Management's Discussion and Analysis

May 10, 2006

Prior to our IPO on August 8, 2005, our investments in private businesses were made through NPY, established on February 27, 2004. Newport holds a 44% indirect interest in NPY. Newport is entirely dependent upon the operations of NPY, therefore, this MD&A includes discussion of NPY's financial results during the first quarter and should be read in conjunction with the unaudited consolidated financial statements of NPY.

This document has been prepared for the purpose of providing MD&A of the financial condition and results of the first quarter ended March 31, 2006 and an update to the 2005 Annual MD&A document. The information in this interim MD&A should be read in conjunction with the Company's March 31, 2006 unaudited first quarter financial statements and 2005 Annual MD&A.

The financial statements have been prepared in accordance with Canadian GAAP. This MD&A makes reference to certain Non-GAAP Measures and contains Forward-Looking Statements. 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 Statements.

Capitalized terms and acronyms used in this report are set out in the Definitions schedule on page 26.

Overview

Our vision is to be the financial partner of choice to entrepreneurial Canada. Newport is an asset manager that makes investments in well-established, private businesses representing a diverse cross section of the economy. The entrepreneurs who have built and manage these businesses maintain responsibility for the day-to-day operations and growth of their companies. Newport provides access to growth capital and strategic and financial advice.

Our approach in structure and in spirit is based on partnership. We refer to the businesses in which we invest as our "operating partnerships" and their entrepreneurs and managers as our "operating partners". As of May 10, 2006, Newport has indirect ownership interests in 13 operating partnerships in 4 business segments: financial services, marketing, industrial services, and distribution.

For investors, through its indirect interest in NPY, Newport provides access to high quality private businesses through professional investment management and oversight. Unitholders participate in the income and growth opportunities from Newport's diversified group of businesses. Newport's management and operating partners are among the largest unitholders – owning approximately 39% of all outstanding units of Newport on a fully diluted basis.

Key Performance Drivers

Availability of high-quality investment opportunities

In our 2005 Annual Report, we announced our objective to invest $100-$150 million of new capital in 2006. We made steady progress against that goal during the first quarter, investing $30.5 million in one new operating partnership, Murray, a leading demolition contractor and providing $2 million of funding to NPC, our oil and gas operating partnership in Alberta to complete an investment. Subsequent to quarter end, on April 28, 2006, we completed a $16 million investment for an 80% economic interest in Hargraft, an insurance broker and provided $10 million of funding to RGC (formerly Jutan) to complete a strategic investment. Newport is continually looking at new investments which meet its investment criteria and expects that additional investments will be made throughout the year.

Investment philosophy based on reducing risk

As asset managers, our investment philosophy and criteria are essential components of our performance. Our investment principles are rooted in the preservation of capital and aim to reduce risk in three ways:

1. In our view, the principal risk in any investment is the management. When we invest, we must be convinced not only of the competence of our entrepreneur partners, but of their character – honest, hardworking people we know and like. We prefer that our investments be originated from our personal networks. Our investment in Murray was originated by Newport Associate, Martin Kent who had known Murray CEO, Shawn Murray professionally for years. Our investment in Hargraft was brought to us jointly by ESR, our operating partners in the insurance business and by a Newport private client both of whom had long-standing business relationships with Hargraft.
2. We invest in simple businesses we understand that are the leaders or niche providers in their industries, have histories of profitability, preferably have low capital expenditure requirements, and are a growth or consolidation opportunity. The attributes of our recent investments in Murray and Hargraft are described on pages 5 and 20 respectively.
3. We are conservative in our use of debt – employing it primarily for working capital and for short-term financing of investments. We had $40 million of debt at March 31, 2006 split between the dedicated RGC facilities and ours.

This investment philosophy has served us well to date and we think it will allow us to achieve a higher long-term return, at reduced levels of risk, if we are consistent in its application in the future.

Unique value proposition for the entrepreneur

Central to our success in partnering with leading entrepreneurs is a complete value proposition and an operating philosophy based on partnership. We leave the entrepreneurs to run the businesses. This is fundamental to both our ability to attract leading managers – to whom it is important to maintain operating control of their businesses – and, frankly, to the performance of our operating partnerships. This value proposition can be measured by the growth in capital invested at prices which will yield returns which are accretive to our unitholders. Since inception, we have invested more than $425 million in 13 businesses.

Disciplined Investment and Due Diligence Process

As an asset manager, Newport succeeds by making quality investments. In addition to adhering to our investment philosophy and principles, we consistently apply thorough review and due diligence processes. Newport has developed its own due diligence procedures and is assisted by external expert professionals as required.

Investment monitoring and operations reporting

Once an investment is made, our monitoring and oversight capabilities are key drivers of the performance and scalability of our business. Monitoring the performance of our investments is also a key input into our planning for seasonal variances in cash flow and the establishment of our distribution payments to unitholders. Our oversight process begins with the development of an annual budget and business plan by each operating partnership. Each of our operating partners has their own financial accounting and reporting departments who provide monthly financial reporting to us within 15 days of month end with variance analysis against budget. Quarterly board meetings are held to approve the financial statements and review operational highlights and business strategy. These formal oversight processes are supplemented by frequent phone contact and in person meetings with management.

First Quarter Highlights

Three months ended March 31, 2006

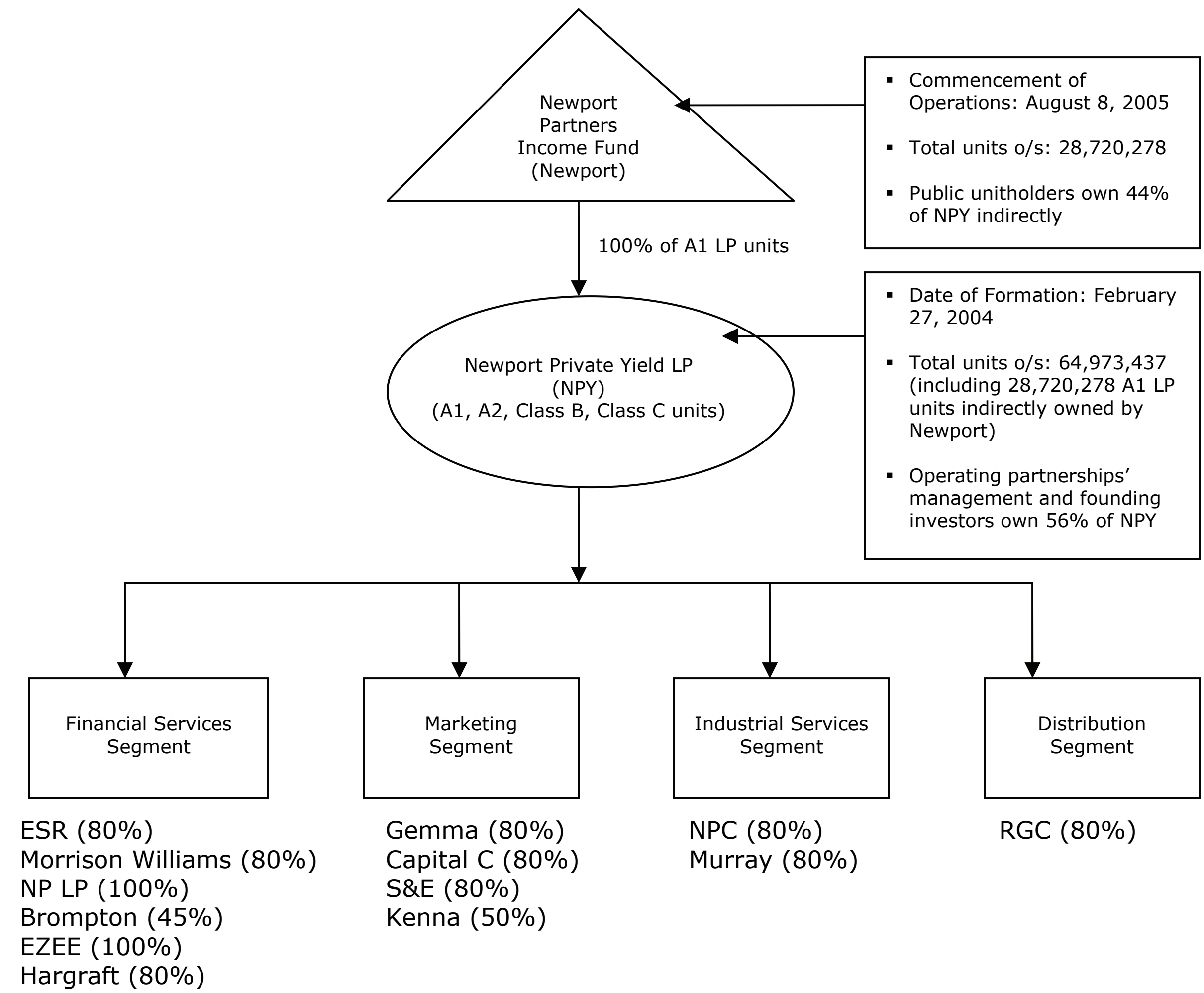
- Generated revenue of $112.4 million and EBITDA of $14.6 million;
- Produced distributable cash flow of $12.1 million or $0.19 per Unit;
- Distributed $14.9 million or $0.23 per Unit;
- Results were ahead of our expectations. This positive variance was driven primarily by better than expected results from NPC, ESR and RGC (formerly Jutan). All but two operating partnerships met or exceeded our expectations for the quarter;
- Invested $32.5 million of new capital in businesses that are expected to generate approximately $6.8 million of annual distributable cash flow; and
- Increased authorized credit facility to $100 million to provide for working capital and short-term financing of our investment program.

Structure – Newport and NPY

Newport is an unincorporated, open-ended, limited purpose trust which was created to hold an 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.

Newport is entirely dependent upon the operations of NPY and the operating partnerships, and as such, financial information on NPY has been incorporated into this MD&A.

Simplified Structure



Investments

Three months ended March 31, 2006

We continued our investment program during the first quarter, making $32.5 million of new investments in businesses that are expected to generate an estimated $6.8 million of annualized cash flow for Newport.

We made steady progress toward our 2006 goal of investing $100-$150 million of new capital at prices which will yield returns which are accretive to our unitholders. During the quarter, an aggregate of $32.5 million was invested in one new operating partnership, Murray and one -investment by NPC, our operating partnership- in the industrial services segment. These investments are expected to produce $6.8 million of estimated annualized cash flow.

In March 2006, Newport invested $30.5 million for an 80% interest in Murray. The remaining 20% is controlled by Murray's 45-year old founder and President, Shawn Murray who continues to manage the business. For its fiscal year ended August 31, 2005, Murray had $65 million of revenues and $7.9 million of normalized EBITDA. Murray is expected to generate approximately $6.4 million of annual distributable cash flow over the next twelve months. The partnership with Murray meets Newport's investment criteria:

- Shawn Murray was known to us through our network;
- Founded in 2002, Murray is the leading provider of demolition, abatement and remediation contract services in Canada;
- The business has been consistently profitable since inception, has grown steadily and sees consolidation opportunities in its industry;
- Murray has relatively modest maintenance capital expenditure requirements as most of its heavy equipment is rented and leased;
- Murray had only a small amount of debt, relating to capital leases, at the time of investment;
- We were able to invest at a price accretive to unitholders – approximately five times distributable cash flow.

Summary Financial Table – Newport ($000s)
Three months ended March 31, 2006

	Financial Services	Marketing	Industrial Services	Distribution	Total
Revenue	16,154	13,957	42,077	40,174	112,362
Gross margin	9,326	5,947	7,918	4,002	27,193
Net income	2,993	710	2,652	(2,424)	3,931
EBITDA	8,216	2,435	4,789	(883)	14,557
Interest expense	1,156	50	396	243	1,845
Income taxes	51	-	-	-	51
Maintenance capital expenditures and reserves	17	79	45	16	157
Capital lease payments	-	38	625	31	694
Compensation expense funded by operating partner	560	-	-	-	560
Priority income per partnership agreements	(720)	270	-	147	(303)
Distributable cash	6,832	2,538	3,723	(1,026)	12,067

Distributions/Unit ($000's except per Unit amounts)

	No. of Units
NPY	36,253
Newport	28,720
Total units	64,973
Total distributions	14,939
Distributions per unit	$0.23
Cash generated in operating activities	17,271
Less: Changes in non cash working capital	(5,492)
Add: Distributions on equity investment net of reserves	1,590
Less: Priority income per partnership agreements	(303)
	13,066
Less: Maintenance capital expenditures	(305)
Less: Capital lease payments	(694)
Distributable cash	12,067
Distributable cash per unit	$0.19

Balance Sheet ($000s)

Total Assets	$715,717
Total Long Term Debt	$2,029
Convertible Debt	$84,372
Unitholders' Equity – Newport & NPY	$491,799

Financial and Operating Performance of Newport

Revenue, Net Income & EBITDA

Revenue for the three months ended March 31, 2006 was $112,362, net income before non-controlling interest was $3,931 and EBITDA was $14,557.

These results exceeded our expectations for the first quarter. Our planning process recognized the company's first quarter as seasonally weak and we estimated contribution from the period to be 10 – 15% of our annual results. The positive variance during the quarter was driven primarily by better than expected results from NPC, ESR and RGC (formerly Jutan). All but two operating partnerships met or exceeded our expectations for the quarter.

The financial services segment, comprised of ESR, NP LP, Morrison Williams, Brompton and EZEE and the public and operating costs of Newport, exceeded expectations for the quarter, contributing $16,154 of revenue, $8,216 of EBITDA and $6,832 of distributable cash. Results were positively impacted by higher than expected profit commission revenues from ESR, some of which were budgeted for the second quarter but received in the first quarter, and by growing assets under management at Morrison Williams, NP LP, and Brompton. EZEE's operational performance continued the trend of improvement reported at year end and its earnings were also better than expected.

The marketing segment, comprised of Capital C, Gemma, S & E and Kenna, contributed $13,957 of revenues and $2,435 of EBITDA and $2,538 of distributable cash during the quarter. These results were slightly below our expectations. Capital C met expectations and Kenna delivered slightly better than expected performance but this was offset by capacity constraints experienced by Gemma related to tight labour markets in Toronto and Montreal that negatively impacted their earnings. S & E's performance was also below our expectations due to a delay in the approval of a new campaign.

The industrial services segment, comprised of NPC and Murray in which we invested in March 2006, delivered revenues of $42,077, EBITDA of $4,789 and distributable cash of $3,723. NPC's results were above our expectations as it benefited from very strong levels of activity in the oil and gas sector, a mild winter that allowed activity to remain steady through January and February and the contribution from tuck-in investments made at the end of 2005 and early 2006 that was higher than expected.

The distribution segment, comprised of RGC, produced $40,174 of revenues and ($883) of EBITDA. This was better than expected. RGC's first quarter results are traditionally weak. During the quarter, RGC produced revenue gains over our expectations resulting from higher than expected sales on a wide array of products. Product supply shortages reported in 2005 were resolved as expected and costs relating to the integration of the Toronto businesses (formerly Jutan and Sonigem) were also favourable versus plan.

Distributable Cash

In aggregate, Newport's distributable cash flow for the period was $12,067 or $0.19 per Unit. Distributions during the period were $14,939 or $0.23 per Unit. This result was better than our expectation. As reported at year-end, we anticipated that in the first quarter our distributions to unitholders would exceed our distributable cash flow due to the seasonality of our businesses. In our 2005 Annual MD&A we highlighted that 10-15% of our annual results are generated in the first quarter.

Financial and Operating Performance of NPY

(all amounts in $000s unless otherwise stated)

Consolidated financial information has been provided for the operations of NPY for the three months ended March 31, 2006 and for the corresponding period in 2005. NPY's financial statements include the financial results of its 100% owned operating partners and investments in jointly controlled operating partners on a proportionate consolidation basis. **Commentary on NPY's financial results does not include a comparative reference to corresponding period in 2005 as the periods are not comparable.**

Summary NPY Table ($000s)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues	112,362	13,495
Cost of revenues	85,169	11,497
Gross profit	27,193	1,998
General and administrative expenses	13,597	1,492
Depreciation and amortization	8,305	1,209
Interest expense	1,845	211
Income (loss) from equity investment	1,017	(48)
Other income	234	-
Income (loss) for the period	4,697	(962)
Income (loss) for the period	4,697	(962)
Depreciation and amortization	8,305	1,209
Amortization of Brompton intangible assets	425	-
Interest expense	1,845	211
EBITDA	15,272	458

Segment Operating Results

Financial Services

The financial services segment includes our proportionate share of ESR, NP LP, Morrison Williams, Brompton, EZEE as well as the operating costs of NPY. NPY acquired the operations of ESR, NP LP, Morrison Williams and Brompton on closing of the IPO and therefore NPYs financial results for the three months ended March 31, 2005 reflect our proportionate share of the results of EZEE only.

Summary Financial Services Table ($000s)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues	16,154	3,711
Cost of revenues	6,828	3,271
Gross profit	9,326	440
General and administrative expenses	2,071	686
Depreciation and amortization	3,591	641
Interest expense	1,156	80
Income from equity investment	1,017	-
Other income	234	-
Income (loss) for the period	3,759	(967)
Income (loss) for the period	3,759	(967)
Depreciation and amortization	3,591	641
Amortization of Brompton intangible assets	425	-
Interest expense	1,156	80
EBITDA	8,931	(246)

Supplementary Financial Information - Assets Under Management ($000,000s)

	Mar. 31, 2006	Dec. 31, 2005	Mar. 31, 2005
NP LP	1,291	1,211	885
Morrison Williams	4,708	4,408	3,551
Brompton	2,613	2,512	2,024
Total	8,612	8,131	6,460

(i) Revenue

Revenue for the financial services segment was $16,154, exceeding our expectations for the period by 16%.

ESR surpassed our expectations. Part of this positive variance was due to profit commissions (which are based on actual claims experience) received of approximately $2 million in the first quarter that were budgeted for the second quarter. Commission and fee revenues from umbrella and excess liability and from general liability and specialty areas were in line with our expectations.

Our asset management businesses, Morrison Williams, NP LP and Brompton each delivered revenues ahead of their respective budgets. Market performance was strong as total assets under management increased to $8.6 billion at March 31, 2006 compared with $8.1 billion at December 31, 2005.

EZEE contributed revenue slightly below our expectations for the quarter. After a challenging year in 2005 during which a number of EZEE's locations in Quebec faced targeted competitive threats, EZEE's performance is steadily improving but is not yet back to pre-IPO levels. Recent legal action undertaken by EZEE to enforce its fixed term contracts in that province resulted in two court judgments in its favour and some lost locations were recovered.

(ii) Gross Profit

Gross profit was $9,326 which translated into a 58% gross margin. This result reflects the very high margins of the profit commissions received by ESR during the quarter. Gross profit margins in the asset management businesses were largely unchanged.

(iii) Depreciation and Amortization

Depreciation and amortization was $3,591. This represented normal business course for the quarter as expected.

(iv) General and Administrative Expenses

General and administrative expenses were $2,071, which were in line with business for the quarter. General and administrative expenses were slightly higher at Morrison Williams due to the recruitment and hiring of two accounting and back office employees. Included in general and administrative expenses are EZEE's legal expenses, related to enforcing its Quebec contracts, which we expect will track to our expectations over the remainder of the year.

(v) EBITDA

EBITDA for the financial services segment was $8,931- ahead of our expectations for the quarter by 48%. This result is due primarily to better than expected results from profit commissions at ESR received in March.

(vi) Seasonality

ESR typically earns 25 – 35% of its profits from profit commissions that are paid principally in the first two quarters of the year. As a result ESR's income in the first half of the year is consistently stronger than the second half.

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

Beginning in the second quarter, our financial services segment will include the financial results of Hargraft.

Hargraft's results are subject to modest seasonality. Historically, earnings from the first quarter are the lowest at 20% of annual results and improve steadily to the fourth quarter during which Hargraft earns approximately 30% of its income.

(vii) Outlook

The financial services segment's results were ahead of our expectations for the quarter and our outlook remains positive for the segment as a whole.

As reported at year-end, the pace of competition in the insurance market is expected to intensify through 2006. ESR's management has budgeted for a moderate decline in volume commission and fee revenues which it expects will be fully offset by an increase in profit commissions. Based on current performance, we believe ESR will meet our expectations for the full year. Second quarter results will include the operations of Hargraft, a retail insurance broker, in which Newport invested an 80% interest on April 28th, 2006. In its 2005 fiscal year, Hargraft generated $8.6 million of revenues and $4.1 million of EBITDA. It is expected that this business will contribute approximately $3.2 million of annual distributable cash flow to Newport over the next twelve months.

Results from our asset management businesses will be driven to a large degree by assets under management. The asset levels are impacted by the capital markets along with the relative performance of our companies' management teams. While Newport's outlook for the Canadian market is positive in 2006, our managers are taking into account the fact that North American markets have gone the longest stretch in the past 35 years without a 10% or greater correction. Morrison Williams, named the number one Canadian Equity Pension Fund Manager for 2005 by SEI Investments in its Pooled Fund Survey currently has relatively high levels of cash in its portfolios. NP LP continues to diversify its portfolio to asset classes that have low co-relation to equity markets. We expect that Brompton's pattern of strong asset growth will be slowed somewhat by a current softening in the structured products market. All will be subject to continued margin pressure.

The positive trend of operational improvement at EZEE is expected to continue. However, the timing and completion of planned investments will play a major role in meeting targets set for the year and the market for acquisition of ATM portfolios is becoming increasingly competitive.

Marketing

The marketing segment includes our proportionate share of the results of Gemma, Capital C, S&E, and Kenna for the three months ended March 31, 2006. The corresponding period in 2005 includes our proportionate share of the financial results of S&E only.

Summary Marketing Services Table ($000s)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues	13,957	198
Cost of revenues	8,010	129
Gross profit	5,947	69
General and administrative expenses	3,512	24
Depreciation and amortization	1,675	49
Interest expense	50	-
Income (loss) for the period	710	(4)
Income (loss) for the period	710	(4)
Depreciation and amortization	1,675	49
Interest expense	50	-
EBITDA	2,435	45

(i) Revenue

Revenue for the marketing segment was $13,957 which was 8% below our expectations for the quarter.

Capital C's revenues were generally in line with our expectations. Higher than expected fee revenue was offset by lower than anticipated through-put billings of third-party costs.

Gemma delivered revenue below our expectations for the quarter. Although March was a stronger month, Gemma faced a very slow start to the year, as it continued to face capacity constraints related to tight labour markets in Toronto and Montreal where it operates. More positively, revenues from Gemma's emerging inbound services grew to 9.8% of total revenue during the quarter, representing a four-fold increase from the date of our investment.

Kenna produced revenue above our expectations for the quarter. Part of the positive variance was due to higher than budgeted license fees received in the quarter. Kenna's collaboration with Capital C is paying dividends as a number of services once outsourced by Capital C have been assumed by Kenna and cross-selling efforts have generated incremental revenue. Revenues at S&E were below our expectations for the quarter. This was primarily due to a delay in obtaining approval of a new campaign.

(ii) Gross Profit

Gross profit for the marketing segment was $5,947 and gross margin in the period was 43%. Overall, this tracked to our expectations as positive and negative variances were fully offsetting. Capital C's and Kenna's gross margins were slightly higher than expected due to increased revenues. Gemma's gross margins were below our expectations as it faced continued pressure on its direct labour expenses as well as recruiting, training and employee retention costs.

(iii) General and Administrative Expenses

General and administrative expenses were $3,512, slightly lower than anticipated. Capital C's G & A expenses were slightly higher than expected due primarily to freelance labour costs to generate the incremental fee revenue. Gemma's G & A expenses were lower than expected as management moved aggressively to control costs.

(iv) Depreciation and Amortization

Depreciation and amortization was $1,675. This was normal course business for the companies as expected for the quarter.

(v) EBITDA

EBITDA was $2,435 and below our expectations for the period by 14%. Capital C and Kenna met or exceeded expected EBITDA for the period while Gemma's EBITDA was below our expectations as a result of the impact of capacity challenges, particularly in the first two months of the quarter.

(vi) Seasonality

Seasonality is not a material factor for the marketing segment.

(vii) Outlook

Our outlook for the marketing segment overall remains positive. Capital C anticipates meeting or exceeding our expectations for the year based on first quarter results and its current levels of business. Capital C and Kenna will continue to develop their partnership opportunities and Kenna has a number of new clients in the early stage of development that it expects will generate incremental revenues in 2006. In addition, Kenna has secured a partnership agreement with a leading international consulting firm to sell software and identity management services through to their client base. This development was not included in Kenna's 2006 business plan.

The ongoing challenges of attracting and retaining high quality staff will apply pressure to both revenues and gross margins at Gemma. Management is strictly controlling costs and exploring the potential for alternative contact centre locations outside the Greater Toronto Area. Gemma anticipates that its outbound services, which currently account for 90% of the company's revenue, will be flat in 2006, while its emerging customer care and co-sourcing solutions are expected to grow this year, resulting in a more diversified blend of revenue sources.

S&E is expected to continue its program of business development and should meet our expectations for the year.

As has been reported previously, Newport's marketing businesses are benefiting from the shift by marketers from traditional advertising to a broader range of media. According to statistics recently released by Neilson Media Research, TV advertising grew just 1% in 2005 while out-of-home advertising grew by 14%. More marketers are shifting dollars into public relations events, in-store promotions, billboards and mobile media – areas where Newport's marketing entrepreneurs are well positioned.

Industrial Services

The industrial services segment includes our proportionate share of the results of NPC for the three month period ended March 31, 2006 and Murray for March 2006. Financial results for the three months ended March 31, 2005 include only our proportionate share of the results of NPC.

Summary Industrial Services Table ($000s)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues	42,077	9,586
Cost of revenues	34,159	8,097
Gross profit	7,918	1,489
General and administrative expenses	3,129	782
Depreciation and amortization	1,741	519
Interest expense	396	131
Income for the period	2,652	57
Income for the period	2,652	57
Depreciation and amortization	1,741	519
Interest Expense	396	131
EBITDA	4,789	707

(i) Revenue

Revenue for the industrial services segment was $42,077 or 43% above our expectations. Though the first quarter is traditionally a weaker one due to seasonality, NPC benefited from very strong levels of production and development activity in the oil and gas sector, a mild winter that allowed activity to remain steady throughout January and February and the better than anticipated contribution of tuck-in investments made by NPC at the end of 2005 and early 2006 that was higher than expected.

(ii) Gross Profit

Gross profit was $7,918 over our expectations due to the higher revenues recorded.

(iii) General and administrative expenses

General and administrative expenses were $3,129. NPC's expenses were over our expectations but commensurate with its levels of business for the period.

(iv) Depreciation and Amortization

Depreciation and amortization was $1,741 in line with our expectations.

(v) EBITDA

EBITDA was $4,789 which was approximately 70% over our expectations as result of the strong revenue and gross profit performance of NPC and the contribution of Murray.

(vi) Seasonality

NPC's revenues and profits are impacted by seasonality and weather conditions. Severe winter conditions and excessively rainy periods for example have been known to delay equipment moves and thereby adversely affect revenues. Spring break-up typically occurs in March and April leaving many roads temporarily incapable of heavy equipment travel and thereby negatively impacting NPC's business. The third quarter historically has been the strongest for NPC.

Murray's business is not subject to material seasonal variance.

(vii) Outlook

Our outlook for the industrial services sector is favourable. NPC should exceed our expectations for the second quarter based on current levels of operations and the anticipated positive impact of facility maintenance turnarounds begun in April. Although capacity may prove to be NPC's biggest challenge in 2006, to date it has been able to attract labour as needed. With the investments it has made, NPC has achieved a new baseline level of business that should allow it to surpass our expectations for the year.

Based on revenues and current signed contracts, we expect that Murray will meet our expectations for the second quarter and our outlook remains positive for the year.

In its fiscal year ended August 31, 2005, Murray generated $65 million in revenue and $7.9 million of EBITDA. It is expected that Murray will contribute approximately $6.4 million of annual distributable cash flow to Newport over the next twelve months.

Distribution

The distribution segment includes NPY's proportionate share of the results of RGC (formerly Jutan) for the three months ended March 31, 2006 reflect NPY's 80% ownership in RGC. During the corresponding period in 2005, NPY used the equity accounting method to account for our 37.5% investment in RGC and our proportionate share of RGC's financial results are reflected as a loss from equity investment.

Summary Distribution Services Table ($000s)

	Three months ended March 31, 2006	Three months ended March 31, 2005
Revenues	40,174	-
Cost of revenues	36,172	-
Gross profit	4,002	-
General and administrative expenses	4,885	-
Depreciation and amortization	1,298	-
Interest expense	243	-
Loss from equity investment	-	(48)
Loss for the period	(2,424)	(48)
Loss for the period	(2,424)	(48)
Depreciation and amortization	1,298	-
Interest expense	243	-
EBITDA	(883)	(48)

(i) Revenue

Revenues for the distribution segment were $40,174 exceeding our expectations by 8% as RGC generated higher than expected revenues from a wide array of products. Product supply shortages reported in 2005 have been addressed by the supplier and sales of new products were in line with our expectations.

(ii) Gross Profit

Gross profit at $4,002, which translated into a 10% gross profit margin, was ahead of our expectations, largely due to the impact of higher revenue and sales of several higher margin new product lines. These improvements more than offset the impact of product returns as a result of strong retail sales in the fourth quarter. Freight costs, which increased in the second half of 2005 are now in line with our expectations.

(iii) General and administrative expenses

General and administrative expenses were $4,885, and were below our expectations. Costs to date relating to the integration of the Toronto businesses (Jutan and Sonigem) have been favourable versus our expectations and the impact of foreign exchange was minimal due to reduced exposure and minimal currency movement.

(iv) Depreciation and Amortization

Depreciation and amortization was $1,298, slightly favourable due to timing of capital expenditures.

(v) EBITDA

EBITDA of ($883) was approximately $400 better than our expectations as gains at the gross profit line largely flowed to earnings.

(vi) Seasonality

RGC's business is highly seasonal. The first quarter is the lowest seasonal period for RGC, in which it has historically recorded a loss. Approximately 30-40% of its sales are made in the fourth quarter.

(vii) Outlook

New customer listings for several brands are expected to contribute to revenue growth and improved product mix should deliver margin gains in the second quarter. Plans for the consolidation of the Toronto operations at the new Mississauga facility, reported at year end, are on track for completion in May. The move is expected to cause some short term disruption and staff turnover however operational efficiencies are expected to be achieved in time for the higher volume experienced in the second half of the year. Effective May 1, 2006, the business adopted a new corporate identity and changed its name to RGC to simplify its presentation to the Canadian market and promote a stronger, more diversified provider of consumer electronics and home appliances.

On May 1, 2006, RGC invested approximately $8.5 million for a 45% interest in R Logistics, a company that specializes in "reverse logistics"- the repair, refurbishment and reselling of product returned by retailers. RGC will be outsourcing and consolidating all of its reverse logistics volume through R Logistics. This outsourcing will enhance RGC's operational efficiencies and maximize the value of product returns. The investment in R Logistics is expected to increase RGC's distributable cash flows by approximately $2 million over the next twelve months.

Additional Information - NPY

Partners' Equity

The following table summarizes the issued and outstanding limited partnership units as at March 31, 2006:

Units Outstanding

A1	A2	B1	B2	B3	B4	C	Total
28,720,278	29,922,669	1,536,216	843,173	320,045	1,303,456	2,327,600	64,973,437

During the period from January 1, 2006 to March 31, 2006 2,954,242 A2 LP units were exchanged into units of Newport.

On March 16, 2006, 204,291 A2 units were issued as consideration in connection with the investment in Murray.

Liquidity and Capital Resources

Operating Cash Flow

Cash provided by operations was $17,271 for the three months ended March 31, 2006 compared to cash used in operations of $4,645 for the same period last year.

Working Capital

NPY had positive working capital of approximately $26,484 at March 31, 2006 compared to $57,043 at December 31, 2005. We believe that, based on our expectations of operating activities, we will have sufficient available working capital. In addition, we continue to review alternative sources of attractive financing for our working capital needs.

Financing

NPY's credit facility has two components, an operating facility to be used to fund the working capital requirements of the Operating Partnerships and an acquisition facility to be used to fund investments. The total facility is authorized to a level of $100 million and at March 31, 2006, $28,000 has been drawn.

RGC has dedicated credit facilities for its businesses. As of March 31, 2006, RGC was in technical breach of its tangible net worth covenant relating to one of its facilities. RGC obtained a waiver for the breach. Based on its financial position as at the date of this report the breach is now rectified and RGC is onside all covenants. RGC is in the process of negotiating a consolidated credit facility with its lender that will include AVS, Jutan and Sonigem businesses. It expects to have this in place by the end of the second quarter.

Contractual Obligations

	2006	2007	2008	2009	Thereafter	Total
Interest expense	6,681	6,338	6,338	6,338	6,338	32,033
Long-term debt	2,018	11	-	-	-	2,029
Capital lease obligations	3,543	2,925	1,084	386	245	8,183
Operating leases	4,936	5,123	3,942	2,403	2,130	18,534
Capital commitments	-	-	-	-	-	-
Total contractual obligations	17,178	14,397	11,364	9,127	8,713	60,779

Related Parties

Ownership

As of March 31, 2006, directors, officers and employees of the general partner and entities related to NPY hold an aggregate of 25,101,671 NPY and Newport units or 39% on a fully diluted basis.

Transactions

NPY provides funding to the operating partners to fund working capital requirements. Advances bear interest at cost of funds, are unsecured and have no fixed terms of repayment.

An employee loan was made by NPY to an executive of EZEE in the amount of $250 and is still outstanding. In accordance with the terms and conditions of the loan, the loan was used to purchase units in NPY.

Critical Accounting Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known. Accordingly, actual results could differ from these estimates. For a summary of critical account estimates see the 2005 Annual MD&A.

Subsequent Events

On April 28, 2006, Newport invested approximately $16 million in cash for an economic interest equal to 80% interest in Hargraft, an insurance broker selling specialized liability products for commercial clients and high net worth individuals. The remaining 20% interest is controlled by Hargraft's senior executive team who continues to manage the business. Newport drew on its credit facility to finance the transaction. For its fiscal year ended December 31, 2005, Hargraft had $8.6 million of revenues and approximately $4.1 million of normalized EBITDA. Hargraft is expected to generate approximately $3.2 million of annual distributable cash flow for Newport over the next twelve months. The investment in Hargraft was consistent with our investment principles:

- Management was introduced to us through ESR and former GCAN President & CEO, Andy Henke, a close associate of Newport, who will sit on Hargraft's Board of Directors.
- Hargraft has been in business since 1874 and under current ownership and management since 1990.
- The company has a history of profitability, with relative high margins and predictability of earnings.
- The business does not have large requirements for maintenance capital expenditures and has no debt.
- Hargraft management has stated its goal is to become the top "tier two" brokerage company in Canada and it believes there are consolidation opportunities in its industry.
- Newport was able to invest at approximately five times distributable cash flow.

On April 13, 2006 Newport announced a 5.25% increase in cash distributions to $1.00 per Unit per year to be effective with the distributions to be paid on May 15, 2006 to unitholders of record at the close of business on April 28, 2006. The monthly distribution rate increases to $0.0833 per Unit from $0.07917.

On May 1, 2006, Newport injected $10 million into RGC to allow it to complete an $8.5 million strategic investment in R Logistics expected to be accretive to its cashflows by approximately $2 million over the next twelve months.

Outlook for Newport

Our operating partnerships are subject to seasonality and as part of our 2006 budget planning process we estimated that the first quarter would represent approximately 10-15% of our annual results.

Based on results of the first quarter and in particular results of ESR, we are revising our estimated quarterly allocations due to seasonality as follows:

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
13% to 18%	20% to 25%	25% to 30%	30% to 35%

This allocation is based on the seasonality profile of our existing portfolio at the date of this report. As our investment program continues, the addition of new operating partnerships may alter the seasonal profile of our portfolio. We will continue to report to you on this.

We believe that the cash flows of our operating partnerships will be sufficient to fund the 5.25% increase in distributions from $0.95 to $1.00 per Unit as announced April 13, 2006.

Newport is a growing asset manager. An important measure of whether we are doing the right things with investor capital should be an assessment of our ability to identify and make investments consistent with our criteria at accretive prices. In the ensuing quarters, we plan to continue to pursue our goal of allocating $100-$150 million of new capital in 2006. Year to date, we have invested $58.5 million in businesses that are expected to generate approximately $12 million of distributable cash flow for Newport over the next twelve months. We continue to be approached by increasing numbers of entrepreneurs who are attracted to Newport's value proposition and want to explore investment partnerships with us.

Risks

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.

- *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 make a mistake by investing 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 Newport a priority distribution over cash flows.

- *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 Newport. First, we have an ongoing investment program that requires capital (equity and/or debt financing). There can be no assurance that this financing will be available when required or available on terms that are favourable to Newport. This has the potential to hamper our growth. We have put in place a credit facility to provide for the short-term financing of new investments and currently have a $100 million facility and have accessed the capital markets twice in 2005, raising approximately $300 million.

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 who are able to respond to changes in conditions.

- *Seasonality and Cyclicality*

Many of our operating businesses are subject to seasonality. For example our largest business, RGC generates approximately 30-40% of its revenues in the fourth quarter. Based on the current make up of our portfolio, revenues and earnings in the first quarter are typically the lowest improving steadily to the third and fourth quarters, historically the strongest based on the aggregate performance of the underlying businesses. As we add investments, the seasonal nature of our portfolio will change.

We offset this risk by setting distributions based on a combination of historical, current and projected levels of cash flow; by maintaining a conservative balance sheet and by continually adding new cash flows through investment in new operating partnerships.

Our businesses are also subject to cyclicality and external factors such as economic growth, regulatory environment, change in currency, inflation and interest rate factors that could impact earnings in the short to medium term. The diversification of our cash flows mitigates the risk to a degree.

- *Dependence on key personnel*

  The success of Newport and of each of its operating partnerships depends on their respective senior management teams. The loss of services of key personnel could have a material adverse affect on Newport and/or on one of its operating partnerships. Newport has begun a keyman insurance program and expects to have it fully implemented in 2006.

- *General economic factors*

  Newport's business and the business of each of our operating partnerships are 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. For example, RGC, our consumer electronics distribution business, operates in a cyclical industry, whereas our asset management businesses operate in the securities markets – traditionally a leading indicator of economic performance. We also moderate general economic factor risk by maintaining a conservative balance sheet with limited use of debt and by investing in companies with histories of profitability through market cycles.

- *Interest rate risk*

  Our credit facility is referenced to the Canadian prime rate. A 1% increase in prime could reduce distributable cash by approximately $1,000 assuming a full draw on our facilities. Changes in rates could also impact the attraction of convertible debentures to us as part of our capital structure.

Risks Related to our investment in Murray

- *Large Project Risk*

  A substantial portion of Murray's revenues are derived from large projects. Opportunities to compete for such larger projects do not occur regularly and Murray's ability to successfully compete for such larger opportunities and the length of time required to execute such projects is not predictable. As a result, Murray may experience fluctuations in financial results and cash flows.

- *Access to Bonding*

  Most of Murray's contracts require sufficient bonding. Although Murray believes that it will be able to secure and maintain surety capacity adequate to satisfy its current requirements, if such requirements become materially greater than anticipated or should sufficient surety capacity not be available, this could have a material adverse effect on Murray's business, financial condition, future prospects and results of operations.

- *Environmental and Safety Risks*

  Murray handles hazardous substances such as asbestos, mold, lead and PCBs as part of its business. While Murray has not had any incidents, emissions or spills, there can be no guarantee that there will not be any incidents, emissions or spills in the future and that such incidents will be of a non-material nature.

  Murray is subject to and complies with environmental and health and safety legislation in the jurisdictions in which it operates. Management is not aware of any pending environmental or health and safety legislation that would be likely to have a material impact on any of its operations, capital expenditure requirements or competitive position. Nevertheless, there can be no guarantee with respect to the impact of future legislation or incidents which could have a material adverse effect on Murray's operations, capital expenditure requirements or competitive position.

- *Labour Factors*

  A significant portion of Murray's labour force is unionized and accordingly, Murray is subject to the detrimental effects of a strike or other labour action, in addition to competitive cost factors.

- *Scrap Metal*

  Murray frequently obtains the rights to the scrap metal that can be salvaged as part of a given project pursuant to the terms of the contract and in turn sells the scrap to various end markets. As a result, Murray's revenues and profitability are exposed to fluctuations in the market prices for such metals and any decrease in the market price of such metals could have a material adverse effect on Murray's business, financial condition and results of operations.

Individual business risks are outlined in our annual information form (AIF) – a copy of which is available for download from our website www.newportpartners.ca and on SEDAR www.sedar.com

As required by Multilateral Instrument 52-109, Newport's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") make certifications related to the information contained in Newport's annual and interim filings. The CEO and CFO must certify that they are responsible for establishing and maintaining disclosure controls and procedures for Newport to provide reasonable assurance that material information about Newport and its subsidiaries is made known to them and that they have evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by the annual and interim filings.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by Newport is processed and reported on a timely basis to Newport's management, including the CEO and CFO, as appropriate, to allow timely decisions with respect to required disclosure. Newport has adopted or formalized such controls as it believes are necessary and consistent with its business and internal management and supervisory practices.

The CEO and CFO of Newport, together with management of Newport have evaluated the effectiveness of Newport's disclosure controls and procedures and are collectively satisfied that, as of May 10, 2006, Newport's disclosure controls and procedures were adequate and effective.

Non-GAAP Measures

The terms "EBITDA", "Distributable Cash Flow" and "Distributable Cash Flow per Unit" (collectively the "Non-GAAP Measures") are financial measures used in this Management's Discussion & Analysis that are not standard measures under Canadian GAAP. Newport's method of calculating Non-GAAP Measures may differ from the methods used by other issuers. Therefore, Newport's Non-GAAP Measures, as presented in this MD&A, may not be comparable to similar measures presented by other issuers.

EBITDA refers to net earnings of Newport and NPY determined in accordance with generally accepted accounting principles, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. Management believes that EBITDA is a useful supplemental measure of performance and is the primary basis on which management assesses financial performance and cash available for debt service, working capital, capital expenditures, income taxes and distributions.

Distributable Cash Flow is not a standard measure under GAAP and is generally used by Canadian income funds as an indicator of financial performance. The method of calculating Newport's Distributable Cash Flow may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable cash flow as reported by such entities. Newport's method of calculating Distributable Cash Flow is disclosed in the Summary Financial Table. Management believes that Distributable Cash Flow and Distributable Cash Flow Per Unit are useful supplemental measures that provide investors with information on cash available for distribution.

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 Newport's or NPY's 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 of Newport and NPY as at March 31, 2006.

Forward-Looking Statements

This MD&A contains certain forward-looking statements. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of Newport and the operating partnerships in which it holds an ownership interest (the "Operating Partnerships"). Such forward-looking statements reflect management's current beliefs and are based on information currently available to management of Newport and the Operating Partnerships. In some cases, forward-looking statements 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. In particular, statements regarding the future operating results and economic performance of Newport and the Operating Partnerships are forward-looking statements. A number of factors, including risks and uncertainties, could cause actual events or results to differ materially from the events and results discussed in the forward-looking statements. In evaluating these statements, 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. Although the forward-looking statements are based on what management of Newport 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 these forward-looking statements, and management's assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A, and Newport does not assume any obligation to update or revise them to reflect new events or circumstances.

Definition Schedule

"Brompton" - Brompton Funds LP

"Capital C" - Capital C Communications LP

"ESR" - Elliott Special Risks LP

"EZEE" - Ezee ATM LP/On-site LP

"GAAP" - generally accepted accounting principles

"Gemma" - Gemma Communications LP

"Hargraft" - Hargraft Schofield LP

"IPO" – Initial Public Offering

"Kenna" - Kenna Group LP

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

"Morrison Williams" - Morrison Williams Investment Management LP

"Murray" - Murray Demolition LP

"NP LP" - Newport Partners LP

"NPC" - NPC Integrity Energy Services Limited Partnership

"Newport" – Newport Partners Income Fund

"NPY" – Newport Private Yield LP

"RGC" - Redmond Group of Companies LP (formerly Jutan Limited Partnership)

"S&E" - Sports and Entertainment Limited Partnership