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Attention Business/Financial Editors:
CCS Income Trust first quarter results and highlights

Q1 Interim Report
Three months ended March 31, 2006

CALGARY, May 4 /CNW/ -

- The Trust announced an increase in monthly distributions from $0.135 to $0.155 per unit for unitholders of record on May 31, 2006.

- On May 1, 2006 the Trust acquired the operating assets of the Grizzly, Hi-West and Poncho Well Servicing Group ("Grizzly") for $285 million. This acquisition expands Concord's rig fleet by 86 rigs and provides geographic diversification along with the opportunity to achieve operational efficiencies.

- On April 13, 2006, the Trust completed a bought-deal subscription receipt financing, for gross proceeds of $245 million.

- On April 3, 2006 the Trust acquired the operating assets of HMI Industries Inc. ("HMI") for $35.5 million. HMI operates a scrap metal processing facility in Red Deer, Alberta.

- On February 23, 2006 the Trust acquired the outstanding equity interests of Environmental Treatment Team LLC ("ETT") for $22 million. ETT provides waste treatment and disposal services to the offshore U.S. Gulf Coast oil and gas market and represents CCS' entry into this market. Post-acquisition, ETT changed its name to CCS Energy Services LLC.

- Concord Well Servicing recorded a 93% rig utilization rate for the quarter, and a 61% increase in operating margin dollars over the same period in 2005.

- The Brooks, Alberta TRD commenced operations in March, 2006.

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(UNAUDITED)	Three months ended March 31		
($000s) except per unit amounts	2006	2005(3)	% change
Revenue	$ 369,892	$ 188,427	96%
EBITDA(1)(3)	76,207	50,632	51%
Income before non-controlling interest	47,229	31,038	52%
Net income	35,186	23,123	52%
per unit - diluted	0.82	0.55	49%
Funds from operations(1)	64,635	43,704	48%
per unit - diluted	1.12	0.77	45%
Capital expenditures	27,368	18,733	46%
Weighted average trust units	42,879	42,021	
Exchangeable shares(2)	14,583	14,410	
Weighted average trust units - diluted	57,462	56,431	

(1) Non-GAAP financial measures are identified and defined in the attached Management's Discussion and Analysis.
(2) Assuming all exchangeable shares at March 31, 2006 converted at the period-end exchange ratio of 2.57287:1 (2005 - 2.46988:1).
(3) Certain comparative figures for 2005 have been reclassified to conform to the presentation adopted in 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 4, 2006

This Management's Discussion and Analysis should be read in conjunction with the attached, unaudited, interim consolidated financial statements of CCS Income Trust (the "Trust" or "CCS"), and readers should also refer to the audited consolidated financial statements and the Management's Discussion and Analysis included in the CCS Income Trust 2005 Annual Report.

CCS INCOME TRUST - Quarterly Data

($000s except per unit amounts)	2006	2005(2)			
(UNAUDITED)	Q1	Q4	Q3	Q2	Q1
REVENUE	369,892	325,511	257,193	167,528	188,427
EXPENSES					
Operating	288,605	252,341	203,104	142,173	135,040
General and administrative	5,080	6,051	3,705	3,803	2,755
Depreciation and amortization	11,745	11,976	10,319	7,900	9,560
Interest on debt	2,520	2,357	2,127	2,136	1,978
Income before non-controlling interest	47,229	38,829	27,722	8,382	31,038
Net income	35,186	29,207	20,665	6,166	23,123
per unit - diluted	0.82	0.69	0.48	0.15	0.55
Funds from operations(1)	64,635	54,959	41,888	18.993	43,704
per unit - diluted	1.12	0.97	0.74	0.33	0.77
Capital expenditures	27,368	43,604	27,899	16,869	18,733
Long-term debt	202,533	156,397	154,507	117,209	132,222
Non-controlling interest	81,619	69,582	63,552	56,622	54,406
Unitholders' equity	280,429	259,986	241,086	230,278	238,043
Distributions per unit	0.38	0.35	0.32	0.31	0.29

($000s except per unit amounts)	2004(2)(3)			
(UNAUDITED)	Q4	Q3	Q2	Q1
REVENUE	134,334	54,738	41,155	70,349
EXPENSES				
Operating	88,071	28,726	24,143	35,905

General and administrative	4,017	2,923	2,633	2,357
Depreciation and amortization	8,916	5,664	6,208	8,801
Interest on debt	1,393	1,197	855	1,109
Income before non-controlling interest	25,489	12,367	6,153	19,730
Net income	19,308	9,012	4,482	14,620
per unit - diluted	0.47	0.23	0.11	0.37
Funds from operations(1)	40,886	22,131	13,910	31,032
per unit - diluted	0.75	0.41	0.26	0.58
Capital expenditures	27,783	21,303	12,404	8,678
Long-term debt	136,503	57,426	48,647	52,868
Non-controlling interest	46,669	40,629	37,286	35,617
Unitholders' equity	226,834	182,464	183,849	189,672
Distributions per unit	0.27	0.26	0.26	0.25

(1) Non-GAAP financial measures are identified and defined in the Management's Discussion and Analysis.
(2) Certain comparative figures for 2005 and 2004 have been reclassified to conform to the presentation adopted in 2006.
(3) Certain comparative figures for 2004 have been retroactively restated to incorporate the February 28, 2005 two-for-one trust unit split, and the retroactive application of the change in accounting policy to account for exchangeable securities as non-controlling interest.

This Management's Discussion and Analysis contains certain statements that are not historical in nature and are forward-looking statements. These forward-looking statements include statements relating to the Trust's plans, strategies, objectives, expectations, intentions and resources. They are not guarantees as to the Trust's future results since there are inherent difficulties in predicting future results. When used throughout this report, the words "anticipate," "expect," "project," "believe," "estimate," "forecast," "intends" or similar expressions identify forward-looking statements, which include statements relating to pending and proposed projects and business activities. Such statements are subject to certain risks, uncertainties and assumptions pertaining to operating performance, regulatory parameters, weather and economic conditions and, in the case of pending and proposed projects, risks relating to design and construction, regulatory processes, obtaining financing and performance of other parties, including partners, contractors and suppliers. Accordingly, actual results could differ materially from those expressed or implied in forward-looking statements.

This Management's Discussion and Analysis contains references to certain financial measures that do not have any standardized meaning prescribed by Canadian Generally Accepted Accounting Principles (GAAP) and may not be comparable to similar measures presented by other companies or trusts. These measures are provided to assist investors in determining the Trust's ability to generate cash from operations and to provide additional information regarding the use of its cash resources. These financial measures are identified and defined below:

- "EBITDA" is determined from the consolidated statements of income and accumulated earnings and is defined as operating margin less general and administrative expenses. In 2006, the Trust revised its definition of EBITDA to conform to the recognized standard of EBITDA (earnings before interest, taxes, depreciation and amortization, and for the Trust, before the gas delivery obligation valuation), resulting in the inclusion of asset retirement accretion expense as a component of EBITDA. Prior periods have been reclassified for comparative purposes.

- "Funds from operations" is derived from the consolidated statements of cash flows and is calculated as cash provided by operating activities before changes in non-cash working capital and asset retirement obligations fulfilled.

- "Growth capital expenditures" include amounts incurred to add new facilities or services, and to replace utilized capacity and expand engineered landfills and waste-disposal caverns.

- "Maintenance capital expenditures" refer to capital expenditures required to maintain existing levels of service.

- "Cash available for distribution and growth capital expenditures" is calculated as funds from operations, less required principal repayments of term credit facilities, maintenance capital expenditures and amortization of capacity which is cash designated for the replacement of engineered landfill and cavern capacity.

- "Payout ratio" is calculated as cash distributions for the period divided by cash available for distribution and growth capital expenditures, as referenced in the CCS Cash Distributions table disclosed later in this document.

CCS reports results of its operations through four main business segments:

CCS Energy Services Division (Energy Services)

This division owns and operates treatment, recovery and disposal (TRD) and cavern facilities throughout western Canada and in the Gulf Coast region of the United States. Services are provided in the following areas:

- Emulsion treatment;
- Water disposal;
- Waste processing;
- Drilling mud disposal;
- Tank/truck washing;
- Crude oil terminalling; and
- Cavern disposal.

CCS Energy Marketing Division (CEM)

Responding to the opportunity to maximize the return on marketing of recovered crude oil, CEM extracts additional value and operating margin on waste and recovered oil volumes from the Energy Services facilities. The CEM division captures the incremental value created through the marketing chain with the following revenue streams:

- Lease purchases;
- Single shipper/optimization; and
- Bulk purchases.

HAZCO Environmental Services Division (HAZCO)

This division is an industry leader providing a wide range of specialized services including:

- Site remediation;
- Decommissioning;
- Waste services;
- Environmental construction;
- Environmental technologies;
- Emergency response;
- Engineered landfill disposal;
- Sulphur services;
- Environmental and geotechnical drilling; and
- Other specialty services.

HAZCO operates a network of industrial and engineered landfills, bioremediation facilities and hazardous waste transfer stations across western Canada. HAZCO provides services primarily throughout Canada, with select services provided in Peru and the United States.

Concord Well Servicing Division (Concord)

This division owns and operates 53 service rigs, forming one of the most modern fleets in the Canadian oil and gas service sector. Established in 1979, Concord provides a variety of contract services from its strategically located offices in western Canada. With the closing on May 1, 2006 of the Grizzly acquisition, the rig fleet increased to a total of 139 rigs.

DISCUSSION OF FINANCIAL RESULTS

($000s except per unit amounts)	Three months ended March 31	
	2006	2005(2)
EBITDA(1)	$ 76,207	$ 50,632
% change from prior period	51%	58%
Income before non-controlling interest	47,229	31,038
% change from prior period	52%	57%
Net income	35,186	23,123
% change from prior period	52%	58%
per unit - diluted	0.82	0.55
% change from prior period	49%	49%
Funds from operations(1)	64,635	43,704
% change from prior period	48%	41%
per unit - diluted	1.12	0.77
% change from prior period	45%	33%

(1) Non-GAAP financial measures are identified and defined in the Management's Discussion and Analysis.
(2) Certain comparative figures for 2005 have been reclassified to conform to the presentation adopted in 2006.

The first quarter of 2006 reflected strong operating results due to high levels of activity throughout the quarter and across the four operating segments of the Trust. EBITDA and net income increased by 51 percent and 52 percent, respectively, on a quarter-over-quarter basis as a result of these high activity levels. A $2.3 million increase in general and administrative expense and a $6.7 million increase in income taxes impacted net income for the quarter. These increased costs are directly attributable to the ongoing growth and earnings of the Trust.

CASH DISTRIBUTIONS

The Trust paid distributions to unitholders in the amount of $15.6 million (2005 - $11.9 million) and declared distributions of $16.2 million (2005 - $12.1 million) in the first quarter of 2006.

The following summary outlines the principal utilization of funds from operations for the three month periods ended March 31, 2006 and 2005:

CCS CASH DISTRIBUTIONS

($000s)	Three months ended March 31	
	2006	2005

Funds from operations(1)	$ 64,635	$ 43,704
Required principal repayments of long-term debt	(654)	(785)
Maintenance capital expenditures(1)	(5,778)	(5,634)
Amortization of landfill and cavern capacity(2)	(3,181)	(2,163)
Cash available for distribution and growth capital expenditures(1)(b)	55,022	35,122
Cash retained for growth and capital expenditures	(38,796)	(23,029)
Cash distributions declared(a)	16,226	12,093
Accumulated cash distributions, beginning of period	142,838	89,187
Accumulated cash distributions, end of period	159,064	101,280
Payout ratio(1)(a)/(b)	29.5%	34.4%

(1) Non-GAAP financial measures are identified and defined in the Management's Discussion and Analysis.
(2) Based on amortization expense in the consolidated statements of income and accumulated earnings, this is cash retained to replace utilized landfill capacity.

REVENUE

($000s)	Three months ended March 31	
	2006	2005(1)
CCS Energy Services	$ 61,570	$ 44,638
% change from prior period	38%	36%
Concord Well Servicing	40,782	29,474
% change from prior period	38%	9%
HAZCO	71,070	49,782
% change from prior period	43%	372%
CCS Energy Marketing	196,470	64,533
% change from prior period	204%	100%
Total	369,892	188,427
% change from prior period	96%	168%

(1) Certain comparative figures for 2005 have been reclassified to conform to the presentation adopted in 2006.

Energy Services

High activity levels at the TRD facilities generated a quarter-over-quarter increase in revenue of 38 percent, with TRD waste processing volumes the main contributor to this increase. The revenue reported on the sale of oil recovered from waste increased by 26 percent over the same period in 2005, due to an increase of 19 percent in volumes sold and higher commodity prices. Revenue reported at the cavern facilities is down slightly for the quarter due to the decision of a major producer to manage its waste disposal requirements in-house. We anticipate cavern revenue to improve as activity in the area increases. Revenue also includes the impact of the U.S. operating unit effective February 23, 2006.

Concord

Rig hours for the quarter increased by ten percent to 43,882 hours (2005 - 39,977 hours). This strong activity is a reflection of sustained high oil prices for the quarter and industry demand. Favourable winter weather conditions impacted rig utilization rates and a price increase implemented in the fourth quarter of 2005 contributed to higher revenues. In November 2005, Concord acquired the operating assets of HiAlta Energy Services, an oilfield rental company. This business unit contributed $2.3 million to revenue in the first quarter of 2006.

HAZCO

Revenue for the first quarter of 2006 reflected significant growth over the same period in 2005. The project services division reported a 47 percent increase in revenue, attributable mainly to favourable weather conditions and two large site remediation projects undertaken in the quarter. The geo-technical drilling division also started and substantially completed a large project in the Fort McMurray area during the quarter. These three projects positively impacted HAZCO's revenue for the quarter by $11.1 million.

In 2006, the HAZCO and CCS Energy Services landfill business units were integrated to form CCS Landfill Services. The results of operations for this new business unit are reported under the HAZCO division, with prior year results reclassified for comparative purposes. The landfill business reported a 52 percent increase in revenues on a quarter-over-quarter basis due in part to the execution of two remediation projects from two major oil producers. One of these projects started in late 2005 and was substantially completed by the end of the first quarter of 2006. While the other project is ongoing, reduced volumes are expected in the next quarter due to spring breakup. The Bonnyville landfill, which opened in October 2005, contributed incremental revenue of $2.9 million in the quarter.

CCS Energy Marketing

This division became the sole marketer of oil at four additional CCS facilities during the first quarter of 2006, resulting in increased monthly sales volumes. CEM now markets the oil from all CCS facilities. Continued high commodity prices also contributed to the division's $131.9 million increase in revenue.

OPERATING MARGINS AND EXPENSES

($000s)	Three months ended March 31	
Operating Margins	2006	2005(1)
CCS Energy Services	$ 37,311	$ 29,884
% of division revenue	61%	67%
Concord	17,228	10,719
% of division revenue	42%	36%
HAZCO	22,687	11,401
% of division revenue	32%	23%
CCS Energy Marketing	4,061	1,383
% of division revenue	2%	2%
Total	81,287	53,387
% of consolidated revenue	22%	28%

(1) Comparative figures for 2005 have been reclassified to conform to the presentation adopted in 2006.

Energy Services

The Energy Services division reported a decline in operating margin, as a percentage of revenue, of six percent for the first quarter of 2006. This decline is largely attributable to the U.S. business unit which generated operating margins of 14% during the period since acquisition on February 23, 2006. Operating margins were also impacted by CCS' cavern operations, which reflected an overall decline in operating margin, due to higher operating expenses and lower volumes of recovered oil. The operating margin for the TRDs improved by one percent on a quarter-over-quarter basis.

Concord

Concord's operating margin, as a percentage of revenue, increased six percent on a quarter-over-quarter basis as a result of higher utilization rates and price increases implemented in the fourth quarter of 2005. Operating expenses continue to be an area of focus and are being managed to accommodate the increased activity. Repairs and maintenance expenditures are lower than anticipated for the quarter as high utilization rates required a focus on essential maintenance only. It is anticipated that repairs and maintenance expenditures will increase later in the year.

HAZCO

HAZCO's operating margin, as a percentage of revenue, increased by nine percent in the first quarter of 2006. This was mainly attributable to the landfill business unit, which reported a seven percent increase in operating margin as a result of the two remediation projects undertaken in the quarter. High activity levels in the geo-technical and environmental drilling operation also contributed to the quarter-over-quarter margin increase.

CCS Energy Marketing

The operating margin for this division remains unchanged on a quarter-over-quarter basis. The business model for this division is focused on capturing the incremental value in marketing crude oil through CCS facilities and the division is not expected to generate operating margins, as a percentage of revenue, significantly different from those reflected to date. Revenues are recorded at gross values, and as a result the financial statements reflect a higher dollar value for both revenues and operating expenses, creating a lower operating margin as a percentage of revenue.

GENERAL AND ADMINISTRATIVE

($000s)	Three months ended March 31	
	2006	2005(1)
General and administrative	$ 5,080	$ 2,755
% change from prior period	84%	17%

(1) Comparative figures for 2005 have been reclassified to conform to the presentation adopted in 2006.

General and administrative expenses increased on a quarter-over-quarter basis as a result of higher wages and benefits, an increased focus on international business development initiatives and a general increase in administrative costs associated with the ongoing growth of the Trust. General and administrative expenses increased in the following areas during the first quarter of 2006:

- Wages and benefits increased due to higher staff levels and salary increases along with incremental costs associated with the trust unit option plan and the annual allocation of options to employees;

- Professional and consulting fees;
- International consulting and travel;
- General office costs, training and travel; and
- Information technology.

Administrative costs directly related to the individual business segments are included in operating costs for that division.

DEPRECIATION AND AMORTIZATION

($000s)	Three months ended March 31	
	2006	2005
Depreciation	$ 8,082	$ 6,724
% change from prior period	20%	43%
Amortization of engineered landfills and caverns	3,181	2,163
% change from prior period	47%	(47)%
Amortization of intangibles	482	673
% change from prior period	(28%)	100%

The total capital expenditures incurred in the Energy Services and HAZCO divisions in 2005 of $87.5 million contributed to the increase in depreciation expense for the first quarter of 2006.

Amortization of engineered landfills and caverns increased by 47 percent quarter-over-quarter, with the increase directly related to the 52 percent increase in revenue in the landfill business unit.

INCOME TAXES

($000s)	Three months ended March 31	
	2006	2005
Net income before income taxes	$ 61,719	$ 38,809
Provision for income taxes	14,490	7,771
Effective tax rate	23%	20%

The effective tax rate for the Trust increased on a quarter-over-quarter basis by three percent to 23 percent. This increase is attributable to the 59 percent increase in pre-tax income, which is only partially offset by available tax deductions at the operating company level. The effective tax rate of 23 percent remains relatively unchanged from the rate of 24 percent reported at December 31, 2005.

The provision for current income tax expense for the first quarter of 2006 of $10.1 million (2005 - $5.5 million) consists of $9.7 million (2005 - $5.0 million) of current income taxes and $0.4 million (2005 - $0.5 million) of federal and provincial capital taxes.

FINANCING

($000s)	Three months ended March 31	
	2006	2005
Interest expense	$ 2,520	$ 1,978
% change from prior period	27%	78%

Long-term debt increased by $69.4 million on a quarter-over-quarter basis due to increased working capital requirements, higher levels of capital spending and debt issued with respect to acquisitions. The significant transactions impacting long-term debt and financing requirements are as follows:

- The acquisition of ETT for cash consideration of $21.7 million;
- Acquisitions in 2005 totalling $13.3 million;
- Capital spending of $27.4 million in the first quarter of 2006; and
- Total capital spending in 2005 of $107.1 million.

LIQUIDITY AND CAPITAL RESOURCES

($000s)	As at Mar 31 2006	As at Dec 31 2005
Capital Data		
Current portion of long-term debt	$ 2,223	$ 2,068
Long-term debt	202,533	156,397
Less: cash and cash equivalents	(5,746)	(3,626)
Net debt	199,010	154,839
Unitholders' equity	280,429	259,986
Non-controlling interest	81,619	69,582
Total capitalization	561,058	484,407
Net debt to total capitalization	35%	32%

Credit Facilities and Swaps

The Trust has the following credit facilities available:

- $310.0 million, extendible, three-year revolving facility bearing interest, at CCS' option, at the bank's prime rate, bankers' acceptance rate or LIBOR rate plus 0 to 200 basis points, depending on CCS' ratio of debt-to-EBITDA. At March 31, 2006 the Trust had utilized $136.4 million of this facility. Outstanding letters of credit of $25.8 million at March 31, 2006 reduce the amount of credit available on this facility.

- $50.0 million, seven-year, non-revolving, non-amortizing term facility with a fixed interest rate of 6.4 percent. This facility is fully drawn and is repayable in full on December 10, 2011.

- $6.0 million for the financing of capital equipment, with interest charged on a transactional basis. Fixed and floating-rate options are available. Interest under the fixed option is currently charged at a maximum rate of four percent. Contracts under the floating option charge interest at prime minus 0.7 to prime minus 3.5 percent. Repayment terms cannot extend beyond five years. At March 31, 2006 the amount outstanding on this facility was $2.5 million. CCS will continue to utilize these facilities if the cost to do so minimizes overall borrowing costs to the Trust.

In accordance with the terms of its credit facilities, CCS must remain in compliance with certain financial and non-financial covenants, as defined by its lenders. For the three months ended March 31, 2006 CCS remained in compliance with all covenants.

At March 31, 2006 the Trust had $25.9 million of surety bonds outstanding to secure bids and for completion of work with respect to the HAZCO operating division, and $2.0 million of surety bonds outstanding for environmental liabilities with respect to CCS Energy Services LLC. These outstanding bonds do not impact the amount of credit available on the facility.

In 2002 the Trust entered into a five-year, non-amortizing, interest-rate swap agreement for $18.0 million at a fixed rate of 5.6 percent. In 2003 the Trust entered into an additional five-year amortizing swap arrangement for $20.0 million at a fixed rate of 4.1 percent, of which $9.0 million was outstanding at March 31, 2006. At March 31, 2006 the total cost to settle these swaps would be $0.4 million. These amounts have not been reflected in the consolidated financial statements.

UNITHOLDERS' EQUITY

($000s)	As at Mar 31	As at Dec 31
	2006	2005
Outstanding Unit Data		
Trust units	42,706	42,679
Exchangeable Shares(1)	14,583	14,443
Total	57,289	57,122

(1) Converted at an exchange ratio of 2.57287:1 at March 31, 2006 (December 31, 2005 - 2.54714:1)

CAPITAL EXPENDITURES

($000s)	Three months ended March 31	
	2006	2005
Capital expenditures	$ 27,368	$ 18,733
% change from prior period	46%	116%

Energy Services

The Energy Services division incurred capital expenditures of $13.6 million in the first quarter of 2006. This included expenditures on the following capital projects:

- Completion of construction of the Brooks, Alberta TRD;
- Ongoing construction of the Spirit River, Alberta TRD; and
- Installation of centrifuge equipment with respect to oil recovery programs at the LaGlace and Valleyview, Alberta TRDs.

Concord

Capital expenditures for the quarter totaled $7.2 million, with $1.1 million spent on the acquisition of land for expansion of the Acheson facility. The ongoing development of the Grande Prairie office resulted in capital expenditures of $1.3 million. The remaining expenditures related to costs for rig refits and the purchase of rental equipment for the HiAlta business unit.

HAZCO

The HAZCO division incurred capital expenditures of $5.0 million in the quarter compared to $5.7 million in the same period in 2005. Growth capital expenditures totaled $1.8 million and included the acquisition of three geo-technical drilling rigs and related support vehicles and one excavator for use in the decommissioning business.

SEASONALITY OF OPERATIONS

The majority of the Trust's operations take place in Canada where the ability to move heavy equipment in the oil and gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground, rendering many secondary roads and oil and gas production sites incapable of supporting the weight of heavy equipment until they thoroughly dry out. The duration of this "spring breakup" has a direct impact on activity levels of the Trust and its customers. As a result, each year the Trust tends to record lower revenues and operating profit in the second fiscal quarter. The Trust's operations on the U.S. Gulf Coast are affected by the seasonal differences in weather patterns in the Gulf of Mexico. The rainy weather, tropical storms and hurricanes prevalent in the Gulf of Mexico and along the Gulf Coast at various times of the year may affect operating results depending on weather patterns experienced in any particular reporting period.

CHANGES IN ACCOUNTING POLICY

The Trust did not have any changes in accounting policies for the first quarter of 2006.

BUSINESS OUTLOOK

At present, the outlook for activity in the western Canadian energy industry in 2006 remains positive. The Trust has forecast its 2006 consolidated capital expenditures to be in the range of $145.0 to $155.0 million. The planned capital spending is comprised of expansion capital of $110.0 to $120.0 million, plus sustaining capital expenditures and expenditures relating to the replacement of capacity at caverns and engineered landfills.

Energy Services

The Brooks TRD was completed and commenced operations in March 2006. Construction of the Spirit River and South Grande Prairie TRDs are on schedule, with start-up expected in June for Spirit River and late in the fourth quarter of 2006 for South Grande Prairie. The division had originally forecast to construct two further TRDs in 2006, pending regulatory approval. The division now expects construction of these TRDs to be delayed until 2007. However, the aggregate expansion capital forecast for the division has not changed as replacement expansion capital projects have been identified. Expansion capital for the division in 2006 is estimated to be $73.0 to $80.0 million. In the first quarter of 2006, the ProDrill and Normcan business units delivered strong financial results. It is anticipated that these business units, which derive a lower operating margin as a percentage of revenue, will continue to generate strong financial results for the remainder of the year.

Concord

Continued high utilization rates are expected for 2006 as the industry continues to operate at near-record activity levels. Demand is expected to be high, however, skilled labour shortages and spring breakup, if extended, may present challenges to the division. Expansion capital of $2.0 to $3.0 million is planned for 2006. This forecast does not include any expansion capital related to the announced Grizzly service rig acquisition.

HAZCO

Consistent with prior years, operating results in this division are affected by seasonality, with the second half of the year typically yielding higher revenue and operating margin compared to the first half of the year. Expansion capital is forecast to be approximately $40.0 million for 2006, including one new engineered landfill and the acquisition of the HMI business and assets. The division had originally forecast to construct one additional landfill and a sulphur handling facility in 2006. Neither of these projects are expected to be undertaken in 2006 due to regulatory delays.

CCS Energy Marketing

The Energy Marketing division continues to experience strong results due to strong industry activity and variable crude oil and condensate differentials. Annual operating margin is expected to be in the range of 1-3 percent for the year ended December 31, 2006. The business model for this division continues to be focused on the marketing of crude oil recovered or purchased at the Energy Services facilities, with growth dependent on optimization and lease purchases.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

(UNAUDITED)

As at ($000s)	Mar. 31, 2006 $	Dec. 31, 2005 $
ASSETS		
Current assets		
Cash and cash equivalents	5,746	3,626
Accounts receivable	161,118	158,450
Inventory and other current assets	14,946	10,432
	181,810	172,508
Property, plant and equipment (note 13)	474,739	443,103
Goodwill (note 4)	55,019	51,295
Intangible assets	7,973	8,456
Deferred financing costs	1,613	1,189
Investments and other long-term assets	1,075	1,280
	722,229	677,831
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	62,567	87,806
Income taxes payable	5,212	23,710
Distributions payable	5,765	5,121
Current portion of long-term debt	2,223	2,068
Current portion of long-term purchase obligations	1,311	1,311
Current portion of asset retirement obligations (note 5)	1,373	1,373
	78,451	121,389

Long-term debt	202,533	156,397
Long-term purchase obligations	6,211	6,397
Future income tax	53,365	45,127
Asset retirement obligations (note 5)	19,621	18,953
	281,730	226,874
Non-controlling interest (note 8)	81,619	69,582
UNITHOLDERS' EQUITY		
Unitholders' capital (note 6a and 13)	198,164	197,237
Foreign currency translation adjustment (notes 2b and 10)	161	-
Contributed surplus (note 6c)	1,000	605
Accumulated earnings	240,168	204,982
Accumulated cash distributions	(159,064)	(142,838)
Total unitholders' equity	280,429	259,986
Total liabilities and unitholders' equity	722,229	677,831

See accompanying notes

Consolidated Statements of Income and Accumulated Earnings

(UNAUDITED)

For the three months ended March 31 ($000s except per unit amounts)	2006 $	2005 $
REVENUE		
CCS Energy Services	61,570	44,638
Concord Well Servicing	40,782	29,474
HAZCO Environmental Services	71,070	49,782
CCS Energy Marketing	196,470	64,533
	369,892	188,427
Operating expenses (note 9)	288,605	135,040
Operating margin	81,287	53,387
EXPENSES		
General and administrative (notes 7 and 9)	5,080	2,755
Financing	2,520	1,978
Gas delivery obligation valuation	212	337
Depreciation and amortization	11,745	9,560
	19,557	14,630
Income before the following:	61,730	38,757
Loss (gain) on sale of assets	11	(52)

Income before income taxes and non-controlling interest:	61,719	38,809
Income taxes		
Current	10,060	5,537
Future	4,430	2,234
	14,490	7,771
Income before non-controlling interest:	47,229	31,038
Non-controlling interest (note 8)	(12,043)	(7,915)
Net income for the period	35,186	23,123
Accumulated earnings, beginning of period	204,982	125,821
Accumulated earnings, end of period	240,168	148,944
Net income per unit (note 6b)		
Basic	0.82	0.55
Diluted	0.82	0.55

See accompanying notes

Consolidated Statements of Cash Flows

(UNAUDITED)

For the three months ended March 31 ($000s)	2006 $	2005 $
OPERATING ACTIVITIES		
Net income for the period	35,186	23,123
Add (deduct) non-cash items:		
Non-controlling interest	12,043	7,915
Unit-based compensation (note 7)	416	-
Depreciation and amortization	11,745	9,560
Asset retirement accretion expense (note 5)	388	388
Gas delivery obligation valuation	212	337
Loss (gain) on sale of assets	11	(52)
Future income taxes	4,430	2,234
Other non-cash operating items	204	199
	64,635	43,704
Change in non-cash working capital	(42,376)	(12,200)
Asset retirement obligations fulfilled (note 5)	(195)	(119)
Cash provided by operating activities	22,064	31,385
FINANCING ACTIVITIES		
Issuance of long-term debt	46,877	3,935
Repayment of long-term debt	(654)	(8,285)
Deferred financing costs	(560)	-
Payments under purchase obligations	(398)	(282)
Trust unit issue (net of costs)	490	-
Distribution payments (note 3)	(15,582)	(11,867)

Cash (used in) provided by financing activities	30,173	(16,499)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(27,368)	(18,733)
Proceeds on disposal of property, plant and equipment	339	395
Acquisitions (note 4)	(21,978)	-
Investments and other long-term assets	205	(478)
Change in non-cash working capital	(1,315)	3,930
Cash used in investing activities	(50,117)	(14,886)
Increase (decrease) in cash and cash equivalents	2,120	-
Cash and cash equivalents, beginning of period	3,626	-
Cash and cash equivalents, end of period	5,746	-
Supplementary cash flow information:		
Cash taxes paid	28,558	1,050
Cash interest paid	2,214	1,602

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

($000s, except unit and per unit amounts)

March 31, 2006 and 2005

1. NATURE OF THE ORGANIZATION

CCS Income Trust (the "Trust") was formed for the purpose of effecting an arrangement (the "Arrangement") under the Business Corporations Act (Alberta), involving, among other things, the exchange of Canadian Crude Separators Inc. ("Canadian Crude Separators") securities on a one-to-one basis, for either trust units of the Trust or Series A Exchangeable Shares ("exchangeable shares") of CCS Inc., a wholly-owned subsidiary of the Trust. The effective date of the Arrangement was May 22, 2002.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Principles of consolidation and preparation of financial statements

The consolidated financial statements of the Trust have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The consolidated financial statements include the accounts of the Trust, its subsidiaries and partnership interests. Investments in jointly controlled partnerships are accounted for using the proportionate consolidation method, whereby the Trust's proportionate share of revenues, expenses, assets and liabilities are included in the accounts.

These interim consolidated financial statements follow the same accounting policies and methods of application as described in the notes to the most recent annual audited consolidated financial statements for the year ended December 31, 2005. These interim consolidated financial statements do not include all of the disclosures required in the annual financial statements, and should be read in conjunction with the audited consolidated financial statements included in the Trust's 2005 Annual Report.

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements necessarily involves the use of estimates and approximations. Accordingly, actual results could differ significantly from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the Trust's accounting policies summarized below.

All amounts reported in these statements are in Canadian dollars.

b) Foreign currency translation

The Trust's CCS Energy Services LLC, U.S. operations, which are considered financially and operationally independent, are translated into Canadian dollars using the current rate method. Assets and liabilities are translated at the period-end exchange rate, while revenues and expenses are translated using average exchange rates during the period. Translation gains or losses are included as a separate component of unitholders' equity.

Other monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the end of each reporting period. Non-monetary assets and related depreciation, depletion and amortization, non-monetary liabilities, and revenues and expenses are translated at rates of exchange in effect at the respective transaction dates. The resulting exchange gains and losses are included in general and administrative expenses.

c) Comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation.

Effective January 1, 2006, the landfill business units operated by the HAZCO and Energy Services divisions were combined to form the CCS Landfill Services business unit. The results of operations of this business unit are reported under the Trust's HAZCO operating segment, with prior period information restated for comparative purposes.

d) Measurement uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty as they are based on management's estimates using current information and judgment. The effect on the financial statements of changes in such estimates in future periods could be significant. The recognized items include:

- Property, plant and equipment, goodwill and intangible assets, the values of which are subject to market conditions in the oil and gas and environmental remediation industries;

- Amortization of engineered landfills, the expense of which is impacted by the type of waste received, compaction and weather and leachate factors;

- Amortization of disposal caverns, the expense of which is impacted by the type of waste received, the ability to recover and process waste oil in the caverns, and uncertainty over total cavern capacity available;

- The quality, quantity and recoverability of oil contained in the disposal caverns, which accumulates through the waste disposal process; the value of recovered oil is recognized when sold;

- Gas delivery obligation, the cost of which is dependent on future natural gas prices; and

- Asset retirement obligations: the nature, timing and costs of the remediation process are managed by the CCS Environmental Department, with estimates based upon CCS' "best practices" and current regulatory requirements.

3. DISTRIBUTIONS

For the three-month period ended March 31, 2006 the Trust paid distributions to unitholders in the amount of $15,582 (2005 - $11,867) and declared distributions of $16,226 (2005 - $12,093) in accordance with the following schedule:

Period Covered	Date of record	Date of distribution	Per unit $
December 1, 2005 to December 31, 2005	12/31/05	01/16/06	0.120
January 1, 2006 to January 31, 2006	01/31/06	02/15/06	0.120
February 1, 2006 to February 28, 2006	02/28/06	03/15/06	0.125
March 1, 2006 to March 31, 2006	03/31/06	04/17/06	0.135

4. ACQUISITIONS

On February 23, 2006 the Trust, through a newly formed wholly-owned subsidiary, CCS (USA) Inc., acquired all of the outstanding equity interests of Environmental Treatment Team LLC ("ETT") for cash consideration of $21,682. Subsequent to the acquisition, ETT changed its name to CCS Energy Services LLC ("Energy Services LLC"). The company provides waste treatment and disposal services to the U.S. Gulf Coast offshore oil and gas industry through three transfer stations and two processing facilities in Louisiana and Alabama. Energy Services LLC's results of operations are included in these consolidated financial statements from the date of acquisition and are reported within the Energy Services operating segment.

The purchase price has been allocated, on a preliminary basis, as follows:

Net assets acquired:	$
Working capital	3,978
Property, plant and equipment	18,084
Goodwill	3,699
Future income taxes	(3,783)
	21,978

Consideration paid:	$
Cash	21,682
Transaction costs	296
	21,978

5. ASSET RETIREMENT OBLIGATIONS

The Trust estimates the undiscounted cash flows related to asset retirement obligations, to be incurred over an estimated period of 20 to 30 years, will total approximately $58,684 (2005 - $54,073) using an annual inflation rate of three percent. The fair value at March 31, 2006 was $20,994 using a discount rate of eight percent. The Trust has not made an asset retirement provision for Energy Services LLC, as a reasonable estimate of the liability cannot be determined at this time. The information required for calculating a reasonable estimate will be available prior to December 31, 2006.

For the three months ended March 31, 2006 and 2005, the Trust recorded the following activity related to the liability:

	2006	2005
	$	$
Asset retirement obligations, beginning of period	20,326	18,893
New obligations and revised estimates	475	453
Obligations fulfilled	(195)	(119)
Accretion expense	388	388
Asset retirement obligations, end of period	20,994	19,615
Less: current portion	1,373	3,633
Long-term portion	19,621	15,982

6. UNITHOLDERS' EQUITY

a) Unitholders' capital

Authorized - Unlimited number of voting trust units	Trust units	Amount
December 31, 2005	42,678,524	$ 197,237
Issued upon conversion of exchangeable shares for trust units (note 8)	5,686	6
Issued upon exercise of employee trust unit options	22,199	511
Units vested on retention bonus (note 7b)	-	410
March 31, 2006	42,706,409	198,164

b) Weighted average trust units

As at March 31, 2006 and 2005, respectively, diluted net income per trust unit has been determined based on the following:

	2006	2005
Weighted average trust units outstanding - basic	42,692,112	42,021,123
Trust units issuable on conversion of exchangeable shares	14,582,816	14,410,169
Dilutive options	186,975	-
Dilutive trust units and exchangeable shares	57,461,903	56,431,292

c) Contributed surplus

	$
December 31, 2005	605
Unit-based compensation expense	416
Transferred to unitholders' capital on exercise of options	(21)
March 31, 2006	1,000

7. UNIT-BASED COMPENSATION

a) Unit option plan

Effective January 2005, the unitholders of CCS Income Trust approved the implementation of an employee unit option plan. Under the unit option plan, directors, officers, employees, and consultants of the Trust are eligible to receive options to acquire trust units, with terms not to exceed five years from the date of the grant. The exercise price is based on the weighted average price of the units for the five trading days immediately prior to the grant date, which may differ from the closing price on the Toronto Stock Exchange for such units on the day of the grant. For options granted to date, the exercise price was not materially different from the trading price of the units on the grant date. Under the unit option plan, vesting periods are determined by the Board of Directors of CCS Inc. at the time of the grant. For all options granted to March 31, 2006, 25 percent of the options are exercisable annually on the anniversary date of the original grant.

The maximum number of trust units issuable under this plan may not exceed ten percent of the Trust's outstanding units. Outstanding units include the issued and outstanding units on a non-diluted basis, plus all units issuable on conversion of all exchangeable shares, at any time, which at March 31, 2006 totaled 57,289,225.

Option transactions for the period are as follows:

Three months ended March 31, 2006	Units	Weighted average exercise price $
Options outstanding, beginning of period	769,500	24.14
Granted	771,500	36.17
Exercised	(22,199)	22.04
Forfeited	(49,454)	25.36
Options outstanding, end of period	1,469,347	30.45

	Options outstanding			Options exercisable	
Range of prices	Outstanding at March 31, 2006	Weighted average remaining contractual life (years)	Weighted average exercise price ($)	Number exercisable at March 31, 2006	Weighted average exercise price ($)
$22.04 - $27.00	451,123	3.8	22.04	104,403	22.04
$27.01 - $32.00	250,724	4.2	28.05	-	-

$32.01 - $37.00	763,000	4.8	36.16	-	-
$37.01 - $38.15	4,500	5.0	38.15	-	-
Total	1,469,347			104,403	22.04

The estimated weighted average fair value of trust unit options granted to date is $5.49 per option. The fair value of each option grant was estimated on the date of the grant and determined using the Black-Scholes option-pricing model with the following assumptions:

As at March 31, 2006	Weighted average assumptions
Dividend yield	4.36%
Discount for forfeiture	3.00%
Risk-free interest rate	3.67%
Expected life of options	4.2 years
Expected volatility factor of the future expected market price of trust units	27.3%

The Trust recorded compensation expense of $416 with an offsetting increase to contributed surplus in respect of the options granted as of March 31, 2006 (2005 - nil).

b) Retention bonus

The Board of Directors of CCS Inc. approved a one-time retention bonus for executives of CCS Inc. on December 17, 2004. The retention bonus was funded in June, 2005 through the purchase of 40,849 units of the Trust on the open market at a cost of $1,231. The units vest to the executives in equal amounts on January 1, 2006, 2007, and 2008, provided the executives are employed with the Trust at the time of vesting. The trust unit purchase was charged to unitholders' capital until the units have vested and are distributed. For the three months ended March 31, 2006, $82 (2005 - nil) was accrued and charged to general and administrative expense. The January 1, 2006 vesting of units carried a total cost of $410 and was charged to unitholders' capital at the time of vesting.

8. NON-CONTROLLING INTEREST ("NCI")

Exchangeable shares are accounted for in accordance with the CICA's recommendations in EIC-151 "Exchangeable Securities Issued by Subsidiaries of Income Trusts". In accordance with this accounting abstract, the exchangeable shares issued by CCS Inc. are considered transferable to third parties and must therefore be reflected as non-controlling interest.

Non-controlling interest on the consolidated balance sheets is comprised of the carrying value of the exchangeable shares upon issuance plus the accumulated earnings attributable to the non-controlling interest. The net income attributable to the non-controlling interest on the consolidated statements of income and accumulated earnings represents the cumulative portion of net income attributable to the non-controlling interest, based on the proportion of trust units issuable for exchangeable shares to total trust units issued and issuable at the end of each period.

	Exchangeable shares	$
Carrying value of exchangeable shares	5,670,143	14,955

Accumulated earnings attributable to NCI - prior years	-	54,627
Balance at December 31, 2005	5,670,143	69,582
NCI interest in net income	-	12,043
Redeemed upon conversion to trust units	(2,225)	(6)
Balance at March 31, 2006	5,667,918	81,619

The exchange ratio at March 31, 2006 was 2.57287:1 (2005 - 2.46988:1).

9. RELATED-PARTY TRANSACTIONS

a) Fractional interest

The Trust has a 37.5 percent fractional interest in a Piaggio Avanti P-180 aircraft for use in CCS' operations. Avia Aviation Ltd., a company controlled by the Chairman and CEO of CCS Inc., also provides management services and operates the aircraft on behalf of the Trust. For the three months ended March 31, 2006, the Trust incurred management fee expense, operating costs and costs for contract air services with Avia Aviation Ltd. totalling $95 (2005 - $100).

b) Other

HAZCO Industrial Services Limited Partnership, an entity controlled by certain members of HAZCO's management and their immediate families, charges rental fees to the Trust for the use of premises. For the three months ended March 31, 2006 these fees totalled $110 (2005 - $110).

During the three months ended March 31, 2006, the Trust incurred costs totalling $134 (2005 - nil) with Capital Technologies Inc. ("CTI") for services related to research and development of technologies with respect to the treating of heavy oil. The Chairman and CEO of CCS Inc. has a 20 percent interest in CTI.

All related-party transactions were recorded at the exchange amount and charged to either operating or general and administrative expense depending on the nature of the transaction.

10. FOREIGN CURRENCY TRANSLATION ADJUSTMENT

The foreign currency translation adjustment represents the unrealized gain (loss) on the Company's net investment in self-sustaining foreign operations.

Three months ended March 31	2006 $	2005 $
Balance, beginning of period	-	-
Unrealized net gain on translation of investment	161	-
Balance, end of period	161	-

11. SEASONALITY

The majority of the Trust's operations take place in Canada where the ability to move heavy equipment in the oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground, rendering many secondary roads and oil and natural gas production sites incapable of supporting the weight of heavy equipment until they thoroughly dry out. The duration of "spring breakup" has a direct impact on activity levels of the Trust and its customers. As a result, each year the Trust tends to earn lower revenues and operating margin in the second fiscal quarter. The Trust's operations on the U.S. Gulf Coast are affected by seasonal differences in weather patterns in the Gulf of Mexico. The rainy weather, tropical storms and hurricanes prevalent in the Gulf of Mexico and along the Gulf Coast during the year may affect operating results depending on the weather patterns in any particular reporting period.

12. SEGMENTED INFORMATION

The Trust's operating segments consist of the following divisions: CCS Energy Services (Energy Services); Concord Well Servicing (Concord); HAZCO Environmental Services (HAZCO), and CCS Energy Marketing (CEM).

- CCS Energy Services owns and operates treatment, recovery and disposal (TRD) facilities, transfer stations and cavern facilities throughout western Canada and the Gulf Coast region of the United States. Services are provided in the areas of emulsion treatment, water disposal, waste processing, drilling mud disposal, tank/truck washing, crude oil terminalling and cavern disposal.

- Concord provides contract oilfield services including well completions, workovers, abandonments and, through the HiAlta business unit, the rental of oilfield equipment. Concord Well Servicing operates 53 service rigs in western Canada. Concord's service rig fleet increased to 139 rigs on May 1, 2006. (See note 13).

- HAZCO provides a wide-range of specialized services including site remediation, decommissioning, waste services, environmental construction and technologies, emergency response, engineered landfill disposal, sulphur and other specialty services. HAZCO operates a network of industrial and engineered landfills, bioremediation facilities and hazardous waste transfer stations that span western Canada. HAZCO also provides services throughout Canada, Peru and select services in the United States and other international markets.

- CEM extracts additional value and operating margin on waste and recovered oil volumes from the Energy Services facilities. This division captures the incremental value created through the marketing chain with revenue streams of lease purchases, single shipper/optimization and bulk purchases.

Business activity between the divisions is recorded at market rates. Inter-segment eliminations adjust revenue, expenses and profit on inter-segment activity.

The accounting policies followed by these business segments are the same as those described in the summary of significant accounting polices. Administrative costs directly related to the individual business segments are included in operating costs of that division.

The following tables provide information by operating segment for the three months ended March 31, 2006 and 2005:

For the three months ended Mar. 31, 2006

	Energy Services $	Concord $	HAZCO $	CEM $	Consolidated $
Revenue prior to inter-segment					

eliminations	61,733	40,782	71,305	205,047	378,867
Inter-segment eliminations	(163)	-	(235)	(8,577)	(8,975)
Net revenue	61,570	40,782	71,070	196,470	369,892
Operating expenses prior to inter-segment eliminations	24,422	23,554	48,618	200,986	297,580
Inter-segment eliminations	(163)	-	(235)	(8,577)	(8,975)
Net expenses	24,259	23,554	48,383	192,409	288,605
Operating margin	37,311	17,228	22,687	4,061	81,287
Gas delivery obligation valuation	212	-	-	-	212
Loss (gain) on sale of assets	(1)	58	(46)	-	11
Depreciation and amortization	4,360	1,511	5,591	17	11,479
Income before corporate items	32,740	15,659	17,142	4,044	69,585
General and administrative					5,080
Financing					2,520
Depreciation and amortization					266
Income taxes					14,490
Income before non-controlling interest					47,229
Non-controlling interest (note 8)					(12,043)
Net income for the period					35,186
Total assets	380,346	121,970	212,728	7,185	722,229
Goodwill	15,165	1,372	38,482	-	55,019
Capital expenditures	13,621	7,210	4,969	1,568	27,368

For the three months ended Mar. 31, 2005

	Energy Services restated (note 2b) $	Concord $	HAZCO restated (note 2b) $	CEM $	Consolidated restated (note 2b) $
Revenue prior to inter-segment eliminations	45,673	29,522	49,930	71,344	196,469
Inter-segment eliminations	(1,035)	(48)	(148)	(6,811)	(8,042)
Net revenue	44,638	29,474	49,782	64,533	188,427
Operating expenses prior to inter-segment eliminations	15,789	18,803	38,529	69,961	143,082
Inter-segment eliminations	(1,035)	(48)	(148)	(6,811)	(8,042)
Net expenses	14,754	18,755	38,381	63,150	135,040
Operating margin	29,884	10,719	11,401	1,383	53,387
Gas delivery obligation valuation	337	-	-	-	337
Loss (gain) on sale of assets	8	2	(62)	-	(52)
Depreciation and amortization	3,480	1,100	4,747	-	9,327

Income before corporate items	26,059	9,617	6,716	1,383	43,775
General and administrative					2,755
Financing					1,978
Depreciation and amortization					233
Income taxes					7,771
Income before non-controlling interest					31,038
Non-controlling interest (note 8)					(7,915)
Net income for the period					23,123
Total assets	330,117	109,288	108,016	3,152	550,573
Goodwill	9,166	-	38,231	-	47,397
Capital expenditures	8,919	3,331	5,740	743	18,733

13. SUBSEQUENT EVENTS

Acquisitions

On May 1, 2006, the Trust completed the acquisition of the operating assets of the Grizzly, Hi-West, and Poncho Well Servicing Group (collectively "Grizzly"). The acquired assets consisted of 86 well servicing rigs, auxillary equipment, and real estate. The total purchase price for the Grizzly assets was $285,000 and consisted of $213,850 in cash and 1,936,054 trust units, issued at $36.75 per trust unit. Of the trust units issued, 25 percent were released to Grizzly on completion of the acquisition, with the remaining trust units held in escrow, to be released in equal annual amounts over the next three years.

On April 3, 2006, the Trust completed an asset purchase agreement with HMI Industries Inc. ("HMI"). Headquartered in Red Deer, Alberta, HMI operates a scrap metal processing facility complete with a container drop-off business for collection of scrap metal. The acquisition allows CCS to diversify into services that are complementary to its HAZCO Environmental Services division. The purchase price for these assets was $35,500, consisting of $23,075 in cash and $12,425 in trust units, issued at $36.75 per trust unit.

Financing

On April 13, 2006, CCS Income Trust completed a bought-deal subscription receipt financing, issuing a total of 6,656,885 subscription receipts at a price of $36.75 per subscription receipt for gross proceeds of approximately $244,641. The subscription receipts were converted into trust units, on a one-for-one basis, upon the closure of the acquisition of the Grizzly assets on May 1, 2006.
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