Consolidated Financial Statements of

NEWPORT PARTNERS INCOME FUND

Three months ended March 31, 2008 and 2007
(Unaudited)

NEWPORT PARTNERS INCOME FUND

Consolidated Balance Sheets
(In thousands of dollars)

	March 31, 2008 (Unaudited)	December 31, 2007
Assets		
Current assets:		
Cash	$ 15,908	$ 20,278
Cash and short-term investments held in trust (note 4)	25,354	27,404
Accounts receivable (note 3)	136,141	137,726
Inventories (note 5)	37,063	35,467
Prepaid expenses	3,476	2,934
Other current assets	24,962	21,677
	242,904	245,486
Property, plant and equipment	45,576	45,800
Long-term investments	46,991	47,254
Goodwill	280,561	281,222
Intangible assets	304,962	315,384
Other assets	13,591	14,090
	$ 934,585	$ 949,236
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facility	$ 47,549	$ 47,527
Accounts payable and accrued liabilities	119,687	118,264
Deferred revenue	14,405	13,819
Current portion of obligations under capital leases	5,478	5,353
	187,119	184,963
Obligations under capital leases	8,779	8,910
Long-term debt	205,131	204,862
Future tax liability	34,076	34,141
Non-controlling interest	96,525	107,466
Convertible debenture	150,292	149,530
Unitholders' equity (note 9)	252,663	259,364
Subsequent events (note 13)		
	$ 934,585	$ 949,236

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

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

	Three months ended March 31, 2008	Three months ended March 31, 2007
Revenues	$ 161,732	$ 116,215
Cost of revenues	116,692	78,864
	45,040	37,351
Expenses		
Selling, general and administrative	28,267	21,947
Amortization of intangible assets	10,412	8,827
Depreciation	2,667	1,891
	41,346	32,665
Income before the undernoted	3,694	4,686
Income from equity investments	532	745
Other income	330	197
Interest expense	9,400	6,358
Loss on dilution of ownership interest	-	5,844
Loss before income taxes	(4,844)	(6,574)
Income tax expense (recovery) - current	3	(154)
Income tax recovery - future	(65)	-
Loss from continuing operations before non-controlling interest	(4,782)	(6,420)
Non-controlling interest relating to continuing operations	2,022	2,940
Loss from continuing operations	(2,760)	(3,480)
Loss from discontinued operations before non-controlling interest (note 7)	-	(2,782)
Non-controlling interest relating to discontinued operations	-	1,274
Loss from discontinued operations	-	(1,508)
Net loss and comprehensive loss	$ (2,760)	$ (4,988)
Loss per unit (note 8)		
Basic and diluted:		
Continuing operations	$ (0.07)	$ (0.09)
Discontinued operations	-	(0.04)
Net loss	(0.07)	(0.13)

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

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

	Number of Units	Unitholders' Capital	Equity Component of Convertible Debenture	Deficit	Contributed Surplus	Total Unitholders' Equity
Balance – January 1, 2008	41,366,957	$ 376,704	$ 9,850	$ (128,582)	$ 1,392	$ 259,364
Units exchanged	809,198	2,864	-	-	-	2,864
Net loss for the period			-	(2,760)	-	(2,760)
Distributions			-	(6,805)	-	(6,805)
Balance – March 31, 2008	42,176,155	$ 379,568	$ 9,850	$ (138,147)	$ 1,392	$ 252,663

	Number of Units	Unitholders' Capital	Equity Component of Convertible Debenture	Deficit	Contributed Surplus	Total Unitholders' Equity
Balance – January 1, 2007	39,283,565	$ 364,805	$ 664	$ (63,430)	$ -	$ 302,039
Cumulative impact of adopting new accounting rules				60		60
Units exchanged	1,013,444	7,228	-	-	-	7,228
Units purchased under normal course issuer bid	(627,500)	(4,821)	-	-	780	(4,041)
Net loss for the period	-	-	-	(4,988)	-	(4,988)
Distributions	-	-	-	(9,842)	-	(9,842)
Balance –March 31, 2007	39,669,509	$ 367,212	$ 664	$ (78,200)	$ 780	$ 290,456

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Cash Flows
(In thousands of dollars)
(Unaudited)

	Three months ended March 31, 2008	Three months ended March 31, 2007
Cash provided by (used in):		
Operating activities:		
Net loss	$ (2,760)	$ (4,988)
Items not affecting cash:		
Loss from discontinued operations before non-controlling interest	-	2,782
Amortization of intangible assets	10,412	8,827
Depreciation	2,810	1,891
Future income tax recovery	(65)	-
Income from equity investments, net of cash received	308	484
Non-cash interest expense	1,031	580
Non-cash compensation expense	801	560
Loss on dilution of interest in operating partner	-	5,844
Non-controlling interest	(2,022)	(4,214)
Changes in non-cash working capital	(1,972)	(5,714)
Cash provided by discontinued operations	-	9,614
	8,543	15,666
Financing activities:		
Repurchase of units	-	(4,041)
Distributions to unitholders	(4,881)	(9,744)
Distributions to non-controlling interest	(6,805)	(8,021)
Increase in cash held in trust	2,050	2,199
Increase in bank indebtedness	22	33,038
Repayment of capital lease obligations	(1,441)	(746)
Cash used in discontinued operations	-	(9,731)
	(11,055)	2,954
Investing activities:		
Acquisition of businesses, net of cash acquired	(1,198)	(50,199)
Purchase of property, plant and equipment	(1,160)	(1,907)
Decrease in other assets	500	556
Cash provided by discontinued operations	-	372
	(1,858)	(51,178)
Decrease in cash	(4,370)	(32,558)
Cash, beginning of period – continuing operations	20,278	54,616
Cash, end of period	$ 15,908	$ 22,058
Supplemental cash flow information:		
Interest paid	$ 5,543	$ 4,445
Cash acquired upon acquisition	61	664
Supplemental disclosure of non-cash financial and investing activities:		
Acquisition of property, plant and equipment through capital leases	565	857

See accompanying notes to unaudited interim consolidated financial statements.

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

The Fund has been created to hold, through the Fund's investment in Newport Partners Commercial Trust (the "Commercial Trust"), interests in Newport Private Yield LP ("NPY"), and its general partner, NPY GP Trust. NPY is a limited partnership formed to invest in securities of private businesses, either in limited partnerships or in corporations (collectively the "Operating Partnerships") and distribute the available cash flows to the limited partners. As at March 31, 2008, the Fund indirectly holds all of the A1 LP units of NPY, representing approximately 59% (March 31, 2007 – 54%) of the outstanding LP units.

1. Basis of presentation

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 the Fund's audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Fund's audited consolidated financial statements and notes thereto for the year ended December 31, 2007, except for changes discussed in note 2.

2. Changes in accounting policies and future accounting standards

The Fund adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1535, "Capital Disclosures", Section 3862, "Financial Instruments Disclosure", Section 3863, "Financial Instruments Presentation, and Section 3031, "Inventories" on January 1, 2008. The comparative interim consolidated financial statements have not been restated, as permitted by the standards.

(a) Capital Disclosures

Section 1535, "Capital Disclosures", 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. Disclosure is included in note 12.

(b) Financial Instruments

Section 3862, "Financial Instruments Disclosure", and Section 3863, "Financial Instruments Presentation", 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. Disclosure is included in note 3 and note 11. 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. Disclosure is included in note 3.

(c) Inventories

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

The standard is effective for fiscal years beginning on or after January 1, 2008. The difference in the measurement of opening inventory may be applied to the opening of inventory for the period, with an adjustment to opening retained earnings with no prior periods restated, or retrospectively with a restatement to prior periods in accordance with Section 1506, "Accounting Changes". There was no difference to be accounted for by the Fund.

(In thousands of dollars, except per unit amounts)

(d) Future accounting standards

(i) In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets effective for interim and annual periods relating to fiscal years beginning on or after October 1, 2008. Section 3064, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard is effective for the Fund's interim and annual financial statements commencing January 1, 2009. The Fund is assessing the impact of the new standard on its financial statements.

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

3. Financial instruments

(a) Classification of financial instruments The Fund has classified its financial instruments as follows:

	March 31, 2008	December 31, 2007
Financial assets		
Held for trading, measured at fair value:		
Cash	$ 15,908	$ 20,278
Short-term investments held in trust	6,528	9,588
Cash held in trust	18,826	17,816
	41,262	47,682
Loans and receivables, measured at amortized cost:		
Accounts receivable	136,141	137,726
Advances to Operating Partners	28,199	28,328
	164,340	166,054
Financial liabilities, measured at amortized cost:		
Accounts payable and accrued liabilities	119,687	118,264
Revolving credit facility	47,549	47,527
Capital lease obligations	14,257	14,263
Long-term debt	205,131	204,862
Convertible debentures	150,292	149,530
	$ 536,196	$ 534,446

(In thousands of dollars, except per unit amounts)

The Fund had neither available for sale, nor held to maturity financial instruments during the period ended March 31, 2008 or during the year ended December 31, 2007.

(b) Short-term investments

The Fund's short-term investments held in trust are comprised of the follows:

	March 31, 2008	December 31, 2007
Bonds	6,528	9,588
	$ 6,528	$ 9,588

(c) Net interest expense

The Fund has recorded net interest expense in relation to the following financial instruments:

	March 31, 2008	March 31, 2007
Interest expense on senior debt	$ 6,322	$ 4,657
Interest expense on convertible debt	3,755	1,825
Interest expense on capital leases	369	139
Net interest income earned on advances to Operating Partners	(647)	(134)
Interest income earned on cash	(293)	(128)
Interest income earned on short-term investments held in trust	(106)	-
	$ 9,400	$ 6,358

(d) Accounts receivable

The Fund's accounts receivable is comprised of the following:

	March 31, 2008	December 31, 2007
Trade receivables	$ 128,663	$ 131,563
Allowance for doubtful accounts	(1,603)	(1,461)
Other	9,081	7,624
	$ 136,141	$ 137,726

The allowance for doubtful accounts increased by $142 in the period.

(In thousands of dollars, except per unit amounts)

4. Cash and short-term investments held in trust

The Fund's insurance operations maintain trust bank accounts for premiums collected but not yet remitted to insurance companies. Short-term investments held in trust were $6,528 at March 31, 2008 ($9,588 at December 31, 2007).

5. Inventories

Inventory is comprised as follows:

	March 31, 2008	December 31, 2007
Raw materials	$ 4,020	$ 4,647
Work in progress	18,377	16,236
Finished goods	2,203	2,363
Goods held for resale	11,298	11,105
Parts and supplies	1,165	1,116
	$ 37,063	$ 35,467

Work in progress also includes contracts accounted for using the percentage of completion method.

There has been no write-down of inventory during the period.

6. Business combinations

On January 1, 2008 the operations of On-Site were wound up into Ezee and On-Site is continuing to operate as part of Ezee.

On January 1, 2008 Titan Supply LP ("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.

7. 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.

The following table shows the revenue and net results from discontinued operations for the three months ended March 31, 2007.

(In thousands of dollars, except per unit amounts)

	Three months ended March 31, 2007
Revenues	$ 32,412
Net loss	(2,782)

8. Loss 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.

9. Unitholders' equity

Holders of A2 LP units of NPY have the right to exchange their units into trust units. During the three months ended March 31, 2008, 809,198 A2 LP units were exchanged (2007 – 1,013,444). As these units of NPY were outstanding prior to the IPO, the conversion of these units was calculated as a step acquisition using the original carrying value of these units.

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

For the three months ended March 31, 2008 total distributions paid and payable were $6,805 (2007 - $9,842).

10. Segmented information

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

(In thousands of dollars, except per unit amounts)

Three months ended March 31, 2008	Financial Services	Marketing	Industrial Services		Other	Corporate	Total
			NPC	Murray			
Revenue	$ 20,658	$ 21,581	$ 66,630	$ 30,564	$ 22,299	$ -	$ 161,732
Cost of revenue	11,058	9,581	57,248	22,727	16,078	-	116,692
	9,600	12,000	9,382	7,837	6,221	-	45,040
Expenses							
Selling, general and administrative	3,845	8,783	4,344	6,092	3,526	1,677	28,267
Amortization of intangible assets	3,750	1,594	1,581	1,780	1,707	-	10,412
Depreciation	265	364	1,280	620	138	-	2,667
	7,860	10,741	7,205	8,492	5,371	1,677	41,346
Income (loss) before the undernoted	1,740	1,259	2,177	(655)	850	(1,677)	3,694
Income from equity investment	217	16	-	-	299	-	532
Other income	330	-	-	-	-	-	330
Interest (income) expense	(39)	100	2,273	56	461	6,549	9,400
Income tax expense (recovery) - current	6	-	-	-	(3)	-	3
Income tax (recovery) - future	(20)	-	(45)	-	-	-	(65)
Income (loss) from continuing operations	$ 2,340	1,175	$ (51)	$ (711)	$ 691	$ (8,226)	$ (4,782)
Add back:							
Interest (income) expenses	(39)	100	2,273	56	461	6,549	9,400
Depreciation and amortization	4,015	1,958	2,980	2,400	1,869	-	13,222
Amortization of Brompton intangible asset (i)	484	-	-	-	-	-	484
Income tax expense (recovery) – current	6	-	-	-	(3)	-	3
Income tax (recovery) - future	(20)	-	(45)	-	-	-	(65)
EBITDA	$ 6,786	$ 3,233	$ 5,157	$ 1,745	$ 3,018	$ (1,677)	$ 18,262
Goodwill acquired	-	-	-	-	785	-	785
Expenditures for property, plant and equipment	263	281	192	404	20	-	1,160
Total assets	364,479	114,755	173,914	97,330	97,765	86,342	934,585
Total goodwill	178,687	35,184	30,180	19,855	16,655	-	280,561

(i) The amortization of the intangible asset related to the investment in Brompton is included in income from equity investment.

(In thousands of dollars, except per unit amounts)

Three months ended March 31, 2007	Financial Services	Marketing	Industrial Services NPC	Industrial Services Murray	Other	Corporate	Total
Revenue	$ 18,438	$ 21,654	$ 32,040	$ 18,926	$ 25,157	$ -	$ 116,215
Cost of revenue	10,828	9,986	26,369	13,371	18,310	-	78,864
	7,610	11,668	5,671	5,555	6,847	-	37,351
Expenses							
Selling, general and administrative	2,326	7,760	2,862	3,663	3,652	1,684	21,947
Amortization of intangible assets	3,525	1,649	561	1,373	1,719	-	8,827
Depreciation	191	516	738	275	171	-	1,891
	6,042	9,925	4,161	5,311	5,542	1,684	32,665
Income (loss) before the undernoted	1,568	1,743	1,510	244	1,305	(1,684)	4,686
Income(loss) from equity investment	544	-	-	-	201	-	745
Other income	197	-	-	-	-	-	197
Interest (income) expense	(79)	61	444	(23)	595	5,360	6,358
Loss on dilution of ownership interest	-	-	-	-	-	5,844	5,844
Income tax expense (recovery) - current	6	-	(160)	-	-	-	(154)
Income (loss) from continuing operations	$ 2,382	$ 1,682	$ 1,226	$ 267	$ 911	$ (12,888)	$ (6,420)
Addback:							
Interest (income) expense	(79)	61	444	(23)	595	5,360	6,358
Depreciation and amortization	3,716	2,165	1,299	1,648	1,890	-	10,718
Amortization of Brompton intangible asset (i)	484	-	-	-	-	-	484
Income tax expense (recovery) - current	6	-	(160)	-	-	-	(154)
EBITDA	$ 6,509	$ 3,908	$ 2,809	$ 1,892	$ 3,396	$ (7,528)	$ 10,986
Goodwill acquired	2,256	-	2,343	7,223	-	-	11,822
Expenditures for property, plant and equipment (ii)	42	996	499	257	113	-	1,907
As at December 31, 2007:							
Total assets (ii)	346,979	115,632	84,183	75,585	117,153	126,568	866,100
Total goodwill	183,094	33,535	17,062	14,242	15,698	-	263,631

(i) The amortization of the intangible asset related to the investment in Brompton is included in income from equity investment.

(ii) Discontinued operations previously part of the distribution segment are included in the corporate segment.

(In thousands of dollars, except per unit amounts)

11. Financial risk management

(a) Overview

The Fund has exposure to credit risk, liquidity risk and market risk. The Fund's board of trustees has overall responsibility for the establishment and oversight of the Fund's risk management framework.

(b) Credit risk

Credit risk is the risk of financial loss to the Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Fund's accounts receivables. The carrying amount of financial assets represents the maximum credit exposure.

The Fund has adopted a credit policy under which each new customer is analyzed individually for creditworthiness before the Fund's standard payment terms and conditions are offered. The Fund's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. When available, the Fund reviews credit bureau ratings, bank accounts and financial information for each new customer. The majority of the Fund's customers are located in Canada and represent various industries. At March 31, 2008, 1 customer represents 11% of consolidated revenue.

The Fund establishes an allowance for doubtful accounts that represent its estimate of incurred losses in respect of trade receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and an overall loss component established based on historical trends and other information.

Accounts receivable are non-interest bearing and are generally due within periods up to 90 days. At March 31, 2008, the allowance for doubtful accounts was $1,603. The changes in the allowance during the period were as follows:

		March 31, 2008
Allowance at beginning of period	$	1,461
Impairment of receivables		160
Receivables written-off as uncollectible		(18)
Allowance at end of period	$	1,603

At March 31, 2008, the trade receivables over 90 days that are past due but not impaired was $11,319.

(In thousands of dollars, except per unit amounts)

(c) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

As at March 31, 2008, the Fund had financial assets held for trading of 41,262, loans and receivables of $164,340 and financial liabilities of $536,196. As at December 31, 2007, the Fund had financial assets held for trading of $47,682, loans and receivables of $166,054 and financial liabilities of $534,446. The revolving credit facility and long-term debt have maturity dates in 2011, and the convertible debentures have maturity dates in 2010 and 2012. The capital lease obligations expire primarily in the years 2008 to 2012.

The Fund's strategy is that long-term debt should always form part of its capital structure, assuming an appropriate cost of capital. As existing debt approaches maturity, the Fund will either replace it with new debt, convert into equity or refinance, depending on the state of the capital markets at the time.

The Fund manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

(d) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Fund's income or the value of its financial instruments. The Fund markets its products primarily in Canada and substantially all of the Fund's financial assets and liabilities originate in Canadian dollars. The Fund is exposed to currency risk for purchases that are denominated in U.S. dollars. The Fund believes this risk is minimal and has not entered into any currency hedging transactions.

The Fund is exposed to currency risk on certain sales and purchases. At March 31, 2008 and December 31, 2007, the Fund's financial statements included the Canadian equivalent of the following U.S. dollar denominated balances:

	March 31, 2008	December 31, 2007
Accounts receivable	$ 3,741	$ 5,447
Accounts payable and accrued liabilities	(2,678)	(2,466)
	$ 1,063	$ 2,981

A 10% strengthening (weakening) of the Canadian dollar against the U.S. dollar would have decreased (increased) earnings from operations based on March 31, 2008 balance by $106.

For the long-term debt facility, the Fund's interest is a floating rate based on the BA rate of the outstanding principal balance of the loan. If the interest payments continue to be based on the floating rate, a 1% increase (decrease) in the interest rate would have resulted in $525 decrease (increase) in the earnings from operations of the Fund for this period. This analysis assumes that all other variables remain constant.

(e) Fair value of financial instruments

The fair values of the financial assets and financial liabilities are determined as follows:

(i) For cash, restricted cash, accounts receivable, accounts payable and accrued liabilities carrying amounts approximate fair value due to their short-term maturity:

(ii) Short-term investments are measured at fair value using quoted market prices; and

(iii) The fair value of notes payable approximate their carrying value as their effective interest rates approximate current market rates.

12. Capital Management

The Fund's objective is to maintain access to diverse and cost-effective sources of capital with which to finance its operations and its investment program. The Fund maintains a balanced and flexible capital structure composed of permanent equity, equity-linked debt and a senior credit facility. The Fund provides working capital advances to the Operating Partnerships as well as funding for tuck-in acquisitions (i.e. strategic acquisitions made by Operating Partnerships directly).

The Fund manages its capital structure and makes changes to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Fund will balance its overall capital structure through new unit issues, unit repurchases, issuance of debt, repayment of debt or by undertaking other activities as deemed appropriate in the specific circumstances.

For 2008 the Fund has set three priorities relating to capital management: reduce debt under the credit facility, buy back its units and provide funding for strategic, value-creating acquisitions by its existing operating partnerships. These activities enhance the Fund.

The Fund's credit facility includes customary positive and negative covenants that can be categorized as externally imposed capital requirements. As at March 31, 2008, the Fund was in compliance with all its obligations under the credit facility.

13. Subsequent events

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. The transaction will allow Brompton to carry on its business as an incorporated entity and as a reporting issuer which may provide it with more options to capitalize its business and complete strategic acquisitions more efficiently.

Brompton will carry on business on substantially the same basis with the same management team, directors and independent review committee. Newport does not anticipate any material negative impact on its share of earnings and distributions received from Brompton Corp. as a result of this transaction.

14. Comparative figures

The 2007 comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 unaudited interim consolidated financial statements.