

Consolidated financial statements of

CARGOJET INCOME FUND

*For the three and six month periods ended June 30, 2009 and
2008*

(unaudited)

CARGOJET INCOME FUND

Consolidated Balance Sheets

(unaudited)

	June 30, 2009	December 31, 2008
	\$	\$
ASSETS		
CURRENT		
Cash	1,130,739	569,194
Accounts receivable	8,275,034	10,070,944
Materials and supplies	637,920	863,559
Prepaid expenses and deposits	2,529,655	4,337,814
Income taxes recoverable	1,516,951	1,267,996
Derivatives contracts (Note 10)	724,334	2,148,558
	<u>14,814,633</u>	<u>19,258,065</u>
CAPITAL ASSETS	58,442,256	57,314,869
INTANGIBLE ASSETS	4,242,301	9,573,776
DEPOSITS	4,530,596	3,070,255
DEFERRED HEAVY MAINTENANCE	2,407,918	1,471,773
GOODWILL	46,169,976	46,169,976
	<u>130,607,680</u>	<u>136,858,714</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued charges	13,661,610	16,962,594
Distributions payable (Note 8)	235,751	601,581
Current portion of long-term debt (Note 4)	661,918	1,829,372
Future income taxes (Note 6)	713,322	706,445
	<u>15,272,601</u>	<u>20,099,992</u>
LONG-TERM DEBT (NOTE 4)	5,674,145	6,759,015
CONVERTIBLE DEBENTURES (NOTE 5)	32,461,035	32,180,372
FUTURE INCOME TAXES (NOTE 6)	6,145,962	6,939,739
	<u>59,553,743</u>	<u>65,979,118</u>
NON-CONTROLLING INTERESTS (NOTE 7(b))	18,981,682	19,783,606
UNITHOLDERS' EQUITY		
ACCUMULATED OTHER COMPREHENSIVE INCOME	1,429,194	1,442,112
DEFICIT	(12,796,547)	(14,751,848)
	<u>(11,367,353)</u>	<u>(13,309,736)</u>
UNITHOLDERS' CAPITAL (NOTE 7(a))	60,375,714	62,054,322
CONTRIBUTED SURPLUS (NOTE 7(d))	795,228	82,738
CONVERSION OPTION	2,268,666	2,268,666
	<u>52,072,255</u>	<u>51,095,990</u>
	<u>130,607,680</u>	<u>136,858,714</u>

The accompanying notes are an integral component of the financial statements.

CARGOJET INCOME FUND
Consolidated Statements of Operations and Deficit
(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
REVENUES	39,114,085	52,080,462	81,318,263	98,879,081
DIRECT EXPENSES	29,809,338	46,318,069	61,987,958	85,848,603
	9,304,747	5,762,393	19,330,305	13,030,478
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES				
Sales and marketing	120,247	286,542	290,742	477,452
General and administrative	4,662,987	4,810,472	9,213,694	9,173,322
Interest, net	971,114	813,118	1,998,111	1,164,860
Amortization of capital assets	172,170	135,591	327,717	252,094
Amortization of intangible assets	2,372,054	2,904,220	5,331,475	5,534,008
	8,298,572	8,949,943	17,161,739	16,601,736
EARNINGS (LOSS) BEFORE INCOME TAXES AND NON-CONTROLLING INTERESTS	1,006,175	(3,187,550)	2,168,566	(3,571,258)
PROVISION FOR (RECOVERY OF) INCOME TAXES (NOTE 6)				
Current	(4,350)	-	(298,090)	20,500
Future	(1,201,827)	(1,086,203)	(793,778)	(1,512,902)
	(1,206,177)	(1,086,203)	(1,091,868)	(1,492,402)
EARNINGS (LOSS) BEFORE NON-CONTROLLING INTERESTS	2,212,352	(2,101,347)	3,260,434	(2,078,856)
NON-CONTROLLING INTERESTS (NOTE 7(b))	1,701	(588,794)	(168,881)	(583,171)
NET INCOME (LOSS)	2,210,651	(1,512,553)	3,429,315	(1,495,685)
DEFICIT, BEGINNING OF PERIOD	(14,670,332)	(9,844,220)	(14,751,848)	(7,923,776)
REPURCHASE OF CARGOJET INCOME FUND UNITS (NOTE 7(d))	192,501	-	400,916	-
DISTRIBUTIONS DECLARED IN THE PERIOD (NOTE 8)	(529,367)	(1,937,311)	(1,874,930)	(3,874,623)
DEFICIT, END OF PERIOD	(12,796,547)	(13,294,084)	(12,796,547)	(13,294,084)
EARNINGS (LOSS) PER TRUST UNIT				
- BASIC (Note 7(c))	0.34	(0.23)	0.52	(0.22)
EARNINGS (LOSS) PER TRUST UNIT				
- DILUTED (Note 7(c))	0.32	(0.23)	0.52	(0.22)

The accompanying notes are an integral component of the financial statements.

CARGOJET INCOME FUND
Consolidated Statements of Comprehensive Income (Loss) and
Accumulated Other Comprehensive Income
(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
NET INCOME (LOSS)	2,210,651	(1,512,553)	3,429,315	(1,495,685)
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign currency gains from hedging activities net of income taxes	487,072	(133,789)	910,957	381,617
Transfer of gains on foreign exchange contracts, net of income taxes, to net income	(472,515)	(64,413)	(923,875)	(64,413)
COMPREHENSIVE INCOME (LOSS)	2,225,208	(1,710,755)	3,416,397	(1,178,481)
ACCUMULATED OTHER COMPREHENSIVE INCOME				
Balance, beginning of period	1,414,637	515,406	1,442,112	-
Other comprehensive income (loss) for the period	14,557	(198,202)	(12,918)	317,204
ACCUMULATED OTHER COMPREHENSIVE INCOME, END OF PERIOD	1,429,194	317,204	1,429,194	317,204

The accompanying notes are an integral component of the financial statements.

CARGOJET INCOME FUND
Consolidated Statements of Cash Flows
(unaudited)

	Three months ended		Six months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
NET INFLOW (OUTFLOW) OF CASH				
RELATED TO THE FOLLOWING ACTIVITIES				
OPERATING				
Net income (loss)	2,210,651	(1,512,553)	3,429,315	(1,495,685)
Items not affecting cash				
Amortization of capital assets	1,394,350	1,068,489	2,732,493	1,993,689
Amortization of intangible assets	2,372,054	2,904,220	5,331,475	5,534,008
Accretion of convertible debentures	160,555	172,642	329,663	172,642
Loss (gain) on disposal of capital assets	(601)	960,306	2,624	960,306
Gain on disposal of intangible assets	-	(1,149,473)	-	(1,149,473)
Future income taxes	(1,201,827)	(1,086,203)	(793,778)	(1,512,902)
Transfer of gains on derivatives from other comprehensive income	(709,091)	-	(1,181,816)	-
Change in fair value on non-hedge derivatives	-	(12,135)	-	66,009
Non-controlling interests	1,701	(588,794)	(168,881)	(583,171)
Aircraft heavy maintenance amortization	596,292	1,063,436	1,083,983	1,691,857
Aircraft heavy maintenance expenditures	(1,433,525)	(1,277,296)	(2,020,129)	(1,692,005)
	3,390,559	542,639	8,744,949	3,985,275
Changes in non-cash working capital items				
Accounts receivable	981,382	486,259	1,795,910	(77,545)
Materials and supplies	(92,883)	(493,762)	225,639	(511,862)
Prepaid expenses and deposits	(453,095)	(3,897,842)	347,818	(4,291,948)
Due from related party	-	15,351	-	15,351
Accounts payable and accrued charges	(2,096,760)	2,770,535	(3,300,984)	1,674,902
Income taxes recoverable	44,785	(777,655)	(248,955)	(2,234,266)
	1,773,988	(1,354,475)	7,564,377	(1,440,093)
FINANCING				
Proceeds from disposition of derivatives	-	-	2,600,000	-
Repayment of long-term debt	(3,230,792)	(18,589,336)	(2,290,798)	(18,124,173)
Purchase of Trust units (Note 7(d))	(322,075)	-	(565,201)	-
Distributions paid to unitholders and non-controlling interest	(1,069,696)	(2,583,083)	(2,873,803)	(5,166,164)
Purchase of convertible debentures (Note 5)	(49,000)	-	(49,000)	-
Proceeds from convertible debentures	-	33,999,378	-	33,999,378
	(4,671,563)	12,826,959	(3,178,802)	10,709,041
INVESTING				
Additions to capital assets	(1,272,149)	(2,875,510)	(3,879,440)	(4,962,602)
Proceeds from disposal of capital assets	55,410	-	55,410	-
Acquisition of business	-	(1,071,881)	-	(1,071,881)
	(1,216,739)	(3,947,391)	(3,824,030)	(6,034,483)
NET CHANGE IN CASH	(4,114,314)	7,525,093	561,545	3,234,465
CASH POSITION, BEGINNING OF PERIOD	5,245,053	(1,092,682)	569,194	3,197,946
CASH POSITION, END OF PERIOD	1,130,739	6,432,411	1,130,739	6,432,411
Supplementary financial information				
Interest paid	\$ 162,091	\$ 161,313	\$ 374,039	\$ 444,416
Income taxes paid (refunded)	\$ (49,350)	\$ 777,404	\$ (49,350)	\$ 2,254,640
Equipment purchased under capital lease	\$ 38,474	\$ -	\$ 38,474	\$ 57,677

The accompanying notes are an integral component of the financial statements.

CARGOJET INCOME FUND

Notes to the Consolidated Financial Statements

June 30, 2009 and 2008

(unaudited)

1. NATURE OF THE BUSINESS

Cargojet Income Fund (the “Fund”) is an unincorporated opened-ended limited purpose trust established under the laws of Ontario pursuant to a Declaration of Trust dated April 25, 2005. The Fund was created to invest in Cargojet Holdings Ltd. (the “Company” or “Cargojet”). The Fund acquired all of the shares of Cargojet on June 9, 2005.

The Fund provides domestic and trans-border air cargo services in addition to aircraft handling and aircraft and airport equipment fueling services through its Fixed Base Operations (“FBO”) business at the Hamilton International Airport.

2. BASIS OF PRESENTATION

The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These financial statements should be read in conjunction with the annual financial statements and notes thereto. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in Canada for annual financial statements. The financial information included herein reflects all adjustments which in the opinion of management are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the three and six month periods ended June 30, 2009 and 2008 are not necessarily indicative of the results to be expected for the full year. The accounting policies used in the preparation of these unaudited interim consolidated financial statements are consistent with those described in the audited consolidated financial statements of the Fund for the year ended December 31, 2008, except as disclosed in Note 3. The business of the Fund is not affected by any significant seasonal or cyclical factors.

3. CHANGES IN ACCOUNTING POLICIES

Adoption of new and revised accounting standards

On January 1, 2009, the Fund adopted the recommendations of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3064, *Goodwill and Intangible Assets*, which establishes standards for recognition, measurement, presentation and disclosure of goodwill, intangible assets and deferred costs. The Fund also adopted the amended CICA Handbook Section 1000, *Financial Statement Concepts*, which was amended to provide consistency with this new standard. Application of these pronouncements had no impact on the Fund’s financial results for the three and six month periods ended June 30, 2009.

4. LONG-TERM DEBT

The Fund maintains a revolving credit facility with a Canadian chartered bank. The facility is to a maximum of \$30.0 million. The facility bears interest at bank prime plus 1.3% and is repayable on maturity, July 27, 2011.

The credit facility is subject to customary terms and conditions for borrowers of this nature, including, for example, limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lenders. The credit facility is also subject to the maintenance of certain financial covenants.

CARGOJET INCOME FUND

Notes to the Consolidated Financial Statements

June 30, 2009 and 2008
(unaudited)

4. LONG-TERM DEBT (CONTINUED)

The credit facility is secured by the following:

- general security agreement over all assets of the Fund;
- guarantee and postponement of claim to a maximum of \$35.0 million in favour of Cargojet Partnership and certain other entities of the Fund; and
- assignment of insurance proceeds, payable to the bank.

Through its subsidiary Prince Edward Air Ltd. ("PEAL"), the Fund also maintains fixed loans with another Canadian chartered bank. The fixed loans bear interest at rates ranging from 8.1% to 8.2% and are secured by the aircraft of PEAL and guarantees for 10% of the outstanding amounts provided by Cargojet Airways Ltd., a wholly owned subsidiary of the Fund and the majority shareholder of PEAL. The loans are repayable in monthly installments plus interest and will mature by January 2022 (note 11).

Long-term debt consists of the following:

	June 30, 2009	December 31, 2008
	\$	\$
Revolving credit facility	23,260	1,859,980
Fixed loans - Prince Edward Air Ltd.	5,753,607	6,070,975
Financing loan	71,202	111,682
Obligations under capital leases	487,994	545,750
	6,336,063	8,588,387
Less current portion	661,918	1,829,372
	<u>5,674,145</u>	<u>6,759,015</u>

The following is a schedule of future minimum repayment schedule for fixed loans related to PEAL:

	\$
2009 (remainder of the year)	176,110
2010	428,747
2011	437,920
2012	447,874
2013	458,676
>2013	3,804,280
	5,753,607
Less current portion	389,384
	<u>5,364,223</u>

The following is a schedule of future minimum repayment schedule for financing loan:

	\$
2009 (remainder of the year)	42,143
2010	29,059
	71,202
Less current portion	71,202
	<u>-</u>

CARGOJET INCOME FUND

Notes to the Consolidated Financial Statements

June 30, 2009 and 2008
(unaudited)

4. LONG-TERM DEBT (CONTINUED)

The following is a schedule of future minimum annual lease payments for computer hardware and software under capital leases together with the balances of the obligations:

	\$
2009 (remainder of the year)	107,328
2010	214,657
2011	156,144
2012	33,358
	<hr/> 511,487
Less interest	23,493
Obligations under capital leases	487,994
Less current portion	201,332
	<hr/> 286,662

Interest on long-term debt for the three and six month periods ended June 30, 2009 totalled \$162,090 and \$373,988, respectively (June 30, 2008 - \$153,224 and \$442,525, respectively).

5. CONVERTIBLE DEBENTURES

The balance of the Fund's convertible debentures (the "Debentures") at June 30, 2009 and December 31, 2008 consisted of the following amounts:

	June 30, 2009	December 31, 2008
	\$	\$
Principal balance	35,601,000	35,650,000
Less:		
Issuance costs	(1,789,320)	(1,789,320)
Conversion option to Unitholders' equity	(2,268,666)	(2,268,666)
Accretion	918,021	588,358
Balance	<hr/> 32,461,035	<hr/> 32,180,372

Interest expense on the Debentures for the three and six month periods ended June 30, 2009 totalled \$830,824 and \$1,662,875, respectively (June 30, 2008 - \$720,444 and \$720,444, respectively).

Normal course issuer bid

Under the terms of a normal course issuer bid approved by the Toronto Stock Exchange that expires on March 16, 2010, the Fund may repurchase up to \$3,530,400 principal amount of the Debentures, or approximately 10% of the public float outstanding on March 11, 2009. Daily purchases are limited to \$4,310 principal amount of the Debentures until March 31, 2009, and \$2,155 principal amount of the Debentures thereafter, other than block purchase exemptions. In the three month period ended on June 30, 2009, the Fund repurchased \$49,000 principal amount of Debentures at a cost of \$33,385, or \$681.33 per Debenture. The difference of \$15,615 between the principal amount of the Debentures repurchased and the cost of redemption was recorded as income.

CARGOJET INCOME FUND
Notes to the Consolidated Financial Statements
June 30, 2009 and 2008
(unaudited)

6. INCOME TAXES

The tax effect of significant temporary differences is as follows:

	June 30, 2009	December 31, 2008
	\$	\$
Capital assets	7,038,576	7,292,226
Intangible assets	(645,773)	485,831
Operating loss carryforward	(642,834)	(459,098)
Financing costs	(906,718)	(1,192,541)
Derivative contracts	713,322	706,445
Deferred heavy maintenance	1,302,711	813,321
Future income tax liability	6,859,284	7,646,184
Less current portion	713,322	706,445
Future income tax liability - long-term	6,145,962	6,939,739

A reconciliation between the Fund's statutory and effective tax rates is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
	\$	\$	\$	\$
Earnings (loss) before income taxes and non-controlling interest	1,006,175	(3,187,550)	2,168,566	(3,571,258)
Income tax provision at the combined basic rate	337,069	(1,151,343)	726,470	(1,289,938)
Tax on income attributable to Trust Unitholders and Exchangeable LP Unitholders	(2,392)	(396,237)	(838,361)	(1,147,781)
Non-deductible portion of amortization of intangible assets	152,057	243,952	393,329	485,224
Settlement of dispute with tax authorities	(4,350)	-	(383,090)	-
Permanent and other differences	(1,688,561)	217,425	(990,216)	460,093
Income tax recovery	(1,206,177)	(1,086,203)	(1,091,868)	(1,492,402)

CARGOJET INCOME FUND

Notes to the Consolidated Financial Statements

June 30, 2009 and 2008

(unaudited)

7. UNITHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS

The beneficial interests in the Fund are divided into interests of two classes, described and designated as "Trust Units" and "Special Voting Units", respectively. An unlimited number of Trust Units and Special Voting Units may be authorized and issued pursuant to the Declaration of Trust.

Each Trust Unit represents an equal voting, fractional, and undivided beneficial interest in the Fund. All Trust Units are transferable and share equally in all distributions from the Fund whether of net earnings, return of capital, return of principal, interest, dividends or net realized capital gains or other amounts, and in the net assets of the Fund in the event of termination or winding up of the Fund. The Trust Units are redeemable at any time on demand by the holders at fair value as determined by and subject to the conditions of the Declaration of Trust to a maximum of \$50,000 per calendar quarter.

The Special Voting Units are not entitled to any interest or share in the Fund, in any distribution from the Fund whether of net earnings, net realized gains or other amounts, or in the net assets of the Fund in the event of a termination or winding-up of the Fund. The Special Voting Units will only be issued to the holders of Class A limited partnership units of Cargojet Holdings Limited Partnership ("CHLP") ("Exchangeable LP Units"), for the purpose of providing voting rights to these Special Voting Unitholders, with respect to the Fund. Each Special Voting Unit will entitle the holder to that number of votes at any meeting of Voting Unitholders that is equal to the number of Units that may be obtained upon the exchange of the Exchangeable LP Unit to which it is attached. Upon the exchange or conversion of an Exchangeable LP Unit for Units, the related Special Voting Unit will immediately be cancelled without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any further rights.

(a) Trust Units

	Number	Amount
		\$
Unitholders' capital as at December 31, 2007	6,698,863	62,235,654
Units purchased and cancelled	(19,518)	(181,332)
Unitholders' capital as at December 31, 2008	6,679,345	62,054,322
Units purchased and cancelled (Note 7(d))	(180,773)	(1,678,608)
Unitholders' capital as at June 30, 2009	6,498,572	60,375,714

(b) The non-controlling interests represent a 25% non-controlling equity interest through exchangeable limited partnership units in CHLP (June 30, 2009 - 2,232,955; December 31, 2008 - 2,232,955), and a 49% non-controlling equity interest in PEAL. The following provides details of the changes in the non-controlling interests during the period for each of these components:

CARGOJET INCOME FUND
Notes to the Consolidated Financial Statements
June 30, 2009 and 2008
(unaudited)

7. UNITHOLDERS' EQUITY AND NON-CONTROLLING INTERESTS (CONTINUED)

Non-controlling interests - CHLP

	Six months ended	
	June 30, 2009	June 30, 2008
	\$	\$
Non-controlling interests, beginning of period	17,396,507	19,688,291
Share of income (loss) of CHLP	1,143,106	(498,562)
Distributions declared in the period (Note 8)	(633,043)	(1,291,540)
Non-controlling interests, end of period	17,906,570	17,898,189

Non-controlling interests – PEAL

	Six months ended	
	June 30, 2009	June 30, 2008
	\$	\$
Non-controlling interests, beginning of period	2,387,099	2,999,737
Share of loss of PEAL	(1,311,987)	(84,609)
Non-controlling interests, end of period	1,075,112	2,915,128

(c) Earnings per Trust Unit

Basic earnings per Trust Unit has been calculated based on the average number of Trust Units outstanding of 6,547,398 and 6,605,799 for the three and six month periods ended June 30, 2009, respectively (three and six month periods ended June 30, 2008 - 6,698,863). For the purpose of determining diluted earnings per Trust Unit, the weighted average number of Trust Units, Exchangeable LP Units and the effect of the Fund's convertible Debentures have been combined totalling 11,005,415 for the three month period ended June 30, 2009. For the purpose of determining diluted earnings per Trust Unit, the weighted average number of Trust Units and Exchangeable LP Units have been combined totalling 8,838,754 for the six month period ended June 30, 2009 (three and six month periods ended June 30, 2008 - 8,931,818). The effect of the Fund's Debentures are not been factored into the calculation of diluted earnings per Trust Unit when conversion of the Debentures would be anti-dilutive.

(d) Normal course issuer bid

Under the terms of a normal course issuer bid that expires on November 25, 2009, the Fund may repurchase up to 599,402 of its Trust Units. Daily purchases are limited to 6,506 Trust Units until March 31, 2009 and 3,253 Trust Units thereafter, other than block purchase exemptions.

In the three and six month periods ended June 30, 2009, the Fund repurchased 86,407 and 180,773 Trust Units at a cost of \$322,075 and \$565,201 or \$3.73 and \$3.13 per Trust Unit, respectively. For the three and six month periods ended June 30, 2009, the difference of \$287,323 and \$712,490, respectively, between the stated capital of Trust Units repurchased (allocated \$801,900, and \$1,678,608, respectively, as a reduction of Unitholders' capital and \$192,501, and \$400,916, respectively, as a reduction of the deficit) and the cost of redemption was credited to contributed surplus.

CARGOJET INCOME FUND

Notes to the Consolidated Financial Statements

June 30, 2009 and 2008

(unaudited)

8. DISTRIBUTIONS

The Fund makes regular distributions to unitholders of record as of the last business day of each month. Distributions to unitholders and Exchangeable LP unitholders are calculated and recorded on an accrual basis. Distributions declared during the three and six month periods ended June 30, 2009 were \$529,367 and \$1,874,930, respectively, to unitholders and \$180,869 and \$633,043, respectively, to Exchangeable LP unitholders (three and six month periods ended June 30, 2008 - \$1,937,311 and \$3,874,623, respectively, to unitholders and \$645,771 and \$1,291,540, respectively, to Exchangeable LP unitholders).

The following table summarizes the cash distributions for the period ended June 30, 2009.

Record Date	Date Distribution Paid/Payable	Unitholders		Exchangeable LP Unitholders		Total		
		Declared \$	Paid \$	Declared \$	Paid \$	Declared \$	Per Unit \$	Paid \$
December 31, 2008	January 15, 2009	-	450,856	-	150,725	-	-	601,581
January 31, 2009	February 13, 2009	450,856	450,856	150,725	150,725	601,581	0.0675	601,581
February 28, 2009	March 13, 2009	450,221	450,221	150,724	150,724	600,945	0.0675	600,945
March 31, 2009	April 15, 2009	444,486	444,486	150,725	150,725	595,211	0.0675	595,211
April 30, 2009	May 15, 2009	177,268	177,268	60,290	60,290	237,558	0.0270	237,558
May 31, 2009	June 15, 2009	176,638	176,638	60,289	60,289	236,927	0.0270	236,927
June 30, 2009	July 15, 2009	175,461	-	60,290	-	235,751	0.0270	-
		1,874,930	2,150,325	633,043	723,478	2,507,973	0.2835	2,873,803

Distributions payable at June 30, 2009 were as follows:

Units	Period	Record Date	Payment Date	Per Unit	Distributions Amount \$
Income Fund Trust Units	June 1, 2009 to June 30, 2009	June 30, 2009	July 15, 2009	\$ 0.0270	175,461
Exchangeable LP Units	June 1, 2009 to June 30, 2009	June 30, 2009	July 15, 2009	\$ 0.0270	60,290
					235,751

Distributions payable at December 31, 2008 were as follows:

Units	Period	Record Date	Payment Date	Per Unit	Distributions Amount \$
Income Fund Trust Units	December 1, 2008 to December 31, 2008	December 31, 2008	January 15, 2009	\$ 0.0675	450,856
Exchangeable LP Units	December 1, 2008 to December 31, 2008	December 31, 2008	January 15, 2009	\$ 0.0675	150,725
					601,581

CARGOJET INCOME FUND

Notes to the Consolidated Financial Statements

June 30, 2009 and 2008
(unaudited)

9. SEGMENTED INFORMATION

The Fund's business falls under one dominant industry segment, the air cargo transportation industry in Canada. The Fund operates its business as two distinct operating segments: the National Overnight Air Cargo ("National") segment that provides service to 13 major cities across Canada utilizing a fleet of large jet engine aircraft, and the Regional Overnight Air Cargo ("Regional") segment that provides service to 19 smaller cities in Ontario, Quebec and the Maritime provinces utilizing a fleet of 21 smaller propeller engine aircraft.

The Regional segment includes the operations of Prince Edward Air Ltd. that was acquired by the Fund on May 1, 2008 and the Fund's own regional air cargo business that was transferred to Prince Edward Air Ltd. on May 1, 2008. The Fund's regional air cargo business started in October 2007.

The performance of each operating segment is regularly evaluated by the chief operating decision maker and chief decision making group who assess performance and decide on the allocation of resources. The performance of the Fund's operating segments is measured on earnings before income taxes and non-controlling interest. Inter-segment transactions are reflected at market value. The following is a breakdown by reporting segment for the three and six month periods ended June 30, 2009:

	Three months ended June 30, 2009			
	National	Regional	Inter-segment	Total
	\$	\$	\$	\$
REVENUES	34,392,117	5,115,061	(393,093)	39,114,085
DIRECT EXPENSES	24,764,697	5,437,734	(393,093)	29,809,338
	<u>9,627,420</u>	<u>(322,673)</u>	<u>-</u>	<u>9,304,747</u>
SELLING AND ADMINISTRATIVE				
Sales and marketing	115,945	4,302	-	120,247
General and administrative	4,013,484	649,503	-	4,662,987
Interest, net	841,981	129,133	-	971,114
Amortization of capital assets	172,170	-	-	172,170
Amortization of intangible assets	1,822,983	549,071	-	2,372,054
	<u>6,966,563</u>	<u>1,332,009</u>	<u>-</u>	<u>8,298,572</u>
INCOME (LOSS) BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST	<u>2,660,857</u>	<u>(1,654,682)</u>	<u>-</u>	<u>1,006,175</u>
TOTAL CAPITAL EXPENDITURES	<u>1,165,893</u>	<u>144,730</u>	<u>-</u>	<u>1,310,623</u>
	<u>As at June 30, 2009</u>			
TOTAL NET CAPITAL ASSETS	<u>47,283,529</u>	<u>11,158,727</u>	<u>-</u>	<u>58,442,256</u>

CARGOJET INCOME FUND
Notes to the Consolidated Financial Statements
June 30, 2009 and 2008
(unaudited)

9. SEGMENTED INFORMATION (CONTINUED)

	Three months ended June 30, 2008			
	National	Regional	Inter-segment	Total
	\$	\$	\$	\$
REVENUES	47,334,839	4,974,317	(228,694)	52,080,462
DIRECT EXPENSES	41,866,401	4,680,362	(228,694)	46,318,069
	5,468,438	293,955		5,762,393
SELLING AND ADMINISTRATIVE				
Sales and marketing	268,996	17,546	-	286,542
General and administrative	4,527,175	283,297	-	4,810,472
Interest, net	700,625	112,493	-	813,118
Amortization of Capital Assets	135,591	-	-	135,591
Amortization of Intangible Assets	2,545,257	358,963	-	2,904,220
	8,177,644	772,299	-	8,949,943
LOSS BEFORE INCOME TAXES AND AND NON-CONTROLLING INTEREST	(2,709,206)	(478,344)	-	(3,187,550)
TOTAL CAPITAL EXPENDITURES	2,759,121	116,389	-	2,875,510
	As at June 30, 2008			
TOTAL NET CAPITAL ASSETS	31,877,775	11,756,631	-	43,634,406
	Six months ended June 30, 2009			
	National	Regional	Inter-segment	Total
	\$	\$	\$	\$
REVENUES	71,510,317	10,587,551	(779,605)	81,318,263
DIRECT EXPENSES	51,639,984	11,127,579	(779,605)	61,987,958
	19,870,333	(540,028)	-	19,330,305
SELLING AND ADMINISTRATIVE				
Sales and marketing	275,249	15,493	-	290,742
General and administrative	8,227,722	985,972	-	9,213,694
Interest, net	1,698,975	299,136	-	1,998,111
Amortization of capital assets	327,717	-	-	327,717
Amortization of intangible assets	4,447,209	884,266	-	5,331,475
	14,976,872	2,184,867	-	17,161,739
INCOME (LOSS) BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST	4,893,461	(2,724,895)	-	2,168,566
TOTAL CAPITAL EXPENDITURES	3,719,462	198,452	-	3,917,914
	As at June 30, 2009			
TOTAL NET CAPITAL ASSETS	47,283,529	11,158,727	-	58,442,256

CARGOJET INCOME FUND
Notes to the Consolidated Financial Statements
June 30, 2009 and 2008
(unaudited)

9. SEGMENTED INFORMATION (CONTINUED)

	Six Months Ended June 30, 2008			
	NATIONAL	REGIONAL	INTER- SEGMENT	TOTAL
	\$	\$	\$	\$
REVENUES	91,753,374	7,354,401	(228,694)	98,879,081
DIRECT EXPENSES	78,758,871	7,318,426	(228,694)	85,848,603
	<u>12,994,503</u>	<u>35,975</u>	<u>-</u>	<u>13,030,478</u>
SELLING AND ADMINISTRATIVE				
Sales and marketing	459,906	17,546	-	477,452
General and administrative	8,859,277	314,045	-	9,173,322
Interest, net	1,052,367	112,493	-	1,164,860
Amortization of Capital Assets	252,094	-	-	252,094
Amortization of Intangible Assets	5,062,545	471,463	-	5,534,008
	<u>15,686,189</u>	<u>915,547</u>	<u>-</u>	<u>16,601,736</u>
LOSS BEFORE INCOME TAXES AND AND NON-CONTROLLING INTEREST	(2,691,686)	(879,572)	-	(3,571,258)
TOTAL CAPITAL EXPENDITURES	4,903,890	116,389	-	5,020,279
	As at June 30, 2008			
TOTAL NET CAPITAL ASSETS	<u>31,877,775</u>	<u>11,756,631</u>	<u>-</u>	<u>43,634,406</u>

10. FOREIGN EXCHANGE FORWARD CONTRACTS

The Fund earns revenue and undertakes purchase transactions in foreign currencies, and therefore is subject to gains and losses due to fluctuations in foreign currencies. The Fund manages its exposure to changes in the Canadian/U.S. exchange rate on anticipated purchases by buying forward U.S. dollars ("USD") at fixed rates in future periods.

In June 2009, the Fund entered into twenty-four foreign exchange forward purchase contracts maturing on a monthly basis from July 2009 to June 2011 for a total consideration of USD \$12.0 million. These forward exchange purchase contracts have been designated as cash flow hedges. As at June 30, 2009, the contracts had a positive fair value of \$724,334 that is recorded in the derivatives contracts on the balance sheet. For the three and six months ended June 30, 2009, the change in the unrealized fair value of these contracts was \$724,334, (\$487,072 net of tax) and was recorded in other comprehensive income during the period.

In January 2009, the Fund terminated twelve foreign exchange forward purchase contracts, realizing a pre-tax gain of \$2.6 million. The Fund has been recognizing the gain during the same period in which the hedged anticipated transactions affect net income. During the three and six month periods ended June 30, 2009, \$709,091 (\$472,515, net of tax) and \$1,376,453 (\$923,875, net of tax), respectively, of the gain was recognized and transferred from accumulated other comprehensive income to net income. \$1,418,181 (\$942,122 net of tax) remains deferred in accumulated other comprehensive income as at June 30, 2009.

CARGOJET INCOME FUND

Notes to the Consolidated Financial Statements

June 30, 2009 and 2008
(unaudited)

11. SUBSEQUENT EVENTS

In February 2009, the Fund entered into an agreement to acquire the remaining 49% interest in PEAL. The Fund completed this transaction in July 2009 for cash consideration of \$1.0 million. Cargojet Airways Ltd., a wholly owned subsidiary of the Fund, now owns 100% of the shares of PEAL.

In July 2009, through its subsidiary PEAL, the Fund formed a partnership with Skylink Express Inc. to combine regional aircraft cargo feeder aircraft networks. PEAL acquired 55% of the new partnership in exchange for its customer contracts valued at \$3.9 million.

In July 2009, the Fund re-negotiated the terms and conditions of PEAL's fixed loans with a chartered bank. The loans will now mature by January 2022 and are secured by guarantees for 10% of the outstanding amounts provided by Cargojet Airways Ltd. and the aircraft of PEAL. The guarantees provided by Cargojet Airways Inc. replace the guarantees provided by the previous minority shareholder of PEAL.

Under the terms of its normal course issuer bids, on July 2, 2009, the Fund settled the acquisition of \$3.5 million of outstanding Debentures for \$2.8 million at an average price of \$800 per Debenture, and on July 6, 2009, the Fund also settled the acquisition of 290,300 Trust Units for \$1.1 million at a price of \$3.96 per Trust Unit. These purchases were made in June 2009.