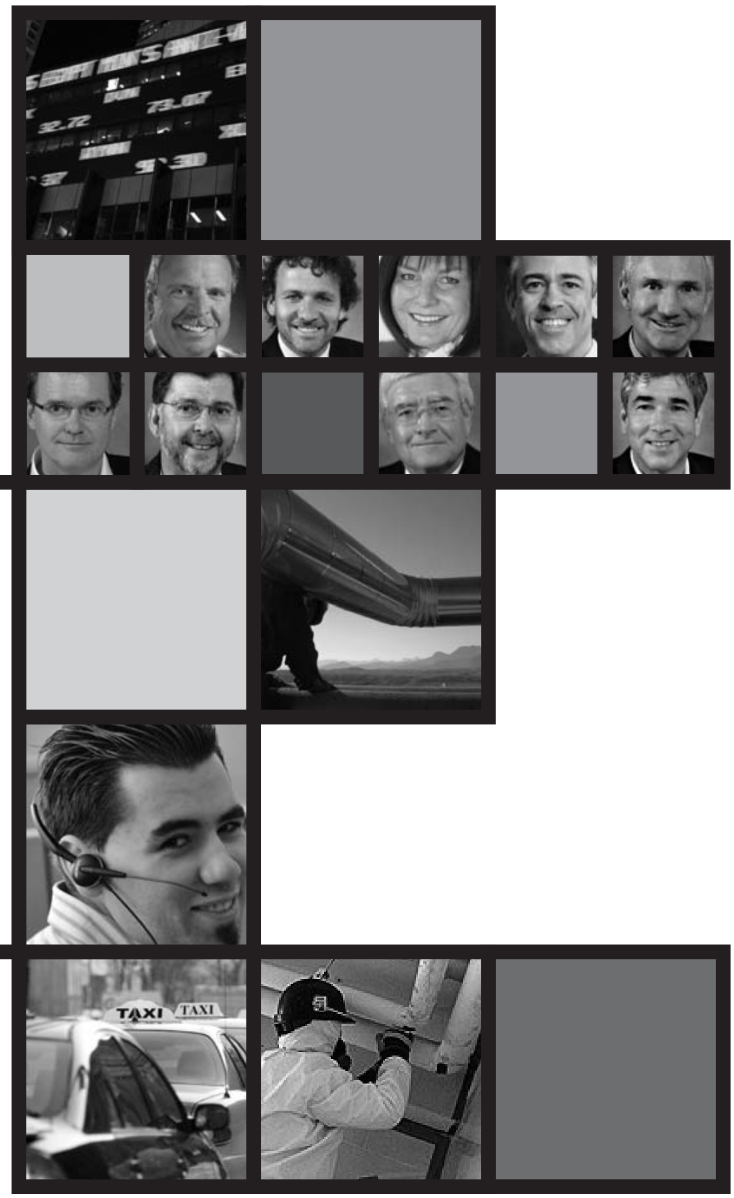
Newport Partners Income Fund
Quarterly Report



Q1

Newport Partners
opportunities for entrepreneurs ™

PORTFOLIO SUMMARY – BY OPERATING PARTNERSHIP ($000s)

Three months ended March 31, 2008

OPERATING PARTNER	DATE OF INITIAL INVESTMENT	OWNERSHIP INTEREST	INVESTED CAPITAL	Q1 2008 EBITDA	Q1 2008 DISTRIBUTABLE CASH	LTM CASH YIELD FROM THE PORTFOLIO[1]
FINANCIAL SERVICES						
EZEE	Mar. 2004	100%	$ 46,200	$ 1,242	$ 1,161	11.5%
Brompton	Aug. 2005	45%	27,200	601	425	11.7%
ESR	Aug. 2005	80%	56,000	1,096	1,615	18.7%
Morrison Williams	Aug. 2005	80%	42,000	1,988	1,988	20.0%
NP LP	Aug. 2005	100%	20,700	952	877	21.4%
Hargraft	Apr. 2006	80%	17,800	454	477	9.4%
BMI	Apr. 2007	78%	18,200	453	560	17.0%
MARKETING						
S & E	Oct. 2004	80%	5,700	135	145	5.8%
Gemma	Mar. 2005	80%	28,000	1,378	1,561	21.6%
Capital C	Aug. 2005	67%	23,700	1,513	1,349	20.3%
IC Group	July 2006	80%	11,300	(114)	(117)	13.1%
Armstrong	Oct. 2006	80%	20,000	321	389	8.8%
INDUSTRIAL SERVICES						
NPC	Oct. 2004	80%	113,100	5,157	3,557	13.3%
Quantum Murray	Mar. 2006	64%	77,900	1,745	3,652	19.2%
OTHER						
Rlogistics	May 2006	36%	10,000	299	299	12.2%
Peerless	June 2006	90%	36,000	1,143	1,000	11.5%
Titan	Sep. 2006	92%	25,200	1,132	774	6.9%
Gusgo	Oct. 2006	80%	12,500	444	551	18.6%
TOTALS			$ 591,500	$19,939	$ 20,263	15.4%

[1] LTM distributable cash as a percentage of invested capital. For those Operating Partnerships and tuck-in investments which have not been part of the portfolio for the full twelve month period, invested capital is weighted for the time period the investment was owned and the distributable cash used is the actual amount generated from the date of investment.

These are non-GAAP measures, which do not have any standard meaning and therefore are unlikely to be comparable to similar measures presented by other issuers – see Non-GAAP Measures and Forward Looking Information. Definitions are provided on page 31.

DEAR UNITHOLDERS:

Revenue, gross profit and EBITDA from the portfolio increased relative to the first quarter of 2007. Strategic acquisitions made by Quantum Murray (of Thomson) and NPC (of Golosky) in the spring and summer of 2007 contributed to this increase. These transactions have added both cash flow and strategic value to those two holdings.

Offsetting these contributions, as anticipated, the continuing soft insurance markets, reduced gas drilling activity in Alberta and volatile capital markets dampened results from the portfolio's investments in these sectors. We expect a continuation of these conditions in the near term, although the recent increase in natural gas prices, if sustained, could result in higher levels of drilling activity which would benefit both NPC and Titan. During the quarter, results from Quantum Murray were temporarily weaker due to a business mix of lower margin projects.

At the Fund level, corporate costs remained in line and cash interest costs increased to $8.4 million compared to $5.8 million for the same period last year. As expected, the higher interest costs reflected debt servicing on the convertible debenture issue of July 2007 which was used to finance the Thomson and Golosky acquisitions.

Overall, the Fund produced $0.16 of distributable cash per unit for the first quarter --compared to $0.16 from continuing operations in the first quarter of 2007, or $0.13 including discontinued operations. During the quarter, the Fund paid distributions of $0.16 per unit. Recognizing that the first quarter has typically been the weakest quarter, this result was in line with our expectations.

As of March 31, 2008, the Fund's net debt to LTM EBITDA ratio was 2.5 times -- compared to 2.4 times at year-end. Our goal is to reduce this ratio to below 2.25 times by the end of 2008. With increasing levels of retained cash in future quarters, we expect to make progress on debt reduction along with our unit buy back program which was inactive during the first quarter.

Management's objectives for 2008 remain on track. These objectives include:

- Generate an annualized cash yield of 16% to 20% on invested capital;
- Increase the Fund's net asset value by reducing debt, repurchasing units of the Fund, and funding growth for top performing holdings in the portfolio;
- Develop and execute plan to realize value on NPC investment and give it access to lower cost capital to fund the company's continued growth;
- Continue to identify opportunities to improve the operating performance of our investments; and
- Reinforce our position as the financial partner of choice for Canada's leading entrepreneurs.

Our plans for NPC are also progressing. During the quarter, we worked with management on the re-organization of NPC's operations. Included in this reorganization are new executive appointments, a planned change in name to Golosky Energy Services, reflecting the increased size and exposure to the oil sands and a planned relocation of head office to Edmonton. These initiatives tie into our plan to access a lower cost of capital and right now we're looking at a number of options including direct investment by a third party, re-financing and other strategic options. It remains our objective and our expectation to execute on this in 2008.

In addition to these initiatives, we are working to expand awareness of the value, growth and performance attributes of the Fund by targeting a wider group of investors who are looking for a combination of income and capital appreciation from a diversified portfolio of well-run private businesses.

With time and sustained effort, we expect to be able to eliminate the disconnect that currently exists between our net asset value and our unit price.

Yours truly,

Peter Wallace

President & CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS
May 8, 2008

Prior to our IPO on August 8, 2005, we made our investments in private businesses through NPY, a limited partnership established on February 27, 2004. The Fund holds a 59% indirect interest in NPY and certain financial information of NPY has been included where appropriate.

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

Capitalized terms are defined terms, their meaning is explained in the "Definitions" section located at page 31, and references to "we", "us", "our" or similar terms, refer to Newport Partners Income Fund (NPF or the Fund), unless the context otherwise requires.

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Forward-Looking Information

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

Non-GAAP Measures

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

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

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

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

Distributable cash or **Adjusted distribution base** is not a standard measure under GAAP and is generally used by Canadian income funds as an indicator of financial performance. The Fund's method of calculating distributable cash may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable cash as reported by such entities. The Fund has provided a reconciliation of cash provided by operations to distributable cash in this MD&A and is calculated as standardized distributable cash adjusted for changes in working capital, growth capital expenditure and priority income amounts. References to distributable cash are to cash available for distribution to Unitholders in accordance with the distribution policies of the Fund. As the Fund intends to make monthly cash distributions management believes it is therefore a useful financial measure as an indication of the Fund's ability to make such distributions and is used by management and the Trustees for this purpose. Distributable cash is also used by management in the calculation of overall yield which it uses to monitor the performance of the Fund's Operating Partnerships. One of the factors that may be considered relevant by prospective investors is the cash distributions by the Fund relative to distributable cash and the price of the Units. Management believes that distributable cash is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund.

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

EV/EBITDA refers to enterprise value divided by EBITDA. Enterprise value is equal to market capitalization less cash plus debt. EV/EBITDA is a widely used valuation metric of the worth of ongoing operations. Management believes that it is a useful measure because it is unaffected by a company's capital structure. Management uses the ratio as a proxy for the approximate consideration to be paid for a potential investment.

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

LTM EBITDA refers to EBITDA after giving effect to the contribution of all new investments made in the year and still in the portfolio as at the end of the year, as if each investment had been owned by the Fund for the full twelve month period beginning April 1, 2007. LTM EBITDA is a measure that management believes may be useful to investors as it facilitates the analysis of the Fund's financial performance over a full business cycle.

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

Net tangible assets is calculated as the total assets of a company minus any intangible assets such as goodwill, brand, customer relationships, intellectual property, employment management contracts, less all liabilities and the par value of convertible debentures.

Net asset value is derived by amalgamating management's best estimate of the fair market value of each of the Operating Partnerships in the Fund and making adjustments for the senior debt, the market value of convertible debentures and the cash and cash equivalents of the Fund. The fair market value of each of the Operating Partnerships is derived using discounted public company comparable EV/EBITDA multiples and applying these multiples to the LTM EBITDA of each Operating Partnership. Management uses net asset value plus distributable cash to determine how profitable their investment in operating partnerships are. Management also uses net asset value as a benchmark to determine at what price to issue equity as the objective would be to issue equity always at prices greater than the net asset value. Investors may find net asset value plus distributions received useful to determine how profitable their investment in the Fund is.

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

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

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

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

VISION AND CORE BUSINESS

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

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

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

The Fund draws on the management expertise of Newport to make its private investments. Newport Partners provides capital, money management and financial advice to successful entrepreneurs through its entities including the Fund, Newport Partners LP (NP LP) and its subsidiaries. Established in 2001 by a group of entrepreneurs and senior financial executives, today Newport Partners’ has more than 600 clients for whom it manages assets, many of whom are entrepreneurs.

Newport Partners’ vision is to become the capital partner and money manager of choice for Canada’s successful entrepreneurs.

The Fund has a significant role in realizing this vision. Through its investment activities, the Fund provides entrepreneurs with the trusted source of capital that they need to continue building their successful businesses. For unitholders, the Fund enables individual investors to share in the achievements of these wealth creators.

STRATEGY

To fulfill its role, The Fund’s **business strategy** is focused on:

- Generating a steady flow of potential investment opportunities by tapping into Newport Partners’ large, national network of contacts and relationships with successful entrepreneurs. This is a proprietary advantage Newport Partners has cultivated through its business focus on successful entrepreneurs.
- Offering a unique value proposition for proven entrepreneurs with successful private businesses such as: access to growth capital; strategic support; operational autonomy; liquidity; and diversity of personal wealth. Newport Partners’ reputation as a good and supportive equity partner is also an important advantage in appealing to and earning the right to partner with the best candidates. Together, these factors allow the Fund to attract entrepreneurs who are interested in growing their businesses and enables the Fund to invest at reasonable valuations.

The Fund’s **investment strategy** is based on:

- Investing in well established businesses with leading or niche positions in their respective industries, histories of profitability, growth plans and talented management teams that we know and trust. We also have a preference for businesses with low maintenance capital expenditure requirements.
- Investing a significant equity interest (typically 50–80%) and allowing management to retain an interest in the business. This helps to align management’s interests with ours.
- Providing capital and strategic advice to support the growth and performance of the businesses. Day-to-day operations are capably handled by the management teams who run the businesses.
- Investing for income. The Fund seeks to invest in businesses that can distribute most of their surplus cash to unitholders and can grow organically without significant capital. With each investment we make, we expect to receive cash flow from our share of the annual profits of the business, equaling 16–20% of our invested capital. We believe this income-oriented approach reduces risk and enhances return.
- Investing for growth. As the underlying businesses grow organically, they increase in value. Some companies in the portfolio are able to accelerate this growth through acquisition – using capital from the Fund, they become consolidators in their industries to become more dominant in their markets and boost the value of our investment in them.
- Managing risk through diversification and prudent use of leverage. At March 31, 2008, the Fund had a net debt to LTM EBITDA ratio of 2.5 times. That includes about $97.1 million of working capital provided to the 18 Operating Partnerships.

The Fund's **financial strategy** is based on:

- Ensuring the Fund has access to diverse and cost-effective sources of capital with which to finance its operations and its investment program.
- Minimizing the corporate costs of the Fund.

KEY PERFORMANCE DRIVERS

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

Investing Activities:

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

Funding Activities:

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

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

KEY PERFORMANCE INDICATORS	MARCH 31, 2008	MARCH 31, 2007
Distributable Cash per unit from continuing operations	$ 0.16	$ 0.16
Distributable cash per unit	$ 0.16	$ 0.13
Corporate costs to weighted invested capital	1.1%	1.4%
	MARCH 31, 2008	DECEMBER 31, 2007
Net Asset Value per unit	$6.13	$6.13
Net debt / LTM EBITDA	2.5x	2.4x
LTM Cash yield from the portfolio	15.4%	15.8%

CAPABILITY TO DELIVER RESULTS

Liquidity and Capital Resources

OPERATING CASH FLOW AND WORKING CAPITAL

Cash provided by operations was $8.5 million for the three months ended March 31, 2008, compared to cash provided of $15.7 million for the three months ended March 31, 2007. The Fund had positive working capital of approximately $55.8 million at March 31, 2008, compared to $60.5 million at March 31, 2007. Standardized distributable cash for the three months ended March 31, 2008 was $5.9 million compared to $13.0 million for the three months ended March 31, 2007. Distributable cash or adjusted distribution base for the three months ended March 31, 2008 was $11.2 million compared to $9.0 million for the three months ended March 31, 2007. Distributions paid in the quarter were $11.7 million compared to $17.8 million in the prior year period. In December 2007 the distribution rate was reduced from $1.00 to $0.65 per unit per annum. We believe that based on our expectations of operating activities for the portfolio we will have sufficient working capital to fund our needs. The first quarter is typically our lowest results quarter and in this quarter all of our distributable cash was paid out to unit holders. Working capital required by the operating partnerships was provided by our credit facility. At NPC we had additional working capital requirements due to anticipated ramp up of activities where there are significant cash outlays for labour costs which are recovered from customers in future quarters. In addition, NPC is also seeing a somewhat longer collection cycle with some of its larger customers that is affecting most businesses in the oil and gas sector, to some degree. As such, its working capital needs, funded by the Fund's credit facility, are quite high and should reduce over the next several months. The diversified nature of our portfolio also assists with cash flows and working capital management. Working capital requirements of some businesses are matched off against other businesses in the portfolio and the overall working capital requirements are affected by additions and dispositions to the portfolio. Going forward, financing will be provided from cash from operations, retained cash from a lower distribution ratio and potentially from portfolio sales and redeployment of the proceeds.

FINANCING

The Fund has a $320 million Senior Credit Agreement with an affiliate of Fortress, part of a global alternative investment and asset management firm with approximately $33 billion in AUM. The credit facility consists of $245.0 million of available term debt and a $75.0 million revolving facility. The interest rate on the 5 year term facility is equal to the 3-month BA rate plus 3.50% to 4.95% depending on the total senior leverage ratio. The revolving facility carries interest at the BA rate plus 2.50%. The credit facility contains customary positive and negative covenants. As at March 31, 2008 the Fund's total senior leverage ratio was 2.65 times and it was in compliance with all of the covenants in the credit facility. As at March 31, 2008, $47.5 million of the revolving credit facility has been drawn and $210.0 million has been drawn under the term loan.

Based on expected portfolio performance for 2008 the Fund expects to be in compliance with all covenants of the credit facility.

As mentioned above, the working capital needs of the Operating Partnerships are typically higher in the first quarter and as such the revolving credit facility was not reduced from December 31, 2007 levels as we provided advances to several of our Operating Partnerships, the largest amounts going to NPC to fund its operating costs. We expect that the advances will be repaid over future quarters which should result in the Fund seeing a reduction in its revolving credit facility balance and an overall reduction in the net debt/LTM EBITDA ratio. The Fund continues to review the working and growth capital needs of all its Operating Partnerships and is evaluating financing options including integrated cash management solutions and stand alone facilities that could improve balance sheet management and eventually reduce the cost of capital for the Operating Partnerships and the Fund.

CAPITAL EXPENDITURES

The portfolio incurred total capital expenditures (capital lease payments and maintenance capital expenditures) of $2.5 million for the quarter compared with $2.2 million in the prior period. Total capital expenditures as a percentage of EBITDA are approximately 13.5%. The industrial services segment accounted for 78.9% of the Fund's total capital expenditures as of March 31, 2008. Overall we do not expect significant changes to the level of capital expenditures from historical levels and these expenses will be funded by cash from operations.

CAPITAL STRUCTURE

The Fund maintains a balanced and flexible capital structure composed of permanent equity and long-term debt or equity-linked debt. We believe this is the most appropriate method of financing our long-term assets. The Fund's capital structure positions it to be able to respond to changes in the capital markets, economic conditions and the risk characteristics and capital needs of the underlying assets and businesses.

For 2008 the Fund has set three priorities relating to capital management: reduce debt under the credit facility to 2.25 times Net Debt/LTM EBITDA, buy units under our NCIB program and provide funding for strategic, value-creating acquisitions by our existing Operating Partnerships. Management believes that these activities enhance the value of the Fund.

We expect to make accelerated progress on all three objectives in subsequent quarters.

Non-Capital Resources

INVESTMENT EXPERTISE

Newport Partners has significant investment management expertise. The Investment Committee of the Fund, which is responsible for reviewing and approving all investments, consists of seven senior members from Newport Partners. Their backgrounds originate in investment management, accounting and corporate finance. We believe we have the intellectual capital and the capacity within our existing team to carry out our investment activities. Newport Partners' principals are large unitholders of the Fund.

ENTREPRENEUR NETWORK

Generating 'deal flow' of potential new investments is a critical success factor. Newport Partners has trusted relationships and an extensive network of contacts in the Canadian private business sector. Newport Partners' network is derived from the personal contacts of the principals, the management teams of the Operating Partners and a large client base of entrepreneurial families. This network represents a competitive advantage in generating new investment opportunities for the Fund and has enabled the Fund to build a large and diversified portfolio of 18 businesses. Since inception, the Fund has invested $669.1 million.

INVESTMENT PHILOSOPHY AND CULTURE

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

The result of this capability is that the Fund generally does not compete with other potential buyers for its investments.

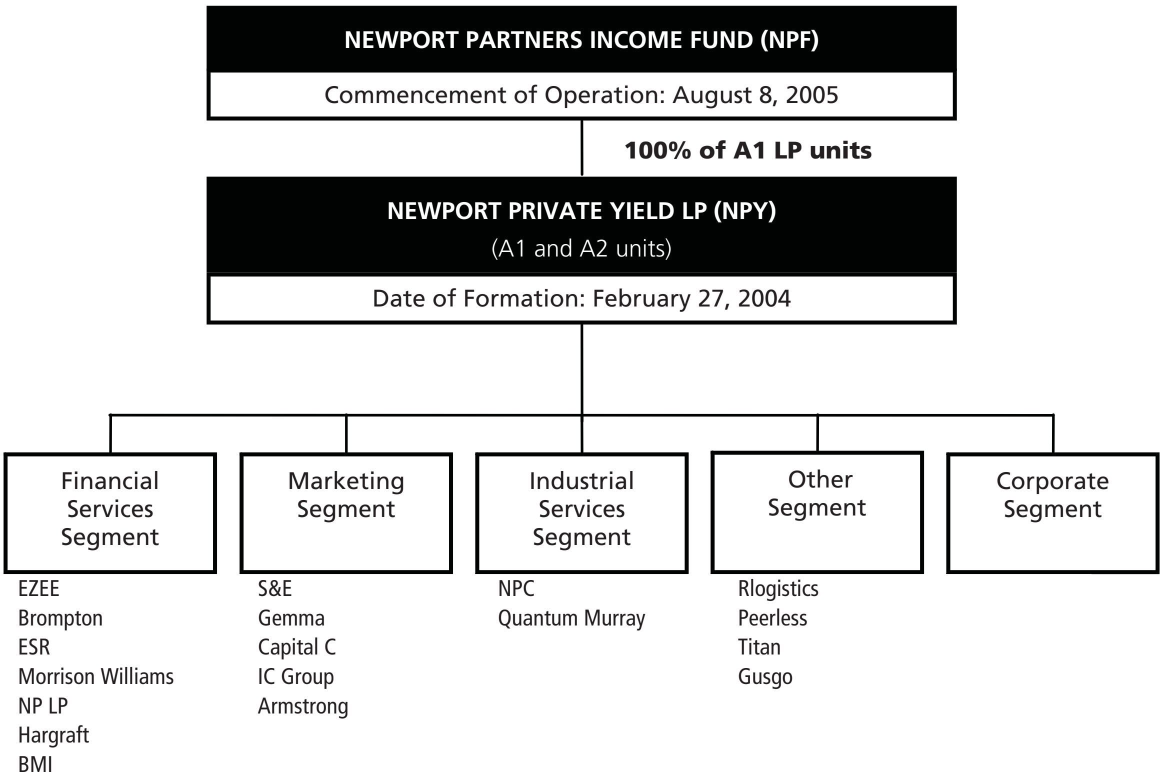
SYSTEMS AND PROCESSES

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

OTHER FACTORS IMPORTANT TO UNDERSTANDING OUR RESULTS

Simplified Structure – NPF and NPY

NPF is an unincorporated, open-ended, limited purpose trust, which was created to hold an indirect interest in NPY. NPY is a limited partnership formed to invest in securities of private businesses and distribute the available cash flows to the limited partners. Management at the Operating Partnerships, principals and employees of Newport Partners, Trustees of the Fund, and founding investors of NPY own approximately 57% of the 71,868,931 Units outstanding.



Units Outstanding

TRUST UNITS	EXCHANGEABLE LIMITED PARTNERSHIP UNITS (NPY LP UNITS)	TOTAL
42,176,155	29,692,776	71,868,931

Pursuant to the Exchange Agreement between CT and NPY, 809,198 NPY LP units were exchanged for Trust units of the Fund during the three months ended March 31, 2008.

Future Income Taxes

The Government of Canada's enactment of Bill C-52 Budget Implementation Act, 2007 in June 2007 contained provisions that will make public income trusts (formed before October 31, 2006) subject to the payment of a Trust income tax on their earnings commencing in 2011 (or earlier if certain equity capitalization thresholds are exceeded). The impact to the Fund of the enactment of Bill C-52 was that commencing in the second quarter of 2007, the Fund must from that time forward comply with the CICA's recommendations regarding the accounting for future taxes arising from differences between the tax basis of an asset or liability and its carrying amount on the balance sheet under GAAP. What this means for the Fund is that it must estimate the expected value of its assets and liabilities as of January 1, 2011 and compare this to the estimated tax value for these assets and liabilities and record the difference as non-cash future tax amounts using a tax rate of 29.5% for 2011 and 28% for 2012 and subsequent years (the legislation initially imposed a rate of 31.5%, which was subsequently lowered). In general, there are no material differences in the values for operating assets and liabilities such as accounts receivables, inventory and trade payables for the current Operating Partnerships. There are, however, differences[1], for example between the carrying values of definite life intangibles (e.g. customer contracts) and indefinite life intangibles (e.g. brands) that arise as part of the Fund's accounting for its investments in the underlying Operating Partnerships. As one example, under GAAP, the Fund records intangible assets and these assets have a lesser value for tax purposes. In this case, a future tax liability would be recorded. If the Fund was to divest of one or more of its Operating Partnerships for an amount that is greater than the tax carrying value this would give rise to a gain because the proceeds would be greater than the tax value of the assets. The tax would be paid out of the proceeds of the divestiture with no impact on the Fund's operating cash and the future tax liability previously recorded would be reduced accordingly.

The Fund's financial results for the year ended December 31, 2007 included a net future income tax expense of $33.2 million representing the tax-effected temporary differences as at December 31, 2007 (as at March 31, 2007 $nil) expected to reverse after December 31,2010. The majority of the tax expense was recorded in the second quarter of 2007. It is expected that in subsequent periods, adjustments will be made to the future tax liability amount when new investments are made and also to reflect changes in the accounting and tax values of the Fund's assets based on its current portfolio, and also, to reflect any changes in income tax rates or legislation. The expense recorded had no impact on cash generated by operating activities or on distributable cash.

The Fund continues to evaluate its alternatives as to the best structure for its unitholders, including consideration of a corporate structure as this may allow us to address the limits placed on our growth by the federal government with the expansion cap included in Bill C-52. We will also consider other options that may emerge based on further information from the federal government on details of the legislation and the transition rules.

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

Critical Accounting Policies and Estimates

NPF prepares its financial statements in accordance with GAAP. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the year of the consolidated financial statements. Significant accounting policies and methods used in the preparation of the financial statements are described in note 1 in the 2007 audited annual consolidated financial statements and note 2 of the unaudited consolidated financial statements for the three months ended March 31, 2008 as well as in Accounting Policies –Accounting Standards Implemented by the Fund in 2008 discussed below. NPF and the Operating Partnerships evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in the consolidated financial statements are estimates used in determining allowance for doubtful accounts, inventory valuation, the useful lives of property, plant and equipment and intangible assets, revenue recognition and other matters. Actual results could differ materially from those estimates and assumptions.

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

Goodwill and Intangible Assets

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

Goodwill is not amortized and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. During the fourth quarter of 2007 the Fund wrote down goodwill associated with its investment in S&E by $1.6 million. The book value of goodwill was $280.6 million at March 31, 2008.

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are recorded at their fair value. Intangible assets with determinable useful lives, such as ATM location contracts, customer relationships and contracts, and management contracts, are amortized over their useful lives and are tested for impairment when there is an indicator of impairment or annually at a minimum. Intangible assets having an indefinite life, such as brands, are not amortized but instead are tested for impairment on an annual or more frequent basis by comparing their fair value with book value. During the fourth quarter of 2007, the Fund wrote down intangible assets associated with its investment in S&E by $1.4 million. The net book value of intangible assets was $305.0 million at March 31, 2008.

Accounting Policies

The Fund's accounting policies are disclosed in the notes of the 2007 audited annual consolidated financial statements and in the following disclosure of the impact of new accounting standards implemented by the Fund in the first quarter of 2008.

ACCOUNTING STANDARDS IMPLEMENTED BY THE FUND IN 2008

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

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

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

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

The new Section 3031, "Inventories", was issued in June 2007 and replaces existing Section 3030 of the same title. It provides guidance with respect to the determination of cost and requires inventories to be measured at the lower of cost and net realizable value. The cost of inventories 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 year incurred. Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of the inventories is now required. The cost of the inventories should be based on a first-in, first-out or a weighted average cost formula. The new standard also requires additional disclosures including the accounting policies used in measuring inventories, the carrying amount of the inventories, amounts recognized as an expense during the year, write-downs and the amount of any reversal of any write-downs recognized as a reduction in expenses.

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

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

Standardized Distributable Cash

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

Productive capacity maintenance is the amount of capital funds required in a period for an enterprise to maintain its ability to generate future cash flow from operating activities at a constant level. The Fund is a diversified portfolio of investments in private Canadian businesses with, in general, fairly small capital requirements. In the current quarter our total maintenance capital expenditures and capital lease payments as a percentage of EBITDA are approximately 13.5%. A discussion of productive capacity maintenance is not particularly relevant for investments in the Financial Services, Marketing and Other Segments as these businesses have relatively small amounts of capital requirements as the businesses are driven primarily by human capital. Our investments in the

Industrial Services Segment have the largest capital requirements within the portfolio. As part of the budgeting process the Operating Partnerships are able to anticipate capital needs based on existing back-log and contracts. The capital requirements are funded from cash flows from the businesses and where possible equipment required to maintain productive capacity is leased.

We strive to fund both distributions and maintenance capital programs primarily from cash flow. During our annual budgeting process our capital programs are identified for the coming year and are factored into our estimate of cash flow for the year. Adjustments to the level of distributions and/or capital expenditures to maintain or increase our productive capacity may be required based on forecast levels of cash flow, capacity efficiency and debt levels. These are reviewed on a regular basis by the Fund.

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

We have no financing restrictions relating to our debt covenants. We regularly monitor our current and forecast debt levels to ensure debt covenants are not exceeded.

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

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

FIRST QUARTER PERFORMANCE

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

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

	THREE MONTHS ENDED MARCH 31	
	2008	**2007**
NPF Units outstanding	41,757	39,777
NPY (representing non-controlling interest) Units outstanding	30,112	31,362
Total weighted average Units outstanding[1]	71,869	71,139
Total distributions paid and payable	$ 11,686	$ 17,823
Distributions per unit	$ 0.16	$ 0.25
Cash provided by operations	$ 8,543	$ 15,666
Deduct: capital expenditures	(1,160)	(1,907)
Deduct: capital lease payments	(1,441)	(746)
Standardized distributable cash	$ 5,942	$ 13,013
Standardized distributable cash per unit	$ 0.08	$ 0.18
Total distributions paid and payable	11,686	17,823
Cash used to repurchase units	-	4,041
Aggregate cash distributions for the period	$ 11,686	$ 21,864
Standardized distributable cash payout ratio[2]	1.97x	1.68x
Standardized distributable cash	$ 5,942	$ 13,013
Cash used in discontinued operations	-	(9,614)
Changes in working capital – continuing operations	1,972	5,714
Add: growth capital expenditures	308	500
Add: priority income per partnership agreement[3]	2,932	1,693
Distributable cash from continuing operations	11,154	11,306
Distributable cash used by discontinued operations	-	(2,341)
Distributable cash (or Adjusted Distribution Base)	$ 11,154	$ 8,965
Distributable cash from continuing operations per unit	$ 0.16	$ 0.16
Distributable cash used by discontinued operations per unit	-	$ (0.03)
Distributable cash (or Adjusted Distribution Base) per unit	$ 0.16	$ 0.13
Distributable cash (or Adjusted Distribution Base) payout ratio[2]	1.05x	2.44x
Net loss for the period before non-controlling interest[4]	$ (4,782)	$ (6,420)
Shortfall of distributions paid to standardized distributable cash	5,744	4,810
Shortfall of distributions paid to distributable cash (or Adjusted Distribution Base)	532	8,858
Shortfall of distributions paid to net loss before non-controlling interest[4]	$ 16,468	$ 24,243

1 Represents weighted average number of units outstanding during the period. The 2007 period was adjusted for C LP units which were subordinated and therefore received no distributions. The subordination period for these units expired on October 1, 2007. On October 1, 2007 the units were redesignated as A2 LP units and from that time are included in the weighted average calculation.

2 Cumulative aggregate cash distributions since inception are $183,239. Cumulative standardized distributable cash and adjusted distribution base from inception are $78,395 and $138,341 respectively, providing cumulative payout ratios of 2.34x and 1.32x respectively.

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

4 Net loss is after deducting amortization and future income taxes.

Balance Sheet ($000s)

	AS AT MARCH 31, 2008	AS AT DECEMBER 31, 2007
Total assets	$ 934,585	$ 949,236
Revolving credit facility	47,549	47,527
Long-term debt	205,131	204,862
Convertible debt	150,292	149,530
Unitholder's equity – NPF & NPY	349,188	366,830

Summary Financial Table – (segmented) ($000s EXCEPT PER UNIT AMOUNTS)
Three months ended March 31, 2008

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[6]	OTHER	CORPORATE[1]	TOTAL
Revenues	$ 20,658	21,581	97,194	22,299	-	$161,732
Gross profit	9,600	12,000	17,219	6,221	-	45,040
Income (loss) from continuing operations before non-controlling interest	2,340	1,175	(762)	691	(8,226)	(4,782)
EBITDA	6,786	3,233	6,902	3,018	(1,677)	18,262
Loss on dilution of ownership interest	-	-	-	-	-	-
Adjusted EBITDA[2]	6,786	3,233	6,902	3,018	(1,677)	18,262
Interest (income) expense[3]	(39)	100	415	461	8,463	9,400
Non-cash interest expense	-	-	-	-	(1,031)	(1,031)
Income tax expense (recovery)	6	-	-	(3)	-	3
Maintenance capital expenditures and reserves	236	176	596	20	-	1,028
Capital lease payments	34	29	1,352	26	-	1,441
Compensation expense funded by operating partner[4]	505	296	-	-	-	801
Priority income per partnership agreement[5]	49	103	2,670	110	-	2,932
Distributable cash from continuing operations	$ 7,103	3,327	7,209	2,624	(9,109)	$ 11,154
Cash used by discontinued operations						-
Distributable cash						11,154
Distributable cash per unit from continuing operations						**$0.16**
Cash used per unit by discontinued operations						$(0.00)
Distributable cash per unit						$0.16

Summary Financial Table – (segmented) ($000s EXCEPT PER UNIT AMOUNTS)
Three months ended March 31, 2007

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[6]	OTHER	CORPORATE[1]	TOTAL
Revenues	$ 18,438	21,654	50,966	25,157	-	$116,215
Gross profit	7,610	11,668	11,226	6,847	-	37,351
Income (loss) from continuing operations before non-controlling interest	2,382	1,682	1,493	911	(12,888)	(6,420)
EBITDA	6,509	3,908	4,701	3,396	(7,528)	10,986
Loss on dilution of ownership interest	-	-	-	-	5,844	5,844
Adjusted EBITDA[2]	6,509	3,908	4,701	3,396	(1,684)	16,830
Interest (income) expense	(79)	61	421	595	5,360	6,358
Non-cash interest expense	-	-	-	-	(580)	(580)
Income tax expense (recovery)	6	-	(160)	-	-	(154)
Maintenance capital expenditures and reserves	181	357	756	113	-	1,407
Capital lease payments	-	35	694	17	-	746
Compensation expense funded by operating partner[3]	560	-	-	-	-	560
Priority income per partnership agreement[4]	-	260	1,303	130	-	1,693
Distributable cash from continuing operations	$ 6,961	3,715	4,293	2,801	(6,464)	$ 11,306
Cash used by discontinued operations						(2,341)
Distributable cash						8,965
Distributable cash per unit from continuing operations						**$0.16**
Cash used per unit by discontinued operations						$(0.03)
Distributable cash per unit						$0.13

1 The results of the Corporate segment include corporate costs and corporate interest expense.
2 Adjusted EBITDA excludes the non-cash gain or loss on changes to ownership interest.
3 NPF advanced approximately $60,000 to NPC to allow it to complete its investment in Golosky on July 31, 2007. This long term facility can be converted into equity, if certain future performance criteria are met, and in anticipation of the triggering targets being met, and also in order to remove the financing component from the operating results of NPC, interest expense of NPC, and the Industrial Services segment in this Summary Financial table has been reduced by $1,914 and such amount has been added to the interest expense of the Corporate segment.
4 NPF's agreements with ESR contemplate that certain employee bonuses are paid for by the 20% limited partners. GAAP requires that the bonuses be expensed and therefore reduces EBITDA. Since there is no cash outlay by NPF the expense is added back in arriving at distributable cash. Management of Gemma has the option to receive its distributions as bonuses. Where this option is chosen, an adjustment is required to calculate the distributable cash to the Fund.
5 To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount, an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.
6 The Industrial Services segment includes the results of NPC and Quantum Murray.

Summary results – ($000s)

	THREE MONTHS ENDED MARCH 31	
	2008	**2007**
Revenues	$ 161,732	$ 116,215
Cost of revenues	(116,692)	(78,864)
Gross profit	45,040	37,351
Selling, general and administrative expenses	(28,267)	(21,947)
Amortization expense	(10,412)	(8,827)
Depreciation expense	(2,667)	(1,891)
Income from equity investments	532	745
Other income	330	197
Interest expense	(9,400)	(6,358)
Income tax (expense) recovery-current	(3)	154
Income tax recovery-future	65	-
Loss on dilution of interest in operating partnership	-	(5,844)
Loss from continuing operations	(4,782)	(6,420)
Loss for the period	(4,782)	(6,420)
Add:		
Amortization expense	10,412	8,827
Depreciation expense	2,810	1,891
Amortization of Brompton intangible asset	484	484
Interest expense	9,400	6,358
Income tax expense (recovery)-current	3	(154)
Income tax recovery-future	(65)	-
EBITDA	$ 18,262	$ 10,986
Loss on dilution of ownership interest in operating partnerships	-	5,844
Adjusted EBITDA	18,262	16,830
Weighted invested capital	$ 591,518	$ 469,749

FIRST QUARTER RESULTS

The Fund's portfolio businesses are reported in four operating segments: Financial Services, Marketing, Industrial Services and Other. Revenues for the three months ended March 31, 2008 were $161,732 compared to $116,215 in the prior year period, an increase of 39%. This increase primarily reflects our expanded portfolio and the investments made by our existing Operating Partnerships in 2007.

Gross profit for the three months ended March 31, 2008 was $45,040 compared to $37,351 in the prior year period, an increase of 21%.

For the three months ended March 31, 2008, these four operating segments produced $19,939 of adjusted EBITDA for the Fund compared to $18,514 in the prior year period. These results are before corporate costs which are included in the Corporate segment (see below).

The five largest contributors to EBITDA in the portfolio for the three months ended March 31, 2008 were NPC, Morrison Williams, Quantum Murray, Capital C and Gemma.

NPC's maintenance and oil sands operations reported strong revenues, exceeding revenue growth targets. Activity at NPC's construction divisions remains slow but there is little evidence of any slowdown in activity in the Golosky/oil sands operations. NPC has experienced some overall margin compression in its business this quarter.

Morrison Williams' financial results were solid, although lower than the prior period due to volatile markets which reduced its assets under administration.

Quantum Murray's revenues were strong in its remediation division. However, lower gross margins due to the mix of work this quarter have reduced the EBITDA contribution to below expectations.

Capital C's revenue and EBITDA were significantly ahead of the prior year period. The new client assignments of mid-2007 continued in full execution in the quarter, and business development activities of a year ago have resulted in deeper relationships with clients, resulting in the ability to drive new revenues from existing clients.

The first quarter of 2008 was the most financially successful quarter in Gemma's history, and represented the eighth consecutive quarter of revenue and EBITDA growth. Gemma was able to respond to the increasing volume needs of its clients, and also increase its day-time business resulting in improved facility utilization.

The Fund's first quarter results were reduced by weaker results from Peerless, BMI, Hargraft, IC Group and Armstrong.

Peerless is the dominant supplier of military gear for the federal government and the size and timing of government contracts can be difficult to predict. Peerless has again suffered from delays in the release of government contracts.

Hargraft's and BMI's results continued to be hurt by softer insurance markets and continuing intense competition.

Weaker demand for services, and delays in budget approvals from US customers impacted the performance at Armstrong and IC Group.

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

The Fund's Corporate segment includes administrative costs to operate the Fund. Corporate costs were $1,677 for the three months ended March 31, 2008 compared with $1,684 in the prior year period. Total adjusted EBITDA after corporate costs was $18,262 for the three months ended March 31, 2008 compared with $16,830 in the prior year period, an increase of 9%.

The main items which are deducted from EBITDA to arrive at Distributable Cash are interest expense and capital expenditures. During the current quarter, cash interest costs were $8,369, compared with $5,778 in the prior year period. In July 2007, $79,966 of convertible debentures bearing interest of 7% were issued. During the quarter, the operating segments had maintenance capital expenditures and capital lease payments of $2,469, as compared to $2,153 in the prior year period. The majority of these expenditures were incurred in the industrial services segments.

Distributable cash from continuing operations for the three months ended March 31, 2008 was $11,154 resulting in $0.16 of distributable cash per unit, compared with $11,306 and $0.16 per unit in the prior year period.

FIRST QUARTER PERFORMANCE SUMMARY – BY OPERATING PARTNERSHIPS

OPERATING PARTNERSHIP	EBITDA ($000S)	DISTRIBUTABLE CASH ($000S)	LTM YIELD (%)	COMMENTARY
Financial Services				
EZEE	1,242	1,161	11.5	EZEE continued the integration of its 2007 acquisitions of ATM portfolios from TRM, Technoda and STR, completing key elements, including database integration and continuing to gain synergies in telecom and on-site service. EZEE's revenues and EBITDA were dampened in the quarter primarily by non-recurring costs relating to the acquisition integration and delays in the telecom changeover completion.
Brompton	601	425	11.7	During the first quarter, net AUM declined by approximately $50 million primarily as a result of market price depreciation of the value of assets held by the Brompton funds. Management believes that the current level of market volatility is a short-term phenomenon, but while it lasts, launching new closed-end investment funds will be challenging although Brompton will continue to search for and structure new investment products which can be brought to market when conditions improve.
ESR	1,096	1,615	18.7	ESR was able to generate commission revenue slightly above management's expectations, but slightly down from a year ago. Contingent profit commission for this quarter included amounts received over and above estimates recorded at the end of 2007, but on a full year basis these profit commissions should be in line with the previous year. Although the demand for commercial insurance remains strong, supply has increased, resulting in pressure on premium and volume commission income. This will cause commission revenue for ESR to be reduced from 2007.
Morrison Williams	1,988	1,988	20.0	Revenue for the first quarter of 2008 reflected a 5% reduction in AUM due to the market decline. During the first two months of the year, markets were especially weak thus impacting revenues. A market rally in March produced a stronger month and some of the reduced AUM was regained. Mutual funds represent approximately 20% of revenues and tend to be more volatile with continuing redemptions, which is a large contributor to lower results in the period. Stronger markets, including a period of market stability, will assist in returning the business to a higher revenue base.
NP LP	952	877	21.4	NP LP's results for the quarter reflects reduced investment management fees from lower than anticipated AUM. The decrease in AUM since year end largely reflects market results. NP LP's insurance and corporate finance activities have contributed strongly in the quarter, to some extent offsetting lower investment management fees. As markets remain volatile, there will likely be fluctuations in the levels of investment management fees. Increased marketing activity is generating many opportunities which should result in increased revenue, although these selling cycles can take time.
Hargraft	454	477	9.4	Hargraft's insurance results were below expectations. The insurance industry continued in a soft market where premiums are declining as underwriters compete vigorously for market share. In addition, new business at a significant account has been deferred until the second quarter. However, Hargraft's benefits and personal lines are tracking well, and business development costs incurred in this area in this quarter should result in improved results in subsequent quarters.
BMI	453	560	17.0	In a continuing competitive insurance marketplace, BMI's results are again impacted by premium reductions. There have been new entrants in two of BMI's markets, a typical consequence of a soft market when insurers attempt to increase premium volumes by entering new markets. This also suggests that the soft market is showing no signs of changing. The trucking industry which is served by BMI in particular has been hard hit by the strong Canadian dollar, rising fuel costs and a weakening Canadian manufacturing sector, and insurance premiums have also suffered. Management is strategically assessing new business opportunities which will help diversify its revenue streams and continue to strengthen the business.
	6,786	**7,103**		
Marketing				
S&E	135	145	5.8	The progress made at S&E at the end of 2007 in replacing previously lost revenues has carried into the first quarter. S&E's revenues for the quarter were slightly above expectations. In addition, focus on the control of overhead expenses has also benefited results. S&E's renewed focus on consulting assignments has led to the revenue improvement, much from existing clients.

OPERATING PARTNERSHIP	EBITDA ($000S)	DISTRIBUTABLE CASH ($000S)	LTM YIELD (%)	COMMENTARY
Gemma	1,378	1,561	21.6	The first quarter of 2008 was the most financially successful quarter in Gemma's history, and represented the eighth consecutive quarter of revenue and EBITDA growth. January and February were very strong months as the client base entered the new year with significant needs, and Gemma was able to respond to the volume requirements. The ability to service the clients was due to staff retention, new hire recruiting and training. In addition increased inbound programs and other initiatives represent primarily day-time business which results in improved facility utilization rates.
Capital C	1,513	1,349	20.3	Capital C had a strong first quarter. The new client assignments of mid-2007 which came into full execution in Q4 2007 continued into the first quarter, fully utilizing the capacity of productive resources. From a year ago when some key accounts were lost, Capital C has made considerable progress both with new accounts and organic growth from its existing client base. In addition the business development activities of a year ago have resulted in deeper relationships with clients, resulting in the ability to drive new revenues from existing clients. Management expects that Q2 will produce similar to slightly lower results to first quarter given the typical seasonal slow down in activity in late Q2.
IC Group	(114)	(117)	13.1	IC Group's results for the quarter were disappointing due primarily to economic challenges in the United States where IC Group derives the majority of its business. Two large core U.S. accounts were significantly below revenue expectations due to internal restructuring and budget approval delays. Currently the timing of these budget approvals is unknown. IC Group continues to generate new sales opportunities as it looks to diversify its revenue base but is finding a longer sales cycle before client commitment. In the meantime, IC Group is monitoring closely its overhead and discretionary costs.
Armstrong	321	389	8.8	Revenues continue to be impacted by reduced spending by U.S. based clients. The results for the quarter were also impacted by business development activities as Armstrong looked to replace lost revenues. These activities have been well received with a number of new clients coming on board. Revenues from these activities will benefit subsequent quarters. In the past, Armstrong has benefited from a weaker Canadian dollar in servicing US clients as a manufacturing broker and media buying specialist. As the Canadian dollar strengthens this is causing Armstrong to transition to a provider of integrated marketing solutions including fast growing digital services. This will take some time but should result in higher margin revenue from the client base.
	3,233	**3,327**		
Industrial Services				
NPC	5,157	3,557	13.3	NPC's maintenance and oil sands operations reported strong revenues, exceeding revenue growth targets. NPC's construction divisions, which are more focused on gas related projects, continued to experience slower activity. Lower construction activity impacts margins negatively as these activities typically enjoy higher gross margins than the core maintenance business. It is management's view that the recent strengthening in gas prices will, assuming recent price increases are maintained, cause greater activity in the construction businesses. The second quarter in particular looks strong in the core maintenance business as a number of large shutdown/turnaround projects are anticipated. In addition, there is little evidence of any slowdown in activity in the Golosky / oil sands operations. There is, however, a continuing challenge of accessing sufficient labour resources to fulfill all available opportunities.
Quantum Murray	1,745	3,652	19.2	Quantum Murray's total revenues have grown but the project mix produced lower margins which significantly reduced EBITDA. While the winter months can be slower for the remediation division, it produced excellent revenues as it was able to win projects in Alberta and Ontario, albeit generating lower than typical margins. Both the demolition and scrap metals divisions had revenues which were weaker than historical. Most of the revenues in the demolition division were from lower margin commercial and institutional projects, which typically have much lower scrap metal content than industrial projects. For the balance of the year there is a strong project pipeline and a return to higher margins and profitability is anticipated.
	6,902	**7,209**		
Other				
Rlogistics	299	299	12.2	Rlogistics is seeing the benefits from its new accounting and distribution system implemented in Q4 2007. It is also benefiting from its more diversified product mix, especially in the areas of cell phones and household products. With new store openings planned and an expanded product mix, the outlook for 2008 remains positive.

OPERATING PARTNERSHIP	EBITDA ($000S)	DISTRIBUTABLE CASH ($000S)	LTM YIELD (%)	COMMENTARY
Peerless	1,143	1,000	11.5	The slower sign-off of federal contracts that Peerless has experienced throughout 2007 continued into the first quarter of 2008. Although revenues were below expectations, gross margins are improved due to production efficiencies that were realized this quarter. In addition, through careful management, Peerless was able to contain its administrative costs. Peerless is optimistic that it should benefit during the next two years from the standard industry cycle.
Titan	1,132	774	6.9	Results for first quarter 2008 were below the prior year period. Two issues negatively affected Titan's results in the first quarter. Oil and gas companies have reduced their spending in light of the uncertainty in both natural gas prices and Alberta energy royalties, which have made some higher cost gas wells uneconomical. Secondly, weather had a negative impact on the expected revenues for Titan. Extreme cold during January shut down operations for many companies and then warm weather in the second week of February caused early road bans limiting oil and gas companies from operating. There is some evidence of the beginning of increased drilling activity as a result of the recent strengthening in gas prices. Titan would benefit from this if it continued.
Gusgo	444	551	18.6	Gusgo's focus for the last few quarters has been in developing an increased Canadian component to its business. For most of 2007 its financial results reflected lower revenues that were dampened by the strong Canadian dollar, which eliminated business from most of its U.S. based customers. The first quarter results show a solid start in replacing those lost revenues through the addition of new clients and through providing additional services to its existing client base.
	3,018	**2,624**		

SUPPLEMENTARY INFORMATION

NPF's share of Pro-forma LTM EBITDA by operating partnership (continuing operations)

The following table provides a pro-forma analysis of NPF's EBITDA by Operating Partnership, after giving effect to the contribution of all the investments as of March 31, 2008 and December 31, 2007 as if each investment had been owned by NPF for the full twelve month period.

OPERATING PARTNERSHIP	MARCH 31, 2008[1]	DECEMBER 31, 2007[1]
Financial Services		
Ezee	$ 6,322	$ 6,091
Brompton	3,767	4,203
ESR	10,418	10,075
Morrison Williams	8,401	8,420
NP LP	4,569	4,686
Hargraft	1,545	1,775
BMI[2]	3,270	3,410
Marketing		
S&E	281	296
Capital C	5,504	5,136
Gemma	6,430	6,166
IC Group	1,433	2,093
Armstrong[2]	1,437	1,773
Industrial Services		
NPC	25,460	26,083
Quantum Murray[2]	15,570	15,896
Other		
Rlogistics	1,405	1,307
Peerless	5,104	5,368
Titan	3,391	3,616
Gusgo[2]	1,865	1,852
Total Operating Partnerships	**$ 106,172**	**$ 108,246**
Corporate	(6,002)	(6,009)
Total Continuing Operations	**$ 100,170**	**$ 102,237**

1 Includes EBITDA normalized to remove owner earnings and other adjustments.
2 Refer to priority income chart below. LTM figures do not reflect NPF's priority income.

NPF's Priority Income by Operating Partnership

OPERATING PARTNERSHIP	PER ANNUM	EXPIRY
BMI	$ 3,400	Q2 2009
Armstrong	4,000	Q4 2008
Quantum Murray	14,600	Q1 2009
Gusgo	2,400	Q4 2010

Net Asset Value

The NAV per unit at March 31, 2008 is estimated at $6.13. This represents management's best estimate based on currently available information and is updated quarterly. The NAV is derived by accumulating the estimated fair market value of each of the Operating Partnerships and adjusting for the Fund's senior debt, the market value of convertible debentures and the consolidated cash of the Fund. Management uses discounted multiples based on public company EV/EBITDA comparables and applies these to the LTM EBITDA of the Operating Partnerships to arrive at the estimate of fair market value. Estimates of the fair market value are by their nature subjective as assumptions must be made based on data from comparable businesses.

SEGMENT OPERATING RESULTS

FINANCIAL SERVICES

The Financial Services segment includes our proportionate share of EZEE, ESR, NP LP, Morrison Williams, Brompton, Hargraft and BMI for the three months ended March 31, 2008. Results for the three months ended March 31, 2007 do not include BMI as BMI was acquired in April 2007.

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED MARCH 31	
	2008	**2007**
Revenues	$ 20,658	$ 18,438
Cost of revenues	(11,058)	(10,828)
Gross profit	9,600	7,610
Selling, general and administrative expenses	(3,845)	(2,326)
Amortization expense	(3,750)	(3,525)
Depreciation expense	(265)	(191)
Income from equity investments	217	544
Other income	330	197
Interest income	39	79
Income tax expense-current	(6)	(6)
Income tax recovery-future	20	-
Income from continuing operations	2,340	2,382
Income for the period	2,340	2,382
Add:		
Amortization expense	3,750	3,525
Depreciation expense	265	191
Amortization of Brompton intangible asset	484	484
Interest income	(39)	(79)
Income tax expense-current	6	6
Income tax recovery-future	(20)	-
EBITDA	$ 6,786	$ 6,509

Supplementary Financial Information – AUM ($000,000S)

	MARCH 31, 2008	DECEMBER 31, 2007	MARCH 31, 2007
NP LP	$ 1,058	$ 1,107	$ 1,155
Morrison Williams	4,115	4,344	4,535
Brompton	2,209	2,261	2,875
Total	$ 7,382	$ 7,712	$ 8,565

(I) REVENUES

Revenue from the Financial Services segment was $20,658, which represents a 12% increase over the $18,438 reported for the same prior year period.

The increase in revenues over 2007 largely reflects the inclusion of BMI in the current period, as well as the impact of EZEE's growth in its ATM portfolio through its investments in Technoda and STR. Continuing soft insurance markets have affected commission revenues at our three insurance investments, and volatile financial markets negatively impacted AUM, and, therefore, revenues at both Morrison Williams and NP LP.

Each of our insurance investments has experienced reduced commissions compared to the previous period. Heightened competition in standard markets and the entrance of new foreign insurers offering lower prices in order to gain Canadian market share have resulted in significant downward price pressure. Given the challenging insurance market conditions, the commission revenues earned at all three insurance investments are encouraging, and client retention has been strong. Contingent profit commissions in the quarter at ESR were slightly above a year ago, as amounts received were higher than originally anticipated. These profit commissions are dependent on loss claims experienced at the insurers, and high levels of profit commissions reflects the quality of underwriting performed by ESR.

Investment management fees at Morrison Williams were reduced from the same period last year. AUM is 5.3% lower than at year end, and reflects mutual fund redemptions and the volatile markets particularly in the last six months.

NP LP's investment management fees were also down from the same period last year. Fees from managed assets were lower due to a 4.4% decrease in AUM from year end, reflecting the market downturn. A solid quarter for the corporate advisory and insurance businesses resulted in total revenues exceeding those of the prior year period.

Revenues from EZEE's ATM portfolio exceeded those of a year ago, and reflect organic growth as well as the acquisition of quality ATM portfolios from Technoda and STR.

(II) GROSS PROFIT

Gross profit was $9,600, which translated into a 46% gross profit margin. This compares to gross profit of $7,610 for the prior year period, reflecting a gross profit margin of 41%. The margin increase in the current period reflects the contribution of BMI, higher contingent profit commissions from insurance operations and higher corporate advisory fees.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $3,845 compared with $2,326 in the prior year period. The increase primarily reflects the addition of BMI during 2007, as well as growth at EZEE. Selling, general and administrative expenses as a percentage of revenues were 19%, compared to 13% in 2007.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $4,015 compared to $3,716 for the prior year period. The largest component of this expense is the amortization of intangible assets which are recorded as investments are made in Operating Partnerships, and the increase reflects the investments made in 2007 in BMI.

(V) EBITDA

EBITDA was $6,786 for the period. For the prior year period EBITDA was $6,509. EBITDA also includes the income from our equity investment in Brompton.

(VI) INCOME TAX

Please see a discussion on income taxes in the section on Future Income Taxes.

(VII) INCOME

Net income for the period was $2,340 compared to $2,382 in the corresponding 2007 period.

(VIII) SEASONALITY

ESR, Hargraft and BMI have methodologies for estimating the amount of contingent profit commissions to be recorded throughout the year. The result of this is to lessen the impact of seasonality on the businesses.

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

(IX) OUTLOOK

Conditions in the commercial insurance market remain challenging as increased competition continues to put downward pressure on premium pricing in all three of the insurance businesses in the Fund. Until recently, their respective management teams saw no indication of an external event that is likely to restore pricing discipline soon. However, several major insurers have recorded significant investment losses associated with sub-prime assets. Although there is no evidence to date, it is possible that this event could trigger greater focus on improving underwriting profits through higher premium pricing. Each of these investments is well positioned to benefit from higher premium pricing. Client retention has been excellent throughout a difficult industry period, and the businesses have been strengthened with the recent hiring of several key sales people.

Based on a challenging market environment, Morrison Williams believes it will be difficult to see significant improvement in AUM. However, Morrison Williams believes if markets head upward in a meaningful way, it will be beneficial to overall AUM and will strengthen investment management fees. Morrison Williams is intending also to increase its resources with a view to new business expansion.

NP LP has strengthened its sales and marketing capabilities with the hiring of three experienced client relationship managers in the past year and a renewed focus on sales and marketing activity that should produce improved results in 2008. Corporate finance advisory engagements are continuing but the timing and size of fees are not possible to estimate.

Brompton believes that, during this period of market uncertainty, launching new closed-end investment funds will be challenging. However, Brompton is continuing to look for ways to expand its product suite, and to pursue selective acquisition opportunities and related strategic initiatives to grow net assets under management.

With the acquisitions it has made over the past two years, EZEE has gained greater scale and efficiency, thus strengthening its competitive position in the low growth ATM industry and improving overall profitability. EZEE is beginning to see the full contribution of these investments.

MARKETING

The Marketing segment includes our proportionate share of the results of S&E, Gemma, Capital C, IC Group and Armstrong.

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED MARCH 31	
	2008	**2007**
Revenues	$ 21,581	$ 21,654
Cost of revenues	(9,581)	(9,986)
Gross profit	12,000	11,668
Selling, general and administrative expenses	(8,783)	(7,760)
Amortization expense	(1,594)	(1,649)
Depreciation expense	(364)	(516)
Income from equity investments	16	
Interest expense	(100)	(61)
Income from continuing operations	1,175	1,682
Income for the period	1,175	1,682
Add:		
Amortization expense	1,594	1,649
Depreciation expense	364	516
Interest expense	100	61
EBITDA	$ 3,233	$ 3,908

(I) REVENUES

Revenues for the Marketing segment were $21,581, compared to $21,654 in the prior year period. The current period reflects strong organic growth from both Gemma and Capital C offset by disappointing revenues at IC Group.

Gemma had an excellent quarter, producing its highest quarterly revenues to date through additional services to key clients, including strategic growth of inbound and business-to-business revenue streams. These day-time assignments are important as they allow Gemma to achieve peak utilization. The first part of the quarter was particularly busy for Gemma as its client base entered the new year with significant needs, and Gemma was able to respond to the volume requirements.

Capital C also reported excellent revenues in the current period, significantly increased from the prior year period. For the last six months, Capital C has been successful in selling its new integrated service offering to large, blue-chip clients, thereby expanding the scope of work. With this offering, new business development requires a protracted strategic phase with the client before moving into the execution phase. The benefit however is a fuller assignment with the client and better positioning to increase services.

Armstrong’s revenues were below those of the prior year period. In the prior year period Armstrong was able to be price competitive to US customers through its media purchasing division. A strengthening of the Canadian dollar has eliminated the pricing advantage, resulting in significantly reduced revenues this period. Armstrong is continuing to re-build its revenue base with higher margin assignments to replace this media revenue as well as other customer attrition from last year. Despite these challenges, Armstrong's core capabilities remain strong and it continues to earn very high levels of client satisfaction and awards for its work.

S&E's revenues increased over the prior year period, and reflect the progress made in rebuilding the company with a focused strategy that includes the introduction of fee-based consulting services for targeted industry sectors with a propensity for sports and entertainment marketing.

IC Group's revenue performance in this quarter was disappointing and trailed the revenues achieved in the prior year period. The lower revenues were due primarily to economic challenges in the United States where IC Group derives the majority of its business. Two large core U.S. accounts were significantly below management's revenue expectations due to internal restructuring and budget approval delays.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $12,000 and gross profit margin was 56%. In the prior year period, gross profit was $11,668 and gross profit margin was 54%. Gross profit margins at Gemma were materially above management's expectations as it continued to benefit from record levels of facilities utilization. Gross profit margins at Capital C were also improved reflecting the value to clients of the new strategic integrated service offerings. However, gross profit margins at both Armstrong and IC Group were impacted by lower revenues as a result of the strong Canadian dollar that hurt margins on U.S. dollar denominated business.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $8,783 compared to $7,760 in the prior year period. These expenses as a percentage of revenues were 41% compared to 36%. This increase was due to non-variable costs and lower revenues at IC Group, as well as additional business development costs at Armstrong.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $1,958 for the quarter, compared with $2,165 in the prior year period. The largest component of this expense is the amortization of intangible assets, which are recorded as investments in Operating Partnerships are made. Typically, the level of capital expenditures in this service segment is low.

(V) EBITDA

EBITDA from the Marketing segment was $3,233 compared with $3,908 of EBITDA produced in the prior year period.

(VI) INCOME

Net income for the quarter was $1,175, compared to $1,682 in the prior year period.

(VII) SEASONALITY

Seasonality is not typically a material factor for the Marketing segment.

(VIII) OUTLOOK

Gemma's outlook is positive, and it is well-positioned for continued strong performance with new programs, and fuller facility utilization.

Capital C's management feels positive about 2008. From a competitive standpoint, Capital C is better-positioned and more resilient to margin compression as a result of its transition to an integrated marketing company.

S&E's strategy of providing consulting services to targeted industry sectors that have a propensity for sports and entertainment marketing is showing promising signs. Given the longer sales cycle of this business strategy, our outlook remains that the company will continue to re-build. The longer-term outlook is for improved performance as the benefits of its transition and business development activities bear fruit.

IC Group is working diligently to recover from a disappointing quarter. It is accessing a larger number of business opportunities, although there is now a longer sales cycle before obtaining client commitments. Increased focus on its insurance division is also expected to provide greater contribution from this area.

Armstrong is cautiously optimistic about improved results. Business development activity in the first quarter should bear fruit although Armstrong is also experiencing a longer sales cycle.

INDUSTRIAL SERVICES

The Industrial Services segment includes our proportionate share of the results of NPC and Quantum Murray. The financial results of NPC for the three months ended March 31, 2008 include the results of several acquisitions made by NPC during 2007 which are not included in the results for the three months ended March 31, 2007. Therefore, NPC's results for 2008 are not comparable to those for 2007. The financial results of Quantum Murray for the three months ended March 31, 2008 include our proportionate share of the results of Quantum Murray. The comparable 2007 financial results do not include the results of Thomson, a significant investment which occurred in May 2007. Therefore, Quantum Murray's results for 2008 are not comparable to those for 2007.

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED MARCH 31	
	2008	**2007**
Revenues	$ 97,194	$ 50,966
Cost of revenues	(79,975)	(39,740)
Gross profit	17,219	11,226
Selling, general and administrative expenses	(10,436)	(6,525)
Amortization expense	(3,361)	(1,934)
Depreciation expense[1]	(1,900)	(1,013)
Interest expense	(2,329)	(421)
Income tax recovery-current	-	160
Income tax recovery-future	45	-
Income (loss) from continuing operations	(762)	1,493
Income (loss) for the period	(762)	1,493
Add:		
Amortization expense	3,361	1,934
Depreciation expense[1]	2,019	1,013
Interest expense	2,329	421
Income tax recovery-current	-	(160)
Income tax recovery-future	(45)	-
EBITDA	$ 6,902	$ 4,701

	THREE MONTHS ENDED MARCH 31			
	2008		**2007**	
	NPC	**QUANTUM MURRAY**	**NPC**	**QUANTUM MURRAY**
Revenues	$ 66,630	$ 30,564	$ 32,040	$ 18,926
Cost of revenues	(57,248)	(22,727)	(26,369)	(13,371)
Gross profit	9,382	7,837	5,671	5,555
Selling, general and administrative expenses	(4,344)	(6,092)	(2,862)	(3,663)
Amortization expense	(1,581)	(1,780)	(561)	(1,373)
Depreciation expense[1]	(1,280)	(620)	(738)	(275)
Interest expense (income)	(2,273)	(56)	(444)	23
Income tax recovery-current	-	-	160	-
Income tax recovery-future	45	-	-	-
Income (loss) from continuing operations	(51)	(711)	1,226	267
Income (loss) for the period	(51)	(711)	1,226	267
Add:				
Amortization expense	1,581	1,780	561	1,373
Depreciation expense[1]	1,399	620	738	275
Interest expense (income)	2,273	56	444	(23)
Income tax recovery-current	-	-	(160)	-
Income tax recovery-future	(45)	-	-	-
EBITDA	$ 5,157	$ 1,745	$ 2,809	$ 1,892

1 Depreciation of $119 relating to production equipment has been included in cost of revenues in the 2008 period.

(I) REVENUES

Revenues from the Industrial Services segment were $97,194 compared with $50,966 in the prior year period. This reflects a 91% increase over the previous year. The revenue growth relates to investments made in this segment during 2007, as well as organic growth.

NPC's revenues in the current period reflect the inclusion of results from investments in Nortech, and in particular Golosky, completed after the first quarter of 2007. NPC's revenues excluding these investments were higher by 4% compared to the prior year period. The organic increase in revenues relates to strong growth in NPC's core maintenance services, offset partially by continued weakness in NPC's gas-levered construction operations. The latter operations have, since late 2006, been affected by an industry-wide pullback in spending on new capital projects caused by weak gas prices. Revenues from Nortech were solid in the quarter, and revenues from Golosky's oil sands operations were strong.

Quantum Murray's revenues in the current period include the revenues of Thomson which was acquired in the second quarter of 2007. Quantum Murray's revenues excluding the Thomson investment were higher by 23% compared to the prior year period, reflecting organic growth in both the demolition and remediation business.

Although revenues from the demolition businesses have grown from the prior year period, they were concentrated in lower margin commercial and institutional projects as opposed to industrial projects. Revenues in the remediation division were well above prior year period revenues. This was primarily due to work this quarter on new assignments in Alberta and Ontario.

(II) GROSS PROFIT

Gross profit was $17,219 compared with $11,226 in the prior year period. Gross profit margins were 18% compared to 22% in the prior year period. Gross margins were reduced at both NPC and Quantum Murray. NPC has experienced margin compression in both construction assignments and to some extent maintenance work. At Quantum Murray gross margins were reduced in the demolition division due to the business mix resulting in lower equipment and scrap sales in the first quarter. Gross margins in the remediation division were also lower than historical rates.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $10,436 compared to $6,525 in the prior year period. These expenses as a percentage of revenues were 11%, compared to 13% in the prior year period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $5,380 for the period compared with $2,947 in the prior year period. The largest component of this expense is the amortization of intangible assets, which are recorded as a result of investments made in Operating Partnerships. The increase in the expense over the prior year period primarily reflects the investments in Thomson and Golosky. Capital expenditures were $596 compared to $756 in the prior year period.

(V) EBITDA

The Industrial Services segment produced $6,902 of EBITDA – compared with $4,701 of EBITDA earned in the prior year period.

(VI) INCOME TAX

Please see a discussion on income taxes in the section on Future Income Taxes.

(VII) INCOME

Net loss for the period was ($762) compared to net income of $1,493 in the prior year period.

(VIII) SEASONALITY

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

Quantum Murray's remediation activity can be reduced in the winter months, depending on assignment location and weather. In addition, due to the timing of large contracts, quarterly results can fluctuate.

(IX) OUTLOOK

NPC has a diversified operational base that provides recurring revenues from ongoing base maintenance work performed at lower margins combined with annual facility turnarounds and higher-margin construction facility projects. With its investment in Golosky, it has also gained access to the oil sands development in northern Alberta. This diversification has reduced its exposure to the industry cyclicality affecting its gas-levered construction operations which has helped the company weather reduced drilling activity and turbulent market conditions. NPC's outlook is that there will be conservative organic growth in 2008 in its maintenance and oil sands operations where some gross margin compression is anticipated due to increased competition. In early 2008, the federal government announced plans to mandate carbon capture and storage at all new coal-fired power plants and oil sands facilities beginning in 2012. NPC's management views this development as generally positive for its business as compliance will require increased infrastructure spending. A balancing factor is that it may slow down the development of some oil sands projects.

Quantum Murray will benefit from a full 12 months contribution from Thomson in 2008, and demolition and remediation revenues are conservatively estimated to show modest growth over 2007. There is currently a solid pipeline of opportunities. The balance of the year should be stronger with improved margins and it is also anticipated that higher scrap metals volume and pricing will be seen in the second half of the year.

OTHER

The Other segment includes our proportionate share of the results of Rlogistics, Peerless, Titan and Gusgo.

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED MARCH 31	
	2008	**2007**
Revenues	$ 22,299	$ 25,157
Cost of revenues	(16,078)	(18,310)
Gross profit	6,221	6,847
Selling, general and administrative expenses	(3,526)	(3,652)
Amortization expense	(1,707)	(1,719)
Depreciation expense[1]	(138)	(171)
Income from equity investments	299	201
Interest expense	(461)	(595)
Income tax recovery-current	3	-
Income from continuing operations	691	911
Income for the period	691	911
Add:		
Amortization expense	1,707	1,719
Depreciation expense[1]	162	171
Interest expense	461	595
Income tax recovery-current	(3)	-
EBITDA	$ 3,018	$ 3,396

1 Depreciation of $24 relating to production equipment has been included in cost of revenues in the 2008 period.

(I) REVENUES

Revenues from this segment were $22,299 for the quarter compared with $25,157 in the prior year period.

Peerless' revenues were lower than in the prior year period. The variance was caused by delays in the timing of government projects. A significant project that was expected to be shipped in the first quarter has been delayed but is expected to materialize in future quarters. Peerless also provides product to a large retailer and it is experiencing volume reductions as well increasing discounts taken which reduces net revenue to Peerless. Peerless is the dominant supplier of military gear for the federal government. During the latter half of 2007, Peerless experienced delayed decisions on contracts and this trend is persisting. This appears to be a fact of life now for Peerless, and as such, its sales and production cycle is lengthened and is beyond the control of Peerless. Recent contract opportunities are larger than those offered in the past few years, and typically these require ministerial approval resulting in a longer process prior to release which delays revenues for Peerless.

Titan's revenues were below those of the prior year period. The slowdown in the exploration and drilling sector in Alberta continued to hamper Titan's operations and, in particular, resulted in reduced sales of its products to the oil and gas and transportation industries. In addition, the extreme cold in January shut down operations for many companies thus reducing the demand for Titan's products.

Gusgo's revenues for the quarter were in line with management's expectations and were up approximately 10% from those of the prior year period. In 2007 revenues were negatively impacted by the strong Canadian dollar which caused a loss in revenues from U.S. customers as they sought more competitive local pricing. In response to this Gusgo has been focusing on developing an increased Canadian component to its business and the results of these efforts are yielding positive results to date in 2008.

(II) GROSS PROFIT

Gross profit was $6,221 for the for the quarter compared with $6,847 for the same quarter last year. Gross profit margins were 28%, compared to 27% in the prior year period. Despite the reduced revenues in each of the businesses, gross profit margins were for the most part maintained.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $3,526 for the quarter compared with $3,652 in the prior year period. These expenses as a percentage of revenues were 16%, compared to 15% in the prior year period. Cost control initiatives were introduced at both Titan and Gusgo during 2007 and are reflected in the slight decline in selling, general and administrative expenses.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $1,869 for the quarter compared to $1,890 in the prior year period. The largest component of this expense is the amortization of intangible assets, which are recorded as a result of investments made in Operating Partnerships.

(V) EBITDA

EBITDA for this segment was $3,018 compared with $3,396 in the prior year period and the variance is directly related to the reduced revenues in the quarter compared to last year. EBITDA includes the income from our equity investment in Rlogistics of $299 for the quarter compared to $201 in the prior year period.

(VI) INCOME

Income for the quarter was $691 compared to $911 in the prior year period. The variance relates to the lower revenues as discussed above.

(VII) SEASONALITY

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

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

Seasonality is not typically a material factor for Gusgo.

(VIII) OUTLOOK

The size and timing of Peerless' revenues are largely dependent upon the awarding of contracts by the federal government. Given the uncertainty surrounding the timing of these contracts and the delays currently being experienced, management is of the view that some anticipated second quarter revenues may be pushed out to the third and fourth quarters. Peerless' management continues to anticipate that it should benefit during the next two years from the standard industry cycle, which includes years when significant refresh contracts are awarded.

Titan management foresees a continued impact on its operations from two sources: i) the slow down in the U.S. economy that is negatively impacting Titan's business targeted at the forestry sector in Alberta and B.C. and ii) maturity in the levels of oil and gas and transportation activity is affecting Titan's sales. Titan has postponed capital expenditures, and will continue to monitor expenses. Titan's management is cautiously optimistic that the recent increases in gas prices may positively impact sales levels, however, they do not expect significant improvement in the short term. Major oil and gas and transportation companies are forecasting the fourth quarter in 2008 to outperform 2007 fourth quarter activity and Titan should benefit from this. Management is also focusing on growth opportunities in inspections, repairs, testing and training services in response to increased regulatory requirements.

Gusgo management continues to focus on expanding its opportunities in Canada and is expecting the next quarter to largely pattern the first.

Rlogistics' outlook continues to be positive as the company levers its operations around the newly installed accounting and distribution systems which has increased efficiencies.

CORPORATE

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED MARCH 31	
	2008	**2007**
Selling, general and administrative expenses	$ (1,677)	$ (1,684)
Interest expense	(6,549)	(5,360)
Loss on dilution of interest in operating partnership	-	(5,844)
Loss for the period	(8,226)	(12,888)
Loss for the period	(8,226)	(12,888)
Add:		
Interest expense	6,549	5,360
EBITDA	(1,677)	(7,528)
Loss on dilution of ownership interest	-	5,844
Adjusted EBITDA	$ (1,677)	$ (1,684)

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $1,677 for the quarter, down very slightly from last year's first quarter expenses of $1,684. Expenses for the quarter were in line with expectations and represent compensation, audit and regulatory costs. The Fund monitors its expenses as a percentage of weighted invested capital and seeks to maintain the ratio at 1.5 % or lower. In the quarter the ratio was 1.1% compared to 1.4% for the same quarter in 2007.

(II) INTEREST EXPENSE

Interest expense of $6,549 for the quarter relates to the credit facility and the convertible debentures. This compares to $5,360 in the prior year period. The increase in interest expense over the prior year period reflects the additional interest expense associated with the $79,966 convertible debentures issued in July 2007 with an interest rate of 7% as well higher amounts drawn on the credit facility in 2008 compared to the prior year period.

(III) LOSS

The loss for the quarter was $8,226 compared to $12,888 in the prior year period. Included in the loss for the first quarter 2007 are dilution losses relating to the re-organization of Quantum Murray and the impact of our NCIB repurchases during the period. Adjusting for this dilution, the variance in the two periods relate primarily to additional interest expense discussed above.

(IV) OUTLOOK

Selling, general and administrative expenses in the next quarter and for the balance of 2008 are not expected to be materially different from 2007 levels. The Fund is targeting a reduction in 2008 in its borrowing levels to less than 2.25x EBITDA, and this, coupled with lower interest rates, should result in lower levels of interest expense in 2008 on our credit facility.

ADDITIONAL INFORMATION

TRANSACTIONS WITH RELATED PARTIES

OWNERSHIP

As of March 31, 2008, directors, officers and employees and entities related to the Fund beneficially hold an aggregate of 23,264,341 NPY and NPF units or 32% on a fully diluted basis.

TRANSACTIONS

NPY provides funding to the Operating Partnerships to fund working capital requirements. Advances bear interest at the rate of prime plus one percent, are unsecured and have no fixed terms of repayment.

An employee loan was made to an executive of EZEE in 2006 in the amount of $250 of which $221 is outstanding. In accordance with the terms and conditions of the loan, the loan was used to purchase units in NPY.

Employee loans were made in 2007 in the aggregate amount of $2,399 of which $2,299 remains outstanding at March 31, 2008. In accordance with the terms and conditions of the loans, the loans were used to purchase units of NPF and are full recourse loans secured by the Units and carry interest at prime.

OFF BALANCE SHEET ITEMS

The Fund had $4,590 of letters of credit outstanding at March 31, 2008. The letters of credit are predominantly to secure cash management services provided by Royal Bank of Canada and as security for programs in the Marketing and Industrial Services segment.

SUBSEQUENT EVENTS

On 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.

SECOND QUARTER OUTLOOK

Our outlook and objectives remain unchanged for the balance of the year. We expect the portfolio to generate a 16-20% cash yield on our invested capital. While the economic environment continues to be uncertain, we have yet to see any material impact on our financial results or the levels of business activity in our operating partnerships.

With increasing levels of retained cash in future quarters, we expect to make progress on meeting our debt reduction objective along with our unit buy back program which was inactive during the first quarter.

RISK FACTORS

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

Please refer to the AIF dated March 26, 2008 and our short form prospectus dated July 3, 2007 for a discussion of Risk Factors particular to the Operating Partnerships.

Disclosure Controls & Procedures and Internal controls over Financial Reporting

DISCLOSURE CONTROLS AND PROCEDURES

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

NPF's management, including its CEO and CFO, have evaluated the effectiveness of the Fund's disclosure controls and procedures as at March 31, 2008 and have concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by the Fund in its corporate filings is recorded, processed, summarized and reported within the required time period for the quarter then ended.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, NPF has concluded, based on its evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective in providing reasonable assurance that the objectives of our disclosure control system were met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

ADDITIONAL INFORMATION

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

DEFINITIONS

"A2 LP Units" – means the Class A LP Units of NPY designated as Series 2;

"AIF" – means Annual Information Form;

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

"AUM" – means Assets Under Management;

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

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

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

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

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

"CEO" – means Chief Executive Officer;

"CFO" – means Chief Financial Officer;

"CICA" – means Canadian Institute of Chartered Accountants;

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

"CSA" – means Canadian Securities Administrators;

"CT" – means Commercial Trust;

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

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

"DDTL" – means Delayed-Draw Term Loan;

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

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

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

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

"Fortress" – means Fortress Credit Corp.;

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

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

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

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

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

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

"IPO" – means Initial Public Offering;

"LTM" – means Last Twelve Months;

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

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

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

"NCIB" – means Normal Course Issuer Bid;

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

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

"Nortech" – means Nor-Tech Systems LP, a limited partnership formed under the laws of Alberta;

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

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

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

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

"NPY LP Units" – means units of NPY (or LP units);

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

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

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

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

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

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

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

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

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

"Technoda" – means Systems Electroinique Technoda Inc., which sold 100% of its ATM assets to Ezee on April 30, 2007;

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

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

"TRM" – means TRM Corp.;

"TSX" – means Toronto Stock Exchange; and

"Units" – means trust units of the Fund.