MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of Newport Partners Income Fund (the "Fund") and all of the information in the annual report are the responsibility of Management, including responsibility for establishing and maintaining disclosure controls and procedures to provide reasonable assurance that the information used internally by management and disclosed externally is complete and reliable in all material respects. Management has evaluated the effectiveness of the disclosure controls and procedures and has concluded that they are effective.

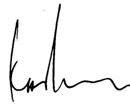
The Consolidated Financial Statements have been prepared by management in accordance with GAAP and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the Consolidated Financial Statements are presented fairly in all material respects.

Management has developed and maintains a system of internal controls to provide reasonable assurance that the Fund's assets are safeguarded, transactions are accurately recorded and the financial statements report the Fund's operating and financial results in a timely manner. Financial information presented elsewhere in the annual report has been prepared on a consistent basis with that in the Consolidated Financial Statements.

The Board of Trustees of the Fund annually appoints an Audit Committee (the "Committee") comprised of Independent Trustees (members who are not employees of the Fund). This Committee meets regularly with management and the auditors to review significant accounting, reporting and internal control matters. The auditors have unrestricted access to the Committee. The Committee reviews the financial statements, Management's Discussion & Analysis, the external auditors' report and the annual report. The Committee reports its findings to the Board of Trustees for the Trustee's consideration in approving the financial statements for issuance to the Unitholders. The Committee also considers, for review by the Board of Trustees and approval by the Unitholders, the engagement or re-appointment of the external auditors.

KPMG LLP, an independent firm of chartered accountants, was appointed to audit the Fund's Consolidated Financial Statements in accordance with Canadian generally accepted auditing standards. They have provided an independent professional opinion. KPMG LLP has full and free access to the Committee.

Peter Wallace,
President & CEO



Kelly Baird,
Chief Financial Officer

Toronto, Canada
March 26, 2008

KPMG LLP
Chartered Accountants
Yonge Corporate Centre
4100 Yonge Street, Suite 200
North York, ON M2P 2H3

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Telefax (416) 228-7123
www.kpmg.ca

AUDITORS' REPORT

To the Trustees of Newport Partners Income Fund

We have audited the consolidated balance sheets of Newport Partners Income Fund (the “Fund”) as at December 31, 2007 and 2006 and the consolidated statements of income and comprehensive income, consolidated statements of unitholders’ equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2007 and 2006 and the results of its operations, unitholders’ equity and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 26, 2008

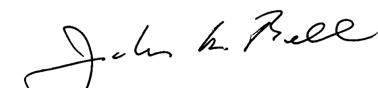
NEWPORT PARTNERS INCOME FUND

Consolidated Balance Sheets
(In thousands of dollars)

	December 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 20,278	$ 54,616
Cash and short-term investments held in trust (note 2)	27,404	7,027
Accounts receivable (notes 3 and 18)	137,726	101,266
Inventories	35,467	33,253
Prepaid expenses	2,934	2,555
Other current assets (note 9)	21,677	13,790
Current assets of discontinued operations (note 7)	-	68,969
	245,486	281,476
Property, plant and equipment (note 4)	45,800	23,706
Long-term investments (note 5)	47,254	47,001
Goodwill (note 6)	281,222	253,344
Intangible assets (note 8)	315,384	265,390
Other assets (note 9)	14,090	9,029
Long-lived assets of discontinued operations (note 7)	-	14,403
	$ 949,236	$ 894,349
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facility (note 10)	$ 47,527	$ 5,000
Accounts payable and accrued liabilities	118,264	86,781
Deferred revenue	13,819	7,465
Current portion of obligations under capital leases (note 12)	5,353	4,122
Current liabilities of discontinued operations (note 7)	-	54,372
	184,963	157,740
Obligations under capital leases (note 12)	8,910	3,943
Long-term debt (note 10)	204,862	170,000
Future tax liability (note 19)	34,141	461
Non-controlling interest	107,466	176,196
Convertible debenture (note 13)	149,530	83,970
Unitholders' equity (note 14)	259,364	302,039
Commitments and contingencies (note 22)		
Subsequent events (note 25)		
	$ 949,236	$ 894,349

See accompanying notes to consolidated financial statements.

On behalf of the Trustees of the Fund



John K. Bell
Trustee

Paul Beeston
Trustee

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Income
(In thousands of dollars, except per unit amounts)

		Year ended December 31, 2007		Year ended December 31, 2006
Revenues	$	564,689	$	366,102
Cost of revenues		388,482		243,139
		176,207		122,963
Expenses				
Selling, general and administrative		98,797		59,864
Amortization of deferred financing charges		-		3,506
Amortization of intangible assets		38,672		26,952
Depreciation		8,857		6,475
		146,326		96,797
Income before the undernoted		29,881		26,166
Income from equity investments		3,418		3,341
Other income		1,119		1,693
Interest expense (note 11)		30,864		10,493
Loss on dilution of ownership interest (notes 6(a) and 14)		6,958		-
Write-down of goodwill and intangibles		2,987		-
Income (loss) before income taxes		(6,391)		20,707
Income tax expense - current		10		96
Income tax expense - future		33,231		-
Income (loss) from continuing operations before non-controlling interest		(39,632)		20,611
Non-controlling interest relating to continuing operations		16,644		(9,303)
Income from continuing operations		(22,988)		11,308
Loss from discontinued operations before non-controlling interest (note 7)		(5,227)		(63,253)
Non-controlling interest relating to discontinued operations		2,289		28,600
Income (loss) from discontinued operations		(2,938)		(34,653)
Net loss and comprehensive loss	$	(25,926)	$	(23,345)
Income (loss) per unit (note 16)				
Basic and diluted:				
Continuing operations	$	(0.57)	$	0.34
Discontinued operations		(0.07)		(1.03)
Net loss		(0.64)		(0.69)

See accompanying notes to consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Unitholders' Equity
(In thousands of dollars)

2007	Number of Units	Unitholders' Capital	Equity Component of Convertible Debenture	Deficit	Contributed Surplus	Total Unitholders' Equity
Balance – January 1, 2007	39,283,565	$ 364,805	$ 664	$ (63,430)	$ -	$ 302,039
Cumulative impact of adopting new accounting rules (note 1(p))				60		60
Units of NPY exchanged	4,047,964	25,089	-	-	-	25,089
Units purchased under normal course issuer bid	(1,964,572)	(13,190)			1,392	(11,798)
Convertible debenture	-	-	9,186	-	-	9,186
Net loss for the year	-	-	-	(25,926)	-	(25,926)
Distributions	-	-	-	(39,286)	-	(39,286)
Balance – December 31, 2007	41,366,957	$ 376,704	$ 9,850	$ (128,582)	$ 1,392	$ 259,364

2006	Number of Units	Unitholders' Capital	Equity Component of Convertible Debenture	Deficit	Contributed Surplus	Total Unitholders' Equity
Balance – January 1, 2006	25,766,036	$ 244,565	$ 669	$ (6,494)	$ -	$ 238,740
Units issued	8,155,000	71,275	-	-	-	71,275
Units of NPY exchanged	5,309,898	48,470	-	-	-	48,470
Convertible debenture conversion	52,631	495	(5)	-	-	490
Net loss for the year	-	-	-	(23,345)	-	(23,345)
Distributions	-	-	-	(33,591)	-	(33,591)
Balance –December 31, 2006	39,283,565	$ 364,805	$ 664	$ (63,430)	$ -	$ 302,039

See accompanying notes to consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Cash Flows
(In thousands of dollars)

	Year ended December 31, 2007	Year ended December 31, 2006
Cash provided by (used in):		
Operating activities:		
Net Income (loss)	$ (25,926)	$ (23,345)
Items not affecting cash:		
Loss from discontinued operations before non- controlling interest	5,227	63,253
Amortization of intangible assets	38,672	26,952
Depreciation	8,857	6,475
Future income tax expense	33,231	-
Income from equity investments, net of cash received	1,658	2,036
Non-cash interest expense	2,796	3,506
Non-cash compensation expense	2,924	2,034
Loss on dilution of interest in operating partner	6,958	-
Write-down of goodwill and intangibles	2,987	-
Non-controlling interest	(18,933)	(19,297)
Changes in non-cash working capital	(24,057)	(11,049)
Cash provided by (used in) discontinued operations	8,114	2,988
	42,508	53,553
Financing activities:		
Repurchase of units	(11,798)	-
Issuance of convertible debt net of costs	75,939	-
Issuance of units	-	71,275
Distributions to unitholders	(40,244)	(32,429)
Distributions to non-controlling interest	(30,664)	(33,818)
(Decrease) in cash held in trust	(1,570)	(1,016)
Increase (decrease) in bank indebtedness	42,527	(26,342)
Increase in long-term debt	40,000	169,965
Repayment of capital lease obligations	(3,427)	(3,009)
Cash provided by (used in) discontinued operations	(6,920)	(1,642)
	63,843	142,984
Investing activities:		
Acquisition of businesses, net of cash acquired	(141,981)	(143,906)
Proceeds on disposal of business	23,496	-
Purchase of long-term investments	(1,105)	(6,914)
Purchase of property, plant and equipment	(6,023)	(3,035)
Purchase of intangibles	(79)	-
Increase in other assets	(14,158)	(7,564)
Cash used in discontinued operations	(839)	(1,347)
	(140,689)	(162,766)
Decrease in cash and cash equivalents	(34,338)	33,771
Cash and cash equivalents, beginning of year - continuing operations	54,616	20,845
Cash and cash equivalents, beginning of year - discontinued operations	-	-
Cash and cash equivalents, end of year	20,278	54,616
Cash and cash equivalents, end of year - discontinued operations	-	-
Cash and cash equivalents, end of year – continuing operations	$ 20,278	$ 54,616
Cash	20,278	54,034
Cash equivalents	-	582
Supplemental cash flow information:		
Interest paid	$ 27,264	$ 7,456
Cash acquired upon acquisition	2,540	1,522
Supplemental disclosure of non-cash financial and investing activities:		
Acquisition of property, plant and equipment through capital leases	8,487	3,518

See accompanying notes to consolidated financial statements.

Newport Partners Income Fund ("the Fund") is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated May 13, 2005 (the "Declaration of Trust").

The Fund has been created to hold, through the Fund's investment in Newport Partners Commercial Trust (the "Commercial Trust"), interests in Newport Private Yield LP ("NPY"), and its general partner, NPY GP Trust. NPY is a limited partnership formed to invest in securities of private businesses, either in limited partnerships or in corporations (collectively the "Operating Partnerships") and distribute the available cash flows to the limited partners. The operations of NPY are in the following business segments:

- financial services;
- marketing;
- industrial services;
- other; and
- corporate.

The Fund indirectly holds, through Commercial Trust, all of the A1 LP Units of NPY, representing approximately 58% (2006 – 53%) of the outstanding LP units of NPY. The balance of the units of NPY are A2 LP units which are exchangeable on a one-for-one basis into units of the Fund and represent the non-controlling interest on the balance sheet.

1. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Fund controls NPY through its 100% indirect ownership of the general partner of NPY, NPY GP Trust, and also has the continuing right to appoint all of the Board of Directors of the general partner of NPY, and therefore accounts for its interest as the controlling unitholder and uses the purchase method of accounting. The consolidated financial statements include 100% of NPY and the non-controlling interest represents 42% (2006 – 47%) of NPY. The consolidated financial statements of NPY include NPY's 100% owned subsidiaries and investments in jointly controlled operations on a proportionate consolidation basis.

The consolidated financial statements include the assets, liabilities and operating results of all subsidiary companies from the dates of acquisition. All significant intercompany balances have been eliminated on consolidation.

Under the proportionate consolidation method, NPY's share of assets, liabilities, revenue and expenses are included in each major financial statement caption from the date of purchase. All intercompany balances and transactions are eliminated upon consolidation.

The Company accounts for its investments in which it has significant influence under the equity basis.

The following table indicates the accounting method for each of the direct investments in Operating Partnerships as at December 31, 2007. NPY invested in all Operating Partnerships together with their respective general partner.

Operating Partnership	Investment Date	Current % Ownership	Accounting Method	Business Description
On-Site LP ("On-Site")	March 2004	100	Consolidation	Automated teller machines ("ATMs") provider
Ezee ATM LP ("EZEE")	January 2005	100	Consolidation	Full-service provider of ATMs
Newport Partners LP ("NP LP")	August 2005	100	Consolidation	Provider of capital, money management and financial advice
Sports and Entertainment LP ("S&E")	August 2005	80	Proportionate consolidation	Alternative advertising company
NPC Integrity Energy Services LP ("NPC")	August 2005	80	Proportionate consolidation	Mid-stream production services provider to the energy industry
Gemma Communications LP ("Gemma")	March 2005	80	Proportionate consolidation	Integrated direct marketing company
Elliott Special Risks LP ("ESR")	August 2005	80	Proportionate consolidation	Managing general agent for commercial liability insurance
Morrison Williams Investment Management LP ("Morrison Williams")	August 2005	80	Proportionate consolidation	Institutional money manager
Capital C Communications LP ("Capital C")	August 2005	67	Proportionate consolidation	Integrated marketing services agency
Quantum Murray LP ("Quantum Murray")	March 2006	64	Proportionate consolidation	Demolition contract and site remediation services provider
Hargraft Schofield LP ("Hargraft")	April 2006	80	Proportionate consolidation	Speciality liability products insurance brokers
Peerless Garments LP ("Peerless")	June 2006	90	Proportionate consolidation	Manufacturer of protective outerwear
IC Group LP ("IC Group")	July 2006	80	Proportionate consolidation	Provider of inter-active promotional solutions

Operating Partnership	Investment Date	Current % Ownership	Accounting Method	Business Description
Titan Supply LP ("Titan")	September 2006	88	Proportionate consolidation	Distributor and manufacturer of heavy industrial equipment
Armstrong Partnership LP ("Armstrong")	October 2006	80	Proportionate consolidation	Promotional marketing service provider
Gusgo Transport LP ("Gusgo")	October 2006	80	Proportionate consolidation	Transportation and storage services provider
Baird MacGregor Insurance Brokers LP ("BMI")	April 2007	78	Proportionate consolidation	Insurance broker specializing in the transportation and logistics industries in Ontario

(b) Inventories

Inventories are stated at the lower of cost, determined on either a first-in first-out basis or average cost basis, and net realizable value. Inventories of ATMs are carried at the lower of average cost and net realizable value. Raw materials and supplies are valued at the lower of cost and replacement cost.

(c) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Equipment under capital lease is initially recorded at the present value of minimum lease payments at the inception of the lease.

Depreciation is calculated using the following methods and annual rates based on the estimated useful life of the assets as follows:

Asset	Basis	Rate
Equipment under capital lease	Straight line	Term of lease
Furniture and equipment	Mainly declining balance	14% - 40%
Computer hardware and software	Mainly declining balance	20% - 100%
Automotive and heavy equipment	Mainly declining balance	30% - 40%
Land and buildings	Declining balance	4% and 5%
Leasehold improvements	Straight line	Term of the lease
ATMs	Declining balance	20% - 30%

(d) Long-term investments

Investments over which the Fund is able to exercise significant influence are accounted for under the equity method. Under the equity method, the original cost of investment is adjusted for the Fund's share of post-acquisition earnings or losses, less distributions in the case of investments in partnerships and dividends in the case of investments in companies.

Investments are written down when there is evidence that a decline in value that is other than temporary has occurred.

(e) Impairment of long-lived assets

Long-lived assets, including property, plant and equipment and intangible assets with finite useful lives, are amortized over their useful lives. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale have been presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

(f) Goodwill

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the assets acquired, less liabilities assumed, based on their fair values. When the Fund enters into a business combination, the purchase method of accounting is used. Goodwill is assigned as of the date of the business combination to reporting units that are expected to benefit from the business combination.

Goodwill is not amortized and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting

unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case, the implied fair value of the reporting unit's goodwill, determined in the same manner as the value of goodwill is determined in a business combination, is compared with its carrying amount to measure the amount of the impairment loss, if any.

(g) Intangible assets

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships/contracts, ATM location contracts, management contracts, distribution licences, intellectual property and non-competition agreements are amortized over their useful lives and are tested for impairment, as described in note 1(e). Intangible assets having an indefinite life, such as brands, are not amortized but instead are tested for impairment on an annual or more frequent basis by comparing their fair value with book value. An impairment loss on indefinite life intangible assets is recognized when the carrying amount of the asset exceeds its fair value.

Intangible assets with determinable lives are amortized on a straight line basis annually over their estimated useful lives as follows:

Customer relationships/contracts	5 - 10 years
ATM location contracts	4 - 5 years
Management contracts	5 years
Intellectual property	1 year
Non-competition agreements	term of contract

(h) Revenue recognition

(i) Financial services

Financial services revenue primarily includes management fee income generated from investment management services, commission income from insurance policies, corporate finance and advisory fees and revenue generated from the operation and sale of ATMs.

Management fees are based on contracts, calculated as a percentage of the net asset value of the respective funds or other portfolios being managed and are recognized when earned, in accordance with contract terms. Commission income related to insurance policies is recognized

when there is persuasive evidence of an agreement, service delivery has occurred and collectability is considered probable. Contingent profit commissions are recorded when receipt is probable and the amount is reasonably estimable. Corporate finance and advisory fees relate to financial advisory assignments and are recorded when the underlying transaction is substantially completed under the terms of the agreement.

Revenue from ATM operations includes surcharge fees charged to the cardholder when cash is dispensed, and interchange fees, which are the fees charged to the financial institution for the administrative service of agreeing to pay cash to the cardholder. These fees are recognized pursuant to written contracts in the period that the cash dispensing transaction occurs. Revenue from the sale of ATMs is recognized when the machines have been delivered and title has passed to the customer and the customer assumes risk of loss, collection of the relevant receivable is probable and the sales price is fixed or determinable.

(ii) Marketing

Marketing revenue includes revenue generated from marketing campaign projects, teleservice programs and the sale of advertisements. Revenues from marketing campaign projects are recognized using the percentage of completion method where dependable estimates of progress toward completion can be made. Revenue from teleservice programs are recognized as services are performed, generally based on hours incurred. Advertisements are recognized at the time the advertisement is displayed and when collection of the relevant receivable is probable and the sale price is fixed or determinable. Deposits received in excess of amounts billed for marketing campaign projects and on sales of advertisements not yet displayed are recorded as deferred revenue, and the related costs are included in work in progress or prepaid expenses.

(iii) Industrial services

Industrial services revenue includes revenue from contracts entered into to provide maintenance and construction services to the energy industry and from contracts to provide demolition and ancillary services. Revenue from such contracts is recognized as services are performed and related costs are incurred. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined.

(iv) Other

Other revenue includes revenue from a garment manufacturer, a container transportation service provider, and a distributor/manufacturer of heavy industrial equipment.

Revenue contributed by the garment manufacturer is recognized on the percentage-of-completion method for long-term contracts. The completed contract method is used on short term contracts.

All other revenue is recognized when the service has been completed. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined.

(i) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses other than depreciation and amortization are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

(j) Income taxes

Income tax expense comprises current and future taxes. Current tax is the expected tax payable on the taxable income for the year and is recognized in the period to which it relates. Amounts included in current tax reflect the income tax expense or recovery relating to taxable corporations which are subsidiaries of the Operating Partnerships.

Future taxes are accounted for under the asset and liability method of accounting. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying value and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period the enactment or substantive enactment occurs. Newport's future tax liability represents the difference between the financial statement carrying value and their respective tax bases estimated as at January 1, 2011 (note 19).

(k) Leases

Leases entered into by the Fund as lessee that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases and included in property, plant and equipment and long-term debt. All other leases are classified as operating leases under which leasing costs are recorded as expenses in the period in which they are incurred.

(l) Income (loss) per unit

The income (loss) per unit of the Fund is computed by dividing the Fund's income by the weighted average units outstanding during the reporting period. Diluted income per unit is similar to basic income per unit, except that the denominator is increased to include the number of additional units that would have been outstanding if the potentially dilutive units had been issued, and the numerator excludes distributions. For the years ended December 31, 2007 and 2006 all potentially dilutive units are anti-dilutive.

The diluted effect of convertible debentures is computed by the application of the "if converted" method. The "if converted" method assumes conversion of convertible securities at the beginning of the reporting period or at time of issuance, if later.

(m) Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments with remaining maturities, at the date of purchase/investment, of three months or less, cash in circulation in ATMs and cash on deposit with financial institutions, which are unrestricted as to their use.

(n) Non-controlling interest

Non-controlling interest represents the exchangeable units issued by the Fund which are exchangeable for units of the Fund. Non-controlling interest on the consolidated balance sheet is recognized based on either the fair value or the carrying value of the exchangeable shares on issuance together with a portion of the Fund's accumulated earnings or loss attributable to the non-controlling interest subsequent to their issuance. Net income or loss is reduced for the portion of earnings attributable to the non-controlling interest. As the exchangeable shares are converted to Fund units, the non-controlling interest on the consolidated balance sheet is reduced on a pro-rata basis together with a corresponding increase in unitholders' equity for units which are recognized at fair value and for units which are recorded at carrying value the conversions are accounted for using step acquisition accounting, as their conversion would represent the acquisition of the non-controlling interest for fair value.

(o) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, accrued liabilities, intangible assets and goodwill, and valuation allowances for receivables and inventories**.**

(p) Changes in accounting policies and future accounting standards

The Fund adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1530, "Comprehensive Income"; 3855, "Financial Instruments – Recognition and Measurement"; 3861, "Financial Instruments – Disclosure and Presentation" on January 1, 2007. The adoption of these new standards resulted in changes in the accounting for financial instruments. The comparative consolidated financial statements have not been restated. The primary change from the Fund's 2006 accounting policies relating to financial instruments are the requirements to record certain non-financial contracts at their fair value and off-set transaction costs against long-term debt.

(i) Financial assets and financial liabilities

Under the new standards, all financial instruments are classified into one of the following five categories; held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are included on the consolidated balance sheets and are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Held-for-trading financial investments are subsequently measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instrument is derecognized or impaired. As a result of the adoption of these standards, the Fund has classified its cash and cash equivalents as held-for-trading. Long-term investments are classified as available-for-sale investments. Accounts receivable, and long-term note receivables are classified as loans and receivables. Revolving credit facility, accounts payable, long-term debt and capital lease obligations have been classified as other financial liabilities, all of which are measured at amortized cost.

(ii) Comprehensive income

On January 1, 2007, the Fund adopted Section 1530 of the CICA Handbook, "Comprehensive Income". It describes reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income is the change in unitholders' equity, which results from transactions and events from sources other than the Fund's unitholders. These transactions and events include unrealized gains and losses resulting from changes in fair value of certain financial instruments classified as available for sale. During the year ended December 31, 2007, there were no transactions recorded in Comprehensive Income.

(iii) Investments

The new rules require that the Fund reclassifies its investments, other than investments accounted for by the equity method, as either available-for-sale or held-to-maturity. Available-for-sale investments are measured at fair value with unrealized gains and losses recorded in other comprehensive income until the investment is either sold, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The criteria for other than temporary impairment remain unchanged. Available-for-sale investments where there is no quoted market price will continue to be recorded at amortized cost. There were no gains or losses recorded in other comprehensive income during the year ended December 31, 2007.

(iv) Effective interest method

Deferred financing charges are included in loan balances and are recognized in interest over the life of the resulting loan. In 2006, deferred financing charges were included in Other Long Term Assets. Prior to January 1, 2007, an equal amount of deferred financing charges were recognized each period over the life of the resulting loan. The new rules require that we use the effective interest method to recognize deferred financing charges whereby the amount recognized varies over the life of the loan based on principal outstanding. As at January 1, 2007, the Fund adjusted deferred financing charges to what the balance would have been had the effective interest method always been used to recognize deferred financing charges. The impact was a decrease in debt of $60 and an increase in opening deficit of $60.

(v) Future accounting standards

In December 2006, the CICA issued three new accounting standards: Section 1535, "Capital Disclosures", Section 3862, "Financial Instruments Disclosure" and Section 3863, "Financial Instruments Presentation".

Section 1535 establishes guidelines for the disclosure of information regarding a business' capital and how it is managed. The standard required enhanced disclosures with respect to (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; and (iii) whether the entity has complied with any capital requirements, and if it has not complied, the consequences of such non-compliance.

Section 3862 and Section 3863 replace Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity.

These standards are effective for fiscal years beginning on or after October 1, 2007 and therefore the Fund will implement them in the first quarter of 2008.

The new Section 3031, "Inventories", was issued in June 2007 and will replace existing Section 3030 of the same title. It provides guidance with respect to the determination of cost and requires inventories to be measured at the lower of cost and net realizable value. The cost of inventories include the costs to purchase and other costs incurred in bringing the inventories to their present location. Costs such as storage costs and administrative overheads that do not contribute to bringing the inventories to their present location and condition are specifically excluded from the cost of inventories and expensed in the period incurred. Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of the inventories is now required. The cost of the inventories should be based on a first-in, first-out or a weighted average cost formula. The new standard also requires additional disclosures including the accounting policies used in measuring inventories, the carrying amount of the inventories, amounts recognized as an expense during the period, write-downs and the amount of any reversal of any write-downs recognized as a reduction in expenses.

The standard is effective for fiscal years beginning on or after January 1, 2008. Any difference in the measurement of opening inventory will be applied to the opening of inventory for the period, with an adjustment to opening retained earnings with no prior periods restated.

The standard is applicable to the Fund for the first quarter of 2008. The Fund is currently assessing the implications of this standard to identify differences between the current accounting and the new guidance in the standard.

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") will be required for Canadian publicly accountable enterprises for years beginning on or after January 1, 2011. The Fund is currently evaluating the impact of adopting IFRS.

2. Cash held in trust

The Fund's insurance operations maintain trust bank accounts for premiums collected but not yet remitted to insurance companies. Short-term investments held in trust were $9,588 at December 31, 2007 (2006-Nil).

3. Accounts receivable

	December 31, 2007	December 31, 2006
Trade receivables	$ 130,102	$ 88,061
Other receivables	7,624	13,205
	$ 137,726	$ 101,266

4. Property, plant and equipment

December 31, 2007	Cost	Accumulated Depreciation	Net Book Value
Equipment under capital lease	$ 19,434	$ 4,590	$ 14,844
Furniture and equipment	10,650	3,392	7,258
Computer hardware and software	8,747	4,203	4,544
Automotive and heavy equipment	16,149	5,288	10,861
Land and buildings	4,630	1,407	3,223
Leasehold improvements	4,049	1,183	2,866
ATMs	2,904	700	2,204
	$ 66,563	$ 20,763	$ 45,800

December 31, 2006	Cost	Accumulated Depreciation	Net Book Value
Equipment under capital lease	$ 11,367	$ 3,054	$ 8,313
Furniture and equipment	6,003	2,164	3,839
Computer hardware and software	5,964	2,476	3,488
Automotive and heavy equipment	4,212	1,346	2,866
Land and buildings	3,266	664	2,602
Leasehold improvements	2,480	659	1,821
ATMs	1,202	425	777
	$ 34,494	$ 10,788	$ 23,706

5. Long-term investments

	December 31,2007	December 31,2006
Investments in:		
Brompton	$ 37,866	$ 39,548
RLogistics	7,746	7,026
Other	1,642	427
	$ 47,254	$ 47,001

On August 8, 2005, the Fund acquired a 45% equity interest in Brompton Funds LP (together with its general partner BFGP Limited, collectively referred to as “Brompton”) for $42,270 including costs of $112. The acquisition was payable by way of issue of 3,372,692 A2 LP units and 843,173 B2 LP units, respectively. Brompton is a manager of public and private investment funds. The difference between the purchase price of the underlying assets acquired are as follows:

Goodwill	$ 20,783
Intangible assets, primarily customer relationships	21,487
	$ 42,270

The amortization of the intangible assets was $1,936 (2006- $2,036).

On May 1, 2006, Redmond Group of Companies ("RGC") (formerly Jutan Limited Partnership) acquired a 45% interest in RLogistics LP ("RLogistics") for $8,500 (see note 7). RLogistics is a reverse logistics provider. The difference between the purchase price of the underlying assets acquired is $8,500 and this amount has been accounted for as goodwill.

6. Business combinations

The following investments made by the Fund during the year ended December 31, 2007 were accounted for using the purchase method, and the results of the operations have been included in the Fund's consolidated financial statements since the date of investment. The preliminary estimated fair values of the assets acquired and liabilities assumed for each of the investments are as follows:

Year ended December 31, 2007	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Quantum	TRM	Skystone	BMI	Technoda	Big Stone	NorTech	Thomson	Hargraft	Golosky	Clad Tech	Accel	Echelon	STR	Total
Date of investment	January	January	March	April	April	May	May	May	May	July	August	October	October	December	
Percentage acquired	62%	100%	64%	78%	100%	40%	64%	64%	5%	64%	64%	62%	64%	100%	
Accounting method	(1)	(2)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(2)	
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Assets acquired:															
Current assets	12,600	202	1,036	22,482	56	948	128	4,215	415	16,705	426	-	399	75	59,687
Property, plant and equipment	792	950	518	830	245	238	781	5,322	12	6,147	814	272	113	27	17,061
Goodwill	7,223	2,256	803	1,664	144	15	590	1,307	158	8,463	45	533	18	30	23,249
Intangible assets	19,481	10,226	3,966	15,918	1,200	471	2,338	6,820	788	28,938	476	746	194	661	92,223
	40,096	13,634	6,323	40,894	1,645	1,672	3,837	17,664	1,373	60,253	1,761	1,551	724	793	192,220
Liabilities assumed:															
Current liabilities	8,897	-	23	22,481	-	405	-	2,779	401	19,061	97	-	272	43	54,459
Long-term liabilities	-	-	-	-	-	-	-	860	-	597	-	-	68	-	1,525
	8,897	-	23	22,481	-	405	-	3,639	401	19,658	97	-	340	43	55,984
Net assets acquired:	31,199	13,634	6,300	18,413	1,645	1,267	3,837	14,025	972	40,595	1,664	1,551	384	750	136,236
Consideration:															
Cash	17,585	13,444	6,160	18,213	1,600	1,252	2,974	11,751	972	39,540	1,664	1,551	384	750	117,840
Notes Payable	-	-	-	-	-	-	800	-	-	625	-	-	-	-	1,425
Units issued	13,266	-	-	-	-	-	-	2,074	-	-	-	-	-	-	15,340
Transaction costs	348	190	140	200	45	15	63	200	-	430	-	-	-	-	1,631
	31,199	13,634	6,300	18,413	1,645	1,267	3,837	14,025	972	40,595	1,664	1,551	384	750	136,236

(1) Proportionate consolidation
(2) Consolidation

The purchase price allocations reflect management's best estimate at the time of preparing these consolidated financial statements and are subject to refinement.

(a) On January 3, 2007, Murray invested $50,000 for the assets of privately-owned Quantum Environmental Group Inc. ("Quantum"). Under the terms of the transaction, Quantum received $28,500 in cash and $21,500 in units of Murray. Upon closing, the Fund has a 62% interest in the merged company which has changed its name to Quantum Murray LP. The remaining 38% interest is controlled by the management of Quantum Murray LP. To facilitate this transaction, the Fund invested an additional $28,500 in Murray. A loss of $5,327 has been recorded as a result of the decrease in ownership of Murray from 80% to 62%. Quantum is a nationally recognized leader in the clean-up and rehabilitation of commercial and industrial sites and facilities.

(b) On January 12, 2007, the Fund invested approximately $13,444 in cash into EZEE to allow it to acquire the Canadian ATM business of TRM Corp.

(c) On March 13, 2007, the Fund invested an additional $7,700 in NPC to allow NPC to acquire an 80% interest in Skystone LP ("Skystone"). The Fund's ownership interest in NPC did not change and as a result $1,540 has been added to goodwill. Skystone is a provider of facilities design and engineering services to the oil and gas sector.

(d) On April 17, 2007, the Fund invested $18,213 cash for a 78% interest in the business of Baird MacGregor Insurance Brokers LP ("BMI"). BMI is an insurance broker specializing in the transportation and logistics industries in Ontario.

(e) On April 30, 2007, the Fund invested $1,600 cash into EZEE to allow it to acquire the Canadian ATM business of Les Systemes Electroniques Technoda Inc.

(f) On April 30, 2007, NPC invested $1,566 cash to increase its interest from 45% to 95% in Big Stone Ventures Ltd., an oil and gas service business.

(g) On May 9, 2007, the Fund invested an additional $2,718 in NPC to allow NPC to acquire an 80% interest in Nor-Tech Systems LP ("Nor-Tech"). The total consideration for NPC's 80% interest is $4,718 with the balance of $2,000, also to be funded by the Fund. The Fund made a payment of $1,000 on November 9, 2007 and will pay the remaining $1,000 one year from closing. The Fund's ownership interest in NPC did not change, and as a result $544 has been added to goodwill. Nor-Tech is a provider of services to the oil and gas sector.

(h) On May 30, 2007, the Fund invested an additional $18,275 in cash in Quantum Murray. Quantum Murray acquired 100% of the assets of Thomson Metals and Disposal ("Thomson") for cash of

$18,275 and the issuance of units of Quantum Murray for $3,225. As a result of this transaction, the Fund's interest in Quantum Murray has increased to 64%, and the Fund's goodwill relating to this investment has increased by $2,508.

(i) On May 31, 2007, the Fund increased its investment in Hargraft, without increasing its ownership percentage, by $796 to allow Hargraft to satisfy its obligation to a vendor of Hargraft Schofield Benefits Inc., a 100% owned subsidiary of Hargraft pursuant to the original purchase and sale agreement. This amount has been added to goodwill.

Also on May 31, 2007, the Fund paid $972 in cash to the other unitholders of Hargraft to acquire an additional 5% of Hargraft to increase its ownership to 80%.

Both of these transactions were the final components to the Fund's original investment in Hargraft made in April 2006.

(j) On July 31, 2007, the Fund advanced NPC $60,000 at an interest rate of 12%, to allow NPC to acquire an 80% interest in Golosky LP ("Golosky"). If NPC meets certain milestones by July 31, 2010 a portion of the advance will be discharged by the Fund. Golosky is in the oil and gas sector.

NPC is obligated to pay to Golosky an amount based on an earn-out formula for two of the eight Golosky businesses. This payment is based on the two businesses meeting certain earnings targets for the period to December 31, 2007. At December 31, 2007, an amount payable of $974 was recorded in the financial statements.

Included in long-term liabilities is a future tax liability of $450.

(k) On August 30, 2007, the Fund advanced NPC $2,599 to allow Golosky LP to acquire an 80% interest in Cladtech. If NPC meets certain milestones a portion of the advance will be discharged by the Fund. Cladtech is a manufacturer of chrome carbide overlay.

(l) On October 15, 2007, the Fund advanced NPC $1,939 at an interest rate of 12% to acquire a 77.5% interest in Accel Testing Inc. ("Accel"). Accel is a production testing company.

(m) On October 31, 2007, the Fund advanced Quantum Murray $600 to allow Quantum Murray to acquire 100% of the assets of Echelon. The Fund's ownership interest in Quantum Murray did not change and as a result $214 has been added to goodwill. Echelon is a provider of emergency response and training services on Ontario.

(n) On December 20, 2007, the Fund advanced Ezee $750 to allow Ezee to acquire the Canadian ATM assets of STR.

The Fund's purchase and sale agreement with the shareholders of IC Group contains an earn-out provision if certain performance targets are met. IC Group has met these for the first year of the three year provision. As a result, the Fund paid $3,334 to these shareholders in 2007. This amount has been added to goodwill.

The purchase price allocations above reflect management's best estimate at the time of preparing these consolidated financial statements and are subject to refinement.

The Fund reviewed all its investments during the fourth quarter, and compared the carrying value of its investments with the fair value. As a result of customer attrition, it was determined that the goodwill associated with the investment in S&E has been impaired, and accordingly a write-down of $1,592 has been recorded.

For the year ended December 31, 2006

On June 6, 2006, Newport increased its interest in NPY by acquiring an additional 6% interest for $34,915, net of cash of NPY of $36,360. The investment amount exceeded the share of net assets of NPY acquired by $8,479 and this amount has been recorded as goodwill in these consolidated financial statements.

In addition, the following investments made by the Fund during the year ended December 31, 2006 were accounted for using the purchase method, and the results of the operations have been included in the Fund's consolidated financial statements since the date of investment. The estimated fair values of the assets acquired and liabilities assumed for each of the investments are as follows:

Year ended December 31, 2006	NPY	(a) Murray	(b) Waydex	(c) Hargraft	(d) Domotec	(e) Peerless	(f) IC Group	(g) Titan	(h) Armstrong	(i) Gusgo	(j) Adeo	Total
Date of investment	June 6	March 16	January 25	April 28	May 5	June 20	July 26	September 1	October 4	October 25	December 28	
Percentage acquired	6%	80%	32%	75%	100%	90%	80%	88%	80%	80%	67%	
Accounting method	(2)	(1)	(1)	(1)	(2)	(1)	(1)	(1)	(1)	(1)	(1)	
	$	$	$	$	$	$	$	$	$	$	$	$
Assets acquired:												
Current assets	10,961	13,945	962	6,765	102	20,993	2,554	21,060	2,235	213	168	79,958
Property, plant and equipment	1,274	3,273	346	118	5	970	366	1,835	518	722	47	9,474
Long-term assets	3,370	-	-	-	-	-	-	-	-	-	-	3,370
Goodwill	21,716	4,495	39	2,676	-	1,225	3,002	6,225	6,331	4,368	128	50,205
Intangible assets	14,415	21,005	767	14,212	405	29,805	5,048	20,266	12,991	7,579	633	127,126
	51,736	42,718	2,114	23,771	512	52,993	10,970	49,386	22,075	12,882	976	270,133
Liabilities assumed:												
Current liabilities	11,252	10,611	810	6,852	4	16,778	2,770	23,779	1,875	18	-	75,512
Long-term liabilities	5,569	913	334	763	-	-	-	-	-	-	-	6,816
	16,821	11,524	1,144	7,615	4	16,778	2,770	23,779	1,875	18	-	82,328
Net assets acquired:	34,915	31,194	970	16,156	508	36,215	8,200	25,607	20,200	12,864	976	187,805
Consideration:												
Cash	34,915	28,494	931	15,956	508	36,000	8,000	25,202	16,000	9,524	976	176,506
Units issued	-	2,000	-	-	-	-	-	-	4,000	3,000	-	9,000
Transaction costs	-	700	39	200	-	215	200	405	200	340	-	2,299
	34,915	31,194	970	16,156	508	36,215	8,200	25,607	20,200	12,864	976	187,805

1) Proportionate consolidation
2) Consolidation

(a) Murray

On March 16, 2006, Murray Demolition Corporation sold substantially all of its assets to Murray and the Fund invested in 80% of the limited partnership units of Murray for $30,494, payable by way of issue of 204,291 A2 limited partnership units based on the average volume weighted trading value of the Fund and $28,494 in cash. Murray is a provider of demolition contract services.

(b) Waydex Services Inc. ("Waydex")

On January 25, 2006, the Fund invested $2,514 in NPC to fund NPC's direct investment in Waydex. NPC invested in 40% of the common shares of Waydex for $2,011. The Fund's ownership is 32%. The cost of this investment was subsequently reduced by $847 representing amounts received by NPC relating to the period prior to the investment. The Fund's ownership interest in NPC did not change from 80%, and the 20% share of this investment by the Fund, being $503, has been accounted for as goodwill in these consolidated financial statements. Waydex is an oil and gas services provider.

(c) Hargraft

On April 28, 2006, the Fund invested $15,956 in cash for an 80% interest in the business of Hargraft, an insurance broker selling specialized liability products for commercial clients and high-net-worth individuals.

Immediately following closing, Hargraft acquired all of the shares of Hargraft Schofield Benefits Inc. ("Hargraft Benefits") for a combination of cash and units of Hargraft with a maximum value of $2,250, subject to reduction if certain financial performance thresholds are not achieved. The issue of units of Hargraft to the vendors of the shares of Hargraft Benefits diluted the Fund's interest in Hargraft to 75%. See note 6(i) for subsequent transactions in 2007.

(d) Les Systemes Domotec Inc. ("Domotec")

On May 5, 2006, the Fund increased its invested capital in EZEE to allow it to acquire all of the shares of Domotec for cash consideration of $508. Domotec is a full-service provider of ATMs.

(e) Peerless

On June 20, 2006, Peerless Garments Ltd. sold substantially all of its assets to Peerless and the Fund invested in 90% of the limited partnership units of Peerless for $36,000 in cash. Peerless is a manufacturer of protective outerwear.

(f) IC Group

On July 26, 2006, IC Group Inc. sold substantially all of its assets to IC Group and the Fund invested in 80% of the limited partnership units of IC Group for $8,000 in cash. IC Group is a provider of interactive promotional solutions. In addition, the Fund will pay IC Group an additional earn-out

amount equal to 3.2 times the amount by which average annual distributable cash flow over the three year period following closing exceeds $2,000. The earn-out amount is not reflected in the financial statements as the future amount cannot be determined.

(g) Titan

On September 1, 2006, Titan Supply Inc. sold substantially all of its assets to Titan and the Fund invested in 88% of the limited partnership units of Titan for $25,202 in cash. In addition, the Fund loaned $10,000 to allow Titan to discharge certain debt and obligations. Titan is a distributor and manufacturer of heavy industrial equipment.

(h) Armstrong

On October 4, 2006, Armstrong Partnership Ltd. sold substantially all of its assets to Armstrong and the Fund invested in 80% of the limited partnership units of Armstrong for $20,000, comprising cash of $16,000 and units of the Fund with a value of $4,000 (576,784 A2 limited partnership units). Armstrong is a provider of promotional marketing solutions.

(i) Gusgo

On October 25, 2006, the Fund invested $9,524 in cash and issued units in the Fund with a value of $3,000 (421,233 A2 limited partnership units) to acquire 80% of the limited partnership units of Gusgo. Gusgo is a container transportation services provider.

(j) Adeo Communications Corporation ("Adeo")

On December 28, 2006, the Fund increased its investment in Capital C by $1,455 to allow Capital C to acquire 100% interest in Adeo for $1,455. Adeo is a digital promotions marketing agency specializing in e-business. The Fund's ownership interest in Capital C did not change from 67%, and the 33% share of the investment by the Fund, being $479, has been accounted for as goodwill in these consolidated financial statements.

The Fund's acquisition of On-Site in 2004 included contingent consideration payable in the form of a maximum of 232,760 Class A2 NPY units which were placed in escrow. On April 3, 2006, 207,223 units were released from escrow pursuant to a calculation relating to the earnings performance of On-Site for the two years ended March 3, 2006. The balance of units held in escrow have been cancelled. The value assigned to the units released is $2,116 and has been added to the cost of the On-Site investment, and has been recorded as goodwill in these consolidated financial statements.

The consideration for the purchase in August 2005 of a 55% interest in S&E included 320,045 NPY B3 limited partnership units. As there are conditions to the release of these units, the determination of which is unknown, these units are treated as contingent consideration, and the goodwill on this investment has been reduced by $3,200.

In addition, on May 1, 2006, the Fund increased its investment in RGC by $10,000 to allow RGC to acquire a 45% interest in a reverse logistics provider for $8,500 and to use the balance to provide working capital funds. The Fund's ownership interest in RGC did not change from 80%, and the 20% share of the investment by the Fund, being $2,000 has been accounted for as goodwill in these consolidated financial statements.

In May 2006, the Fund reorganized its 80% and 50% interests in Capital C and Kenna respectively by creating a new LP into which 100% of each of these businesses were transformed. The Fund now owns 67% of this new entity and has accounted for this transaction as a continuity of interests.

7. Discontinued operations

Management of the Fund, and the principals of SW International Inc. ("SW"), the owners of 20% of the units of RGC, signed on March 27, 2007, a definitive agreement whereby the Fund would sell the assets of RGC for an aggregate net consideration of $34,000. The transaction closed on April 30, 2007. Included in the aggregate net consideration was a holdback in the amount of $4,000, the release of which was tied to achieving a target tangible net asset level and is dependent on the collection of accounts receivable and net realizations of inventory of the business sold. At the time of the transaction, and because of the uncertainty regarding the release of the holdback, the Fund recorded $24,000 as its share of proceeds. The conditions to release this holdback were not met, and as part of the financial settlement in this transaction, the aggregate net consideration was reduced to $27,870, resulting in final proceeds to the Fund of $23,496. RGC's 45% equity investment in RLogistics completed in May, 2006, was not sold, and the equity income from this investment is included in the Other segment.

The assets and liabilities of RGC, excluding RLogistics, have been segregated and presented separately as discontinued in the consolidated balance sheets as at December 31, 2007 and December 31, 2006, and the results of operations of RGC have been segregated and presented separately as discontinued in the consolidated statements of income and statements of cash flows for the years ended December 31, 2007 and 2006.

	Year ended December 31, 2007	Year ended December 31, 2006
Revenues	$ 42,994	$ 225,933
Net (loss) income	(5,227)	(63,253)

Included in the net loss for 2006 is a provision for $55,788 to reduce the Fund's carrying value of RGC to its share of estimated net sales proceeds.

	December 31, 2006
Current assets:	
Cash	$ -
Accounts receivable	42,283
Inventory	25,853
Prepaid expenses	833
Current assets of discontinued operations	68,969
Property, plant and equipment	1,475
Intangibles	10,571
Goodwill	1,908
Other assets	449
Long-lived assets of discontinued operations	14,403
Current liabilities:	
Bank lines	16,290
Accounts payable and accrued liabilities	35,504
Current portion of long-term debt	1,833
Deferred revenue	745
Current liabilities of discontinued operations	54,372
Net assets of discontinued operations	$ 29,000

8. Intangible assets

December 31, 2007	Cost	Accumulated Amortization	Net Book Value
Definite life intangible assets:			
Customer relationships/contracts	$ 317,634	$ 68,152	$ 249,482
ATM location contracts	19,185	6,957	12,228
Management contracts	461	262	199
Intellectual property	824	824	-
Non-competition agreements	1,000	777	223
	339,104	76,972	262,132
Indefinite life intangible assets:			
Brands	53,252	-	53,252
	392,356	76,972	315,384

The above intangible assets reflect management's best estimates of intangibles recorded through acquisitions. These estimates may be revised as purchase equations are refined.

The Fund reviewed all its investments during the fourth quarter, and compared the carrying value of its investments with the fair value. As a result of customer attrition, it was determined that the value assigned to customer relationships associated with the investment in S&E has been impaired, and accordingly a write-down of $1,395 has been recorded.

December 31, 2006	Cost	Accumulated Amortization	Net Book Value
Definite life intangible assets:			
Customer relationships/contracts	$ 259,456	$ 30,547	$ 228,909
ATM location contracts	6,896	4,965	1,931
Management contracts	461	148	313
Intellectual property	825	825	-
Non-competition agreements	1,000	444	556
	268,638	36,929	231,709
Indefinite life intangible assets:			
Brands	33,681	-	33,681
	$ 302,319	$ 36,929	$ 265,390

9. Other assets

	December 31, 2007	December 31, 2006
Advances to operating partners (note 17)	$ 28,328	$ 10,323
Deferred financing charges	-	8,277
Other	7,439	4,219
	35,767	22,819
Less current portion	21,677	13,790
	$ 14,090	$ 9,029

Deferred financing charges in 2006 are net of accumulated amortization of $2,761. In 2007, deferred financing charges are shown net of the financing to which they relate.

10. Credit facilities and long-term debt

(i) On December 7, 2006, the Fund entered into a senior credit agreement ("the Agreement") with an affiliate of Fortress Credit Corp. ("Fortress") to provide up to $320,000 in funding.

The Agreement consists of three components: a $75,000 revolving credit facility; a $170,000 term loan; and a $75,000 delayed-draw term loan ("DDTL"). (See note 10 (ii)). The credit facility contains customary positive and negative covenants. The negative covenants include a limit on the Fund's distributions relative to distributable cash and a leverage limit of 2.75 times total senior debt to last twelve months EBITDA adjusted for priority income and other adjustments.

In December 2007, the Fund's lenders waived the requirement that the ratio of distributable cash to distributions paid be equal to or less than 100% at December 31, 2007 (the ratio was approximately 109% as calculated by the credit facility).

The following table highlights the key terms of the Agreement:

Structure	Term	Cost
$75,000 first-out revolving credit facility	Five years and one day	Banker's Acceptance (BA) rate plus 2.50%
$170,000 term loan	Five years and one day	BA rate plus 3.50% to 4.95% depending on total senior leverage ratio
$75,000 delayed draw term loan	Draws will be permitted up to two years following closing of the Agreement. Maturity date is five years and one day after the last draw and no later than seven years and one day after closing	BA rate plus 3.50% to 4.95% depending on total senior leverage ratio

Repayment of the term loan and DDTL is required on their maturity date.

The Agreement is collateralized by general security agreements covering assets of all of the operating partnerships of the Fund, other than Brompton and RLogistics.

11. Interest expense

Year ended	December 31, 2007	December 31, 2006
Interest on senior debt	$ 21,408	$ 1,040
Interest on convertible debenture	10,856	6,323
Interest on credit facility retired during 2006	-	3,809
Other net interest income	(1,400)	(679)
	$ 30,864	$ 10,493

12. Obligations under capital leases

Capital lease obligations relate to vehicles and heavy equipment. The leases bear interest at rates from 4.0% to 13.9% (2006 – 4.10% to 10%) per annum and are secured by specific assets. The Fund's proportionate interest in future minimum payments are as follows:

	December 31, 2007
2008	$ 6,080
2009	4,009
2010	2,805
2011	1,390
2012	1,606
Total minimum lease payments	15,890
Less amount representing interest (at rates ranging from 4.0% to 13.9%	1,627
Present value of net minimum capital lease payments	14,263
Less current portion of obligations under capital leases	5,353
	$ 8,910

Interest of $588 for the year December, 31, 2007 (2006 - $484) relating to capital lease obligations has been included in interest expense.

13. Convertible debenture

The Fund has completed two offerings of subordinated unsecured convertible debenture units since inception. Each debenture will be converted into units of the Fund at the option of the holder at any time prior to maturity at a stated conversion price. The convertible units are classified as debt, net of the fair value of the conversion feature and net of deferred financing charges. The fair value of the conversion feature has been classified as unitholders' equity. Issue costs are amortized over the term of the debentures, and the debt portion will accrete up to the principal balance at maturity.

On July 12, 2007, the Fund issued $75,000 principal amount of 7% subordinated unsecured convertible debentures for net proceeds of $71,226 after issue and related costs. On August 8, 2007 the over-allotment option was exercised and an additional $4,966 principal amount of 7% subordinated unsecured convertible debentures were issued for net proceeds of $4,799 after issue costs. Following the exercise of

the over-allotment issue, a total of $79,966 aggregate principal amount of debentures have been issued for total net proceeds of $76,025. Details of the convertible debentures are as follows:

Issue date	December 12, 2005	July 12, 2007
Principal amount	$ 85,000	$ 79,966*
Interest rate	7.5%	7.0%
Net proceeds (after issue and related costs)	81,298	75,994
Conversion price	9.50	6.90
Maturity	December 31, 2010	December 31, 2012
Equity component	669	9,186

* Includes the over-allotment of option exercised on August 8, 2007.

After December 31, 2008, the debentures issued in 2005 may be redeemed in whole or in part by the Fund, at the amount outstanding plus accrued and unpaid interest thereon, except that for redemption on or prior to December 31, 2009 the current market price of the units must not be less than 125% of the conversion price.

After December 31, 2010, the debentures issued in 2007 may be redeemed in whole or in part by the Fund, at the amount outstanding plus accrued and unpaid interest thereon, except that for redemption on or prior to December 31, 2011 the current market price of the units must not be less than 125% of the conversion price.

	December 12, 2005 Issue	July 12, 2007 Issue	Total
Balance January 1, 2006	$ 84,339	$ -	$ 84,339
Amount converted to units	(500)	-	(500)
Accretion	131	-	131
Balance December 31, 2006	83,970	-	83,970
Issued July 12, 2007	-	79,966	79,966
Equity component	-	(9,186)	(9,186)
Accretion	108	728	836
Deferred finance charges**	(2,348)	(3,708)	(6,056)
Balance December 31, 2007	$ 81,730	$ 67,800	$ 149,530

** Deferred financing charges were reclassified as a reduction of the outstanding convertible debenture balance in accordance with CICA Handbook section 3855 Financial Instruments.

Newport, Commercial Trust and NPH, the wholly owned subsidiary of NPY, entered into an agreement pursuant to which NPH agrees to bear the costs that Newport would otherwise incur as a condition of Newport arranging for Commercial Trust to invest $85,000 and $79,966 in the Convertible Class B LP units of NPH.

NPH has only issued two series of units, Class A LP units, which are 100% owned by NPY, and the Class B LP units which are 100% owned by Commercial Trust. In the case of conversion of the convertible debentures of Newport into units of Newport, Commercial Trust will transfer the corresponding number of Class B LP units of NPH to NPY for a corresponding number of NPY Class A1 LP units, and NPY will then exchange its Class B LP units of NPH for a corresponding number of Class A LP units of NPH.

14. Unitholders' equity

Each trust unit represents an equal undivided beneficial interest in the Fund and any distributions from the Fund. Each unit is transferable, entitles the holder thereof to participate equally in distributions of the Fund, is not subject to future calls or assessments, entitles the holder to rights of redemption and entitles the holder to one vote at all meetings of unitholders.

The beneficial interests of the Fund are divided into interests of two classes, described and designated as "Units" and "Special Voting Units", respectively.

Special Voting Units are only issued to the holders of A2 LP Units of NPY and, if determined by the trustees of the Fund, other exchangeable securities, in each case, for the purpose of providing voting rights with respect of the Fund to the holders of such securities.

Upon the exchange or conversion of an A2 LP Unit or other exchangeable security for Units, the Special Voting Unit that relates to such A2 LP Unit of NPY or other exchangeable security will immediately be cancelled without any further action and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

Pursuant to the Exchange Agreement between the Commercial Trust and NPY 4,047,964 (2006 – 5,309,898) A2 LP units were exchanged for A1 LP units (i.e. units of the Fund). As 3,561,134 (2006 – 2,438,536) of the units exchanged were outstanding prior to the IPO, the conversion of these trust units was calculated as a step acquisition. In addition during the year 1,536,216 B1 LP units, 843,173 B2 LP units, 1,303,456 B4 LP units and 2,237,600 C LP units were re-designated as A2 LP units due to the expiry of subordination periods negotiated at the time of our initial investment and 1,303,456 of these re-designated A2 LP units were then exchanged for A1 LP units.

On December 18, 2007, the Fund received approval from the TSX for a Normal Course Issuer Bid to purchase for cancellation, through the facilities of the TSX, up to 2,070,348 of its units, representing 5% of its then issued and outstanding units. For the year ended December 31, 2007 the Fund purchased 40,000 units for cancellation. Also during the year 1,924,572 units were cancelled under the NCIB program initiated on December 8, 2006, thus completing the program. At the same time, the Fund cancelled the same number of units of NPY and recorded a loss on dilution of its ownership interest of $1,631 ($914 net of non-controlling interest).

15. Distributions and allocations to unitholders

The Fund intends to make distributions to its unitholders, based upon net cash receipts of the Fund. The Fund's intention is for unitholders of record on the last business day of each month to receive distributions on the 15th day of the following month. The actual amount distributed in respect of the units will be made at the sole discretion of the trustees.

On April 13, 2006, the Fund announced an increase in its monthly distribution to $0.08333 per unit, effective for distributions payable on and after May 15, 2006. On December 18, 2007, the Fund announced a decrease in its monthly distribution to $0.05417 per unit, effective for distributions payable to unitholders of record on December 31, 2007, paid on and after January 15, 2008.

The total distributions paid and payable during the year ended December 31, 2007 were $39,286 (2006 - $33,591).

All of the net income and realized capital gains of the Fund are allocated to the unitholders.

16. Income (loss) per unit

The following table sets forth the computation of basic and diluted income (loss) per unit:

	Year ended December 31, 2007	Year ended December 31, 2006
Numerator:		
Income (loss) from continuing operations	$ (22,988)	$ 11,308
Loss from discontinued operations	(2,938)	(34,653)
Net loss	(25,926)	(23,345)
Denominator:		
Weighted average number of units outstanding Basic and diluted	40,378,834	33,743,870
Income (loss) per unit (basic and diluted)		
Continuing operations	$ (0.57)	$ 0.34
Discontinued operations	(0.07)	(1.03)
Net loss	(0.64)	(0.69)

The units issuable on the conversion of the convertible debentures are the only potentially dilutive units. The computation of fully diluted income (loss) per unit is anti-dilutive and is not shown here.

17. Related party transactions

Employee loans were made to employees of the Fund and an executive of EZEE. Balances outstanding are $2,350 and $221, respectively (2006 – $780 and $221). In accordance with the terms and condition of the loans, the loans are interest bearing and non-interest bearing, respectively, and were used to purchase units of the Fund and are secured by units.

Included in Other Assets are advances of $28,328 (2006 – $10,323) made to the Operating Partnerships. Advances bear interest at bank prime plus 1% (2006 – at bank prime), are unsecured and have no fixed terms of repayment. Interest income on the advances is $1,535 (2006 - $505).

18. Financial instruments

(a) Fair values of financial assets and liabilities

Financial instruments consist of certain current assets and liabilities, where their carrying values approximate their fair values due to the relatively short periods to maturity of the instruments. The fair values of long-term financial instruments do not differ significantly from their carrying amount.

These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimate.

(b) Interest rate risk

The Fund's exposure to interest rate fluctuations is with respect to short-term and long-term financing which bears interest at floating rates.

(c) Significant customers and concentration of credit risk

Financial instruments that potentially subject the Fund to concentrations of credit risk consist principally of accounts receivable. The Fund believes that risks are moderated by the diversity of its end customers and the geographic sales area. The Fund also considers concentrations of credit risk in establishing the reserves for bad debts and believes the recorded reserves are adequate.

Sales to the top three customers represents 30% of NPC's total sales for the year ended December 31, 2007 and 27% of the accounts receivable balance at December 31, 2007 is due from these customers (2006 – three customers comprised 36% of sales and 12% of accounts receivable)..

Sales to the top three customers represents 66% of Gemma's total sales for the year ended December 31, 2007 and 76% of the accounts receivable balance at December 31, 2007 is due from these customers (2006 – three customers comprised 69% of sales and three customers comprised 70% of accounts receivable).

Sales to the top three customers represents 34% of Quantum Murray's total sales for the year ended December 31, 2007 (2006 – three customers comprised 50% of sales and 38% of accounts receivable) and 24% of the accounts receivable balance at December 31, 2007 is due from these customers.

On a consolidated basis, the aforementioned customers of NPC, Gemma and Murray represents 21% of the Fund's revenues and 19% of the Fund's accounts receivable (2006 – 14% and 7%).

19. Income taxes

Under the provisions of Bill C-52, Budget Implementation Act, 2007, which received Royal Assent on June 22, 2007, Newport, as a publicly traded income trust, is considered a specified investment flow-through ("SIFT") and will become subject to tax commencing January 1, 2011. Prior to 2011, Newport continues to qualify for special income tax treatment that permits a tax deduction by Newport for distributions paid to its unitholders. For accounting purposes, Newport has computed future income tax based on temporary differences expected to reverse after 2010 at the substantively enacted tax rates expected to apply for such periods. For periods prior to January 1, 2011, Newport has not recognized any current income taxes or future income tax assets or liabilities on temporary differences expected to reverse prior to 2011 as the Fund is committed to distribute to its unitholders all or virtually all of its taxable income that would otherwise be taxable in the Fund and the Fund intends to continue to meet the requirements of the Tax Act applicable to the Fund.

Initially, the legislation imposed an income tax rate of 31.5% of Canadian public income trusts. The income tax rate was subsequently lowered in December 2007 to 29.5% for 2011 and 28% for 2012 and subsequent years.

Under the SIFT Rules, flow-through subsidiaries of the Fund may also themselves be within the definition of a SIFT. Since the SIFT Rules have only recently been enacted, the Canada Revenue Agency's administrative policies regarding the interpretation of the SIFT Rules and their application to the trusts and partnerships in which a publicly traded income fund holds a direct or indirect interest are still under review. It is not entirely clear whether the legislation arrives at such result nor that this is the intent and no judicial precedents as yet exist to assist in interpreting the legislation. Accordingly this gives rise to a tax uncertainty which the Fund was required to assess and the Fund concluded that even if it is determined that these flow-through subsidiaries meet the definition of a SIFT, there should be no material impact on the income tax provision and future tax assets and liabilities of the Fund. On December 20, 2007, the Minister of Finance announced his intention to introduce certain technical amendments to the SIFT Rules under which certain flow-through subsidiaries of a SIFT, which would include the majority of those of the Fund, will not themselves be SIFTs.

The future income tax provision reflects the impact of the SIFT legislation and the tax rate changes.

The provision for income taxes, including the impact of application of the SIFT rules, are as follows:

		January 1, to December 31, 2007
Current tax expenses based on combined Federal and Provincial income tax rates	$	10
Future income tax expense		33,231
	$	33,241

Unit acquisitions by non-taxable entities generally resulted in an excess of the carrying value of the intangible and other assets of the acquired entities over the related tax bases. Accordingly, the recovery of the intangible and other assets could result in income for tax purposes allocated to unitholders being greater than income reported for accounting purposes.

The tax effects of temporary differences that give rise to future income tax liabilities are as follows:

		2007
Future income tax liabilities:		
Intangibles	$	33,646
Fixed assets		446
Other		49
Non-current future tax liabilities		34,141
Net future tax liability	$	34,141

The excess of the carrying value of the intangible and other assets of the non-taxable entities over their tax basis estimated to reverse from 2008 to 2010 is approximately:

		December 31, 2007
Long-term capital assets	$	(5,675)
Reserves		68
Receivables		2,098
Other assets		(847)
Goodwill		3,359
Intangibles		(94,429)
		(95,426)
Long-term investments		(107)
Accounts payable		36
Capital leases		855
		784
	$	(94,642)

20. Interests in jointly controlled entities

At December 31, 2007, the Fund holds a 90% interest in Peerless, an 88% interest in Titan, 80% interests in S&E, NPC, Gemma, ESR, Morrison Williams, Gusgo, Armstrong, IC Group, and Hargraft, a 78% interest in BMI a 67% interest in Capital C and a 64% interest in Quantum Murray (2006 - a 90% interest in Peerless, an 88% interest in Titan, 80% interests in S&E, NPC, Gemma, ESR, Morrison Williams, Gusgo, Armstrong, IC Group and Murray, a 75% interest in Hargraft and a 67% interest in Capital C). The consolidated financial statements include the Fund's proportionate share of the revenue, expenses, assets and liabilities of these jointly controlled entities as follows:

	December 31, 2007	December 31, 2006
Current assets	$ 212,292	$ 146,454
Other assets	1,154	711
Property, plant and equipment	41,418	20,761
Long-term investments	8,401	425
Goodwill and intangibles	150,273	88,052
	$ 413,538	$ 256,403
Current liabilities	$ 249,605	$ 140,779
Long-term obligations	8,997	4,404
	$ 258,602	$ 145,183

	Year ended December 31, 2007	Year ended December 31, 2006
Revenue	$ 517,493	$ 332,513
Expenses	472,086	287,552
Net income	$ 45,407	$ 44,961
Cash provided by (used in):		
Operating activities	$ 56,538	$ 48,111
Financing activities	42,718	(14,242)
Investing activities	(99,444)	(34,266)

21. Changes in non-cash working capital

Changes in non-cash working capital balances related to operations are as follows:

	December 31, 2007	December 31, 2006
Accounts receivable	$ (7,191)	$ (1,078)
Inventories	4,207	(1,101)
Prepaid expenses	420	(35)
Other current assets	(7,987)	(7,203)
Accounts payable and accrued liabilities	(19,462)	(1,820)
Deferred revenue	5,956	188
	$ (24,057)	$ (11,049)

22. Commitments and contingencies

(a) The Fund is committed to payments under operating leases for equipment and office premises through 2019 in the total amount of approximately $39,015. The minimum annual payments, exclusive of operating costs under these lease arrangements, are as follows:

2008	$ 9,804
2009	8,233
2010	6,241
2011	4,597
2012	3,408
Thereafter	6,732

(b) The various Acquisition Agreements provide that elections may be made under the Income Tax Act (Canada) to transfer the assets of the predecessor businesses to the various respective limited partnerships on a tax deferred basis. Accordingly, the tax cost to the Operating Partnership of the assets transferred where such elections are made may be less than the fair market value of such assets and, as such, some of the investee partnerships may realize a taxable gain on a future disposition of the assets.

(c) The Fund and its Operating Partnerships are subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and

can be reasonably estimated. Management believes that the ultimate resolution of these matters will not have a material effect on the Fund's consolidated financial statements.

(d) The acquisitions involved various corporate structuring steps to complete the transactions in a tax-effective manner. These transactions involved interpretations of the Income Tax Act (Canada) which could if interpreted differently, result in additional tax liabilities.

(e) The Fund has $7,105 of letters of credit outstanding at December 31, 2007. The letters of credit are predominantly to secure cash management services provided by Royal Bank of Canada bonding facilities provided by Aviva Insurance Company of Canada and as security for programs in the Marketing and Industrial Services segment.

23. Segmented information

The Fund has six reportable operating segments, each of which has separate operational management and management reporting information. All of the Fund's operations, assets and employees are located in Canada. The financial services segment incorporates investment management, institutional money management, wealth management, specialty insurance underwriting, insurance brokerage services and the servicing of ATMs. The marketing segment represents the investment in non-traditional marketing operations that acquires rights in media, publications and television, and an investment in an integrated direct marketing company with its primary focus on inbound and outbound teleservices, an investment in a fully integrated marketing services agency and investments in two promotional solutions marketing firms. The industrial services segment includes two reportable segments and represents the investments in fully integrated providers of mid-stream production services to the energy industry and in a provider of demolition contract service and site remediation services. The other segment incorporates a manufacturer of protective outerwear, a distributor and manufacturer of heavy equipment, a container transportation business and a reverse logistics provider. The corporate segment represents head office administrative and financing costs incurred by the Partnership. The accounting polices of the segments are the same as those described in the summary of significant accounting polices in note one. The Fund utilizes earning before interest, taxes, depreciation and amortization ("EBITDA") as a performance measure for its operating partners and segment results, and accordingly a reconciliation from net income to EBITDA is included herein.

NEWPORT PARTNERS INCOME FUND

Notes to Consolidated Financial Statements
(In thousands of dollars, except per unit amounts)

Years ended December 31, 2007 and December 31, 2006

Year ended December 31, 2007	Financial Services	Marketing	Industrial Services		Other	Corporate	Total
			NPC	Murray			
Revenue	$ 87,915	$ 86,816	$ 186,695	$ 110,248	$ 93,015	$ -	$ 564,689
Cost of revenue	45,334	40,158	156,720	77,528	68,742	-	388,482
	42,581	46,658	29,975	32,720	24,273	-	176,207
Expenses							
Selling, general and administrative	13,459	32,088	14,036	19,768	13,437	6,009	98,797
Amortization of intangible assets	14,684	6,586	4,102	6,430	6,870	-	38,672
Depreciation	892	1,542	3,998	1,721	704	-	8,857
	29,035	40,216	22,136	27,919	21,011	6,009	146,326
Income (loss) before the undernoted	13,546	6,442	7,839	4,801	3,262	(6,009)	29,881
Income(loss) from equity investment	2,111	-	-	-	1,307	-	3,418
Other income	1,119	-	-	-	-	-	1,119
Interest (income) expense	(176)	309	4,692	175	2,427	23,437	30,864
Loss on dilution of ownership interest	-	-	-	-	-	6,958	6,958
Write-down of goodwill and intangibles	-	2,987	-	-	-	-	2,987
Income tax expense- current	6	-	-	-	-	4	10
Income tax expense (recovery) – future	19,120	6,224	(320)	994	7,164	49	33,231
Income (loss) from continuing operations	$ (2,174)	$ (3,078)	$ 3,467	$ 3,632	$ (5,022)	$ (36,457)	$ (39,632)
Add back:							
Interest (income) expenses	(176)	309	4,692	175	2,427	23,437	30,864
Depreciation and amortization	15,576	8,128	8,100	8,151	7,574	-	47,529
Amortization of Brompton intangible asset and future income tax recovery (i)	2,387	-	-	-	-	-	2,387
Income tax recovery – current	6	-	-	-	-	4	10
Income tax expense (recovery) – future	19,120	6,224	(320)	994	7,164	49	33,231
EBITDA	$ 34,739	$ 11,583	$ 15,939	$ 12,952	$ 12,143	$ (12,967)	$ 74,389
Goodwill acquired	5,048	3,334	12,533	11,270	-	-	32,185
Expenditures for property, plant and equipment (ii)	969	1,915	1,616	1,198	325	-	6,023
Total assets (ii)	380,392	112,668	165,609	104,589	102,019	83,959	949,236
Total goodwill	180,157	35,351	30,334	19,926	15,454	-	281,222

(i) The amortization of the intangible asset related to the investment in Brompton is included in income from equity investment
(ii) Discontinued operations previously part of the distribution segment are included in the corporate segment (note 7).

Year ended December 31, 2006	Financial Services	Marketing	Industrial Services		Other	Corporate	Total
			NPC	Murray			
Revenue	$ 69,379	$ 69,323	$ 139,069	$ 47,752	$ 40,579	$ -	$ 366,102
Cost of revenue	30,778	35,531	114,351	32,661	29,818	-	243,139
	38,601	33,792	24,718	15,091	10,761	-	122,963
Expenses							
Selling, general and administrative	9,793	20,618	11,237	8,718	4,985	4,513	59,864
Amortization of deferred financing charges	-	-	-	-	-	3,506	3,506
Amortization of intangible assets	13,749	5,712	2,194	2,727	2,570	-	26,952
Depreciation	647	1,582	3,222	835	189	-	6,475
	24,189	27,912	16,653	12,280	7,744	8,019	96,797
Income (loss) before the undernoted	14,412	5,880	8,065	2,811	3,017	(8,019)	26,166
Income(loss) from equity investment	2,378	-	(7)	-	970	-	3,341
Other income	1,693	-	-	-	-	-	1,693
Interest expense	(271)	238	1,624	57	934	7,911	10,493
Income tax	96	-	-	-	-	-	96
Income (loss) from continuing operations	$ 18,658	$ 5,642	$ 6,434	$ 2,754	$ 3,053	$ (15,930)	$ 20,611
Add back:							
Interest (income) expenses	(271)	238	1,624	57	934	7,911	10,493
Depreciation and amortization	14,396	7,294	5,416	3,562	2,759	3,506	36,933
Amortization of Brompton intangible asset (i)	2,036	-	-	-	-	-	2,036
Income tax	96	-	-	-	-	-	96
EBITDA	$ 34,915	$ 13,174	$ 13,474	$ 6,373	$ 6,746	$ (4,513)	$ 70,169
Goodwill acquired	26,508	6,739	39	4,495	13,818	-	51,599
Expenditures for property, plant and equipment (ii)	815	645	591	231	165	588	3,035
Total assets (ii)	341,485	118,641	74,981	44,338	119,467	195,437	894,349
Total goodwill	183,263	33,985	14,136	6,051	15,909	-	253,344

(i) The amortization of the intangible asset related to the investment in Brompton is included in income from equity investment
(ii) Discontinued operations previously part of the distribution segment are included in the corporate segment (note 7).

24. Comparative figures

The comparative financial statements have been reclassified from statements previously presented to conform to the December 31, 2007 annual consolidated financial statements.

25. Subsequent events

On February 26, 2008, the Fund entered into an Acquisition Agreement with Duntroon Energy Ltd. (formerly Cymat Corp.)("Duntroon") pursuant to which the Fund will exchange all of its 45% equity interest in Brompton Funds LP ("Brompton") to Duntroon for a 41.7% equity interest in Duntroon. Immediately following the transaction Duntroon will change its name to Brompton Corp. and will carry on business on substantially the same basis as currently carried on by Brompton with the same management team, directors and independent review committee.

As of January 1, 2008, the operations of On-Site have been wound–up into Ezee and On-Site will continue to operate as part of Ezee.