Management's Discussion and Analysis

March 30, 2009

This amended and restated Management's Discussion and Analysis ("MD&A"), dated October 21, 2009 relates to the results of operations of Newport Partners Income Fund ("the Fund") and should be read in conjunction with the Fund's amended and restated consolidated financial statements for the year ended December 31, 2008, and notes thereto. Details of the restatement are provided in note 2 to the December 31, 2008 restated consolidated financial statements. The amended and restated consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Statements are subject to the risks and uncertainties identified in the Forward-Looking Information portion of this document.

AMENDMENT AND RESTATEMENT MADE OCTOBER 21, 2009

During the preparation of the June 30, 2009 interim consolidated financial statements, the Fund determined that values used to record the exchange of exchangeable units into trust units had been incorrectly calculated in prior and current periods. As units are exchanged, increasing the Fund's ownership in NPY, value is transferred from non-controlling interest to unitholders' equity on the Fund's balance sheet. Further, for exchangeable units which existed prior to the Fund's IPO, the exchange of these units is calculated as a step acquisition, resulting in the recording of goodwill on the exchange.

The consolidated financial statements have been restated to reflect the re-calculation of these values, which resulted in an increase in goodwill of $19,769 at December 31, 2008, and, consequently, a reversal of the reduction of intangible assets of $12,303, prior to the impairment write-downs, which had previously resulted from the pro rata allocation of the units exchange value. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY, as well as recorded an impairment charge on intangible assets. The additional amount of goodwill of $19,769 has also been written off, and the Fund has also written down $12,303 of intangible assets to their fair value. These write offs have increased the net loss for the year to $224,409.

As a result, the Fund incorrectly presented the consolidated balance sheet as at December 31, 2008, and the consolidated statements of (loss) income and comprehensive (loss) income, statement of cash flows and statement of unitholders' equity for the year ended December 31, 2008, and is correcting such presentation in the amended and restated consolidated financial statements. Further information on these adjustments and a reconciliation of amounts previously reported is contained in note 2 of the Fund's amended and restated consolidated financial statements for the year ended December 31, 2008.

For the convenience of the reader, this 2008 MD&A sets forth the amended MD&A in its entirety. The Fund has not modified or updated the disclosure presented in this MD&A, except as required to reflect the effects of the restatement discussed above. Accordingly, this 2008 MD&A does not reflect events occurring after the original filing, or modify or update those disclosures affected by subsequent events. The Balance Sheet line items that were impacted by the restatement for the last eight quarters has been outlined on page 49 of the restated MD&A. The Fund has not amended and does not intend to amend any of its previously filed Quarterly Reports for the quarterly periods ended March 31, 2008, June 30, 2008 and September 30, 2008. Accordingly, this 2008 MD&A should be read in conjunction with the Fund's filings subsequent to the original filing.

The financial statements have been prepared in accordance with GAAP. This MD&A makes reference to certain Non-GAAP Measures and contains Forward-Looking Information. Non-GAAP Measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. See Non-GAAP Measures and Forward-Looking Information.

Capitalized terms are defined terms, their meaning is explained in the "Definitions" section located at page 60, and references to "we", "us", "our" or similar terms, refer to Newport Partners Income Fund (NPF or the Fund), unless the context otherwise requires.

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Forward-Looking Information

This MD&A contains certain forward-looking information. Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of the Fund or the Operating Partnerships and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Fund and the Operating Partnerships. Without limitation, information regarding the future operating results and economic performance of the Fund and the Operating Partnerships, and statements about net asset value constitute forward-looking information and the estimate is updated quarterly. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of the Fund and the Operating Partnerships. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including risks related to investments, conditions of capital markets, economic conditions, taxation of income trusts, dependence on key personnel, limited customer bases, interest rates, regulatory change, continued availability of credit facilities, availability of future financing, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined under "Risk Factors", which may cause actual events or results to differ materially from any forward-looking statement. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting the Fund and the Operating Partnerships will continue substantially in the ordinary course, including without limitation with respect to general levels of economic activity, regulations, taxes, interest rates, that there will be no material changes in its credit arrangements. Although the forward-looking information is based on what management of the Fund and the Operating Partnerships consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect. This forward-looking information is made as of the date of this MD&A, and the Fund does not assume any obligation to update or revise them to reflect new events or circumstances. Undue reliance should not be placed on forward-looking information. The Fund is providing the forward-looking financial information set out in this MD&A for the purpose of providing investors with some context for the "2009 Outlook" presented, as well as Management's estimate of the net asset value of the Fund. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-GAAP Measures

The terms "adjusted EBITDA", "cash yield from the portfolio", "corporate costs to weighted invested capital" , ''distributable cash or adjusted distribution base'', ''EBITDA'', ''invested capital'', "LTM EBITDA", "net debt/LTM EBITDA", "standardized distributable cash", "total annualized return" and "total senior leverage ratio" (collectively the ''Non-GAAP Measures'') are financial measures used in this MD&A that are not standard measures under Canadian generally accepted accounting principles (''GAAP''). NPF's method of calculating Non-GAAP Measures may differ from the methods used by other issuers. Therefore, NPF's Non-GAAP Measures, as presented may not be comparable to similar measures presented by other issuers.

Adjusted EBITDA refers to EBITDA excluding the gain or loss on reduction of ownership interest (dilution gains or losses) and the write-down of goodwill and intangibles. The Fund has used Adjusted EBITDA as the basis for the analysis of its past operating financial performance. Adjusted EBITDA is used by the Fund and management believes it is a useful supplemental measure from which to determine the Fund's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and distributions. Adjusted EBITDA is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors.

Cash yield from the portfolio refers to the Fund's cash on cash return from an Operating Partnership based on free cash flow paid to the Fund as a percentage of weighted invested capital. Management believes that overall yield is a useful supplemental measure for investors to assess the quality of the investments in the Fund's portfolio and management's ability to invest in successful businesses at reasonable prices. Management uses this measure to monitor the performance of its investment strategy.

Corporate costs to weighted invested capital are the total expenses of the corporate segment for the period expressed as a percentage of the weighted invested capital by the Fund in each of the operating partnerships. Management uses this metric to monitor the expenses of the Fund consisting of, among other items, professional fees, compliance costs and management compensation. Investors may find this supplemental information useful to analyze the Fund's expenses relative to other mutual fund trusts.

Distributable cash or **Adjusted distribution base** is not a standard measure under GAAP and is generally used by Canadian income funds as an indicator of financial performance. The Fund's method of calculating distributable cash may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable cash as reported by such entities. The Fund has provided a reconciliation of cash provided by operations to distributable cash in this MD&A and is calculated as standardized distributable cash adjusted for changes in working capital, growth capital expenditure and priority income amounts. References to distributable cash are to cash available for distribution to Unitholders in accordance with the distribution policies of the Fund. The Fund suspended distributions paid to its unitholders in October 2008 and intends to retain cash to repay debt. , Management believes it is therefore a useful financial measure as an indication of the Fund's ability to generate cash and use such cash to repay debt and fund operations. Distributable cash generated by Operating Partnership is also used by management in the calculation of yield which it uses to monitor the performance of the Fund's Operating Partnerships.

EBITDA refers to net earnings determined in accordance with GAAP, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and the Trustees as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDA to monitor the performance of the Fund's reportable segments. As the Fund intends to distribute a substantial portion of its available cash on an on-going basis (after deducting certain amounts from EBITDA as described in the MD&A including interest expense, income taxes, capital expenditures and debt service), management believes that in addition to net income or loss and cash provided by operating activities, EBITDA is a useful supplemental measure from which to determine the Fund's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and distributions. The Fund has provided a reconciliation of income to EBITDA in its MD&A.

Invested capital refers to the cost to acquire an equity interest in an Operating Partnership and excludes transaction costs and any working capital provided to such Operating Partnership. Management uses this measure to monitor the performance of its investment strategy and as an input to the calculation of its targeted overall yield for an Operating Partnership. Management believes that invested capital is a useful supplemental measure that provides investors with useful information about the capital that the Fund deploys for each Operating Partnership which can subsequently be used to determine the performance of each Operating Partnership.

LTM EBITDA refers to EBITDA after giving effect to the contribution of all new investments made in the year and still in the portfolio as at the end of the year, as if each investment had been owned by the Fund for the full twelve month period since January 1st. LTM EBITDA is a measure that management believes may be useful to investors as it facilitates the analysis of the Fund's financial performance over a full business cycle.

Net debt/LTM EBITDA refers to total senior debt plus capital lease obligations less the Fund's consolidated cash balance divided by LTM EBITDA plus priority income. Management uses this measure to monitor its future debt capacity. Investors may find this information useful in analyzing the capital structure of the Fund and its future debt capacity.

Standardized distributable cash is defined as the GAAP measure of cash from operating activities after adjusting for capacity expenditures, restrictions on distributions arising from compliance with financial covenants restrictive at the time of reporting, and minority interests. This is a measure that the CICA believes is of use to investors as a benchmark to compare investments.

Total annualized return represents the total compound annualized return of the portfolio using time weighted cash yields from the portfolio plus the estimated capital appreciation of the portfolio. Total annualized return is used by management and investors to gauge the overall performance of the Fund's portfolio of private investments.

Total senior leverage ratio refers to total senior debt plus capital lease obligations plus letters of credit outstanding less NPY's cash balance divided by LTM EBITDA. Management uses this measure to monitor its compliance with the covenants of its credit facility and to determine future debt capacity. Investors may find this information useful in analyzing the capital structure of the Fund and its future debt capacity.

Investors are cautioned that the Non-GAAP Measures are not alternatives to measures under GAAP and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the Units. These Non-GAAP Measures should only be used in conjunction with the financial statements included in the MD&A and the Fund's annual audited financial statements available on SEDAR at www.sedar.com or at www.newportpartnersincomefund.ca.

VISION AND CORE BUSINESS

Investing in private businesses has the potential to deliver superior returns. However, the considerable challenges of finding and financing private investments prevent many investors from participating. These businesses are generally hard to access as standalone investments, have few external shareholders, require large minimum investment amounts and are generally illiquid. It is also time-consuming and costly to conduct proper due diligence.

Newport Partners Income Fund ("NPF" or the "Fund") was set up to provide investors with a simple 'turnkey' way to participate in the profits and growth of successful Canadian private businesses through a professionally managed, well-diversified and publicly-traded, portfolio.

Our investment philosophy is simple: We invest in successful businesses, run by proven entrepreneurs, at reasonable prices. We have two objectives for the investments we make: to generate income for the Fund through the distribution of their profits and to grow in value over the long term.

STRATEGY

The Fund's business and **investment strategy** is based on:

- Investing in well established businesses with leading or niche positions in their respective industries, histories of profitability, growth plans and talented management teams that we know and trust.
- Investing a significant equity interest (typically 50–80%) and allowing management to retain an interest in the business. This helps to align management's interests with ours.
- Providing capital, strategic financial advice and operational support to facilitate the growth and performance of the businesses.
- Investing for income. The Fund seeks to invest in businesses that can distribute most of their surplus cash to the Fund and can grow organically without significant capital.
- Investing for growth. As the underlying businesses grow organically, they increase in value. Some companies in the portfolio are able to accelerate this growth through acquisition – using capital from the Fund, they become consolidators in their industries to become more dominant in their markets and boost the value of our investment in them.

KEY PERFORMANCE DRIVERS

The performance of the Fund depends on the successful implementation of the following actions by management:

Investing Activities:

- Identifying high quality investment opportunities.
- Adhering to the Fund's investment criteria.
- Following a disciplined due diligence process.
- Providing a partnership environment that encourages and supports operating management to achieve its business plans.
- Actively monitoring and managing portfolio performance and reporting to unitholders.

Funding Activities:

- Securing access to capital that allows the Fund to finance operations and make new investments in the portfolio.

Some of the Fund's key financial performance indicators and results against those indicators as of December 31, 2008 are set out below:

KEY PERFORMANCE INDICATORS	2008	2007	2006
Distributable cash per unit from continuing operations	$0.48	$0.70	$0.81
Distributable cash per unit	$0.53	$0.70	$0.80
Net debt / LTM EBITDA	3.2x	2.4x	1.4x
Corporate costs to weighted invested capital	1.2%	1.1%	1.3%
Cash yield from the portfolio	13.0%	16.2%	21.0%

CAPABILITY TO DELIVER RESULTS

LIQUIDITY AND CAPITAL RESOURCES

FINANCING

The Fund has a $285 million Senior Credit Agreement with an affiliate of Fortress. The credit facility consists of $210.0 million of term debt and a $75.0 million revolving facility. The interest rate on the 5 year term facility is equal to the 3-month BA rate plus 4.50% to 5.95% depending on the total senior leverage ratio. The revolving facility carries interest at the BA rate plus 2.75%. The credit facility contains customary positive and negative covenants.

As at December 31, 2008 the Fund was not in compliance with the following covenants under the facility:

Covenant	Actual Result	Required in the Senior Credit Agreement
Total Leverage Ratio	3.20x	<=2.25X[i]
Fixed Charges Coverage Ratio	1.69	>2.00
Minimum EBITDA	$77.7 million	$84.5 million

(i) The total leverage ratio of 2.75 has been adjusted downwards to 2.25 because the Fund's distributable cash ratio, as calculated under the senior credit agreement, is greater than 1:1, but less than 1.10:1.

As a result of the non-compliance, the Fund has reclassified the term debt of $210.0 million as a current liability, and has written off the balance of deferred financing charges of $4.1 million associated with this facility. This reclassification is required under GAAP, and consequently results in the inclusion of a Going Concern note in the Fund's financial statements, reflecting the fact that the Fund is in negotiation with its lenders, the outcome of which has not yet been determined. Until the outcome is known, the Fund will continue to use its cash resources, and cash received from the underlying investments to meet the short term operating needs of the business.

The Fund's priority remains to reduce its level of debt and restructure its balance sheet. In 2008 the Fund reduced its debt by approximately $20 million from the levels at December 31, 2007. This was well below our targeted level of repayment due to the decline in EBITDA experienced in 2008 and the impact on cash flows available for repayment.

The Fund and the lenders are in active and cooperative negotiations and no adverse action has been taken by the lenders nor have they indicated their intent to demand payment of the term debt prior to its maturity date. The Fund is pursuing options including portfolio sales, stand alone credit facilities at selected operating partnerships and operational changes to improve cash management performance at the operating partnerships to generate cash that could be used to reduce the debt levels. All options will require the consent of the lenders in order to execute.

OPERATING CASH FLOW AND WORKING CAPITAL

Cash provided by operations was $52.1 million for the year ended December 31, 2008, compared to cash provided of $47.8 million for the year ended December 31, 2007. As a result of the reclassification of $210.0 million of term debt required by GAAP as a result of covenant breaches, the Fund had working capital of approximately ($118.3) million at December 31, 2008, compared to $60.5 million at December 31, 2007. Standardized distributable cash for the year ended December 31, 2008 was $38.6 million compared to $39.0 million for the year ended December 31, 2007. Distributable cash or adjusted distribution base for the year ended December 31, 2008 was $38.4 million compared to $49.9 million for the year ended December 31, 2007. Given the uncertainty in the financial markets, as a defensive measure to conserve cash the Fund announced on October 8, 2008 that it was suspending its distributions following the payment of distributions on October 15, 2008. Distributable cash in the year exceeded distributions paid by $3.3 million.

The cash retained by the Fund as a result of the suspension of distributions will be used to reduce debt and to fund the working capital requirements of the portfolio businesses. During the latter part of 2008, and continuing into 2009, the working capital needs increased at some of the portfolio businesses, in particular at NPC/Golosky where there was an increase in the collection days of accounts receivable balances. The challenging economy is affecting many of our businesses, and cash flows are being impacted, causing increased working capital financing requirements.

Financing will be provided from cash from operations, retained cash as a result of distribution suspensions, renegotiated credit facilities and, potentially, from portfolio sales and redeployment of proceeds.

CAPITAL EXPENDITURES

The portfolio incurred total capital expenditures (capital lease payments and maintenance capital expenditures) of $10.4 million 2008 compared with $7.9 million in the prior year. Total capital expenditures as a percentage of Adjusted EBITDA were approximately 14.3% compared to 10.1% in 2007. The industrial services segment accounted for 82% of the Fund's total capital expenditures for 2008. Overall, we do not expect significant changes to the level of capital expenditures from current levels and these expenses are expected to be funded by cash from operations.

CAPITAL STRUCTURE

The Fund has a balanced and flexible capital structure composed of permanent equity and long-term debt or equity-linked debt. We believe this is the most appropriate method of financing our long- term assets provided that leverage levels are within an appropriate range to allow for flexibility. The Fund's capital structure positions it to be able to respond to changes in the capital markets, economic conditions and the risk characteristics and capital needs of the underlying assets and businesses.

NON-CAPITAL RESOURCES

ENTREPRENEUR NETWORK

The Fund has trusted relationships and an extensive network of contacts in the Canadian private business sector. This network is derived from the personal and professional contacts of the principals, and the management teams of the Operating Partners. This network represents a competitive advantage in generating new investment opportunities for the Fund and has enabled the Fund to build a large and diversified portfolio of 17 businesses. Since inception, the Fund has invested $668.0 million and has disposed of two investments.

INVESTMENT PHILOSOPHY AND CULTURE

The Fund's entrepreneurial culture and investment philosophy are attractive to entrepreneurs who have built successful private businesses – many of whom would otherwise not be inclined to accept a financial partner into their business. Our investment proposition for the entrepreneur is based on providing working and growth capital; strategic support; operational autonomy; and liquidity and diversity of personal wealth. In many cases, these factors are more important to the entrepreneur than the actual price he/she receives for the business.

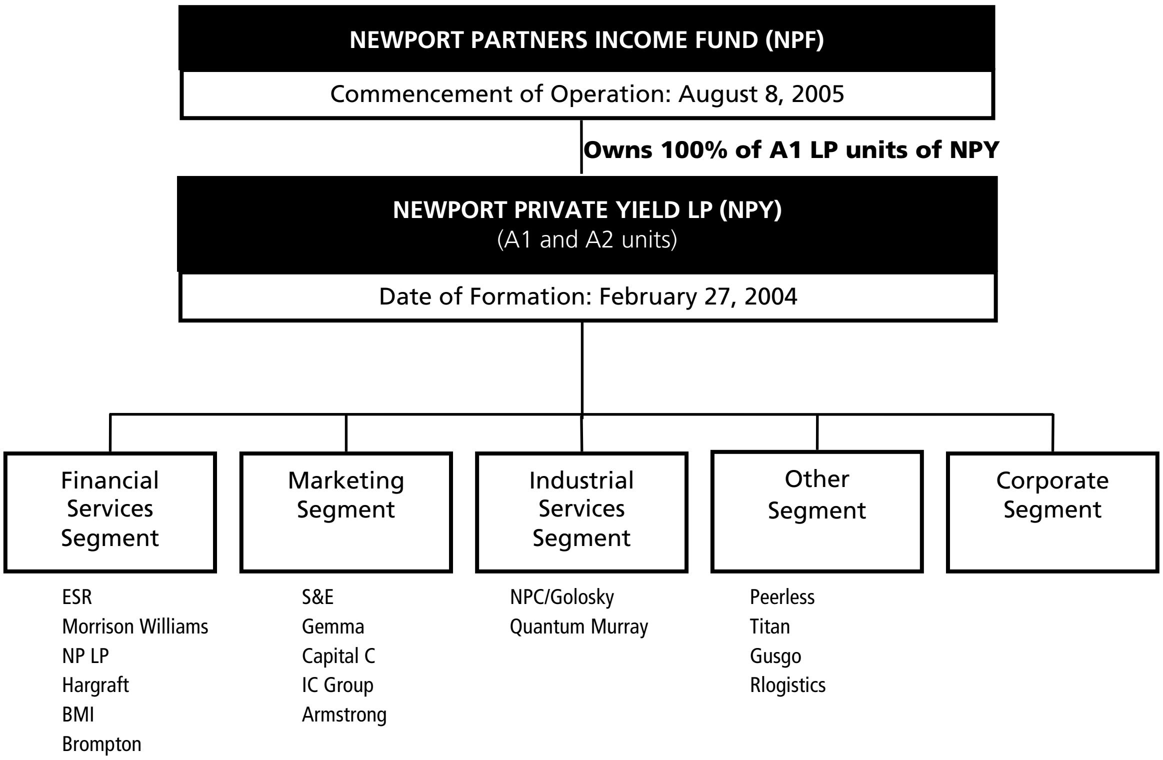
SYSTEMS AND PROCESSES

We believe our current management capacity and back office infrastructure are adequate to support the Fund's investment management, governance and reporting responsibilities and that we have the capacity to monitor our existing portfolio and the scalability to expand as new investments are added and to respond to regulatory and accounting changes.

OTHER FACTORS IMPORTANT TO UNDERSTANDING OUR RESULTS

SIMPLIFIED STRUCTURE – NPF AND NPY

NPF is an unincorporated, open-ended, limited purpose trust, which was created to hold an indirect interest in NPY. NPY is a limited partnership formed to invest in securities of private businesses and distribute the available cash flows to the limited partners. Management at the Operating Partnerships, principals and employees of Newport Partners, Trustees of the Fund, and founding investors of NPY own approximately 57% of the 71,631,431 Units outstanding.



In accordance with CICA guidelines, NPF groups Operating Partnerships that have generally similar business characteristics into business segments.

UNITS OUTSTANDING

TRUST UNITS	EXCHANGEABLE LIMITED PARTNERSHIP UNITS (NPY A2 LP UNITS)	TOTAL
46,540,730	25,090,701	71,631,431

Pursuant to the Exchange Agreement, 5,411,273 NPY LP units were exchanged for Trust units of the Fund during the year ended December 31, 2008.

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, or 5% of its then issued and outstanding units. For the years ended December 31, 2008 and 2007, there have been 237,500 units and 40,000 units, respectively, purchased for cancellation.

On January 20, 2009 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 2,327,194 units through to January 22, 2010, representing 5% of its then-issued and outstanding units.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

NPF prepares its financial statements in accordance with GAAP. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements. Significant accounting policies and methods used in the preparation of the financial statements are described in note 1 in the 2008 audited annual consolidated financial statements, as well as in "Accounting Policies –Accounting Standards Implemented by the Fund in 2008" discussed below. NPF and the Operating Partnerships evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in the consolidated financial statements are estimates used in determining allowance for doubtful accounts, inventory valuation, the useful lives of property, plant and equipment and intangible assets, revenue recognition and other matters. Actual results could differ materially from those estimates and assumptions.

The assessment of goodwill and intangible assets for impairment requires the use of judgments, assumptions and estimates. Due to the material nature of these factors, they are discussed here in greater detail.

GOODWILL AND INTANGIBLE ASSETS

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.

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 and contracts, and management contracts, are amortized over their useful lives and are tested for impairment when there is an indicator of impairment. 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.

GOODWILL AND INTANGIBLE WRITE-DOWNS

During the third and fourth quarters of 2008, the Fund reviewed the carrying value of all of its investments. The original investment carrying value is based upon the consideration paid by the Fund for each investment. The consideration paid is typically based on a multiple of earnings of the business being acquired. Further, this consideration is allocated to the tangible and intangible assets of the business acquired based on estimates of fair value at the time of acquisition, with any excess being allocated to goodwill. The Fund determined that the fair value of certain investments was lower than the carrying value. As a result, the Fund recorded a goodwill impairment charge of $87,371. In assessing whether there was an impairment, the Fund estimated the fair value of its investments based on current or expected earnings multiples consistent with publicly available multiples of comparable businesses as well as compared the aggregate fair value of its investments with the Fund's market capitalization at December 31, 2008. The Fund made certain assumptions for the estimated earnings of the businesses and earnings multiples. These assumptions may differ or change quickly depending on economic conditions or other events. Therefore, it is possible that future changes in assumptions may negatively impact future valuations of its investments and goodwill which would result in further impairment of goodwill.

At the time of the initial public offering of the Fund, net proceeds raised were indirectly invested into NPY giving the Fund an initial indirect ownership of 35% of NPY. The Fund's ownership interest has increased to 65% as at December 31, 2008 through both an additional indirect investment in June 2006, following a public issue of units of the Fund, and also through the exchange by unit holders of units of NPY into units of the Fund. The investments made in NPY, and unit exchanges, resulted in goodwill of $85,940 at the Fund, as the consideration paid for units of NPY at the time of the indirect investments exceeded the fair value of the underlying net assets acquired through those investments. The Fund has determined that the goodwill created on these initial transactions is impaired and therefore have been written off.

During the review of its carrying value of its investments, the Fund also performed an impairment test of its intangible assets, whereby the carrying amount of intangible assets was compared to the discounted future cash flows expected from their use. Impairment tests involve a significant degree of judgement, as expectations concerning future cash flows and the selection of an appropriate discount rate are subject to considerable risks and uncertainties. The Fund concluded that an impairment had occurred and, consequently, the Fund reduced the carrying value of intangible assets by $56,345 with respect to customer relationships and $18,905 with respect to brands.

Write-downs of goodwill, customer relationships and brands recorded by the Fund during the year was as follows:

Investment	Goodwill (Restated[1])	Customer Relationships (Restated[1])	Brands	Total (Restated[1])
ESR	$ 5,460	$ 11,424	$ 378	$ 17,262
BMI	-	4,859	461	5,320
Hargraft	-	2,440	-	2,440
Morrison Williams	14,461	7,836	468	22,765
NP LP	37,338	6,700	2,952	46,990
NPC/Golosky	12,376	5,065	7,842	25,283
Quantum Murray	4,158	10,360	193	14,711
Armstrong	6,375	5,077	2,560	14,012
S&E	-	1,051	-	1,051
Titan	7,203	1,533	4,051	12,787
	87,371	56,345	18,905	162,621
NPY	85,940	-	-	85,940
	$ 173,311	$ 56,345	$ 18,905	$ 248,561

1 The consolidated financial statements have been restated to reflect the re-calculation of exchangeable unit values, which resulted in an increase in goodwill of $19,769 at December 31, 2008, and, consequently, a reversal of the reduction of intangible assets of $12,303, prior to the impairment write-downs, which had previously resulted from the pro rata allocation of the units exchange value. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY, as well as recorded an impairment charge on intangible assets. The additional amount of goodwill of $19,769 has also been written off, and the Fund has also written down $12,303 of intangible assets to their fair value. These write offs have increased the net loss for the year to $224,409. See Note 2 in the consolidated financial statements for further discussion of the restatement.

During 2007, the Fund wrote-down carrying values of goodwill and customer relationships relating to its investment in S&E in the amounts of $1,592 and $1,395 respectively.

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. The Fund reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. As a result of revenue attrition and a weaker demand for its product suite, it was determined that the Fund's investment in Brompton is impaired, and accordingly a write-down of $29,000 has been recorded. The net book value of long- term investments was $16.5 million as at December 31, 2008.

FUTURE INCOME TAXES

The Government of Canada's enactment of Bill C-52 in June 2007 implemented provisions that will make public income trusts (formed before October 31, 2006) subject to the payment of an income tax on their earnings commencing in 2011 (or earlier if certain equity capitalization thresholds are exceeded or if the Fund converts to corporate form). The impact to the Fund of the enactment of Bill C-52 was that, commencing in the second quarter of 2007, the Fund must from that time forward comply with the CICA's recommendations regarding the accounting for future taxes arising from differences between the tax basis of an asset or liability and its carrying amount on the balance sheet under GAAP. What this means for the Fund is that it must estimate the expected value of its assets and liabilities as of January 1, 2011 and compare this to the estimated tax value for these assets and liabilities and record the difference as non-cash future tax amounts using the applicable estimated tax rate of 29.5% and 28% for 2011 and 2012, respectively, and subsequent years. In general, there are no material differences in the values for operating assets and liabilities such as accounts receivable, inventory and trade payables for the Operating Partnerships. There are, however, differences[1], for example between the carrying values of definite life intangibles (e.g. customer contracts) and indefinite life intangibles (e.g. brands) that arise as part of the Fund's accounting for its investments in the underlying Operating Partnerships. As one example, under GAAP, the Fund records intangible assets related to acquisitions and these assets, typically, have a lesser value for tax purposes depending on the manner in which the acquisition was structured. In this case, a future tax liability would be recorded for the difference. If the Fund was to divest of one or more of its Operating Partnerships for an amount that is greater than the tax carrying value this would give rise to a gain because the proceeds would be greater than the tax value of the assets. The current tax liability, if any, would be paid out of the proceeds of the divestiture with no impact on the Fund's operating cash flow and the future tax liability previously recorded with respect to the divested Operating Partnership would be reduced accordingly.

As a result of the Fund suspending distributions in late 2008, it is expected that in subsequent periods, the Fund will be subject to income tax on its undistributed taxable income. Consequently, the exemption under EIC 107 for income trusts that the Fund previously relied on, no longer applies. Prior to the decision to suspend distributions, no future taxes were recorded on those differences expected to reverse between 2008 and 2010. Accordingly, the reduction in the future tax liability related to the write-down of intangible assets during 2008 was offset by the recording of future tax liability related to differences that are expected to reverse between 2008-2010 and for which there were no future tax liability recorded as at the end of 2007.

The change in tax expense/recovery recorded had no impact on cash generated by operating activities or on distributable cash.

The Fund has evaluated its alternatives as to the best structure for its unitholders, and has determined that the most appropriate action is conversion to a corporate structure, as this will allow us to address the limits placed on our growth by the federal government with the expansion cap included in Bill C-52.

[1] These differences are referred to as either deductible temporary differences or taxable temporary differences and may result in tax-deductible amounts or taxable amounts in future periods and GAAP requires that these differences be recorded.

ACCOUNTING POLICIES

The Fund's accounting policies are disclosed in the notes to the 2008 audited annual consolidated financial statements.

ACCOUNTING STANDARDS IMPLEMENTED BY THE FUND IN 2008

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 requires 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 implemented them in the first quarter of 2008.

The new Section 3031, "Inventories", was issued in June 2007 and replaces 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 includes 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 year 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 year, 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 year, with an adjustment to opening retained earnings with no prior periods restated.

The standard was implemented by the Fund in the first quarter of 2008. There was no difference in the measurement of opening inventory using this new standard and as such, there was no adjustment made by the Fund to opening retained earnings.

FUTURE ACCOUNTING STANDARDS

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.

International Financial Reporting Standards

In 2008, the Canadian Accounting Standards Board (AcSB) confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS"), for interim and annual reporting purposes, beginning on or after January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Fund for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010.

The Fund began planning the transition from current Canadian GAAP to IFRS, in 2008, by establishing a project plan and a project team. The project team is led by a senior finance member that will provide overall project governance, management and support. Members also will include representatives from various areas of the Fund, as necessary as well representatives from the operating partnerships. The Fund is also reviewing the use of external advisors that would be engaged to assist in the IFRS conversion project.

A quarterly report is made to the Audit Committee of the Fund and we anticipate that in 2009 the Audit Committee will play a more active and increasing role in the project.

The project plan consists of three phases: the initial assessment, detailed assessment and design, and implementation.

The Fund is in the process of completing the initial assessment phase, which will include the development of a detailed timeline, the completion of a high-level review of the major differences between current Canadian GAAP and IFRS, and an initial evaluation of IFRS 1 transition exemptions. IFRS 1 provides guidance for first time adopters of IFRS. The initial assessment phase will also include education and training sessions for project team members and discussions with the Fund's external auditors and advisors. The Fund expects to complete the initial assessment phase in the first half of 2009.

The detailed assessment and design phase involves completing a comprehensive analysis of the impact of the IFRS differences identified in the initial assessment phase.

During the implementation phase, the Fund will implement the identified changes to business processes, financial systems, accounting policies, disclosure controls and internal controls over financial reporting.

The Fund continues to assess the financial reporting impacts of converting to IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable.

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for the Fund for interim and annual financial statements beginning April 1, 2008.

In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, replacing section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new section is effective for years beginning on or after October 1, 2008. The Fund has not yet determined the impact that the adoption of this change will have on its consolidated financial statements.

In January 2009, the CICA issued Handbook Section 1582, Business combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. The Fund is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In January 2009, the CICA issued Handbook Section 1602, Non-controlling interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the International Financial Reporting Standards on consolidated and separate financial statements. This standard is effective for 2011. Earlier adoption is permitted. The Fund is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In January 2009, the CICA issued Handbook Section 1601, Consolidated financial statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. The Fund is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In January 2009, the CICA issued EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that the credit risk of counterparties should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of this Abstract.

STANDARDIZED DISTRIBUTABLE CASH

The CICA issued the Interpretive Release "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities" in July 2007. In the guidance, sustainability concepts are discussed and standardized distributable cash is defined as cash flow from operating activities less adjustments for productive capacity maintenance, long- term unfunded contractual obligations and the effect of any foreseeable financing matters, related to debt covenants, which could impair our ability to pay distributions or maintain productive capacity.

Productive capacity maintenance is the amount of capital funds required in a period for an enterprise to maintain its ability to generate future cash flow from operating activities at a constant level. The Fund is a diversified portfolio of investments in private Canadian businesses with, in general, fairly small capital requirements. In 2008, our total maintenance capital expenditures and capital lease payments as a percentage of Adjusted EBITDA are approximately 14.3%. A discussion of productive capacity maintenance is not particularly relevant for investments in the Financial Services, Marketing and Other Segments as these businesses have relatively small amounts of capital requirements as the businesses are driven primarily by human capital. Our investments in the Industrial Services Segment have the largest capital requirements within the portfolio. As part of the budgeting process, the Operating Partnerships are able to anticipate capital needs based on existing backlog and contracts. The capital requirements are funded from cash flows from the businesses and where possible equipment required to maintain productive capacity is leased.

During our annual budgeting process, our capital programs are identified for the coming year and are factored into our estimate of cash flow for the year. Adjustments to the level of capital expenditures to maintain or increase our productive capacity may be required based on forecast levels of cash flow, capacity efficiency and debt levels. These are reviewed on a regular basis by the Fund. Due to uncertainty in the financial markets, the Fund suspended payment of distributions made on its units subsequent to the distribution payment made on October 15, 2008.

Our calculation of standardized distributable cash has no adjustment for long- term unfunded contractual obligations as we do not believe any exist. Management makes adjustments to standardized distributable cash as defined by the CICA to arrive at distributable cash or adjusted distribution base. We believe that adjustments for changes in working capital, growth capital expenditures and priority income are appropriate in order to properly reflect overall performance. Fluctuations in working capital are expected by the Fund and are funded by the revolving credit facility. The use of the revolving credit facility is not reflected in cash provided by operations and so an adjustment is required. Capital expenditures are made by the Fund to maintain operating activity at constant levels as well as to accommodate expected future growth. Growth capital expenditures are adjusted for as the anticipated revenues have not yet been reflected in cash from operations. Priority income adjustments are cash payments that the Fund is entitled to but are not reflected in cash from operations.

The Fund suspended distributions in October 2008 and our intent is not to resume the distributions until economic conditions improve and our debt levels are reduced. In addition, we are in negotiations with our lenders on covenant breaches and such negotiations may result in a further limit on distributions.

The Fund has term debt under its credit facility of which $170 million is due on December 8, 2011 and $40 million is due May 31, 2012. In addition, our convertible debt matures in 2010 and 2012. We believe that long- term debt should always form a part of our capital structure assuming an appropriate cost of capital. As our existing debt approaches maturity we will seek to either replace it with new debt, convert into equity or refinance, if appropriate, depending on the state of the capital markets at the time.

The following table incorporates the recommendations of the CICA and provides reconciliation to distributable cash used throughout the MD&A.

2008 PERFORMANCE

The following table provides a reconciliation of the Fund's cash provided by operations to its distributable cash and provides a summary of the Fund's distributable cash per unit for the years indicated.

DISTRIBUTIONS/UNIT ($000s except per unit amounts)

	YEAR ENDED DECEMBER 31		
	2008 (Restated[4])	2007	2006
NPF Units outstanding	43,283	40,379	33,744
NPY (representing non-controlling interest) Units outstanding	28,539	30,644	33,436
Total weighted average Units outstanding	71,822	71,023	67,180
Total distributions paid and payable	$ 35,058	$ 68,903	$ 66,657
Distributions per unit	$ 0.49	$ 0.97	$ 0.99
Cash provided by (used in) operations	$ 52,114	$ 47,755	$ 55,145
Deduct: capital expenditures	(8,877)	(5,308)	(2,721)
Deduct: capital lease payments	(4,669)	(3,427)	(3,009)
Standardized distributable cash	$ 38,568	$ 39,020	$ 49,415
Standardized distributable cash per unit	$ 0.54	$ 0.55	$ 0.74
Total distributions paid and payable	35,058	68,903	66,657
Cash used to repurchase units	216	11,798	-
Aggregate cash distributions for the year	$ 35,274	$ 80,701	$ 66,657
Standardized distributable cash payout ratio[1]	0.91x	2.07x	1.35x
Standardized distributable cash	$ 38,568	$ 39,020	$ 49,415
Changes in working capital – continuing operations	(5,730)	22,572	10,728
Cash (provided by) used in discontinued operations	(3,890)	(17,148)	(6,738)
Add: growth capital expenditures	3,285	1,546	513
Add (deduct): priority income per partnership agreement[2]	2,543	3,698	38
Distributable cash from continuing operations	34,776	49,688	53,957
Distributable cash from (used by) discontinued operations	3,611	257	(456)
Distributable cash (or Adjusted Distribution Base)	38,387	$ 49,945	$ 53,501
Distributable cash from continuing operations per unit	0.48	$ 0.70	$ 0.81
Distributable cash used by discontinued operations per unit	0.05	-	$ (0.01)
Distributable cash (or Adjusted Distribution Base) per unit	0.53	$ 0.70	$ 0.80
Distributable cash (or Adjusted Distribution Base) payout ratio[1]	0.92x	1.62x	1.25x
Net (loss) for the year before non-controlling interest[3]	$ (296,570)	$ (44,859)	$ (42,642)
Shortfall (excess) of distributions paid to standardized distributable cash	(3,510)	29,883	17,242
Shortfall (excess) of distributions paid to distributable cash (or Adjusted Distribution Base)	(3,329)	18,958	13,156
Shortfall of distributions paid to net (loss) before non-controlling interest[4]	$ 335,138	$ 13,492	$ 109,299

1 Cumulative aggregate cash distributions since inception are $206,827. Cumulative standardized distributable cash and adjusted distribution base from inception are $119,221 and $165,574 , respectively, providing cumulative payout ratios of 1.73x and 1.25x, respectively.

2 To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash of an operating partner is more or less than its priority amount , an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.

3 Net loss is after deducting amortization, write-downs and future income taxes.

4 The consolidated financial statements have been restated to reflect the re-calculation of exchangeable unit values, which resulted in an increase in goodwill of $19,769 at December 31, 2008, and, consequently, a reversal of the reduction of intangible assets of $12,303, prior to the impairment write-downs, which had previously resulted from the pro rata allocation of the units exchange value. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY, as well as recorded an impairment charge on intangible assets. The additional amount of goodwill of $19,769 has also been written off, and the Fund has also written down $12,303 of intangible assets to their fair value. These write offs have increased the net loss for the year to $224,409. See Note 2 in the consolidated financial statements for further discussion of the restatement.

BALANCE SHEET ($000s)

	AS AT DECEMBER 31, 2008 (Restated)	AS AT DECEMBER 31, 2007 (Restated)	AS AT DECEMBER 31, 2006
Total assets	$ 619,042	$ 964,160	$ 894,349
Revolving credit facility	27,400	47,527	5,000
Current portion of long-term debt	210,000	-	-
Long-term debt	-	204,862	170,000
Convertible debt[5]	152,683	149,530	83,970
Unitholders' equity - NPF & NPY	55,602	381,754	478,235

5 Subsequent to December 31, 2006 changes to accounting rules require that deferred financing charges be netted against long -term debt and convertible debt. As at December 31, 2008 the gross long-term debt outstanding was $210,000 and the convertible debt was $164,466.

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Year ended December 31, 2008

	FINANCIAL SERVICES (Restated)	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1] (Restated)	TOTAL (Restated)
Revenue	$51,379	$94,036	$438,781	$85,534	-	$669,730
Gross profit	31,176	50,167	86,908	24,038	-	192,289
(Loss) from continuing operations before non-controlling interest	(112,992)	(5,359)	(42,178)	(7,819)	(123,113)	291,461
EBITDA	(101,812)	193	(10,039)	(422)	(93,593)	(205,673)
Loss on dilution of ownership interest	-	-	-	-	845	845
Write-down of goodwill and intangibles	94,778	15,063	39,994	12,786	85,940	248,561
Impairment of long- term investment	29,000	-	-	-	-	29,000
Adjusted EBITDA[3]	21,966	15,256	29,955	12,364	(6,808)	72,733
Interest income (expense) [2]	444	(309)	(1,946)	(1,486)	(37,529)	(40,826)
Non-cash interest expense	-	-	-	-	8,345	8,345
Income tax expense-current	(19)	(19)	(6)	-	-	(44)
Maintenance capital expenditures and reserves	(356)	(876)	(4,188)	(309)	-	(5,729)
Capital lease payments	(6)	(132)	(4,356)	(175)	-	(4,669)
Compensation expense funded by operating partner[4]	2,008	415	-	-	-	2,423
Priority income per partnership agreement[5]	223	315	1,809	196	-	2,543
Distributable cash from continuing operations	24,260	14,650	21,268	10,590	(35,992)	34,776
Cash provided by discontinued operations						3,611
Distributable cash						$38,387
Distributable cash per unit from continuing operations						**0.48**
Cash provided per unit by discontinued operations						0.05
Distributable cash per unit						0.53

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Year ended December 31, 2007

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1]	TOTAL
Revenue	$ 54,604	$ 86,816	$ 296,943	$ 93,015	-	$531,378
Gross profit	34,507	46,658	62,695	24,273	-	168,133
Income (loss) from continuing operations before non-controlling interest	(4,219)	(3,078)	7,099	(5,022)	(36,457)	(41,677)
EBITDA	29,155	11,583	28,891	12,143	(12,967)	68,805
Loss on dilution of ownership interest	-	-	-	-	6,958	6,958
Write-down of goodwill and intangibles	-	2,987	-	-	-	2,987
Adjusted EBITDA[3]	29,155	14,570	28,891	12,143	(6,009)	78,750
Interest income (expense) [2]	488	(309)	(2,330)	(2,427)	(25,974)	(30,552)
Non-cash interest expense	-	-	-	-	2,797	2,797
Income tax expense-current	(6)	-	-	-	(4)	(10)
Maintenance capital expenditures and reserves	(803)	(872)	(2,312)	(505)	-	(4,492)
Capital lease payments	(2)	(186)	(3,162)	(77)	-	(3,427)
Compensation expense funded by operating partner[4]	2,030	894	-	-	-	2,924
Priority income per partnership agreement[5]	213	612	2,387	486	-	3,698
Distributable cash from continuing operations	31,075	14,709	23,474	9,620	(29,190)	49,688
Cash provided by discontinued operations						257
Distributable cash						$ 49,945
Distributable cash per unit from continuing operations						**$ 0.70**
Cash provided per unit by discontinued operations						-
Distributable cash per unit						$ 0.70

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Year ended December 31, 2006

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1]	TOTAL
Revenue	$ 51,699	69,323	186,821	40,579	-	$ 348,422
Gross profit	33,596	33,792	39,809	10,761	-	117,958
Income (loss) from continuing operations before non-controlling interest	18,932	5,642	9,188	3,053	(15,930)	20,885
EBITDA	32,377	13,174	19,847	6,746	(4,513)	67,631
Interest income (expense) [2]	331	(238)	(1,681)	(934)	(7,911)	(10,433)
Income taxes	(96)	-	-	-	-	(96)
Maintenance capital expenditures and reserves	(297)	(390)	(1,017)	(116)	(388)	(2,208)
Capital lease payments	(33)	(138)	(2,821)	(17)	-	(3,009)
Compensation expense funded by operating partner [4]	2,034	-	-	-	-	2,034
Priority income per partnership agreement [5]	(720)	689	-	69	-	38
Distributable cash from continuing operations	$ 33,596	13,097	14,328	5,748	(12,812)	$ 53,957
Cash used by discontinued operations						(456)
Distributable cash						$ 53,501
Distributable cash per unit from continuing operations						**$0.81**
Cash used per unit in discontinued operations						($ 0.01)
Distributable cash per unit						$ 0.80

1 The results of the Corporate segment include corporate costs and corporate interest expense.

2 NPF advanced approximately $60,000 to NPC to allow it to complete its investment in Golosky on July 31, 2007. This long term facility can be converted into equity, if certain future performance criteria are met, and in anticipation of the triggering targets being met, and also in order to remove the financing component from the operating results of NPC, interest expense of NPC, and the Industrial Services segment in this Summary Financial table has been reduced by $7,507 (2007 - $2,537, 2006 – Nil) and such amount has been added to the interest expense of the Corporate segment.

3 Adjusted EBITDA excludes the non-cash gain or loss on changes to ownership interest and the write-down of goodwill and intangibles and impairment of long- term investments.

4 NPF's agreements with ESR contemplate that certain employee bonuses are paid for by the 20% limited partners. GAAP requires that the bonuses be expensed and therefore reduces EBITDA. Since there is no cash outlay by NPF the expense is added back in arriving at distributable cash. Management of Gemma has the option to receive its distributions as bonuses. When this option is chosen, an adjustment is required to calculate the distributable cash to the Fund.

5 To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount, an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.

INVESTMENT & FUNDING ACTIVITIES IN 2008

On January 1, 2008 Titan paid $1,235 to acquire and cancel 4.3% of its units. As a consequence, the Fund's ownership percentage of Titan increased to 91.9%, and goodwill relating to this investment has increased by $785.

On April 4, 2008, the Fund completed an Acquisition Agreement with Duntroon Energy Ltd. ("Duntroon") pursuant to which the Fund exchanged 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 changed it name to Brompton Corp. As there was no monetary asset involved, the transaction has been accounted for as a non-monetary transaction. Therefore, the shares in Brompton Corp. will be recorded at the carrying value of the asset given up (i.e. units of Brompton).

On August 1, 2008, the Fund completed the second year of its ownership of its 80% interest in IC Group. As part of a three part earn-out arrangement, a purchase price adjustment, in the Fund's favour of $2,852 was calculated, and has been recorded as a reduction in the carrying value of goodwill. $2,000 of this amount was received in cash from the vendor, and the balance is included as a receivable in other assets.

On November 19, 2008 the Fund paid $1,725 to acquire an additional 14.4% of Hargraft Schofield LP. As a consequence, the Fund's ownership percentage of Hargraft has increased to 94.4%.

SUMMARY RESULTS – ($000s)

	YEAR ENDED DECEMBER 31		
	2008 (Restated)	2007	2006
Revenues	$ 669,730	$ 531,378	$ 348,422
Cost of revenues	(477,441)	(363,245)	(230,464)
Gross profit	192,289	168,133	117,958
Selling, general and administrative expenses	(124,146)	(96,307)	(57,397)
Amortization expense	(39,775)	(36,680)	(27,917)
Depreciation expense	(11,571)	(8,504)	(6,264)
Income from equity investments	2,112	3,418	3,341
Other income	330	1,119	1,693
Interest expense	(40,826)	(30,552)	(10,433)
Income tax expense-current	(44)	(10)	(96)
Income tax recovery (expense)-future	8,576	(32,349)	-
Loss on dilution of ownership interest	(845)	(6,958)	-
Write down of goodwill and intangibles	(248,561)	(2,987)	-
Impairment in value of long- term investment	(29,000)	-	-
Income (loss) from continuing operations	(291,461)	(41,677)	20,885
Income (loss) from continuing operations	(291,461)	(41,677)	20,885
Add:			
Amortization	39,775	36,680	27,917
Depreciation	11,783	8,504	6,264
Amortization of Brompton intangible assets and future income tax recovery	1,936	2,387	2,036
Interest expense	40,826	30,552	10,433
Income tax expense-current	44	10	96
Income tax expense-future	(8,576)	32,349	-
EBITDA	($ 205,673)	$ 68,805	$ 67,631
Loss on dilution of ownership interest	845	6,958	-
Write down of goodwill and intangibles and long- term investments	277,561	2,987	-
Adjusted EBITDA	72,733	78,750	67,631
Weighted invested capital	$ 545,871	$ 487,917	$ 317,531

2008 RESULTS COMMENTARY

The Fund's Continuing Operations are reported in four operating segments: Financial Services, Marketing, Industrial Services and Other. Revenues for the year ended December 31, 2008 were $669,730 compared to $531,378 in 2007, an increase of 26% and an increase of 92% compared to $348,422 in 2006. This increase reflects a full year of investments made during 2007, as well as growth in all of our segments except for the financial services segment, which has been impacted by reduced assets under management as a result of global financial markets volatility, and reduced commission income from lower insurance premiums due to a continuing soft insurance market.

Gross profit for the year ended December 31, 2008 was $192,289 compared to $168,133 in 2007, an increase of 14% and an increase of 63% compared to $117,958 in 2006. Gross profit margins have reduced to 29% from 32% with all segments being impacted to a degree.

These four operating segments produced $79,541 of adjusted EBITDA for the Fund compared to $84,759 in 2007.

The five largest EBITDA contributors in the portfolio were NPC/Golosky, Quantum Murray, ESR, Morrison Williams and Cap C. Despite their EBITDA contribution, each of these businesses faced unique challenges this year.

NPC/Golosky's business this year was impacted by increased competition and pricing pressure in its conventional oil and gas maintenance services businesses. Despite this, revenues increased from last year in this business, driven by the contribution of its oilsands services businesses relating to maintenance and wear technology services. Construction revenue in both sectors has been significantly reduced, and with lower commodity prices are unlikely to return to higher levels in the near term.

Quantum Murray's performance was negatively affected by the results of its demolition and scrap metal divisions. Slumping commodity prices in the second half of the year caused margin compression and inventory losses at the scrap metal division. The commodity prices had a larger impact on the demolition division which was working on several projects each with a very high scrap metal revenue component. This resulted in reserves being taken against projected revenues.

ESR, like the other insurance businesses in the portfolio, faced a challenging insurance market, which continued to be soft throughout 2008. Increased competition resulted in downward pressure on premiums resulting in lower commission income. ESR continues to benefit, because of its excellent underwriting record, from contingent profit commissions from its insurers, and these amounts helped to offset the reduced commission income.

Morrison Williams results in the first half of the year were largely as expected given the volatility in the financial markets. However, its results in the second half reflect the significant decrease in its AUM due to unprecedented global financial market declines. Many clients of Morrison Williams are mandated to hold certain levels of equity investments, and therefore AUM suffered as equity values decreased.

Capital C has reported very strong results this year. The business development activities commenced in mid-2007 have borne fruit with new clients, and new assignments and deeper relationships with existing clients. The final quarter, however, has seen some business slowing, and reductions in spending by clients.

The Fund's results were also impacted by good results from Gemma and IC Group in the marketing segment, as expected results from Peerless, Gusgo and S&E, and lower results from Armstrong and from its other insurance and asset management businesses.

Gemma had a solid year but did experience some customer attrition late in the year. While most revenue lost was replaced, it has come with some margin compression. IC Group's early year business development focus resulted in two significant online loyalty programs with major clients, which benefited the second half results, and provides a strong business pipeline.

Peerless' results throughout 2008 were hurt by lower than anticipated business volumes due to delays in the awarding of government contracts. Given that, Peerless was able to contribute well due to improved gross margins realized through production efficiencies. While Gusgo suffered from reduced transportation revenue volumes due to a contracting manufacturing sector, it was able to replace a major part of these revenues with higher margin storage revenues. S&E had a good start to the year with new sports related advertising revenues but the second half was impacted by across the board client spending reductions.

Armstrong's results have been impacted by the drop in consumer spending particularly in the US where many of its customers operate. As with ESR, both Hargraft's and BMI's insurance operations have been affected by a continuing soft insurance market which has increased competition and put downward pressure on premiums and also commission income.

The Fund's Corporate segment includes administrative costs to operate the Fund, and the interest costs on borrowings to fund investments and working capital of the portfolio's businesses. Corporate office costs were $6,808 for the year ended December 31, 2008 compared with $6,009 in 2007. These costs reduced total adjusted EBITDA to $72,733 for the year ended December 31, 2008 compared with $78,750 in 2007.

The main items that reduce adjusted EBITDA to arrive at distributable cash are interest expense and maintenance capital expenditures. Interest costs for the year were increased over 2007 as they include a full year of additional borrowings to fund both the Golosky investment, completed in July, 2007 and Golosky's working capital needs. Interest costs in 2008 also include a full year's interest on the $79,966 of convertible debentures issued in July 2007, bearing interest of 7%. Interest expense includes the write-off of $4,065 of deferred financing charges due to the reclassification of $210,000 of long-term debt to a current liability. During the year, cash interest costs were $32,481 compared with $27,755 in 2007. During 2008, the operating segments had capital expenditures and capital lease payments of $10,398, as compared to $7,919 in 2007. The majority of these expenditures are incurred in the Industrial Services segments.

Distributable cash from continuing operations for the year ended December 31, 2008 was $34,776 resulting in $0.53 of distributable cash per unit, compared with $49,688 and $0.70 per unit in 2007.

Non-cash items that impacted the results were depreciation and amortization, the write down of goodwill and intangible assets, impairment of long- term investments and future income taxes. Depreciation and amortization was $51,346 for the year ended December 31, 2008, against $45,184 for 2007. The largest component of this expense is the amortization of intangible assets, which are recorded as investments are made.

During the third and fourth quarters of 2008, the Fund reviewed the carrying value of all of its investments. As the Fund reviewed its investments, it re-calculated amounts to be allocated to tangible assets, intangible assets and goodwill based on current or expected earnings of the businesses, and based on current earnings multiples consistent with publicly available multiples of comparable businesses. This review has resulted in write downs of goodwill and intangible assets of several investments, and a write down of a long- term investment in the amounts of $248,561 (2007 - $2,987) and $29,000, respectively (2007 - $nil).

In addition, management of the Fund had reviewed its investment in NPY, and has determined that the net goodwill of $85,940 created on the Fund's initial investments in NPY should be written off.

The enactment in June 2007 of Bill C-52, subjecting the Fund to taxation on its taxable income beginning in 2011, resulted in a GAAP requirement to record a future income tax expense in 2007 of $32,349 as the Fund was required to record future income tax related to temporary differences, which reverse after 2010, at the Fund level. These differences are between the accounting and tax basis of the Fund's net assets, and the majority of the differences relates to intangible assets. As a result of the write-downs of intangible assets in 2008, the Fund has recorded a future income tax recovery in 2008 of $18,326.

In addition, due to the decision to suspend distributions in late 2008, the Fund no longer qualifies for the exemption from recording future taxes under EIC 107, which is available to income trusts that are committed to distributing their taxable income to unitholders. Accordingly, the Fund has also recorded a net future tax liability of $9,750 in respect of differences reversing between 2008 and 2010 for which, previously, the EIC 107 exemption had applied. Both the recovery recorded in 2008 of ($8,576), and the expense recorded in 2007 of $32,349, are non-cash items that have no current impact on the Fund's cash from operating activities.

Net loss for the year ended December 31, 2008 from continuing operations before non-controlling interest was ($291,461) compared to a loss of ($41,677) in 2007.

2008 PERFORMANCE SUMMARY - BY OPERATING PARTNERSHIP

OPERATING PARTNERSHIP	ADJUSTED EBITDA ($000s)[1]	DISTRIBUTABLE CASH ($000s)	2008 YIELD (%) [2]	COMMENTARY
Financial Services				
ESR	6,723	8,766	15.7%	ESR is a managing general agent and provider of specialized commercial insurance services to its clients. This has been a challenging year for the commercial insurance market with continuing downward pressure on premium and commission income. ESR's reputation is in its underwriting abilities and track record and this is best reflected by the healthy levels of contingent profit commission it earns. These amounts are based on underwriting results and again in 2008 the amounts earned were significant. ESR anticipates that the commercial insurance market will continue to be soft in 2009.
Morrison Williams	6,334	6,334	15.8%	Morrison Williams provides investments management services to institutional clients. Morrison Williams' results reflect lower revenues due to a 32% decrease in AUM since the beginning of the year. 90% of this drop occurred in the second half of 2008. Most of Morrison Williams' clients are mandated to invest in the equity markets, and the volatility of the financial markets has significantly impacted returns for these clients. The reduced base of AUM directly impacts the bottom line, and will result in lower net income for the foreseeable future as world markets and economies continue to weather turmoil and instability in light of predicted recessions around the world.
NP LP	3,292	3,220	15.6%	NP LP provides investment management, corporate advisory and insurance services to its clients. NP LP's results for the year reflect declining investment management fees from AUM, which have been impacted by financial market turmoil. AUM is reduced 23% year over year. While corporate advisory and insurance revenues are as expected, results are also impacted by severance associated with staff reductions in the fourth quarter. Continuing volatile financial markets are expected in 2009, and this will impact the investment management fees earned by NP LP.
Hargraft	1,250	1,295	6.6%	Hargraft's results all year have been impacted by a soft insurance market. Reducing premiums, and significant competition including new market entrants have put pressure on Hargraft's new and renewal business. This has necessitated increased focus on client retention resulting in higher marketing costs. Premium pressure continued to the end of the year impacting the final quarter which has historically included a large component of client renewals. Hargraft sees a challenging year in 2009. Some evidence of a hardening market is a positive, but reducing business volumes caused by business closures and downsizing will likely have a greater impact on Hargraft's commission income.
BMI	2,121	2,533	13.9%	BMI is an insurance broker providing services primarily to the transportation sector. 2008 has been a difficult year for the transportation industry – a stronger Canadian dollar and rising fuel prices in the first half of the year, and a weaker manufacturing sector throughout 2008 has put pressure on BMI's clients. The result of client consolidation and closure is reduced insurance premiums, and reduced commission income for BMI. In these times, BMI has carefully monitored its administration costs. For 2009, economic recession will continue to put pressure on premium volumes, but there's some evidence that premium rates are beginning to increase as insurers attempt to replace declining investment income.
Brompton	2,246	2,112	7.8%	2008 was a very difficult year for Brompton. Market volatility and uncertainty throughout the year has severely impacted Brompton's structured products and has made the launching of new products challenging. During the year, net AUM decreased by $1,214 million, or 54% as a result of market price depreciation of the value of assets held by the Brompton funds and annual redemptions in certain funds. The current market uncertainty continues to make launching new closed-end investment funds challenging although Brompton will continue to search for and structure new investment products which can be brought to market when conditions improve.
	$21,966	**$24,260**		
Marketing				
S&E	370	293	5.1%	S&E is a provider of sports-related marketing and advertising services. S&E's focus in 2008 on comprehensive consulting assignments for existing clients and its attention to cost control has resulted in better than anticipated results. In particular, additional sports advertising and sponsorship revenues from one existing client have benefited results. In the second half of the year, S&E's results have been impacted by reductions in discretionary marketing expenditures throughout most of its client base. This has been offset to some extent in the fourth quarter by revenues from the launch of advertising programs related to the NBA and NHL seasons. S&E expects 2009 to be a year of reduced spending by its client base. It plans to weather this period by providing value-added services and carefully monitoring its overhead costs.
Gemma	5,373	5,555	19.8%	Gemma's record levels of revenue combined with the improved gross margins resulted in its best ever financial results. These results speak volumes given that 2008 was the most challenging year faced in Gemma's recent history, especially the third and fourth quarters. The introduction of the National Do Not Call List in September and the material reductions of business volumes by some of its financial services clients in the latter half of the year presented two very serious challenges. Both were well anticipated and Gemma was successful in securing additional volumes of business from other clients, although initially at lower margins. The first half of the year was much stronger than the second half and as we look forward, we are expecting a much more challenging 2009, as clients carefully monitor spending in a difficult economy.
Capital C	6,432	5,557	23.4%	Capital C is a provider of fully integrated marketing services. Capital C has reported very strong results this year. The significant business development activities commenced in mid-2007 have borne fruit with new clients, and new assignments and deeper relationships with existing clients. The final quarter, however, has seen some business slowing, and in 2009 it is anticipated that there will be reductions in spending by clients. Capital C remains optimistic for 2009 with new revenue streams offsetting any reductions in more traditional revenue streams.

OPERATING PARTNERSHIP	ADJUSTED EBITDA ($000s)[1]	DISTRIBUTABLE CASH ($000s)	2008 YIELD (%) [2]	COMMENTARY
IC Group	1,686	1,577	15.5%	IC Group is a provider of online promotional and loyalty programs, and a provider of select insurance products. IC Group's results were very strong in the second half of the year, somewhat offsetting the disappointing results in the first half of the year. Until the second half of the year, revenue levels were well below those of last year, particularly in three core accounts, due to economic challenges in the United States where the clients operate. However, several of IC Group's clients have focused on loyalty programs to attract and retain their customers as consumer confidence is tested. IC Group's stronger second half reflects revenues relating to client commitments on two significant online loyalty programs. IC Group is cautiously optimistic about 2009 based on its pipeline, and the stronger U.S. dollar should benefit IC Group as the majority of its clients are U.S. based.
Armstrong	1,395	1,668	8.4%	Armstrong provides in-store promotional marketing services. Armstrong has completed another challenging year. The majority of Armstrong's clients provide services to the consumer marketplace in both the US and Canada. The drop in consumer spending has impacted Armstrong's client base, and this has overshadowed progress in securing new clients and providing higher margin digital services. The outlook for 2009 indicates another difficult year. Armstrong has scaled its operations to weather the storm, and when improved levels of optimism return to the consumer marketplace, Armstrong should be well placed to benefit from increased spending, particularly from US clients looking to take advantage of a weaker Canadian dollar.
	$15,256	**$14,650**		
Industrial Services				
NPC/Golosky	22,066	14,228	12.6%	Golosky provides oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and to the oilsands. 2008 has been a challenging year in the oil patch, with extremes of high and low pricing. Volatile commodity prices typically have had little impact on conventional maintenance service providers. However, sustained low prices have caused delays or postponements of construction projects, and have also this year impacted margins on core maintenance services because of increased competition as construction service businesses attempt to replace lost revenues by entering the maintenance service business. The oilsands services division has a more diverse services offering and therefore is less impacted by low oil prices. While its construction services have been impacted this year, trucking, maintenance and wear technology services have been very active, achieving good margins. The outlook overall for 2009 is mixed. Excess capacity in the conventional marketplace due to a lack of construction projects will continue to put pressure on revenues and margins in this business. A strong 2009 is anticipated in the oil sands as several facilities will be at full production for the foreseeable future. Recently there has been a number of significant new business wins, including the signing of two contracts for $750 million to be completed over the next five years. One of these contracts will require significant capital expenditure on equipment and facilities to accommodate the increased business volumes.
Quantum Murray	7,889	7,040	9.0%	Quantum Murray is a national provider of demolition, remediation and scrap metal services. Results for the group in 2008 were very disappointing. Until the third quarter, it was looking as if Quantum Murray would report record results, but from the third quarter gross margins were significantly impacted by the drop in scrap metal prices. The unprecedented price declines in the late summer surprised many industry participants. The impact on the metals division was twofold, with declining margins on sales, and write downs of inventories on hand. In addition, the demolition division was working on a number of projects where the scrap metal revenue component was very high, resulting in significant reserves being taken on these projects against revenues. The results of the demolition division have also been impacted by intensified competitive pressures as fewer projects are being brought to market. This severe drop in scrap metal prices, and resulting significant impact on the demolition and scrap metal divisions, has overshadowed the good results from the Environmental division which has generated better than expected results, in part due to work secured in the Arctic, and strong activity in BC and Alberta. The outlook for 2009 is mixed. The Environmental division has a good backlog of work and has recently been awarded a large remediation project which is expected to start in the first quarter. The Demolition division will experience very challenging conditions during 2009, as capital projects & spending are placed on hold or outright cancelled, and competition will put significant pressure on margins. The outlook for the Metals division remains weak for 2009, as volumes from manufacturing and auto industries look to continue to remain very soft throughout the year.
	$29,955	**$21,268**		
Other				
Peerless	5,004	4,586	12.7%	Peerless is a supplier of garments to the Canadian military. While Peerless has produced solid revenues and gross margins, its business volumes have been impacted throughout 2008 by a slower sign-off of federal contracts than has been experienced in the past. Although Peerless is able to scale back production levels without impacting margins, the slowdown in contract awards has been frustrating. While revenue volumes were down, excellent margin management through production efficiencies and close attention to overhead costs have contributed to solid results. As referenced, Peerless has been waiting for a significant part of the year for the awarding of two very large contracts. The good news for 2009 is that Peerless has recently secured both of these contracts.
Titan	3,591	2,133	8.5%	Titan is a distributor of rigging and wear products to the oil and gas, transportation, pipeline, construction, mining and forestry industries. Slow drilling activity in the first and second quarters negatively impacted Titan revenues. While there was some improvement in the third quarter, it had reversed by year end. Reduced revenues resulted in reduced gross margins, but Titan management's careful monitoring of overhead expenses has resulted in annual financial performance only marginally below expectations. Low oil prices and the economic recession will make 2009 a challenging year, although Titan should benefit from revenues from its construction clients if anticipated government-sponsored infrastructure projects are forthcoming.

OPERATING PARTNERSHIP	ADJUSTED EBITDA ($000s)[1]	DISTRIBUTABLE CASH ($000s)	2008 YIELD (%) [2]	COMMENTARY
Gusgo	2,298	2,400	17.6%	Gusgo is a provider of container transportation and storage services. Gusgo has reported a solid year, and has successfully replaced revenues lost last year from US clients due to the strengthening Canadian dollar, with higher margin storage revenues from its existing customers. In the fourth quarter, Gusgo has also seen a return of some US client business because of the weakening of the Canadian dollar since the late summer. Gusgo is optimistic that in 2009 a stronger US dollar will generate business which will offset an expected revenue reduction due to economic recession.
Rlogistics	1,471	1,471	14.7%	Although Rlogistics reported satisfactory overall financial results for 2008, the business experienced lower than expected sales and profit for the fourth quarter of 2008. With the recession affecting consumer spending a challenging retail environment in 2009 is expected with continued downward pressure on sales and profits.
	$12,364	**$10,590**		

1 Excludes a write-down of goodwill and intangibles. Refer to the Goodwill and Intangible section for further details.
2 Distributable cash as a percentage of weighted, invested capital.

SUPPLEMENTARY INFORMATION

NPF'S PRIORITY INCOME BY OPERATING PARTNERSHIP

OPERATING PARTNERSHIP	PER ANNUM	EXPIRY
BMI	$ 3,400	Q2 2009
Gusgo	2,400	Q4 2010

The priority income arrangement with Armstrong expired on December 31, 2008 and Quantum Murray's expires on January 31, 2009. The Fund has relied on these amounts over the past two years and the expiry of these agreements may have a material impact on reported distributable cash going forward should the businesses underperform. The priority income arrangement with Gemma expired on March 31, 2007. ESR, Morrison Williams, Brompton, NP LP, Capital C and NPC/Golosky's priority income arrangements expired on September 30, 2007.

SEGMENT OPERATING RESULTS

FINANCIAL SERVICES

The Financial Services segment includes our proportionate share of ESR, NP LP, Morrison Williams, Hargraft and BMI. The Fund's investment in Brompton is accounted for using the equity method of accounting, and income is classified on the income statement as income from equity investments, net of amortization of underlying intangible assets. Full year results are reflected for all Operating Partnerships in this segment except Hargraft (acquired in April 2006) and BMI (acquired in April 2007).

BMI	-	Full-service insurance broker specializing in the transportation and logistics industries
ESR	-	Independent insurance underwriters and specialty managing general agents
Morrison Williams	-	Institutional money manager
NP LP	-	Provider of money management and financial advice for successful entrepreneurs
Hargraft	-	Insurance broker specializing in liability products for commercial and high net worth clients
Brompton	-	Asset manager of public and private investment funds

SUMMARY FINANCIAL TABLE ($000s)

	YEAR ENDED DECEMBER 31		
	2008 (Restated[1])	2007	2006
Revenues	$ 51,379	$ 54,604	$ 51,699
Cost of revenues	(20,203)	(20,097)	(18,103)
Gross profit	31,176	34,507	33,596
Selling, general and administrative expenses	(12,074)	(10,969)	(7,326)
Amortization expense	(13,230)	(12,692)	(11,208)
Depreciation expense	(444)	(539)	(436)
Income from equity investments	598	2,111	2,378
Other income	330	1,119	1,693
Interest income (expense)	444	488	331
Write down of goodwill and intangibles	(94,778)	-	-
Impairment of long- term investments	(29,000)	-	-
Income tax expense-current	(19)	(6)	(96)
Income tax recovery (expense)-future	4,005	(18,238)	-
Income (loss) for the year	(112,992)	(4,219)	18,932
Income (loss) for the year	(112,992)	(4,219)	18,932
Add:			
Amortization	13,230	12,692	11,208
Depreciation	444	539	436
Amortization of Brompton intangible assets	1,936	2,387	2,036
Interest income	(444)	(488)	(331)
Income tax expense-current	19	6	96
Income tax expense-future	(4,005)	18,238	-
EBITDA	($ 101,812)	$ 29,155	$ 32,377
Write down of goodwill and intangibles and long- term investments	123,778		
Adjusted EBITDA	$ 21,966	$ 29,155	$ 32,377

1 The consolidated financial statements have been restated to reflect the re-calculation of exchangeable unit values, which resulted in an increase in goodwill of $19,769 at December 31, 2008, and, consequently, a reversal of the reduction of intangible assets of $12,303, prior to the impairment write-downs, which had previously resulted from the pro rata allocation of the units exchange value. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY, as well as recorded an impairment charge on intangible assets. The additional amount of goodwill of $19,769 in the Corporate Segment has also been written off, and the Fund has also written down $12,303 of intangible assets to their fair value in the Financial Services Segment. These write offs have increased the net loss for the year to $224,409. See Note 2 in the consolidated financial statements for further discussion of the restatement.

SUPPLEMENTARY FINANCIAL INFORMATION – AUM ($000,000s)

	DECEMBER 31, 2008	DECEMBER 31, 2007	DECEMBER 31, 2006
NP LP	$ 856	$ 1,107	$ 1,147
Morrison Williams	2,975	4,344	4,638
Brompton	1,046	2,261	2,915
Total	$ 4,877	$ 7,712	$ 8,700

2008 RESULTS COMPARED TO 2007

(I) REVENUES

Revenue from the Financial Services segment was $51,379, which represents a 6% decrease over the $54,604 reported in 2007. Revenues of each business in this segment are lower than a year ago. Revenues of the three insurance businesses have been negatively impacted by a continuing soft insurance market. Heightened competition and price compression have limited growth opportunities as insurance premiums have been reduced which has in turn reduced commission income earned. Significant marketing activities have been undertaken in efforts to retain existing clients. In addition, commission income from both Hargraft and Baird's transportation clients were lower due to industry consolidation. Contingent profit commissions at ESR were slightly below a year ago. These profit commissions are dependent on loss claims experienced at the insurers. These high levels of profit commissions reflect the quality of underwriting performed by ESR. Profit commissions at Hargraft and BMI are not material.

The investment management businesses of both Morrison Williams and NP LP have been severely impacted by the unprecedented market volatility. For these two businesses, assets under management at December 31, 2008 were 32% and 23% respectively below the 2007 year end levels. These asset reductions, driven by market conditions, result in top line and bottom line impacts for these businesses. NP LP's corporate advisory and insurance services businesses have performed well this year, with increases over last year's revenues.

(II) GROSS PROFIT

Gross profit was $31,176 which translated into a 61% gross profit margin. For the year ended December 31, 2007, the financial services segment produced gross profit of $34,507, which translated into a 63% gross profit margin. The lower gross margin in 2008 reflects lower revenues overall, and also lower contingent profit commissions than a year ago.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $12,074 for the year ended December 31, 2008 compared with $10,969 for the year ended December 31, 2007. As a percentage of revenues, selling, general and administrative expenses were 23% compared to 20% a year ago. This increase reflects higher marketing expenditures at both Hargraft and Baird, and the impact of reduced revenues in all of the businesses on largely fixed cost structures.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $13,674 for the year ended December 31, 2008, against $13,231 for the year ended December 31, 2007. The largest component of this expense is the amortization of intangible assets, which is recorded as investments are made in Operating Partnerships.

(V) WRITE DOWN OF GOODWILL AND INTANGIBLES

During the fourth quarter of 2008, write downs of goodwill and intangible assets in the amount of $94,778 have been recorded relating to all of the Fund's investment in this segment. See Section "Goodwill and Intangible Assets".

(VI) EBITDA AND ADJUSTED EBITDA

EBITDA was a loss of ($101,812) for the year ended December 31, 2008. For the year ended December 31, 2007, EBITDA was $29,155. Adjusted EBITDA, removing the non-cash write down of goodwill, intangibles and long- term investments was $21,966 compared to $29,155 in 2007.

(VII) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets.

In 2008, the Fund recorded the writedown in its carrying value of intangibles. This resulted in a recording of future income tax recovery. Also, due to the Fund suspending distributions in late 2008, it is expected that in future periods the Fund will be subject to income tax on its taxable income. The Fund is, therefore, required to record a future tax liability related to timing differences that are expected to reverse between 2008-2010, and for which there was no future tax liability recorded in 2007. The future tax recovery for 2008 was $4,005 compared with a future tax expense of $18,238 in 2007.

(VIII) INCOME

The loss for the year was ($112,992) compared to a loss of ($4,219) in 2007.

(IX) SEASONALITY

We have refined our methodology for estimating the amount of contingent profit commission at ESR, Hargraft and BMI. The impact of this refinement is to lessen the impact of seasonality on the business going forward with contingent profit commissions reported gradually throughout the year.

The asset management businesses and insurance businesses are not subject to material seasonality factors.

(X) OUTLOOK

Until there is greater certainty, and some recovery in the financial markets, the investment management businesses will have reduced revenue streams and earnings due to lower AUM balances. The insurance businesses have suffered over the last three years from soft insurance markets which have resulted in increased competition and reducing premiums and commission income. In the past there has been a correlation between lower investment returns and a subsequent increase in premiums as insurers look to maintain their profit levels. There are mixed views as to how quickly there will be a hardening of the insurance markets, reflecting a return to higher premium pricing. To date, there is little evidence that the insurance markets will be much changed from 2008.

2007 RESULTS COMPARED TO 2006

(I) REVENUES

Revenue from the Financial Services segment was $54,604 which represents a 6% increase over the $51,699 reported in 2006. The 2007 and 2006 numbers have been adjusted to reflect the sale of EZEE.

The increase in revenues over 2006 largely reflects the inclusion of BMI from April 2007. Continuing soft insurance markets limited growth opportunities in our three insurance investments, and uncertain volatile financial markets negatively impacted revenues at both Morrison Williams and NP LP.

Each of our insurance investments has experienced reduced commissions compared to the previous year, as heightened competition in standard markets and the entrance of new foreign insurers offering lower prices to gain Canadian market share have resulted in significant downward price pressure. In addition, commission revenues from Hargraft's core transportation segment were lower due to competition and industry consolidation. Given the challenging insurance market conditions, the commission revenues earned at all three insurance investments are encouraging, and client retention has been strong. Contingent profit commissions at ESR were slightly below a year ago. These profit commissions are dependent on loss claims experienced at the insurers. High levels of profit commissions reflects the quality of underwriting performed by ESR. Profit commissions at Hargraft and BMI are not material.

Investment management fees at Morrison Williams were solid in the first three quarters of the year as stronger, although fluctuating, markets provided better than expected performance returns. This offset some redemption activity in mutual funds and the underperformance of the S&P/TSX Income Trust Index in which Morrison Williams is heavily weighted. The volatility of the last quarter of the year impacted most asset managers, and Morrison Williams ended the year with lower assets under management than a year ago.

NP LP's revenues were slightly below our expectations. Fees from managed assets were lower due to a 3% decrease in AUM, reflecting the market downturn. Higher performance fees earned on several funds almost offset the lower management fees. Corporate advisory and insurance were in line with our expectations, though significantly lower than the prior year period as last year included an unusually large corporate advisory fee.

(II) GROSS PROFIT

Gross profit was $34,507, which translated into a 63% gross profit margin. For the year ended December 31, 2006, the financial services segment produced gross profit of $33,596, which translated into a 65% gross profit margin. The margin decline from 2006 reflects slightly lower contingent profit commissions from insurance operations in the current year and in 2006 the results included a significant corporate advisory fee from a corporate wealth management project managed by NP LP.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $10,969 for the year ended December 31, 2007 compared with $7,326 for the year ended December 31, 2006. The increase primarily reflects the addition of BMI during 2007. Selling, general and administrative expenses as a percentage of revenues were 20%, compared to 14% in 2006.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $13,231 for the year ended December 31, 2007, against $11,644 for the year ended December 31, 2006. The largest component of this expense is the amortization of intangible assets, which is recorded as investments are made in Operating Partnerships.

(V) EBITDA

EBITDA was $29,155 for the year ended December 31, 2007. For the year ended December 31, 2006, EBITDA was $32,377 and included a $2,300 corporate advisory fee earned at NP LP.

EBITDA includes the income from our equity investment in Brompton of $4,190 before amortization of related intangibles and reflects the acquisition of the BARCLAYS*funds* in late 2006. Significant annual redemptions which occur in November and December of each year, coupled with market depreciation resulted in a difficult final quarter.

(VI) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Financial Services segment was $18,238.

(VII) INCOME

As a result of the tax expense recorded in 2007, the loss for the year was ($4,219) compared to income of $18,932 in 2006.

(VIII) SEASONALITY

We have continued to refine our methodology for estimating the amount of contingent profit commission at ESR, Hargraft and BMI. The impact of this refinement is to lessen the impact of seasonality on the business going forward with contingent profit commissions reported gradually throughout the year.

The asset management businesses and insurance businesses are not subject to material seasonality factors.

MARKETING

The Marketing segment includes our proportionate share of the results of S&E, Gemma, Capital C, IC Group and Armstrong. Full year results are reflected for all Operating Partnerships in this segment in both years except IC Group (acquired in July 2006) and Armstrong (acquired in October 2006).

S&E	-	Alternative advertising agency
Gemma	-	Outsourced contact centre operator for large corporations
Capital C	-	Marketing services agency providing solutions to multi-national clients
IC Group	-	Provider of interactive promotional solutions
Armstrong	-	North American promotional marketing company

SUMMARY MARKETING SERVICES TABLE ($000s)

	YEAR ENDED DECEMBER 31		
	2008	2007	2006
Revenues	$ 94,036	$ 86,816	$ 69,323
Cost of revenues	(43,869)	(40,158)	(35,531)
Gross profit	50,167	46,658	33,792
Selling, general and administrative expenses	(34,954)	(32,088)	(20,618)
Amortization expense	(6,268)	(6,586)	(5,712)
Depreciation expense	(1,474)	(1,542)	(1,582)
Income from equity investments	43	-	-
Interest expense	(309)	(309)	(238)
Write down of goodwill and intangibles	(15,063)	(2,987)	-
Income tax expense-current	(19)	-	-
Income tax recovery (expense)-future	2,518	(6,224)	-
Income (loss) for the year	(5,359)	(3,078)	5,642
Income (loss) for the year	(5,359)	(3,078)	5,642
Add:			
Amortization	6,268	6,586	5,712
Depreciation	1,474	1,542	1,582
Interest expense	309	309	238
Income expense – current	19		
Income tax expense-future	(2,518)	6,224	-
EBITDA	$ 193	$ 11,583	$ 13,174
Write-down of goodwill and intangibles	15,063	2,987	-
Adjusted EBITDA	$ 15,256	$ 14,570	$ 13,174

2008 RESULTS COMPARED TO 2007

(I) REVENUES

Revenues for the Marketing segment were $94,036 an 8% increase over 2007 revenues of $86,816. The majority of the increase relates to a strong performance in the year from Cap C. The lengthy business development activities commenced in mid-2007 at Cap C have resulted in new clients and new assignments, and deeper relationships with existing clients. Revenues were also higher at Armstrong, but primarily because of final quarter media purchases, which are primarily flow through revenues. Revenues were largely consistent with prior years at Gemma, IC Group and S&E. Gemma reported strong revenues in the first half of the year, and has done well in the second half to replace reducing revenues at financial services clients. IC Group struggled in the first half of the year to replace revenues lost from US based clients, but had a strong second half with new loyalty programs. S&E has made some progress in 2008 but retainer fees have been below expectations.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $50,167 and gross profit margin was 54%. For the comparative year ended December 31, 2007, gross profit was $46,658 and gross profit margin was 54%. Gross margins at Cap C and IC Group were largely in line with prior years. Gemma, despite revenue challenges, has been able to improve margins through operating efficiencies. S&E's margins have been gradually improving as the business model moves more to consulting fee based. The drop in consumer spending has impacted Armstrong's client base, resulting in lower work volumes and client price pressure.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended December 31, 2008 were $34,954 compared to $32,088 in 2007. These expenses as a percentage of revenues were 37% compared to 37% in 2007. These expenses were largely in line with the previous year. Rationalization of expenses at Armstrong during the year was offset by higher business development expenses, particularly in the first half of the year, at IC Group.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $7,742 for the year ended December 31, 2008, compared with $8,128 in 2007. The largest component of this expense is the amortization of intangible assets, which is recorded as investments are made in Operating Partnerships.

(V) WRITE DOWN OF GOODWILL AND INTANGIBLES

During the third and fourth quarters of 2008, write-downs of goodwill and intangible assets in the amount of $15,063 were recorded relating to the Fund's investment in Armstrong and S&E. See Section "Goodwill and Intangible Assets".

(VI) EBITDA AND ADJUSTED EBITDA

EBITDA was $193 for the year ended December 31, 2008. For the year ended December 31, 2007, EBITDA was $11,583. Adjusted EBITDA, removing the non-cash write downs of goodwill, intangibles and long- term investments was $15,256 compared to $14,570 in 2007.

(VII) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets.

In 2008, the Fund recorded the writedown in its carrying value of intangibles. This resulted in a recording of future income tax recovery. Also, due to the Fund suspending distributions in late 2008, it is expected that in future periods the Fund will be subject to income tax on its taxable income. The Fund is, therefore, required to record a future tax liability related to timing differences that are expected to reverse between 2008-2010, and for which there was no future tax liability recorded in 2007. The future tax (recovery) for 2008 was ($2,518) compared with a future tax expense of $6,224 in 2007.

(VIII) INCOME

The loss for the year was ($5,359) compared to a loss of ($3,078) in 2007.

(IX) SEASONALITY

Seasonality is not typically a material factor for the Marketing segment. However, the second quarter often sees higher media purchases that typically have lower margins.

(X) OUTLOOK

It is anticipated that 2009 will be a challenging year for our marketing investments. Business and consumer confidence are at levels that do not translate into a strong demand for marketing services. All of our marketing businesses have seen client pull backs. Capital C and Gemma have in the past been quite resilient and have proven to be adept at finding new business to replace any lost business. Both Armstrong and S&E have more niche markets and have had more difficulty in generating new revenue streams outside of their core. For 2009, IC Group appears to be fighting the trend, and expects a solid year levering off its two new large online loyalty projects.

2007 RESULTS COMPARED TO 2006

(I) REVENUES

Revenues for the Marketing segment were $86,816 a 25% increase over 2006 revenues of $69,323. These results primarily reflect a full year contribution of IC Group and Armstrong along with strong organic growth from Gemma.

Gemma had an excellent year, producing its best revenue returns through a combination of strong customer retention and additional services to key clients, including strategic growth of inbound and business-to-business revenue streams. Such engagements are important as they operate during daytime hours, when traditionally workstations have been less productive, and allowed Gemma to achieve peak utilization. Gemma's management was also pleased it maintained revenues as it experienced its best year in successfully managing the annual turnover of student workers returning to school in September.

In a business transition year, Capital C has performed well. Although full year revenues were slightly down from a year ago, final quarter results were strong in all measurements. Capital C has succeeded in selling its new integrated service offering to large, blue-chip clients, thereby expanding the scope of work. With this offering, new business development requires a protracted strategic phase with the client before moving into the execution phase. In the second and third quarters in particular, the long lead-time nature of these services meant that the company carried unused capacity.

S&E experienced a decline in revenues over the prior year, directly attributable to the cancellation of a major client contract late in 2006. In a transition year, management has been making progress on rebuilding the company with a focused strategy that includes the introduction of fee-based consulting services for targeted industry sectors that have a propensity for sports and entertainment marketing.

IC Group's revenue performance in the first half of the year was strong, but its growth slowed in the latter half. IC Group's U.S. business suffered from a stronger Canadian dollar. IC Group incurred significant development costs on a pilot project for a major global client in its interactive promotions division. This impacted billable hours, and in addition, its insurance division also experienced softness in the market, in line with conditions experienced in our insurance businesses in the financial services segment.

Armstrong's revenues and EBITDA were significantly below our expectations. This was due to four factors primarily: foreign exchange losses on U.S. business and reduced revenues from its U.S. customers as Armstrong's pricing became less competitive due to the strong Canadian dollar; reduced spending by a major client due to a corporate restructuring; lost revenues from Canadian online gaming customers due to a changed regulatory environment in the United States; and generally lower expenditures by packaged goods and beverage clients and prospects. Despite these challenges, Armstrong's core capabilities remain strong and it continues to earn very high levels of client satisfaction and awards for its work.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $46,658 and gross profit margin was 54%. For the comparative year ended December 31, 2006, gross profit was $33,792 and gross profit margin was 49%. Gross profit margins at Gemma were materially above management's expectations as it benefited from record levels of facilities utilization and profit improvement initiatives engineered in 2006. Gross profit margins at Capital C were also improved reflecting the value to clients of the new strategic integrated service offerings. However, gross profit margins at both Armstrong and IC Group were impacted by lower revenues as a result of the strong Canadian dollar that hurt margins on U.S. dollar denominated business.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended December 31, 2007 were $32,088 compared to $20,618 in 2006. These expenses as a percentage of revenues were 37% compared to 30% in 2006. Capital C's expenses were higher than the prior year period due to the higher employment costs associated with the company's integration strategy and higher occupancy costs of a new premises. S&E incurred a higher level of employment costs as it rebuilt the business to focus on consulting fee services.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $8,128 for the year ended December 31, 2007, compared with $7,294 in 2006. The largest component of this expense is the amortization of intangible assets, which are recorded as investments in Operating Partnerships are made. Typically, the level of capital expenditures in this services segment is low.

(V) EBITDA

Adjusted EBITDA from the Marketing segment was $14,570 compared with $13,174 of EBITDA produced in 2006.

(VI) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Marketing segment was $6,224.

(VII) INCOME

As a result of the tax expense recorded in 2007, the loss for the year was ($3,078) compared to income of $5,642 in 2006.

(VIII) SEASONALITY

Seasonality is not typically a material factor for the Marketing segment. However, the second quarter often sees higher media purchases that typically have lower margins.

INDUSTRIAL SERVICES

The Industrial Services segment includes our proportionate share of the results of NPC and Quantum Murray. The financial results of NPC for 2007 include our proportionate share of the results of NPC, which completed a number of transactions throughout the year. In particular, NPC acquired an 80% interest in Golosky. Therefore, NPC's results for 2007 are not comparable to those for 2006. The financial results of Quantum Murray for 2007 include our proportionate share of the results of Quantum Murray. The comparable 2006 financial results are for Murray which completed a significant transaction in early 2007, acquiring the assets of Quantum (which led to the formation of Quantum Murray). In May of 2007, Quantum Murray acquired the assets of Thomson. Therefore, Quantum Murray's results for 2007 are not comparable to Murray's results for 2006.

NPC/Golosky	-	Oil & gas maintenance and facility infrastructure services
Quantum Murray	-	Demolition, abatement and remediation services

SUMMARY INDUSTRIAL SERVICES TABLE ($000s)

	YEAR ENDED DECEMBER 31		
	2008	2007	2006
Revenues	$ 438,781	$ 296,943	$ 186,821
Cost of revenues	(351,873)	(234,248)	(147,012)
Gross profit	86,908	62,695	39,809
Selling, general and administrative expenses	(57,072)	(33,804)	(19,955)
Amortization expense	(13,448)	(10,532)	(4,921)
Depreciation expense	(8,930)	(5,719)	(4,057)
Income from equity investment	-	-	(7)
Interest expense	(9,454)	(4,867)	(1,681)
Write down of goodwill and intangibles	(39,994)	-	-
Income tax expense-current	(6)		
Income tax (expense) recovery-future	(182)	(674)	-
Income for the year	(42,178)	7,099	9,188
Income for the year	(42,178)	7,099	9,188
Add:			
Amortization	13,448	10,532	4,921
Depreciation	9,049	5,719	4,057
Interest expense	9,454	4,867	1,681
Income tax expense-current	6		
Income tax expense-future	182	674	-
EBITDA	($ 10,039)	$ 28,891	$ 19,847

	YEARS ENDED DECEMBER 31					
	2008		2007		2006	
	NPC/Golosky	Quantum Murray	NPC/Golosky	Quantum Murray	NPC	Murray
Revenues	$ 294,963	$ 143,818	$ 186,695	$ 110,248	$ 139,069	$ 47,752
Cost of revenues	(242,175)	(109,698)	(156,720)	(77,528)	(114,351)	(32,661)
Gross profit	52,788	34,120	29,975	32,720	24,718	15,091
Selling, general and administrative expenses	(30,841)	(26,231)	(14,036)	(19,768)	(11,237)	(8,718)
Amortization expense	(6,326)	(7,122)	(4,102)	(6,430)	(2,194)	(2,727)
Depreciation expense	(5,970)	(2,960)	(3,998)	(1,721)	(3,222)	(835)
Income from equity investments	-	-	-	-	(7)	-
Interest expense	(9,118)	(336)	(4,692)	(175)	(1,624)	(57)
Write down goodwill and intangibles	(25,283)	(14,711)				
Income tax expense-current	(6)	-	-	-	-	-
Income tax (expense) recovery-future	1,151	(1,333)	320	(994)	-	-
(Loss) Income for the year	(23,605)	(18,573)	3,467	3,632	6,434	2,754
Income for the year	(23,605)	(18,573)	3,467	3,632	6,434	2,754
Add:						
Amortization	6,326	7,122	4,102	6,430	2,194	2,727
Depreciation	6,089	2,960	3,998	1,721	3,222	835
Interest expense	9,118	336	4,692	175	1,624	57
Income tax expense – current	6					
Income tax expense (recovery)-future	(1,151)	1,333	(320)	994	-	-
EBITDA	($ 3,217)	($ 6,822)	$ 15,939	$ 12,952	$ 13,474	$ 6,373
Write down goodwill and intangibles	25,283	14,711				
Adjusted EBITDA	$ 22,066	$ 7,889	$ 15,939	$ 12,952	$ 13,474	$ 6,373

2008 RESULTS COMPARED TO 2007

(I) REVENUES

Revenues from the Industrial Services segment were $438,781 compared with $296,943 in 2007. This reflects a 48% increase over the previous year. Revenue growth is from a combination of organic growth, and the inclusion of a full year of revenues in 2008 from investments made during 2007.

NPC's revenues on its conventional oil and gas services business increased over 2007. This was despite a significant reduction in construction services revenues. Volatile commodity prices typically have had an indirect and limited impact on conventional maintenance service providers. Since the significant drop in oil prices, sustained low commodity prices have caused delays or postponements of construction projects, and have also caused increased competition within the maintenance sector as construction service businesses attempt to replace lost revenues by entering the maintenance service business. The oil sands services division has a more diverse services offering and therefore is less impacted by low oil prices. While its construction services have also been impacted this year, all other service areas, including trucking, maintenance and wear technology services have been very active, and all have shown considerable growth over the previous year

Quantum Murray reported revenues above those of 2007 despite finishing the year in a very challenging economy. In the last part of the year, the results of the demolition and metals divisions were severely impacted by reducing scrap metal revenues as commodity prices declined significantly. In addition, a slowing economy has signalled delays and postponements of industrial demolition projects, and there is now also intensified competitive pressures on the fewer commercial projects being brought to market. Revenue challenges at these divisions was more than offset by a strong revenue performance from the Environmental division which has generated better than expected results, in part due to work secured in the Arctic, and strong activity in BC and Alberta.

(II) GROSS PROFIT

Gross profit was $86,908 for the year ended December 31, 2008 compared with $62,695 in 2007. Gross profit margins were 20% compared to 21% in 2007. The conventional maintenance services business of NPC has experienced increase competition and pricing pressure. The oilsands division had a better experience due to stronger demand for its higher margin wear technology services.

Based on first half results, it was looking as if Quantum Murray would report record results, but from the third quarter gross margins were significantly impacted by the drop in scrap metal prices. The unprecedented commodity price declines in the late summer surprised many industry participants. The impact on the metals division was twofold, with declining margins on sales, and write downs of inventories on hand. In addition, the demolition division was working on a number of projects where the scrap metal revenue component was very high, resulting in significant reserves being taken on these projects against anticipated revenues.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $57,072 for the year ended December 31, 2008, compared to $33,804 in 2007. The dollar increase is largely attributable to the fact that 2007 includes only five months of the results of Golosky. These expenses as a percentage of revenues increased to 13.0%, compared to 11.4% in 2007. Integration of operations has taken longer than expected.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $22,378 for the year ended December 31, 2008, compared with $16,251 in 2007. The largest component of this expense is the amortization of intangible assets which is recorded as investments are made in Operating Partnerships.

(V) WRITE DOWN OF GOODWILL AND INTANGIBLES

During the fourth quarters of 2008, write downs of goodwill and intangible assets in the amount of $39,994 were recorded relating to the Fund's investments in both NPC and Quantum Murray. See Section "Goodwill and Intangible Assets".

(VI) EBITDA AND ADJUSTED EBITDA

EBITDA was ($10,039) for the year ended December 31, 2008. For the year ended December 31, 2007, EBITDA was $28,891. Adjusted EBITDA, removing the non-cash write downs of goodwill, intangibles and long- term investments was $29,955 compared to $28,891 in 2007.

(VII) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets.

In 2008, the Fund recorded the writedown in its carrying value of intangibles. This resulted in a recording of future income tax recovery. Also, due to the Fund suspending distributions in late 2008, it is expected that in future periods the Fund will be subject to income tax on its taxable income. The Fund is, therefore, required to record a future tax liability related to timing differences that are expected to reverse between 2008-2010, and for which there was no future tax liability recorded in 2007. The future tax expense for 2008 was $182 compared with a future tax expense of $674 in 2007.

(VIII) INCOME (LOSS)

Income (loss) for the year was ($42,178) compared to $7,099 in 2007.

(IX) SEASONALITY

NPC's revenues and profits are impacted by seasonality and weather conditions. For example, severe winter conditions and excessively rainy periods can delay equipment moves and thereby adversely affect revenues. Spring break-up typically occurs in March and April leaving many roads temporarily incapable of supporting heavy equipment travel thereby negatively impacting NPC's business.

The addition of Quantum has added seasonality to the operating and financial profile of Quantum Murray as remediation activity is reduced in the winter months. In addition, due to the timing of large contracts, quarterly results can fluctuate.

(X) OUTLOOK

Low commodity prices, minimal new construction work and increased competition all continue to put pressure on revenues and margins in this business. For some of Golosky's services a strong 2009 is anticipated as several facilities will be at full production for the foreseeable future. Recently there has been a number of significant new business wins, including the signing of two contracts for $750 million to be completed over the next five years. One of these contracts will require significant capital expenditure on equipment and facilities to accommodate the increased business volumes. The outlook for 2009 at Quantum Murray is mixed. The Environmental division has a good backlog of work and has recently been awarded a large remediation project which is expected to start in the first quarter. The Demolition division will experience very challenging conditions during 2009, as capital projects and spending are placed on hold or outright cancelled, and competition will put significant pressure on margins. The outlook for the Metals division remains weak for 2009, as volumes are anticipated to remain low.

2007 RESULTS COMPARED TO 2006

(I) REVENUES

Revenues from the Industrial Services segment were $296,943 compared with $186,821 in 2006. This reflects a 59% increase over the previous year. Revenue growth relates to investments made in this segment during 2007.

NPC delivered record revenues in 2007. The revenue increase over 2006 reflects the inclusion of results from new investments Skystone, Nortech, and in particular, Golosky. NPC's results excluding these investments were lower by 5% compared to 2006. The reduction in revenues relates specifically to NPC's gas-levered construction operations in the first two quarters, which were affected by an industry-wide pullback in spending on new capital projects caused by weak gas prices. A strong performance in NPC's maintenance operations offset part of this reduction, and revenues for maintenance and construction in the second half of the year exceeded those of 2006. Revenues from Golosky's oil sands operations were above expectations, and as expected for the other investments.

Quantum Murray also delivered record revenues in 2007. The revenue increase over 2006 reflects the inclusion of the results of investments by Murray in Quantum and Thomson, as well as inclusion of a full year of revenues for Murray in 2007.

Although the remediation businesses experienced a slower first half of 2007, activity rebounded significantly in the second half with several large project wins. Progress in the latter half of the year was somewhat offset by both softer results from Thomson, which experienced lower than expected scrap metal volumes and prices, as well as lower remediation business revenues in Ontario.

(II) GROSS PROFIT

Gross profit was $62,695 for the year ended December 31, 2007 compared with $39,809 in 2006. Gross profit margins were 21% compared to 21% in 2006. Reduced margins at NPC because of fewer, but higher margin, construction activities in the first half of the year, were offset by an increased gross profit contribution from Quantum Murray.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $33,804 for the year ended December 31, 2007, compared to $19,955 in 2006. These expenses as a percentage of revenues were 11.4%, compared to 11% in 2006.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $16,251 for the year ended December 31, 2007 compared with $8,978 for 2006. The largest component of this expense is the amortization of intangible assets, which are recorded as investments in Operating Partnerships are made. Capital expenditures were $2,814 in 2007 compared to $1,034 in 2006, and reflect the additional investments made in this segment during 2007.

(V) EBITDA

The Industrial Services segment produced $28,891 of EBITDA – compared with $19,847 of EBITDA earned in 2006.

(VI) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Industrial Services segment was $674.

(VII) INCOME

Income for the year was $7,099 compared to $9,188 in 2006.

(VIII) SEASONALITY

NPC/Golosky's revenues and profits are impacted by seasonality and weather conditions. For example, severe winter conditions and excessively rainy periods can delay equipment moves and thereby adversely affect revenues. Spring break-up typically occurs in March and April leaving many roads temporarily incapable of supporting heavy equipment travel thereby negatively impacting NPC/Golosky's business.

The addition of Quantum has added seasonality to the operating and financial profile of Quantum Murray as remediation activity is reduced in the winter months. In addition, due to the timing of large contracts, quarterly results can fluctuate.

OTHER

The Other segment includes our proportionate share of the results of Rlogistics, Peerless, Titan and Gusgo for 2008 and 2007. The comparable 2006 results include the results of Rlogistics from May 1, 2006, Peerless from June 19, 2006, Titan from September 1, 2006 and Gusgo from October 1, 2006. The results, therefore, are not comparable.

Rlogistics	-	Wholesaler and liquidator of electronic products
Peerless	-	Manufacturer of protective harsh weather outerwear for military personnel
Titan	-	Manufacturer and distributor of rigging and ground engaging tool products
Gusgo	-	Provider of intermodal freight services

SUMMARY OTHER TABLE ($000s)

	YEAR ENDED DECEMBER 31		
	2008	2007	2006
Revenues	$ 85,534	$ 93,015	$ 40,579
Cost of revenues	(61,496)	(68,742)	(29,818)
Gross profit	24,038	24,273	10,761
Selling, general and administrative expenses	(13,238)	(13,437)	(4,985)
Amortization expense	(6,829)	(6,870)	(2,570)
Depreciation expense	(596)	(704)	(189)
Income from equity investments	1,471	1,307	970
Interest expense	(1,486)	(2,427)	(934)
Write down of goodwill and intangibles	(12,786)	-	-
Income tax recovery (expense)-future	1,607	(7,164)	-
Income (loss) for the year	(7,819)	(5,022)	3,053
Income (loss) for the year	(7,819)	(5,022)	3,053
Add:			
Amortization	6,829	6,870	2,570
Depreciation	689	704	189
Interest expense	1,486	2,427	934
Income tax (recovery) expense-future	(1,607)	7,164	-
EBITDA	($ 422)	$ 12,143	$ 6,746
Write down of goodwill and intangibles	12,786	-	-
Adjusted EBITDA	$ 12,364	$ 12,143	$ 6,746

2008 RESULTS COMPARED TO 2007

(I) REVENUES

Revenues from this segment were $85,534 for the year ended December 31, 2008 compared with $93,015 in 2007. This represents a decrease of 8%. This decrease can be attributed to the results of Peerless which has been impacted throughout 2008 by delays in the awarding of federal government contracts on which it had bid. Peerless manufactures outerwear for the Canadian military but its revenue levels are dependent on the timing of the release of contracts. Gusgo experienced some US based client loss at the beginning of the year. The slowing economy has also led to a contraction in its transportation business but Gusgo has largely been able to replace reducing revenues through offering storage services its client base, resulting in revenues at a similar level to 2007. Titan is a distributor of drilling products to the oil and gas industry, and of ground engaging tools to the transportation and construction industries. Slower construction activity has impacted revenues and slow drilling activity in the first half of the year negatively impacted Titan revenues. There was some improvement in the second half of the year, resulting in Titan's revenues ending the year at levels similar to 2007.

(II) GROSS PROFIT

Gross profit was $24,038 for the year ended December 31, 2008 compared with $24,273 in 2007. Gross profit margins were 28%, compared to 26% a year ago. The improvement in gross margin came from both Peerless and Gusgo. Improved operational efficiencies underline Peerless' performance in 2008, and Gusgo has benefited from higher margin revenues from storage services which were introduced in 2008. Titan's margins were slightly reduced from a year ago reflecting product mix variation.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $13,238 for the year ended December 31, 2008 compared with $13,437 in 2007. These expenses as a percentage of revenues were 15%, compared to 14% in 2007.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $7,425 for the year ended December 31, 2008, compared to $7,574 in 2007. The largest component of this expense is the amortization of intangible assets, which is recorded as investments are made in Operating Partnerships.

(V) WRITE DOWN OF GOODWILL AND INTANGIBLES

During the third and fourth quarters of 2008, write downs of goodwill and intangible assets in the amount of $12,786 were recorded relating to the Fund's investment in Titan. See Section "Goodwill and Intangible Assets".

(VI) EBITDA AND ADJUSTED EBITDA

EBITDA was ($422) for the year ended December 31, 2008. EBITDA includes $1,471 being the income from the equity investment in Rlogistics. For the year ended December 31, 2007, EBITDA was $12,143. Adjusted EBITDA, removing the non-cash write downs of goodwill, intangibles and long- term investments was $12,364 compared to $12,143 in 2007.

(VII) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets.

In 2008, the Fund recorded the write-down in its carrying value of intangibles. This resulted in a recording of future income tax recovery. Also, due to the Fund suspending distributions in late 2008, it is expected that in future periods the Fund will be subject to income tax on its taxable income. The Fund is, therefore, required to record a future tax liability related to timing differences that are expected to reverse between 2008-2010, and for which there was no future tax liability recorded in 2007. The future tax (recovery) for 2008 was ($1,607) compared with a future tax expense of $7,164 in 2007.

(VIII) INCOME (LOSS)

The income (loss) for the year was ($7,819) compared to a loss of ($5,022) in 2007.

(IX) SEASONALITY

Peerless' business is not subject to material seasonal variance. However, due to the timing of large government contracts, annual revenues and EBITDA can sometimes fluctuate significantly.

Titan's business is positively impacted by severe cold and harsh weather conditions that create increased demand for replacement parts on heavy equipment and snow-removal related products. The first and fourth quarters are the strongest.

Seasonality is not typically a material factor for Gusgo.

(X) OUTLOOK

Peerless is expecting a solid year. It has recently been awarded two large contracts which it had hoped to win in mid 2008. Gusgo has also proven to be resilient in difficult times. It replaced lost transportation revenues in 2008 with higher margin storage revenues, and will look to continue this in 2009. Titan's distribution business is very dependent on construction in Alberta, and on drilling activity in Alberta. It anticipates a difficult year in 2009. Rlogistics will be working hard to improve its operational efficiency as it will be challenged, given the economy, to increase revenues.

2007 RESULTS COMPARED TO 2006

(I) REVENUES

Revenues from this segment were $93,015 for the year ended December 31, 2007 compared with $40,579 in 2006. This represents an increase of 129% and reflects the inclusion, in 2007 for a full year, of all the investments made in 2006.

Peerless' revenues were lower than management's expectations and lower than in 2006. The company is the dominant supplier of military gear for the federal government. During 2007, Peerless experienced delayed decisions on contracts. Recent contract opportunities are larger than those offered in past few years, and typically these require ministerial approval resulting in a longer process prior to release which delays revenues for Peerless.

Titan's revenues were significantly below expectations, and also below full year revenues for 2006. The slowdown in the exploration and drilling sector in Alberta hampered Titan's operations throughout 2007 and, in particular, resulted in reduced sales of its products to the oil and gas and transportation industries. In addition sales of weather related products, such as tire chains, were also impacted by a mild winter.

Gusgo's revenues during the year were negatively impacted by two primary factors: traffic flows were disrupted and slowed in the first half of the year through labour strikes at both the Vancouver port and at CN Rail; and the strong Canadian dollar both reduced customer revenues and caused a loss in revenues from U.S. customers as they sought more competitive local pricing.

(II) GROSS PROFIT

Gross profit was $24,273 for the year ended December 31, 2007 compared with $10,761 in 2006. Gross profit margins were 26%, compared to 27% a year ago. Despite the reduced revenues in each of the businesses, gross profit margins were for the most part maintained.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $13,437 for the year ended December 31, 2007 compared with $4,985 in 2006. These expenses as a percentage of revenues were 14%, compared to 12% in 2006. Cost control initiatives were introduced at both Titan and Gusgo during 2007.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $7,574 for the year ended December 31, 2007, compared to $2,759 in 2006. The largest component of this expense is the amortization of intangible assets, which are recorded as investments in Operating Partnerships are made.

(V) EBITDA

EBITDA for this segment was $12,143 compared with $6,746 in 2006. EBITDA includes the income from our equity investment in Rlogistics.

(VI) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Other segment was $7,164.

(VII) INCOME

As a result of the tax expense recorded in 2007, the loss for the year was ($5,022) compared to income of $3,053 in 2006.

(VIII) SEASONALITY

Peerless' business is not subject to material seasonal variance. However, due to the timing of large government contracts, annual revenues and EBITDA can sometimes fluctuate significantly.

Titan's business is positively impacted by severe cold and harsh weather conditions that create increased demand for replacement parts on heavy equipment and snow-removal related products. The first and fourth quarters are the strongest.

Seasonality is not typically a material factor for Gusgo.

CORPORATE

The Corporate segment includes head office administrative and legal costs, as well as interest costs.

SUMMARY CORPORATE TABLE ($000s)

	YEAR ENDED DECEMBER 31		
	2008 (Restated[2])	2007	2006
Selling, general and administrative expenses	($ 6,808)	($ 6,009)	($ 4,513)
Amortization expense[1]	-	-	(3,506)
Depreciation expense	(127)	-	-
Interest expense	(30,021)	(23,437)	(7,911)
Write down of goodwill	(85,940)	-	-
Income tax expense-current	-	(4)	-
Income tax (expense) recovery-future	628	(49)	-
Loss on dilution of ownership interest	(845)	(6,958)	-
Loss for the year	(123,113)	(36,457)	(15,930)
Loss for the year	(123,113)	(36,457)	(15,930)
Add:			
Depreciation expense	127	-	-
Amortization	-	-	3,506
Interest expense	30,021	23,437	7,911
Income tax expense – current	-	4	-
Income tax expense (recovery)-future	(628)	49	-
EBITDA	($ 93,593)	($ 12,967)	($ 4,513)
Loss on dilution of ownership interest	845	6,958	-
Writedown of goodwill	85,940	-	-
Adjusted EBITDA	($ 6,808)	($ 6,009)	($ 4,513)

1 In 2007, amortization of deferred financing charges was reclassified to interest expense.

2 The consolidated financial statements have been restated to reflect the re-calculation of exchangeable unit values, which resulted in an increase in goodwill of $19,769 at December 31, 2008, and, consequently, a reversal of the reduction of intangible assets of $12,303, prior to the impairment write-downs, which had previously resulted from the pro rata allocation of the units exchange value. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY, as well as recorded an impairment charge on intangible assets. The additional amount of goodwill of $19,769 in the Corporate Segment has also been written off, and the Fund has also written down $12,303 of intangible assets to their fair value in the Financial Services Segment. These write offs have increased the net loss for the year to $224,409. See Note 2 in the consolidated financial statements for further discussion of the restatement.

2008 RESULTS COMPARED TO 2007

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $6,808 for the year ended December 31, 2008. This compares to $6,009 for 2007. Expenses in 2008 were higher than 2007 as the current year expenses include legal and other costs associated with transactions that did not close in the year.

(II) INTEREST EXPENSE

Interest expense of $30,021 relates to the credit facility and the convertible debentures. This compares to $23,437 in 2007, and the increased interest expense reflects higher average balances outstanding during 2008, and the write-off of deferred financing charges related to the credit facility, now shown as a current liability. Non-cash amounts included in interest expense were $8,345 (2007 - $2,797).

(III) EBITDA AND ADJUSTED EBITDA

EBITDA was a loss of ($93,593) for the year ended December 31, 2008. For the year ended December 31, 2007, EBITDA was a loss of ($12,967). Adjusted EBITDA, removing loss on dilution of ownership interest as a result of unit exchanges, was a loss of ($6,808) compared to a loss of $(6,009) in 2007.

(IV) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets.

In 2008, the Fund recorded the writedown in its carrying value of goodwill, which did not result in a tax recovery. This resulted in a recording of future income taxes. Also, due to the Fund suspending distributions in late 2008, it is expected that in future periods the Fund will be subject to income tax on its taxable income. The Fund is, therefore, required to record a future tax liability related to timing differences that are expected to reverse between 2008-2010, and for which there was no future tax liability recorded in 2007. The future tax (recovery) expense for 2008 was ($628) (2007 - $49).

(V) LOSS

The loss for the year was ($123,113) compared to ($36,457) in 2007.

(VI) OUTLOOK

Selling, general and administrative expenses in 2009 are not expected to be materially different from 2008 levels although it is expected that more resources will be required as a result of more active involvement in monitoring of the operating businesses. Interest expense levels in 2009 will be dependent on the outcome of negotiations currently underway with the Fund's lenders. Debt levels will also be dependent on the Fund's level of success in restructuring its balance sheet, part of which may comprise direct borrowings by the operating partnerships which would allow the Fund to repay some of its debt.

2007 RESULTS COMPARED TO 2006

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $6,009 for the year ended December 31, 2007. This compares to $4,513 for 2006. Expenses for 2007 were in line with expectations, and the increase over 2006 reflects the growth of the business and increase in resources in the financial and legal departments, as well as additional accounting and regulatory compliance costs.

(II) INTEREST EXPENSE

Interest expense of $23,437 relates to the credit facility and the convertible debentures. This compares to $7,911 in 2006. The increase in interest expense over 2006 reflects increased borrowings on the credit facility, and a new issue of convertible debentures in July, 2007. The additional borrowings have funded the Fund's investment program through 2007, as well as providing working capital financing to a larger investment portfolio. The credit facility consists of three components: a $75,000 revolving credit facility with a five year maturity; a $170,000 five-year term loan; and a $75,000 DDTL that the Fund may access during the next two years. The interest rate on the revolving credit facility is BA plus 2.50% and the term loan and DDTL are priced off LIBOR, and depending on leverage levels, the additional margin is between 3.50% and 4.95%. The interest rates on the convertible debentures are 7.5% and 7%.

(III) INCOME TAX

As discussed in the section on Future Income Taxes, the enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Corporate segment was $49.

(IV) LOSS

The loss for the year was ($36,457) compared to ($15,930) in 2006. Included in the loss for the 2007 are dilution losses relating to the re-organization of Quantum Murray and the impact of our NCIB repurchases during the year.

DISCONTINUED OPERATIONS

On September 30, 2008, the Fund sold 100% of the assets of its investment in Ezee. The investment was sold for net proceeds of $30,177, resulting in a loss of $6,848 which is included in loss from discontinued operations. In addition, the Fund received an additional $5,500 as repayment of advances provided to Ezee for purposes of funding cash in circulation.

The following table shows the revenue and net income from discontinued operations.

On April 30, 2007, the Fund sold 100% of the assets of its investment in RGC, other than RGC's 45% equity investment in Rlogistics which has not been sold. The equity from this investment is included in the Other segment.

	YEAR ENDED DECEMBER 31, 2008	YEAR ENDED DECEMBER 31, 2007		
	EZEE	EZEE	RGC	TOTAL
Revenues	$25,975	$33,311	$42,994	$76,305
Net income (loss)	(5,109)	$2,045	($5,227)	($3,182)

The following table summarizes the categorization of the assets and liabilities related to the business of Ezee as at December 31, 2007. There were no assets or liabilities relating to discontinued operations as at December 31, 2008.

Balance Sheet Information ($000s)

	DECEMBER 31, 2007
Current assets of discontinued operations	$ 7,446
Long-lived assets of discontinued operations	39,257
Current liabilities of discontinued operations	8,034
Long-term liabilities of discontinued operations	882
Net assets of discontinued operations	37,787

FOURTH QUARTER RESULTS

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Three months ended December 31, 2008

	FINANCIAL SERVICES (Restated[6])	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1] (Restated[6])	TOTAL (Restated[6])
Revenue	$13,165	$26,777	$111,066	$23,560	-	$174,568
Gross profit	8,253	13,592	18,203	6,524	-	46,572
Income (loss) from continuing operations before non-controlling interest[2]	(96,246)	(1,482)	(44,473)	(6,532)	(98,991)	(247,724)
EBITDA	(96,376)	(1,306)	(35,923)	(4,788)	(88,840)	(227,233)
Loss on dilution of ownership interest	-	-	-	-	845	845
Write down on goodwill and intangibles	94,778	6,128	39,994	8,735	85,940	235,575
Impairment of long- term investment	7,000	-	-	-	-	7,000
Adjusted EBITDA[3]	5,402	4,822	4,071	3,947	(2,055)	16,187
Interest income (expense)[2]	89	(69)	(481)	(300)	(12,617)	(13,378)
Non-cash interest expense	-	-	-	-	5,176	5,176
Income tax (expense) recovery-current	(9)	(19)	-	-	17	(11)
Maintenance capital expenditures and reserves	(302)	(372)	(2,138)	(150)	4	(2,958)
Capital lease payments	(2)	(34)	(904)	(66)	-	(1,006)
Compensation expense funded by operating partner[4]	495	(400)	-	-	-	95
Priority income per partnership agreement[5]	68	29	(1,586)	(137)	-	(1,626)
Distributable cash from continuing operations	$ 5,741	$3,957	($ 1,038)	$3,294	($9,475)	$2,479
Cash used by discontinued operations						-
Distributable cash						$2,479
Distributable cash per unit from continuing operations						**0.03**
Cash used per unit by discontinued operations						-
Distributable cash per unit						0.03

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Three months ended December 31, 2007

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1]	TOTAL
Revenue	$ 15,830	$ 22,363	$ 94,704	$ 23,417	-	$156,314
Gross profit	10,370	12,260	23,157	6,125	-	51,912
Income (loss) from continuing operations before non-controlling interest[2]	6,707	1,848	878	1,839	(7,758)	3,514
EBITDA	8,494	893	7,497	3,568	(1,367)	19,085
Loss on dilution of ownership interest	-	-	-	-	86	86
Write down on goodwill and intangibles	-	2,987	-	-	-	2,987
Adjusted EBITDA[3]	8,494	3,880	7,497	3,568	(1,281)	22,158
Interest income (expense)[2]	110	(95)	(869)	(583)	(7,946)	(9,383)
Non-cash interest expense	-	-	-	-	992	992
Income tax (expense) recovery-current	(6)	-	(340)	-	(3)	(349)
Maintenance capital expenditures and reserves	(280)	10	(549)	(239)	-	(1,058)
Capital lease payments	(2)	(39)	(1,080)	(21)	-	(1,142)
Compensation expense funded by operating partner[4]	347	261	-	-	-	608
Priority income per partnership agreement[5]	213	105	1,415	109	-	1,842
Distributable cash from continuing operations	$ 8,876	$ 4,122	$ 6,074	$ 2,834	($ 8,238)	$ 13,668
Cash provided by discontinued operations						1,164
Distributable cash						$ 14,832
Distributable cash per unit from continuing operations						**$ 0.19**
Cash used per unit by discontinued operations						$ 0.02
Distributable cash per unit						$ 0.21

1 The results of the Corporate segment include corporate costs and corporate interest expense.

2 NPF advanced approximately $60,000 to NPC to allow it to complete its investment in Golosky on July 31, 2007. This long term facility can be converted into equity, if certain future performance criteria are met, and in anticipation of the triggering targets being met, and also in order to remove the financing component from the operating results of NPC, interest expense of NPC, and the Industrial Services segment in this Summary Financial table has been reduced by $1,577 and such amount has been added to the interest expense of the Corporate segment.

3 Adjusted EBITDA excludes the non-cash gain or loss on changes to ownership interest.

4 NPF's agreements with ESR contemplate that certain employee bonuses are paid for by the 20% limited partners. GAAP requires that the bonuses be expensed and therefore reduces EBITDA. Since there is no cash outlay by NPF the expense is added back in arriving at distributable cash. Management of Gemma has the option to receive its distributions as bonuses. Where this option is chosen, an adjustment is required to calculate the distributable cash to the Fund.

5 To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount, an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.

6 The consolidated financial statements have been restated to reflect the re-calculation of exchangeable unit values, which resulted in an increase in goodwill of $19,769 to December 31, 2008, and a reversal of the reduction of intangible assets of $12,303. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY. The additional amounts of goodwill of $19,769 in the corporate segment and intangibles of $12, 303 in the financial services segment have both been written off, increasing the net loss for the year to $224,409. See Note 2 in the consolidated financial statement for further discussion on the restatement.

FOURTH QUARTER 2008 PERFORMANCE

SUMMARY RESULTS ($000s)

	QUARTER ENDED DECEMBER 31	
	2008 (Restated[1])	2007
Revenues	$ 174,568	$ 156,314
Cost of revenues	(127,996)	(104,402)
Gross profit	46,572	51,912
Selling, general and administrative expenses	(31,009)	(31,456)
Amortization expense	(9,922)	(10,100)
Depreciation expense	(3,253)	(2,413)
Income from equity investments	117	430
Other income	-	337
Interest expense	(13,378)	(9,382)
Income tax expense-current	(11)	(350)
Income tax recovery-future	6,580	7,609
Loss on dilution of interest in operating partnership	(845)	(86)
Write down of goodwill and intangibles	(235,575)	(2,987)
Impairment of long- term investment	(7,000)	-
Income (loss) from continuing operations	(247,724)	3,514
Income for the period	(247,724)	3,514
Add:		
Amortization	9,922	10,100
Depreciation	3,276	2,413
Amortization of Brompton intangible assets and future income tax recovery	484	935
Interest	13,378	9,382
Income tax expense-current	11	350
Income tax recovery-future	(6,580)	(7,609)
EBITDA	($227,233)	$ 19,085
Loss on dilution of ownership interest	845	86
Write down of goodwill and intangibles	(235,575)	2,987
Impairment of long-term investment	7,000	-
Adjusted EBITDA	$ 16,187	$ 22,158

1 The consolidated financial statements have been restated to reflect the re-calculation of exchangeable unit values, which resulted in an increase in goodwill of $19,769 at December 31, 2008, and, consequently, a reversal of the reduction of intangible assets of $12,303, prior to the impairment write-downs, which had previously resulted from the pro rata allocation of the units exchange value. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY, as well as recorded an impairment charge on intangible assets. The additional amount of goodwill of $19,769 has also been written off, and the Fund has also written down $12,303 of intangible assets to their fair value. These write offs have increased the net loss for the year to $224,409. See Note 2 in the consolidated financial statements for further discussion of the restatement.

FOURTH QUARTER RESULTS COMMENTARY

The Fund's businesses are reported in its four operating segments: Financial Services, Marketing, Industrial Services and Other. Revenues for the three months ended December 31, 2008 were $174,568 compared to $156,314 in the corresponding 2007 period, an increase of 12%.

Gross profit for the three months ended December 31, 2008 was $46,572 compared to $51,912 in 2007, a decrease of 10%. The main cause of this margin decrease was revenue and inventory reserves taken at the demolition and scrap metals divisions of Quantum Murray. Slumping commodity prices in the second half of the year caused margin compression and inventory losses at the scrap metal division but had a larger impact on the demolition division, which was working on several projects each with a very high scrap metal revenue component.

For the three months ended December 31, 2008, these four operating segments produced $18,242 of adjusted EBITDA for the Fund compared to $23,439 in 2007.

The five largest contributors to adjusted EBITDA in the portfolio for the three months ended December 31, 2008 were NPC/Golosky, ESR, Capital C, Peerless and Gemma.

NPC/Golosky's financial results were solid for the final quarter considering the challenging market conditions in the Alberta oil and gas industry. Core maintenance services continue to experience margin compression, but specialty wear technology services of the oil sands operations is benefiting from increased demand.

ESR performed as expected. Insurance commission income results remained modestly below the prior year reflecting heightened competition in standard markets. ESR's contribution from contingent profit commission was in line with expectations. ESR's results in the fourth quarter reflects a much higher amount of contingent profit commissions than recorded in prior quarters as greater certainty in the quantum of the commission to be received is known as the year progresses.

Capital C had a very strong quarter with revenues reflecting the successes of last year's business development activities. However, Capital C's results would have been stronger but it is beginning to see evidence of client slowdowns and reduced marketing expenditures.

Peerless produced its best quarter of the year through a combination of production efficiencies and closely monitoring its general and administrative costs.

Morrison Williams' had a challenging quarter. Given the market volatility and downturn at the beginning of the quarter, Morrison William's results were directly impacted by an 18% decrease in AUM.

The Fund also had a strong performance from IC Group, which benefited from revenues from online loyalty programs from new clients. Financial perfomances were as expected at Gemma, Titan and Gusgo. The Fund's fourth quarter results were reduced by lower than expected performance from Brompton and NP LP, both impacted by the significant decline in the financial markets, and from Hargraft and BMI, both impacted by continuing soft insurance markets, and from Armstrong and S&E, both of which saw marketing expenditure cut backs from its clients..

See "Fourth Quarter 2008 Performance Summary – by Operating Partnership" for details of Fund EBITDA and distributable cash by individual investment holding.

The Fund's Corporate segment includes administrative costs to operate the Fund, and the interest costs on borrowings to fund investments and working capital of its businesses. Corporate office costs were $2,055 for the three months ended December 31, 2008 compared with $1,281 in 2007. Corporate costs in the current quarter included severance costs and legal costs associated with investment transactions not concluded. Corporate costs reduced total adjusted EBITDA to $16,187 for the three months ended December 31, 2008 compared with $22,158 in 2007, a decrease of 27%.

The main items which reduce adjusted EBITDA to arrive at Distributable Cash are interest expense and capital expenditures. The fourth quarter interest expense includes the write-off of $4,065 of deferred financing charges due to the reclassification of $210,000 of long-term debt to a current liability. During the final quarter, cash interest costs were $8,202, compared with $8,388 in 2007. During 2008, the operating segments had capital expenditures and capital lease payments of $3,964, as compared to $2,200 in 2007. The majority of these expenditures were incurred in the industrial services segments.

Distributable cash from continuing operations for the three months ended December 31, 2008 was $2,479 resulting in $0.03 of distributable cash per unit, compared with $13,668 and $0.19 per unit in 2007.

Non-cash items that impacted the results were depreciation and amortization, and future income taxes. Depreciation and amortization was $13,175 for the three months ended December 31, 2008, against $12,513 for 2007. The largest component of this expense is the amortization of intangible assets, which are recorded as investments are made.

During the fourth quarter of 2008, the Fund reviewed the carrying value of all of its investments. As the Fund reviewed its investments, it re-calculated amounts to be allocated to tangible assets, intangible assets and goodwill based on current or expected earnings of the businesses, and based on current earnings multiples consistent with publicly available multiples of comparable businesses. This review resulted in write downs of goodwill and intangible assets of several investments, and a write down of a long-term investment in the amounts of $149,635 (2007 - $2,987) and $7,000, respectively (2007 - $nil).

In addition, management of the Fund had reviewed its investment in NPY, and has determined that the net goodwill of $85,940 created on the Fund's initial investments in NPY should be written off.

The enactment in June 2007 of Bill C-52 resulted in a GAAP requirement to record a future income tax expense in 2007 as the Fund was required to record future income tax related to temporary differences at the Fund level. These differences are between the accounting and tax basis of the Fund's net assets, and the majority of the differences relates to intangible assets. In the fourth quarter of 2007, the Fund recorded a future income tax recovery which primarily reflected the changes in income tax rates from 31.5% to 29.5% in 2011 and 28% thereafter. As a result of the write-downs of intangible assets in 2008, the Fund has recorded a future income tax recovery. Also, due to the Fund suspending distributions in late 2008, it is expected that in future periods the Fund will be subject to tax on its taxable income. The Fund is, therefore, required to record a future tax liability related to timing differences that are expected to reverse between 2008 – 2010, and for which there was no future tax liability recorded in 2007. The future tax expense/(recovery) for the fourth quarter of 2008 was ($6,580). Both the recovery recorded in 2008 and in 2007 are non-cash items that have no current impact on the Fund's cash from operating activities.

Net loss for the three months ended December 31, 2008 from continuing operations before non-controlling interest was ($247,724) compared to income of $3,514 in 2007.

FOURTH QUARTER 2008 PERFORMANCE SUMMARY – BY OPERATING PARTNERSHIP

OPERATING PARTNERSHIP	ADJUSTED EBITDA ($000s) [1]	DISTRIBUTABLE CASH ($000s)	Q4 YIELD (%) [2]	COMMENTARY
Financial Services				
ESR	2,683	3,165	22.6%	Despite a challenging year in the commercial insurance market, ESR delivered a strong final quarter. The fourth quarter typically sees ESR's strongest financial performance as it records larger amounts of contingent profit commissions as the underwriting results, on which the profit commission is based, can be better estimated at year end. For 2009, ESR anticipates that the commercial insurance market will continue to be soft.
Morrison Williams	1,162	1,162	11.1%	Revenues for the fourth quarter of 2008 reflect an 18% decrease in AUM in the quarter. The reduced base of AUM directly impacts the bottom line, and will result in lower net income for the foreseeable future as world markets and economies continue to weather turmoil and instability in light of predicted recessions around the world.
NP LP	402	353	6.8%	Results of NP LP in the fourth quarter bore the greatest impact of the financial markets turmoil. It also incurred one-time severance costs associated with staff reductions. Continuing volatile financial markets are expected in 2009, and this will impact the investment management fees earned by NP LP.
Hargraft	297	293	6.4%	Hargraft's final quarter was below expectation. Client retention was the focus, largely at the expense of new business opportunities. While client renewals were achieved in the quarter, there was significant premium pressure which has impacted commission income. Hargraft sees a challenging year in 2009. Some evidence of a hardening market is a positive, but reducing business volumes caused by business closures and downsizing will likely have a greater impact on Hargraft's commission income.
BMI	659	768	16.9%	The trend of the previous quarters of 2008 has continued with downward pressure on premiums, and a struggling transportation sector. For 2009, economic recession will continue to put pressure on premium volumes, but there's some evidence that premium rates are beginning to increase as insurers attempt to replace declining investment income.
Brompton	199	0	0%	During the fourth quarter, net AUM decreased by approximately $566 million as a result of market price depreciation of the value of assets held by the Brompton funds and annual redemptions in certain funds. Brompton is utilizing available cash to retire debt. The current market uncertainty continues to make launching new closed-end investment funds challenging although Brompton will continue to search for and structure new investment products which can be brought to market when conditions improve.
	$5,402	**$5,741**		
Marketing				
S&E	50	1	0.1%	Fourth quarter revenue levels contradicted those of the previous quarters as S&E benefited from some seasonal revenue in the fourth quarter as it experienced higher than anticipated interest in NBA, NHL and CFL media buys. S&E expects 2009 to be a year of reduced spending by its client base. It plans to weather this period by providing value-added services and carefully monitoring its overhead costs.
Gemma	1,297	865	12.4%	A major shift in business mix took place whereby a large portion of financial services business was replaced with organic growth from other significant clients. The quarter also saw an increase in the ratio of inbound call business which is encouraging as this business improves utilization rates. While there are new opportunities, we are expecting a much more challenging 2009, as clients carefully monitor spending in a difficult economy.
Capital C	1,969	1,609	27.2%	Capital C saw the beginning of work scope reduction in this quarter. This has occurred earlier than expected and in 2009 it is anticipated that there will be reductions in spending by clients. Capital C remains optimistic for 2009 with new revenue streams offsetting any reductions in more traditional revenue streams.
IC Group	1,086	999	47.1%	IC Group had a good quarter as it benefited from revenues from two significant recently committed online loyalty programs. In addition, the insurance division registered significant profit in the quarter on one of its major programs. IC Group is cautiously optimistic about 2009 based on its pipeline, and the stronger U.S. dollar should benefit IC Group as the majority of its clients are U.S. based.
Armstrong	420	483	9.7%	Armstrong's final quarter results were satisfactory in a difficult year. The quarter did benefit from media-buy flow-through revenue for a major client, although the margins generated are relatively low. The outlook for 2009 indicates another difficult year. Armstrong has scaled its operations to weather the storm, and when improved levels of optimism return to the consumer marketplace, Armstrong should be well placed to benefit from increased spending, particularly from US clients looking to take advantage of a weaker Canadian dollar.
	$4,822	**$3,957**		

OPERATING PARTNERSHIP	ADJUSTED EBITDA ($000s) [1]	DISTRIBUTABLE CASH ($000s)	Q4 YIELD (%) [2]	COMMENTARY
Industrial Services				
NPC/Golosky	5,938	2,877	10.2%	The conventional services business performed well this quarter, and was able to secure two large maintenance projects, although margins were still under pressure. The oilsands services division was busy, and has stepped up activity and capital expenditures to accommodate recently won business. The outlook overall for 2009 is mixed. Excess capacity in the conventional marketplace due to a lack of construction projects will continue to put pressure on revenues and margins in this business. A strong 2009 is anticipated in the oil sands as several facilities will be at full production for the foreseeable future. Recently there has been a number of significant new business wins, including the signing of two contracts for $750 million to be completed over the next five years. One of these contracts will require significant capital expenditure on equipment and facilities to accommodate the increased business volumes.
Quantum Murray	(1,867)	(3,915)	(20.1%)	A continued decline in scrap metal recoveries on larger industrial projects coupled with a reduction in the number of projects coming to market produced poor results in the demolition group. The scrap metals division experienced continued decline in scrap prices with only a small rebound in December. The Environmental group experienced stronger than budgeted results for the quarter, primarily from remediation work in the BC interior and the Yukon. The outlook for 2009 is mixed. The Environmental division has a good backlog of work and has recently been awarded a large remediation project which is expected to start in the first quarter. The Demolition division will experience very challenging conditions during 2009, as capital projects & spending are placed on hold or outright cancelled, and competition will put significant pressure on margins. The outlook for the Metals division remains weak for 2009, as volumes from manufacturing and auto industries look to continue to remain very soft throughout the year.
	$4,071	**($1,038)**		
Other				
Peerless	1,702	1,622	18.0%	Peerless was able to generate additional revenue from existing contracts this quarter to offset delays in contract approvals. This quarter also saw significant production efficiency which improved margins. Peerless has been waiting for a significant part of the year for the awarding of two very large contracts. The good news for 2009 is that Peerless has recently secured both of these contracts.
Titan	1,114	730	11.6%	Titan produced a good final quarter through a continuation of drilling product sales, which was largely a carry over of demand generated in the third quarter, and higher than normal winter blade sales. Low oil prices and the economic recession will make 2009 a challenging year, although Titan should benefit from revenues from its construction clients if anticipated government-sponsored infrastructure projects are forthcoming.
Gusgo	729	540	17.3%	Despite a concern that storage revenues can reduce during winter months, Gusgo had a strong quarter in both transportation and storage revenues. The latter is important because of the higher margins it generates. Gusgo is optimistic that in 2009 a stronger US dollar will generate business which will offset an expected revenue reduction due to economic recession.
Rlogistics	402	402	16.1%	The fourth quarter results were below expectations. While still its busiest quarter, Rlogistics saw a loss in consumer confidence in the economy, with a reduction in discretionary spending. Looking forward to 2009, a challenging retail environment is expected with continued downward pressure on sales and profits.
	$3,947	**$3,294**		

1 Excludes a write-down of goodwill and intangibles. Refer to the Goodwill and Intangible section for further details.
2 Distributable cash as a percentage (annualized) of weighted, invested capital.

EIGHT QUARTER SUMMARY – ($000s except per unit amounts)

	2008 Q4 (Restated[1])	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Revenues	174,568	166,608	174,793	153,761	156,314	141,104	125,295	108,666
Gross profit	46,572	43,405	55,459	46,853	51,912	44,097	42,876	35,602
Income (loss) from continuing operations	(247,724)	(40,128)	1,750	(5,359)	3,514	(1,069)	(37,376)	(6,746)
Net income (loss)	(194,959)	(28,250)	1,560	(2,760)	892	(57)	(21,773)	(4,988)
Adjusted EBITDA from continuing operations	16,187	15,511	24,016	17,019	22,158	20,509	20,347	15,735
Income (loss) per unit from continuing operations	(4.51)	(0.56)	0.03	(0.07)	0.04	(0.02)	(0.53)	(0.09)
Income (loss) per unit	(4.51)	(0.64)	0.04	(0.07)	0.03	0.00	(0.54)	(0.13)

EIGHT QUARTER (Restated) SUMMARY – ($000s except per unit amounts)

	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Previously Reported								
Goodwill	94,362	243,336	278,337	280,561	256,669	291,044	269,335	263,631
NCI	-	60,706	87,169	96,525	107,466	109,529	122,898	156,782
Unitholders' Equity	55,602	219,460	251,408	252,663	259,364	265,646	265,937	290,456
Total Assets/Liabilities	619,042	817,698	933,249	934,585	949,236	962,339	891,367	866,100
As Restated								
Goodwill	94,362	265,942	274,462*	273,556*	271,593*	279,933*	258,655*	249,440*
Non-controlling Interest	15,649	76,629	101,298	108,923	118,295	118,717	134,287	169,752
Unitholders' Equity	39,953	226,143	258,091	257,899	263,460	269,752	268,274	290,383
Total Assets/Liabilities	619,042	840,304	954,061	952,219	964,160	975,633	905,092	878,997

* Also includes an adjustment to goodwill related to EZEE, which has been reclassified as discontinued operations.

1 The consolidated financial statements have been restated to reflect the re-calculation of exchangeable unit values, which resulted in an increase in goodwill of $19,769 at December 31, 2008, and, consequently, a reversal of the reduction of intangible assets of $12,303, prior to the impairment write-downs, which had previously resulted from the pro rata allocation of the units exchange value. In the fourth quarter of 2008, the Fund had written off all of the goodwill associated with its investment in NPY, as well as recorded an impairment charge on intangible assets. The additional amount of goodwill of $19,769 has also been written off, and the Fund has also written down $12,303 of intangible assets to their fair value. These write offs have increased the net loss for the year to $224,409. See Note 2 in the consolidated financial statements for further discussion of the restatement.

ADDITIONAL INFORMATION

CONTRACTUAL OBLIGATIONS ($000s)

	2009	2010	2011	2012	THEREAFTER	TOTAL
Interest expense	$29,234	$29,234	$22,897	$5,598	-	$86,963
Long-term debt (see Note)	210,000	-	-	-	-	210,000
Convertible debenture	-	84,500	-	79,966	-	164,466
Capital lease obligations	6,470	4,076	2,635	1,211	477	14,869
Operating leases	10,234	8,082	7,009	5,369	10,113	40,807
Total contractual obligations	$255,938	$125,892	$32,541	$92,144	$10,590	$517,105

Note: $170,000 of this amount is due in December 2011, and $40,000 is due in December 2012. Both amounts have been classified as current while negotiations with the lender are underway.

TRANSACTIONS WITH RELATED PARTIES

OWNERSHIP

As of December 31, 2008, directors, officers and employees and entities related to the fund of the general partner beneficially hold an aggregate of 22,428,829 NPY and NPF units or 31% on a fully diluted basis.

TRANSACTIONS

NPY provides funding to the Operating Partnerships to fund working capital requirements. Advances bear interest at the rate of prime plus one percent, are unsecured and are due on demand.

Included in Other Assets are advances of $29,071 (2007 – $28,328) made to the Operating Partnerships.

Employee loans made to employees of the Fund and its subsidiary NPLP were outstanding in the amount of $4,055 (2007 – $2,571). The amount in 2007 includes $221 loaned to an employee of EZEE. This amount was repaid in 2008. In accordance with the terms and condition of the loans, the loans are interest bearing and were used to purchase units of the Fund and are secured by units.

Account payables include on demand advances of $2,729 (2007-$3,733) including accrued interest payable to related parties of Quantum Murray. The balances including interest were repaid in January 2009.

Cost of sales includes $601 of trade expenses paid to related parties of Quantum Murray, primarily for environmental disposal services.

OFF BALANCE SHEET ITEMS

The Fund had $5,315 of letters of credit outstanding at December 31, 2008. The letters of credit are predominantly to secure cash management services provided by Royal Bank of Canada and as security for programs in the Marketing and Industrial Services segment.

SUBSEQUENT EVENTS

On January 20, 2009 the Fund received approval from the TSX for an NCIB to purchase for cancellation, through the facilities of the TSX, up to 2,327,194 units, representing 5% of its then issued and outstanding units.

On February 10, 2009 Hargraft sold its wholly owned subsidiary Hargraft Schofield Benefits Inc. to the president of that business. There was no gain or loss on this transaction and proceeds of $1,350 were used to pay down the revolving credit facility.

On January 30, 2009, the minority limited partner of ESR delivered to NPH an offer letter pursuant to the Shotgun Buy-Sell provision of the limited partnership agreement governing ESR. On February 27, 2009 NPH elected to accept the minority limited partner's offer to sell its interest in ESR representing 20%. The closing of the buy-sell transaction is scheduled for March 31, 2009. Following the closing of the transaction, the Fund's interest in NPH will be 100%.

Management of the Fund expect to recommend to the Trustees in 2009 that they consider an arrangement whereby the Fund will convert from an income trust to a corporation. Management believes that a change of structure in advance of 2011 will address the limits to growth and create tax efficiencies. Information on the progress of this initiative will be communicated as required.

2009 OUTLOOK

The Fund's overall priorities are to deal with its overleveraged capital structure and reduce operating costs in the portfolio. The Fund is in negotiations with its lenders and is also pursuing options including portfolio sales, stand-alone credit facilities at selected operating partnerships and operational changes to improve cash management performance at the operating partnerships to generate cash that could be used to reduce the debt levels.

The outlook for the diversified portfolio is mixed, although generally a challenging year is expected due to the economic slowdown.

In the Financial Services Segment, until there is greater certainty, and some recovery in the financial markets, the investment management businesses will have reduced revenue streams and earnings due to lower AUM balances. The insurance businesses have suffered over the last three years from soft insurance markets which have resulted in increased competition and reducing premiums and commission income. In the past there has been a correlation between lower investment returns and a subsequent increase in premiums as insurers look to maintain their profit levels. There are mixed views as to how quickly there will be a hardening of the insurance markets, reflecting a return to higher premium pricing. To date, there is little evidence that the insurance markets will be much changed from 2008.

In the Marketing Segment, it is anticipated that 2009 will be a challenging year. Business and consumer confidence are at levels that do not translate into a strong demand for marketing services. All of our marketing businesses have seen client pull backs. Capital C and Gemma have in the past been quite resilient and have proven to be adept at finding new business to replace any lost business.

Both Armstrong and S&E have more niche markets and have had more difficulty in generating new revenue streams outside of their core. For 2009, IC Group appears to be fighting the trend, and expects a solid year levering off its two new large online loyalty projects.

In the Industrial Services Segment, the slowdown in the Alberta oil and gas market will impact NPC/Golosky's business in 2009. New construction projects in the conventional oil and gas and oil sands sectors will be minimal, with projects currently in progress also being at risk. Core maintenance services should remain active but there will be increased competition and therefore margin pressure, and customers will also look to defer major maintenance projects if safety is not an issue. Recent maintenance service and pipe overlay contract wins in the oil sands divisions will ensure that most of the divisions are busy in 2009. The economic slowdown and much lower scrap metal prices will have a significant impact on the demolition and scrap metal divisions of Quantum Murray. Industrial projects are on hold, and it is typically these projects which drive larger scrap metal volumes. Although there are several commercial projects being bid, they are smaller in scope and are also attracting many more bidders than usual given the slowdown on the industrial side. The remediation division anticipates a busy year. It has several large projects underway, and is also benefiting from ongoing projects in the Arctic.

In the Other Segment, Peerless is expecting a solid year. It has recently been awarded two large contracts which it had hoped to win in mid 2008. Gusgo has also proven to be resilient in difficult times. It replaced lost transportation revenues in 2008 with higher margin storage revenues, and will look to continue this in 2009. Titan's distribution business is very dependent on construction in Alberta, and on drilling activity in Alberta. It anticipates a difficult year in 2009. Rlogistics will be working hard to improve its operational efficiency as it will be challenged, given the economy, to increase revenues.

RISK FACTORS

Our financial results are impacted by the performance of each of our Operating Partnerships and various external factors influencing the environments in which they operate. While stronger performance by one of the Operating Partnerships may compensate for weaker performance by another of the Operating Partnerships, any negative effects on the financial condition or results of operations of an Operating Partnership has a negative effect on the financial condition or result of operation of the Fund.

Please refer to the AIF dated March 30, 2009 and our short form prospectus dated July 3, 2007 for a discussion of Risk Factors particular to the operating partnerships.

RISK FACTORS – FUND AND UNITHOLDER

INVESTMENT RISK

Our strategy is to invest in successful entrepreneurs operating high-quality businesses that generate sustainable cash flows. There is risk that we could invest in either an entrepreneur or a business that fails to meet our performance expectations over the medium to long term. We believe we mitigate this risk through the application of our investment partnership criteria and our disciplined investment process. By avoiding heavily leveraged, capital intensive businesses, we also aim to preserve our capital. We prefer to invest with entrepreneurs who are known to us personally or through our network. In all cases, we must be convinced of management's competence and character before investing. Investment risk is also offset by diversification of our investment portfolio, which reduces the impact of any one particular cash flow source. We have also been successful at negotiating a subordination feature with most of our businesses that gives the Fund a priority distribution on its cash flows for a certain period of time. In addition, while we intend to adhere to our core operating philosophy and to the partnership principles, investment criteria and investment model contemplated thereby, we retain the discretion to select and structure investments in a manner that we see fit, and the manner in which an investment is structured might involve certain other risks.

We conduct business, legal and financial due diligence investigations on all our investments and the purchase and sale agreements pursuant to which we directly or indirectly make our initial investment in an Operating Partnership generally contain customary representations and warranties (in certain cases to the knowledge of the vendors) with respect to the applicable business and related indemnities from the vendors regarding corporate matters, taxes, litigation, operations, employee matters and financial statements, among other things. Generally, the survival period for the representations and warranties and related indemnities is two years from the applicable closing date and in some cases, the maximum liability of the vendors under the indemnities is subject to limits and is subject to deductibles. However, there can be no assurance that we will uncover all risks associated with the investment in our due diligence investigations, that the representations and warranties given by such vendors will adequately protect against such risks, or of recovery by us in the event of a breach of a representation and warranty. Furthermore, the purchase and sale agreements pursuant to which we indirectly make follow up investments in an Operating Partnership do not contain any representations and warranties or related indemnities from the vendors with respect to the business and operation of the applicable Operating Partnership but do contain representations and warranties from the vendors with respect to the ownership of the limited partnership units being sold to us. A failure to uncover risks associated with an investment or to recover in the event of a breach of a representation or warranty may have a material adverse impact on the operations and financial results of the Fund.

As asset managers we may wish to divest an investment that is not meeting our targeted rate of return. Given that our investments are in private businesses, which are illiquid, we may not be able to do so.

FAILURE TO REALIZE ANTICIPATED BENEFITS OF INVESTMENTS MADE AND FUTURE ACQUISITIONS

The Fund and a number of its Operating Partnerships intend to partner with additional entrepreneurs in the future. The ability to identify new partnership opportunities and to acquire an ownership interest in new partnerships at attractive prices is not guaranteed. Achieving the benefits of future acquisitions will depend in part on successfully consolidating functions and integrating operations, procedures and personnel of all of the partnerships in a timely and efficient manner. The integration of these future acquisitions will require the dedication of management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business and customer and employee relationships that may adversely affect the Fund or an Operating Partnership's ability to achieve the anticipated benefits of future acquisitions.

BUSINESS VALUATIONS

Historically, we have been able to invest in excellent private businesses at prices that are accretive to Unitholders. There is no certainty that we will continue to be able to invest at the same level of attractive valuations. Market conditions, competitive factors, and the availability of suitable investments will have some impact on the prices at which we are able to acquire additional cash flows. We believe however that the sum of benefits we offer to the entrepreneur, along with our partnership style of operating, is a unique value proposition that will continue to attract high quality businesses to our fold at accretive prices.

CONDITION OF CAPITAL MARKETS

The condition of the capital markets represents two risks to the Fund. First, we have a business that requires capital. There can be no assurance that this financing will be available when required or available on terms that are favourable to the Fund. This has the potential to hamper our growth by restricting our level of investment, and to cause refinancing challenges as our convertible debentures and the debt mature.

Second, the condition of the capital markets also impacts the revenues and profits of our asset management businesses. We believe we have strong management teams operating these businesses, each with decades of experience in capital markets.

DEPENDENCE ON KEY PERSONNEL

The success of the Fund and of each of its Operating Partnerships depends on their respective senior management teams and other key employees, including their ability to retain and attract skilled management and employees. The loss of the services of key personnel could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Fund and its Operating Partnerships. In addition, the growth plans described in this Annual Information Form may require additional employees, increase the demand on management and produce risks in both productivity and retention levels. The Fund and its Operating Partnerships may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that the Fund will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on the Fund's business, financial condition, results of operations and future prospects.

GENERAL ECONOMIC FACTORS

The Fund's business and the business of each of our Operating Partnerships is subject to changes in general economic conditions including but not limited to, recessionary or inflationary trends, equity market levels, consumer credit availability, interest rates, consumers' disposable income and spending levels, job security and unemployment, and overall consumer confidence. We believe the risk from general economic factors is reduced by having a diverse source of cash flows from businesses that perform differently at different points in the cycle. We also moderate general economic risk by maintaining a conservative balance sheet with prudent use of debt and by investing in companies with histories of profitability through market cycles. The recent downturn in the economy will bring pressure to the operating partnerships. Earnings and business valuations are expected to be lower, and this has given rise to significant impairment writedowns in the fourth quarter of 2008.

LIMITED CUSTOMER BASES

Some of the Operating Partnerships derive a significant portion of their revenues from a limited customer base. If one or more of the significant customers of an Operating Partnership were to cease doing business with the Operating Partnership, or significantly reduced or delayed its purchase of services, the financial condition and results of operations of such Operating Partnership could be materially adversely affected.

ENVIRONMENTAL LEGISLATION

Environmental matters are subject to regulation under a variety of federal, provincial, territorial, state and municipal laws relating to health and safety and the environment. Management believes that the Operating Partnerships are in material compliance with applicable environmental legislations; however, regulation is subject to change and, accordingly, it is impossible to predict the costs of compliance with new laws or the effects that changes would have on the Operating Partnerships or their future operations.

Management believes that the risk of non-compliance with environmental regulation is greatest for the Operating Partnerships in the Industrial and Other Segments.

LABOUR

The success of the Fund depends on the ability of the Operating Partnerships to maintain their respective productivity and profitability. The productivity and profitability of the Operating Partnerships may be limited by their ability to employ, train and retain the skilled personnel necessary to meet their respective requirements. None of the Operating Partnerships can be certain that they will be able to maintain the adequate skilled labour force necessary to operate efficiently and to support their growth strategies. As well, none of the Operating Partnerships can be certain that their labour expenses will not increase as a result of shortage in the supply of these skilled personnel. Labour shortages or increased labour costs could impair the ability of an Operating Partnership to maintain or grow its respective Operating Partnership.

INTEREST RATE RISK

A wholly owned subsidiary of the Fund entered into a secured credit agreement with an affiliate of Fortress Credit Corp. on December 7, 2006 ("Credit Facility"). This Credit Facility is referenced to the BA and LIBOR rates. Increases in rates could negatively impact our operating results.

INCOME TAX RULES - CHANGES APPLICABLE TO PUBLICLY TRADED TRUSTS & PARTNERSHIPS

On June 22, 2007, Bill C-52, which significantly modifies the tax treatment of certain publicly traded trusts and partnerships that are specified investment flow-through trusts or partnerships (“SIFTs”), received Royal Assent. In particular, certain income of (and distributions made by) a SIFT will be taxed in a manner similar to income earned by (and distributions made by) a corporation. Generally, the application of these rules will not apply to income trusts which commenced public trading prior to November 1, 2006 (such as the Fund), until January 1, 2011, provided that there is no ”undue expansion” of a SIFT in the intervening period.

On December 15, 2006, the Department of Finance (Canada) released the normal growth guidelines for SIFTs that qualify for the four-year transitional relief. The guidelines establish objective tests with respect to how much an income trust is permitted to grow without jeopardizing its transitional relief. In general, the Fund will be permitted to issue new equity over the next four years equal to its market capitalization as of the end of trading on October 31, 2006 (subject to certain annual limits). Market capitalization, for these purposes, is to be measured in terms of the value of the Fund’s issued and outstanding publicly traded units. If these limits are exceeded, the Fund may lose its transitional relief and thereby become immediately subject to the SIFT rules. The Fund has not exceeded its growth limits as at December 31, 2008.

Bill C-52 included certain interpretative uncertainties that could subject underlying subsidiary partnerships to tax in a manner similar to the Fund. The Minister of Finance issued draft legislation (the ”Legislation”) on November 28, 2008 that was meant to address the uncertainties. In addition, the Legislation also included provisions enabling SIFTs to convert to corporations on a tax-deferred basis.

The Fund has considered the Legislation and the possible impact of the SIFT rules on its operations and unitholders. The SIFT rules (including the normal growth guidelines released on December 15, 2006) may adversely affect the marketability of the Fund’s units and the ability of the Fund to undertake financings and acquisitions. As a result, the Fund will convert to a corporation prior to the effective date of the Fund being subject to SIFT taxation.

The enactment of the SIFT rules results in the recording of future taxes at the substantively enacted tax rates in respect of temporary differences of the Fund that are expected to reverse after the date the changes take effect.

During 2008, the Fund suspended distributions of its taxable income to unitholders and has no plans to recommence distributions in 2009. Accordingly, the Fund (or the successor corporate entity) will be subject to tax on income earned in 2009. Previously, the Fund had relied on an exemption under EIC 107 from having to account for future income tax where it was contractually committed to distributing its taxable income to unitholders. With the suspension of distributions related to taxable income, this exemption is no longer applicable, thus, the Fund has also recorded future taxes on temporary differences that will reverse prior to the effective date of the SIFT rules.

DEPENDENCE ON NPY

The Fund is an open-ended, limited purpose trust, which is, for purposes of its income, entirely dependent on NPY’s interests in the Operating Partnerships. Until October 15, 2008, the Fund had distributed the interest on the CT Notes and distributions on the CT Units earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units. The Fund suspended payment of distributions subsequent to the distribution period on October 15, 2008. There can be no assurance regarding the Fund’s ability to make distributions, which remains dependent upon the ability of CT Trust to pay its interest obligations under the CT Notes and to pay distributions or other returns of capital in respect of the CT Units, which ability, in turn, is dependent upon NPY and the operations and assets of the Operating Partnerships.

NPY is entirely dependent on the operations and assets of the Operating Partnerships through its indirect ownership interests. The Fund’s ability to make regular distributions to Unitholders is dependent on the cash flow generated by the Operating Partnerships. This is affected by the profitability, fluctuations in working capital, margin sustainability and capital expenditures of the Operating Partnerships. Although the Operating Partnerships intend to distribute their cash available for distribution, there can be no assurance regarding the amounts of income to be generated by the Operating Partnerships and amounts paid to NPY. The failure of any Operating Partnership to make its anticipated distributions could adversely impact the Fund’s financial condition and cash flows and therefore the Fund’s distributions to Unitholders.

REGULATION

The Fund and its Operating Partnerships are subject to a variety of federal, provincial and local laws, regulations, and guidelines and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a material adverse effect on the Fund’s and its Operating Partnerships’ business, financial condition, results of operations and cash flows. Although such expenditures historically have not been material, such laws and regulations are subject to change. Accordingly, it is impossible for the Fund or the Operating Partnerships to predict the cost or impact of such laws and regulations on their respective future operations.

COMPETITION

The businesses in which the Operating Partnerships operate are highly competitive. The Operating Partnerships often compete with companies that are much larger and have greater resources than the Operating Partnerships. There can be no assurance that the Fund and the Operating Partnerships will be able to successfully compete against their respective competitors or that such competition will not have a material adverse effect on their businesses, financial condition, results of operations and cash flows and therefore the Fund's distributions to Unitholders.

POTENTIAL UNKNOWN LIABILITIES

In connection with the prior formation of Operating Partnerships completed by NPY, there may be unknown liabilities assumed by NPY through its interests in the Operating Partnerships for which NPY may not be indemnified by the prior owner. The discovery of any material liabilities could have a material adverse effect on the business, financial condition, results of operations and future prospects of the Fund.

AVAILABILITY OF FUTURE FINANCING

The Fund's principal source of funds is cash generated from its Operating Partnerships. The Fund believes that funds from these sources will provide it with sufficient liquidity and capital resources to meet its current and future financial obligations at existing business levels. Despite the Fund's expectations, however, it may require additional equity or debt financing to meet its financing requirements. There can be no assurance that this financing will be available when required or available on commercially favourable terms or on terms that are otherwise satisfactory to the Fund, in which event the financial condition of the Fund may be materially adversely affected. Recent downturns in the financial markets may limit the Fund's ability to raise additional equity or debt financing.

RESTRICTIONS ON GROWTH OF THE FUND

The Fund will require equity or debt financing in order to acquire interests in new Operating Partnerships. There can be no assurance that such financing will be available when required or on commercially favourable terms, which could limit the growth of the Fund.

POTENTIAL FUTURE DEVELOPMENTS

Management of the Fund, in the ordinary course of business, regularly explores potential strategic opportunities and transactions. The public announcement of any of these or similar strategic opportunities or transactions might have a significant effect on the price of the Fund's securities. The Fund's policy is not to publicly disclose the pursuit of a potential strategic opportunity or transaction unless and until a definitive binding agreement is reached. There can be no assurance that investors who buy or sell securities of the Fund are doing so at a time when the Fund is not pursuing a particular strategic opportunity or transaction, that when announced, would have a significant effect on the price of the Fund's securities.

LEVERAGE AND RESTRICTIVE COVENANTS

The degree to which the Fund is leveraged could have important consequences to Unitholders, including the following: (i) the ability of NPY to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; (ii) a material portion of NPY's cash flow from operations may need to be dedicated to payment of the principal of and interest on indebtedness, thereby reducing funds available for future operations and to pay distributions; (iii) certain of the borrowings under the Credit Facility may be at variable rates of interest, which exposes NPY to the risk of increased interest rates; and (iv) the Fund may be more vulnerable to economic downturns and be limited in its ability to withstand competitive pressures. NPY's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness will depend on its future operating performance and cash flows, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The ability of the Fund to make distributions or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of the Fund and NPY (including the Convertible Debentures and the Credit Facility). The Credit Facility contains restrictive covenants customary for credit facilities of this nature, including covenants that limit the discretion of management with respect to certain business matters. These covenants place restrictions on, among other things, the ability of NPY to incur additional indebtedness, to pay distributions or make certain other payments, to sell or otherwise dispose of material assets and to make additional acquisitions. In addition, the Credit Facility contains a number of financial covenants that require NPY to meet certain financial ratios and financial tests. A failure to comply with the obligations in the Credit Facility could result in an event of default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Facility were to be accelerated, there can be no assurance that the assets of NPY would be sufficient to repay in full that indebtedness. As at December 31, 2008, the Fund was not in compliance with covenants under the credit facility. See Financing under Liquidity and Capital Resources.

POTENTIAL SALES OF ADDITIONAL UNITS

The Fund may issue additional Units or securities exchangeable for or convertible into Units in the future. The Fund may issue additional Units in order to, among other things, finance the acquisitions of additional CT Notes or CT Units in order to indirectly fund NPY's capital expenditure and other cash requirements or on the direct or indirect exchange of the Exchangeable Securities. Such additional Units may be issued without the approval of Unitholders. The Unitholders will have no pre-emptive rights in connection with such additional issues. Additional issuance of Units will result in the dilution of the interests of Unitholders.

DISTRIBUTION OF SECURITIES ON REDEMPTION OR TERMINATION OF THE FUND

Upon a redemption of Units or termination of the Fund, the Trustees may distribute CT Notes and/or CT Units directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for such securities, and none is expected to develop in the future. In addition, the CT Notes will not be freely tradable and will not be currently listed on any stock exchange. Securities so distributed may not be qualified investments for trusts governed by deferred income plans, depending upon the circumstances at the time.

UNITHOLDER LIABILITY

The Declaration of Trust provides that no Unitholder will be subject to any liability in connection with the Fund or its assets or obligations and that, in the event that a court determines that Unitholders are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, the Unitholder's share of the Fund's assets.

The Declaration of Trust further provides that the Trustees shall make all reasonable efforts to include as a specific term of any obligations or liabilities being incurred by the Fund, or the Trustees on behalf of the Fund, a contractual provision to the effect that neither the Unitholders, nor the Trustees have any personal liability or obligations in respect thereof. There remains a risk that a Unitholder may be personally liable despite such a provision in the Declaration of Trust or other agreements made by the Fund.

On December 16, 2004, the Trust Beneficiaries' Liability Act, 2004 (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any act, default, obligation or liability of the trust if, when the act or default occurs or the liability arises, (i) the trust is a reporting issuer under the Securities Act (Ontario), and (ii) the trust is governed by the laws of Ontario. The Fund has been a reporting issuer under the Securities Act (Ontario) since July 28, 2005 and it is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

UNDIVERSIFIED AND ILLIQUID HOLDINGS IN THE TRUST

The Fund's holding of CT Units and CT Notes is undiversified, and such securities are illiquid, as they are not expected to be listed or quoted on any stock exchange or other market.

RETURN OF CAPITAL

Cash distributions do not represent a "yield" in the traditional sense as they may represent both return of capital and return on investment.

SHOTGUN BUY-SELL RIGHTS

Certain of the limited partnership agreements of the Operating Partnerships contain shotgun buy-sell provisions. The purpose of the shotgun buy-sell provisions is to provide the parties with a recognized mechanism for solving any fundamental disputes that may develop. If one of the limited partners of the applicable Operating Partnership, other than NPH, initiates a shotgun buy-sell, the general partner of NPH will have to decide whether to buy at the offered price, in which case monies may have to be raised, either by drawing on the Credit Facility in the short term or issuing more Units, or to sell at the offered price, in which case NPH will receive the proceeds of sale, and will apply the proceeds in such manner as the general partner of NPH determines at the time, subject to any required approvals from lenders or others. There is no assurance that NPH will decide to buy at the offered price or that NPH will have sufficient funds to buy at the offered price. Any decision of NPH not to buy at the offered price or its inability to buy at the offered price may have a negative impact on the Fund. Any sale by NPH pursuant to such shotgun buy-sell provisions will require consent of the lenders under the Credit Facility. No assurance can be given that such consent will be obtained on acceptable terms or at all should NPH decide that it wishes to sell under such shotgun buy-sell provisions.

CREDIT FACILITIES

The Credit Facility, with an affiliate of Fortress Finance Corp., contains a variety of financial covenants. Failure to comply with these covenants could cause a default under the facilities, which could have a material adverse effect on the Fund's financial condition, results of operations and its ability to pay distributions to unitholders.

UNPREDICTABILITY AND VOLATILITY OF UNIT PRICE

A publicly traded income trust will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Units will trade cannot be predicted. The market price of the Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of the Units in the public trading markets. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units.

NATURE OF UNITS

The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that act of any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does note carry on or intend to carry on the business of a trust company. In addition, although the Fund qualifies as a "mutual fund trust" as defined in the Tax Act (as of the date hereof), the Fund is not a "mutual fund" as defined by the securities legislation.

Securities like the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Units. As holders of Units, Unitholders do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. Each Unit represents an equal, undivided, beneficial interest in the Fund. The Fund's principal assets are CT Units and CT Notes. The price per Unit is a function of the Fund's anticipated distributable cash at any time, which is, in turn dependent on the distributable cash distributed upstream by the Operating Partnerships.

CASH DISTRIBUTIONS

The Fund suspended payment of distributions subsequent to the payment made on October 15, 2008. Cash distributions are not guaranteed and will fluctuate with the performance of each of the Operating Partnerships. Although the Fund has in the past distributed the income earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amounts of cash distributions distributed upstream by the Operating Partnerships and, thus, eventually available for distribution. The actual amount of distributions paid in respect of the Units will depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of the Fund and the Operating Partnerships. The Operating Partnerships and NPY have the discretion to establish cash reserves (including regulatory capital reserves) for the proper conduct of their business. Adding to these reserves (including regulatory capital reserves) in any year would reduce the amount of distributable cash and, hence, of cash available for distributions by the Fund.

As described under the heading, "Proposed Changes to the Income Tax Rules Applicable to Publicly Traded Trusts and Partnerships", on June 22, 2007, Bill C-52 received Royal Assent. Accordingly, certain income of (and distributions made by) a SIFT will be taxed in a manner similar to income earned by (and distributions made by) a corporation. On December 15, 2006, the Department of Finance released the normal growth guidelines for SIFTs that qualify for the four-year transitional relief. The application of the SIFT rules to the Fund may adversely affect the level of distributions received by Unitholders.

RESTRICTIONS ON POTENTIAL GROWTH

The payout by the Operating Partnerships of a high proportion of their operating cash flow will make additional capital and operating expenditures somewhat dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of the Operating Partnerships and their cash flow.

LIMITATION ON NON-RESIDENT OWNERSHIP

The Declaration of Trust imposes various restrictions on Unitholders. Non-resident (as defined in the Declaration of Trust) Unitholders are prohibited from beneficially owning more than 45% of the Units (on a non-diluted and fully diluted basis). These restrictions may limit (or inhibit the exercise of) the rights of certain Persons (as defined in the Declaration of Trust), including Non-residents, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take-over bids in respect of the Units. As a result, these restrictions may limit the demand for the Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

INVESTMENT ELIGIBILITY

There can be no assurance that the Units will continue to be qualified investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds and registered education savings plans under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

INCOME TAX MATTERS

There can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner, which adversely affects Fund Unitholders.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance released draft amendments to the Tax Act. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. If the draft amendments are enacted as proposed, and if, at any time more than 50% of the aggregate fair market value of the Units were held by non-residents and partnerships other than Canadian partnerships, the Fund may lose its mutual fund trust status. On December 6, 2004, the Department of Finance tabled a Notice of Ways and Means Motion, which did not include these proposed changes. The Department of Finance indicated that the implementation of the proposed changes would be suspended pending further consultation with interested parties.

Although the Fund, the Commercial Trust, NPY, NPH, the Operating Partnerships and their subsidiaries are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Tax Act is reasonable and deductible in accordance with the applicable provisions of the Tax Act, and that the allocation of partnership income for purposes of the Tax Act between the holders of LP Units and the Commercial Trust is reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed or such allocation. If CRA successfully challenges the deductibility of such expenses or the allocation of such income, NPY's allocation of taxable income to the Commercial Trust, and indirectly the taxable income of the Fund and the Unitholders of the Fund, and taxable income of the Operating Partnerships and their subsidiaries, may change.

Elections have been made under the Tax Act such that the transactions under which NPH acquires its interest in the Operating Partnerships may be effected on a tax-deferred basis. The adjusted cost base of any property transferred to an Operating Partnership pursuant to such agreements may be less than its fair market value, such that a gain may be realized on the future sale of the property.

Further, interest on the CT Notes held by the Fund accrues at the Fund level for income tax purposes whether or not actually paid.

DISTRIBUTIONS

The Fund suspended payment of distributions subsequent to the payment of the distribution on October 15, 2008. Until that time, the Fund's policy was to make monthly cash distributions of its distributable cash to Unitholders of record on the last business day of each month, and to pay the distributions within 15 days following each month end.

The amount of the Fund's distributable cash is equal to the interest and principal repayments on the CT Notes owned by the Fund and the distributions (if any) on or in respect of the CT Units owned by the Fund less: (i) administrative expenses and other obligations of the Fund; (ii) amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Units; (iii) satisfaction of its debt service obligations (principal and interest) on indebtedness, if any (including the Convertible Debentures), and of its obligations pursuant to any agreements entered into in connection with the Credit Facility; and (iv) any amount that the Trustees may reasonably consider to be necessary to provide for the payment of any costs or expenses, including any tax liability of the Fund, that have been or are reasonably expected to be incurred in the activities and operations of the Fund (to the extent that such costs or expenses have not otherwise been taken into account in the calculation of the available distributable cash of the Fund) and for reasonable reserves.

[The Fund may make additional distributions in excess of the aforementioned monthly distributions during the year, as the Trustees may determine. The distribution declared in respect of the month ending December 31 in each year will include such amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such year as is necessary to ensure that the Fund is not liable for taxes under Part I of the Tax Act in such year.]

Any income of the Fund that is unavailable for cash distribution will, to the extent necessary to ensure that the Fund does not have any income tax liability under Part I of the Tax Act, be distributed to Unitholders in the form of additional Units. Such additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or an annual information form or similar filing. The Declaration of Trust provides that immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholder's share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts so distributed represent income, non-resident Unitholders will be subject to withholding tax and the consolidation will not result in such non-resident Unitholders holding the same number of Units.

Unitholders who are non-residents of Canada are required to pay all withholding taxes payable in respect of any distributions of income by the Fund, whether such distributions are in the form of cash or additional Units. The Fund will withhold from monthly distributions all amounts required to be withheld by law. In the event of a distribution in the form of additional Units, the Trustees may sell such Units to pay withholding taxes and to pay all of the Trustee's reasonable expenses with regard thereto. Any such sale will be made on any stock exchange or other market on which the Units are listed or traded. Non-residents should consult their own tax advisors regarding the tax consequences of investing in the Units.

Please refer to the AIF dated March 30, 2009 and our short form prospectus dated July 3, 2007 for a discussion of Risk Factors particular to the operating partnerships.

DISCLOSURE CONTROLS & PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the CSA requires CEOs and CFOs to certify that they are responsible for establishing and maintaining the disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

National Instrument 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining the internal controls over financial reporting for the issuer, that those internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, and that the issuer has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

NPF's management, including its CEO and CFO, have evaluated the effectiveness of the Fund's disclosure controls and procedures as at December 31, 2008 and have concluded that those disclosure controls and procedures were not effective to ensure that information required to be disclosed by the Fund in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended as a result of the weakness in internal controls over financial reporting. A material weakness in the effectiveness of internal control over financial reporting relating to the review procedures over the accounting for exchangeable securities issued by subsidiaries of income trusts resulted in incorrect values being used to record the exchanges as at December 31, 2008. The Fund has restated the consolidated financial statements for the years ended December 31, 2008 and 2007, as summarized in Note 2 to the restated consolidated financial statements for the year ended December 31, 2008, and each of the quarters in fiscal 2008 and 2007. Management determined that incorrect values were used due to an internal control weakness, which has been identified subsequent to year end, and has enhanced the review process in order to eliminate the weakness.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

ADDITIONAL INFORMATION

Additional information relating to the Fund, including the AIF, is on SEDAR at www.sedar.com or on our website www.newportpartnersincomefund.ca.

DEFINITIONS

"AIF" – means Annual Information Form;

"Armstrong" - means Armstrong Partnership LP, a limited partnership formed under the laws of Ontario;

"AUM" – means Assets Under Management;

"Bill C-52" or "trust taxation" – means Bill C-52 Budget Implementation Act, 2007;

"BMI" – means Baird MacGregor Insurance Brokers LP, a limited partnership formed under the laws of Ontario;

"Brompton" – means Brompton Funds LP, a limited partnership formed under the laws of Manitoba;

"C LP Units" – means the Class C limited partnership units of NPY;

"Capital C" – means Capital C Communications LP, a limited partnership formed under the laws of Ontario;

"CEO" – means Chief Executive Officer;

"CFO" – means Chief Financial Officer;

"CICA" – means Canadian Institute of Chartered Accountants;

"Cladtech" – means Cladtech Canada Inc.;

"Convertible Debentures" – means the7.5% and 7% subordinated unsecured convertible debentures that mature on December 31, 2010 and December 31, 2012, respectively;

"CSA" – means Canadian Securities Administrators;

"CT" – means Commercial Trust;

"CT Notes" – means the Notes designated as Series 1 and issued to the Fund in accordance with the Note Indenture;

"CT Units" – means the units of the Commercial Trust, each of which represents an equal undivided interest in the Commercial Trust and any distributions from the Commercial Trust, and includes a fraction of such a unit of the Commercial Trust;

"DDTL" – means Delayed-Draw Term Loan;

"Debentures" – means collectively the Series 2005 Debentures and the Series 2007 Debentures;

"Duntroon" – means Duntroon Energy Ltd., an Ontario corporation;

"Echelon" – means Echelon Emergency Response & Training Inc.;

"ESR" – means Elliott Special Risks LP, a limited partnership formed under the laws of Ontario;

"EPS" – means Earnings per share;

"EV/EBITDA" – means the enterprise value divided by EBITDA. Enterprise value is equal to market capitalization plus debt and convertible debentures, less cash and cash equivalents;

"Exchange Agreement" – means the agreement dated August 8, 2005 between CT and NPY which provides for the exchange of limited partnership units of NPY into units of the Fund;

"EZEE" – means EZEE ATM LP, a limited partnership formed under the laws of Ontario;

"Fortress" – means Fortress Credit Corp.;

"GAAP" – means, at any time, Canadian generally accepted accounting principles, including those set out in the Handbook of the CICA, applied on a consistent basis;

"Gemma" – means Gemma Communications LP, a limited partnership formed under the laws of Ontario;

"Golosky" – means Golosky Holdings LP and Clearwater Holdings LP collectively, limited partnerships formed under the laws of Alberta;

"Gusgo" – means Gusgo Transport LP, a limited partnership formed under the laws of Ontario;

"Hargraft" – means Hargraft Schofield LP, a limited partnership formed under the laws of Ontario;

"IC Group" – means IC Group LP, a limited partnership formed under the laws of Ontario;

"IPO" – means Initial Public Offering;

"LTM" – means Last Twelve Months;

"MD&A" – means Management's Discussion and Analysis;

"Morrison Williams" - means Morrison Williams Investment Management LP, a limited partnership formed under the laws of Ontario;

"Murray" – means Murray Demolition LP (now Quantum Murray LP);

"NAV" – means Net Asset Value and is derived by amalgamating management's best estimate of the fair market value of each of the Operating Partnerships in the Fund and making adjustments for the senior debt, the market value of convertible debentures and the cash and cash equivalents of the Fund. The fair market value of each of the Operating Partnerships is derived using discounted public company comparable EV/EBITDA multiples and applying these multiples to the LTM EBITDA of each Operating Partnership;

"NCIB" – means Normal Course Issuer Bid;

"Net Tangible Assets" – means the total assets of a company minus any intangible assets such as goodwill, brand, customer relationships, intellectual property, employment management contracts, less all liabilities and the par value of convertible debentures;

"Newport" or "NP LP" – means Newport Partners LP, a limited partnership formed under the laws of Ontario;

"NPC" – means NPC Integrity Energy Services Limited Partnership, a limited partnership formed under the laws of Alberta;

"NPC/Golosky" – means NPC and its 80% interest in Golosky;

"NPF" or the "Fund" – means Newport Partners Income Fund;

"NPH" – means Newport Partners Holdings LP, a limited partnership formed under the laws of Ontario;

"NPY" – means Newport Private Yield LP, a limited partnership formed under the laws of Ontario;

"Operating Partnerships" – means businesses in which the Fund holds an ownership interest;

"Peerless" – means Peerless Garments LP, a limited partnership formed under the laws of Ontario;

"Priority Income" – means the annual distribution to which NPF is entitled before its operating partners share in the income of the business;

"Quantum" – means Quantum Environmental Group Inc.;

"Quantum Murray" – means Quantum Murray LP (formerly Murray Demolition LP) a limited partnership formed under the laws of Ontario;

"RGC" – means Redmond Group of Companies LP (formerly Jutan Limited Partnership);

"Rlogistics" – means Rlogistics LP, a limited partnership formed under the laws of Ontario;

"S&E" – means Sports and Entertainment Limited Partnership, a limited partnership formed under the laws of Ontario;

"Senior Credit Agreement" – means the Secured Credit Agreement entered into on December 7, 2006, with an affiliate of Fortress, as amended;

"Since inception" – means the date February 27, 2004 when NPY was formed as a limited partnership under the laws of Ontario;

"STR" – means 9111-5808 Quebec Inc. (o/a les Guichet STR);

"Thomson" – means the business formerly carried out by Gary W. Thomson Enterprises Ltd. and Hamilton Recycling Inc., purchased in an asset transfer and now carried out by Thomson Metals and Disposal LP and Thomson Waste Transfer LP, each a limited partnership formed under the laws of Ontario;

"Titan" – means Titan Supply LP, a limited partnership formed under the laws of Alberta;

"TRM" – means TRM Corp.;

"TSX" – means Toronto Stock Exchange; and

"Units" – means trust units of the Fund.