Consolidated Financial Statements of

NEWPORT PARTNERS INCOME FUND

For the period August 8, 2005 (date of commencement of operations) to September 30, 2005
(unaudited)

NEWPORT PARTNERS INCOME FUND

Consolidated Balance Sheet
(In thousands of dollars)
(Unaudited)

		September 30, 2005
Assets		
Current assets:		
Cash and cash equivalents	$	13,830
Accounts receivable		68,599
Inventory		37,373
Prepaid expenses		1,833
Other current assets		3,350
		124,985
Property, plant and equipment (note 3)		13,172
Long-term investments (note 4)		43,003
Goodwill		264,708
Intangible assets (note 5)		206,828
Other assets		383
	$	653,079
Liabilities and Partners' Equity		
Current liabilities:		
Bank indebtedness (note 6)	$	32,407
Acquisition financing facility (note 6)		26,500
Accounts payable and accrued liabilities		66,913
Deferred revenue		4,210
Current portion of capital lease obligation (note 7)		2,215
Current portion of long-term debt		132
		132,377
Capital lease obligation (note 7)		2,491
Long-term debt		2,051
Future tax liability		2,044
Non-controlling interest		280,738
Unitholders' equity (note 8)		233,378
Commitments and contingencies (note 13)		
Subsequent events (note 15)		
	$	653,079

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

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

		For the period from August 8, 2005 to September 30, 2005
Revenues	$	61,043
Cost of revenues		48,543
		12,500
Expenses		
Selling, general and administrative		6,048
Amortization of intangible assets		2,895
Depreciation		516
		9,459
Income before the undernoted		3,041
Income from equity investment		730
Interest on long term debt		215
Other income		218
Income before non-controlling interest		3,774
Non-controlling interest		(2,390)
Income	$	1,384
Income per unit (note 10)	$	0.06

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

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

	Units	For the period from August 8, 2005 to September 30, 2005
Issued on initial public offering	21,300,000	$ 200,753
Issued on exercise of over allotment option	1,350,000	12,723
Issued on exchange for A2 units of Newport Private Yield LP	2,194,395	21,944
		235,420
Income for the period		1,384
Distributions		(3,426)
Unitholders' Equity at September 30, 2005	24,844,395	$ 233,378

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PARTNERS INCOME FUND

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

	Period from August 8, 2005 to September 30, 2005
Cash provided by (used in):	
Operating activities:	
Income for the period	$ 1,384
Items not affecting cash:	
Depreciation	516
Amortization of intangible assets	2,895
Non-controlling interest	2,390
Income from equity investment	(730)
	6,455
Changes in non-cash working capital	(20,363)
Cash (used in) by operating activities	(13,908)
Financing activities:	
Issuance of units	235,420
Distributions to unitholders	(1,511)
Distributions to non-controlling interest	(2,329)
Increase in acquisition facilities	26,500
Increase in bank indebtedness	8,196
Decrease in long term debt	(560)
Decrease in capital lease obligations	(29)
	265,687
Investing activities:	
Acquisition of interest in Newport Private Yield LP, net of cash acquired	(218,331)
Other acquisitions, net of cash acquired	(13,221)
Purchase of intangible assets	(6,404)
Purchase of property, plant and equipment	(254)
Distributions received on equity investment	261
	(237,949)
Increase in cash and cash equivalents	13,830
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	$ 13,830
Supplemental cash flow information:	
Interest paid	215
Cash acquired upon acquisitions	17,404

See accompanying notes to unaudited interim consolidated financial statements.

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

Newport has been created to hold, through Newport's investment in Newport Partners Commercial Trust (the "Commercial Trust"), interests in Newport Private Yield LP ("NPY"), and its general partner, NPY GP Trust. NPY is a limited partnership formed to invest in securities of private businesses, either in limited partnerships or in corporations (collectively the "Operating Partnerships") and distribute the available cash flows to the limited partners. The operations of NPY are in the following business segments: financial services; marketing; distribution; and oil and gas services.

On July 28, 2005, a prospectus was filed for Newport for the issuance of 21,300,000 trust units. The initial public offering was completed on August 8, 2005 (the "Closing"). Subsequent to the Closing the over-allotment option was exercised, and a further 1,350,000 trust units were issued for a total of 22,650,000 units (together with the initial 21,300,000 trust units issued, the "Offering"). Following the Closing, Newport indirectly holds, through Commercial Trust, all of the A1 LP Units of NPY LP, representing 38% of the outstanding LP units.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Newport controls NPY through its 100% indirect ownership of the general partner of NPY, NPY GP Trust, and also has the continuing right to appoint all of the Board of Directors of the general partner of NPY, and therefore accounts for its interest as the controlling unitholder and uses the purchase method of accounting. The consolidated financial statements include 100% of NPY and the non-controlling interest represents 62% of NPY. The consolidated financial statements of NPY include NPY's 100% owned subsidiaries and investments in jointly controlled operations on a proportionate consolidation method.

Under the proportionate consolidation method, NPY's share of assets, liabilities, revenue and expenses are included in each major financial statement caption from the date of purchase. All intercompany balances and transactions are eliminated upon consolidation.

NEWPORT PARTNERS INCOME FUND

Notes to Consolidated Financial Statements
(In thousands of dollars, except per unit amounts)

For the period August 8, 2005 to September 30, 2005
(Unaudited)

1. Significant accounting policies (continued):

Newport's operating results are subject to seasonal fluctuations that impact quarter-to-quarter operating results and this period's operating results are not necessarily indicative of the operating results for subsequent periods.

The following table indicates the method of accounting for each of the Operating Partnerships of NPY as at September 30, 2005.

Operating Partnership	Acquisition Date	% Ownership	Accounting Method	Business Description
On-Site LP ("On -Site")	March 2004	100	Consolidation	Provider of automated teller machines ("ATMs")
Ezee ATM LP ("EZEE") (i)	January 2005	100	Consolidation	Full-service provider of ATMs
Newport Partners LP ("Newport Partners")	Closing	100	Consolidation	Provider of wealth management services
Sports and Entertainment Limited Partnership ("S&E") (ii)	Closing	80	Proportionate consolidation	Alternative advertising company
NPC Integrity Energy Services Limited Partnership. ("NPC") (iii)	Closing	80	Proportionate consolidation	Provider of mid-stream production services to the energy industry
Gemma Communications LP ("Gemma")	March 2005	80	Proportionate consolidation	Integrated direct marketing company
Jutan Limited Partnership ("Jutan") (iv)	Closing	80	Proportionate consolidation	Distributor of electronics
Elliott Special Risks LP ("ESR")	Closing	80	Proportionate consolidation	Underwrites commercial liability insurance
Morrison Williams Investment Management LP ("MWI")	Closing	80	Proportionate consolidation	Institutional money manager
Capital C Communications LP ("Capital C")	Closing	80	Proportionate consolidation	Integrated marketing services agency
Kenna Group LP ("Kenna")	September 2005	50	Proportionate consolidation	Provider of automated marketing solutions

(In thousands of dollars, except per unit amounts)

1. Significant accounting policies (continued):

(i) An initial investment in EZEE of 39.9% was made in March 2004 and a further 10% interest was acquired in June 2004. A further 51.1% interest was acquired in January 2005 to bring the total investment to 100%.

(ii) An initial investment in S&E of 25% was made in October 2004. An additional 55% interest was acquired on Closing to bring the total investment to 80%.

(iii) An initial investment in NPC of 50% was made in December 2004. An additional 30% interest was acquired on Closing to bring the total investment to 80%.

(iv) An initial investment in Jutan of 37.5% was made in October 2004 and an additional 15% was acquired in April 2005. An additional 27.5% interest was acquired on Closing to bring the total investment to 80%.

(b) Inventories:

Inventories are stated at the lower of cost, determined on a first-in first-out basis, and net realizable value. Inventories of ATMs are carried at the lower of average cost and net realizable value.

(c) Property, plant and equipment:

Property, plant and equipment is stated at cost less accumulated depreciation. Property under capital lease is initially recorded at the present value of minimum lease payments at the inception of the lease.
Depreciation is calculated using the following methods and annual rates based on the estimated useful life of the assets as follows:

Asset	Basis	Rate
Equipment under capital lease	Straight line	Term of lease
Buildings	Declining balance	4%
Automotive and heavy equipment	Declining balance	30% - 40%
Furniture and equipment	Mainly declining balance	14% - 40%
ATMs	Declining balance	20% - 30%
Computer software and hardware	Declining balance	20% - 100%
Leasehold improvements	Straight line	Term of the lease

1. Significant accounting policies (continued):

(d) Long-term investments:

Investments over which Newport is able to exercise significant influence are accounted for under the equity method. Under the equity method, the original cost of investment is adjusted for Newport's share of post-acquisition earnings or losses, less distributions in the case of investments in partnerships and dividends in the case of investments in companies.

Investments are written down when there is evidence that a decline in value that is other than temporary has occurred.

(e) Impairment of long-lived assets:

Long-lived assets, including property, plant and equipment and intangible assets with finite useful lives, are amortized over their useful lives. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

(f) Goodwill:

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 Newport 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.

1. Significant accounting policies (continued):

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. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case, the implied fair value of the reporting unit's goodwill, determined in the same manner as the value of goodwill is determined in a business combination, is compared with its carrying amount to measure the amount of the impairment loss, if any.

As at September 30, 2005, there were no indications of impairment in the carrying value of goodwill.

(g) Intangible assets:

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships/contracts, ATM location contracts, and management contracts, are amortized over their useful lives and are tested for impairment, as described in note 1(e). 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. An impairment loss on indefinite life intangible assets is recognized when the carrying amount of the asset exceeds its fair value.

As at September 30, 2005, there were no indications of impairment in the carrying value of intangible assets having an indefinite life.
Intangible assets with determinable lives are amortized on a straight line basis annually over their estimated useful lives as follows:

Customer relationships/contracts	10 years
ATM location contracts	4 - 5 years
Management contracts	5 years

1. Significant accounting policies (continued):

(h) Revenue recognition:

(i) Financial services:

Financial services revenue mainly includes management fee income generated from investment management services, commission income from insurance policies, corporate finance and advisory fees and revenue generated from the operation and sale of ATMs.

Management fees are based on contracts, calculated as a percentage of the net asset value of the respective funds or other portfolios being managed and are recognized when earned. Commission income related to insurance policies is recognized when there is persuasive evidence of an agreement, service delivery has occurred and collectibility is considered probable. Contingent profit commissions are recorded when receipt is probable and the amount is reasonably estimable. Corporate finance and advisory fees relate to financial advisory assignments and are recorded when the underlying transaction is substantially completed under the terms of the agreement.

Revenue from ATM operations includes surcharge fees charged to the cardholder when cash is dispensed, and interchange fees, which are the fees charged to the financial institution for the administrative service of agreeing to pay cash to the cardholder. These fees are recognized pursuant to written contracts in the period that the cash dispensing transaction occurs. Revenue from the sale of ATMs is recognized when the machines have been delivered and title has passed to the customer and the customer assumes risk of loss, collection of the relevant receivable is probable and the sales price is fixed or determinable.

(ii) Marketing:

Marketing revenue includes revenue generated from marketing campaign projects, teleservice programs and the sale of advertisements. Revenues from marketing campaign projects are recognized using the percentage of completion method where dependable estimates of progress toward completion can be made. Revenue from teleservice programs are recognized as services are performed, generally based on hours incurred. Advertisements are recognized at the time the advertisement is displayed and when collection of the relevant receivable is probable and the sale price

1. Significant accounting policies (continued):

is fixed or determinable. Deposits received in excess of amounts billed for marketing campaign projects and on sales of advertisements not yet displayed are recorded as deferred revenue and the related costs are included in work in progress or prepaid expenses.

(iii) Distribution:

Distribution revenue includes revenue generated from the import and distribution of electronic and household products which is recognized when goods are delivered and title has passed to the customer and the customer assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable, net of estimated returns, discounts and other allowances. Sales, provisions for estimated sales returns and the costs of products sold are recorded at the time of shipment.

(iv) Oil and gas services:

Oil and gas services revenue includes revenue from contracts entered into to provide mid-stream production services to the energy industry. Revenue from such contracts is recognized as services are performed and related costs are incurred. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined.

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses other than depreciation and amortization are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

(j) Income taxes:

No provision has been made in the accounts for income taxes with respect to the Operating Partnerships as they are not taxable entities and the reporting of income for tax

1. Significant accounting policies (continued):

purposes is the responsibility of each of the limited partners to the extent that allocations are made by NPY to the limited partners.

Income taxes of corporate subsidiaries are accounted for under the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs.

Income tax obligations related to the distributions of Newport are the obligations of the unitholders.

(k) Leases:

Leases entered into by NPY as lessee that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases and included in property, plant and equipment and long-term debt. All other leases are classified as operating leases under which leasing costs are recorded as expenses in the period in which they are incurred.

(l) Income per unit:

The income per unit of Newport is computed by dividing Newport's income by the weighted average units outstanding during the reporting period.

(m) Cash and cash equivalents:

Cash and cash equivalents consist of all highly liquid investments with remaining maturities, at the date of purchase/investment, of three months or less. Cash and cash equivalents consist of cash, cash in circulation in ATMs and cash on deposit with financial institutions, which are unrestricted as to their use.

1. Significant accounting policies (continued):

(n) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, accrued liabilities, intangible assets and goodwill, and valuation allowances for receivables and inventories.

2. Business combinations:

On August 8, 2005 Newport acquired a 38% interest in NPY for $235,417. Newport controls NPY through its 100% indirect ownership of the general partner of NPY, NPY GP Trust, and also has the continuing right to appoint all of the Board of Directors of the general partner of NPY, and therefore has accounted for its interest as the controlling unitholder, using the purchase method of accounting.

On September 14, 2005, NPY acquired a 50% interest in Kenna for $9,423. NPY funded this investment by drawing $9,500 on its acquisition line. Kenna is a provider of automated marketing solutions.

The purchase price was allocated to the net identifiable assets acquired on the basis of their fair values. The purchase price allocations are preliminary and are subject to change once the final valuations of the assets acquired and liabilities assumed are completed. The purchase price was allocated to the fair value of the identifiable underlying net assets of NPY as follows:

(In thousands of dollars, except per unit amounts)

2. Business combinations (continued):

	Kenna	NPY	Total
Assets Acquired:			
Current assets	$ 1,219	$ 43,653	$ 44,872
Property, plant and equipment	773	4,874	5,647
Long-term investments		16,273	16,273
Goodwill		137,950	137,950
Intangible assets	8,285	74,995	83,280
Other assets		252	252
	10,277	277,997	288,274
Liabilities Assumed:			
Current liabilities	854	39,818	40,672
Long-term liabilities		2,762	2,762
	854	42,580	43,434
Net assets acquired	9,423	235,417	244,840
Cash consideration	$ 9,423	$ 235,417	$ 244,840

On September 30, 2005 NPY drew $17,000 on its acquisition line facility with the bank to fund Jutan's acquisition of the business of Sonigem Products Inc ("Sonigem"). NPY received an additional 373,935 LP units of Jutan in return for its investment. However, this additional investment did not result in a change in NPY's ownership interest of 80% in Jutan as the other operating partner of Jutan received 93,506 units representing their pre-acquisition 20% share of Jutan. The fair value of these 93,506 units is valued at $4,114, which has been accounted for as goodwill by NPY in its financial statements.

Out of the $17,000 cash investment by NPY, Jutan used $7 million to purchase Sonigem and the balance of $10,000 for additional working capital requirements of Sonigem. NPY's share of the excess of the investment over the fair value of assets acquired, which primarily relates to distribution licences and brand, is $6,061 and is accounted for as an intangible asset on the acquisition of the Sonigem business. Sonigem is a marketer and distributor of consumer audio and video electronics.

The above purchase price allocation to intangible assets and goodwill is preliminary and is subject to change once management completes its final valuation of the assets acquired and liabilities assumed on this acquisition.

(In thousands of dollars, except per unit amounts)

3. Property, plant and equipment:

September 30, 2005	Cost	Accumulated depreciation	Net book value
Equipment under capital lease	$ 5,535	$ 1,079	$ 4,456
Furniture and equipment	2,311	99	2,212
Computer hardware and software	2,319	200	2,119
Automotive equipment	1,795	142	1,653
Land and buildings	1,326	208	1,118
Leasehold improvements	1,031	68	963
ATMs	910	259	651
	$ 15,227	$ 2,055	$ 13,172

4. Long-term investments:

Newport records its investments in significantly influenced companies at cost, plus its share of earnings, less distributions or dividends received. The carrying value of these investments is as follows:

	September 30, 2005
Investments in:	
Brompton	$ 42,739
Other	264
	$ 43,003

On August 8, 2005, NPY acquired a 45% equity interest in Brompton Funds LP (together with its general partner BFGP Limited collectively referred to as “Brompton”) for $42,270. The acquisition was payable by way of issue of 3,372,692 A2 LP units and 843,173 B2 LP units respectively. Brompton is a manager of public and private investment funds. The estimated fair value of the underlying assets acquired are as follows:

Goodwill	$22,020
Intangible assets, primarily customer relationships	20,250
	$42,270

(In thousands of dollars, except per unit amounts)

4. Long-term investments (continued):

The purchase price allocations above reflect managements' best estimates at the time of preparing these consolidated financial statements and are subject to refinement.

5. Intangible assets:

September 30, 2005	Cost	Accumulated amortization	Net book value
Definite life intangible assets:			
Customer relationships/contracts	$ 164,734	$ 4,356	$ 160,378
ATM location contracts	8,772	4,718	4,054
Management contracts	549	110	439
Distribution licenses	22,357	1,873	20,484
	196,412	11,057	185,355
Indefinite life intangible assets:			
Brands	21,473	-	21,473
	$ 217,885	$ 11,057	$206,828

The above intangible assets include management's best estimates of intangibles recorded through acquisitions. These estimates may be revised as purchase equations are finalized.

6. Bank indebtedness:

NPY, through its wholly owned subsidiary, Newport Partners Holdings LP, entered into a credit agreement (the "Credit Agreement") on August 8, 2005 with two Canadian banks. The facility is a three-year revolving credit facility available up to a maximum of $40,000. On August 31, 2005, the Credit Agreement was amended and increased to a limit of $55,000 to include an acquisition line facility in addition to the operating facility. The operating and acquisition facilities bear interest at the bank's prime rate and are subject to certain covenants. The facilities are collateralized by general security agreements covering assets of NPY, ESR, MWI, EZEE, On-site, NPC, S&E, Capital C, Gemma, Kenna and Newport Partners.

(In thousands of dollars, except per unit amounts)

6. Bank indebtedness (continued):

As of September 30, 2005, $17,000 was drawn on the operating facility and $26,500 was drawn on the acquisition facility. In addition, NPY has issued a letter of credit in the amount of $3,000.

Jutan has a demand operating and letter of credit facility available to a maximum of $80,000. The facility bears interest at the bank's prime rate and is collateralized by a general security agreement over the assets of Jutan. As of September 30, 2005, NPY's share of the amount drawn on the operating facility and letters of credit issued was $15,407 and $29,000 respectively.

7. Obligations under capital leases:

Capital lease obligations relate to vehicles and heavy equipment. The leases bear interest at rates from 4.5% to 22% per annum and are secured by specific assets. NPY's proportionate interest in future minimum payments are as follows:

2006	$ 2,482
2007	1,668
2008	786
2009	186
2010	45
Total minimum lease payments	5,167
Less amount representing interest (at rates ranging from 4.5% to 22%)	461
Present value of net minimum capital lease payments	4,706
Less current portion of obligations under capital leases	2,215
	$ 2,491

Interest of $123 and $407 for the three month and nine month periods ended September 30, 2005 relating to capital lease obligations has been included in interest on long-term debt.

8. Unitholders' Equity:

On July 28, 2005, Newport filed a prospectus for the issuance of 21,300,000 trust units. Subsequent to the Closing, the over-allotment option was exercised and a further 1,350,000 trust units were issued. The proceeds of the offering, net of the underwriters' fee of $12,247 were $213,476.

Each unit represents an equal undivided beneficial interest in Newport and any distributions from Newport. Each unit is transferable, entitles the holder thereof to participate equally in distributions of Newport, is not subject to future calls or assessments, entitles the holder to rights of redemption and entitles the holder to one vote at all meetings of unitholders.

The beneficial interests of Newport are divided into interests of two classes, described and designated as "Units" and "Special Voting Units", respectively.

Declaration of Trust:

Pursuant to the declaration of trust:

(a) an unlimited number of Units and Special Voting Units will be issuable;

(b) each Unit is transferable and represents an equal undivided beneficial interest in any distributions from Newport and in the net assets of Newport in the event of the termination or winding-up of Newport;

(c) the Units issued pursuant to the Offering will not be subject to future calls or assessments, and will entitle the holder thereof to one vote for each whole Unit held at all meetings of unitholders;

(d) the Special Voting Units do not entitle the holder to any interest or share in Newport, in any distributions from Newport or in the net assets of Newport in the event of the termination or winding-up of Newport;

(e) special Voting Units are only issued to the holders of A2 LP Units, A3 LP Units, Class B LP Units and Class C LP Units and, if determined by the trustees of Newport, other exchangeable securities, in each case, for the purpose of providing voting rights with respect of Newport to the holders of such securities;

8. Unitholders' Equity (continued):

(f) each Special Voting Unit entitles the holder thereof to that number of votes at any meeting of Unitholders equal to the number of Units that may be obtained upon the exchange (direct or indirect) of the A2 LP Units, A3 LP Units, Class B LP Units and Class C LP Units of NPY or other exchangeable securities to which the Special Voting Unit is related; and

(g) upon the exchange or conversion of an A2 LP Units, Class B LP Unit or Class C LP Unit or other exchangeable security for Units, the Special Voting Unit that relates to such A2 LP Unit, Class B LP Unit or Class C LP Unit of NPY or other exchangeable security will immediately be cancelled without any further action and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

On Closing, Newport granted the holders of A2 LP Units of NPY the right to require Newport at any time to indirectly exchange each A2 LP Unit for Units of Newport on a one-for-one basis, subject to customary anti-dilution protections, pursuant to the Exchange Agreement.

As of September 30, 2005, 2,194,395 Units had been issued in exchange for A2 Units.

Administration Agreement:

On Closing, Newport, the Commercial Trust (through which Newport owns its investment in NPY) and the new General Partner entered into the Administration Agreement. Under the terms of the Administration Agreement, the General Partner provided, for no additional consideration other than reimbursement by Newport and Commercial Trust of out-of-pocket expenses incurred by the General Partner, for the provision of such administrative and support services to Newport.

The Administration Agreement has an initial term of three years, and is renewable for additional one-year terms at the option of the parties thereto. The Administration Agreement may be terminated by any of the parties in the event of the insolvency or receivership of another party, or in the case of default by one of the other parties, in the performance of a material obligation of the Administration Agreement which is not remedied within 30 days after written notice thereof has been delivered. The Administration Agreement may also be terminated upon 30 days' written notice by Newport or the Commercial Trust to the General Partner.

(In thousands of dollars, except per unit amounts)

9. Distributions and allocations to unitholders:

Effective the date of the Closing, monthly distributions were paid at the rate of $0.07708 per unit. The total distributions paid and payable during the period ended September 30, 2005 were $3,426.

On September 27, 2005, Newport announced an increase in its monthly distribution to $0.079167 per unit, effective for distributions from November, 2005.

All of the net income and realized capital gains (losses) of Newport are allocated to the unitholders.

10. Income per unit:

The following table sets forth the computation of basic income per unit:

	Period from August 8 to September 30, 2005
Numerator:	
Net income	$ 1,384
Denominator:	
Weighted average number of units outstanding, basic	24,844,395
Income per unit:	
Basic	$ 0.06

11. Related party transactions:

The following describes the significant transactions completed during the period:

Directors, officers and employees of the general partner of NPY and entities related to NPY participated, directly and indirectly, in prior private placement offerings and hold an aggregate of 3,266,340 partnership units at September 30, 2005. In addition, concurrent with the Offering and the related acquisition agreements, directors, officers and employees of the Operating Partnerships received directly or indirectly units of NPY. The total units issued were 35,462,101 of which 13,060,107 were redeemed on Closing. As at September 30, 2005 24,796,512 units were held by this related group. The total percentage of the issued and outstanding units of NPY owned by related parties was 38.2% at September 30, 2005.

Pursuant to the NPY Partnership Agreement, Newport Investment Council Inc. (“NICI”) was entitled to a performance fee of 20% of the realized appreciation above 8% of the net assets of NPY. The Offering triggered realized appreciation for the limited partners in excess of 8% and as a result the performance fee was earned and payable. On Closing, NICI was paid a performance fee of $44.7 million, inclusive of GST, which its employees immediately reinvested the full net of tax amount, approximately $21.6 million, back into NPY. On August 8, 2005 the Partnership Agreement was amended to eliminate all management, administrative and performance fees.

12. Interests in jointly controlled entities:

At September 30, 2005, NPY holds an 80% interest in S&E, NPC, Gemma, Jutan, Capital C, ESR and MWI and a 50% interest in Kenna. The consolidated financial statements include NPY’s proportionate share of the revenue, expenses, assets and liabilities of these jointly controlled entities as follows:

(In thousands of dollars, except per unit amounts)

12. Interests in jointly controlled entities (continued):

	September 30, 2005
Current assets	$ 111,848
Property, plant and equipment	12,058
Long-term investments	464
Goodwill and intangibles	208,446
	$ 332,816
Current liabilities	$ 75,524
Long-term obligations	20,317
	$ 95,841

	Period from August 8 to September 30, 2005
Revenues	$ 56,426
Expenses	53,244
	$ 3,182
Cash provided by (used in):	
Operating activities	$ (6,170)
Financing activities	11,502
Investing activities	(6,802)

13. Commitments and contingencies:

(a) NPY is committed to payments under operating leases for equipment and office premises through 2014 in the total amount of approximately $13,661. The minimum annual payments, exclusive of operating costs under these lease arrangements, are as follows:

2005	$ 907
2006	3,316
2007	3,054
2008	2,357
2009	1,715
Thereafter	2,313

13. Commitments and contingencies (continued):

(b) The acquisition of On-Site includes contingent consideration payable in the form of 232,760 A2 LP Units of NPY.

(c) Some of the acquisition agreements provide that elections must be made under the Income Tax Act (Canada) to transfer the assets of the predecessor businesses to the various respective limited partnerships on a tax deferred basis. Accordingly, the tax cost to the Operating Partnership of the assets transferred where such elections are made may be less than the fair market value of such assets and, as such, some of the Operating Partnerships may realize a taxable gain on a future disposition of the assets.

(d) NPY is subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated. Management believes that the ultimate resolution of these matters will not have a material effect on NPY's consolidated financial statements.

(e) The acquisitions involved various corporate structuring steps to complete the transactions in a tax-effective manner. These transactions involved interpretations of the Income Tax Act which could if interpreted differently, result in additional tax liabilities.

14. Segmented information:

NPY has four reportable operating segments, each of which has separate operational management and management reporting information. All of NPY's operations, assets and employees are located in Canada. The financial services segment incorporates investment management, institutional money management, wealth management, specialty insurance underwriting, and the servicing of ATMs. The marketing segment represents the investment in non-traditional marketing operations that acquires rights in media, publications and television, and an investment in an integrated direct marketing company with its primary focus on inbound and outbound teleservices and an investment in a fully integrated marketing services agency.

The oil and gas services segment represents the investment in fully integrated providers of mid-stream production services to the energy industry. The distribution segment represents investment in the operations of the import and distribution of electronic and household products. The accounting polices of the segments are the same as those described in the summary of significant accounting polices in note one. NPY evaluates the performance of its operating segments based on earnings.

(In thousands of dollars, except per unit amounts)

14. Segmented information (continued):

For the period August 8 to September 30, 2005 (Unaudited)	Financial services	Marketing	Oil and gas services	Distribution	Total
Revenues	$ 7,755	$ 9,128	$ 13,588	$ 30,572	$ 61,043
Cost of revenues	3,555	6,416	11,416	27,156	48,543
Selling, general and administrative expenses	1,545	1,331	681	2,491	6,048
Depreciation and amortization	1,938	353	450	670	3,411
Interest on long-term debt	(88)	2	191	110	215
Operating income (loss)	805	1,026	850	145	2,826
Income (loss) from equity investment	730	-	-	-	730
Other income	70	112	-	36	218
Income (loss) for the period	$ 1,605	$ 1,138	$ 850	$ 181	$ 3,774
Goodwill acquired	$ 171,942	$ 48,792	$ 16,850	$ 50,038	$ 287,622
Expenditures for property, plant and equipment	52	83	114	5	254
Total assets	359,152	92,783	59,601	141,543	653,079
Total goodwill	171,942	25,878	16,850	50,038	264,708

15. Subsequent Events:

NPC entered into a letter of intent to acquire a company in the oil and gas services business in September 2005. The acquisition is expected to close in November 2005.

EZEE acquired 100% of the assets of Rapid Cash, an Edmonton-based operator of non-financial institution ATM's, for approximately $550 in October 2005.

16. Comparative figures:

Comparative information has not been provided as this is the first period of operation.

Consolidated Financial Statements of

NEWPORT PRIVATE YIELD LP

Three months and nine months ended September 30, 2005
(Unaudited)

NEWPORT PRIVATE YIELD LP

Consolidated Balance Sheets
(In thousands of dollars)

	September 30, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 13,830	$ 2,351
Accounts receivable	68,641	7,905
Inventories	37,373	239
Prepaid expenses	1,833	177
Other current assets	3,350	18
	125,027	10,690
Property, plant and equipment (note 2)	13,172	4,542
Long-term investments (note 3)	43,003	10,320
Goodwill	207,024	7,455
Intangible assets (note 5)	206,828	14,764
Other assets	383	154
	$ 595,437	$ 47,925
Liabilities and Partners' Equity		
Current liabilities:		
Bank indebtedness (note 6)	$ 32,407	$ 3,622
Acquisition financing facilities	26,500	-
Accounts payable and accrued liabilities	66,846	6,797
Deferred revenue	4,210	143
Current portion of obligations under capital leases (note 7)	2,215	1,745
Current portion of long-term debt	132	566
	132,310	12,873
Obligations under capital leases (note 7)	2,491	366
Long-term debt	2,051	1,761
Future tax liability	2,044	-
Partners' equity (note 8)	456,541	32,925
Commitments and contingencies (note 13)		
Subsequent events (note 15)		
	$ 595,437	$ 47,925

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PRIVATE YIELD LP

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

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Period from February 27, 2004 (date of inception) to September 30, 2004
Revenues	$ 70,210	$ 2,722	$ 113,579	$ 4,140
Cost of revenues	55,433	2,008	89,500	2,765
	14,777	714	24,079	1,375
Expenses				
Selling, general and administrative	8,102	131	12,436	444
Performance fee (note 11)	44,760	-	44,760	-
Amortization of intangible assets	3,466	451	5,741	678
Depreciation	734	62	1,636	140
	57,062	644	64,573	1,262
Income (loss) before the undernoted	(42,285)	70	(40,494)	113
Income from equity investment	34	-	203	-
Interest on long term debt	326	62	710	151
Other income	636	-	636	-
Partnership income (loss)	$ (41,941)	$ 8	$ (40,365)	$ (38)
Income (loss) per unit (note 10)				
Basic and diluted	$ (0.89)	$ -	$ (1.52)	$ (0.01)

See accompanying notes to unaudited interim consolidated financial statements.

NEWPORT PRIVATE YIELD LP

Consolidated Statements of Changes in Partners' Equity
(In thousands of dollars, except unit amounts)
(Unaudited)

	Number of Units	General Partner $	Limited Partner $	Limited Partner $	Limited Partner $	Limited Partner $	Limited Partner $	Limited Partner $	Limited Partner $	Limited Partner $	Limited Partner $	Total $
			A	A1	A2	A3	B1	B2	B3	B4	C	
Issue of 3,393,688 class A limited partnership units	3,393,688		36,335									36,335
Loss for the period			(1,275)									(1,275)
Distributions			(2,135)									(2,135)
Partners' equity, December 31, 2004	3,393,688		32,925									32,925
Issued of 6,147,328 class A limited partnership units	6,147,328		79,343									79,343
Income for the period			1,576									1,576
Distributions (note 9)			(5,577)									(5,577)
Partners' equity, June 30, 2005	9,541,016		108,267									108,267
Loss for the period July 1 – August 7			(45,828)									(45,828)
Distributions (note 9)			(1,323)									(1,323)
Partners' equity, August 7	9,541,016		61,116									61,116
Split and redesignation of all original limited partner units to A2 units (note 8)	22,206,450		(61,116)		61,116							-
Issue of 35,462,101 units for Roll-up and New Investments (note 8)	35,462,101				239,178	52,138	15,362	8,432	3,200	13,035	23,276	354,621
Issue of 22,650,000 A1 units to Newport Partners Commercial Trust	22,650,000			213,412								213,412
Issue of 2,163,013 A2 units to NICI employees (note 8)	2,163,013				21,630							21,630
Issue of General Partner units to NPY GP Trust		61										61
Redemption of 12,731,454 A2 units and 5,213,824 A3 units	(17,945,278)				(127,315)	(52,138)						(179,453)
Exchange of A2 units for A1 units				21,943	(21,943)							-
Issue costs					(9,800)							(9,800)
	64,536,286	61	-	235,355	162,866	-	15,362	8,432	3,200	13,035	23,276	461,587
Income for the period August 8 – September 30				1,491	2,016	-	92	51	19	78	140	3,887
Distributions paid (note 9)				(1,511)	(2,043)	-	(93)	(51)			(142)	(3,840)
Distributions payable (note 9)				(1,915)	(2,590)	-	(119)	(66)	(44)	(180)	(179)	(5,093)
Partners' equity at September 30, 2005	64,536,286	61	-	233,420	160,249	-	15,242	8,366	3,175	12,933	23,095	456,541

See accompanying notes to unaudited interim consolidated financial statements

NEWPORT PRIVATE YIELD LP

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

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Period from February 27, 2004 (date of inception) to September 30, 2004
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	$ (41,941)	$ 8	$ (40,365)	$ (38)
Items not affecting cash:				
Depreciation	734	62	1,636	140
Amortization of intangible assets	3,466	451	5,741	678
Income from equity investment	(34)	-	(203)	-
	(37,775)	521	(33,191)	780
Changes in non-cash working capital	(13,424)	(315)	(22,723)	306
Cash provided by (used in) operating activities	(51,199)	206	(55,914)	1,086
Financing activities:				
Issuance of partnership units, net of costs	225,303	26,178	304,646	34,520
Redemption of partnership units	(179,453)	-	(179,453)	-
Distributions to partners	(5,163)	(416)	(10,739)	(696)
Increase in bank indebtedness	6,378	-	10,193	-
Increase in acquisition facility	26,500	-	26,500	-
Decrease in long term debt	(2,034)	-	(3,783)	26
Increase in capital lease obligations	1,477	-	1,046	-
	73,008	25,762	148,410	33,850
Investing activities:				
Acquisition of businesses, net of cash acquired	(5,642)	(3,430)	(48,982)	(8,826)
Purchase of long term investments	-	-	(26,000)	-
Purchase of intangible assets	(6,561)	299	(6,711)	(1,206)
Purchase of property, plant and equipment	(1,600)	7	(1,938)	(239)
Distributions received on equity investment	853	-	2,614	-
	(12,950)	(3,124)	(81,017)	(10,271)
Increase in cash and cash equivalents	8,859	22,844	11,479	24,665
Cash and cash equivalents, beginning of period	4,971	1,821	2,351	-
Cash and cash equivalents, end of period	$ 13,830	$ 24,665	$ 13,830	$ 24,665
Supplemental cash flow information:				
Interest paid	326	62	670	151
Cash acquired upon acquisition	8,677	-	9,012	2,128
Supplemental disclosure of non-cash financial and investing activities:				
Issuance of partnership units on business combinations and long term investments	354,621	-	354,621	1,080

See accompanying notes to unaudited interim consolidated financial statements.

Newport Private Yield LP (“NPY”) is a limited partnership duly constituted under the laws of the Province of Ontario formed by a limited partnership agreement dated February 27, 2004 and later amended on January 26, 2005 and August 8, 2005 (the "Partnership Agreement"). The business of NPY is to invest in securities of private businesses, either in limited partnerships or in corporations (collectively the “Operating Partnerships”), and distribute the available cash flows to the limited partners. The operations of NPY are in the following business segments:

- financial services;
- marketing;
- distribution; and
- oil and gas services.

On July 28, 2005, a prospectus was filed for Newport Partners Income Fund (“Newport”) for the issuance of 21,300,000 trust units (together with the issuance of 1,350,000 from the over-allotment option, the “Offering”). Newport is an unincorporated open-ended trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. Newport is entirely dependent on the operations of NPY and the Operating Partnerships. On closing of Newport’s initial public offering on August 8, 2005 (the “Closing”), Newport indirectly capitalized NPY and now owns 38% of NPY.

Newport was created to hold, through the Newport’s investment in Newport Partners Commercial Trust (the “Commercial Trust”), its interest in NPY and 100% of the shares of Newport Partners GP Inc. (“GP Trustee”) which is the sole trustee of the NPY GP Trust (“General Partner”). Prior to this transaction the General Partner of NPY was Newport Private Yield Inc.

The General Partner is responsible for the management of NPY, including the determination of distributions paid to the limited partners and assumes the rights, obligations and liabilities as the sole general partner of the Partnership.

The initial term of the Partnership Agreement ends on February 28, 2014 and is automatically extendable for two consecutive periods of two years each unless otherwise determined by the General Partner.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The consolidated financial statements as at September 30, 2005 include the financial statements of NPY’s 100%-owned

(In thousands of dollars, except per unit amounts)

1. Significant accounting policies (continued):

subsidiaries and NPY's investments in jointly controlled operations on a proportionate consolidation method.

Under the proportionate consolidation method, NPY's share of assets, liabilities, revenue and expenses are included in each major financial statement caption from the date of purchase. All intercompany balances and transactions are eliminated upon consolidation.

These interim unaudited consolidated financial statements do not include all of the disclosures required by GAAP for annual financial statements. They should be read in conjunction with the audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2004.

The notes presented in these interim unaudited consolidated financial statements include only significant changes and transactions occurring since NPY's annual financial statements for the fiscal year ended December 31, 2004, and are not fully inclusive of all matters normally disclosed in the annual audited consolidated financial statements. NPY's operating results are subject to seasonal fluctuations that impact quarter-to-quarter operating results and this period's operating results are not necessarily indicative of the operating results for subsequent periods. Certain figures have been reclassified to conform with the current period's presentation.

The following table indicates the accounting method for each of the Operating Partnerships as at September 30, 2005. All Operating Partnerships were acquired together with their respective general partner.

Operating Partnership	Acquisition Date	% Ownership	Accounting Method	Business Description
On-Site LP ("On -Site")	March 2004	100	Consolidation	Provider of automated teller machines ("ATMs")
Ezee ATM LP ("EZEE") (i)	January 2005	100	Consolidation	Full-service provider of ATMs
Newport Partners LP ("Newport Partners")	Closing	100	Consolidation	Provider of wealth management services
Sports and Entertainment Limited Partnership ("S&E") (ii)	Closing	80	Proportionate consolidation	Alternative advertising company

(In thousands of dollars, except per unit amounts)

1. Significant accounting policies (continued):

NPC Integrity Energy Services Limited Partnership. ("NPC") (iii)	Closing	80	Proportionate consolidation	Provider of mid-stream production services to the energy industry
Gemma Communications LP ("Gemma")	March 2005	80	Proportionate consolidation	Integrated direct marketing company
Jutan Limited Partnership ("Jutan") (iv)	Closing	80	Proportionate consolidation	Distributor of electronics
Elliott Special Risks LP ("ESR")	Closing	80	Proportionate consolidation	Underwrites commercial liability insurance
Morrison Williams Investment Management LP ("MWI")	Closing	80	Proportionate consolidation	Institutional money manager
Capital C Communications LP ("Capital C")	Closing	80	Proportionate consolidation	Integrated marketing services agency
Kenna Group LP ("Kenna")	September 2005	50	Proportionate consolidation	Provider of automated marketing solutions

(i) An initial investment in EZEE of 39.9% was made in March 2004 and a further10% interest was acquired in June 2004. A further 51.1% interest was acquired in January 2005 to bring the total investment to 100%.

(ii) An initial investment in S&E of 25% was made in October 2004. An additional 55% interest was acquired on Closing to bring the total investment to 80%.

(iii) An initial investment in NPC of 50% was made in December 2004. An additional 30% interest was acquired on Closing to bring the total investment to 80%.

(iv) An initial investment in Jutan of 37.5% was made in October 2004 and an additional 15% was acquired in April 2005. An additional 27.5% interest was acquired on Closing to bring the total investment to 80%.

(b) Inventories:

Inventories are stated at the lower of cost, determined on a first-in first-out basis, and net realizable value. Inventories of ATMs are carried at the lower of average cost and net realizable value.

1. Significant accounting policies (continued):

(c) Property, plant and equipment:

Property, plant and equipment is stated at cost less accumulated depreciation. Property under capital lease is initially recorded at the present value of minimum lease payments at the inception of the lease.

Depreciation is calculated using the following methods and annual rates based on the estimated useful life of the assets as follows:

Asset	Basis	Rate
Equipment under capital lease	Straight line	Term of lease
Buildings	Declining balance	4%
Automotive and heavy equipment	Declining balance	30% - 40%
Furniture and equipment	Mainly declining balance	14% - 40%
ATMs	Declining balance	20% - 30%
Computer software and hardware	Declining balance	20% - 100%
Leasehold improvements	Straight line	Term of the lease

(d) Long-term investments:

Investments over which NPY is able to exercise significant influence are accounted for under the equity method. Under the equity method, the original cost of investment is adjusted for NPY's share of post-acquisition earnings or losses, less distributions in the case of investments in partnerships and dividends in the case of investments in companies. Investments are written down when there is evidence that a decline in value that is other than temporary has occurred.

(e) Impairment of long-lived assets:

Long-lived assets, including property, plant and equipment and intangible assets with finite useful lives, are amortized over their useful lives. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used

1. Significant accounting policies (continued):

is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

(f) Goodwill:

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 NPY 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. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit is compared with its fair value. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case, the implied fair value of the reporting unit's goodwill, determined in the same manner as the value of goodwill is determined in a business combination, is compared with its carrying amount to measure the amount of the impairment loss, if any.

As at September 30, 2005 there was no indication of impairment in the carrying value of goodwill.

1. Significant accounting policies (continued):

(g) Intangible assets:

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships/contracts, ATM location contracts, and management contracts, are amortized over their useful lives and are tested for impairment, as described in note 1(e). 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. An impairment loss on indefinite life intangible assets is recognized when the carrying amount of the asset exceeds its fair value.

As at September 30, 2005 there was no indication of impairment in the carrying value of intangible assets having an indefinite life.

Intangible assets with determinable lives are amortized on a straight line basis annually over their estimated useful lives as follows:

Customer relationships/contracts	10 years
ATM location contracts	4 - 5 years
Management contracts	5 years

(h) Revenue recognition:

(i) Financial services:

Financial services revenue mainly includes management fee income generated from investment management services, commission income from insurance policies, corporate finance and advisory fees and revenue generated from the operation and sale of ATMs.

1. Significant accounting policies (continued):

Management fees are based on contracts, calculated as a percentage of the net asset value of the respective funds or other portfolios being managed and are recognized when earned. Commission income related to insurance policies is recognized when there is persuasive evidence of an agreement, service delivery has occurred and collectibility is considered probable. Contingent profit commissions are recorded when receipt is probable and the amount is reasonably estimable. Corporate finance and advisory fees relate to financial advisory assignments and are recorded when the underlying transaction is substantially completed under the terms of the agreement.

Revenue from ATM operations includes surcharge fees charged to the cardholder when cash is dispensed, and interchange fees, which are the fees charged to the financial institution for the administrative service of agreeing to pay cash to the cardholder. These fees are recognized pursuant to written contracts in the period that the cash dispensing transaction occurs. Revenue from the sale of ATMs is recognized when the machines have been delivered and title has passed to the customer and the customer assumes risk of loss, collection of the relevant receivable is probable and the sales price is fixed or determinable.

(ii) Marketing:

Marketing revenue includes revenue generated from marketing campaign projects, teleservice programs and the sale of advertisements. Revenues from marketing campaign projects are recognized using the percentage of completion method where dependable estimates of progress toward completion can be made. Revenue from teleservice programs are recognized as services are performed, generally based on hours incurred. Advertisements are recognized at the time the advertisement is displayed and when collection of the relevant receivable is probable and the sale price is fixed or determinable. Deposits received in excess of amounts billed for marketing campaign projects and on sales of advertisements not yet displayed are recorded as deferred revenue, and the related costs are included in work in progress or prepaid expenses.

(iii) Distribution:

Distribution revenue includes revenue generated from the import and distribution of electronic and household products which is recognized when goods are delivered and

1. Significant accounting policies (continued):

title has passed to the customer and the customer assumes risk of loss, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable, net of estimated returns, discounts and other allowances. Sales, provisions for estimated sales returns and the costs of products sold are recorded at the time of shipment.

(iv) Oil and gas services:

Oil and gas services revenue includes revenue from contracts entered into to provide mid-stream production services to the energy industry. Revenue from such contracts is recognized as services are performed and related costs are incurred. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are determined.

(i) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the balance sheet dates and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses other than depreciation and amortization are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

(j) Income taxes:

No provision has been made in the accounts for income taxes with respect to the Operating Partnerships as they are not taxable entities and the reporting of income for tax purposes is the responsibility of each of the limited partners to the extent that allocations are made by NPY to the limited partners.

Income taxes of corporate subsidiaries are accounted for under the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is

1. Significant accounting policies (continued):

realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that enactment or substantive enactment occurs.

(k) Leases:

Leases entered into by NPY as lessee that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases and included in property, plant and equipment and long-term debt. All other leases are classified as operating leases under which leasing costs are recorded as expenses in the period in which they are incurred.

(l) Income per unit:

The income per unit of NPY is computed by dividing NPY's income by the weighted average units outstanding during the reporting period. Diluted income per unit is similar to basic income per unit, except that the denominator is increased to include the number of additional units that would have been outstanding if the potentially dilutive units had been issued, and the numerator excludes distributions. Restricted units described in note 10 are unvested and, accordingly, these units are only included in the computation of diluted loss per unit. At September 30, 2005, a disclosure of diluted loss per unit is not applicable as the restricted units are anti-dilutive.

(m) Cash and cash equivalents:

Cash and cash equivalents consist of all highly liquid investments with remaining maturities, at the date of purchase/investment, of three months or less. Cash and cash equivalents consist of cash, cash in circulation in ATMs and cash on deposit with financial institutions, which are unrestricted as to their use.

(n) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported

(In thousands of dollars, except per unit amounts)

1. Significant accounting policies (continued):

amounts of revenue and expenses during the periods. Significant items subject to such estimates and assumptions include the carrying amount of property, plant and equipment, accrued liabilities, intangible assets and goodwill, and valuation allowances for receivables and inventories.

2. Property, plant and equipment:

September 30, 2005	Cost	Accumulated depreciation	Net book value
Equipment under capital lease	$ 5,535	$ 1,079	$ 4,456
Furniture and equipment	2,311	99	2,212
Computer hardware and software	2,319	200	2,119
Automotive equipment	1,795	142	1,653
Land and buildings	1,326	208	1,118
Leasehold improvements	1,031	68	963
ATMs	910	259	651
	$ 15,227	$ 2,055	$ 13,172

3. Long-term investments:

	September 30, 2005
Investments in:	
Brompton	$ 42,739
Other	264
	$ 43,003

NPY records its investments in significantly influenced companies at cost, plus its share of earnings, less distributions or dividends received.

(In thousands of dollars, except per unit amounts)

3. Long-term investments (continued):

On August 8, 2005, NPY acquired a 45% equity interest in Brompton Funds LP (together with its general partner BFGP Limited, collectively referred to as "Brompton") for $42,270. The acquisition was payable by way of issue of 3,372,692 A2 LP units and 843,173 B2 LP units respectively. Brompton is a manager of public and private investment funds. The estimated fair values of the underlying assets acquired are as follows:

Goodwill	$	22,020
Intangible assets, primarily customer relationships		20,250
	$	42,270

The purchase price allocations above reflect managements' best estimates at the time of preparing these consolidated financial statements and are subject to refinement.

4. Business combinations:

The following investments made during the nine months ended September 30, 2005 were accounted for using the purchase method, and the results of the operations have been included in NPY's consolidated financial statements since the date of acquisition. The estimated fair values of the assets acquired and liabilities assumed for each of the acquisitions are as follows:

(In thousands of dollars, except per unit amounts)

4. Business combinations (continued):

	(a) (i) EZEE	(a) (ii) NPC	(a) (iii) Gemma	(b)(i) NPC	(b) (ii) Jutan	(b) (iii) S&E	(c) (i) ESR	(c) (ii) MWI	(c) (iii) Cap C	(c) (iv) NPI	(d) (ii) Kenna	Total
Date of acquisition	January 28	January 31	March 31	August 8	August 8	August 8	August 8	August 8	August 8	August 8	September 14	
Percentage acquired	50.1%	50%	80%	30.7%	80%	55%	80%	80%	80%	100%	50%	
Accounting method	(1)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(1)	(2)	
	$	$	$	$	$	$	$	$	$	$	$	$
Assets acquired:												
Current assets	518	762	5,384	7,415	48,289	274	19,335	1,850	5,097	2,822	1,219	92,965
Property, plant and equipment	124	190	1,821	2,873	1,083	36	415	59	727	225	773	8,326
Long term assets	-	-	-	172	120		-	-	80	240	-	612
Goodwill	17,217	-	1,097	9,363	35,138	5,209	38,401	33,202	12,010	47,002	-	198,639
Intangible assets	-	508	24,008	6,046	26,410	3,594	48,212	31,940	10,833	28,448	8,285	188,284
	17,859	1,460	32,310	25,869	111,040	9,113	106,363	67,051	28,747	78,737	10,277	488,826
Liabilities assumed:												
Current liabilities	2,679	856	3,869	6,688	32,520	578	19,311	1,573	8,062	1,901	854	78,891
Long-term liabilities	80	229	148	2,533	4,050	-	-	131	-	-	-	7,171
	2,759	1,085	4,017	9,221	36,570	578	19,311	1,704	8,062	1,901	854	86,062
Net assets Acquired:	15,100	375	28,293	16,648	74,470	8,535	87,052	65,347	20,685	76,836	9,423	402,764
Consideration:												
Cash	15,000	375	28,009	-	36,450	-	-	-	-	-	9,423	89,257
Units issued	-	-	-	16,648	37,917	8,535	86,897	65,173	20,483	76,811	-	312,464
Transaction costs	100	-	284	-	103	-	155	174	202	25	-	1,043
	15,100	375	28,293	16,648	74,470	8,535	87,052	65,347	20,685	76,836	9,423	402,764

(1) Consolidation
(2) Proportionate Consolidated

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

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4. Business combinations (continued):

(a) Acquisitions prior to closing:

(i) EZEE:

On January 28, 2005, NPY acquired an additional 50.1% (7,000,000 Class B partnership units), of EZEE for $15,100, bringing its holding to 100%. The aggregate purchase consideration consisted of $15,000 cash consideration and transaction costs of $100, which primarily consisted of fees paid for financial advisory and legal services. EZEE is a full - service provider of ATMs and a full range of ATM management services, from ATM deployment and maintenance to transaction processing, reporting and settlement. With this acquisition, EZEE became a wholly owned subsidiary of NPY.

(ii) NPC:

On January 31, 2005 NPC acquired 100% of the issued and outstanding shares of G&T Welding Ltd. ("G&T") for $750. On January 31, 2005, NPY owned 50% of NPC, thus resulting in NPY's acquisition of 50% of G&T. NPC and G&T are fully integrated providers of midstream production services to the energy industry in western Canada.

(iii) Gemma:

On March 31, 2005, NPY acquired 80.0% (7,999 partnership units) of Gemma for $28,325. The aggregate purchase price consisted of $28,050 cash and transactions costs of $275, which primarily consisted of fees paid for financial advisory and legal services. Gemma is an integrated direct marketing company with its primary focus on inbound and outbound teleservices.

(b) Roll-up Agreements concurrent with the Closing:

On Closing of the public offering of Newport, NPY increased its investments in NPC, S&E and Jutan to 80%. These acquisitions were made as follows:

(i) NPC:

NPY acquired an additional 30.6% of the limited partnership units of NPC for $16,648 payable by way of issue of 1,664,767 A2 LP units;

4. Business combinations (continued):

(ii) Jutan:

NPY acquired an additional 27.5% of the limited partnership units of Jutan for $37,917 payable by way of issue of 3,791,660 A2 LP units. Refer to note 4 (d) (i) for further information. Jutan is an importer, marketer and distributor of electronic and appliance products to the Canadian retail industry; and

(iii) S&E:

NPY acquired an additional 55% of the limited partnership units of S&E for $8,535 payable by way of issue of 533,409 A2 LP units and 320,045 B3 LP units respectively. S&E is an alternative advertising company that provides a specialized service for clients seeking to enhance their advertising awareness in new areas beyond traditional media placement. S&E has been adversely affected by the NHL strike and, as a result, NPY's investment in additional limited partnership units of S&E is subject to price adjustment. The A2 LP units and B3 LP units issued are being held in escrow, and will be released on a defined schedule over a 30-month period based upon the level of distributable cash earned by S&E after Closing.

(c) Acquisitions concurrent with the Closing:

On Closing, NPY invested in ESR, MWI, Capital C and Newport Partners pursuant to the Acquisition Agreements, in each case, in a series of transactions as follows:

(i) Elliott Special Risks Ltd. sold substantially all of its assets to ESR and NPY purchased 80% of the limited partnership units of ESR for $86,897 payable by way of issue of 3,475,882 A2 LP units and 5,213,824 A3 LP units respectively. ESR is a specialty managing general agent and is qualified to underwrite commercial liability insurance on behalf of insurers. ESR does not assume any liability for claims, expenses or payments if an insured incurs a loss. This liability is the responsibility of the insurer that underwrites the policy.

(ii) Morrison Williams Investment Management Ltd. sold substantially all of its assets to MWI and NPY purchased 80% of the limited partnership units of MWI for $65,173 payable by way of issue of 5,213,824 A2 LP units and 1,303,456 B4 units

4. Business combinations (continued):

respectively. MWI is an institutional money manager with over $3.5 billion of funds under management.

(iii) Capital C Communications Inc. sold all of its assets to Capital C and NPY indirectly purchased 80% of the limited partnership units of Capital C for $20,483 payable by way of issue of 2,048,288 A2 LP units. Capital C is a fully integrated marketing services agency that works with its clients to develop innovative marketing programs for its clients' products and services.

(iv) Newport Insurance Inc. and Newport Securities Inc. sold substantially all of their respective assets to Newport Insurance LP and Newport Securities LP and NPY purchased 100% of the limited partnership units of Newport Insurance LP and Newport Securities LP and purchased from Newport Holdings Ltd. 100% of the shares of Newport Investment Counsel Inc. ("NICI") for $76,811 in aggregate, payable by way of issue of 3,817,264 A2 LP units, 1,536,216 B1 LP units and 2,327,600 Class C LP units. On completion of this transaction, NPY transferred its direct investment in these entities to Newport Partners LP.

(d) Acquisitions subsequent to Closing:

(i) On September 30, 2005 NPY drew $17,000 on its acquisition line facility with the bank to fund Jutan's acquisition of the business of Sonigem Products Inc ("Sonigem"). NPY received an additional 373,935 LP units of Jutan in return for its investment. However, this additional investment did not result in a change in NPY's ownership interest of 80% in Jutan as the other operating partner of Jutan received 93,506 units representing their pre-acquisition 20% share of Jutan. The fair value of these 93,506 units is valued at $4,114, which has been accounted for as goodwill by NPY in its financial statements.

Out of the $17,000 cash investment by NPY, Jutan used $7 million to purchase Sonigem and the balance of $10,000 for additional working capital requirements of Sonigem. NPY's share of the excess of the investment over the fair value of assets acquired, which primarily relates to distribution licences and brand, is $6,061 and is accounted for as an intangible asset on the acquisition of the Sonigem business. Sonigem is a marketer and distributor of consumer audio and video electronics.

(In thousands of dollars, except per unit amounts)

4. Business combinations (continued):

The above purchase price allocation to intangible assets and goodwill is preliminary and is subject to change once management completes its final valuation of the assets acquired and liabilities assumed on this acquisition.

(ii) Kenna Group sold substantially all of its assets to Kenna and NPY purchased 50% of the limited partnership units of Kenna for $9,425. NPY funded this acquisition by drawing $9,500 on its acquisition line. Kenna is a provider of automated marketing solutions.

5. Intangible assets:

September 30, 2005	Cost	Accumulated amortization	Net book value
Definite life intangible assets:			
Customer relationships/contracts	$164,734	$ 4,356	$160,378
ATM location contracts	8,772	4,718	4,054
Management contracts	549	110	439
Distribution licenses	22,357	1,873	20,484
	196,412	11,057	185,355
Indefinite life intangible assets:			
Brands	21,473	-	21,473
	$ 217,885	$ 11,057	$206,828

The above intangible assets include management's best estimates of intangibles recorded through acquisitions. These estimates may be revised as purchase equations are finalized.

6. Bank indebtedness:

NPY, through its wholly owned subsidiary, Newport Partners Holdings LP, entered into a credit agreement (the "Credit Agreement") on August 8, 2005 with two Canadian banks. The facility is a three-year revolving credit facility available up to a maximum of $40,000. On August 31, 2005, the Credit Agreement was amended and increased to a limit of $55,000 to include an acquisition line facility in addition to the operating facility. The operating and acquisition facilities bear interest at the bank's prime rate and are subject to certain covenants. The facilities are collateralized by general security agreements covering assets of NPY, ESR, MWI, EZEE, On-site, NPC, S&E, Capital C, Gemma, Kenna and Newport Partners.

As of September 30, 2005, $17,000 was drawn on the operating facility and $26,500 was drawn on the acquisition facility. In addition, NPY has issued a letter of credit in the amount of $3,000.

Jutan has a demand operating and letter of credit facility available to a maximum of $80,000. The facility bears interest at the bank's prime rate and is collateralized by a general security agreement over the assets of Jutan. As of September 30, 2005, NPY's share of the amount drawn on the operating facility and letters of credit issued was $15,407 and $29,000 respectively.

(In thousands of dollars, except per unit amounts)

7. Obligations under capital leases:

Capital lease obligations relate to vehicles and heavy equipment. The leases bear interest at rates from 4.5% to 22% per annum and are secured by specific assets. NPY's proportionate interest in future minimum payments are follows:

2006	$ 2,482
2007	1,668
2008	786
2009	186
2010	45
Total minimum lease payments	5,167
Less amount representing interest (at rates ranging from 4.5% to 22%)	461
Present value of net minimum capital lease payments	4,706
Less current portion of obligations under capital leases	2,215
	$ 2,491

Interest of $123 and $407 for the three month and nine month periods ended September 30, 2005 relating to capital lease obligations has been included in interest on long-term debt.

8. Limited partnership units and capital contributions:

(a) Pursuant to the Partnership Agreement, and prior to August 8, 2005:

(i) NPY is authorized to issue an unlimited number of units;

(ii) the general partner may raise capital from time to time by selling units of NPY and may determine the price and conditions of such issue;

(iii) each limited partner has the right, but not the obligation, to subscribe on a pro-rata basis to its current holdings in NPY for up to 50% of the units offered for sale by the General Partner; and

8. Limited partnership units and capital contributions (continued):

(iv) each unit, representing an undivided interest in the net assets of NPY, participates equally with other units and carries one vote.

(b) Pursuant to the Partnership Agreement and subsequent to August 8, 2005:

(i) NPY is authorized to issue various classes and series of units, for such consideration and on such terms and conditions as may be determined by the General Partner. On Closing the issued and outstanding LP units were split on a 2.3276 to one basis and redesignated as 22,206,450 A2 LP units.

Each LP unit has economic rights that are equivalent in all material respects, except that:

(i) A2 LP units are exchangeable for units at the option of the holder on a one-for-one basis (subject to customary anti-dilution protections) at any time;

(ii) Class B LP units and Class C LP units are automatically exchanged into A2 LP units on a one-for-one basis following the applicable Class B Subordination and Class C Subordination end date;

(iii) distributions on the Class B LP units may be subordinated;

(iv) distributions on the Class C LP units will be subordinated;

(v) LP units automatically become exchangeable into units of Newport upon the satisfaction of certain conditions and in certain circumstances;

(vi) each of the A2 LP units, Class B LP units and Class C LP units are accompanied by a Special Voting unit which entitles the holder thereof to receive notice of, to attend and to vote at all meetings of unitholders; and

(vii) on Closing, Newport granted the holders of A2 LP units the right to require Newport at any time to indirectly exchange each A2 LP unit for units of Newport on a one-for-one basis, subject to customary anti-dilution protections, pursuant to the Exchange Agreement.

Each limited partner is entitled to one vote for each unit held at all meetings of limited partners of NPY LP. In addition, the holders of LP units of each class or series of LP units

8. Limited partnership units and capital contributions (continued):

are entitled to vote separately as a class upon any proposal to add to, remove or change the rights, privileges, restrictions or conditions attaching to such class or series of LP units or otherwise adversely affect such class or series of LP units.

(c) Issuance of units pursuant to the initial public offering of Newport:

On July 28, 2005, a prospectus was filed for Newport for the issuance of 21,300,000 trust units. The Closing was completed on August 8, 2005. Subsequent to the Closing, the over-allotment option was exercised, and a further 1,350,000 trust units were issued for a total of 22,650,000 units. Newport has been created to hold an interest in NPY.

The proceeds of the Offering net of the underwriters' fee were $213,476. Newport used $213,412 of the Offering to indirectly capitalize NPY. NPY used the proceeds of the Offering, to pay the expenses of the Offering of $9,800, to pay a portion of the performance fee due on Closing to NICI to enable NICI to pay source deductions of $20,202 due on related employee bonuses, to pay GST of $2,928 on the performance fee, and to redeem 12,731,454 A2 LP units and 5,213,824 A3 LP Units for $127,315 and $52,138, respectively. Amounts received by employees were used to subscribe for 2,163,012 A2 LP units which were immediately exchangeable for A1 LP units.

(d) Issuance of new units as a result of the Roll-up Agreements and acquisitions concurrent with the Closing:

(i) On Closing, NPY issued units to increase its investments in NPC, S&E and Jutan to 80% pursuant to the Roll-up Agreements and as detailed in note 4. S&E has been adversely affected by the NHL strike and, as a result, NPY's investment in additional limited partnership units of S&E is subject to price adjustment. The A2 LP units and B3 LP units issued pursuant to the applicable Roll-up Agreement are being held in escrow, and will be released on a defined schedule over a 30-month period based upon the level of distributable cash earned by S&E after Closing.

(ii) On Closing, NPY issued units to acquire 80% of ESR, MWI and Capital C and 100% of Newport Partners pursuant to the acquisition agreements and as detailed in note 4. NPY also issued units to acquire 45% of Brompton as detailed in note 3.

(In thousands of dollars, except per unit amounts)

9. Distributions and allocations to limited partners:

The General Partner may, at its discretion, make distributions to limited partners in proportion to the number of partnership units held by them at the time of the distribution. Distributions of $0.125 per partnership unit were paid each month from April to September 2004. Effective October 2004, the distributions were paid at the rate of $0.1375 per partnership unit. Subsequent to the unit split and the Closing, monthly distributions were paid at $0.07708 per unit. The total distributions paid and payable during the three months and nine months ended September 30, 2005 were $10,256 and $15,833 respectively.

On September 27, 2005, the Partnership announced an increase in its monthly distribution to $0.079167 per unit, effective for distributions from November, 2005.

Pursuant to the Partnership Agreement, all of the net income and realized capital gains (losses) of the Partnership are allocated to the limited partners.

10. Income per unit:

The following table sets forth the computation of basic and dilutive income per unit:

	Three months ended September 30, 2005	Three months ended September 30, 2004	Nine months ended September 30, 2005	Period from February 27, 2004 (date of inception) to September 30, 2004
Numerator:				
Net income (loss)	$ (41,941)	$ 8	$ (40,365)	$ (38)
Denominator:				
Weighted average number of units outstanding, basic	47,052,727	4,326,816	26,527,249	2,597,290
Income (loss) per unit:				
Basic and diluted	$ (0.89)	$ -	$ (1.52)	$ (0.01)

10. Income per unit (continued):

The effect of potentially dilutive 232,760 Class A units (pre-split 100,000) payable to On-Site Cash Inc. was excluded from the computations of losses per unit in the periods as their effect is anti-dilutive.

11. Related party transactions:

Administration Agreement:

On Closing, Newport, the Commercial Trust (through which Newport owns its investment in NPY) and the new General Partner entered into the Administration Agreement. Under the terms of the Administration Agreement, the General Partner provided, for no additional consideration other than reimbursement by Newport and Commercial Trust of out-of-pocket expenses incurred by the General Partner, for the provision of such administrative and support services to Newport.

The Administration Agreement has an initial term of three years, and is renewable for additional one-year terms at the option of the parties thereto. The Administration Agreement may be terminated by any of the parties in the event of the insolvency or receivership of another party, or in the case of default by one of the other parties, in the performance of a material obligation of the Administration Agreement which is not remedied within 30 days after written notice thereof has been delivered. The Administration Agreement may also be terminated upon 30 days' written notice by Newport or the Commercial Trust to the General Partner.

The following describes the significant transactions completed during the period:

Directors, officers and employees of the general partner and entities related to NPY participated, directly and indirectly, in prior private placement offerings and hold an aggregate of 3,266,340 partnership units at September 30, 2005. In addition, concurrent with the Offering and the related acquisition agreements, directors, officers and employees of the Operating Partnerships received directly or indirectly units of NPY. The total units issued were 35,462,101 of which 13,060,107 were redeemed on Closing. As at September 30, 2005

11. Related party transactions (continued):

24,796,512 units were held by this related group. The total percentage of the issued and outstanding units owned by related parties was 38.4% at September 30, 2005

Pursuant to the Partnership Agreement, NICI was entitled to a performance fee of 20% of the realized appreciation above 8% of the net assets of NPY. The Offering triggered realized appreciation for the limited partners in excess of 8% and as a result the performance fee was earned and payable. On Closing, NICI was paid a performance fee of $44.7 million, inclusive of GST, which its employees immediately reinvested the full net of tax amount, approximately $21.6 million, back into NPY. On August 8, 2005 the Partnership Agreement was amended to eliminate all management, administrative and performance fees.

12. Interests in jointly controlled entities:

At September 30, 2005, NPY holds an 80% interest in S&E, NPC, Gemma, Jutan, Capital C, ESR, and MWI and a 50% interest in Kenna. The consolidated financial statements include NPY's proportionate share of the revenue, expenses, assets and liabilities of these jointly controlled entities as follows:

(In thousands of dollars, except per unit amounts)

12. Interests in jointly controlled entities (continued):

	September 30, 2005
Current assets	$ 111,848
Property, plant and equipment	12,058
Long-term investments	464
Goodwill and intangibles	208,446
	$ 332,816
Current liabilities	$ 75,524
Long-term obligations	20,317
	$ 95,841

	Three months ended	Nine months ended
Revenues	$ 63,593	$ 98,742
Expenses	61,104	92,933
	$ 2,489	$ 5,809
Cash provided by (used in):		
Operating activities	$ (3,698)	$ (7,794)
Financing activities	10,399	14,047
Investing activities	(6,752)	(9,072)

13. Commitments and contingencies:

(a) NPY is committed to payments under operating leases for equipment and office premises through 2014 in the total amount of approximately $13,661. The minimum annual payments, exclusive of operating costs under these lease arrangements, are as follows:

(In thousands of dollars, except per unit amounts)

13. Commitments and contingencies (continued):

2005	$ 907
2006	3,316
2007	3,054
2008	2,357
2009	1,715
Thereafter	2,313

(b) The acquisition of On-Site includes contingent consideration payable in the form of 232,760 Class A2 NPY partnership units.

(c) The various Acquisition Agreements provide that elections may be made under the Income Tax Act (Canada) to transfer the assets of the predecessor businesses to the various respective limited partnerships on a tax deferred basis. Accordingly, the tax cost to the Operating Partnership of the assets transferred where such elections are made may be less than the fair market value of such assets and, as such, some of the investee partnerships may realize a taxable gain on a future disposition of the assets.

(d) NPY is subject to claims and litigation proceedings arising in the normal course of operations. These contingencies are provided for when they are likely to occur and can be reasonably estimated. Management believes that the ultimate resolution of these matters will not have a material effect on NPY's consolidated financial statements.

(e) The acquisitions involved various corporate structuring steps to complete the transactions in a tax-effective manner. These transactions involved interpretations of the Income Tax Act which could if interpreted differently, result in additional tax liabilities.

14. Segmented information:

NPY has four reportable operating segments, each of which has separate operational management and management reporting information. All of NPY's operations, assets and employees are located in Canada. The financial services segment incorporates investment management, institutional money management, wealth management, specialty insurance underwriting, and the servicing of ATMs. The marketing segment represents the investment in

(In thousands of dollars, except per unit amounts)

14. Segmented information (continued):

non-traditional marketing operations that acquires rights in media, publications and television, and an investment in an integrated direct marketing company with its primary focus on inbound and outbound teleservices and an investment in a fully integrated marketing services agency. The oil and gas services segment represents the investment in fully integrated providers of mid-stream production services to the energy industry. The distribution segment represents investment in the operations of the import and distribution of electronic and household products. The accounting polices of the segments are the same as those described in the summary of significant accounting polices in note one. NPY evaluates the performance of its operating segments based on earnings.

3 months ended September 30, 2005 (Unaudited)	Financial services	Marketing	Oil and gas services	Distribution	Total
Revenues	$ 9,755	$ 12,418	$ 17,465	$ 30,572	$ 70,210
Cost of revenues	4,903	8,506	14,868	27,156	55,433
Selling, general and administrative expenses	2,046	2,170	1,396	2,490	8,102
Performance fee	44,760	-	-	-	44,760
Depreciation and amortization	1,838	1,037	655	670	4,200
Interest on long-term debt	(91)	4	303	110	326
Operating income (loss)	(43,701)	701	243	146	(42,611)
Income (loss) from equity investment	730	-	-	(696)	34
Other income	70	530	-	36	636
Income (loss) for the period	$ (42,901)	$ 1,231	$ 243	$ (514)	$ (41,941)
Goodwill acquired	$ 118,605	$ 17,219	$ 9,363	$ 39,252	$ 184,439
Expenditures for property, plant and equipment	56	4	1,534	6	1,600

(In thousands of dollars, except per unit amounts)

14. Segmented information (continued):

9 months ended September 30, 2005	Financial services	Marketing	Oil and gas services	Distribution	Total
Revenues	$ 17,975	$ 20,183	$ 44,849	$ 30,572	$ 113,579
Cost of revenues	11,518	13,363	37,463	27,156	89,500
Selling, general and administrative expenses	3,827	3,439	2,680	2,490	12,436
Performance fee	44,760				44,760
Depreciation and amortization	3,152	1,876	1,679	670	7,377
Interest on long-term debt	15	9	576	110	710
Operating income (loss)	(45,297)	1,496	2,451	146	(41,204)
Income (loss) from equity investment	730	-	-	(527)	203
Other income	70	530	-	36	636
Income (loss) for the period	$ (44,497)	$ 2,026	$ 2,451	$ (345)	$ (40,365)
Goodwill acquired	$ 135,822	$ 18,316	$ 9,363	$ 39,252	$ 202,753
Expenditures for property, plant and equipment	68	234	1,630	6	1,938
Total assets	325,477	85,719	54,062	130,179	595,437
Total goodwill	138,226	18,812	11,311	38,675	207,024

(In thousands of dollars, except per unit amounts)

14. Segmented information (continued):

The only segment applicable in 2004 is the financial services segment shown below.

	Financial Services	
	3 months ended September 30, 2004	Period from February 27, 2004 to September 30, 2004
Revenues	$ 2,722	$ 4,140
Cost of revenues	2,008	2,765
Selling, general and administrative expenses	131	444
Depreciation and amortization	513	818
Interest on long-term debt	62	151
Income (loss) for the period	$ 8	$ (38)
Goodwill acquired	-	7,977
Expenditures for property, plant and equipment	(299)	1,206
Total assets	37,206	37,206
Total goodwill	7,977	7,977

15. Subsequent Events

NPC entered into a letter of intent to acquire a company in the oil and gas services business in September 2005. The acquisition is expected to close in November 2005.

EZEE acquired 100% of the assets of Rapid Cash, an Edmonton-based operator of non-financial institution ATM's for approximately $550 in October 2005.