

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

Q3 Interim Report
 Three and nine months
 ended September 30, 2007

CALGARY, Nov. 13 /CNW/ -

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- On September 5, 2007 the Trust unitholders and exchangeable shareholders approved a proposed going-private transaction involving an investor group led by the President and C.E.O. of CCS. Details of the proposed transaction, initially announced on June 29, 2007, can be found in the Management Information Circular dated August 3, 2007. Subject to satisfaction of closing conditions, it is anticipated that the proposed transaction will close on or before November 15, 2007.
- In September 2007, the Trust entered into an arrangement to purchase a 20 percent interest in Altela, Inc. ("Altela"), for \$5.2 million. Based in Albuquerque, New Mexico, Altela is involved with energy-saving water remediation and water desalination products for the treatment of wastewater.

(UNAUDITED)	Three months ended Sept.30			Nine months ended Sept.30		
(000s) except per unit amounts	2007	2006	% change	2007	2006	% change
Revenue	\$512,530	\$476,400	8%	\$1,449,820	\$1,202,289	21%
EBITDA(1)	73,652	80,439	(8%)	205,920	203,912	1%
Income before non-controlling interest	40,051	53,664	(25%)	105,463	127,014	(17%)
Net income	30,708	41,624	(26%)	81,206	98,690	(18%)
per unit - diluted	0.58	0.81	(28%)	1.55	2.02	(23%)
Funds from operations(1)	69,285	70,392	(2%)	187,737	176,196	7%
per unit - diluted	1.01	1.07	(6%)	2.76	2.81	(2)%
Capital expenditures(2)	58,837	58,059	1%	170,923	130,581	31%
Weighted average trust units	52,468	47,955	9%	52,468	47,955	9%
Exchangeable shares(3)	15,581	14,853	5%	15,581	14,853	5%
Weighted average trust units - diluted	68,049	62,808	8%	68,049	62,808	8%

EXPENSES

Operating	302,808	288,806	252,475	203,300
General and administrative	5,996	4,806	6,024	3,369
Depreciation and amortization	13,804	11,745	11,976	10,319
Financing charges	2,577	2,520	2,357	2,127

Income before non-controlling interest	26,121	47,229	38,829	27,722
Net income per unit - diluted	0.39	0.82	0.69	0.48

Funds from operations (2) per unit - diluted	0.62	1.12	0.97	0.74

Capital expenditures (3)	45,154	27,368	43,604	27,899
Long-term debt	211,626	202,533	156,397	154,507
Non-controlling interest	81,332	81,619	69,582	63,552
Unitholders' equity	586,781	280,429	259,986	241,086
Distributions per unit	0.45	0.38	0.35	0.32

(1) Certain comparative figures have been reclassified to conform to the presentation adopted in the third quarter of 2006.

(2) Non-GAAP financial measures are identified and defined in this MD&A.

(3) Does not include business acquisitions.

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This MD&A 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," "intend" 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 completion of the previously announced going-private transaction of the Trust, 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 MD&A 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:

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- "EBITDA" (earnings before interest, taxes, depreciation and amortization, and for the Trust, before the gas delivery obligation valuation) is determined from the consolidated statements of income

and accumulated earnings and is defined as operating margin less general and administrative expenses.

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Operating margin	\$ 79,758	\$ 86,595	\$ 226,516	\$ 220,870
Less: General and administrative expense	6,106	6,156	20,596	16,958
EBITDA	\$ 73,652	\$ 80,439	\$ 205,920	\$ 203,912

- "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.

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Cash provided by operating activities	\$ 37,998	\$ 34,233	\$ 200,851	\$ 117,710
Change in non-cash working capital	31,264	36,023	(13,514)	58,152
Asset retirement obligations fulfilled	23	136	400	334
Funds from operations	\$ 69,285	\$ 70,392	\$ 187,737	\$ 176,196

- "Growth capital expenditures" include amounts incurred to add new facilities, equipment 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 (see above), less required principal repayments of long-term debt, maintenance capital expenditures and amortization of capacity, which is funds designated for the replacement of engineered landfill and cavern capacity. This amount is calculated in the CCS Cash Distributions table disclosed later in this document.
- "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.
- "Net debt" is comprised of the Trust's current and long-term portion of debt less the value of cash and cash equivalents. Net debt is used as a key indicator of the Trust's leverage and the overall strength of its balance sheet. Net debt is directly related to the Trust's operating cash flows and capital investment activities.

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

CCS Midstream Services Division (Midstream 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. This division, previously known as 'CCS Energy Services' has been rebranded to 'CCS Midstream Services' to better reflect the production nature of the business and the breadth of services offered. Services are provided in the following areas:

- Emulsion treatment;
- Water treatment and disposal;
- Waste processing;
- Naturally occurring radioactive material (NORM) processing;
- Drilling mud disposal;
- Tank/truck washing;
- Crude oil terminalling;
- Cavern disposal;
- Well abandonment and facility decommissioning; and
- Transporting of water and waste for disposal.

CCS Energy Marketing Division (CEM)

Responding to the opportunity to maximize the return on the marketing of recovered crude oil, CEM extracts additional value and operating margin on waste and recovered oil volumes from the Midstream Services facilities. The 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;
- Scrap metal processing;
- Environmental construction;
- Environmental technologies;
- Emergency response;
- Engineered landfill disposal;
- Sulphur services;
- Environmental and geotechnical drilling; and
- Other specialty services.

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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 the United States and Peru.

Concord Well Servicing Division (Concord)

This division owns and operates 143 rigs, forming one of the most modern fleets in the Canadian oil and gas services sector. Established in 1979, Concord provides a variety of contract services from its strategically located offices in western Canada. HiAlta Energy Services ("HiAlta"), an oilfield rental business, is reported within the Concord division.

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DISCUSSION OF FINANCIAL RESULTS

(000s except per unit amounts)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Revenue	\$ 512,530	\$ 476,400	\$ 1,449,820	\$ 1,202,289
% change from prior period	8%	85%	21%	96%
EBITDA(1)	73,652	80,439	205,920	203,912
% change from prior period	(8%)	59%	1%	66%
Income before non-controlling interest	40,051	53,664	105,463	127,014
% change from prior period	(25%)	94%	(17%)	89%
Net income	30,708	41,624	81,206	98,690
% change from prior period	(26%)	101%	(18%)	98%
per unit - diluted	0.58	0.81	1.55	2.02
Funds from operations(1)	\$ 69,285	\$ 70,392	\$ 187,737	\$ 176,196
% change from prior period	(2%)	68%	7%	68%
per unit - diluted	1.01	1.07	2.76	2.81

(1) Non-GAAP financial measures are identified and defined in this MD&A.
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Results for the third quarter of 2007 continued to be impacted by lower levels of capital spending by many of the oil and gas producers, and to a certain extent, wet weather conditions. However, all of the divisions, except for Concord, reported increased revenue and improved operating margins over the third quarter of the previous year. The Concord division's quarterly results were lower than anticipated, with quarterly utilization rates at 43 percent, compared to 70 percent in the third quarter of 2006.

Overall, funds from operations for the third quarter declined by only two percent over the prior year and increased by seven percent on a year-to-date basis, indicating that, despite the less than favourable economic conditions, the Trust's cashflow has been sustained at prior year levels with no impact to our unit distribution policy and capital expansion plans.

CASH DISTRIBUTIONS

Monthly distributions declared per trust unit, for the three months ended September 30, 2007, were \$0.175 per unit, with total distributions paid of \$27.4 million (2006 - \$24.0 million). The following summary outlines the principal utilization of funds from operations for the three and nine month periods ended September 30, 2007 and 2006:

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Funds from operations(1)	\$ 69,285	\$ 70,392	\$ 187,737	\$ 176,196

Required principal repayments of long-term debt	(1,068)	(461)	(2,244)	(2,470)
Maintenance capital expenditures (1)	(11,914)	(13,246)	(45,668)	(31,955)
Amortization of landfill and cavern capacity (2)	(4,115)	(2,348)	(9,346)	(7,245)

Cash available for distribution and growth capital expenditures (1) (b)	52,188	54,337	130,479	134,526
Cash retained for growth and capital expenditures	(24,788)	(30,271)	(48,373)	(71,515)

Cash distributions declared (a)	27,400	24,066	82,106	63,011
Accumulated cash distributions, beginning of period	287,832	181,783	233,126	142,838

Accumulated cash distributions, end of period	\$ 315,232	\$ 205,849	\$ 315,232	\$ 205,849

Payout ratio (1) (a) / (b)	53%	44%	63%	47%

(1) Non-GAAP financial measures are identified and defined in this MD&A.

(2) Based on the amortization expense in the consolidated statements of income and accumulated earnings, these are funds retained to replace utilized engineered landfill and cavern capacity.

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The payout ratio for the third quarter of 2007 increased due to higher levels of activity in the caverns and landfills business units, with a corresponding increase in amortization expense along with increased distributions. On a year-to-date basis, the higher payout ratio was primarily attributable to increased expenditures on maintenance capital and to the increase in cash distributions declared. The increase in maintenance capital expenditures was primarily attributable to facility expansion in the HAZCO and Concord divisions.

The Trust's cash distribution policy is focused on maintaining a level of distributions that are sustainable for the longer term, while retaining funds for ongoing maintenance capital expenditures, replacement of capacity in the engineered landfills and caverns and for the funding of planned growth initiatives, if determined beneficial to do so. Cash distributions are proposed by management and are subject to the approval and discretion of the Board of Directors. The Board reviews cash distributions in conjunction with its review of operating and financial results throughout the year.

Management monitors and assesses distribution levels through forecasts which incorporate the most recent operating and financial results, maintenance and growth capital requirements as well as market activity and conditions. The Trust is exposed to a number of business risks which are also taken into consideration when establishing distribution levels. The business environment in which CCS operates involves risks with respect to the overall demand for services, oil and gas prices, environmental requirements and general competition. Treatment and waste disposal services are largely dependent on the willingness of customers to outsource their waste management activities.

Environmental regulations do not prohibit numerous internal options available to oilfield waste generators, such as bioremediation, land spreading, road spreading and deep well disposal options. As such, the demand for CCS' services could be curtailed by a trend towards internal waste management.

Please refer to the Trust's 2006 Annual Report and Annual Information Form for further details. Other risks identified are as follows:

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- Capital requirements;
- Access to qualified and experienced personnel;
- Credit risk;
- Interest rate and commodity price risks;
- Foreign exchange risk; and
- Critical accounting estimates.

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The Trust is required to make principal payments on some of its credit facilities, including repayment of the revolving credit facility at the end of its three-year term. However, the Trust has the option to make a request for extension of the facility, which would extend the period of repayment. The Trust is required, under its credit facilities and private placement senior notes, to remain in compliance with specific financial covenants, with, among other possible ramifications, the Trust no longer entitled to make distributions upon receipt of a notice of default. As at September 30, 2007, the Trust was in compliance with all such covenants. Please refer to the "Liquidity and Capital Resources" section of this MD&A.

The exchangeable shares issued by CCS Inc. are reported in the consolidated financial statements as non-controlling interest and are comprised of the carrying value of the exchangeable shares upon issuance plus accumulated earnings attributable to the non-controlling interest. The exchangeable shares, upon conversion to trust units, become eligible for trust unit distributions. If all or a substantial amount of the exchangeable shares are converted to trust units, there may be an increase in the payout ratio. The cash distributions table does not take into consideration the conversion of exchangeable shares, as distributions are not guaranteed and there is no obligation to maintain distribution levels per unit upon conversion.

The income trust model is based on the flow-through of income and the tax liabilities associated with this income to Trust unitholders, resulting in increased cash available for distribution by the Trust. On June 22, 2007, the federal government passed legislation to apply a tax, at the trust level, on distributions of certain income from publicly traded mutual fund trusts, at rates of tax comparable to the combined federal and provincial corporate tax rates and to treat such distributions as dividends to the unitholders. This legislation does not take effect until January 1, 2011 for trusts that commenced trading prior to November 2006, providing the Trust only experiences "normal growth" and no "undue expansion" before then. Implementation of this legislation is expected to result in adverse tax consequences to the Trust and certain Unitholders (most particularly Unitholders that are tax deferred or non-residents of Canada). Cash distributions from the Trust may also be impacted due to the requirement of the Trust to pay a 32 percent tax on distributions paid.

While the distribution policy is focused on mitigating the risk of a reduction in monthly per unit distributions, changes to the current business environment, legislation enacted by the Canadian federal government on the taxation of trusts, required expenditures on asset retirement obligations or failure to achieve forecast financial performance may result in the requirement to reduce future cash distributions.

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REVENUE

	Three months ended		Nine months ended	
	Sept. 30		Sept. 30	
(000s)	2007	2006	2007	2006

CCS Midstream Services	\$ 75,129	\$ 61,694	\$ 218,529	\$ 175,292
% change from prior period	22%	46%	25%	49%

Concord Well Servicing	39,182	62,580	142,303	140,269
% change from prior period	(37%)	192%	1%	126%

HAZCO	98,788	96,276	269,760	234,894
% change from prior period	3%	6%	15%	27%

CCS Energy Marketing	299,431	255,850	819,228	651,834
% change from prior period	17%	148%	26%	162%

Total	\$ 512,530	\$ 476,400	\$ 1,449,820	\$ 1,202,289
% change from prior period	8%	85%	21%	96%

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Midstream Services

The TRD and caverns business unit reported a 14 percent increase in revenue in the third quarter of the year, over the same period in 2006. Incremental revenue generated from the new TRD facility at South Grande Prairie, Alberta, increased activity at the disposal caverns and capital expended on facility upgrades all contributed to this increase. Despite weakened industry conditions, activity levels for this business unit were comparable to the third quarter of 2006, with higher waste volumes received in certain geographic areas.

Revenue reported on the sale of oil recovered from waste increased by 34 percent in the third quarter of 2007, over the same period in 2006, with the increase attributable to a 35 percent increase in the volume of oil recovered.

The U.S. Midstream operations reported a 61 percent increase in third quarter revenue. The acquisitions of Mobley Oilfield Services, LP and Pride Oilfield Services, LLC, (collectively "Mobley") in the first half of the year contributed \$6.9 million to revenue in the third quarter of 2007. Revenue at the Shreveport, Louisiana facility was negatively impacted by the cancellation of the Louisiana Department of Environmental Quality ("LDEQ") discharge permit in the second quarter of the year. The interim solution of utilizing the Publicly Operated Treatment Works ("POTW") permit required a shutdown of the facility for most of July to ensure the facility would operate in compliance with this permit. Daily discharge volumes under the POTW permit are 85 percent lower than under the previous permit, with approval received in late September to increase daily discharge volumes to 40 percent of previous capacity. Application for renewal of the discharge permit is expected to be received in the second quarter of 2008. The Gulf Coast Waste Disposal business unit reported a decrease in revenue of 16 percent over the same quarter in 2006. This decrease stems from reduced volumes as the business unit continues to operate in an extremely competitive pricing environment in the Gulf Coast Region.

Year-to-date revenue for the TRD and caverns business unit increased by 11 percent over the prior year, due primarily to increased activity in the disposal caverns and to higher volumes of oil recovered and sold. On a year-to-date basis, revenue for the U.S. Midstream Services division increased by 76 percent to \$42.9 million, with Mobley contributing incremental revenue of \$15.1 million and ARKLA contributing incremental revenue of \$7.2 million.

The Gulf Coast Waste Disposal business unit reported \$19.8 million in year-to-date revenue.

Concord

Revenue for the third quarter of 2007 declined by 37 percent over the same period of 2006, but increased by 62 percent over the second quarter of 2007. Reduced capital spending by many of the oil and gas producers continued to drive lower utilization rates; 43 percent for the third quarter of 2007 compared to 70 percent for the same period in 2006. Rig hours worked for the third quarter of 2007 totalled 53,210 hours compared to 86,618 hours for the same period in 2006.

On a year-to-date basis, revenue in this division has been impacted by the low levels of drilling activity and reduced capital spending programs by many oil and gas producers. Utilization rates for the nine months ended September 30, 2007 were 48 percent, compared to 69 percent for the same period in 2006.

HAZCO

The HAZCO division reported a three percent quarter-over-quarter increase in revenue for the third quarter of the year. The geotechnical drilling business unit reported a 34 percent increase in revenue, due primarily to increased activity levels and the incremental contribution from the purchase of an additional eight rigs late in 2006 and early 2007. Increased throughput capacity at the HMI facility generated a 43 percent increase in third quarter revenue for this business unit. Revenue in the project services business unit declined by six percent over the same period in 2006, due mainly to the completion of a project in the U.S. The Landfill Services business unit reported an eight percent increase in quarter-over-quarter revenue, due primarily to incremental revenue generated by the Judy Creek and Janvier landfill facilities.

For the nine months ended September 30, 2007, this division reported a 15 percent increase in year-over-year revenue. This growth resulted from the acquisition of HMI in the second quarter of 2006 and the subsequent expansion of the facility, along with sustained high levels of activity in the geotechnical drilling business unit. The Landfill Services business unit was down 11 percent in revenue from 2006, due primarily to the reduced levels of drilling activity and unfavourable weather conditions.

CCS Energy Marketing

The third quarter and year-to-date revenue increase in this division was attributable to an increase in the purchase and sale of third-party lease volumes.

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OPERATING MARGINS

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
CCS Midstream				
Services	\$ 37,047	\$ 33,723	\$ 103,335	\$ 93,946
% of division revenue	49%	55%	47%	54%
Concord	10,054	22,144	39,110	49,746
% of division revenue	26%	35%	27%	35%
HAZCO	25,499	24,299	64,459	61,925
% of division				

revenue	26%	25%	24%	26%
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CCS Energy Marketing	7,158	6,429	19,612	15,253
% of division				
revenue	2%	3%	2%	2%
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Total	\$ 79,758	\$ 86,595	\$ 226,516	\$ 220,870
% of consolidated				
revenue	16%	18%	16%	18%
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Midstream Services

For this division, operating margin, as a percentage of revenue, declined by six percent on a quarter-over-quarter basis due, in large part, to the addition of lower margin business units reported under this division. The following business units report under the Midstream Services division, with many of the acquired business units generating operating margins lower than what was historically reported when the division was comprised mainly of the Canadian TRD and cavern business units:

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- TRD and cavern facilities (Canada);
- Midstream Services (U.S.), including the Gulf Coast Waste Disposal business unit, ARKLA and Mobley;
- Hardisty Caverns Limited Partnership;
- Normcan;
- Lionhead; and
- ProDrill.

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Operating margin, as a percentage of revenue, for the TRD and caverns business unit remained unchanged in the third quarter of 2007, over the same period in 2006. Operating margin dollars for this business unit increased by 14 percent on a quarter-over-quarter basis due to increased activity levels at the disposal caverns, new facilities opened and increased volumes of recovered oil sold.

In the U.S. Midstream Services division, third quarter operating margin dollars of \$2.6 million were generated by the Mobley business unit. This operating margin was completely offset by operating losses in the Gulf Coast Waste Disposal and ARKLA business units due to the operational issues discussed above.

On a year-to-date basis, operating margin, as a percentage of revenue, for the Midstream Services division declined by seven percent, to 47 percent. Three percent of this decline was attributable to the TRD and caverns business unit and the reduced levels of activity reported in the first half of the year. On a year-over-year basis, operating margin dollars increased, due mainly to the Mobley and Lionhead acquisitions. Operating margin for the U.S. Midstream Services division continues to be negatively impacted by operational issues with respect to the Gulf Coast Waste Disposal business unit. Restrictions on volumes accepted by third party landfill operators and increased costs for disposal at these landfills has impacted operating margins. Price increases implemented earlier this year, combined with a very competitive market, have reduced the volume of activity within this business unit.

Concord

The return to higher utilization rates in the third quarter of 2007 did not materialize to the extent anticipated. With reduced utilization rates, the fixed costs of the business have a larger impact on operating margin and this

is reflected in both the quarterly and year-to-date results. Operating margin, as a percentage of revenue improved by 23 percent over the second quarter of 2007, however was nine percent lower than the same quarter in 2006.

On a year-over-year basis, operating margin, as a percentage of revenue, was down by eight percent. This was directly attributable to the economic environment, as discussed previously, as lower utilization rates result in lower revenue.

HAZCO

On a quarter-over-quarter basis, HAZCO's operating margin, as a percentage of revenue, was relatively unchanged, with the geotechnical drilling business unit generating higher operating margins due to high utilization rates, increased activity levels and capital expansion. The Landfill Services business unit reported a five percent decline in operating margin, as a percentage of revenue, with operating margin dollars reported for the third quarter of 2007 comparable to those reported for the same period in 2006. Higher operating costs for labour, trucking and equipment rental contributed to the decline in operating margin for the quarter.

Year-to-date operating margin for this division, as a percentage of revenue, declined by two percent over the prior year. The decline was primarily attributable to reduced drilling and reclamation activity during the year, along with increased costs to manage leachate volumes in the Landfill Services business unit.

CCS Energy Marketing

The operating margin for this division remains fairly constant, in the range of one to three percent of revenue. The business model is focused on capturing the incremental value in marketing crude oil through CCS facilities. The division is not expected to generate operating margin, as a percentage of revenue, significantly different from that reflected to date. Revenue is recorded at its gross value, and, as a result, the financial statements reflect a higher dollar value for both revenue and operating expense, creating a lower operating margin as a percentage of revenue.

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GENERAL AND ADMINISTRATIVE EXPENSES

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
General and administrative expenses	\$ 6,106	\$ 6,156	\$ 20,596	\$ 16,958
% change from prior period	(1%)	83%	21%	78%

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For the third quarter of 2007, general and administrative expenses relating to salaries and benefits have increased on a quarter-over-quarter basis, however effective cost management in the current economic environment resulted in total expenses remaining relatively unchanged.

On a year-to-date basis, the increase in general and administrative expenses was primarily the result of increased salaries and benefits associated with the growth of the Trust in 2006.

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

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DEPRECIATION AND AMORTIZATION

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Depreciation	\$ 18,535	\$ 13,913	\$ 51,517	\$ 33,600
% change from prior period	33%	79%	53%	57%
Amortization of engineered landfills and caverns	4,115	2,348	9,346	7,245
% change from prior period	75%	3%	29%	40%
Amortization of intangibles	1,483	379	4,176	1,344
% change from prior period	291%	42%	211%	11%

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The Trust's capital assets continue to increase, with capital programs and acquisitions completed earlier this year and in 2006, impacting depreciation expense for the quarter and year-to-date. The increased activity in the caverns business unit resulted in higher depletion charges for the third quarter of 2007 and year-to-date, with depletion expense for Landfill Services higher due to additional depletion reported on new landfills opened in the year.

The amortization expense associated with intangible assets may fluctuate from quarter to quarter depending on the nature of intangible assets acquired and their estimated useful life. An annual impairment test is conducted for all intangible assets with any impairment in value reflected in amortization expense. As at September 30, 2007, the Trust has not reported any impairment to intangible assets acquired.

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INCOME TAXES

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Income before income taxes and non-controlling interest	\$ 43,119	\$ 61,443	\$ 121,580	\$ 153,593
Provision for income taxes	3,068	7,779	16,117	26,579
Effective tax rate	7%	13%	13%	17%

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The Trust follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are measured using enacted or substantially enacted rates of tax expected to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled. In 2006, Canadian and provincial governments enacted various reductions in corporate rates, with combined rates declining by approximately four percent over a four-year period.

On June 22, 2007, the federal government passed and enacted legislation eliminating the deduction of distributions from taxable income for certain publicly traded mutual fund trusts. This legislation does not take effect

until January 1, 2011 for trusts that commenced trading prior to November 2006, providing the Trust only experiences "normal growth" and no "undue expansion" before then. This legislation also introduced a reduction in federal corporate tax rates by 0.5 percent starting in 2011. The consolidated financial statements of the Trust reflect the impact of this legislation.

The provision for current income taxes in the third quarter of 2007 was \$nil (2006 - \$9.1 million), with future income tax expense of \$3.0 million (2006 - \$1.3 million recovery).

The year-to-date effective tax rate for the Trust decreased by four percent to 13 percent as a result of the corporate tax rate reductions mentioned above.

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FINANCING

(000s)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Interest expense	\$ 5,883	\$ 3,559	\$ 16,125	\$ 8,656
% change from prior period	65%	67%	86%	39%

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Financing charges in 2007 reflect the interest expense associated with increased levels of debt. Long-term debt increased by \$147.5 million on a year-over-year basis to September 30, 2007. The average interest rate paid on long-term debt for the nine-month period in 2007 was 5.4 percent, essentially unchanged from the average interest rate in 2006. The Trust reduced its exposure to floating interest rates in December 2006 through the closing of its fixed-rate private placement debt financing. As at September 30, 2007, approximately 23 percent of the Trust's debt outstanding was subject to floating-rate interest (2006 - 70 percent).

The significant transactions impacting long-term debt and financing requirements on a quarter-over-quarter basis are as follows:

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- The acquisition of Mobley with cash consideration totalling \$48.8 million in the first quarter of 2007;
 - Year-to-date capital spending of \$170.9 million in 2007 (2006 - \$130.6 million); and
 - A non-cash reclassification of \$5.2 million in deferred financing costs on January 1, 2007, as an offset to long-term debt, on adoption of the new rules and regulations under GAAP, with respect to financial instruments.

LIQUIDITY AND CAPITAL RESOURCES

(000s)	As at Sept. 30 2007	As at Dec. 31 2006
Capital data		
Current portion of long-term debt	\$ 2,977	\$ 2,657
Long-term debt	413,103	359,001
Less: cash and cash equivalents	(7,724)	(54,399)
Net debt(1)	408,356	307,259
Unitholders' equity	610,095	621,854
Non-controlling interest	127,842	101,745
Total capitalization	\$ 1,146,293	\$ 1,030,858

Net debt to total capitalization 36% 30%

(1) Non-GAAP financial measures are identified and defined in this MD&A.

The Trust uses net debt and net debt to total capitalization as key indicators of its leverage and to monitor the strength of the balance sheet. At September 30, 2007, the net debt to total capitalization ratio increased to 36 percent, due to the financing of acquisitions and capital expenditures.

Credit Facilities, Swaps and Bonds

As at September 30, 2007, the Trust had the following credit facilities available:

- \$400.0 million, three-year extendible revolving facility bearing interest, at CCS' option, at the bank's prime rate, bankers' acceptance rate or LIBOR rate plus zero to 175 basis points ("bps"), depending on CCS' ratio of Funded Debt to EBITDA. At September 30, 2007, the Trust had borrowed \$98.6 million on this facility, with outstanding letters of credit of \$50.9 million reducing the amount of credit available on this facility.
 - \$270.0 million, non-amortizing, private placement senior notes, with a weighted average interest rate of 5.2 percent. Maturity and repayment terms range from seven to 12 years.
 - \$30.0 million, seven-year, non-revolving, non-amortizing term facility with a fixed interest rate of 6.4 percent. This facility is fully drawn and repayable in full on December 10, 2011.
 - \$11.0 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 percent to prime minus 3.5 percent. Repayment terms cannot extend beyond five years. At September 30, 2007, the amount outstanding on this facility was \$2.8 million. CCS will continue to utilize this facility if the cost to do so minimizes overall borrowing costs to the Trust.
 - \$5.3 million of bonds outstanding with the Caddo-Bossier Parishes Port Commission (the "Port"). These bonds are carried by CCS Energy Services LLC pursuant to a lease agreement dated October 1, 2004. The bonds were issued to finance the acquisition, construction, renovation and equipping of a facility to clean and process industrial waste water in Shreveport, Louisiana. The bonds bear interest at a rate of five percent and mature on November 1, 2024. Interest and payments of principal on the bonds are due monthly. The bonds, along with accrued interest, can be repaid at any time without penalty.
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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. As at September 30, 2007, the Trust was in compliance with all such covenants.

The Trust issues surety bonds to secure bids tendered, to provide for environmental liabilities and for completion of work with respect to its operating divisions. These bonds do not impact the amount of credit available under the credit facilities; however, the total amount of bonds outstanding at any point in time cannot exceed \$60.0 million. At September 30, 2007, the

Trust had \$18.9 million of surety bonds outstanding.

In 2003, the Trust entered into a five-year amortizing swap arrangement for \$20.0 million at a fixed rate of 4.1 percent, of which \$3.0 million remained outstanding at September 30, 2007. The fair value of this swap is recognized in the consolidated financial statements of the Trust.

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UNITHOLDERS' EQUITY

(000s)	As at Sept. 30 2007	As at Dec. 31 2006
Trust units	52,202	51,958
Exchangeable shares (1)	15,581	15,074
Total	67,783	67,032

(1) Converted at an exchange ratio of 2.78376:1 at September 30, 2007 (December 31, 2006 - 2.67427:1).

The increase in the number of trust units outstanding at September 30, 2007 was attributable to the issuance of trust units with respect to the Mobley acquisition and the exercising of stock options.

CAPITAL EXPENDITURES

	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
Capital expenditures (1)	\$ 58,837	\$ 58,059	\$ 170,923	\$ 130,581
% change from prior period	1%	108%	31%	106%

(1) Excludes business acquisitions.

Midstream Services

The following projects contributed to this division's total capital expenditures of \$29.6 million in the third quarter of 2007:

- \$11.3 million for ongoing construction of the new Peace River TRD facility;
- \$6.2 million on facility upgrades;
- \$2.4 million in new trucks and equipment for the Mobley business unit; and
- \$1.3 million on a new disposal well at the Boundary Lake, Alberta TRD facility.

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On a year-to-date basis, this division incurred \$67.9 million in expansion capital and \$4.4 million in maintenance capital expenditures.

Concord

Capital expenditures for the third quarter of 2007 totalled \$9.0 million, of which \$5.7 million related to maintenance capital expenditures for the

refitting of rigs and requisite upgrading of aging mobile equipment. A total of \$1.4 million was spent on the development of three new rigs, for a total of \$3.4 million spent year to date, all of which will be fully operational in the fourth quarter. The Acheson facility, which opened in the second quarter of the year, incurred \$1.4 million in capital expenditures as the remaining areas of the facility became operational.

On a year-to-date basis, expansion capital for this division totalled \$17.9 million, with maintenance capital expenditures totalling \$21.8 million.

HAZCO

Development and expansion of the HAZCO head office and feasibility costs associated with the development of a sulphur forming facility near Edmonton, Alberta contributed to \$6.7 million of expansion capital spending for the third quarter of 2007 (excluding Landfill Services). Third quarter maintenance capital expenditures of \$2.6 million consisted primarily of the purchase of heavy equipment to replace aging units.

Capital spending by the Landfill Services business unit totalled \$9.5 million for the third quarter of 2007. Construction of the Janvier landfill was completed in the quarter, with \$2.1 million of capital incurred. Capacity replacement expenditures at the Judy Creek and Mitsue landfills totalled \$3.9 million.

On a year-to-date basis, this division incurred \$38.5 million in expansion capital and \$19.5 million in maintenance capital expenditures.

BUSINESS OUTLOOK

Drilling activity in the western Canadian sedimentary basin did not rebound as anticipated in the third quarter of 2007; a result of lower projected natural gas prices and reduced capital spending programs by oil and gas producers. The lower level of drilling activity continued to negatively impact revenue in the Concord business unit in the third quarter, with average utilization rates reported at 43 percent. The Trust believes that the heavier exposure of its operations to the production side of the oil and gas industry will continue to insulate its performance, to some extent, from this reduced level of drilling activity. However, a portion of our revenue in the areas of waste processing, well servicing and engineered landfills results from drilling activities and, should lower levels of drilling activity continue, this will impact year-over-year results for the remainder of 2007.

On October 25, 2007, the Government of Alberta announced a new royalty framework which is scheduled to take effect on January 1, 2009. Royalty rates will be increased on conventional oil, natural gas and the oil sands, with overall royalties expected to increase by approximately 20 percent or \$1.4 billion over previous estimated royalty revenues for 2010, according to the Government of Alberta. CCS is not a direct royalty payer to the Government of Alberta and the full impact on CCS of changes to the royalty system depends on the new oil and gas drilling capital spending by our customers. We believe that CCS' exposure to reductions in new oil and gas drilling in response to the new royalty framework may be mitigated when compared to that of drilling focused oil and gas field services companies due to each of our division's exposure to oil and gas production related activities, HAZCO's exposure to industrial end markets and our strong market share in deep well servicing rigs in our Concord division. As mentioned above, a portion of our revenue results from drilling activities and, should lower levels of drilling activity continue, this will impact the financial results of the Trust.

CCS plans to continue with its previously announced growth capital spending plan for 2007. Growth capital spending for 2007 is now expected to total between \$242.0 and \$252.0 million, representing an increase of between \$7.0 and \$17.0 million over previously announced growth capital spending. This increased spending is attributable to increased costs on previously announced projects.

Midstream Services

Third quarter results for 2007 continued to be impacted by lower than anticipated drilling activity, but not to the extent as was experienced in the first half of the year. Waste volume related to production activity continued to increase and is attributable to the aggressive drilling programs over the past few years. Construction of the TRD at Peace River, Alberta is expected to be completed in mid-November, with expansion of the High Prairie TRD now expected to be completed in the first quarter of 2008. The extended completion date for the High Prairie facility relates to delays in construction.

The U.S. Midstream Services division has completed its restructuring and integration initiatives, with the recently acquired Mobley and Pride companies consolidating fleet operations under the Mobley name, and the relocation of the U.S. headquarters to Houston, Texas completed. The Gulf Coast Waste Disposal business unit continues to face challenges as a result of the competitive pricing environment and on-going volume limitations encountered with third-party disposal operators. In order to secure an acceptable long-term solution, the business unit acquired two water disposal wells in the third quarter of 2007. These wells require rework to bring them up to operational standards and it is expected that the favourable impact on revenue, as a result of this solution, will not be realized until late in the fourth quarter of the year. As a result of the current operating environment, this business unit is expected to report a net loss of \$1.4 million for the fourth quarter of 2007. The Shreveport facility has not operated at previously anticipated levels due to daily discharge volume limitations encountered while operating under the POTW permit. Capital projects for the remainder of 2007 consist of ongoing permitting and development of the Weeks Island cavern. The permitting process for Weeks Island continues, with a permit expected to be issued by the end of the third quarter in 2008, and the facility operational early in the second quarter of 2009.

On November 7, 2007, the Trust voluntarily disclosed to the Environmental Protection Agency ("EPA") and the Louisiana Department of Environmental Quality ("LDEQ") potential non-compliance with the Federal Water Pollution Control Act and related state laws at the Trust's Shreveport, Louisiana facility. The potential non-compliance relates to allegedly intentional discharges of wastewater by certain employees in violation of federal and/or state law. The matter was brought to the attention of the Trust by facility employees and was the subject of an internal investigation by the Trust. The EPA and the LDEQ may now investigate these activities and, if the EPA determines that an illegal discharge did occur, the Trust could be subjected to criminal fines and/or civil penalties. If criminal wrongdoing is found to have occurred, the EPA could refer the matter to the United States Department of Justice ("USDOJ") for enforcement. At this time, the Trust cannot predict whether the EPA and/or the LDEQ will proceed with enforcement (civil or criminal), and if pursued, the amount of any potential criminal fines or civil penalties (if any), the extent of any sanctions or other costs to the Trust. The Trust does not presently anticipate any material adverse financial impact.

Concord

Reduced industry activity levels, low gas pricing and poor weather have continued to impact operating results for this division. Utilization rates to date in the fourth quarter of 2007 are approximately 50 percent, compared to 43 percent in the third quarter of this year and 61 percent in the fourth quarter of 2006.

HAZCO

Demand for services in the project services group is expected to remain strong for the remainder of the year. Historically fourth quarter revenue has been, to a certain extent, dependent upon favourable weather conditions. Annual operating margin for the division, excluding landfills, is anticipated to continue in the 13 to 15 percent range.

The Landfill Services business unit will continue to be impacted by the reduced levels of drilling activity. However, the outlook remains positive for remediation and reclamation projects scheduled for the remainder of the year.

Despite an anticipated increase in the receipt of volumes at the landfills during the second half of the year, it is not expected that the increased disposal activity from remediation projects will fully offset prior year revenue generated from drilling-related waste disposal.

CCS Energy Marketing

This division's revenue and expenses are impacted by fluctuating oil prices and the volume of oil marketed through CCS' facilities. Operating margin, as a percentage of revenue, is expected to remain fairly constant in the one to three percent range. The business model for this division continues to focus on the marketing of crude oil recovered or purchased at the Midstream Services facilities, with growth dependent on optimization and lease purchase opportunities.

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.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

These interim consolidated financial statements are prepared in accordance with GAAP on a basis consistent with those followed in the most recent annual consolidated financial statements, except for the changes in accounting policies or estimates noted below. Because a precise determination of the valuation of certain revenues, expenses, assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. CCS uses estimates which are based on certain factors, assumptions and methods which are subject to judgement. Accordingly, actual results could differ 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.

The components of the Trust's financial statements which incorporate significant assumptions or estimates include asset retirement obligations, amortization of engineered landfills and caverns, and the Trust's outstanding gas purchase obligation. For further details please refer to the MD&A disclosure in the Trust's 2006 Annual Report.

CHANGES IN ACCOUNTING POLICIES OR ESTIMATES

Financial Instruments

As of January 1, 2007, the Trust adopted, on a retroactive basis, four new Handbook Sections issued by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments. These new accounting standards are effective for fiscal years beginning on or after October 1, 2006 and are identified as follows:

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- Section 1530 - "Comprehensive Income";

- Section 3855 - "Financial Instruments - Recognition and Measurement";
 - Section 3861 - "Financial Instruments - Disclosure and Presentation";
 - and
 - Section 3865 - "Hedges".
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The new standards address the recognition and measurement of financial assets, financial liabilities and non-financial derivatives. These standards, and the impact on the Trust's financial statements, are disclosed in Note 2f of the consolidated financial statements, with no restatement of opening accumulated earnings required.

Accounting Changes

The CICA released revisions to Handbook Section 1506 - "Accounting Changes", applicable to interim and annual financial statements issued after January 1, 2007. The revisions in this section address changes in accounting policies, accounting estimates and the correction of errors. A change in accounting policy is recommended only if the change is required by a primary source of GAAP, or results in the financial statements providing reliable and more relevant information. The Trust has adopted the requirements of this section and will apply these standards to any future changes in accounting policies and/or estimates.

DISCLOSURE CONTROLS AND PROCEDURES RELATED TO FINANCIAL REPORTING

For the three months ended September 30, 2007, no changes were made in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

As at	Sept. 30, 2007	Dec. 31, 2006
(000s)	\$	\$

ASSETS		
Current assets		
Cash and cash equivalents	7,724	54,399
Accounts receivable	191,878	229,410
Inventory and other current assets	20,015	14,385
	-----	-----
	219,617	298,194
Property, plant and equipment (note 4)	1,006,949	890,916
Goodwill (note 4)	94,037	86,313
Intangible assets (note 4)	30,493	22,508
Deferred financing costs (note 2f)	-	5,196
Investments and other long-term assets	5,413	180
	-----	-----
	1,356,509	1,303,307

LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	92,448	110,932
Income taxes payable (recoverable)	(4,859)	275
Distributions payable	9,135	9,093
Current portion of long-term debt	2,977	2,657
Current portion of long-term purchase obligations	1,256	1,168

Current portion of asset retirement obligations (note 5)	4,328	3,922
	105,285	128,047
Long-term debt	413,103	359,001
Long-term purchase obligations	5,058	5,000
Future income tax	61,485	51,887
Asset retirement obligations (note 5)	32,919	35,074
Other long-term liabilities	722	699
	513,287	451,661
Contingencies (note 9)		
Non-controlling interest (note 8)	127,842	101,745
UNITHOLDERS' EQUITY		
Unitholders' capital (note 6a)	524,613	522,114
Accumulated other comprehensive income (loss) (notes 2f and 12)	(14,937)	948
Contributed surplus (note 6c)	5,109	2,582
Accumulated earnings	95,310	96,210
Total unitholders' equity	610,095	621,854
Total liabilities and unitholders' equity	1,356,509	1,303,307
See accompanying notes		

CONSOLIDATED STATEMENTS OF INCOME AND ACCUMULATED EARNINGS
(UNAUDITED)

(000s except per unit amounts)	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
	\$	\$	\$	\$
REVENUE				
CCS Midstream Services	75,129	61,694	218,529	175,292
Concord Well Servicing	39,182	62,580	142,303	140,269
HAZCO Environmental Services	98,788	96,276	269,760	234,894
CCS Energy Marketing	299,431	255,850	819,228	651,834
	512,530	476,400	1,449,820	1,202,289
Operating expenses (note 10)	432,136	389,237	1,221,751	980,021
Asset retirement accretion expense (note 5)	636	568	1,553	1,398
	432,772	389,805	1,223,304	981,419
Operating margin	79,758	86,595	226,516	220,870
EXPENSES				

General and administrative (notes 7 and 10)	6,106	6,156	20,596	16,958
Financing	5,883	3,559	16,125	8,656
Depreciation and amortization	24,133	16,640	65,039	42,189
Gas delivery obligation valuation	(153)	(3)	1,029	93
Foreign exchange loss (gain)	615	(1,284)	1,785	(870)
Loss (gain) on sale of assets	55	84	362	251
	36,639	25,152	104,936	67,277
Income before income taxes and non-controlling interest	43,119	61,443	121,580	153,593
Income taxes				
Current	50	9,100	5,796	23,400
Future	3,018	(1,321)	10,321	3,179
	3,068	7,779	16,117	26,579
Income before non-controlling interest	40,051	53,664	105,463	127,014
Non-controlling interest (note 8)	(9,343)	(12,040)	(24,257)	(28,324)
Net income for the period	30,708	41,624	81,206	98,690
Accumulated earnings, beginning of period	92,002	80,265	96,210	62,144
Distributions (note 3)	(27,400)	(24,066)	(82,106)	(63,011)
Accumulated earnings, end of period	95,310	97,823	95,310	97,823
Net income per unit (note 6b)				
Basic	0.59	0.82	1.56	2.07
Diluted	0.58	0.81	1.55	2.02

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three months ended		Nine months ended	
	2007	2006	2007	2006
(000s)	\$	\$	\$	\$
Net income for the period	30,708	41,624	81,206	98,690
Other comprehensive income (loss) (note 12)				
Gain (loss) on foreign currency translation of self-sustaining subsidiaries				

(net of tax)	(6,774)	149	(14,937)	(708)

Other comprehensive income (loss) for the period	(6,774)	149	(14,937)	(708)

Comprehensive income for the period	23,934	41,773	66,269	97,982

See accompanying notes				

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
(000s)	\$	\$	\$	\$

OPERATING ACTIVITIES				
Net income for the period	30,708	41,624	81,206	98,690
Add (deduct)				
non-cash items:				
Non-controlling interest	9,343	12,040	24,257	28,324
Unit-based compensation (notes 6c and 7a)	949	556	2,743	1,463
Depreciation and amortization	24,133	16,640	65,039	42,189
Asset retirement accretion expense	636	568	1,553	1,398
Loss (gain) on gas delivery obligation valuation	(153)	(3)	1,029	93
Loss (gain) on sale of assets	55	84	362	251
Future income taxes	3,018	(1,321)	10,321	3,179
Other non-cash operating items	596	204	1,227	609
	69,285	70,392	187,737	176,196
Change in non-cash working capital	(31,264)	(36,023)	13,514	(58,152)
Asset retirement obligations fulfilled (note 5)	(23)	(136)	(400)	(334)

Cash provided by operating activities	37,998	34,233	200,851	117,710

FINANCING ACTIVITIES				
Issuance of long-term debt	60,422	49,062	62,269	106,514
Issuance of long-term liabilities	(298)	-	(298)	-
Repayment of long-term debt	(1,068)	(461)	(2,244)	(2,470)
Deferred financing costs	(316)	-	(316)	(560)
Payments under purchase obligations	(246)	(264)	(883)	(932)
Exercise of trust				

unit options (notes 6a and c)	1,549	157	2,794	765
Trust unit issue (net of costs)	(2)	(98)	(2)	231,773
Distribution payments (note 3)	(27,388)	(24,028)	(82,064)	(60,090)

Cash (used in) provided by financing activities	32,653	24,368	(20,744)	275,000

INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(58,837)	(58,059)	(170,923)	(130,581)
Proceeds on disposal of property, plant and equipment	411	430	2,528	2,733
Acquisitions (note 4)	-	(5,895)	(48,789)	(265,655)
Funding of retention bonus	-	-	-	161
Investments and other long-term assets	(5,169)	2,733	(5,233)	771
Change in non-cash working capital	(5,524)	4,157	(4,365)	2,179

Cash used in investing activities	(69,119)	(56,634)	(226,782)	(390,392)

Increase in cash and cash equivalents	1,532	1,967	(46,675)	2,318
Cash and cash equivalents, beginning of period	6,192	3,977	54,399	3,626

Cash and cash equivalents, end of period	7,724	5,944	7,724	5,944

Supplementary cash flow information:				

Cash taxes paid	11	4,716	11,235	40,086

Cash interest paid	2,397	3,383	6,801	8,002

See accompanying notes				

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

September 30, 2007 and 2006
(000s except unit and per unit amounts)

1. NATURE OF THE ORGANIZATION

CCS Income Trust (the "Trust" or "CCS") 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) Basis of presentation

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 its proportionate share of joint venture and partnership interests. Non-controlling interest, which exists through the exchangeable shares in the Trust's wholly owned subsidiary, CCS Inc., is reported on the consolidated balance sheets and statements of income and accumulated earnings.

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, 2006, except for note 2f. 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 2006 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, unless otherwise stated.

b) Inventory

Inventory of drilling fluids, oilfield supplies and scrap metal is stated at the lower of cost and net realizable value. Crude oil inventory is recorded at fair value at the balance sheet date.

c) Derivative financial instruments

Derivative financial instruments are utilized by the Trust in the management of its interest rate exposures. The Trust enters into interest rate swaps in order to manage the impact of fluctuating interest rates on its floating rate debt and to manage the overall cost of borrowing on its total debt portfolio. The interest rate swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. These instruments are recorded at fair value at the balance sheet date, with any change in fair value reported as a net gain or loss to financing expense.

The CCS Energy Marketing division utilizes derivative instruments in the trading of crude oil through the use of commodity contracts which are settled with physical delivery. The contracts are recorded at fair value.

d) Foreign currency translation

The Trust's U.S. operations, which are considered financially and operationally independent, are translated into Canadian dollars using the current rate method, with cumulative translation adjustments included as a separate component of accumulated other comprehensive income in unitholders' equity:

- Assets and liabilities are translated at the period-end exchange rate; and
- Revenues and expenses are translated using average exchange rates during the period.

The Peruvian operations of the Trust are considered to be integrated operations and are translated into Canadian dollars using the temporal method, with any translation gains or losses included in net income for the period:

- Monetary items are translated at the period-end exchange rate;
- Non-monetary items are translated using historical rates, unless such items are carried at market, in which case the period-end exchange rate is used;
- Revenues and expenses are recorded using average exchange rates during the period; and
- Depreciation and amortization are translated at the same exchange rates as the assets to which they relate.

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.

e) 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 judgement. The effect on the consolidated 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 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.

f) New accounting pronouncements

Financial instruments

On January 1, 2007, the Trust adopted the recommendations of four new Handbook Sections issued by the Canadian Institute of Chartered Accountants ("CICA") on the recognition and measurement of financial

assets, financial liabilities and non-financial derivatives. The new sections are as follows:

- Section 1530 - "Comprehensive Income";
- Section 3855 - "Financial Instruments - Recognition and Measurement";
- Section 3861 - "Financial Instruments - Disclosure and Presentation";
and
- Section 3865 - "Hedges".

Upon initial adoption of these standards, the Trust measured all financial instruments at fair value and classified them into one of the following five categories: 1) loans and receivables; 2) assets held-to-maturity; 3) assets available-for-sale; 4) other financial liabilities; or 5) held-for-trading.

Financial instruments classified as available-for-sale or held-for-trading are revalued to fair value each reporting period. Gains and losses on financial instruments classified as held-for-trading are recognized in net income in the period in which they arise, with the exception of gains and losses arising from certain financial instruments that qualify for hedge accounting. Gains and losses on financial instruments classified as available-for-sale are deferred in other comprehensive income until sold or impaired. Subsequent measurement of all other financial instruments is at amortized cost.

Other comprehensive income is comprised of revenues, expenses and gains and losses that are included in comprehensive income, but excluded from net income. Under this new standard, unrealized gains and losses on the translation of self-sustaining foreign operations and other comprehensive income components are disclosed separately as accumulated other comprehensive income on the consolidated balance sheet and reclassified to net income when realized.

Except for other comprehensive income, the Trust has applied these accounting standards on a retroactive basis with no restatement of opening accumulated earnings required. The following is a summary of the impact of these new accounting standards on the consolidated financial statements of the Trust:

- The Trust's inventory of crude oil is classified as held-for-trading and therefore measured at fair value, which is based upon quoted market prices. Crude oil inventory was previously valued at the lower of weighted average cost or net realizable value. On initial adoption, this change in valuation did not have a material impact on inventory values, with no retroactive adjustment made to retained earnings; inventory is normally sold the month after purchase, with very little difference between weighted average cost and net realizable value. These new standards may materially impact future financial results if the market experiences volatile oil prices.

- The CCS Energy Marketing division enters into physical purchase and sales contracts at stated market values that settle the following month. The division does not use financial derivatives to hedge or fix pricing, and as a result, these new accounting standards do not impact the current method of accounting for revenue and expenses. The current value recorded for accounts receivable and accounts payable approximates fair value.

- The Trust had two interest rate swaps outstanding which were recognized as financial derivatives and classified as held-for-trading. The difference between the accounting value and fair value of these swaps on January 1, 2007 was \$165; this was charged to financing expense upon initial adoption of the new standards.

- Deferred financing charges are no longer presented separately on the

consolidated balance sheet but incorporated as a component of long-term debt, which resulted in a reduction of \$5,196 to long-term debt on January 1, 2007. Deferred financing charges are now amortized to income using the effective interest method over the term of the debt facility to which they relate. Application of this method did not result in a retroactive adjustment to opening accumulated earnings.

- The Trust's unrealized gains and losses on the translation of self-sustaining foreign operations, net of tax, are presented as a component of other comprehensive income and reclassified to net income when realized. Please refer to the Consolidated Statements of Comprehensive Income and Note 12.

Accounting changes

Effective January 1, 2007, the Trust adopted the revised recommendations of CICA Handbook Section 1506 relating to accounting changes. The revisions in this section address changes in accounting policies, accounting estimates and the correction of errors. A change in accounting policy is recommended only if the change is required by a primary source of GAAP or results in the financial statements providing reliable and more relevant information. The revised recommendations also require disclosure when an entity has not applied a new primary source of GAAP that has been issued but is not yet effective. As a result, the Trust has assessed new and revised accounting pronouncements issued but not yet effective and determined that the following may impact the Trust's disclosure in the future:

- As of January 1, 2008, current Handbook Section 3861 "Financial Instruments - Disclosure and Presentation" will be replaced with two new standards: Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation". The new disclosure requirements increase the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward the former presentation requirements.

- As of January 1, 2008, Handbook Section 1535 "Capital Disclosures" will require companies to disclose their objectives, policies and processes for managing capital. Disclosure must include whether companies have complied with externally imposed capital requirements.

The Trust is assessing the possible impact of these new standards on the consolidated financial statements.

g) Reclassification

Certain information for prior years has been reclassified to conform to the presentation adopted in 2007.

3. DISTRIBUTIONS

For the nine month period ended September 30, 2007, the Trust paid distributions to unitholders in the amount of \$82,064 (2006 - \$60,090) and declared distributions of \$82,106 (2006 - \$63,011) in accordance with the following schedule:

Period covered	Date of record	Date of distribution	Per unit \$
December 1, 2006 to December 31, 2006	12/29/06	01/15/07	0.175
January 1, 2007 to January 31, 2007	01/31/07	02/15/07	0.175
February 1, 2007 to	02/28/07	03/15/07	0.175

February 28, 2007			
March 1, 2007 to March 31, 2007	03/30/07	04/16/07	0.175
April 1, 2007 to April 30, 2007	04/30/07	05/15/07	0.175
May 1, 2007 to May 31, 2007	05/31/07	06/15/07	0.175
June 1, 2007 to June 30, 2007	06/29/07	07/16/07	0.175
July 1, 2007 to July 31, 2007	07/31/07	08/15/07	0.175
August 1, 2007 to August 31, 2007	08/31/07	09/17/07	0.175
September 1, 2007 to September 30, 2007	09/28/07	10/15/07	0.175

4. ACQUISITIONS

On March 7, 2007, the Trust, through its wholly-owned subsidiary, CCS Energy Services, LLC, acquired all of the operating assets of Mobley Oilfield Services LP ("Mobley") for cash consideration of \$44,212. Mobley is an integrated oilfield services company providing trucking and on-site storage and disposal of waste produced in the drilling, completion and ongoing production of oil and gas wells. Service areas include the states of Oklahoma, Arkansas, Louisiana and Texas.

On April 5, 2007, the Trust completed an asset purchase agreement with Pride Oilfield Services, LLC ("Pride"). Headquartered in Benton, Louisiana, Pride collects produced water from various generators within the east Texas and northern Louisiana areas and hauls it to various locations for disposal. The purchase price for these assets was \$5,578, consisting of \$4,577 in cash and \$1,001 in trust units. Trust units issued are held in escrow, to be released in equal amounts over the next five years, beginning April 2008.

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

	Mobley	Pride	Total
	\$	\$	\$
Net assets acquired:			
Working capital	3,135	-	3,135
Property, plant and equipment	20,637	1,441	22,078
Goodwill	8,808	978	9,786
Intangibles	11,632	3,055	14,687
Future income tax	-	104	104
	44,212	5,578	49,790

Consideration paid:

Cash	43,910	4,513	48,423
Trust units	-	1,001	1,001
Transaction costs	302	64	366
	44,212	5,578	49,790

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 \$86,375 (2006 - \$63,761) using an annual inflation rate of two percent (2006 - three percent). The fair value at September 30, 2007 was \$37,247 (2006 - \$23,823) using a discount rate of 5.8 percent (2006 - eight percent).

For the nine months ended September 30, 2007 and 2006, the Trust recorded the following activity related to the liability:

	Three months ended		Nine months ended	
	2007	Sept. 30 2006	2007	Sept. 30 2006
	\$	\$	\$	\$

Asset retirement obligations, beginning of period	36,755	22,781	38,996	20,326
New obligations and revised estimates	(121)	610	(2,902)	2,433
Obligations fulfilled	(23)	(136)	(400)	(334)
Accretion expense	636	568	1,553	1,398

Asset retirement obligations, end of period	37,247	23,823	37,247	23,823
Less: current portion	4,328	3,089	4,328	3,089

Long-term portion	32,919	20,734	32,919	20,734

6. UNITHOLDERS' EQUITY

a) Unitholders' capital

Authorized - Unlimited number of voting trust units

	Trust Units	\$

December 31, 2006	51,958,249	522,114
Issued upon conversion of exchangeable shares for trust units	107,714	92
Issued upon exercise of employee trust unit options	103,870	3,010
Issued upon acquisitions (net of costs)	31,832	999
Adjustment for exchangeable share conversions and trust unit dilution	-	(1,932)
Units vested on retention bonus (note 7b)	-	330

September 30, 2007	52,201,665	524,613

b) Weighted average trust units

As at September 30, 2007 and 2006, respectively, diluted net income per trust unit has been calculated based on the following:

	2007	2006

Weighted average trust units outstanding		

- basic	52,110,742	47,769,882
Trust units issuable on conversion of exchangeable shares	15,580,532	14,852,822
Dilutive options	357,304	184,868

Dilutive trust units and exchangeable shares	68,048,578	62,807,572

c) Contributed surplus

The balance as at September 30, 2007 and 2006 is comprised of the following:

	2007	2006
	\$	\$

Balance, beginning of period	2,582	605
Unit-based compensation expense	2,743	1,463
Transferred to unitholders' capital on exercise of options	(216)	(36)

Balance, end of period	5,109	2,032

7. UNIT-BASED COMPENSATION

a) Unit option plan

Under the Trust's 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 September 30, 2007, 25 percent of the options are exercisable annually on the anniversary 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 September 30, 2007 totalled 67,782,197.

Option transactions for the period are as follows:

	2007		2006	
	-----		-----	
Nine months ended September 30	Units	Weighted average exercise price \$	Units	Weighted average exercise price \$

Options outstanding, beginning of period	1,647,891	31.32	769,500	24.14
Granted	1,198,500	36.46	1,005,500	36.26
Exercised	(103,870)	26.88	(33,624)	22.74

Forfeited	(107,670)	34.01	(85,360)	28.31

Options outstanding, end of period	2,634,851	33.73	1,656,016	31.31

Range of prices	Options outstanding			Options exercisable	
	Outstanding at Sept. 30, 2007	Weighted average remaining contractual life (years)	Weighted average exercise price (\$)	Options exercisable at Sept. 30, 2007	Weighted average exercise price (\$)
\$22.04 - \$27.00	356,464	2.3	22.04	139,287	22.04
\$27.01 - \$32.00	220,287	2.6	27.89	103,591	27.82
\$32.01 - \$37.00	2,033,600	3.9	36.36	197,225	36.23
\$37.01 - \$38.15	24,500	3.8	37.78	6,125	37.78

Total	2,634,851	3.6	33.73	446,228	29.87

The estimated weighted average fair value of trust unit options granted to date is \$5.58 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 September 30	Weighted average assumptions
Dividend yield	4.99%
Discount for forfeiture	3.00%
Risk-free interest rate	3.87%
Expected life of options	4.1 years
Expected volatility factor of the future expected market price of trust units	27.28%

The Trust recorded compensation expense, included as part of general and administrative expense, of \$2,743 (2006 - \$1,463) with an offsetting increase to contributed surplus in respect of the options granted as of September 30, 2007.

The Trust announced that unitholders and exchangeable shareholders approved a proposed going-private transaction, anticipated to close on or before November 15, 2007 (please refer to Note 15). Upon closing, the period of vesting of trust unit options would be accelerated, with the related expense recorded as a component of general and administrative expense at that time.

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 vest and are

distributed. For the nine months ended September 30, 2007, \$247 (2006 - \$209) was accrued and charged to general and administrative expense. The January 1, 2007 vesting of units carried a total cost of \$330 and was charged to unitholders' capital at the time of vesting.

As at September 30	2007 \$	2006 \$
Balance, beginning of period	(660)	(1,231)
Vesting on January 1	330	410
Proceeds on sale	-	161
Balance, end of period	(330)	(660)

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.

a) 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.

As at September 30	2007 \$	2006 \$
Carrying value of exchangeable shares	14,867	14,955
Accumulated earnings attributable to NCI - prior years	86,878	54,627
Balance, beginning of period	101,745	69,582
NCI interest in net income	24,257	28,324
Adjustment for trust unit dilution of NCI interest (note 6a)	1,932	(4,304)
Redeemed upon conversion to trust units (note 6a)	(92)	(88)
Balance, end of period	127,842	93,514

b) Exchangeable shares

The exchangeable shares are convertible at the option of the holder into trust units at any time. All exchangeable shares are required to be converted on or before May 21, 2012, subject to extension to such other later date that the Board of Directors may determine at its sole discretion. The number of trust units issuable upon conversion is based upon the exchange ratio in effect at the conversion date. The exchange ratio, which was initially equal to one-to-one, is cumulatively adjusted each time a distribution is made to unitholders. The adjustment to the

exchange ratio is based on the cash distributions paid to unitholders divided by a weighted average trust unit price. The exchange ratio at September 30, 2007 was 2.78376 (September 30, 2006 - 2.63499).

As at September 30	2007		2006	
	Shares	\$	Shares	\$
Balance, beginning of period	5,636,766	14,867	5,670,143	14,955
Redeemed upon conversion to trust units	(39,828)	(92)	(33,377)	(88)
Balance, end of period	5,596,938	14,775	5,636,766	14,867
Exchange ratio, end of period	2.78376	-	2.63499	-
Trust units issuable upon conversion	15,580,532	14,775	14,852,822	14,867

9. CONTINGENCIES

On November 7, 2007, the Trust voluntarily disclosed to the Environmental Protection Agency ("EPA") and the Louisiana Department of Environmental Quality ("LDEQ") potential non-compliance with the Federal Water Pollution Control Act and related state laws at the Trust's Shreveport, Louisiana facility. The EPA and the LDEQ may now investigate these activities and, if the EPA determines that an illegal discharge did occur, the Trust could be subjected to criminal fines and/or civil penalties. At this time, the amount of such fines or penalties, if imposed, cannot be reasonably estimated. The Trust does not presently anticipate any material adverse financial impact.

10. RELATED-PARTY TRANSACTIONS

a) Fractional interest

The Trust has a 50 percent fractional interest in a Piaggio Avanti P-180 aircraft for use in CCS' operations. Corpac Canada Ltd. ("Corpac"), a company controlled by the Chairman and CEO of CCS Inc. until March 1, 2007, provides management services and operates the aircraft on behalf of the Trust. To March 1, 2007, the Trust incurred management fee expense, operating costs and costs for contract air services with Corpac totalling \$117 (for the nine months ended September 30, 2006 - \$407).

b) Other

On April 30, 2007, the Trust acquired approximately 19 acres of land in Edmonton, Alberta and nine acres in Richmond, B.C. by acquiring the shares of HAZCO Industrial Services Limited Partnership, an entity controlled by certain members of HAZCO's management and their immediate families. The purchase price for the two parcels of land was equal to its appraised fair market value of \$5,100 and \$5,675, respectively. The land had previously been leased by the Trust for use in its operations. To the date of purchase, lease fees totalled \$155 (2006 - \$329).

All related-party transactions are recorded at the exchange amount and charged to operating or general and administrative expense, or property, plant and equipment.

11. FINANCIAL INSTRUMENTS

a) Designation and valuation of financial instruments

Initial adoption of Section 3855 of the CICA Handbook requires an entity to classify its financial instruments into one of the following five categories:

- loans and receivables;
- assets held-to-maturity;
- assets available-for-sale;
- other financial liabilities; and
- held-for-trading (assets and liabilities).

Section 3855 also requires that all financial instruments be initially measured at their fair value.

Effective January 1, 2007, the Trust elected to classify its financial instruments as follows:

	September 30, 2007		December 31, 2006	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value

Loans and receivables				
Accounts receivable(1)	191,878	191,878	229,410	229,410

Available-for-sale				
Investments and other				
long-term assets	5,413	5,413	180	180

Other financial				
liabilities(1)				
Accounts payable and				
accrued liabilities	92,448	92,448	110,932	110,932
Income taxes payable				
(recoverable)	(4,859)	(4,859)	275	275
Distributions payable	9,135	9,135	9,093	9,093
Long-term debt(2,3)	416,080	416,080	356,462	356,462
Other long-term				
liabilities	722	722	699	699

Held-for-trading				
(assets and liabilities)				
Crude oil inventory	1,020	1,020	2,819	2,819
Purchase obligations	6,314	6,314	6,168	6,168

(1) Due to the nature and/or short maturity of these financial instruments, carrying value approximates fair value.

(2) Includes both current and long-term portions net of deferred financing charges.

(3) Long-term debt has been valued using the effective interest method.

Derivatives

The Trust is party to a five-year amortizing swap arrangement for \$20,000 at a fixed rate of 4.1 percent. At September 30, 2007, the fair value of this derivative was \$(9), the value of which is reported under other accounts receivable.

The Trust has entered into a commitment to deliver a specified volume of gas over a 13-year period. The gas delivery obligation is recorded at fair market value based on the present value of the future delivery obligation using a future gas price curve. For the nine months ended

September 30, 2007, a loss of \$1,029 was recognized in earnings to reflect the change in the estimated fair market value of the obligation.

b) Risks

i) Credit Risk

The Trust provides environmental solutions for waste management, crude oil sales and marketing, contract oilwell services, rental of oilfield equipment and sales of drilling fluids to the oil and gas industry. This results in a concentration of credit risk. The Trust generally extends unsecured credit to these customers, and therefore the collection of accounts receivable may be affected by changes in economic or other conditions and may accordingly impact the Trust's overall credit risk. Management believes the risk is mitigated by the size, reputation and diversified nature of the companies to which the Trust extends credit.

Credit exposure on financial instruments, which consists of interest rate swaps, arises from the possibility that a counter-party in which the Trust has an unrealized gain fails to perform according to the terms of the contract. Management believes the risks of non-performance are minimal as the counter-parties are major financial institutions.

Credit exposure on cash and cash equivalents arises as the Trust holds those assets with major financial institutions. Management believes the risk is mitigated by the size and financial strength of those major financial institutions.

ii) Interest rate risk

The Trust is exposed to interest rate risk with respect to fluctuating interest rates on its revolving credit facilities. At September 30, 2007, approximately 23 percent of the Trust's debt outstanding was subject to floating rate interest. The Trust manages this exposure through interest rate swap initiatives, thereby fixing a portion of the interest on outstanding floating interest rate debt.

iii) Foreign exchange risk

The Trust is exposed to foreign exchange risk with respect to its U.S. operations. Acquisitions in the U.S. of equity interests and operating assets along with the subsequent funding of capital and working capital requirements results in the exchange of Canadian dollars for U.S. dollars on an ongoing basis.

The Trust is also exposed to foreign exchange risk on the translation of its U.S. operations to Canadian dollars on consolidation of financial results. The cumulative translation adjustment is reported in accumulated other comprehensive income as a separate component of unitholders' equity.

The Trust has foreign operations through its subsidiary, HAZCO del Peru S.A., which operates in Peru. Service contracts and bank accounts are denominated in U.S. dollars, with local operating expenses incurred in the local currency (Nuevos Soles). Excess cash earned by this company is transferred to a U.S. dollar bank account in Canada.

12. ACCUMULATED OTHER COMPREHENSIVE INCOME

The Trust's accumulated other comprehensive income includes the unrealized gain (loss) on the translation of self-sustaining foreign operations.

Three months ended

Nine months ended

	2007	Sept. 30 2006	2007	Sept. 30 2006
	\$	\$	\$	\$
Balance, beginning of period	(8,163)	(857)	948	-
Unrealized gain (loss) on translation of self-sustaining subsidiaries	(6,774)	149	(16,020)	(708)
Tax effect of unrealized gain (loss) on translation of self-sustaining subsidiaries	-	-	135	-
Balance, end of period	(14,937)	(708)	(14,937)	(708)

13. 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.

14. SEGMENTED INFORMATION

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

- The Midstream Services operating segment owns and operates treatment, recovery and disposal (TRD) facilities, transfer stations and cavern facilities throughout western Canada and the Gulf Coast region of the U.S. Services are provided in the areas of emulsion treatment, water processing and disposal, waste processing, drilling mud disposal, tank/truck washing, crude oil terminalling, cavern disposal, well and site abandonment, trucking, on site storage and processing of naturally occurring radioactive material (NORM).
- Concord provides contract oilfield services including well completions, workovers, abandonments and, through the HiAlta business unit, the rental of oilfield equipment. Concord operates 143 rigs in western Canada.
- 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 also operates a network of industrial and engineered landfills,

bioremediation facilities and hazardous waste transfer stations that span western Canada. Through its HMI business unit, HAZCO provides scrap metal collection and processing services. HAZCO provides services primarily throughout Canada, with select services provided in the U.S. and Peru.

- CEM extracts additional value and operating margin on waste and recovered oil volumes from the Midstream 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 among 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 operating segments are the same as those described in the summary of significant accounting policies. General and administrative expenses directly related to the individual business segments are included in the operating expenses of that division.

The following tables provide information by operating and geographic segment for the three and nine months ended September 30, 2007 and 2006:

For the nine months ended Sept. 30, 2007	Midstream Services \$	Concord \$	HAZCO \$	CEM \$	Consolidated \$
Revenue prior to inter-segment eliminations	222,079	142,985	271,649	845,891	1,482,604
Inter-segment eliminations	(3,550)	(682)	(1,889)	(26,663)	(32,784)
Net revenue	218,529	142,303	269,760	819,228	1,449,820
Operating expenses prior to inter-segment eliminations	117,064	103,203	208,802	826,297	1,255,366
Inter-segment eliminations	(1,870)	(10)	(3,501)	(26,681)	(32,062)
Net expenses	115,194	103,193	205,301	799,616	1,223,304
Operating margin	103,335	39,110	64,459	19,612	226,516
Gas delivery obligation valuation	1,029	-	-	-	1,029
Loss (gain) on sale of assets	28	191	102	41	362
Depreciation and amortization	23,130	18,334	22,452	35	63,951
Income before corporate items	79,148	20,585	41,905	19,536	161,174
General and administrative					20,596
Financing					16,125
Depreciation and amortization					1,088
Foreign exchange loss					1,785
Income taxes					16,117

Income before non-controlling interest	105,463
Non-controlling interest	(24,257)
Net income for the period	81,206

Total assets	569,964	438,777	338,515	9,253	1,356,509
Goodwill	27,427	9,286	57,324	-	94,037
Capital expenditures	72,274	39,747	57,973	929	170,923

Operations related to Canada and foreign countries are as follows:

For the nine months ended Sept. 30, 2007	Canada \$	International \$	Total \$
Revenue	1,399,676	50,144	1,449,820
Capital assets and goodwill	1,024,840	76,146	1,100,986
Total assets	1,238,603	117,906	1,356,509

For the nine months ended Sept. 30, 2006	Midstream Services \$	Concord \$	HAZCO \$	CEM \$	Consolidated \$
Revenue prior to inter-segment eliminations	176,890	140,405	236,228	675,662	1,229,185
Inter-segment eliminations	(1,598)	(136)	(1,334)	(23,828)	(26,896)
Net revenue	175,292	140,269	234,894	651,834	1,202,289
Operating expenses prior to inter-segment eliminations	82,680	90,534	174,556	660,409	1,008,179
Inter-segment eliminations	(1,334)	(11)	(1,587)	(23,828)	(26,760)
Net expenses	81,346	90,523	172,969	636,581	981,419
Operating margin	93,946	49,746	61,925	15,253	220,870
Gas delivery obligation valuation	93	-	-	-	93
Loss (gain) on sale of assets	(71)	42	334	(54)	251
Depreciation and amortization	15,978	10,139	15,200	50	41,367

Income before corporate items	77,946	39,565	46,391	15,257	179,159

General and administrative					16,958
Financing					8,656
Depreciation and amortization					822
Foreign exchange loss (gain)					(870)
Income taxes					26,579

Income before non-controlling interest					127,014
Non-controlling interest					(28,324)

Net income for the period					98,690

Total assets	442,873	434,710	281,519	10,536	1,169,638

Goodwill	15,578	9,286	57,324	-	82,188

Capital expenditures	65,904	31,884	29,855	2,938	130,581

Operations related to Canada and foreign countries are as follows:

For the nine months ended Sept. 30, 2006	Canada \$	International \$	Total \$

Revenue	1,173,978	28,311	1,202,289

Capital assets and goodwill	872,678	45,709	918,387

Total assets	1,103,662	65,976	1,169,638

For the three months ended Sept. 30, 2007	Midstream Services \$	Concord \$	HAZCO \$	CEM \$	Consolidated \$

Revenue prior to inter-segment eliminations	76,093	39,222	99,198	310,538	525,051
Inter-segment eliminations	(964)	(40)	(410)	(11,107)	(12,521)

Net revenue	75,129	39,182	98,788	299,431	512,530
Operating expenses prior to inter-segment eliminations	38,491	29,133	74,290	303,380	445,294
Inter-segment eliminations	(409)	(5)	(1,001)	(11,107)	(12,522)

Net expenses	38,082	29,128	73,289	292,273	432,772
Operating margin	37,047	10,054	25,499	7,158	79,758
Gas delivery obligation valuation	(153)	-	-	-	(153)
Loss (gain) on sale of assets	10	(22)	67	-	55
Depreciation and amortization	8,389	6,403	8,960	13	23,765
Income before corporate items	28,801	3,673	16,472	7,145	56,091
General and administrative					6,106
Financing					5,883
Depreciation and amortization					368
Foreign exchange loss					615
Income taxes					3,068
Income before non-controlling interest					40,051
Non-controlling interest					(9,343)
Net income for the period					30,708
Total assets	569,964	438,777	338,515	9,253	1,356,509
Goodwill	27,427	9,286	57,324	-	94,037
Capital expenditures	29,579	9,001	20,257	-	58,837

Operations related to Canada and foreign countries are as follows:

For the three months ended Sept. 30, 2007	Canada \$	International \$	Total \$
Revenue	496,442	16,088	512,530
Capital assets and goodwill	1,024,840	76,146	1,100,986
Total assets	1,238,603	117,906	1,356,509

For the three months ended Sept. 30, 2006	Midstream Services \$	Concord \$	HAZCO \$	CEM \$	Consolidated \$
Revenue prior to inter-segment eliminations	62,771	62,649	96,621	263,365	485,406

Inter-segment eliminations	(1,077)	(69)	(345)	(7,515)	(9,006)
Net revenue	61,694	62,580	96,276	255,850	476,400
Operating expenses prior to inter-segment eliminations	28,784	40,447	72,575	256,936	398,742
Inter-segment eliminations	(813)	(11)	(598)	(7,515)	(8,937)
Net expenses	27,971	40,436	71,977	249,421	389,805
Operating margin	33,723	22,144	24,299	6,429	86,595
Gas delivery obligation valuation	(3)	-	-	-	(3)
Loss (gain) on sale of assets	7	45	86	(54)	84
Depreciation and amortization	7,010	5,053	4,262	17	16,342
Income before corporate items	26,709	17,046	19,951	6,466	70,172
General and administrative					6,156
Financing					3,559
Depreciation and amortization					298
Foreign exchange loss (gain)					(1,284)
Income taxes					7,779
Income before non-controlling interest					53,664
Non-controlling interest					(12,040)
Net income for the period					41,624
Total assets	442,873	434,710	281,519	10,536	1,169,638
Goodwill	15,578	9,286	57,324	-	82,188
Capital expenditures	30,205	13,641	12,907	1,306	58,059

Operations related to Canada and foreign countries are as follows:

For the three months ended Sept. 30, 2006	Canada \$	International \$	Total \$
Revenue	464,451	11,949	476,400
Capital assets and goodwill	872,678	45,709	918,387

Total assets 1,103,662 65,976 1,169,638

15. SUBSEQUENT EVENTS

On September 5, 2007 the Trust announced that unitholders and exchangeable shareholders approved a proposed going-private transaction, involving an investor group led by the current President and C.E.O. of CCS. Details of the proposed transaction, initially announced on June 29, 2007, can be found in the Management Information Circular dated August 3, 2007. Subject to satisfaction of closing conditions, it is anticipated that the proposed transaction will close on or before November 15, 2007.

CORPORATE INFORMATION

EXECUTIVE MANAGEMENT

DAVID P. WERKLUND
Founder, Chairman of the Board,
President and Chief Executive
Officer

JOHN BEAN, CA
President, HAZCO Division

DONALD E. FRIESEN
Vice President, Business
Development, HAZCO Division

DAVID FULTON
Vice President, Human Resources

RALPH C. HESJE, P. Eng.
President, CCS Midstream
Services Division

ALEX LEMMENS
Vice President, Corporate
Marketing

JIM McMAHON
Vice President, Business
Development

MARSHALL L. McRAE, CA
Chief Financial Officer

BLAINE G. MELNYK
General Counsel and
Corporate Secretary

DOUGLAS B. OLSON, CA
Vice President, Finance

GORDON N. VIVIAN
President, Concord Well
Servicing Division

RICK M. WISE, P.Eng.
Vice President, Engineering,
Regulatory and Midstream
Development

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STOCK TRADING INFORMATION
CCS Income Trust units are
listed on the Toronto Stock
Exchange (TSX) under the
symbol CCR.UN.

TRANSFER AGENT AND REGISTRAR
Computershare Trust Company
of Canada
Calgary, Alberta

BANKERS
Toronto Dominion Bank
Calgary, Alberta

AUDITORS
Ernst & Young LLP
Calgary, Alberta

DIANE YUILL, CA
Corporate Controller
>>

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CO: CCS Income Trust

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