Consolidated Financial Statements of

NEWPORT PARTNERS INCOME FUND

Three months ended March 31, 2006
(Unaudited)

NEWPORT PARTNERS INCOME FUND

Consolidated Balance Sheet
(In thousands of dollars)

	March 31, 2006 (Unaudited)	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	$ 14,779	$ 25,278
Accounts receivable	97,089	117,867
Inventory	33,055	31,164
Prepaid expenses	1,886	2,359
Other current assets	10,232	6,507
	157,041	183,175
Property, plant and equipment	20,452	16,445
Long-term investments	42,246	42,234
Goodwill	266,151	258,102
Intangible assets	225,000	210,177
Other assets	4,827	4,971
	$ 715,717	$ 715,104
Liabilities and Partners' Equity		
Current liabilities:		
Bank indebtedness	$ 10,263	$ 19,436
Acquisition financing facilities	28,000	-
Accounts payable and accrued liabilities	82,504	98,252
Deferred revenue	5,952	5,357
Current portion of capital lease obligation	4,167	2,729
Current portion of long-term debt	2,018	2,018
	132,904	127,792
Capital lease obligation	4,058	3,082
Long-term debt	11	17
Future tax liability	2,573	2,044
Non-controlling interest	229,849	259,090
Convertible debenture	84,372	84,339
Unitholders' Equity	261,950	238,740
Subsequent events (note 6)		
	$ 715,717	$ 715,104

See accompanying notes to unaudited interim consolidated financial statements

NEWPORT PARTNERS INCOME FUND

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

		Three months ended March 31, 2006
Revenues	$	112,362
Cost of revenues		85,169
		27,193
Expenses		
Selling, general and administrative		14,363
Amortization of deferred financing charges		296
Amortization of intangible assets		6,503
Depreciation		1,506
		22,668
Income before the undernoted		4,525
Income from equity investments		1,017
Interest expense		(1,845)
Other income		234
Income before non-controlling interest		3,931
Non-controlling interest		(2,656)
Income	$	1,275
Income per unit		
Basic and diluted (note 3)		0.05

See accompanying notes to unaudited interim consolidated financial statements

NEWPORT PARTNERS INCOME FUND

Consolidated Statement of Unitholders' Equity
(In thousands of dollars, except unit amounts)
(Unaudited)

	Units		Three months ended March 31, 2006
Unitholders' Equity at January 1, 2006	25,766,036	$	238,071
Issued on exchange for A2 units of Newport Private Yield LP (note 4)	2,954,242		28,510
			266,581
Income for the period			1,275
Distributions			(6,575)
	28,720,278	$	261,281
Equity component of convertible debenture			669
Unitholders' Equity at March 31, 2006		$	261,950

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

Consolidated Statement of Changes in Financial Position
(In thousands of dollars)
(Unaudited)

		Three months ended March 31, 2006
Cash provided by (used in):		
Operating activities:		
Income for the period	$	1,275
Items not affecting cash:		
Amortization of deferred financing charges		296
Amortization of intangible assets		6,503
Depreciation		1,506
Income from equity investments		(1,017)
Non-cash compensation expense		560
Non-controlling interest		2,656
		11,779
Changes in non-cash working capital		5,492
		17,271
Financing activities:		
Distributions to unitholders		(6,340)
Distributions to non-controlling interest by NPY		(9,169)
Decrease in long-term debt		(6)
Decrease in bank indebtedness		(9,173)
Increase in acquisition financing facilities		28,000
Repayment of capital lease obligations		(606)
		2,706
Investing activities:		
Acquisition of interest in Newport Private Yield LP, net of cash acquired		(30,757)
Increase in other assets		(120)
Purchase of property, plant and equipment		(612)
Distributions received on equity investments		1,013
		(30,476)
Decrease in cash and cash equivalents		(10,499)
Cash and cash equivalents, beginning of period		25,278
Cash and cash equivalents, end of period	$	14,779
Supplemental cash flow information:		
Interest paid	$	273
Cash acquired upon acquisitions		624

See accompanying notes to unaudited interim consolidated financial statements

Newport Partners Income Fund ("Newport") is an unincorporated, open-ended, limited purpose trust established on May 13, 2005 to hold interests in Newport Private Yield LP ("NPY"). NPY is a limited partnership established to invest in securities of private business (collectively the "Operating Partnerships") and distribute the available cash flows to the limited partners. The operations of NPY are in the following business segments: financial services; marketing; distribution; and industrial services. Newport owns all of the A1 LP Units of NPY, representing approximately 44% of the outstanding LP units.

1. Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Certain information and note disclosures normally included in the consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed to include only the notes related to elements which have significantly changed in the interim period. As a result, these interim consolidated financial statements should be read in conjunction with Newport's audited consolidated financial statements and notes thereto for the period ended December 31, 2005.

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with Newport's audited consolidated financial statements and notes thereto for the period ended December 31, 2005.

Newport's results of operations are typically lower in the first quarter relative to other quarters due to seasonality factors affecting several Operating Partnerships. The results of operations for the three months ended March 31, 2006 are not necessarily indicative of the results to be expected for the full year.

2. Business combinations

The following investments made by NPY during the three months ended March 31, 2006 were accounted for using the purchase method, and the results of the operations have been included in NPY's consolidated interim financial statements since the date of investment using the proportionate consolidation method. The estimated fair values of the assets acquired and liabilities assumed for each of the investments are as follows:

(In thousands of dollars, except per unit amounts)

Three months ended March 31, 2006		(a) **Murray**		(b) **Waydex**		**Total**
Date of investment		March 16		January 25		
Percentage acquired		80%		32%		
Assets acquired:						
Current assets	$	13,945	$	962	$	14,907
Property, plant and equipment		3,273		270		3,543
Goodwill		4,495		231		4,726
Intangible assets		21,005		670		21,675
		42,718		2,133		44,851
Liabilities assumed:						
Current liabilities		10,611		133		10,744
Long-term liabilities		913		352		1,265
		11,524		485		12,009
Net assets acquired:	$	31,194	$	1,648	$	32,842
Consideration:						
Cash	$	28,494	$	1,609	$	30,103
Units Issued		2,000		-		2,000
Transaction Costs		700		39		739
	$	31,194	$	1,648	$	32,842

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

(a) Murray

On March 16, 2006 Murray Demolition Corporation sold substantially all of its assets to Murray and NPY invested in 80% of the limited partnership units of Murray for $31,194, payable by way of issue of 204,291 A2 LP units, based on the average market value of the A1 units to which they are exchangeable, and $28,494 in cash. Murray is a provider of demolition contract services.

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

On January 25, 2006, NPY invested $2,514 in NPC Integrity Energy Services LP ("NPC"), an 80% owned existing Operating Partnership, to fund the investment in Waydex. NPC invested in 40% of the common shares of Waydex for $2,011. The investment by NPC resulted in NPY's 32% ownership of Waydex. NPY's ownership interest in NPC did not change from 80%, and the 20% share of this investment by NPY, being $503, has been accounted for as goodwill in these consolidated financial statements.

3. Income per unit

The potential issuance of units upon the conversion of the convertible debenture has not been taken into account in the computation of fully diluted income per unit as they are anti-dilutive.

4. Exchangeable units

Holders of A2 LP units of NPY have the right to exchange their units into trust units. During the first quarter, 2,954,242 A2 LP units were exchanged. As 1,078,020 of these units of NPY were outstanding prior to the IPO, the conversion was calculated as a step acquisition using the original carrying value of these units, and the exchange resulted in the recognition of $2,976 in goodwill by Newport.

5. Segmented information

NPY has four reportable operating segments, each of which has separate operational management and management reporting information. All of NPY's operations, assets and employees are located in Canada. The financial services segment incorporates investment management, institutional money management, wealth management, specialty insurance underwriting, and the servicing of ATMs. The marketing segment represents the investment in non-traditional marketing operations that acquires rights in media, publications and television, and an investment in an integrated direct marketing company with its primary focus on inbound and outbound teleservices and an investment in a fully integrated marketing services agency. The industrial services segment represents the investment in fully integrated providers of mid-stream production services to the energy industry and a provider of demolition contract services. The distribution segment represents investment in the operations of the import and distribution of electronic and household products. NPY evaluates the performance of its operating segments based on earnings and cash flows.

(In thousands of dollars, except per unit amounts)

	Financial Services	Marketing	Industrial Services	Distribution	Total
Revenues	$ 16,154	$ 13,957	$ 42,077	$ 40,174	$112,362
Cost of revenues	6,828	8,010	34,159	36,172	85,169
	9,326	5,947	7,918	4,002	27,193
Expenses					
Selling, general and administrative	2,837	3,512	3,129	4,885	14,363
Amortization of deferred financing charges	296	-	-	-	296
Amortization of intangible assets	3,155	1,343	809	1,196	6,503
Depreciation	140	332	932	102	1,506
	6,428	5,187	4,870	6,183	22,668
Income/(loss) before the undernoted	2,898	760	3,048	(2,181)	4,525
Income from equity investment	1,017	-	-	-	1,017
Interest expense	(1,156)	(50)	(396)	(243)	(1,845)
Other income	234	-	-	-	234
Income/(loss) before non-controlling interest	$ 2,993	$ 710	$ 2,652	$ (2,424)	$ 3,931
Goodwill acquired	-	-	5,229	-	5,229
Expenditures for property, plant and equipment	255	156	185	16	612
Total assets	382,518	80,191	120,438	132,570	715,717
Total goodwill	168,600	24,101	19,145	54,305	266,151

6. Subsequent events

On April 13, 2006, NPY announced a 5.25% increase in cash distributions to $1.00 per unit annually, effective for distributions to be paid on May 15, 2006 to unitholders of record at the close of business on April 28, 2006.

On April 28, 2006, NPY invested $16 million in Hargraft Schofield ("Hargraft") for an economic interest equal to 80%. NPY drew on its credit facility to finance the transaction. Hargraft is an insurance broker which sells specialized liability products for commercial clients and high net worth individuals.

In April 2006, NPY increased its credit facility to a total authorized level of $100 million from $70 million.

On May 1, 2006, NPY invested $10 million in Jutan to allow it to complete an $8.5 million strategic investment.

7. Comparative figures

The 2005 comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the Q1 unaudited interim consolidated financial statements.

Consolidated Financial Statements of

NEWPORT PRIVATE YIELD LP

Three months ended March 31, 2006 and 2005
(Unaudited)

NEWPORT PRIVATE YIELD LP

Consolidated Balance Sheets
(In thousands of dollars)

		March 31, 2006 (Unaudited)		December 31, 2005
Assets				
Current assets:				
Cash and cash equivalents	$	14,776	$	25,275
Accounts receivable		97,840		118,244
Inventories		33,055		31,164
Prepaid expenses		1,886		2,359
Other current assets		10,232		6,507
		157,789		183,549
Property, plant and equipment		20,452		16,445
Long-term investments		42,246		42,234
Goodwill		211,146		206,073
Intangible assets		225,000		210,177
Other assets		4,827		4,971
	$	661,460	$	663,449
Liabilities and Partners' Equity				
Current liabilities:				
Bank indebtedness	$	10,263	$	19,436
Acquisition financing facilities		28,000		-
Accounts payable and accrued liabilities		80,905		97,046
Deferred revenue		5,952		5,357
Current portion of obligations under capital leases		4,167		2,729
Current portion of long-term debt		2,018		2,018
		131,305		126,586
Obligations under capital leases		4,058		3,082
Long-term debt		11		17
Future tax liability		2,573		2,044
Convertible units		84,372		84,339
Partners' equity		439,141		447,381
Subsequent events (note 5)				
	$	661,460	$	663,449

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PRIVATE YIELD LP

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

	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues	$ 112,362	$ 13,495
Cost of revenues	85,169	11,497
	27,193	1,998
Expenses		
Selling, general and administrative	13,597	1,492
Amortization of deferred financing charges	296	-
Amortization of intangible assets	6,503	842
Depreciation	1,506	367
	21,902	2,701
Income/(loss) before the undernoted	5,291	(703)
Income/(loss) from equity investments	1,017	(48)
Interest expense	(1,845)	(211)
Other income	234	-
Partnership income/(loss)	$ 4,697	$ (962)
Income/(loss) per unit		
Basic and diluted (note 3)	0.07	(0.18)

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PRIVATE YIELD LP

Consolidated Statement Partners' Equity
(In thousands of dollars, except unit amounts)
(Unaudited)

	Number of Units	General Partner $	Limited Partner A1 $	Limited Partner A2 [1] $	Limited Partner A3 $	Limited Partner B1 $	Limited Partner B2 $	Limited Partner B3 $	Limited Partner B4 $	Limited Partner C $	Total $
Partners' Equity	64,536,286	61	238,858	145,663	-	15,047	8,259	3,255	12,769	22,800	446,712
Equity component of convertible debenture											669
Partners' Equity, January 1, 2006											447,381
Issue of units	204,391		2,001								2,001
Income for the period			2,077	2,163	-	111	61	23	94	168	4,697
Distributions paid			(4,450)	(4,638)	-	(238)	(131)	-	(202)	(361)	(10,020)
Distributions payable			(2,185)	(2,276)	-	(117)	(64)	-	(99)	(177)	(4,918)
Partners' Equity, March 31, 2006	64,740,677	61	236,301	140,912	-	14,803	8,125	3,278	12,562	22,430	439,141
Partners' Equity, January 1, 2005	3,393,688		32,925	-	-	-	-	-	-	-	32,925
Issue of units	4,033,062		53,048	-	-	-	-	-	-	-	53,048
Income for the period			(962)	-	-	-	-	-	-	-	(962)
Distributions paid			(1,911)	-	-	-	-	-	-	-	(1,911)
Partners' Equity, March 31, 2005	7,426,750		83,100	-	-	-	-	-	-	-	83,100

[1] On August 8, 2005, the A Limited Partner Units were redesignated as A2 Limited Partner Units and split on a 2.3276 basis.

See accompanying notes to unaudited interim consolidated financial statements

NEWPORT PRIVATE YIELD LP

Consolidated Statements of Changes in Financial Position
(In thousands of dollars)
(Unaudited)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Cash provided by (used in):		
Operating activities:		
Income/(loss) for the period	$ 4,697	$ (962)
Items not affecting cash:		
Amortization of deferred financing charges	296	-
Amortization of intangible assets	6,503	842
Depreciation	1,506	367
(Income)/loss from equity investments	(1,017)	48
Non-cash compensation expense	560	-
	12,545	295
Changes in non-cash working capital	4,726	(4,940)
	17,271	(4,645)
Financing activities:		
Issuance of partnership units, net of costs	-	53,048
Distributions to partners	(15,509)	(1,911)
Decrease in bank indebtedness	(9,173)	(349)
Increase in acquisition banking facilities	28,000	-
Decrease in long term debt	(6)	(999)
Repayment of obligations under capital leases	(606)	(43)
	2,706	49,746
Investing activities:		
Acquisition of businesses, net of cash acquired	(30,757)	(42,879)
Increase in other assets	(120)	-
Purchase of property, plant and equipment	(612)	(53)
Distributions received on equity investments	1,013	340
	(30,476)	(42,592)
Increase/(decrease) in cash and cash equivalents	(10,499)	2,509
Cash and cash equivalents, beginning of period	25,275	2,351
Cash and cash equivalents, end of period	$ 14,776	$ 4,860
Supplemental cash flow information:		
Interest paid	$ 273	$ 292
Cash acquired upon acquisition	624	335
Supplemental disclosure of non-cash financial and investing activities:		
Issuance of partnership units on business combinations	2,000	-

See accompanying notes to unaudited interim consolidated financial statements.

Newport Private Yield LP ("NPY) is a limited partnership established to invest in securities of private businesses (collectively the "Operating Partnerships") and distribute the available cash flows to the limited partners. The operations of NPY are in the following business segments:

- Financial services;
- Marketing;
- Distribution; and
- Industrial services

1. Significant accounting policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles have been condensed to include only the notes related to elements which have significantly changed in the interim period. As a result, these interim consolidated financial statements should be read in conjunction with NPY's audited consolidated financial statements and notes thereto for the year ended December 31, 2005.

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with NPY's audited annual consolidated financial statements and notes thereto for the year ended December 31, 2005.

NPY's results of operations are typically lower in the first quarter relative to other quarters due to seasonality factors affecting several Operating Partnerships. The results of operations for the three months ended March 31, 2006 are not necessarily indicative of the results to be expected for the full year.

2. Business combinations

The following investments made by NPY during the three months ended March 31, 2006, were accounted for using the purchase method, and the results of the operations have been included in NPY's consolidated interim financial statements since the date of investment using the proportionate consolidation method. The estimated fair values of the assets acquired and liabilities assumed for each of the investments are as follows:

(In thousands of dollars, except per unit amounts)

Three months ended March 31, 2006		(a) Murray		(b) Waydex		Total
Date of investment		March 16		January 25		
Percentage acquired		80%		32%		
Assets acquired:						
Current assets	$	13,945	$	962	$	14,907
Property, plant and equipment		3,273		270		3,543
Goodwill		4,495		231		4,726
Intangible assets		21,005		670		21,675
		42,718		2,133		44,851
Liabilities assumed:						
Current liabilities		10,611		133		10,744
Long-term liabilities		913		352		1,265
		11,524		485		12,009
Net assets acquired:	$	31,194	$	1,648	$	32,842
Consideration:						
Cash	$	28,494	$	1,609	$	30,103
Units Issued		2,000		-		2,000
Transaction Costs		700		39		739
	$	31,194	$	1,648	$	32,842

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

(a) Murray

On March 16, 2006 Murray Demolition Corporation sold substantially all of its assets to Murray and NPY invested in 80% of the limited partnership units of Murray for $31,194, payable by way of issue of 204,291 A2 LP units, based on the average market value of the A1 LP units to which they are exchangeable, and $28,494 in cash. Murray is a provider of demolition contract services.

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

On January 25, 2006, NPY invested $2,514 in NPC Integrity Energy Services LP ("NPC"), an 80% owned existing Operating Partnership, to fund the investment in Waydex. NPC invested in 40% of the common shares of Waydex for $2,011. The investment by NPC resulted in NPY's 32% ownership of Waydex. NPY's ownership interest in NPC did not change from 80%, and the 20% share of this investment by NPY, being $503, has been accounted for as goodwill in these consolidated interim financial statements.

3. Income per unit

The potential issuance of units upon the conversion of the convertible debenture has not been taken into account in the computation of fully diluted income per unit as they are anti-dilutive.

4. Segmented information

(In thousands of dollars, except per unit amounts)

NPY has four reportable operating segments, each of which has separate operational management and management reporting information. All of NPY's operations, assets and employees are located in Canada. The financial services segment incorporates investment management, institutional money management, wealth management, specialty insurance underwriting, and the servicing of ATMs. The marketing segment represents the investment in non-traditional marketing operations that acquires rights in media, publications and television, and an investment in an integrated direct marketing company with its primary focus on inbound and outbound teleservices and an investment in a fully integrated marketing services agency. The industrial services segment represents the investment in a fully integrated provider of mid-stream production services to the energy industry and a provider of demolition contract services. The distribution segment represents investment in the operations of the import and distribution of electronic and household products. NPY evaluates the performance of its operating segments based on earnings.

Three months ended March 31, 2006	Financial Services	Marketing	Industrial Services	Distribution	Total
Revenues	$ 16,154	$ 13,957	$ 42,077	$ 40,174	$112,362
Cost of revenues	6,828	8,010	34,159	36,172	85,169
	9,326	5,947	7,918	4,002	27,193
Expenses					
Selling, general and administrative	2,071	3,512	3,129	4,885	13,597
Amortization of deferred financing charges	296	-	-	-	296
Amortization of intangible assets	3,155	1,343	809	1,196	6,503
Depreciation	140	332	932	102	1,506
	5,662	5,187	4,870	6,183	21,902
Income/(loss) before the undernoted	3,664	760	3,048	(2,181)	5,291
Income from equity investment	1,017	-	-	-	1,017
Interest expense	(1,156)	(50)	(396)	(243)	(1,845)
Other income	234	-	-	-	234
Partnership income/(loss)	$ 3,759	$ 710	$ 2,652	$ (2,424)	$ 4,697
Goodwill acquired	-	-	5,229	-	5,229
Expenditures for property, plant and equipment	255	156	185	16	612
Total assets	328,261	80,191	120,438	132,570	661,460
Total goodwill	133,755	19,120	15,189	43,082	211,146

(In thousands of dollars, except per unit amounts)

Three months ended March 31, 2005	Financial Services	Marketing	Industrial Services	Distribution	Total
Revenues	$ 3,711	$ 198	$ 9,586	$ -	$ 13,495
Cost of revenues	3,271	129	8,097	-	11,497
	440	69	1,489	-	1,998
Expenses					
Selling, general and administrative	686	24	782	-	1,492
Amortization of intangible assets	593	48	201	-	842
Depreciation	48	1	318	-	367
Interest on long-term debt	80	-	131	-	211
	1,407	73	1,432		2,912
Income/(loss) before the undernoted	(967)	(4)	57	-	(914)
(Loss) from equity investment	-	-	-	(48)	(48)
Partnership income/(loss)	$ (967)	$ (4)	$ 57	$ (48)	$ (962)
Goodwill acquired	14,814	520	-	-	15,334
Expenditures for property, plant and equipment	-	-	53	-	53
As at December 31, 2005					
Total assets	353,413	79,695	74,559	155,782	663,449
Total goodwill	134,316	19,120	9,555	43,082	206,073

5. Subsequent events

On April 13, 2006, NPY announced a 5.25% increase in cash distributions to $1.00 per unit annually, effective for distributions to be paid on May 15, 2006 to unitholders of record at the close of business on April 28, 2006.

On April 28, 2006, NPY invested $16 million in Hargraft Schofield (“Hargraft”) for an economic interest equal to 80%. NPY drew on its credit facility to finance the transaction. Hargraft is an insurance broker which sells specialized liability products for commercial clients and high net worth individuals.

In April 2006, NPY increased its credit facility to a total authorized level of $100 million from $70 million.

On May 1, 2006, NPY invested $10 million in Jutan to allow it to complete an $8.5 million strategic investment.

6. Comparative figures

The 2005 comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the Q1 unaudited interim consolidated financial statements.