.3	3.7	5.8	4.0	3.9	1.7	2.7
Net earnings	5.9	4.3	3.7	5.7	4.1	3.9	1.7	2.1

Fluctuations in revenues and net earnings by quarter reflect the seasonality of Trimac's business. Revenues 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 most profitable quarters for Trimac, primarily due to construction-related products and increased economic activity from industries using raw materials that we haul, generating higher volumes and increased utilization of our 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 and higher oil and natural gas activity.

## Liquidity and Capital Resources

### Distributions

The Fund's monthly distributions, payable on or about the 15<sup>th</sup> day subsequent to each month end to unitholders of record on the last day of each month, totalled \$8.6 million or \$0.6855 per unit for the nine-month period ended September 30, 2006 and \$2.9 million or \$0.2313 per unit in the current period. Monthly cash distributions were increased to \$0.0771 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 nine-month period ended September 30, 2006, to the limited and general partners. The distributions by the Partnership were used in part for unitholder distributions totalling \$0.6855 per unit to September 30, 2006, and to fund monthly dividends on outstanding exchangeable shares of TTSI of \$0.6855 per share plus an "Equalization Amount" <sup>(1)</sup> totalling \$0.11187 per share.

<sup>(1)</sup> *Equalization Amount means the three-month total using the monthly calculation of 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 November 10, 2006, the Fund had the following number of securities outstanding or reserved for issuance:

Units	12,528,515
Units reserved <sup>(1)</sup>	10,609,518
Fully diluted Units	<u>23,138,033</u>

There are 4,797,388 Units reserved relating to Exchangeable Shares that receive monthly cash dividends that flow from distributions from the Partnership and 5,812,130 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.

There are 10,609,518 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.

<sup>(1)</sup> Reserved for issuance pursuant to Exchangeable Shares of TTSI, which are exchangeable for Units of the Fund.

### Long-term incentive plan

The Partnership has adopted a long-term incentive plan (the "LTIP") effective January 1, 2006 to provide eligible executive officers of TTSI, eligible management of subsidiaries of the Partnership and eligible management of Trimac Management Services Limited Partnership with compensation opportunities that encourage ownership of units, enhance Trimac's ability to attract, retain and motivate key personnel, and reward key senior management for significant performance. The LTIP is based on the achievement of distributable cash flow per unit of the Fund in excess of a threshold level. The Governance and Compensation Committee of the board of TTSI sets the threshold level annually in accordance with the terms of the plan. When distributable cash flow per unit exceeds the threshold level, amounts will be allocated to participants based on the following table. No amount will be allocated under the LTIP if the distributable cash flow per unit in the fiscal year is below the threshold level.

<b>Distributable cash flow per unit above threshold amount per unit</b>	<b>Maximum amount allocated (% of distribution above threshold amount)</b>
Up to 5%	10%
5% to 10%	15% of the amount in excess of 5%
More than 10%	20% of the amount in excess of 10%

Terms of the LTIP include the grant of a number of notional units ("Notional Units") with a market value equal to the allocated amount with Notional Units (and the notional distributions thereon) vesting at one-third of the allocation on each anniversary date of the grant of the allocation. Following full-vesting, the Governance and Compensation Committee will determine whether the vested amount will be settled in cash or by purchase of Units. If the Units are to be purchased, they will be purchased in the market on behalf of participants equal in value to the value of the number of Notional Units granted and the notional distributions thereon (less withholding taxes, if applicable). The Partnership recorded compensation expense of \$0.1 million for the current period and \$0.2 million for the nine-month period ended September 30, 2006.

## The Partnership

Trimac maintains a revolving credit facility of up to \$25.0 million 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.

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	(millions of dollars)			
Cash from operations	10.8	9.3	28.8	25.8
Net change in non-cash working capital	0.2	2.4	(1.9)	(1.1)
Investment activities	(9.7)	(6.3)	(22.2)	(12.4)
Financing activities	(4.8)	(4.0)	(12.7)	(9.4)
(Decrease) increase in cash	(3.5)	1.4	(8.0)	2.9

  

	September 30	December 31
	2006	2005
	(millions of dollars)	
(Bank indebtedness) cash	(1.3)	6.7
Long-term debt	56.0	56.0
Working capital	12.7	19.7
Partnership equity	59.3	59.7

### Operating activities

Cash from operations increased by \$1.5 million in the current period over the prior period. The increase was due to a \$1.2 million increase in operating earnings before depreciation and gains on disposal of capital assets plus a reduction of net interest expense of \$0.2 million and an increase of \$0.1 million in miscellaneous non-cash expenses. Cash from operations in the nine-month period ended September 30, 2006 was \$3.0 million higher than 2005 as a result of the \$3.3 million increase in operating earnings before depreciation and gains on disposal of capital assets less higher interest expense of \$0.3 million.

### Net change in non-cash working capital

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	(millions of dollars)			
Accounts receivable	(3.0)	(0.6)	(3.4)	(0.9)
Material and supplies	0.1	(0.1)	0.4	(0.3)
Income taxes payable	-	0.1	0.1	0.2
Prepaid expenses	0.7	1.7	(0.5)	1.1
Accounts payable and accrued liabilities	1.3	(0.4)	3.4	(0.6)
Due to associated companies and partnerships	1.1	1.7	(1.9)	(0.6)
	0.2	2.4	(1.9)	(1.1)

Accounts receivable increased by \$3.4 million from December 31, 2005 as a result of new business in BPL's U.S. third party logistics operation and higher volumes in Canadian trucking. Prepaid expenses increased in 2006 by \$0.5 million from the year-end due mainly to payments in the second quarter for annual insurance policies and vehicle licenses. During 2005, prepaids declined from the December 31, 2004 year end due mainly to IPO costs which were accrued and included in prepaid expenses at December 31, 2004. Accounts payable and accrued liabilities increased during the current period from that recorded at December 31, 2005 mainly due to the timing differences to the month-end calendar date for accounts payable and payroll runs. In addition, new business awards in trucking and third party logistics created increased payable levels relating to this business. Due to associated companies and partnerships decreased by \$1.9 million from the year-end due mainly to a reduction in the interest payable to TTSI of \$0.8 million as a result of the semi-annual payment in August with the remainder of the decrease attributable to timing differences between cash receipts and

payments made on behalf of associated companies and partnerships. These related-party balances, with the exception of interest payable to TTSI, are repaid monthly.

### *Investing activities*

Trimac's cash outflows relating to investing were \$9.7 million, an increase of \$3.4 million in the current period as compared to the \$6.3 million recorded in the prior period. The increase is almost entirely attributable to an increase in Trimac's net capital spending over the prior period. See Capital expenditures below. For the nine-month period ended September 30, 2006, cash outflows were \$9.8 million higher than that recorded in the 2005 year-to-date period and related almost entirely to net capital expenditures.

### *Financing activities*

In the current period, Trimac's cash flow used in financing activities was a net cash outflow of \$4.8 million, as represented entirely by distributions paid. The net cash outflow in the prior period totalled \$4.0 million of which \$3.9 million related to distributions paid and \$0.1 million for incremental IPO costs incurred by the Partnership. Year-to-date cash outflows relating to financing activities in 2006 were \$12.7 million and resulted entirely from distributions paid. In the 2005 year-to-date period, cash outflows were \$9.4 million with \$7.9 million of distributions and IPO costs of \$1.5 million incurred by the Partnership.

### *Capital expenditures*

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
	(millions of dollars)			
Gross sustaining capital expenditures <sup>(1)</sup>	2.8	3.1	12.2	7.8
less: proceeds	(1.6)	(0.9)	(3.5)	(2.2)
Net sustaining capital expenditures <sup>(1)</sup>	1.2	2.2	8.7	5.6
Growth capital expenditures <sup>(1)</sup>	7.4	1.1	12.7	1.9
Lease buyout <sup>(2)</sup>	-	-	-	4.9
Net capital expenditures	8.6	3.3	21.4	12.4

(1) *Gross sustaining capital, net sustaining capital 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) *Represents the purchase of a previously leased transload facility in Trail B.C., acquired in February 2005 prior to the IPO.*

Net capital expenditures of the Partnership were \$8.6 million in the current period compared with \$3.3 million in the prior period. The increase in net capital expenditures of \$5.3 million over the prior period were made up of growth capital of \$6.3 million partially offset by reduced sustaining capital expenditures of \$0.3 million and higher proceeds on disposal of assets of \$0.7 million. Growth capital expenditures were higher than prior due to the purchase of \$2.2 million of tractor purchases related to the propane transportation business acquisition in December 2005 and new business secured in the current year. The main reason for the increased proceeds was due to the sale of excess land in Edmonton, which generated \$1.5 million in the current period compared to the \$0.4 million from the disposal of a terminal in Regina in the prior period.

For the nine months ended September 30, 2006, net capital expenditures totalled \$21.4 million compared to \$12.4 million for the prior year. Adjusting for the one-time \$4.9 million Waneta transload lease buy-out in February 2005, net capital expenditures for the nine-month period ended September 2006 were \$13.9 million higher than the same period in 2005. Increased net capital expenditures were made up of sustaining capital purchases of \$4.4 million and growth capital of \$10.8 million partially offset by higher disposal proceeds of \$1.3 million. Sustaining capital purchases on a year-to-date basis increased over the prior year due to reduced spending in 2005 as a result of redeployment of excess equipment primarily in woodchips and petroleum

operations. Growth capital spending increases for year relate to significant new business awards and tractor purchases related to the December 2005 propane transportation business acquisition.

The 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.

#### *Credit facilities*

*Due to TTSI* – The amount due to TTSI 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 unaudited interim consolidated statements of earnings. The amount outstanding on September 30, 2006 was \$56.0 million. The unsecured \$56.0 million private placement debt, at a fixed rate of 7.29%, 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 \$25.0 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 2007. If the agreement is not renewed, the loans are repayable at the end of a twelve-month term-out period. As at September 30, 2006, unused lines of credit totalled \$18.6 million after taking into account \$6.4 million of issued letters of credit. Trimac has negotiated a \$20 million increase to expand the credit facility to \$45 million. The increased line was approved by the Board of Directors on November 10, 2006 and has been approved by the bank's credit committee, subject to finalization of the amending documentation.

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 September 30, 2006.

Trimac anticipates it will have adequate financial resources to fund ongoing operations. Capital expenditure patterns and debt levels are seasonal. During the period March 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 September 30, 2006	Payments due by period			
	Total	<1 year	1-3 years	4-5 years
		(millions of dollars)		
Operating leases — revenue vehicles	2.1	0.5	0.9	0.7
Operating leases — facilities	3.2	1.4	1.6	0.2
Operating leases — other <sup>(1)</sup>	2.2	0.9	1.1	0.2
Fuel contract commitments <sup>(2)</sup>	14.8	3.7	6.2	4.9
Long-term debt payments	56.0	-	37.4	18.6
Total contractual obligations	<u>78.3</u>	<u>6.5</u>	<u>47.2</u>	<u>24.6</u>

<sup>(1)</sup> Other operating leases are primarily office equipment including computers, copiers and fax machines.

<sup>(2)</sup> 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. The current price per litre is \$0.7687. This price has been used to estimate the commitment for the entire period.

## 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% per annum. The Fund earned interest income of \$0.7 million during the current period and \$2.1 million year-to-date.

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

During the current and prior periods, the Partnership received administrative services provided by a partnership under common control. Services costing \$2.7 million in the current period and \$2.1 million in the prior period were provided under a shared services agreement. For the nine-month period ended September 30, 2006 costs were \$8.1 million as compared to \$8.4 million for the nine-month period in 2005. At September 30, 2006, \$1.0 million was payable and included in due to associated companies and partnerships (\$1.5 million at December 31, 2005).

Due to associated companies and partnerships in current liabilities relates to amounts incurred in the ordinary course of business and is owed 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.

## **Goodwill**

Under the provisions of CICA Handbook Section 3062, concerning goodwill, Trimac tested goodwill for impairment for the year ended December 31, 2005 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.

## **Outlook**

Trimac believes that the funds available under its credit facilities and ongoing 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.

The western division is expected to continue to grow as a result of new business awards and the continued strength of the western Canadian economy, tempered somewhat by continued volatility in the woodchips operations. In the eastern division, we look forward to solid performance as a result of restructuring initiatives, although we do anticipate an increasingly competitive tender environment as a result of economic conditions in the Ontario and Quebec market.

The hallmark of Trimac's strategy is stability through diversification within the bulk-trucking sector. We are diversified by customer, product, industry and geography. This diversification, together with acquisitions and new business awards, cause us to continue to be optimistic when assessing the outlook for our business.

## **Proposed Federal Tax Legislation Changes**

On October 31, 2006 the Minister of Finance announced proposed new tax measures, that if passed into legislation, would result in existing public income trusts paying a tax on distributions beginning in 2011. More specifically, this proposal would tax public income trusts on a basis similar to corporations, where distributions made to unitholders would be taxed at the trust level. Distributions received by taxable Canadian residents would be treated as dividends and eligible for the dividend tax credit. Due to the limited information available at this time, Management is unable to assess the impact of the proposed measures on Trimac and its unitholders. Unitholders are encouraged to contact their own financial and tax advisors regarding the potential tax consequences of the Federal Government's announcement.

## **Forward-Looking Statements**

This MD&A contains statements concerning the outlook for Trimac's business or other expectations, plan, 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. 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, assumptions have been made regarding, among other things, the level of business activity. 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. 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 it operates in and cash flows may be negatively impacted by economic downturns in any particular region.
- Labour – Trimac’s cash flow and growth is 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 conditions 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.
- Environment 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 affect on its results of operations and financial condition.
- 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 prospectus 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.

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

**Trimac Income Fund**  
**2100, 800 Fifth Avenue S.W.**  
**Calgary, Alberta T2P 5A3**  
**Telephone: (403) 298-5100**  
**Website: [www.trimacincomefund.com](http://www.trimacincomefund.com)**

**Trimac Income Fund**

**Consolidated Interim Financial Statements**

**September 30, 2006**

(Unaudited)

**Trimac Income Fund**  
**Consolidated Balance Sheet**  
(unaudited)

(thousands of dollars)

	As at September 30, 2006	As at December 31, 2005
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	93	137
Interest receivable (note 4)	230	238
Distributions receivable (note 3)	870	632
Due from Trimac Transportation Services Limited Partnership (note 4)	-	33
Prepaid expenses	104	29
	<u>1,297</u>	<u>1,069</u>
<b>Investment in Trimac Transportation Services Limited Partnership</b> (notes 1 and 2)	80,504	85,153
<b>Note receivable from Trimac Transportation Services Inc.</b> (note 4)	<u>35,000</u>	<u>35,000</u>
	<u>116,801</u>	<u>121,222</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	278	187
Due to associated companies and partnerships (note 4)	241	-
Distributions payable (note 3)	965	913
	<u>1,484</u>	<u>1,100</u>
<b>Unitholders' equity</b> (note 5)	<u>115,317</u>	<u>120,122</u>
	<u>116,801</u>	<u>121,222</u>

# Trimac Income Fund

## Consolidated Statement of Earnings and Unitholders Equity (unaudited)

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

	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	From February 25 to September 30 2005
	\$	\$	\$	\$
Share of earnings of Trimac Transportation Services Limited Partnership (note 2)	1,468	529	2,491	1,166
Interest income (note 4)	706	705	2,096	1,672
Administrative costs	(345)	(98)	(804)	(346)
<b>Net earnings for the period</b>	<b>1,829</b>	<b>1,136</b>	<b>3,783</b>	<b>2,492</b>
Opening unitholders' equity	116,386	122,867	120,122	-
Issue of units through Initial Public Offering (note 1)	-	-	-	85,986
Issue of units on over-allotment option (note 1)	-	-	-	4,299
Issue of units through private offering (note 1)	-	-	-	35,000
Distributions (note 3)	(2,898)	(2,740)	(8,588)	(6,514)
<b>Closing unitholders' equity</b>	<b>115,317</b>	<b>121,263</b>	<b>115,317</b>	<b>121,263</b>
Basic and diluted earnings per unit <sup>(1)</sup>	0.1460	0.0907	0.3020	0.1989
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 <sup>(1)</sup>	23,138,033	22,576,994	23,138,033	22,576,994

- (1) Pursuant to an investor liquidity agreement, holders of TTSI Exchangeable Shares have the right to effectively liquidate their 9,844,713 shares of TTSI and receive units in the Fund on the basis as described in note 5. Following the full exercise of such liquidation rights, the Fund would own 100% 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.

# Trimac Income Fund

## Consolidated Statement of Cash Flows

(unaudited)

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

	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	From February 25 to September 30 2005
	\$	\$	\$	\$
<b>Cash provided (used)</b>				
<b>Operations</b>				
Net earnings	1,829	1,136	3,783	2,492
(Deduct) add items not affecting cash:				
Share of earnings from Trimac Transportation Services Limited Partnership	(1,468)	(529)	(2,491)	(1,166)
Distributions from Trimac Transportation Services Limited Partnership	1,468	529	2,491	1,166
Cash provided by operations	1,829	1,136	3,783	2,492
Net change in non-cash working capital	158	54	298	90
Net cash provided by operations	1,987	1,190	4,081	2,582
<b>Investments</b>				
Investment in Trimac Transportation Services Limited Partnership	-	-	-	(90,285)
Advance to Trimac Transportation Services Inc.	-	-	-	(35,000)
Distributions from Trimac Transportation Services Limited Partnership	917	1,692	4,411	3,374
Cash provided by (used in) investing activities	917	1,692	4,411	(121,911)
<b>Financing</b>				
Proceeds on issue of units	-	-	-	125,285
Distributions paid	(2,899)	(2,740)	(8,536)	(5,601)
Cash (used in) provided by financing activities	(2,899)	(2,740)	(8,536)	119,684
Increase (decrease) in cash	5	142	(44)	355
Cash, beginning of period	88	213	137	-
<b>Cash, end of period</b>	93	355	93	355
<b>Supplemental information</b>				
Cash received from interest	706	703	2,104	1,440

# Trimac Income Fund

## Notes to Consolidated Financial Statements (unaudited)

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(thousands of dollars, except per unit amounts 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 Trimac Transportation Services Limited Partnership (the "Partnership") and in shares of Trimac Transportation Services Inc. (TTSI), the general partner of the Partnership.

On February 25, 2005, pursuant to an initial public offering (IPO), the Fund issued 8,598,586 units for total proceeds of \$85,986. The Fund transferred \$35,000 of the gross proceeds of the IPO to the Trust in exchange for a note, bearing interest at 4% per annum. The Trust invested the \$35,000 in a note bearing 8% interest per annum from TTSI. TTSI distributed the \$35,000 as a return of capital to its parent, Trimac Holdings Ltd. ("Holdings"). The Fund issued 3,500,000 units to Holdings in exchange for \$35,000. The Fund subscribed for 2,419,720 units of the Trust and additional notes in the aggregate principal of \$61,789, which together has an aggregate subscription price equal to the gross proceeds of the IPO. The Trust invested the proceeds from the issuance of the Trust units and Trust notes to subscribe for 8,598,586 limited partnership units.

On March 9, 2005, the underwriters of the IPO exercised their over-allotment option to purchase an additional 429,929 units of the Fund for gross proceeds of \$4,299. The proceeds were used by the Fund to subscribe for an additional 85,985 units of the Trust and additional notes of \$3,439. The Trust used the proceeds to acquire additional limited partnership units. All costs of the acquisition paid by the Fund were reimbursed by the Partnership.

Each unitholder participates pro rata in any distribution from the Fund.

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, 2005. 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 September 30, 2006.

# Trimac Income Fund

## Notes to Consolidated Financial Statements (unaudited)

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

### 2. 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 unaudited interim consolidated financial statements of the Partnership to the amount recorded by the Fund.

	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Period from February 25 to September 30, 2005
	\$	\$	\$	\$
Net earnings of the Partnership	5,886	4,064	13,845	9,228
Add: Interest expense on TTSI debt included in Partnership earnings	1,030	1,030	3,056	2,447
Adjusted Partnership earnings	6,916	5,094	16,901	11,675
Less: Purchase price allocation adjustments:				
Increase in amortization of capital assets <sup>(1)</sup>	(532)	(534)	(1,598)	(1,246)
Amortization of intangible assets <sup>(2)</sup>	(2,393)	(3,084)	(8,562)	(7,196)
Partnership earnings after purchase price adjustments	3,991	1,476	6,741	3,233
Share of Partnership earnings	1,468	529	2,491	1,166

(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 amortization expense of \$1,598 has been recorded for the nine-month period ended September 30, 2006 and \$1,246 from February 25, 2005 to September 30, 2005. The unamortized value of the excess at September 30, 2006 is \$24,102.

# Trimac Income Fund

## Notes to Consolidated Financial Statements (unaudited)

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

- (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 current period. The book value of intangibles and amortization is as follows:*

	<i>Amortization period (years)</i>	<i>Value at date of acquisition</i> \$	<i>Unamortized value at September 30, 2006</i> \$	<i>Amortization for the nine month period ended September 30, 2006</i> \$	<i>Amortization for the period February 25 to September 30, 2005</i> \$
<i>Brand name</i>	<i>N/A</i>	<i>20,137</i>	<i>20,137</i>	<i>-</i>	<i>-</i>
<i>Customer contracts</i>	<i>1.5</i>	<i>12,449</i>	<i>-</i>	<i>5,532</i>	<i>4,843</i>
<i>Information Technology</i>	<i>5</i>	<i>6,847</i>	<i>4,679</i>	<i>1,027</i>	<i>797</i>
<i>Customer relationships</i>	<i>11</i>	<i>29,371</i>	<i>25,144</i>	<i>2,003</i>	<i>1,556</i>
		<i>68,804</i>	<i>49,960</i>	<i>8,562</i>	<i>7,196</i>

### b) Investment in the Partnership

The investment in the Partnership is as follows:

	September 30, 2006 \$	December 31, 2005 \$
Opening balance	85,153	-
Add: investment in Partnership units	-	90,285
share of earnings (note 2(a))	2,491	2,268
Less: distributions from Partnership	(7,140)	(7,400)
Closing balance	80,504	85,153

### 3. 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.

# Trimac Income Fund

## Notes to Consolidated Financial Statements (unaudited)

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

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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. The initial cash distribution was \$0.0825 per unit (\$1,033 in total) for the period from the closing of the IPO to March 31, 2005. Subsequent monthly distributions of \$0.0729 per unit (\$913 in total per month) were paid throughout the remainder of 2005 and up to the February 2006 distribution. The monthly distribution was increased to \$0.0771 per unit (\$966 in total per month) commencing with the March 2006 distribution.

#### 4. 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% per annum. The Trust earned interest income of \$2,096 during the nine-month period ended September 30, 2006 and \$706 during the quarter. In the prior period, \$1,672 was earned during the period from February 25, 2005 to September 30, 2005 and \$705 in the third quarter of 2005.

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

#### 5. Unitholders' capital

In 2005, TTSI issued TTSI Exchangeable Shares to Holdings as part of certain pre-closing reorganization transactions. TTSI Exchangeable shareholders 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 holder 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 second quarter of 2006, 1,600 of the TTSI Exchangeable Shares were cancelled. The number of TTSI Exchangeable Shares outstanding at September 30, 2006 was 9,844,713 (9,846,313 at September 30, 2005), of which 4,797,388 (4,798,988 at September 30, 2005) receive monthly distributions from the Partnership ("Cash Exchangeables") and 5,047,325 (5,047,325 at September 30, 2005) do not receive monthly distributions but have a monthly increase in their exchange ratio in lieu of such distributions ("Ratchet

# Trimac Income Fund

## Notes to Consolidated Financial Statements (unaudited)

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

Exchangeables"). The Exchange Ratio at September 30, 2006 is 1:1 for the Cash Exchangeables and 1.151527:1 for the Ratchet Exchangeables. At December 31, 2005 the Exchange Ratio for Cash Exchangeables was 1:1 and 1.077746:1 for Ratchet Exchangeables. Subsequent to the September 2006 distribution, on October 16, 2006, the Fund had the following number of securities outstanding or reserved for issuance:

Trust units	
Issued on IPO	8,598,586
Issued on over-allotment option	429,929
Issued through private placement	<u>3,500,000</u>
	12,528,515
Trust units reserved <sup>(1)</sup>	
Reserved for Cash Exchangeables	4,797,388
Reserved for Ratchet Exchangeables	<u>5,812,130</u>
	<u>10,609,518</u>
Fully diluted units	<u>23,138,033</u>

<sup>(1)</sup> Reserved for issuance pursuant to TTSI Exchangeable Shares, which are exchangeable for Trust Units.

### 6. 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 4 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**

**September 30, 2006**

(Unaudited)

# Trimac Transportation Services Limited Partnership

## Consolidated Balance Sheet

(unaudited)

(thousands of dollars)

	As at September 30, 2006	As at December 31, 2005
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and term deposits	-	6,747
Accounts receivable	40,673	35,830
Materials and supplies	1,514	1,894
Prepaid expenses	10,011	9,541
	<u>52,198</u>	<u>54,012</u>
<b>Capital assets</b> (note 3)	98,679	91,858
<b>Goodwill</b>	3,564	3,564
<b>Future income taxes</b>	463	465
<b>Other</b>	1,329	1,217
	<u>156,233</u>	<u>151,116</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Bank indebtedness	1,256	-
Accounts payable and accrued liabilities	33,581	29,308
Distributions payable	4,112	2,604
Income taxes payable	339	276
Due to associated companies and partnerships (note 5)	208	2,050
	<u>39,496</u>	<u>34,238</u>
<b>Long-term debt</b> (note 4)	56,000	56,000
<b>Other long-term liabilities</b>	1,485	1,228
	<u>96,981</u>	<u>91,466</u>
<b>Partnership equity</b> (note 10)	59,252	59,650
	<u>156,233</u>	<u>151,116</u>
<b>Commitments and contingencies</b> (note 7)		

# Trimac Transportation Services Limited Partnership

## Consolidated Statement of Earnings and Equity

(unaudited)

(thousands of dollars)

	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	Nine months ended September 30 2005	Period from February 25 to September 30 2005	Period from January 1 to February 24 2005
	\$	\$	\$	\$	\$	\$
Transportation revenue	74,057	71,895	218,452	213,176	167,526	45,650
Fuel surcharges	9,565	6,087	25,195	15,384	13,048	2,336
<b>Total revenues</b>	<b>83,622</b>	<b>77,982</b>	<b>243,647</b>	<b>228,560</b>	<b>180,574</b>	<b>47,986</b>
<b>Operating costs and expenses</b>						
Direct	60,586	57,103	178,685	168,387	132,197	36,190
Selling and administrative (note 5)	11,280	10,391	33,145	31,651	24,040	7,611
Depreciation	5,470	5,728	16,033	16,896	13,204	3,692
(Gain) loss on sale of assets (net)	(935)	(458)	(1,427)	(668)	(676)	8
<b>Operating expense</b>	<b>76,401</b>	<b>72,764</b>	<b>226,436</b>	<b>216,266</b>	<b>168,765</b>	<b>47,501</b>
<b>Operating earnings</b>	<b>7,221</b>	<b>5,218</b>	<b>17,211</b>	<b>12,294</b>	<b>11,809</b>	<b>485</b>
Interest - long-term debt	1,045	1,143	3,168	2,652	2,612	40
Other interest (income) expense	(33)	(1)	(174)	37	36	1
	<b>1,012</b>	<b>1,142</b>	<b>2,994</b>	<b>2,689</b>	<b>2,648</b>	<b>41</b>
<b>Earnings before income taxes</b>	<b>6,209</b>	<b>4,076</b>	<b>14,217</b>	<b>9,605</b>	<b>9,161</b>	<b>444</b>
<b>Income tax expense (recovery)</b>						
Current	127	104	270	244	212	32
Future	196	(92)	102	(299)	(279)	(20)
	<b>323</b>	<b>12</b>	<b>372</b>	<b>(55)</b>	<b>(67)</b>	<b>12</b>
<b>Net earnings</b>	<b>5,886</b>	<b>4,064</b>	<b>13,845</b>	<b>9,660</b>	<b>9,228</b>	<b>432</b>
Opening equity	58,248	58,671	59,650	23,795	41,760	23,795
Reorganization adjustments to equity (note 10)	-	-	-	17,545	-	17,545
Issue of additional partnership units (note 1)	-	-	-	90,285	90,285	-
Partnership unit issuance costs (note 1)	-	(108)	-	(9,700)	(9,700)	-
Partnership formation costs (note 1)	-	-	-	(1,535)	(1,535)	-
Return of capital to general partner (note 1)	-	-	-	(5,509)	(5,509)	-
Reclassification of equity to debt (note 4)	-	-	-	(56,000)	(56,000)	-
Cumulative translation adjustment change	5	(16)	(30)	(27)	(15)	(12)
Distributions	(4,887)	(4,350)	(14,213)	(10,253)	(10,253)	-
<b>Closing partnership equity</b>	<b>59,252</b>	<b>58,261</b>	<b>59,252</b>	<b>58,261</b>	<b>58,261</b>	<b>41,760</b>

# Trimac Transportation Services Limited Partnership

## Consolidated Statement of Cash Flows

(unaudited)

(thousands of dollars)

	Three months ended September 30 2006	Three months ended September 30 2005	Nine months ended September 30 2006	Nine months ended September 30 2005	Period from February 25 to September 30 2005
	\$	\$	\$	\$	\$
<b>Cash provided (used)</b>					
<b>Operations</b>					
Net earnings	5,886	4,064	13,845	9,660	9,228
Add back (deduct) items not affecting cash					
Depreciation and amortization	5,470	5,728	16,033	16,896	13,204
(Gain) loss on sale of assets (net)	(935)	(458)	(1,427)	(668)	(676)
Future income tax expense (recovery)	196	(92)	102	(299)	(279)
Other non-cash items	125	14	245	176	176
Cash provided by operations	10,742	9,256	28,798	25,765	21,653
Net change in non-cash working capital (note 8)	200	2,385	(1,933)	(1,091)	5,116
Net cash provided by (used in) operations	10,942	11,641	26,865	24,674	26,769
<b>Investments</b>					
Purchases of capital assets	(10,223)	(4,232)	(24,930)	(14,600)	(8,634)
Proceeds on sale of capital assets	1,618	942	3,499	2,240	1,957
Increase (decrease) in accounts payable and accrued liabilities relating to investing activities	498	(3,000)	864	-	-
Increase in accounts receivable relating to investing activities	(1,477)	-	(1,477)	-	-
Other	(97)	17	(119)	12	(17)
Cash used in investing activities	(9,681)	(6,273)	(22,163)	(12,348)	(6,694)
<b>Financing</b>					
Repayments of long-term debt (note 1)	-	-	-	(75,000)	(75,000)
Net proceeds on issue of units (note 1)	-	(108)	-	79,050	79,050
Return of capital (note 1)	-	-	-	(5,509)	(5,509)
Distributions paid	(4,782)	(3,885)	(12,705)	(7,938)	(7,938)
Cash used in financing activities	(4,782)	(3,993)	(12,705)	(9,397)	(9,397)
(Decrease) increase in cash and term deposits (bank indebtedness)	(3,521)	1,375	(8,003)	2,929	10,678
Cash and term deposits (bank indebtedness), beginning of period	2,265	1,381	6,747	(173)	(7,922)
<b>(Bank indebtedness) cash and term deposits, end of period</b>	<b>(1,256)</b>	<b>2,756</b>	<b>(1,256)</b>	<b>2,756</b>	<b>2,756</b>
<b>Supplemental Information</b>					
Income taxes paid	146	(19)	207	62	57
Interest paid	2,035	2,132	4,045	2,270	2,182

# Trimac Transportation Services Limited Partnership

## Notes to the Consolidated Financial Statements

(unaudited)

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(thousands of dollars, except for number of units)

### 1. Description of the business

Trimac Transportation Services Limited Partnership (“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.

Effective January 1, 2005, the Partnership purchased substantially all of the assets of TTSI relating to its Canadian bulk trucking business and its North American logistics business (collectively the “combined business”) in exchange for an assumption of certain liabilities of TTSI, a demand note in the amount of \$75,000 and an increased general partnership interest (see note 10 for further details). On February 25, 2005, pursuant to an initial public offering (“the Offering”), the Fund issued 8,598,586 units for total proceeds of \$85,986. This amount was indirectly invested into the Partnership to acquire 8,598,586 limited partnership units. The Partnership used the proceeds to repay the \$75,000 note to TTSI, to pay for estimated costs of the offering (\$7,983) and to pay for Partnership formation costs (\$1,535), and distributed the remainder to TTSI (\$1,468) as a return of capital on its general partnership interest.

On March 9, 2005, the underwriters of the Offering exercised their over-allotment option to purchase an additional 429,929 units of the Fund for gross proceeds of \$4,299. The gross proceeds were used by the Fund to acquire additional limited partnership units. The Partnership used the proceeds to reimburse the Fund for its costs of the over-allotment (\$258) and distributed the remainder to TTSI (\$4,041) as an additional return of capital. The Partnership directly paid any costs in excess of the originally estimated amounts related to the issuance.

The formation of the Partnership has been accounted for under the continuity of interests approach, as there was no substantive change in the ultimate ownership interests of the Partnership. Accordingly, these unaudited interim consolidated financial statements reflect the financial position, results of operations and cash flows as if the Partnership had always carried on the business formerly carried on by the combined business.

The accompanying unaudited interim consolidated financial statements include the accounts of the Partnership and its subsidiaries (“Trimac”). All of the subsidiaries are 100% 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, 2005.

# Trimac Transportation Services Limited Partnership

## Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for number of units)

### 2. 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.

Financial assets and liabilities include those reflected on the balance sheet (cash and term deposits, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, due to associated companies and partnerships and long-term debt) and, given their current nature, except for long-term debt are considered to be shown at fair value. As at September 30, 2006 and December 31, 2005, \$56,000 of the long-term debt of Trimac was fixed with an interest rate of 7.29% 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 \$60,488 at September 30, 2006 and \$60,551 at December 31, 2005.

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.

### 3. Capital assets

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

	As at September 30, 2006		
	Cost \$	Accumulated depreciation \$	Net \$
Bulk hauling highway units	224,092	152,051	72,041
Land, buildings and yard improvements	45,514	24,124	21,390
Other equipment	53,913	48,665	5,248
	323,519	224,840	98,679
	As at December 31, 2005		
	Cost \$	Accumulated depreciation \$	Net \$
Bulk hauling highway units	210,266	148,356	61,910
Land, buildings and yard improvements	46,398	22,476	23,922
Other equipment	53,486	47,460	6,026
	310,150	218,292	91,858

# Trimac Transportation Services Limited Partnership

## Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for number of units)

### 4. Long-term debt

	<u>September 30, 2006</u>	<u>December 31, 2005</u>
	<u>Long-term</u>	<u>Long-term</u>
	\$	\$
Due to TTSI	a) 56,000	56,000
	<u>56,000</u>	<u>56,000</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 September 30, 2006 (December 31, 2005 - \$56,000). The note is unsecured and interest is at a fixed rate of 7.29% 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 4 b) were retained by TTSI ("TTSI debt") (note 10). 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 4 d) 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 unaudited interim consolidated statements of earnings.

b) The \$25,000 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% to Canadian or U.S. prime plus 1.5% and 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, 2007. Under the terms of the agreement, if the facility is not renewed, the loans are repayable one year after the termination date.

After taking into consideration letters of credit of \$6,404 outstanding as at September 30, 2006 (\$6,488 at December 31, 2005), unused lines of credit totalled \$18,596 at September 30, 2006 and \$18,512 at December 31, 2005.

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.

# Trimac Transportation Services Limited Partnership

## Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for number of units)

d) Amounts of long-term debt repayable in the following years ending December 31, are:

	\$
2006	-
2007	-
2008	18,667
2009	18,667
2010	18,666
	<u>56,000</u>

### 5. Related-party transactions

During the periods ended September 30, 2006 and September 30, 2005, the Partnership received administrative services provided by an associated partnership, Trimac Management Services Limited Partnership. The services are provided under a shared services agreement and amounted to \$8,104 for the nine-month period ended September 30, 2006 and \$2,704 for the quarter. During the nine-month period ended September 30, 2005 costs amounted to \$8,418 while \$2,083 was incurred in the third quarter of 2005. At September 30, 2006, \$976 was payable and included in due to associated companies and partnerships (\$1,477 at December 31, 2005).

Due to associated companies and partnerships in current liabilities relates to amounts incurred in the ordinary course of business and is owed 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.

### 6. 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 on 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% of total revenue.

# Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for number of units)

	<b>Nine months ended September 30, 2006</b>						
	<b>Total revenues \$</b>	<b>Earnings before depreciation, (gain) loss on sale of assets, interest and taxes \$</b>	<b>Depreciation and (gains) losses on asset disposals \$</b>	<b>Interest expense \$</b>	<b>Earnings before income taxes \$</b>	<b>Total assets \$</b>	<b>Goodwill \$</b>
Western	137,028	20,582	9,721	1,864	8,997	93,660	730
Eastern	93,379	9,500	4,665	971	3,864	50,030	2,834
Other (a)	27	281	(71)	65	287	4,660	-
Total bulk trucking	230,434	30,363	14,315	2,900	13,148	148,350	3,564
Logistics	13,213	1,454	291	94	1,069	7,883	-
<b>Total</b>	<b>243,647</b>	<b>31,817</b>	<b>14,606</b>	<b>2,994</b>	<b>14,217</b>	<b>156,233</b>	<b>3,564</b>

	<b>Nine months ended September 30, 2005</b>						
	<b>Total revenues \$</b>	<b>Earnings before depreciation, (gain) loss on sale of assets, interest and taxes \$</b>	<b>Depreciation and (gains) losses on asset disposals \$</b>	<b>Interest expense \$</b>	<b>Earnings before income taxes \$</b>	<b>Total assets \$</b>	<b>Goodwill \$</b>
Western	129,505	18,192	9,439	1,996	6,757	85,730	730
Eastern	86,361	7,481	4,737	1,064	1,680	48,050	2,834
Other (a)	69	1,485	1,682	(465)	268	7,777	-
Total bulk trucking	215,935	27,158	15,858	2,595	8,705	141,557	3,564
Logistics	12,625	1,364	370	94	900	7,682	-
<b>Total</b>	<b>228,560</b>	<b>28,522</b>	<b>16,228</b>	<b>2,689</b>	<b>9,605</b>	<b>149,239</b>	<b>3,564</b>

# Trimac Transportation Services Limited Partnership

## Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for number of units)

### Three months ended September 30, 2006

	Total revenues \$	Earnings before depreciation, (gain) loss on sale of assets, interest and taxes \$	Depreciation and (gains) losses on asset disposals \$	Interest expense \$	Earnings (loss) before income taxes \$
Western	48,252	8,219	3,520	641	4,058
Eastern	31,162	3,839	1,567	317	1,955
Other (a)	8	(269)	(656)	25	362
Total bulk trucking	79,422	11,789	4,431	983	6,375
Logistics	4,200	(33)	104	29	(166)
Total	83,622	11,756	4,535	1,012	6,209

### Three months ended September 30, 2005

	Total revenues \$	Earnings before depreciation, (gain) loss on sale of assets, interest and taxes \$	Depreciation and (gains) losses on asset disposals \$	Interest expense \$	Earnings before income taxes \$
Western	44,302	6,656	3,259	724	2,673
Eastern	29,577	2,463	1,534	368	561
Other (a)	22	792	359	13	420
Total bulk trucking	73,901	9,911	5,152	1,105	3,654
Logistics	4,081	577	118	37	422
Total	77,982	10,488	5,270	1,142	4,076

- 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

(unaudited)

(thousands of dollars, except for number of units)

### 7. 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 September 30, 2006 are:

	\$
2006	855
2007	2,606
2008	2,083
2009	1,104
2010	625
Thereafter	194

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.

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.

### 8. Non-cash working capital

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

	Three months ended		Nine months ended	
	September 30		September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Accounts receivable	(2,952)	(589)	(3,366)	(855)
Material and supplies	74	(63)	380	(266)
Income taxes payable	(19)	123	63	182
Prepaid expenses	697	1,678	(470)	1,067
Accounts payable and accrued liabilities	1,293	(441)	3,402	(597)
Due to associated companies and partnerships	1,107	1,677	(1,942)	(622)
	200	2,385	(1,933)	(1,091)

# Trimac Transportation Services Limited Partnership

## Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for number of units)

### 9. Seasonality

The Partnership 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, primarily due to construction-related products and increased economic activity from industries using raw materials that we haul, generating higher volumes and increased utilization of our equipment at lower operating costs. This seasonality is influenced by changes in business mix and weather that varies from time to time.

### 10. Reorganization

Effective January 1, 2005, as referred to in note 1, the Partnership purchased substantially all of the net assets of TTSI relating to its Canadian bulk trucking business and its North American logistics business in exchange for an assumption of certain liabilities of TTSI, a demand note in the amount of \$75,000 and an increased partnership interest. A reconciliation of the assets transferred is listed below:

	<b>Combined business net assets December 31, 2004 \$</b>	<b>Net assets transferred to the Partnership \$</b>	<b>Net assets retained in TTSI \$</b>
Working capital	14,518	15,922	(1,404)
Capital assets	96,575	96,575	-
Due from associated companies	19,801	-	19,801
Future taxes	(10,109)	47	(10,156)
Goodwill	3,564	3,564	-
Other assets	1,260	1,260	-
Long-term debt	(93,000)	-	(93,000)
Due to associated partnership	(7,331)	-	(7,331)
Other long-term liabilities	(1,483)	(1,028)	(455)
	<u>23,795</u>	<u>116,340</u>	<u>(92,545)</u>
Note payable	-	(75,000)	75,000
Divisional/partnership equity	<u>23,795</u>	<u>41,340</u>	<u>(17,545)</u>

# Trimac Transportation Services Limited Partnership

Notes to the Consolidated Financial Statements

(unaudited)

(thousands of dollars, except for number of units)

## 11. Long-term incentive plan

The Partnership has adopted a long-term incentive plan (the "LTIP") effective January 1, 2006 to provide eligible executive officers of TTSI, eligible management personnel of subsidiaries of the Partnership and Trimac Management Services Limited Partnership with compensation opportunities that encourage ownership of Units, enhance Trimac's ability to attract, retain and motivate key personnel, and reward key senior management for significant performance. The LTIP is based on the achievement of distributable cash flow per unit of the Fund in excess of a threshold level. The Governance and Compensation committee of TTSI sets the threshold level annually in accordance with the terms of the plan. When distributable cash flow per unit exceeds the threshold level, amounts will be allocated to participants based on the following table. No amount will be allocated under the LTIP if the distributable cash flow per unit in the fiscal year is below the threshold level.

<b>Distributable cash flow per unit above threshold amount per unit</b>	<b>Maximum amount allocated (% of distribution above threshold amount)</b>
Up to 5%	10%
5% to 10%	15% of the amount in excess of 5%
More than 10%	20% of the amount in excess of 10%

Terms of the LTIP include the grant of a number of notional Units ("Notional Units") with a market value equal to the allocated amount with Notional Units (and the notional distributions thereon) vesting at one-third of the allocation on each anniversary date of the grant of the allocation. Following full-vesting, the Governance and Compensation Committee will determine whether the vested amount will be settled in cash or by purchase of Units. If the Units are to be purchased, they will be purchased in the market on behalf of participants equal in value to the value of the number of Notional Units granted and the notional distributions thereon (less withholding taxes, if applicable). The Partnership recorded compensation expense related to the LTIP of \$184 for the nine-month period ended September 30, 2006 (\$61 for the quarter).

## 12. Subsequent events

Effective October 1, 2006 the Partnership purchased all of the shares of Jeffbrett Enterprises Limited (JBE) for approximately \$10.5 million (\$7.9 million net of JBE's estimated cash on hand) plus estimated costs of \$0.3 million. JBE operates from an owned facility in Dundas, Ontario and provides truck transportation services to a cement producer located in southern Ontario. The purchase price was funded through a combination of cash on hand and an existing credit facility of the Partnership. The purchase price is subject to adjustment based on changes in equity as determined in the purchase agreement.