CNH CAPITAL CANADA RECEIVABLES TRUST

Financial Statements as at and for the years ended December 31, 2007 and 2006 and Auditors' Report

CNH CAPITAL CANADA RECEIVABLES TRUST

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CNH CAPITAL CANADA RECEIVABLES TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007 AND 2006
(In Canadian Dollars)

General

Management's Discussion and Analysis ("MD&A"), dated April 28, 2008, should be read in conjunction with the audited financial statements for the years ended December 31, 2007 and 2006. Management is responsible for the reliability and timeliness of the information disclosed in the MD&A.

Business of the Trust

CNH Capital Canada Receivables Trust (the "Trust") was established by The Canada Trust Company (formerly TD Trust Company), as Issuer Trustee, under the laws of the Province of Ontario by Declaration of Trust dated September 11, 2000. BNY Trust Company of Canada is the Indenture Trustee for the Notes issued by the Trust.

The Trust's activities are limited to the acquisition and administration of retail installment contracts (the "Purchased Assets") from CNH Capital Canada Ltd. ("CNH Capital Canada"), and financing these purchases through the issuance of asset-backed notes and loans and subordinated loans. Collections on the Purchased Assets are used to pay the obligations of the Trust, including the payment of interest and principal owing on the securities issued by it.

Pursuant to the Administration Agreement between the Issuer Trustee and CNH Capital Canada, as Administrator, and the Sale and Servicing Agreement between the Issuer Trustee and CNH Capital Canada, as Servicer, CNH Capital Canada carries out certain administrative and management activities for and on behalf of the Trust, including the administration, servicing, and collection of the Purchased Assets. The Trust pays a nominal fee to CNH Capital Canada for the performance of the activities and fulfillment of its responsibilities under the Administration Agreement. No fee is payable by the Trust to CNH Capital Canada for the servicing of the Purchased Assets pursuant to the Sales and Servicing Agreements since the Purchased Assets are sold to the Trust by CNH Capital Canada on a fully-serviced basis. The Trust has no employees.

Results of Operations

As there were no new purchases of retail installment contracts in 2007, the Trust's portfolio of managed receivables decreased by $346,157,673 to $353,738,263 as at December 31, 2007 from $699,895,936 as at December 31, 2006. In addition, a clean-up call was exercised by CNH Capital Canada in July 2007 whereby $20,033,717 of retail installment contracts were sold at book value to CNH Capital Canada. Also related to this clean-up call, the Series 2003-1 Class B Notes, the Series 2003-1 Class A loan and the Series 2003-1 subordinated spread account loan were paid in full.

Interest income for the year ended December 31, 2007 totaled $43,551,238 compared to $38,025,657 reported for the year ended December 31, 2006 and $36,512,270 for the year ended December 31, 2005. This increase in the current year was attributable to a 9.3% increase in the average portfolio balance for the year offset partially by lower weighted average interest rates.

Interest expense increased $5,526,481 to $43,540,938 for the year ended December 31, 2007 from the $38,014,457 recorded for the year ended December 31, 2006 and $36,501,570 for the year ended December 31, 2005. Compared to 2006, the interest rates on the Trust's notes payable and subordinated loans payable are fixed so an increase in interest expense for the year ended December 31, 2007 was driven by a 7.1% increase in the average balance of the Trust's notes and loans payable and the increase in interest rates for the variable loans payable and VPN loans payable.

Total credit losses incurred on the Trust's portfolio in 2007 and 2006 were $2,166,481 and $3,199,539, respectively. These credit losses are absorbed by CNH Capital Canada through the residual purchase price payable.

Credit Risk

The Trust's investment in Purchased Assets results in significant concentrations of credit risk in the agricultural and construction industries. Numerous factors can affect the future performance of the Trust. These factors include the general level of activity in the agricultural and construction industries, the rate of North American agricultural production and demand, weather conditions, commodity prices, consumer confidence, government subsidies for the agricultural sector and prevailing levels of constructions (especially housing starts). The Trust manages this risk through the subordinated loans and the residual purchase price payable, which provide the Trust with overcollateralization designed to minimize its credit risk. The principal balances of accounts greater than 30 days delinquent were $2,609,417 and $7,918,785, which represented 0.74% and 1.13% of the Trust's portfolios at December 31, 2007 and 2006, respectively.

Interest Rate Risk

The Trust has entered into interest rate swaps with various banks (the "Counterparties") to mitigate the risks associated with the fact that the retail note and finance lease contract receivables of the Trust bear interest at a fixed rate while the loans payable and certain notes payable bear interest at a floating rate. The notional amounts of the swaps are equal to the outstanding principal balance on the Trust's variable rate notes and loans payable. The Trust is obligated to pay the Counterparties an amount based upon a fixed rate of interest and the Counterparties are obligated to pay the Trust an amount equal to the Canadian Bankers' Acceptance ("BA") rate plus a specified percentage in excess of the BA rate. At December 31, 2007, the average rate of interest the Trust is obligated to pay the Counterparties is 4.15%. The average rate of interest the Counterparties are obligated to pay the Trust is the BA rate plus 0.06%. Payments under the swap contracts are settled on a net basis. The Trust does not enter into derivative financial instruments for trading purposes. The Counterparties expose the Trust to credit-related losses in the event of non-performance. The Trust does not expect the Counterparties to fail to meet their obligations given their high credit ratings.

Liquidity and Capital Resources

The Trust's cash balance totaled $52,007,873 as of December 31, 2007. The Trust's borrowings are comprised of interest-bearing notes and loans secured by the underlying Purchased Assets. The balance of the outstanding notes and loans was $394,364,710 as of December 31, 2007. Interest on the notes and loans is payable monthly, in arrears on the 15th day of the following month. The cash flows from the Trust's investment in retail notes and finance lease contracts and cash account are expected to provide sufficient liquidity for the repayment of the Trust's borrowings and the interest expense on those borrowings.

(In Canadian Dollars)

Summary of Quarterly Results

The following is a summary of the Trust's unaudited quarterly financial information for the years ending December 31, 2007 and 2006:

	2007			
	Q1	**Q2**	**Q3**	**Q4**
Interest income	$ 13,072,291	$ 12,383,546	$ 10,175,546	$ 7,919,855

	2006			
	Q1	**Q2**	**Q3**	**Q4**
Interest income	$ 10,075,242	$ 7,372,734	$ 7,430,661	$ 13,147,020

Derivatives

The Trust enters into interest rate swap contracts with approved creditworthy counterparties to manage the Trust's current and anticipated exposure to interest rate risks. The Trust does not enter into interest rate swap contracts for trading or speculative purposes. Interest rate swaps that are designated, and effective, as qualifying hedges are recognized on an accrual basis with net settlements recorded as an adjustment to interest expense. Interest rate swaps that do not qualify for hedge accounting under CICA Handbook Section 3865, *Hedges* ("Section 3865"), are recorded at fair value with the changes in fair value recognized in earnings in the period in which they occur.

The Trust's interest rate swap agreements were not designated in effective hedging relationships for accounting purposes as outlined in Section 3865. At December 31, 2007, the Trust recorded a derivative asset of $136,569, which represents the fair value of the interest rate swaps as of December 31, 2007. The net change in fair value of interest rate swaps during the year ended December 31, 2007 was $282,209. Due to the structure of the Trust any gains or losses relating to interest rate swap agreements, including the amortization of the transitional deferred loss, are attributable to CNH Capital Canada and, as such, a net offsetting adjustment has been made to interest expense and residual purchase price payable for these amounts. The gains and losses arising from the derivative assets and liabilities and the related offsetting adjustment to the residual purchase price payable are recorded in Interest expense in the periods in which they arise.

Transactions with Related Parties

For the year ending December 31, 2007, the Trust's interest expense paid to CNH Capital Canada with respect to residual indebtedness was $16,757,082. Other expenses paid to CNH Capital Canada amounted to $7,000. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Total interest expense on the statements of operations, comprehensive income and undistributed income includes amounts paid to related parties for interest on the residual indebtedness.

As at December 31, 2007, the amount due to related parties with respect to residual indebtedness is $12,501,699.

Accounting Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of net assets as at the date of the financial statements, and revenues and expenses for the period reported. Actual results could differ from those estimates. During the period, there have been no significant accounting estimates used in the preparation of the financial information.

Accounting Policies

Effective January 1, 2007, the Trust adopted CICA Handbook Sections 1530, *Comprehensive Income* ("Section 1530"), 3855, *Financial Instruments - Recognition and Measurement* ("Section 3855"), 3861, *Financial Instruments - Disclosure and Presentation* ("Section 3861"), and 3865, *Hedges* ("Section 3865"). The Trust has adopted these standards retrospectively without restatement; accordingly, comparative amounts for prior periods have not been restated.

Section 1530 introduces Comprehensive Income, which consists of Net Income and Other Comprehensive Income ("OCI"). OCI represents changes in net assets during a period arising from transactions and other events with non-owner sources. The Trust has included a Statement of Comprehensive Income in these financial statements.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that all financial assets and financial liabilities be recognized on the Statement of Net Assets when the Trust becomes a party to the contractual provisions of the financial instrument. Under Section 3855, all financial assets and financial liabilities are initially recognized at fair value. Subsequent measurement depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied as well as the accounting for each of the permitted hedging strategies. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, when the derivative is terminated or sold, or upon the sale or early termination of the hedged item.

Effective January 1, 2007, the Trust has classified all of its financial assets as loans and receivables with the exception of cash and derivatives, which have been classified as held-for-trading by their nature, and all of its financial liabilities as other financial liabilities. Financial assets classified as loans and receivables and financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. The Trust has adopted a policy under the new standard of expensing all transaction costs as incurred. Regular way purchases and sales of financial assets are recognized on the settlement date, the date on which the Trust receives or delivers the asset. The Trust has reviewed contracts entered into or modified subsequent to January 1, 2003 and determined that the Trust does not currently have any significant embedded derivatives in these contracts that require separate accounting and disclosure. There were no transactions resulting in OCI for the year ended December 31, 2007.

On January 1, 2007, the Trust recorded the following transition adjustments resulting from its adoption of the new standards: (1) the write-off of the deferred loss on derivatives in the amount of $147,757 with a corresponding adjustment to opening undistributed income; and (2) corresponding adjustments to the residual purchase price payable and opening undistributed income, as the Trust will recover these amounts from the Seller as an adjustment to the excess spread pursuant to the terms of the contracts. There were no transition adjustments resulting in an adjustment to accumulated other comprehensive income as at January 1, 2007.

Disclosure Controls and Procedures

The Trust's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Trust is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. As of December 31, 2007, an evaluation was carried out, under the supervision of and with the participation of management, of the effectiveness of the Trust's disclosure controls and procedures as defined under Multilateral Instrument 52-109. Based on that evaluation, management concluded that the design and operation of the Trust's disclosure controls and procedures were effective as at December 31, 2007.

Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Management assessed the design effectiveness of the Trust's internal control over financial reporting as at December 31, 2007, and based on that assessment determined that the Trust's internal control over financial reporting design was effective. No changes were made in the Trust's internal control over financial reporting during the year ended December 31, 2007, that have materially affected, or are reasonably likely to materially affect, the Trust's internal control over financial reporting.

Additional Information

Additional information regarding the Trust is available at *www.sedar.com*.

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Auditors' Report

To the Issuer Trustee of CNH Capital Canada Receivables Trust:

We have audited the statements of net assets of CNH Capital Canada Receivables Trust (the "Trust") as at December 31, 2007 and 2006 and the statements of operations, comprehensive income and undistributed income and of cash flows for the years then ended. These financial statements are the responsibility of CNH Capital Canada Ltd. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Deloitte & Touche LLP"

Chartered Accountants
Licensed Public Accountants
April 28, 2008

CNH CAPITAL CANADA RECEIVABLES TRUST

STATEMENTS OF NET ASSETS
AS AT DECEMBER 31, 2007 AND 2006
(In Canadian Dollars)

	2007	2006
ASSETS		
Restricted cash and cash equivalents (Note 3)	$ 52,007,873	$ 91,538,300
Accrued interest receivable (Note 4)	4,312,185	7,140,921
Investment in retail note and finance lease contracts (Note 5)	353,738,263	699,895,936
Derivative assets (Note 7)	136,569	418,778
Deferred loss on derivatives (Note 7)	--	147,757
TOTAL	$ 410,194,890	$ 799,141,692
LIABILITIES AND NET ASSETS		
Deposits and other accrued liabilities	$ 812,948	$ 1,326,970
Accrued interest payable	2,515,523	5,716,089
Residual purchase price payable (Notes 2 and 8)	12,501,699	28,031,776
Notes payable (Note 6)	186,435,000	505,185,000
Loans payable (Note 6)	207,929,710	258,881,847
Total liabilities	410,194,880	799,141,682
Net assets represented by Trust Capital	10	10
TOTAL	$ 410,194,890	$ 799,141,692

The accompanying Notes to Financial Statements are an integral part of these financial statements.

APPROVED BY CNH CAPITAL CANADA RECEIVABLES TRUST,
by its Administrator,
CNH CAPITAL CANADA LTD.

"Steve Bierman"	***"David Vock"***
Steve Bierman	David Vock
President	Controller

CNH CAPITAL CANADA RECEIVABLES TRUST

STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME AND UNDISTRIBUTED INCOME
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Canadian Dollars)

	2007	2006
Interest income	$ 43,551,238	$ 38,025,657
Interest expense (Note 8)	43,540,938	38,014,457
Other expenses (Note 8)	7,000	7,000
Total expenses	43,547,938	38,021,457
Net income and comprehensive income	3,300	4,200
Undistributed income, beginning of year	--	--
Distributions to beneficiary	(3,300)	(4,200)
Undistributed income, end of year	$ --	$ --

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CNH CAPITAL CANADA RECEIVABLES TRUST

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
(In Canadian Dollars)

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,300	$ 4,200
Adjustments to reconcile net income to net cash from operating activities:		
Decrease (increase) in accrued interest receivable	2,828,736	(706,840)
(Decrease) increase in deposits and other accrued liabilities	(514,022)	78,206
(Decrease) increase in accrued interest payable	(3,200,566)	2,228,182
Change in derivative-related assets	429,966	(487,027)
Net cash from operating activities	(452,586)	1,116,721
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of receivables	--	(462,644,701)
Proceeds from sales of receivables	20,033,717	31,645,413
Collections of receivables	326,123,956	282,476,115
Decrease (increase) in restricted cash and cash equivalents	39,530,427	(8,850,031)
Net cash from investing activities	385,688,100	(157,373,204)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of notes and loans	306,280,947	659,070,933
Payment of notes and loans	(675,983,084)	(512,706,406)
(Decrease) increase in residual purchase price payable	(15,530,077)	9,896,156
Distributions to beneficiary	(3,300)	(4,200)
Net cash from financing activities	(385,235,514)	156,256,483
NET CHANGE IN CASH	--	--
RESTRICTED CASH AND CASH EQUIVALENTS:		
Beginning of year	91,538,300	82,688,269
End of year	$ 52,007,873	$ 91,538,300
CASH PAID DURING THE YEAR FOR INTEREST	$ 46,369,674	$ 35,786,275

The accompanying Notes to Financial Statements are an integral part of these financial statements.

NOTE 1: FORMATION OF TRUST AND NATURE OF OPERATIONS

CNH Capital Canada Receivables Trust (the "Trust") was established by The Canada Trust Company (formerly TD Trust Company), as Issuer Trustee, under the laws of the Province of Ontario by Declaration of Trust dated September 11, 2000. BNY Trust Company of Canada is the Indenture Trustee for the Notes issued by the Trust.

The Trust's activities are limited to the acquisition and administration of retail installment contracts (the "Purchased Assets") from CNH Capital Canada Ltd. ("CNH Capital Canada") and financing these purchases through the issuance of asset-backed notes and loans (the "Notes") and subordinated loans. The beneficiaries of the Trust, after the payment of all obligations, are designated charitable organizations.

CNH Capital Canada acts as the initial servicer and the collection agent for the Trust. Collections from the underlying assets are remitted to the Trust's deposit account within two business days after receipt. The Trust has entered into an agreement with CNH Capital Canada as Administrator. The Administrator's responsibilities include the day-to-day administration and operations of the Trust, structuring and managing portfolio purchases and monitoring the portfolios. Unless otherwise noted, defined terms within these financial statements are consistent with those of the offering documents pursuant to the Notes issued by the Trust. The Administrator has prepared these financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The significant accounting policies used in the preparation of these financial statements are as follows.

Significant Accounting Changes

Financial Instruments

Effective January 1, 2007, the Trust adopted CICA Handbook Sections 1530, *Comprehensive Income* ("Section 1530"), 3855, *Financial Instruments - Recognition and Measurement* ("Section 3855"), 3861, *Financial Instruments - Disclosure and Presentation* ("Section 3861"), and 3865, *Hedges* ("Section 3865"). The Trust has adopted these standards retrospectively without restatement; accordingly, comparative amounts for prior periods have not been restated.

Section 1530 introduces Comprehensive Income, which consists of Net Income and Other Comprehensive Income ("OCI"). OCI represents changes in net assets during a period arising from transactions and other events with non-owner sources. The Trust has included a Statement of Comprehensive Income in these financial statements.

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that all financial assets and financial liabilities be recognized on the Statement of Net Assets when the Trust becomes a party to the contractual provisions of the financial instrument. Under Section 3855, all financial assets and financial liabilities are initially recognized at fair value. Subsequent measurement depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

Significant Accounting Changes (continued)

Financial Instruments (continued)

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Section 3865 specifies the criteria that must be satisfied in order for hedge accounting to be applied as well as the accounting for each of the permitted hedging strategies. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as an effective hedge, when the derivative is terminated or sold, or upon the sale or early termination of the hedged item.

Effective January 1, 2007, the Trust has classified all of its financial assets as loans and receivables with the exception of cash and derivatives, which have been classified as held-for-trading by their nature, and all of its financial liabilities as other financial liabilities. Financial assets classified as loans and receivables and financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. The Trust has adopted a policy under the new standard of expensing all transaction costs as incurred. Regular way purchases and sales of financial assets are recognized on the settlement date, the date on which the Trust receives or delivers the asset. The Trust has reviewed contracts entered into or modified subsequent to January 1, 2003 and determined that the Trust does not currently have any significant embedded derivatives in these contracts that require separate accounting and disclosure. There were no transactions resulting in OCI for the year ended December 31, 2007.

On January 1, 2007, the Trust recorded the following transition adjustments resulting from its adoption of the new standards: (1) the write-off of the deferred loss on derivatives in the amount of $147,757 with a corresponding adjustment to opening undistributed income; and (2) corresponding adjustments to the residual purchase price payable and opening undistributed income, as the Trust will recover these amounts from the Seller as an adjustment to the excess spread pursuant to the terms of the contracts. There were no transition adjustments resulting in an adjustment to accumulated other comprehensive income as at January 1, 2007.

Derivatives

The Trust enters into interest rate swap contracts with approved creditworthy counterparties to manage the Trust’s current and anticipated exposure to interest rate risks. The Trust does not enter into interest rate swap contracts for trading or speculative purposes.

The Trust has not designated its interest rate swap agreements as hedging relationships for hedge accounting purposes as outlined in Section 3865. The interest rate swaps are recorded at fair value with the changes in fair value recognized in earnings in the period in which they occur. Due to the structure of the Trust any gains or losses relating to interest rate swap agreements are attributable to CNH Capital Canada and, as such, a net offsetting adjustment has been made to the residual purchase price payable for these amounts. The gains and losses arising from the derivative assets and liabilities and the related offsetting adjustment to the residual purchase price payable are recorded in Interest expense in the periods in which they arise.

Significant Accounting Changes (continued)

Accounting Changes

On January 1, 2007, the Trust adopted CICA Handbook Section 1506, *Accounting Changes* ("Section 1506"). Section 1506 requires that voluntary changes in accounting policies be made only if the changes result in financial statements that provide more reliable and more relevant information. It also requires prior period errors to be corrected retrospectively. The adoption of Section 1506 did not have a material impact on the Trust's financial statements.

Use of Estimates in the Preparation of Financial Statements

In preparing these financial statements in accordance with Canadian GAAP, management makes estimates and assumptions that can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The principal areas of estimation involve the valuation of derivative transactions. Actual results could differ from those estimates.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are comprised of cash and highly liquid investments with an original maturity of three months or less. Restricted cash and cash equivalents are classified as held-for-trading by their nature and are recorded at fair value on the Statements of Net Assets. Changes in fair value are recorded in Interest income.

Investment in Retail Note and Finance Lease Contracts

Investment in retail note and finance lease contracts is classified as loans and receivables and carried at amortized cost. Interest income is recognized in Interest income using the effective interest method. Investment in retail note and finance leases contracts is reduced monthly as scheduled principal payments, prepayments and interest are received by CNH Capital Canada, as Servicer, and remitted to the Trust. Credit losses, which are determined monthly by CNH Capital Canada in accordance with specified criteria as set out in the related Prospectus agreements, are recorded as a reduction of the residual purchase price payable to CNH Capital Canada.

Residual Purchase Price Payable

A portion of the residual purchase price payable balance represents a deferred purchase price amount which will be remitted to CNH Capital Canada once the related series of notes and loans payable has been fully repaid. Prior to such time, cash in excess of that necessary to pay other costs and in excess of that necessary to maintain the cash accumulation account ("Spread Account") at a specified level are remitted to CNH Capital Canada on a monthly basis and recorded as "Interest expense" in the accompanying statements of operations and undistributed income. These excess receipts represent additional residual purchase price payable to CNH Capital Canada.

Income Taxes

The Trust is subject to federal and provincial income tax under the *Income Tax Act* (Canada) on the amount of its taxable income for the year and is permitted a deduction in computing its income taxes for all amounts paid or payable to the Trust's beneficiaries in determining income for tax purposes. No provision for income taxes has been reflected in these financial statements as the entire net income of the Trust for the year is paid to the beneficiaries.

Other Expenses

Other expenses represent administration fees and are recorded on an accrual basis.

Future Accounting Changes

On December 1, 2006, the CICA issued three new accounting standards: CICA Handbook Sections 1535, *Capital Disclosures* ("Section 1535"), 3862, *Financial Instruments - Disclosures* ("Section 3862"), and 3863, *Financial Instruments - Presentation* ("Section 3863"). These new standards became effective for the Trust on January 1, 2008.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

Sections 3862 and 3863 replace Handbook Section 3861, *Financial Instruments - Disclosure and Presentation*, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

NOTE 3: RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents include cash accumulated in the Collections Account and maintained in the Spread Account. At December 31, 2007 and 2006, these amounts are invested in short-term deposits with a financial institution at an average rate of 2.429% and 1.972%, respectively, with maturities on or before January 16, 2008 and January 16, 2007, respectively. Cash is restricted and is used to meet debt and interest payments as well as Spread Account requirements.

NOTE 4: ACCRUED INTEREST RECEIVABLE

Accrued interest receivable represents the interest income earned and not yet received by the Trust related to the short-term deposits and the investment in retail note and finance lease contracts.

NOTE 5: INVESTMENT IN RETAIL NOTE AND FINANCE LEASE CONTRACTS

The retail note and finance lease contracts are pledged as collateral for the notes and loans payable. All retail note and finance lease contracts bear interest at fixed rates. At December 31, 2007 and 2006, the weighted-average contractual interest rates on these contracts were 5.05% and 5.52%, respectively. At December 31, 2007, the maturities of the retail note and finance lease contracts, assuming no prepayments, are as follows:

(In Canadian Dollars)

	Amount
2008	$ 130,816,335
2009	108,500,384
2010	71,195,138
2011	37,686,718
2012 and thereafter	5,539,688
	$ 353,738,263

It has been CNH Capital Canada's experience that substantial portions of retail note and finance lease contracts are repaid before their contractual maturity dates. As a result, the above table should not be regarded as a forecast of future cash collections.

Concentrations of credit risk exist if a number of counterparties are engaged in similar activities and have similar economic characteristics that may cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At December 31, 2007 and 2006, all of the Trust's investment in retail note and finance lease contracts represents exposure to the agricultural and construction industries.

CNH Capital Canada provides credit support to the Trust for receivables that become uncollectible to a specified limit. The credit support is in the form of the residual purchase price payable and the Spread Account, which is funded at the inception of a transaction by a subordinated loan from CNH Capital Canada. The Spread Account must be maintained at a specified level representing a percentage of outstanding retail note and finance lease contracts each period. The Spread Account balance was $30,336,332 and $42,881,465 as of December 31, 2007 and 2006, respectively, and is included in Restricted cash and cash equivalents. During the year, credit losses amounting to $2,166,481 (2006 - $3,199,539) were written off against the residual purchase price payable.

NOTE 6: NOTES PAYABLE AND LOANS PAYABLE

The notes and loans payable are collateralized by fixed rate retail installment sale contracts and finance leases secured by new or used agricultural or construction equipment. The notes and loans bear interest at both fixed and floating rates as determined at issuance. The payment of principal and interest on the notes and loans payable is distributed in accordance with the prioritization outlined in the Sales and Servicing Agreement for each transaction based on total collections received. As a result, payments of principal on the notes and loans payable will vary with the amount of collections and losses, which may reduce the principal to zero prior to the scheduled maturity date. As at December 31, 2007, the notes payable consist of the following:

Notes Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2004-1 Class B fixed notes	$ 11,060,000	4.918%	May 15, 2012
2005-1 Class B fixed notes	9,000,000	5.078%	May 15, 2013
2006-1 Class A-2 fixed notes	154,000,000	4.306%	May 15, 2014
2006-1 Class B fixed notes	12,375,000	4.720%	May 15, 2014
	$ 186,435,000		

(In Canadian Dollars)

As at December 31, 2006, the notes payable consist of the following:

Notes Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2003-1 Class B fixed notes	$ 12,750,000	6.267%	May 15, 2011
2004-1 Class B fixed notes	11,060,000	4.918%	May 15, 2012
2005-1 Class A-2 fixed notes	102,000,000	4.078%	May 15, 2013
2005-1 Class B fixed notes	9,000,000	5.078%	May 15, 2013
2006-1 Class A-1 variable notes	204,000,000	4.407%	May 15, 2014
2006-1 Class A-2 fixed notes	154,000,000	4.306%	May 15, 2014
2006-1 Class B fixed notes	12,375,000	4.720%	May 15, 2014
	$ 505,185,000		

In April 2007, the 2006-1 Class A-1 variable notes were repaid. This repayment was financed through the issuance of additional 2006-1 Class VPN-2 variable loans. In July 2007, the 2003-1 Class B fixed notes were repaid when CNH Capital Canada exercised a clean-up call. In November 2007, the 2005-1 Class A-2 fixed notes were repaid. This repayment was financed through the issuance of additional 2005-1 Class VPN-2 variable loans.

As at December 31, 2007, the loans payable consist of the following:

Loans Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2004-1 Class A-3 variable loan	$ 25,395,052	5.099%	May 15, 2012
2004-1 Subordinated loan	9,198,110	15.000%	May 15, 2012
2005-1 Class VPN-2 loan	82,693,474	4.983%	May 15, 2013
2005-1 Subordinated loan	8,702,119	15.000%	May 15, 2013
2006-1 Class VPN-2 loan	69,565,955	4.869%	May 15, 2014
2006-1 Subordinated loan	12,375,000	15.000%	May 15, 2014
	$ 207,929,710		

(In Canadian Dollars)

As at December 31, 2006, the loans payable consist of the following:

Loans Description	Current Principal Amount	Annual Interest Rate	Scheduled Final Payment Date
2003-1 Class A-3 variable loan	$ 36,445,431	4.830%	May 15, 2011
2003-1 Subordinated loan	12,750,000	15.000%	May 15, 2011
2004-1 Class A-3 variable loan	64,389,499	4.779%	May 15, 2012
2004-1 Subordinated loan	9,198,110	15.000%	May 15, 2012
2005-1 Class VPN-2 loan	48,414,220	4.639%	May 15, 2013
2005-1 Subordinated loan	8,702,119	15.000%	May 15, 2013
2006-1 Class VPN-1 loan	66,888,416	4.589%	May 15, 2014
2006-1 Subordinated loan	12,094,052	15.000%	May 15, 2014
	$ 258,881,847		

In July 2007, the 2003-1 Class A-3 variable loan and the 2003-1 Subordinated loan were repaid when CNH Capital Canada exercised a clean-up call.

The Class A-loans are uncommitted loan agreements with a Canadian asset-backed commercial paper conduit used to partially fund the acquisition of the Purchased Assets. The Trust has been structured to provide investors in the Class A and B notes with bullet payments on their respective maturity dates, while investors in the variable loans will receive payments that amortize on a monthly basis concurrent with the principal collections activity on the underlying Purchased Assets. On each respective maturity date for the notes, the Trust will use best efforts to obtain additional loans to effect payment on the maturing notes. As of December 31, 2007 and 2006, the Trust had $177,654,481 and $216,137,566 outstanding under the loan agreements at a weighted-average rate of 4.96% and 4.69%, respectively. In addition, loans payable included $30,275,229 and $42,744,281 of subordinated loans issued to CNH Capital Canada as of December 31, 2007 and 2006, respectively. These loans are subordinated to the other notes and loans payable issued by the Trust and the payment of principal and interest on the subordinated loans is contingent upon the maintenance of the specified level of funding in the Spread Account.

At December 31, 2007, the maturities of the notes and loans payable, assuming no prepayments, are as follows:

	Amount
2008	$ 145,565,424
2009	120,882,839
2010	79,490,895
2011	42,212,798
2012 and thereafter	6,212,754
	$ 394,364,710

It has been CNH Capital Canada's experience that substantial portions of retail note and finance lease contracts are repaid before their contractual maturity dates. As a result, the maturities of the related notes and loans payable in the above table should not be regarded as a forecast of future repayments.

NOTE 7: FINANCIAL INSTRUMENTS

The Trust is exposed to the risk that the market rate of interest it will pay on its variable rate notes and loans in the future could be different than the fixed rate of interest it receives on its investment in retail note and finance lease contracts. To mitigate this risk the Trust has entered into interest rate swap contracts. The notional amounts of the swaps are equal to the outstanding principal balance on the Trust's variable rate notes and loans. The Trust is obligated to pay a fixed interest rate per annum on the notional amount and will receive a floating interest rate equal to the Bankers' Acceptance rate plus a specified percentage in excess of the Banker's Acceptance rate, which is the basis for determining the amount of interest due on the outstanding loans. The amount the Trust is obligated to pay to the counterparties will be netted against the amount the counterparties is obligated to pay the Trust. Only the net amount on each contract will be due from the Trust or the counterparties. Upon exercise of a clean-up call, termination of the interest rate swaps could occur prior to the monthly payment date when all notes and loans have been fully repaid and cancelled. The Trust recorded a derivative asset which represents the fair value of the interest rate swaps as of December 31, 2007. The gains and losses arising from the derivative asset are recorded in "Interest expense" in the periods in which they arise.

The Trust is exposed to credit-related losses in the event of non-performance by the counterparties. The Trust's exposure is limited to the fair values of interest rate swaps with unrealized gains. The Trust does not expect the counterparties to fail to meet their obligations given their high credit ratings.

At December 31, 2007 and 2006, the notional amounts of interest rate swaps outstanding were $177,654,481 and $420,137,566, respectively. At December 31, 2007 and 2006, the weighted-average fixed rates payable were 4.154% and 4.288%, respectively, and the weighted-average variable rates receivable were 4.674% and 4.438%, respectively. The maturity dates range between August 2008 and May 2014. The fair value of these instruments as of December 31, 2007 and 2006 were assets of $136,569 and $418,778, respectively. The transitional deferred loss balance net of amortization at December 31, 2006 was $147,757. This balance was written off on January 1, 2007 on transition to Sections 3855 and 3865. The change in fair value during the year ended December 31, 2007 was $282,209.

The fair values of investment in retail note and finance lease contracts as at December 31, 2007 and 2006 were $331,515,518 and $674,269,018, respectively. These values were determined by discounting the contracts' future cash flows at current market rates. The fair values of the notes and loans payable as at December 31, 2007 and 2006 were approximately $394,170,638 and $764,096,513, respectively. The carrying values of all other financial instruments approximate their fair values.

(In Canadian Dollars)

NOTE 8: RELATED PARTIES

For the years ending December 31, 2007 and 2006, the Trust's related party transactions are as follows:

	2007	2006
Interest expense	$ 16,757,082	$ 14,327,796
Other expenses	7,000	7,000
Purchases of receivables	--	462,644,701

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Total interest expense on the statements of operations, comprehensive income and undistributed income includes amounts paid to CNH Capital Canada for interest on the subordinated loans, residual purchase price payments, and any gains or losses relating to interest rate swap agreements, including amortization of the transitional deferred loss, distributed or expensed back to CNH Capital Canada as an adjustment to the residual purchase price payable pursuant to the terms of the agreements. Other expenses represent the administration fee paid to CNH Capital Canada.

As at December 31, 2007 and 2006, the amounts due to CNH Capital Canada with respect to the residual purchase price payable were $12,501,699 and $28,031,776, respectively.