PORTFOLIO SUMMARY – BY OPERATING PARTNERSHIP ($000s)

Three months ended September 30, 2008

OPERATING PARTNER	DATE OF INITIAL INVESTMENT	OWNERSHIP INTEREST	INVESTED CAPITAL	Q3 2008 EBITDA	Q3 2008 DISTRIBUTABLE CASH	LTM CASH YIELD FROM THE PORTFOLIO[1]
FINANCIAL SERVICES						
Brompton	Aug. 2005	42%	27,200	657	777	11.0%
ESR	Aug. 2005	80%	56,000	1,012	1,544	15.6%
Morrison Williams	Aug. 2005	80%	42,000	1,156	1,156	17.3%
NP LP	Aug. 2005	100%	20,700	850	844	20.5%
Hargraft	Apr. 2006	80%	17,800	(80)	(64)	7.8%
BMI	Apr. 2007	78%	18,200	401	505	16.0%
MARKETING						
S & E	Oct. 2004	80%	5,700	57	54	8.5%
Gemma	Mar. 2005	80%	28,000	1,239	1,462	21.5%
Capital C	Aug. 2005	67%	23,700	1,508	1,355	24.6%
IC Group	July 2006	80%	8,400	503	489	8.9%
Armstrong	Oct. 2006	80%	20,000	397	476	7.2%
INDUSTRIAL SERVICES						
Golosky (formerly NPC)	Oct. 2004	80%	113,100	3,684	2,098	12.9%
Quantum Murray	Mar. 2006	64%	77,900	2,459	3,643	17.6%
OTHER						
Rlogistics	May 2006	36%	10,000	319	319	13.9%
Peerless	June 2006	90%	36,000	1,255	1,157	11.4%
Titan	Sep. 2006	92%	25,200	871	525	8.8%
Gusgo	Oct. 2006	80%	12,500	642	731	19.2%
TOTALS			$ 542,400	$ 16,930	$ 17,071	14.8%

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

These are non-GAAP measures, which do not have any standard meaning and therefore are unlikely to be comparable to similar measures presented by other issuers – see Non-GAAP Measures and Forward Looking Information. Definitions are provided on page 37.

DEAR UNITHOLDERS:

The third quarter of 2008 was marked by increased instability in the capital markets as the global supply of credit began to contract. Signs of an economic slowdown began to emerge in the U.S. and economic growth forecasts for the remainder of 2008 and 2009 have now been revised downwards. In response to these developments, in early October we announced that management was taking immediate steps to preserve the net asset value of the Fund by conserving the cash generated from the Fund's investment portfolio as a defensive measure against a prolonged economic slowdown. These actions include suspending distributions, paying down debt, reducing corporate costs and adding flexibility to the Fund's capital structure.

It is not clear how long the current economic slowdown will last, and prudence tells us that until we know otherwise, we should plan for a prolonged period of weakness across the markets served by the businesses in our portfolio. In the interim, we will use funds otherwise available for distribution to reduce our debt. In addition to taking the difficult decision to suspend distributions, we have sold our investment in Ezee for its estimated net asset value, with total proceeds of $36.2 million. We have redeployed this cash to reduce the Fund's debt. We have also commenced a detailed review of all of our holdings to look for additional opportunities to add cash or remove debt from the Fund's balance sheet. This may include the sale or partial sale of selected investments.

The Fund has a diversified capital structure with the earliest maturity in our convertible debt of $84.5 million due in just over two years and our term debt being a $170 million note due in just over three years. We expect to see stability return to the credit markets before this debt needs to be renewed. However, prudence also dictates that in the interim, we look for opportunities to deleverage our balance sheet. So far this year we have reduced our total debt by more than $47 million. To facilitate this strategy, we are currently in discussions with our lender - at our request - to provide us additional flexibility as we proceed with our debt reduction plan.

During the third quarter, our portfolio of 17 operating partnerships generated $166.7 million of revenue and $15.5 million of Adjusted EBITDA. While revenue increased 18 percent over the same quarter last year, this did not translate into an increase in Adjusted EBITDA primarily due to lower gross margins in the two Industrial Services companies – Golosky Group and Quantum Murray – and to a lesser extent in the Financial Services segment. Together these two segments account for two-thirds of the Fund's Adjusted EBITDA after the allocation of corporate costs. Partly offsetting these results, the EBITDA contribution from Capital C increased by 43 percent over the same period last year. Increased year over year EBITDA contributions were also made by the Fund's investments in Peerless, Titan, Armstrong and S&E.

Following the sale of Ezee at the end of the third quarter, the Fund had $542 million of invested capital. Over the past four quarters, this portfolio has returned a cash yield of 14.8 percent on our invested capital. In terms of operating efficiency, for the three month period, corporate costs declined to 1.1 percent of weighted invested capital versus 1.2 percent in the prior year period and 1.1 percent in the previous quarter. In total, including discontinued operations, the portfolio delivered $9.5 million of distributable cash to the Fund, which was $0.13 on a per unit basis compared to $0.20 in the third quarter of 2007.

In light of the turbulent financial and credit marketplace, the Fund has reviewed the carrying value of all its investments at September 30, 2008. Following this review, management has determined, as a result of revenue and customer attrition, and weaker customer demand, that the value of certain investments are impaired, and therefore has recorded non-cash goodwill and intangible asset write downs of $35 million on its investments in Armstrong, Titan and Brompton.

Early in the year we began exploring different strategic options that would allow us to unlock some of the gains that we have made in the Fund's largest investment, Golosky. During the period, management narrowed the range of options and was involved in detailed discussions with both financial and strategic investors. However, progress on these discussions has been interrupted by the recent instability in the global capital markets. As a result, we are now reviewing other alternatives with Golosky and we no longer expect to conclude a transaction before the end of 2008.

We believe that the diversification of the Fund's investments is expected to be of benefit to Unitholders as different sectors of the economy are affected by the slowdown in varying degrees and in varying cycles. For example, investments in the Financial Services segment are expected to experience mixed results with the asset management businesses (Brompton, NP LP and Morrison Williams) delivering reduced earnings earlier in the downturn as assets under management decline in step with reduced equity values. But these companies can also be expected to see the earliest recovery from a downturn as equity values are typically priced on forward earnings.

Our insurance intermediaries on the other hand (BMI, ESR and Hargraft), can be early beneficiaries of the downturn as insurance premiums, and the related commissions received by these companies, are increased by underwriters to offset the loss of investment returns.

Our holdings in the Industrial Services segment will be influenced by the sectors that these businesses serve. Quantum Murray's results were impacted in Q3 largely due to the sudden and dramatic decline in metal prices. Once contract pricing is adjusted to reflect current commodity pricing, project margins can be restored. However, it is not yet clear how the downturn will impact the capital spending plans of Quantum Murray's customers into the second half of 2009. Golosky has seen continued strong demand in their oil sands related operations. However, construction revenues from conventional oil and gas related activity are expected to remain weak in step with the near term supply and demand factors that impact underlying energy prices.

The Marketing segment is expected to offer mixed results in a period of economic weakness. Those companies offering promotional services that can easily migrate across the Canada/U.S. border (IC Group and Armstrong) are already seeing the benefit of a lower exchange rate. However, this will be somewhat offset by reduced demand from U.S.-based marketers if the slowdown deepens. Capital C is currently reaping the rewards of an investment in new business development that has fully restocked their project pipeline. As this backlog of work is completed, a slowdown may impact the replenishment of this pipeline in the second half of 2009.

The steps we've taken in response to this period of economic uncertainty are intended to enable us to conserve cash and protect the net asset value of our investments. Several of these measures are already having a positive impact while others will take longer to show up in our results. Meanwhile, we're staying close to all of our operating partners and keeping watch for any changes in the larger economic landscape.

Peter Wallace
President & CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 13, 2008

Prior to our IPO on August 8, 2005, we made our investments in private businesses through NPY, a limited partnership established on February 27, 2004. The Fund holds a 61% indirect interest in NPY and certain financial information of NPY has been included where appropriate.

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

Capitalized terms are defined terms, their meaning is explained in the "Definitions" section located on page 37, and references to "we", "us", "our" or similar terms, refer to Newport Partners Income Fund (NPF or the Fund), unless the context otherwise requires.

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Forward-Looking Information

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

Non-GAAP Measures

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

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

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

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

EBITDA refers to net earnings determined in accordance with GAAP, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and the Trustees as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDA to monitor the performance of the Fund's reportable segments. The Fund has provided a reconciliation of income to EBITDA in this MD&A.

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

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

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

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

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

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

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

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

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

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

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

VISION AND CORE BUSINESS

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

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

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

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

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

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

STRATEGY

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

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

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

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

- Managing risk through diversification and prudent use of leverage. At September 30, 2008, the Fund had a net debt to LTM EBITDA ratio of 2.6 times. That includes about $77.6 million of working capital advances provided to the 17 Operating Partnerships.

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

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

KEY PERFORMANCE DRIVERS

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

INVESTING ACTIVITIES:

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

FUNDING ACTIVITIES:

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

Some of the Fund's key financial performance indicators and results against those indicators as at September 30, 2008 are set out below:

KEY PERFORMANCE INDICATORS	THREE MONTHS ENDED SEPTEMBER 30, 2008	THREE MONTHS ENDED SEPTEMBER 30, 2007
Distributable cash per unit from continuing operations	$0.12	$0.18
Distributable cash per unit	$0.13	$0.20
Corporate costs to weighted invested capital	1.1%	1.2%
	AS AT SEPTEMBER 30, 2008	AS AT JUNE 30, 2008
Net Asset Value per unit	$4.24	$5.67
Net debt / LTM EBITDA	2.6x	2.5x
LTM Cash yield from the portfolio	14.8%	15.2%

CAPABILITY TO DELIVER RESULTS

LIQUIDITY AND CAPITAL RESOURCES

OPERATING CASH FLOW AND WORKING CAPITAL

Cash provided by operations was $21.2 million for the three months ended September 30, 2008, compared to cash used by operations of $0.6 million for the three months ended September 30, 2007. The Fund had positive working capital of approximately $84.4 million at September 30, 2008, compared to $49.6 million at September 30, 2007. Standardized distributable cash for the three months ended September 30, 2008 was $17.2 million compared to ($2.4) million for the three months ended September 30, 2007. Distributable cash or adjusted distribution base for the three months ended September 30, 2008 was $9.5 million compared to $13.9 million for the three months ended September 30, 2007. Distributions paid in the quarter were $11.7 million compared to $17.6 million in the prior year period. In December 2007 the distribution rate was reduced from $1.00 to $0.65 per unit per annum. On October 8, 2008 the Fund announced that it would suspend distributions to unitholders as a defensive measure in order to preserve cash in the face of unstable capital markets and the prospect of prolonged economic slow down. The Fund will review its distribution policy when it determines that stability has returned to the capital markets. Cash retained by the Fund will be used to pay down debt and increase cash reserves. Working capital required by the Operating Partnerships is provided by our credit facility and has historically been at its highest in the first six months of the year. However, the growth at Golosky is resulting in higher than anticipated working capital funding requirements due to continuing increased activity levels and we expect this to continue. In addition, Golosky is also seeing a somewhat longer collection cycle with some of its larger customers which increases the working capital needs which results in higher than anticipated draws on the Fund's revolving credit facility. This longer collection cycle is affecting most businesses in the oil and gas sector, to some degree. Going forward, financing will be provided from cash from operations, retained cash from distribution suspension, and potentially from portfolio sales and redeployment of the proceeds.

FINANCING

The Fund has a $285 million Senior Credit Agreement with an affiliate of Fortress. The credit facility consists of $210.0 million of term debt and a $75.0 million revolving facility. The interest rate on the 5 year term facility is equal to the 3-month BA rate plus 4.50% to 5.95% depending on the total senior leverage ratio. The revolving facility carries interest at the BA rate plus 2.75%. The credit facility contains customary positive and negative covenants. As at September 30, 2008 the Fund's total senior leverage ratio was 2.6 times and it was in compliance with all of the covenants in the credit facility.

On September 30, 2008 the Fund amended its Senior Credit Agreement. A summary of the material items follows and a full copy of the amendment may be found at sedar.com:

- Consent for the disposition of the assets of Ezee,
- For the period ending September 30, 2008, only, the leverage limit is increased from 2.75 times the last twelve months pro-forma EBITDA ("LTM EBITDA") to 3 times LTM EBITDA, returning to 2.75 times LTM EBITDA for the quarter ending December 31, 2008 and all periods thereafter,
- The interest rates on the revolver operating facility have increased by 25 basis points, from Banker's Acceptance Rate (BA Rate) plus 2.50% per annum to BA Rate plus 2.75% per annum,
- The interest rates on the term operating facility have increased by 100 basis points from BA rate plus 3.5% to 4.95% depending on total senior leverage ratio to BA rate plus 4.5% to 5.95% depending on total senior leverage ratio; and
- Cancellation of the undrawn portion of the Delayed-draw Term Loan (equal to $35 million).

The Fund did not make progress on reducing its net debt/LTM EBITDA in the quarter. The Fund continues to review the working and growth capital needs of all its Operating Partnerships, and in particular Golosky and Quantum Murray and is evaluating financing options including third party financing, stand alone facilities, integrated cash management solutions, that could improve balance sheet management and eventually reduce the cost of capital for the Operating Partnerships and the Fund.

CAPITAL EXPENDITURES

The portfolio incurred total capital expenditures (capital lease payments and maintenance capital expenditures) of $1.2 million for the quarter compared with $2.0 million in the prior year period. Total capital expenditures as a percentage of Adjusted EBITDA are approximately 7.7%. The industrial services segment accounted for 85.5% of the Fund's total capital expenditures for the three month ended September 30, 2008. Overall, we do not expect significant changes to the level of capital expenditures from current levels and these expenses are expected to be funded by cash from operations.

CAPITAL STRUCTURE

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

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

We expect to make accelerated progress on debt reduction in subsequent quarters.

Non-Capital Resources

INVESTMENT EXPERTISE

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

ENTREPRENEUR NETWORK

Generating 'deal flow' of potential new investments is a critical success factor. Newport Partners has trusted relationships and an extensive network of contacts in the Canadian private business sector. Newport Partners' network is derived from the personal contacts of the principals, the management teams of the Operating Partners and a large client base of entrepreneurial families. This network represents a competitive advantage in generating new investment opportunities for the Fund and has enabled the Fund to build a large and diversified portfolio of 17 businesses. Since inception, the Fund has invested $666.3 million and has disposed of two investments.

INVESTMENT PHILOSOPHY AND CULTURE

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

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

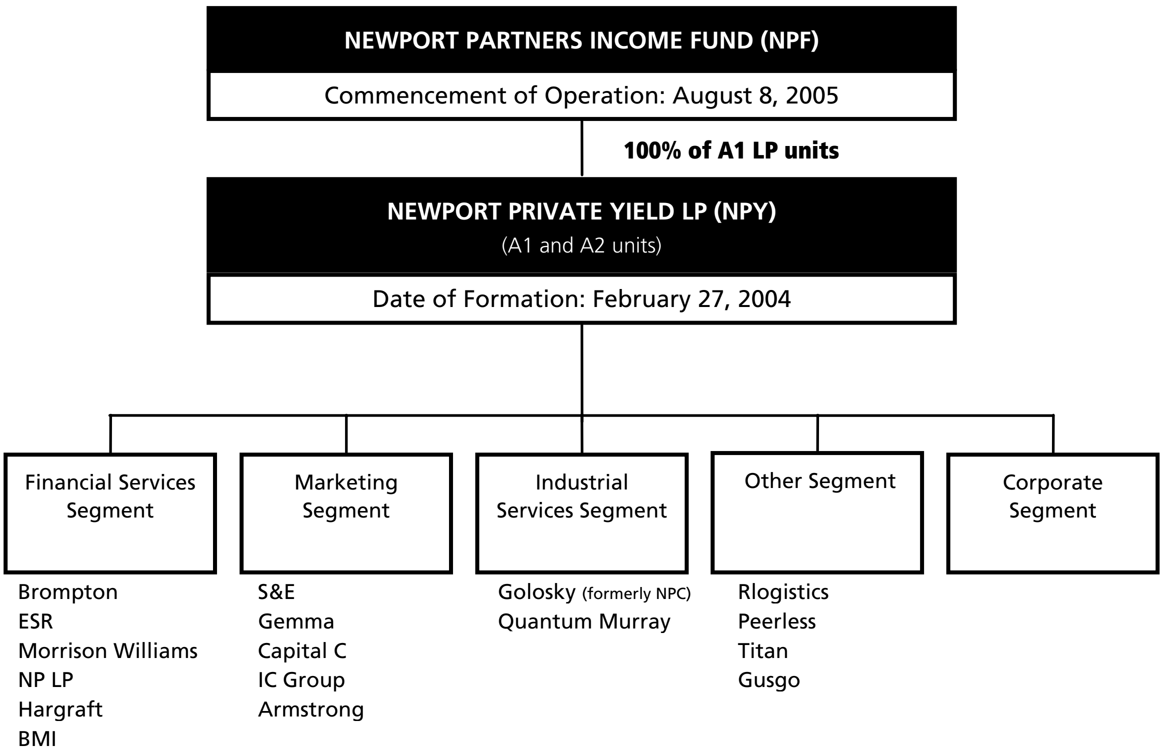
SYSTEMS AND PROCESSES

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

OTHER FACTORS IMPORTANT TO UNDERSTANDING OUR RESULTS

Simplified Structure – NPF and NPY

NPF is an unincorporated, open-ended, limited purpose trust, which was created to hold an indirect interest in NPY. NPY is a limited partnership formed to invest in securities of private businesses and distribute the available cash flows to the limited partners. Management at the Operating Partnerships, principals and employees of Newport Partners, Trustees of the Fund, and founding investors of NPY own approximately 53.2% of the 71,868,931 Units outstanding.



Units Outstanding

TRUST UNITS	EXCHANGEABLE LIMITED PARTNERSHIP UNITS (NPY A2 LP UNITS)	TOTAL
44,039,462	27,829,469	71,868,931

Pursuant to the Exchange Agreement between CT and NPY, 2,672,505 NPY LP units were exchanged for Trust units of the Fund during the nine months ended September 30, 2008.

On December 18, 2007 the Fund received approval from the TSX for a Normal Course Issuer Bid to purchase for cancellation, through the facilities of the TSX, up to 2,070, 348 of its units, or 5% of its then issued and outstanding units. For the nine months ended September 30, 2008 there has been nil units purchased for cancellation.

Future Income Taxes

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

The Fund's financial results for the year ended December 31, 2007 included a net future income tax expense of $33.2 million representing the tax-effected temporary differences as at December 31, 2007 expected to reverse after December 31, 2010. The majority of the tax expense was recorded in the second quarter of 2007. It is expected that in subsequent periods, adjustments will be made to the future tax liability amount when new investments are made and also to reflect changes in the accounting and tax values of the Fund's assets based on its current portfolio, and also, to reflect any changes in income tax rates or legislation. The expense recorded had no impact on cash generated by operating activities or on distributable cash. Future income taxes recorded in the third quarter of 2008 were minimal, apart from the future income tax recovery associated with the write-down of investments in Armstrong and Titan.

The Fund continues to evaluate its alternatives as to the best structure for its unitholders, including consideration of a corporate structure as this may allow us to address the limits placed on our growth by the federal government with the expansion cap included in Bill C-52. We continue to consider all options based on our ongoing review of the legislation as well as certain draft amendments released on July 14, 2008 that, in part, are intended to facilitate a conversion to a corporate structure.

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

Critical Accounting Policies and Estimates

NPF prepares its financial statements in accordance with GAAP. The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements. Significant accounting policies and methods used in the preparation of the financial statements are described in note 1 in the 2007 audited annual consolidated financial statements and note 2 of the unaudited consolidated financial statements for the three months ended September 30, 2008 as well as in "Accounting Policies –Accounting Standards Implemented by the Fund in 2008" discussed below. NPF and the Operating Partnerships evaluate their estimates and assumptions on a regular basis, based on historical experience and other relevant factors. Included in the consolidated financial statements are estimates used in determining allowance for doubtful accounts, inventory valuation, the useful lives of property, plant and equipment and intangible assets, revenue recognition and other matters. Actual results could differ materially from those estimates and assumptions.

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

Goodwill and Intangible Assets

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

Goodwill is not amortized and is tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. During the fourth quarter of 2007 the Fund wrote down goodwill associated with its investment in S&E by $1.6 million. During the third quarter of 2008 the Fund wrote down goodwill associated with its investment in Armstrong by $6.4 million. The book value of goodwill was $243.3 million at September 30, 2008.

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships and contracts, and management contracts, are amortized over their useful lives and are tested for impairment when there is an indicator of impairment or annually at a minimum. Intangible assets having an indefinite life, such as brands, are not amortized but instead are tested for impairment on an annual or more frequent basis by comparing their fair value with book value. During the fourth quarter of 2007, the Fund wrote down intangible assets associated with its investment in S&E by $1.4 million. During the third quarter of 2008 the Fund wrote down intangible assets associated with its investments in Armstrong and Titan by $2.6 and $4.0 million respectively. The net book value of intangible assets was $266.7 million at September 30, 2008.

Long term investments

Investments over which the Fund 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 the Fund'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. The Fund reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. In view of the turbulent financial and credit marketplace, the Fund has decided to perform the impairment test at September 30, 2008. As a result of revenue attrition and a weaker demand for its product suite, it was determined that the Fund's investment in Brompton is impaired, and accordingly a write-down of $22,000 has been recorded. The net book value of Long term investments was $23.8 million as at September 30, 2008.

Accounting Policies

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

ACCOUNTING STANDARDS IMPLEMENTED BY THE FUND IN 2008

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

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

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

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

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

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

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

FUTURE ACCOUNTING STANDARDS

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

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

STANDARDIZED DISTRIBUTABLE CASH

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

Productive capacity maintenance is the amount of capital funds required in a period for an enterprise to maintain its ability to generate future cash flow from operating activities at a constant level. The Fund is a diversified portfolio of investments in private Canadian businesses with, in general, fairly small capital requirements. In the current quarter our total maintenance capital expenditures and capital lease payments as a percentage of Adjusted EBITDA are approximately 7.7%. A discussion of productive capacity maintenance is not particularly relevant for investments in the Financial Services, Marketing and Other Segments as these businesses have relatively small amounts of capital requirements as the businesses are driven primarily by human capital. Our investments in the Industrial Services Segment have the largest capital requirements within the portfolio. As part of the budgeting process the Operating Partnerships are able to anticipate capital needs based on existing back-log and contracts. The capital requirements are funded from cash flows from the businesses and where possible equipment required to maintain productive capacity is leased.

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

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

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

The Fund has term debt under its credit facility of which $170 million is due on December 8, 2011 and $40 million is due May 31, 2012. In addition our convertible debt matures in 2010 and 2012. We believe that long-term debt should always form a part of our capital structure assuming an appropriate cost of capital. As our existing debt approaches maturity we will either replace it with new debt, convert into equity or refinance, if appropriate depending on the state of the capital markets at the time.

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

THIRD QUARTER PERFORMANCE

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

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007	2008	2007
NPF Units outstanding	43,599	40,911	42,767	40,047
NPY (representing non-controlling interest) Units outstanding	28,270	29,476	29,102	30,679
Total weighted average Units outstanding[1]	71,869	70,387	71,869	70,726
Total distributions paid and payable	$ 11,686	$ 17,623	$ 35,058	$ 53,125
Distributions per unit	$ 0.16	$ 0.25	$ 0.49	$ 0.75
Cash provided by operations	$ 21,239	$ (599)	$ 54,054	$ 37,012
Deduct: capital expenditures	(3,379)	(1,046)	(5,746)	(4,033)
Deduct: capital lease payments	(657)	(801)	(3,663)	(2,285)
Standardized distributable cash	$ 17,203	$ (2,446)	$ 44,645	$ 30,694
Standardized distributable cash per unit	$ 0.24	$ (0.03)	$ 0.62	$ 0.43
Total distributions paid and payable	11,686	17,623	35,058	53,125
Cash used to repurchase units	-	6,160	-	11,624
Aggregate cash distributions for the period	$ 11,686	$ 23,783	$ 35,058	$ 64,749
Standardized distributable cash payout ratio[2]	0.68x	(0.74x)	0.79x	0.82x
Standardized distributable cash	$ 17,203	$ (2,446)	$ 44,645	$ 30,694
Cash used in (provided by) discontinued operations	(1,757)	(1,688)	(3,890)	(17,006)
Changes in working capital – continuing operations	(11,206)	16,120	(15,602)	19,458
Add: growth capital expenditures	2,839	227	2,975	1,018
Add: priority income per partnership agreement[3]	1,403	194	4,169	1,856
Distributable cash from continuing operations	8,482	$ 12,406	32,297	$ 36,020
Distributable cash used by discontinued operations	1,012	1,522	3,611	(907)
Distributable cash (or Adjusted Distribution Base)	$ 9,494	$ 13,929	$ 35,908	$ 35,113
Distributable cash from continuing operations per unit	$ 0.12	$0.18	$ 0.45	$ 0.51
Distributable cash used by discontinued operations per unit	0.01	0.02	0.05	$ (0.01)
Distributable cash (or Adjusted Distribution Base) per unit	$ 0.13	$ 0.20	$ 0.50	$ 0.50
Distributable cash (or Adjusted Distribution Base) payout ratio[2]	1.23x	1.71x	0.98x	1.84x
Loss for the period before non-controlling interest[4]	$ (40,144)	$ (1,068)	$ (43,737)	$ (45,191)
Excess (shortfall) of standardized distributable cash over distributions paid	5,517	(20,069)	9,587	(22,431)
Excess (shortfall) of distributions paid over distributable capital (or Adjusted Distribution Base)	2,192	3,694	(850)	18,012
Excess (shortfall) of loss before non-controlling interest over distributions paid[4]	$ (51,830)	$ (18,691)	$ (78,795)	$ (98,316)

1 Represents weighted average number of units outstanding during the period. The 2007 period was adjusted for C LP units which were subordinated and therefore received no distributions. The subordination period for these units expired on October 1, 2007. On October 1, 2007 the units were redesignated as A2 LP units and from that time are included in the weighted average calculation.
2 Cumulative aggregate cash distributions since inception are $206,610. Cumulative standardized distributable cash and adjusted distribution base from inception are $127,963 and $163,095 respectively, providing cumulative payout ratios of 1.61x and 1.27x respectively.
3 To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount , an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the Operating Partnerships.
4 Net loss is after deducting amortization and future income taxes.

Balance Sheet ($000s)

	AS AT SEPTEMBER 30, 2008	AS AT DECEMBER 31, 2007
Total assets	$ 817,698	$ 949,236
Revolving credit facility	-	47,527
Long-term debt	205,669	204,862
Convertible debt	151,868	149,530
Unitholder's equity – NPF & NPY	280,166	366,830

Summary Financial Table – (segmented) ($000s EXCEPT PER UNIT AMOUNTS)
Three months ended September 30, 2008

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[1]	OTHER	CORPORATE[2]	TOTAL
Revenues	$ 11,712	23,698	110,615	20,624	-	$166,649
Gross profit	6,644	12,226	19,482	6,008	-	44,360
Loss from continuing operations before non-controlling interest	(21,773)	(6,520)	(1,927)	(2,059)	(7,865)	(40,144)
EBITDA	(18,004)	(5,231)	6,143	(964)	(1,419)	(19,475)
Write-down of goodwill and intangibles	-	8,935	-	4,051	-	12,986
Impairment of long-term investment	22,000	-	-	-	-	22,000
Adjusted EBITDA[3]	3,996	3,704	6,143	3,087	(1,419)	15,511
Interest (income) expense[4]	(128)	74	533	355	8,242	9,076
Non-cash interest expense	-	-	-	-	(1,080)	(1,080)
Income tax expense	6	-	-	-	8	14
Maintenance capital expenditures and reserves	(96)	130	444	61	-	539
Capital lease payments	-	33	578	46	-	657
Compensation expense funded by operating partner[5]	505	269	-	-	-	774
Priority income per partnership agreement[6]	43	100	1,153	107	-	1,403
Distributable cash from continuing operations	$ 4,762	3,836	5,741	2,732	(8,589)	$ 8,482
Cash provided by discontinued operations						$ 1,012
Distributable cash						$ 9,494
Distributable cash per unit from continuing operations						**$ 0.12**
Cash provided per unit by discontinued operations						$ 0.01
Distributable cash per unit						**$ 0.13**

Summary Financial Table – (segmented) ($000s EXCEPT PER UNIT AMOUNTS)
Three months ended September 30, 2007

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[1]	OTHER	CORPORATE[2]	TOTAL
Revenues	$ 11,867	20,803	86,313	22,121	-	$141,104
Gross profit	7,291	10,825	20,170	5,666	-	43,952
Income (loss) from continuing operations before non-controlling interest	2,246	1,137	3,688	156	(8,295)	(1,068)
EBITDA	6,003	3,202	9,696	2,692	(2,036)	19,557
Loss on dilution of ownership interest	-	-	-	-	808	808
Adjusted EBITDA[3]	6,003	3,202	9,696	2,692	(1,228)	20,365
Interest (income) expense	(168)	75	558	639	7,219	8,323
Non-cash interest expense	-	-	-	-	(987)	(987)
Income tax recovery	(11)	-	(17)	-	-	(28)
Maintenance capital expenditures and reserves	387	111	649	92	-	1,239
Capital lease payments	-	57	724	20	-	801
Compensation expense funded by operating partner[5]	563	633	-	-	-	1,196
Priority income per partnership agreement[6]	-	67	(35)	162	-	194
Distributable cash from continuing operations	$ 6,358	3,659	7,747	2,103	(7,460)	$ 12,407
Cash provided by discontinued operations						$ 1,522
Distributable cash						$ 13,929
Distributable cash per unit from continuing operations						**$ 0.18**
Cash provided per unit by discontinued operations						$ 0.02
Distributable cash per unit						**$ 0.20**

1 The Industrial Services segment includes the results of Golosky and Quantum Murray.
2 The results of the Corporate segment include corporate costs and corporate interest expense.
3 Adjusted EBITDA excludes the write-down of goodwill and intangibles and impairment of long-term investments in 2008 and in 2007 also excludes the non-cash gain or loss on changes to ownership interest.
4 NPF advanced approximately $60,000 to NPC (subsequently renamed Golosky) to allow it to complete its investment in the Golosky Group of Companies on July 31, 2007. This long term facility can be converted into equity, if certain future performance criteria are met, and in anticipation of the triggering targets being met, and also in order to remove the financing component from the operating results of NPC, interest expense of NPC, and the Industrial Services segment in this Summary Financial table has been reduced by $1,883 and $5,650 in the three and nine months ended September 30, 2008, respectively, and such amounts have been added to the interest expense of the Corporate segment.
5 NPF's agreements with ESR contemplate that certain employee bonuses are paid for by the 20% limited partners. GAAP requires that the bonuses be expensed and therefore reduces EBITDA. Since there is no cash outlay by NPF the expense is added back in arriving at distributable cash. Management of Gemma has the option to receive its distributions as bonuses. Where this option is chosen, an adjustment is required to calculate the distributable cash to the Fund.
6 To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount, an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the Operating Partnerships.

Summary Financial Table – (segmented) ($000s EXCEPT PER UNIT AMOUNTS)
Nine months ended September 30, 2008

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE	TOTAL
Revenues	$ 38,214	67,259	327,715	61,974	-	$ 495,162
Gross profit	22,923	36,575	68,705	17,514	-	145,717
Income (loss) from continuing operations before non-controlling interest	(16,746)	(3,877)	2,295	(1,287)	(24,122)	(43,737)
EBITDA	(5,436)	1,499	25,884	4,366	(4,753)	21,560
Write-down of goodwill and intangibles	-	8,935	-	4,051	-	12,986
Impairment of long-term investment	22,000	-	-	-	-	22,000
Adjusted EBITDA	16,564	10,434	25,884	8,417	(4,753)	56,546
Interest (income) expense	(355)	240	1,465	1,186	24,912	27,448
Non-cash interest expense	-	-	-	-	(3,169)	(3,169)
Income tax expense	10	-	6	-	17	33
Maintenance capital expenditures and reserves	54	504	2,050	159	4	2,771
Capital lease payments	4	98	3,452	109	-	3,663
Compensation expense funded by operating partner	1,513	815	-	-	-	2,328
Priority income per partnership agreement	155	286	3,395	333	-	4,169
Distributable cash from continuing operations	$ 18,519	10,693	22,306	7,296	(26,517)	$ 32,297
Cash provided by discontinued operations						$ 3,611
Distributable cash						$ 35,908
Distributable cash per unit from continuing operations						**$0.45**
Cash provided per unit by discontinued operations						$0.05
Distributable cash per unit						**$0.50**

Summary Financial Table – (segmented) ($000s EXCEPT PER UNIT AMOUNTS)
Nine months ended September 30, 2007

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE	TOTAL
Revenues	$ 38,774	64,453	202,239	69,598	-	$375,064
Gross profit	24,136	34,400	45,891	18,148	-	122,575
Income (loss) from continuing operations before non-controlling interest	(10,933)	(4,924)	6,223	(6,858)	(28,699)	(45,191)
EBITDA	20,660	10,690	21,394	8,575	(11,600)	49,719
Loss on dilution of ownership interest	-	-	-	-	6,872	6,872
Adjusted EBITDA	20,660	10,690	21,394	8,575	(4,728)	56,591
Interest (income) expense	(380)	214	1,462	1,844	18,029	21,169
Non-cash interest expense	-	-	-	-	(1,805)	(1,805)
Income tax recovery	-	-	(340)	-	-	(340)
Maintenance capital expenditures and reserves	523	882	1,763	266	-	3,434
Capital lease payments	-	147	2,082	56	-	2,285
Compensation expense funded by operating partner	1,683	633	-	-	-	2,316
Priority income per partnership agreement	-	507	972	377	-	1,856
Distributable cash from continuing operations	$ 22,200	10,587	17,399	6,786	(20,952)	$ 36,020
Cash used by discontinued operations						$ (907)
Distributable cash						$ 35,113
Distributable cash per unit from continuing operations						**$ 0.51**
Cash used per unit by discontinued operations						$(0.01)
Distributable cash per unit						**$ 0.50**

Summary results – ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007[2]	2008	2007[2]
Revenues	$ 166,649	$ 141,104	$ 495,162	$ 375,064
Cost of revenues	(122,289)	(97,152)	(349,445)	(252,489)
Gross profit	44,360	43,952	145,717	122,575
Selling, general and administrative expenses	(29,474)	(25,772)	(93,137)	(71,206)
Amortization expense	(9,933)	(9,516)	(29,853)	(26,580)
Depreciation expense[1]	(3,029)	(2,330)	(8,318)	(6,091)
Income from equity investments	500	1,472	1,995	2,988
Other income (expense)	(382)	229	330	782
Interest expense	(9,076)	(8,323)	(27,448)	(21,169)
Income tax (expense) recovery-current	(14)	28	(33)	340
Income tax (expense) recovery-future	1,890	-	1,996	(39,958)
Loss on dilution of interest in operating partnership	-	(808)	-	(6,872)
Write-down of goodwill and intangibles	(12,986)	-	(12,986)	-
Impairment of long-term investment	(22,000)	-	(22,000)	-
Loss from continuing operations	(40,144)	(1,068)	(43,737)	(45,191)
Loss for the period	(40,144)	(1,068)	(43,737)	(45,191)
Add:				
Amortization expense	9,933	9,516	29,853	26,580
Depreciation expense[1]	3,052	2,330	8,507	6,091
Amortization of Brompton intangible asset	484	484	1,452	1,452
Interest expense	9,076	8,323	27,448	21,169
Income tax expense (recovery)-current	14	(28)	33	(340)
Income tax expense (recovery)-future	(1,890)	-	(1,996)	39,958
EBITDA	$ (19,475)	$ 19,557	$ 21,560	$ 49,719
Loss on dilution of ownership interest in operating partnerships	-	808	-	6,872
Write-down of goodwill and intangibles	12,986	-	12,986	-
Impairment of long-term investment	22,000	-	22,000	-
Adjusted EBITDA	15,511	20,365	56,546	56,591
Weighted invested capital	$ 543,409	$ 566,666	$ 544,676	$ 512,621

1 Depreciation of $23 relating to production equipment has been included in the cost of revenues for the three months ended September 30, 2008 and $189 for the nine months ended September 30, 2008. This presentation reflects the Fund's implementation of the new inventory accounting standard effective January 1, 2008.

2 For the three and nine months ended September 30, 2007 a reclassification entry of $1,429 was made to increase selling, general and administrative expenses and reduce cost of revenues.

THIRD QUARTER AND YEAR-TO-DATE RESULTS

The Fund's portfolio businesses are reported in four operating segments: Financial Services, Marketing, Industrial Services and Other. Included in Discontinued Operations are the results of Ezee, which was sold on September 30, 2008, see "Discontinued Operations".

Revenues for the three months ended September 30, 2008 were $166,649 compared to $141,104 in the prior year period, an increase of 18%. Revenues for the nine months ended September 30, 2008 were $495,162 compared to $375,064 in the prior year period, an increase of 32%. These increases primarily reflect our expanded portfolio and the investments made by our existing Operating Partnerships in 2007.

Gross profit for the three months ended September 30, 2008 was $44,360 compared to $43,952 in the prior year period, an increase of 0.9%. Gross profit for the nine months ended September 30, 2008 was $145,717 compared to $122,575 in the prior year period, an increase of 19%.

Net loss for the three months ended September 30, 2008 from continuing operations was ($40,144) compared to a net loss of ($1,068) for the same period in 2007. Net loss for the nine months ended September 30, 2008 was ($43,737) compared to a net loss of ($45,191) for the same period in 2007. The enactment in June 2007 of Bill C-52 resulted in a GAAP requirement to record a future income tax expense of $39,958 in the second quarter of 2007 which accounted for the majority of the loss in the nine months period ended September 30, 2007. From June 2007, NPF has been required to record future income tax related to temporary differences at the Fund level, which represents the differences between the accounting and tax basis of the Fund's net assets. This is a non-cash expense that has no current impact on the Fund's cash from operating activities. In the three and nine months ended September 30, 2008 the Fund recorded future income tax recoveries of $1,890 and $1,996 respectively.

For the three months ended September 30, 2008, these four operating segments produced $16,930 of adjusted EBITDA for the Fund compared to $21,593 in the prior year period. For the nine months ended September 30, 2008, these four operating segments produced $61,299 of adjusted EBITDA for the Fund compared to $61,319 in the prior year period. These results are before corporate costs which are included in the Corporate segment (see Segment Operating Results - Corporate).

The five largest contributors to EBITDA in the portfolio for the three months ended September 30, 2008 were Golosky, Quantum Murray, Morrison Williams, Capital C and Peerless. (see also "Outlook" section)

The conventional oil and gas maintenance divisions are continuing to experience contracting margins which have affected profitability. The bigger impact this quarter was an unusually slow summer season which reduced maintenance revenues. Activity in the gas sector remains slow consequently impacting the construction divisions. However, Golosky's oil sands operations reported strong revenues, exceeding revenue growth targets. Activity in all Golosky's oil sands divisions was high and reflects the increasing business volumes and demand for many of Golosky's services. Golosky's comparative results include the oil sands operations from July 2007.

While Quantum Murray reported good revenues and margins from its remediation services, the results overall were disappointing. The volatility in global prices for scrap metals has negatively impacted the results of both the scrap metal and demolition divisions this quarter. In the previous quarter, the scrap metals disposal division benefited from higher scrap volumes from the demolition division and third parties, coupled with a sharp increase in global metals prices. The third quarter of 2008 saw very significant drops in global metal prices, with consecutive months' drops in excess of $250 per tonne for prime mill metals. These unprecedented price declines have surprised many industry participants. The impact on the metals division was a write down of quarter end inventories. In addition, the demolition division is working on a number of projects where the scrap metal revenue component is very high. As a result, this division has taken reserves on these projects against revenues.

Morrison Williams' financial results have been negatively impacted by volatility in the markets which has caused a reduction of 14% of AUM in the quarter.

Capital C reported a strong quarter with results higher than both the previous quarter and last year. Business development activities from the second and third quarter of last year have raised business volumes at Capital C, resulting in fully utilized production resources.

Peerless reported slightly improved results over both the previous quarter and last year. These results do reflect higher revenues, which however, continue to be impacted by a slower approval process on government spending, and Peerless' ability to carefully scrutinize and manage its operating and administrative costs.

The Fund's third quarter results were also impacted by weaker results from its financial services segment. Continuing softness in the insurance marketplace, and reduced AUM at the investment management businesses have impacted the contribution by this segment.

Results from the marketing and other segments showed improvement over the previous quarter.

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

The Fund reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. In view of the turbulent financial and credit marketplace, the Fund has decided to perform the impairment test at September 30, 2008. As a result of revenue and customer attrition, it was determined that the goodwill associated with the investment in Armstrong is impaired, and accordingly a write-down of $6,375 has been recorded, and that brand values associated with the investments in Armstrong and Titan are impaired, and accordingly write-downs of $2,560 and $4,051 have been recorded. In conjunction with the write-downs of brand values, the Fund has recorded a future income taxes recovery of $1,850. In addition, as a result of revenue attrition and weaker demand for its product suite, it was determined that the Fund's investment in Brompton is impaired, and accordingly a write-down of $22,000 has been recorded.

The Fund's Corporate segment includes administrative costs to operate the Fund. Corporate costs were $1,419 for the three months ended September 30, 2008 compared with $1,228 in the prior year period. Total adjusted EBITDA after corporate costs from Continuing Operations was $15,511 for the three months ended September 30, 2008 compared with $20,365 a decrease of 24%. Corporate costs were $4,753 for the nine months ended September 30, 2008 compared with $4,728 in the prior year period. Total adjusted EBITDA after corporate costs from Continuing Operations was $56,546 for the nine months ended September 30, 2008 compared with $56,591.

The main items which are deducted from Adjusted EBITDA to arrive at Distributable Cash are interest expense and maintenance capital expenditures. During the third quarter, cash interest costs were $7,996 compared with $7,336 in the prior year period. During the third quarter, the operating segments had maintenance capital expenditures and capital lease payments of $1,196 as compared to $2,040 in the prior year period. The majority of these expenditures were incurred in the industrial services segments. During the nine months ended September 30, 2008, cash interest costs were $24,279 compared with $19,364 in the prior year period. A portion of the increase in the nine months period relates to additional convertible debenture interest expense in the current period. In July 2007, $79,966 of convertible debentures bearing interest of 7% were issued. During the nine months ended September 30, 2008, the operating segments had maintenance capital expenditures and capital lease payments of $6,434 as compared to $5,719 in the prior year period.

Distributable cash from continuing operations for the three months ended September 30, 2008 was $8,482 resulting in $0.12 of distributable cash per unit, compared with $12,407 and $0.18 per unit in the prior year period. Distributable cash from continuing operations for the nine months ended September 30, 2008 was $32,297 resulting in $0.45 of distributable cash per unit, compared with $36,020 and $0.51 per unit in the prior year period.

On September 30, 2008 Ezee disposed of all of its assets. See "Discontinued Operations".

Including the results of discontinued operations, distributable cash for the three months ended September 30, 2008 was $9,494 resulting in $0.13 of distributable cash per unit, compared with $13,929 and $0.20 per unit in the prior year period. Distributable cash for the nine months ended September 30, 2008 was $35,908 resulting in $0.50 of distributable cash per unit, compared with $35,113 and $0.50 per unit in the prior year period.

On October 8, 2008 the Fund announced that it was suspending payments of distributions subsequent to the distribution payment of October 15, 2008. The Fund has taken this defensive action in order to preserve cash in the face of unstable capital markets and the prospect that the current economic slowdown could be prolonged and widespread. The Fund will further review its distribution policy when it determines that stability has returned to the capital markets.

THIRD QUARTER PERFORMANCE SUMMARY – BY OPERATING PARTNERSHIPS

OPERATING PARTNERSHIP	EBITDA ($000s)	DISTRIBUTABLE CASH ($000s)	LTM YIELD (%)	COMMENTARY
Financial Services				
Brompton	657[1]	777	11.0	During the third quarter, net AUM decreased by approximately $720 million as a result of market price depreciation of the value of assets held by the Brompton funds and annual redemptions in certain funds. The current market uncertainty has made launching new closed-end investment funds challenging although Brompton will continue to search for and structure new investment products which can be brought to market when conditions improve.
ESR	1,012	1,544	15.6	The commercial insurance market continues to experience downward pressure on premium and volume commission income. As a result, in this quarter, ESR generated commission income slightly below management's expectations, and also down from the same quarter a year ago. In this difficult market, management has been closely monitoring its costs. ESR does not foresee, in the short term, a change to the commercial insurance market. The fourth quarter, however, typically sees ESR's strongest financial performance as it records larger amounts of contingent profit commissions as the underwriting results, on which the profit commission is based, can be better estimated at year end.
Morrison Williams	1,156	1,156	17.3	Revenue for the third quarter of 2008 reflected a 14% decrease in AUM in the quarter, reflecting market decreases. In addition Morrison Williams experienced mutual fund redemptions in the period, but this portion of business has over time become less significant. While margins and overhead costs remain in line with expectations, the reduced base of AUM directly impacts the bottom line. Severe declines in the markets continuing into the fourth quarter will result in lower revenues for the foreseeable future as world markets and economies continue to weather turmoil and instability in light of predicted recessions around the world.
NP LP	850	844	20.5	NP LP's results for the quarter were lower than the prior quarter, and primarily reflect lower levels of AUM given the decline in the markets during the quarter. NP LP's insurance and corporate advisory fees were at expected levels in the quarter. NP LP will continue to be impacted by the volatile capital markets which are negatively impacting investment management fees. NP LP is continuing with various marketing initiatives which include addressing the needs of the business seller, as well as providing tailored advisory services to address the turbulent marketplace.
Hargraft	(80)	(64)	7.8	The third quarter is Hargraft's weakest due to summer slowdowns. In addition, the insurance industry has remained in a soft market which has continued to drive reduced premiums and commission income. These lower volumes highlight Hargraft's need to continue to focus on client service and to carefully monitor its overhead costs. On a positive note, the fourth quarter is typically Hargraft's strongest when major contract renewals are signed. In addition, management at Hargraft is cautiously optimistic that the trend of reducing premiums may be close to the end.
BMI	401	505	16.0	The insurance industry continues in a competitive cycle and BMI is weathering this market relatively well. When insurers reduce premiums, this has a direct impact on brokerage commission income. Some segments of the transportation industry have been adversely affected by the high value of the Canadian dollar, rising fuel costs and a weaker manufacturing sector resulting in some consolidation, contraction and business closures within BMI's client base. The remarketing of one of BMI's transportation programs resulted in a reduced commission for this portfolio. However, client retention is excellent and premium volume is down less than 5% over the same period last year while expenses have been managed well with an 11% reduction compared to the prior year. The outlook for the balance of the year is for performance consistent with the year-to-date. It is expected that the protracted competitive insurance market cycle will abate somewhat because of reduced insurer investment income arising from the current situation in the financial markets. In the past, lower investment returns have triggered a need for insurers to increase premiums. If this happens, BMI should benefit from increased commission revenue.
	3,996	**4,762**		

OPERATING PARTNERSHIP	EBITDA ($000s)	DISTRIBUTABLE CASH ($000s)	LTM YIELD (%)	COMMENTARY
Marketing				
S&E	57	54	8.5	S&E's results are being impacted by reductions in discretionary marketing expenditures throughout most of its client base. While there have been occasional exceptions to this, they have been more than offset by lower than anticipated retainer fees from new clients. S&E continues to pay close attention to its overhead costs, and should be able to report a stronger fourth quarter if revenues generated from the launch of the NBA and NHL seasons track to previous years.
Gemma	1,239	1,462	21.5	Gemma contributed solid results for the third quarter, although slightly lower than the previous quarter. The challenging economic environment which was previously highlighted has caused reduced volumes at two of Gemma's largest clients. There has been success in selling some new business which generated revenues this quarter to partially offset these volume decreases. On September 30, 2008 the National Do Not Call Registry was officially launched. This initiative allows Canadian consumers to add their name to a database so that they will no longer receive unsolicited telemarketing calls. This program involves many exemptions, including all B2B activity and programs where there is an existing business relationship in place. The majority of Gemma's programs are exempt and consequently Gemma should not experience a significant decrease in outbound volumes as a result of this new legislation. Gemma believes that the fourth quarter will be on plan, although the economy will continue to provide challenges. Contraction at some accounts should be offset by recent new business wins in both inbound and outbound programs.
Capital C	1,508	1,355	24.6	Capital C has reported another strong quarter with results higher than both the previous quarter and last year. Business development activities from the second and third quarter of last year have raised business volumes at Capital C. In this quarter, business activity fully utilized production resources. The traditional summer slowdown was of smaller impact this year, and, because of projects underway, Capital C is anticipating a strong final quarter to complete an outstanding year. However, Capital C is cautious about 2009. The underlying sentiment in the consumer marketplace is expected to translate into reduced spending for some of its client base. Although any potential impact is difficult to estimate at this time, Capital C is pro-actively reviewing its costs and discretionary spending.
IC Group	503	489	8.9	IC Group produced its best quarter of the year, and is moving closer to the revenue and profitability levels it has seen in the past. Until recently, revenue levels have been well below those of last year, as economic challenges in the United States have caused three large core U.S. accounts to be significantly below revenue expectations. Several of IC Group's clients are looking to counter declining consumer confidence by focusing on loyalty programs to attract and retain its customers. IC Group has been successful recently in securing client commitments on two significant online loyalty programs. In addition, the recent strengthening of the U.S. dollar will benefit IC Group as the majority of its clients are U.S. based. The results for the quarter and the recent new business wins are testament to management's determination to replace revenues lost earlier this year.
Armstrong	397[2]	476	7.2	The majority of Armstrong's clients provide services to the consumer marketplace in both the U.S. and Canada. Although, earnings were improved over the second quarter, the drop in consumer spending has impacted Armstrong's client base, and this has overshadowed progress made in both securing new clients, and providing new, higher margin, digital services. In particular, two large U.S. clients, both of which serve the consumer market, have significantly reduced their marketing spending. However, Armstrong believes that difficult economic climate has often triggered a return to more traditional in-store promotional programs targeted at the retail consumer. Armstrong is well positioned to deliver these programs and, in this challenging environment, will look to provide value-added services to its clients. As in the past, Armstrong will continue to carefully monitor its overhead and discretionary costs.
	3,704	**3,836**		

OPERATING PARTNERSHIP	EBITDA ($000s)	DISTRIBUTABLE CASH ($000s)	LTM YIELD (%)	COMMENTARY
Industrial Services				
Golosky (formerly NPC)	3,684	2,098	12.9	Golosky's results for the quarter were below expectations. In particular, the conventional oil and gas maintenance divisions did not perform as expected. Increased competition has placed continued pressure on maintenance services margins but a bigger impact was an unusually slow summer season which reduced business volumes. On the other hand, the oil sands division had a strong performance, with good returns across all its business units. Golosky management believes that there will continue to be margin pressure on the conventional side although some recent construction business wins should help improve overall margins. A strong fourth quarter and early 2009 are anticipated in the oil sands as several facilities will be at full production for the foreseeable future, and there has been a number of significant new business wins, including the signing of two contracts for $750 million to be completed over the next five years.
Quantum Murray	2,459	3,643	17.6	Quantum Murray's revenues this quarter were boosted by high volumes of metal sales from its scrap metal division. However gross margins were significantly impacted by the drop in metal prices. These unprecedented price declines have surprised many industry participants. The impact on the metals division was twofold, with declining margins on sales made during the quarter and a write down of quarter end inventories. In addition, the demolition division is working on a number of projects where the scrap metal revenue component is very high. As a result, this division has taken reserves on these projects against revenues, which results in reduced margins. In the final quarter of 2008, Quantum Murray may experience additional negative impact to its business as scrap metal pricing remains under pressure. A prolonged business slowdown may translate into a much lower volume of demolition and remediation projects as capital projects are either postponed or significantly reduced.
	6,143	**5,741**		
Other				
Rlogistics	319	319	13.9	Due to the change in economic conditions, Rlogistics will focus the majority of its efforts on its existing store base. There is a tremendous amount of uncertainty surrounding the retail sector and Rlogistics will be adapting our business model to better deal with these weaker economic conditions. Earnings in the future may be negatively impacted by this economic downturn.
Peerless	1,255	1,157	11.4	The slowdown in the process of awarding federal contracts for military wear has significantly reduced Peerless' business volumes in 2008. Indeed, Peerless previously reported that it was awaiting the awarding of two major contracts which could benefit the balance of the year. It now seems likely that at best both contracts will be awarded before year end but will have minimal impact on Q4 results. The improved results over the previous quarter not only reflect higher revenues, but also Peerless' ability to carefully scrutinize and manage its operating and administrative costs. This operational mindset is important as a slower revenue cycle is now the norm. Peerless anticipates a stronger 2009 as it does expect to benefit from the awarding of new contracts.
Titan	871[2]	525	8.8	Titan's results this quarter were positively impacted by increased demand for oil and gas related products. In particular, sales of rigging and ground engaging products were strong and local business sentiment appears to support a stronger fourth quarter. This sentiment reflects increased activity levels in the oil and gas drilling and transportations sectors. It remains to be seen if the recent financial market turbulence, and reduction in energy prices will impact Titan's customer base. Titan is managing its inventory levels and overhead expenses to ensure that it continues to deliver optimum results.
Gusgo	642	731	19.2	Gusgo's management has made solid progress in replacing revenue lost last year primarily from its U.S. based clients. The continuing economic challenges in the Ontario manufacturing sector has made it difficult to replace all of this revenue with only transportation revenue, but Gusgo has been able to increase its storage revenues from existing clients. These higher margin storage revenues have grown through the year, but there may be a reduction in the winter quarters as clients' storage needs are sometimes reduced. Business lost last year was primarily due to the strengthening Canadian dollar. The recent weakening of the Canadian dollar would have a positive impact creating more cross border traffic, and Gusgo has been contacted by some U.S. customers.
	3,087	**2,732**		

1 Excludes an impairment of long-term investment, refer to long-term investments section for further details.
2 Excludes a write-down of goodwill and intangibles, refer to the goodwill and intangibles section for further details.

SUPPLEMENTARY INFORMATION

NPF's share of Pro-forma LTM EBITDA by Operating Partnership

The following table provides a pro-forma analysis of NPF's EBITDA by Operating Partnership, after giving effect to the contribution of all the investments as of September 30, 2008 as if each investment had been owned by NPF for the full twelve month period.

OPERATING PARTNERSHIP	SEPTEMBER 30, 2008[1]
Financial Services	
Brompton	$ 2,935
ESR	8,723
Morrison Williams	7,283
NP LP	4,301
Hargraft	1,318
BMI[2]	2,359
Marketing	
S&E	491
Capital C	6,288
Gemma	6,323
IC Group	1,024
Armstrong[2]	1,264
Industrial Services	
Golosky (formerly NPC)	21,327
Quantum Murray[2]	12,254
Other	
Rlogistics	1,571
Peerless	4,686
Titan	3,727
Gusgo[2]	2,001
Total Operating Partnerships	**$ 87,875**
Corporate	(6,028)
Total Continuing Operations	**$ 81,847**

1 Includes EBITDA normalized to remove owner earnings and other adjustments.
2 Refer to priority income chart below. LTM EBITDA amounts do not reflect priority income amounts to which NPF would be entitled should its proportionate share of income be less than the priority income amounts.

NPF's Priority Income by Operating Partnership

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

Net Asset Value

The NAV per unit at September 30, 2008 is estimated at $4.24. This represents management's best estimate based on currently available information and is updated quarterly. The NAV is derived by accumulating the estimated fair market value of each of the Operating Partnerships and adjusting for the Fund's senior debt, the market value of convertible debentures and the consolidated cash of the Fund. Management uses discounted multiples based on public company EV/EBITDA comparables and applies these to the LTM EBITDA of the Operating Partnerships to arrive at the estimate of fair market value. Estimates of the fair market value are by their nature subjective as assumptions must be made based on data from comparable businesses.

Segment Operating Results

FINANCIAL SERVICES

The Financial Services segment includes our proportionate share of ESR, NP LP, Morrison Williams, Brompton, Hargraft and BMI for the three months ended September 30, 2008. The Fund's investment in Ezee was sold on September 30, 2008, see "Discontinued Operations". Results for the nine months ended September 30, 2007 do not include a full contribution from BMI as BMI was acquired in April 2007.

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	**2007**	**2008**	**2007**
Revenues	$ 11,712	$ 11,867	$ 38,214	$ 38,774
Cost of revenues	(5,068)	(4,576)	(15,291)	(14,638)
Gross profit	6,644	7,291	22,923	24,136
Selling, general and administrative expenses	(2,913)	(3,146)	(9,015)	(7,893)
Amortization expense	(3,296)	(3,295)	(9,888)	(9,396)
Depreciation expense	(111)	(157)	(335)	(388)
Income from equity investments	163	1,145	874	2,183
Other income (expense)	(382)	229	330	782
Interest income	128	168	355	380
Impairment of long-term investment	(22,000)	-	(22,000)	-
Income tax (expense) recovery-current	(6)	11	(10)	-
Income tax (expense) recovery-future	-	-	20	(20,737)
Income (loss) from continuing operations	(21,773)	2,246	(16,746)	(10,933)
Income (loss) for the period	(21,773)	2,246	(16,746)	(10,933)
Add:				
Amortization expense	3,296	3,295	9,888	9,396
Depreciation expense	111	157	335	388
Amortization of Brompton intangible asset	484	484	1,452	1,452
Interest income	(128)	(168)	(355)	(380)
Income tax expense (recovery)-current	6	(11)	10	-
Income tax expense (recovery)-future	-	-	(20)	20,737
EBITDA	$ (18,004)	$ 6,003	$ (5,436)	$ 20,660
Impairment of long-term investment	22,000	-	22,000	-
Adjusted EBITDA	$ 3,996	$ 6,003	$ 16,564	$ 20,660

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

	SEPTEMBER 30, 2008	JUNE 30, 2008	SEPTEMBER 30, 2007
NP LP	$ 1,036	$ 1,074	$ 1,116
Morrison Williams	3,639	4,226	4,487
Brompton	1,612	2,336	2,921
Total	$6,287	$ 7,636	$ 8,524

(I) REVENUES

Revenue from the Financial Services segment for the three months ended September 30, 2008 was $11,712 compared with $11,867 for the same period in 2007. The slight decrease reflects a reduction in commission income from the insurance investments due to the soft insurance market, and reduced investment management fees. For the nine month period ended September 30, 2008, revenues for the segment were $38,214 compared with $38,774 in the prior year period.

Each of our insurance investments has experienced reduced commissions compared to the previous period. Heightened competition in standard markets has resulted in significant downward price pressure. Given the challenging insurance market conditions, the commission revenues earned at all three insurance investments are encouraging, and client retention has been strong.

Investment management fees at Morrison Williams were reduced from the same period last year. AUM was 14% lower over the quarter, and reflects unprecedented market volatility. Similarly, NP LP's investment management fees were also down from the same period last year due to market conditions. Corporate advisory and insurance fee contribution this quarter resulted in total NP LP revenues being consistent with the prior year period.

(II) GROSS PROFIT

Gross profit was $6,644 which translated into a 57% gross profit margin. For the three months ended September 30, 2007, the financial services segment produced gross profit of $7,291 which translated into 61% gross profit margin. The gross margin decrease in the current period reflects the tightening margins in the insurance division operations. Gross margins are significantly improved over those reported in previous quarters as the lower margin business of Ezee is now classified as Discontinued Operations due to the sale of the business on September 30, 2008. Gross profit for the nine month period ended September 30, 2008 was $22,923 compared with $24,136 in the prior year period.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $2,913 for the three months ended September 30, 2008 compared with $3,146 in the prior year period. Selling, general and administrative expenses as a percentage of revenues were 25%, compared to 26% in 2007. Selling and general administrative expenses for the nine month period ended September 30, 2008 were $9,015 compared with $7,893 in the prior year period, the increase reflecting the investment in BMI in April, 2007.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $3,407 for the three months ended September 30, 2008, against $3,452 for the three months ended September 30, 2007. The largest component of this expense is the amortization of intangible assets which are recorded as investments are made in Operating Partnerships. Depreciation and amortization for the nine month period ended September 30, 2008 was $10,223 compared with $9,784 in the prior year period. The increase reflects the investment made in BMI in April, 2007.

(V) EBITDA

The Fund reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. In view of the turbulent financial and credit marketplace, the Fund has decided to perform the impairment test at September 30, 2008. As a result of revenue attrition and a weaker demand for its product suite, it was determined that the Fund's investment in Brompton is impaired, and accordingly a write-down of $22,000 has been recorded.

Adjusted EBITDA was $3,996 for the three months ended September 30, 2008 compared to $6,003 in the corresponding 2007 period. This result reflects the lower revenues and margins referenced earlier and also reduced income from our equity investment in Brompton. Adjusted EBITDA for the nine months ended September 30, 2008 was $16,564 compared with $20,660 in the prior year period.

(VI) INCOME TAX

The enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Financial Services segment was $20,737. The future tax recovery for the nine months ended 2008 was $20.

(VII) INCOME

Loss for the third quarter was ($21,773) compared to income of $2,246 in the corresponding 2007 period. Loss for the nine month period ended September 30, 2008 was ($16,746) compared with a loss of ($10,933) in the prior year period.

(VIII) SEASONALITY

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

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

(IX) OUTLOOK

Conditions in the commercial insurance market remain challenging. However, there is some evidence that premiums pricing may have reached their low. It will take some time to confirm this, but the investment losses which have been incurred by insurers will need to be replaced by higher premium revenue. All three insurance investments will benefit from higher commission income as premiums begin to rise.

There is no clear evidence of financial or credit market stability in the short term. Reduced AUM levels at Morrison Williams, Brompton and NP LP will result in lower investment management fees.

MARKETING

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

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	**2007**	**2008**	**2007**
Revenues	$ 23,698	$ 20,803	$ 67,259	$ 64,453
Cost of revenues	(11,472)	(9,978)	(30,684)	(30,053)
Gross profit	12,226	10,825	36,575	34,400
Selling, general and administrative expenses	(8,540)	(7,623)	(26,194)	(23,710)
Amortization expense	(1,567)	(1,647)	(4,757)	(4,939)
Depreciation expense	(364)	(343)	(1,095)	(1,239)
Income from equity investments	18	-	53	-
Interest expense	(74)	(75)	(240)	(214)
Write-down of goodwill and intangibles	(8,935)	-	(8,935)	-
Income tax (expense) recovery-future	716	-	716	(9,222)
Income (loss) from continuing operations	(6,520)	1,137	(3,877)	(4,924)
Income (loss) for the period	(6,520)	1,137	(3,877)	(4,924)
Add:				
Amortization expense	1,567	1,647	4,757	4,939
Depreciation expense	364	343	1,095	1,239
Interest expense	74	75	240	214
Income tax expense (recovery)-future	(716)	-	(716)	9,222
EBITDA	$ (5,231)	$ 3,202	$ 1,499	$ 10,690
Write-down of goodwill and intangibles	8,935	-	8,935	-
Adjusted EBITDA	3,704	3,202	10,434	10,690

(I) REVENUES

Revenues for the Marketing segment were $23,698, compared to $20,803 in the prior year period. The current period reflects strong results from both Gemma and Capital C and improving results at IC Group and Armstrong. Results at S&E were less than anticipated. Revenues for the nine month period ended September 30, 2008 were $67,259 compared with $64,453 in the prior year period.

Gemma has again reported solid revenues, although slightly decreased from a year ago, and reflecting lower volumes this quarter from two major clients. There has been success in selling some new business which generated revenues this quarter to partially offset these volume decreases.

Capital C reported excellent revenues in the current period and increased from a year ago. Business development activities from the second and third quarter of last year have raised business volumes at Capital C. In this quarter, business activity fully utilized production resources.

Armstrong's revenues were above those of the prior year period. Armstrong has made some progress in replacing reduced revenues from its U.S. client base, specifically through new digital services.

While S&E's revenues have increased compared to the prior year period, new revenues from business development activities are less than anticipated as some clients have reduced sports marketing expenditures.

IC Group's revenue performance in this quarter was much improved, and slightly higher than revenues achieved in the prior year period. Management at IC Group has worked well to replace revenues lost due primarily to economic challenges in the U.S.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $12,226 and gross profit margin was 52%. For the comparative three months ended September 30, 2007, gross profit was $10,825 and gross profit margin was also 52%. With a few minor variations, gross margins across this segment were in line with expectations, and consistent with last year. Gross profit for the nine month period ended September 30, 2008 was $36,575 compared with $34,400 in the prior year period.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the three months ended September 30, 2008 were $8,540 compared to the same period ended September 30, 2007 of $7,623. These expenses as a percentage of revenues were 36%, in line with a year ago**.** Selling, general and administrative expenses for the nine months ended September, 2008 were $26,194 compared with $23,710 in the prior year period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $1,931 for the three months ended September 30, 2008, compared with $1,990 in the prior year period. The largest component of this expense is the amortization of intangible assets, which are recorded as investments in Operating Partnerships are made. Typically, the level of capital expenditures in this service segment is low. Depreciation and amortization for the nine month period ended September 30, 2008 was $5,852 compared to $6,178 in the prior year period.

(V) EBITDA

The Fund reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. In view of the turbulent financial and credit marketplace, the Fund has decided to perform the impairment test at September 30, 2008. As a result of revenue and customer attrition, it was determined that the goodwill and brand value associated with the investment in Armstrong are impaired, and accordingly a goodwill write-down of $6,375 and a write-down in the carrying value of brand of $2,560 has been recorded. In conjunction with the write-down of brand values, the Fund has recorded a future income taxes recovery of $716.

Adjusted EBITDA from the Marketing segment was $3,704 compared with $3,202 of EBITDA produced in the prior year period. Adjusted EBITDA for the nine months period ended September 30, 2008 was $10,434 compared with $10,690 in the prior year period.

(VI) INCOME TAXES

The enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Marketing segment was $9,222. There is no tax provision in the 2008 periods. In the three and nine months ended September 30, 2008 the Fund recorded future tax recoveries of $716.

(VII) INCOME

Loss for the third quarter was ($6,520) compared to income of $1,137 in the prior year period. The loss for the nine months period ended September 30, 2008 was ($3,877) compared to a loss of ($4,924) in the prior year period.

(VIII) SEASONALITY

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

(IX) OUTLOOK

Gemma, Capital C and S&E's short term outlook is quite positive based on their respective committed work. However, based on underlying consumer sentiment, in 2009 Gemma may see reduced client programs, and Capital C and S&E may see a contraction in some of its business if clients postpone or reduce brand related mass marketing expenditures.

Both Armstrong and IC Group have positive outlooks. They both feel they can benefit from a shift to spending designed to increase consumer confidence. Typically, in harsher economic times, promotional marketing has proven successful, and Armstrong, with its more traditional in-store promotions services, and IC Group with its online promotional services could be well positioned in this marketplace. Indeed, IC Group has recently signed two significant online loyalty program assignments. In addition, both Armstrong and IC Group can further benefit with a strengthening U.S. dollar as most of their clients are U.S. based.

INDUSTRIAL SERVICES

The Industrial Services segment includes our proportionate share of the results of Golosky (formerly NPC) and Quantum Murray. The financial results of Golosky for the three months ended September 30, 2008 include the results of several acquisitions made by Golosky during 2007 which are only partially included in the results for the three months ended September 30, 2007. Therefore, Golosky's results for 2008 are not comparable to those for 2007. The financial results of Quantum Murray for the three months ended September 30, 2008 includes our proportionate share of the results of Quantum Murray. The comparable 2007 financial results do not include the full contribution of Thomson, a significant investment which occurred in May 2007. Therefore, Quantum Murray's results for the nine months ended September 30, 2008 are not comparable to those for 2007.

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007[2]	2008	2007[2]
Revenues	$ 110,615	$ 86,313	$ 327,715	$ 202,239
Cost of revenues	(91,133)	(66,143)	(259,010)	(156,348)
Gross profit	19,482	20,170	68,705	45,891
Selling, general and administrative expenses	(13,339)	(10,474)	(42,940)	(24,497)
Amortization expense	(3,361)	(2,855)	(10,086)	(7,084)
Depreciation expense[1]	(2,333)	(1,652)	(6,389)	(3,944)
Interest expense	(2,416)	(1,518)	(7,115)	(2,422)
Income tax (expense) recovery-current	-	17	(6)	340
Income tax (expense) recovery-future	40	-	126	(2,061)
Income (loss) from continuing operations	(1,927)	3,688	2,295	6,223
Income (loss) for the period	(1,927)	3,688	2,295	6,223
Add:				
Amortization expense	3,361	2,855	10,086	7,084
Depreciation expense[1]	2,333	1,652	6,508	3,944
Interest expense	2,416	1,518	7,115	2,422
Income tax expense (recovery)-current	-	(17)	6	(340)
Income tax expense (recovery)-future	(40)	-	(126)	2,061
EBITDA	$ 6,143	$ 9,696	$ 25,884	$ 21,394

	THREE MONTHS ENDED SEPTEMBER 30				NINE MONTHS ENDED SEPTEMBER 30			
	2008		2007[2]		2008		2007[2]	
	GOLOSKY	QUANTUM MURRAY	NPC	QUANTUM MURRAY	GOLOSKY	QUANTUM MURRAY	NPC	QUANTUM MURRAY
Revenues	$ 65,986	$ 44,629	$ 52,064	$ 34,249	$ 213,633	$ 114,082	$123,334	$ 78,905
Cost of revenues	(55,943)	(35,190)	(42,125)	(24,018)	(174,622)	(84,388)	(101,267)	(55,081)
Gross profit	10,043	9,439	9,939	10,231	39,011	29,694	22,067	23,824
Selling, general and administrative expenses	(6,359)	(6,980)	(5,136)	(5,338)	(23,002)	(19,938)	(11,229)	(13,268)
Amortization expense	(1,581)	(1,780)	(1,064)	(1,791)	(4,745)	(5,341)	(2,407)	(4,677)
Depreciation expense[1]	(1,554)	(779)	(1,109)	(543)	(4,291)	(2,098)	(2,778)	(1,166)
Interest (expense) income	(2,325)	(91)	(1,498)	(20)	(6,861)	(254)	(2,436)	14
Income tax (expense) recovery-current	-	-	17	-	(6)	-	340	-
Income tax (expense) recovery-future	40	-	-	-	126	-	(2,313)	252
Income (loss) from continuing operations	(1,736)	(191)	1,149	2,539	232	2,063	1,244	4,979
Income (loss) for the period	(1,736)	(191)	1,149	2,539	232	2,063	1,244	4,979
Add:								
Amortization expense	1,581	1,780	1,064	1,791	4,745	5,341	2,407	4,677
Depreciation expense[1]	1,554	779	1,109	543	4,410	2,098	2,778	1,166
Interest expense (income)	2,325	91	1,498	20	6,861	254	2,436	(14)
Income tax expense (recovery)-current	-	-	(17)	-	6	-	(340)	-
Income tax expense (recovery)-future	(40)	-	-	-	(126)	-	2,313	(252)
EBITDA	$ 3,684	$ 2,459	$ 4,803	$ 4,893	$ 16,128	$ 9,756	$ 10,838	$10,556

1 Depreciation of nil relating to production equipment has been included in cost of revenues for the three months ended September 30, 2008 and $119 for the nine months ended September 30, 2008. This presentation reflects the Fund's implementation of the new inventory accounting standard effective January 1, 2008.

2 For the three and nine months ended September 30, 2007 a reclass entry of $1,429 was made to increase selling, general and administrative expenses and reduce cost of revenues.

(I) REVENUES

Revenues from the Industrial Services segment were $110,615 compared with $86,313 in the prior year period. Revenues for the nine month period ended September 30, 2008 were $327,715 compared with $202,239 in the prior year period.

Golosky's revenues in the current period reflect the inclusion of results from the investments in oil sands operations, completed after the second quarter of 2007. Golosky's revenues can be broken down into two components – traditional conventional oil and gas services, and oil sands services. Revenues from maintenance services on the conventional side of the business are reduced from previous quarter levels when significant shut down work was completed, and because of very competitive pricing, as well as an unusually slower summer season. Construction operations continue to be affected by limited spending on new gas-related capital projects caused by weak gas prices. Revenues from Golosky's oil sands operations were strong across most divisions. Trucking services revenues were lower due to reduced demand from one client and modular construction revenues were also lower this quarter. In particular, the oil sands operations experienced a significant amount of shut-down work, and the pipeline wear services operations are operating at full capacity.

Quantum Murray's revenues this quarter were boosted by high volumes of metal sales from its scrap metal division. The demolition division is experiencing a reduced level of projects, and those projects with scrap metal content are providing lower than anticipated revenues. Revenues from the remediation division were largely as expected.

(II) GROSS PROFIT

Gross profit was $19,482 for the three months ended September 30, 2008 compared with $20,170 in the prior year period. Gross profit margins were 18% compared to 23% in the prior year period. Gross margins were reduced at Golosky from a year ago as Golosky has experienced significant margin compression in its maintenance work. Lower revenues, caused by price competition, combined with higher labour costs have increased the importance of careful margin management. Margins on the conventional side have also not been helped by continued minimal revenues from construction assignments which typically return higher margins. Margins in the oil sands divisions were strong apart from the modular construction division which had low volumes this quarter.

At Quantum Murray gross margins were significantly impacted by the drop in metal prices. These unprecedented price declines have surprised many industry participants. The impact on the metals division was twofold, with declining margins on sales made during the quarter, and a write down of quarter end inventories. In addition, the demolition division is working on a number of projects where the scrap metal revenue component is very high. As a result, this division has taken reserves on these projects against revenues, which results in reduced margins.

Gross profits for the nine month period ended September 30, 2008 was $68,705 compared with $45,891 in the prior year period.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $13,339 for the three months ended September 30, 2008, compared to $10,474 for the prior period in 2007. These expenses as a percentage of revenues were 12%, compared to 12% in the prior year period. Selling, general and administrative expenses for the nine months ended September 30, 2008 was $42,940 compared to $24,497 in the prior year period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $5,694 for the three months ended September 30, 2008 compared with $4,507 in the prior period in 2007. The largest component of this expense is the amortization of intangible assets, which are recorded as a result of investments made in Operating Partnerships. The increase in the expense over the prior year period primarily reflects the investments in Thomson and Golosky. Depreciation and amortization for the nine month period ended September 30, 2008 was $16,475 compared to $11,028 in the prior year period.

(V) EBITDA

The Industrial Services segment produced $6,143 of EBITDA compared with $9,696 of EBITDA earned in the prior year period. EBITDA for the nine months ended September 30, 2008 was $25,884 compared with $21,394 in the prior year period.

(VI) INCOME TAX

The enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The 2007 tax expense relating to the assets of the Industrial Services segment was $2,061. There is future income taxes recovery of $40 recorded in the current quarter.

(VII) INCOME

The loss for the third quarter was ($1,927) compared to income of $3,688 in the period 2007. Income for the nine months ended September 30, 2008 was $2,295 compared with $6,223 in the prior year period.

(VIII) SEASONALITY

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

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

(IX) OUTLOOK

Golosky's outlook is that there will continue to be margin compression in some of its maintenance services. However, Golosky has been successful in securing a long term contract for maintenance and shut down services with a major client which will preserve its margins. Golosky has a diversified base of services, and it is in non-maintenance services where growth and higher margin opportunities are strongest. Its prospects in its pipeline wear services businesses are excellent with committed work through most of 2009. Golosky is looking to take on additional space to be able to serve a new multi-year pipeline overlay contract.

Quantum Murray's outlook for Q4 and 2009 is cautious. In the short term, Quantum Murray may experience additional negative impact to its business as scrap metal pricing remains under pressure. Beyond this more immediate impact is the underlying economic impact of business slowdown. This may translate into a much lower volume of demolition and remediation projects as capital projects are either postponed or significantly reduced. This would also result in lower scrap metals volumes. However, Quantum Murray has made good progress in its first year of work in projects in the Arctic. There is additional business to be won in this area which would assist Quantum Murray in the medium term.

OTHER

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

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	2007	2008	2007
Revenues	$ 20,624	$ 22,121	$ 61,974	$ 69,598
Cost of revenues	(14,616)	(16,455)	(44,460)	(51,450)
Gross profit	6,008	5,666	17,514	18,148
Selling, general and administrative expenses	(3,263)	(3,301)	(10,235)	(10,378)
Amortization expense	(1,709)	(1,719)	(5,122)	(5,161)
Depreciation expense[1]	(142)	(178)	(409)	(520)
Income from equity investments	319	327	1,068	805
Interest expense	(355)	(639)	(1,186)	(1,844)
Write-down of goodwill and intangibles	(4,051)	-	(4,051)	-
Income tax (expense) recovery-future	1,134	-	1,134	(7,908)
Income (loss) from continuing operations	(2,059)	156	(1,287)	(6,858)
Income (loss) for the period	(2,059)	156	(1,287)	(6,858)
Add:				
Amortization expense	1,709	1,719	5,122	5,161
Depreciation expense[1]	165	178	479	520
Interest expense	355	639	1,186	1,844
Income tax expense (recovery)-future	(1,134)	-	(1,134)	7,908
EBITDA	$ (964)	$ 2,692	$ 4,366	$ 8,575
Write-down of goodwill and intangibles	4,051	-	4,051	-
Adjusted EBITDA	$ 3,087	$ 2,692	$ 8,417	$ 8,575

1 Depreciation of $23 relating to production equipment has been included in cost of revenues for the three months ended September 30, 2008 and $70 for the nine months ended September 30, 2008. This presentation reflects the Funds implementation of the new inventory accounting standard effective January 1, 2008.

(I) REVENUES

Revenues from this segment were $20,624 for the three months ended September 30, 2008 compared with $22,121 in the prior year period. Revenues for the nine months period ended September 30, 2008 were $61,974 compared with $69,598 in the prior year period.

Peerless' revenues were lower than in the prior year period. As reported in recent quarters, Peerless continues to experience delayed decisions on contracts and this trend is persisting. The result is that Peerless' sales and production cycle is lengthened and is beyond the control of Peerless.

Titan's revenues were above those of the prior year period. Titan's results this quarter were positively impacted by increased demand for oil and gas related products. In particular, sales of rigging and ground engaging products were strong.

Gusgo's revenues for the quarter were at a similar level to the prior year period. Gusgo has been successful in replacing revenues from U.S. based customers, partly by selling storage services to its existing customer base.

(II) GROSS PROFIT

Gross profit was $6,008 for the three months ended September30, 2008 and gross profit margins were 29%, compared with $5,666 and 26% respectively for the same prior year period. Despite the reduced revenues in this segment, gross profit margins were improved at all businesses**.** Peerless has benefited from production efficiencies, Titan from better margins based on product mix, and Gusgo from higher margin services. Gross profit for the nine months period ended September 30, 2008 was $17,514 compared with $18,148 in the prior year period.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $3,263 for the three months ended September 30, 2008 compared with $3,301 in the prior year period. These expenses as a percentage of revenues were 16%, compared to 15%. All three businesses have worked well to contain overhead costs as business volumes have contracted through the year, but a significant portion of these costs are non-variable. Selling, general and administrative expenses for the nine months period ended September 30, 2008 were $10,235 compared with $10,378 in the prior period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $1,851 for the quarter compared to $1,897 in the prior year period. The largest component of this expense is the amortization of intangible assets, which are recorded as a result of investments made in Operating Partnerships. Depreciation and amortization for the nine months ended September 30, 2008 was $5,531 compared to $5,681 in the prior year period.

(V) EBITDA

The Fund reviews all of its investments for possible impairment on an annual basis, or more frequently if there is an event which in the view of management would trigger an earlier review. In view of the turbulent financial and credit marketplace, the Fund has decided to perform the impairment test at September 30, 2008. As a result of revenue and customer attrition, it was determined that the brand value associated with the investment in Titan is impaired, and accordingly a write-down in the carrying value of brand of $4,051 has been recorded. In conjunction with the write-down of brand value, the Fund has recorded a future income taxes recovery of $1,134.

Adjusted EBITDA for this segment was $3,087 compared with $2,692 in the prior year period. The variance is directly related to the improved gross margins in the quarter compared to last year. Adjusted EBITDA includes the income from our equity investment in Rlogistics of $319 for the quarter compared to $327 in the prior year period. Adjusted EBITDA for the nine months period ended September 30, 2008 was $8,417 compared to $8,575 in the prior year period.

(VI) INCOME TAXES

The enactment in June 2007 of Bill C-52 resulted in a requirement to record a future tax expense in June 2007 related to temporary differences, which will reverse after 2010, between the accounting and tax basis of the Fund's net assets. The tax expense relating to the assets of the Other segment in the 2007 period was $7,908. There is no future tax provision in the 2008 periods. In the three and nine months ended September 30, 2008, the Fund recorded future tax recoveries of $1,134.

(VII) INCOME

Loss for the third quarter was ($2,059) compared to income of $156 in the prior year period. Loss for the nine months period ended September 30, 2008 was ($1,287) compared to a loss of ($6,858) in the prior year period.

(VIII) SEASONALITY

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

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

Seasonality is not typically a material factor for Gusgo.

The fourth quarter is typically the strongest for Rlogistics as it benefits from holiday season sales.

(IX) OUTLOOK

The size and timing of Peerless' revenues are largely dependent upon the awarding of contracts by the federal government. There is uncertainty surrounding the timing of these contracts and there are delays currently being experienced. Peerless' management continues to anticipate that it should benefit during the next two years from the anticipated awarding of two major contracts.

Titan's management believes in the short term that local sentiment suggests there will be increased activity levels in the oil and gas drilling and transportations sectors. In the medium to longer term, it is difficult to gauge whether the recent financial market turbulence, and reduction in energy prices will impact Titan's customer base.

Gusgo management believes that its fourth quarter will be relatively strong, and was pleased to recently extend the contract of its largest client. In the medium to longer term, a weakening Ontario economy would impact Gusgo. Gusgo is also watching with interest the weakening of the dollar against its U.S. counterpart. Business lost last year from U.S.

clients was primarily due to a strengthening Canadian dollar. The recent weakening of the Canadian dollar would have a positive impact creating more cross border traffic, and Gusgo has been contacted by some U.S. customers.

Rlogistic's management believes that low levels of consumer confidence in the retail sector will negatively impact its business in the short term.

CORPORATE

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

Summary Financial Table ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2008	**2007**	**2008**	**2007**
Selling, general and administrative expenses	$ (1,419)	$ (1,228)	$(4,753)	$ (4,728)
Depreciation expense	(79)	-	(90)	-
Interest expense	(6,359)	(6,259)	(19,262)	(17,069)
Income tax expense-future	(8)	-	(17)	(30)
Loss on dilution of interest in operating partnership	-	(808)	-	(6,872)
Loss for the period	(7,865)	(8,295)	(24,122)	(28,699)
Loss for the period	(7,865)	(8,295)	(24,122)	(28,699)
Add:				
Depreciation expense	79	-	90	-
Interest expense	6,359	6,259	19,262	17,069
Income tax expense-future	8	-	17	30
EBITDA	$ (1,419)	$ (2,036)	$ (4,753)	$ (11,600)
Loss on dilution of ownership interest	-	808	-	6,872
Adjusted EBITDA	$ (1,419)	$ (1,228)	$ (4,753)	$ (4,728)

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $1,419 for the third quarter, compared to $1,228 to the prior year period. Expenses for the quarter were in line with expectations and represent compensation, audit and regulatory costs. The Fund monitors its expenses as a percentage of weighted invested capital and seeks to maintain the ratio at 1.5 % or lower. In the quarter the ratio was 1.1% compared to 1.2% for the same quarter in 2007.

(II) INTEREST EXPENSE

Interest expense of $6,359 for the third quarter relates to the credit facility and the convertible debentures. This compares to $6,259 in the prior year period. Interest expense for the nine months ended September 30, 2008 were $19,262 compared with $17,069 in the prior year period. The increase in interest expense for the nine months ended September 30, 2008 over the prior year period primarily reflects the additional interest expense associated with the $79,966 convertible debentures issued in July 2007 with an interest rate of 7%.

(III) LOSS

The net loss for the third quarter was ($7,865) compared to a loss of ($8,295) in the prior year period. For the nine months period ended September 30, 2008 the loss was ($24,122) compared to ($28,699) for the prior year period. Included in the loss for the nine months ended September 30, 2007 are dilution losses relating to the re-organization of Quantum Murray and the impact of NCIB repurchases during the period. Adjusting for this dilution, the variance in the two periods relate primarily to additional interest expense discussed above.

(IV) OUTLOOK

Selling, general and administrative expenses for the Fund are expected to remain at similar levels in the final quarter of the year. Although debt levels were reduced at September 30, 2008 interest rates on the credit facility will be higher in the final quarter as a result of the amendment to the credit facility discussed in the section "Capability to Deliver Results".

DISCONTINUED OPERATIONS

On September 30, 2008, the Fund sold 100% of the assets of its investment in Ezee ATM LP ("Ezee"). The investment was sold for net proceeds of $30,710, resulting in a loss of $6,315 which is included in loss from discontinued operations. In addition, the Fund received an additional $5,500 as repayment of advances provided to Ezee for purposes of funding cash in circulation.

The following table shows the revenue and net income from discontinued operations of Ezee for the three and nine months ended September 30, 2008.

Condensed Income Statement Information ($000s)

	THREE MONTHS ENDED SEPTEMBER 30, 2008	NINE MONTHS ENDED SEPTEMBER 30, 2008
Revenues	$ 9,167	$ 25,975
Net income (loss)	(6,000)	(4,576)

On April 30, 2007, the Fund sold 100% of the assets of its investment in RGC, other than RGC's 45% equity investment in Rlogistics which has not been sold. The equity from this investment is included in the Other segment.

The following table shows the revenue and net income (loss) from discontinued operations of Ezee and RGC for the three and nine months ended September 30, 2007.

	THREE MONTHS ENDED SEPTEMBER 30, 2007			NINE MONTHS ENDED SEPTEMBER 30, 2007		
	EZEE	RGC	TOTAL	EZEE	RGC	TOTAL
Revenues	$ 8,692	$ -	$ 8,692	$ 24,690	$ 42,994	$ 67,684
Net income (loss)	952	-	952	2,256	(5,227)	(2,971)

The following table summarizes the categorization of the assets and liabilities related to the business of Ezee as at December 31, 2007.

Balance Sheet Information ($000s)

	DECEMBER 31, 2007
Current assets of discontinued operations	$ 7,446
Long-lived assets of discontinued operations	39,257
Current liabilities of discontinued operations	8,034
Long-term liabilities of discontinued operations	882
Net assets of discontinued operations	37,787

EIGHT QUARTER SUMMARY – ($000S EXCEPT PER UNIT AMOUNTS)

	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2006 Q4
Revenues	166,649	174,792	153,721	156,313	141,104	125,295	108,666	107,046
Gross profit	44,360	54,549	46,808	51,911	44,097	42,876	35,602	39,882
Income (loss) from continuing operations	(40,144)	1,749	(5,342)	2,631	(1,069)	(37,376)	(6,746)	3,561
Net income (loss)	(28,250)	1,560	(2,760)	892	(57)	(21,773)	(4,988)	(26,946)
Adjusted EBITDA from continuing operations	15,511	24,015	17,020	22,158	20,509	20,347	15,735	20,372
Income (loss) per unit from continuing operations	(0.56)	0.02	(0.02)	0.04	(0.02)	(0.53)	(0.09)	(0.05)
Income (loss) per unit	(0.64)	0.04	(0.04)	0.03	0.00	(0.54)	(0.13)	(0.80)

ADDITIONAL INFORMATION

TRANSACTIONS WITH RELATED PARTIES

OWNERSHIP

As of September 30, 2008, directors, officers and employees and entities related to the Fund beneficially hold an aggregate of 22,536,869 NPY and NPF units or 31% on a fully diluted basis.

TRANSACTIONS

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

Employee loans were made in 2007 in the aggregate amount of $2,399 of which $2,228 remains outstanding at September 30, 2008. In accordance with the terms and conditions of the loans, the loans were used to purchase units of NPF and are full recourse loans secured by the Units and carry interest at prime.

OFF BALANCE SHEET ITEMS

The Fund had $4,596 of letters of credit outstanding at September 30, 2008. The letters of credit are predominantly to secure cash management services provided by Royal Bank of Canada and as security for programs in the Marketing and Industrial Services segment.

SUBSEQUENT EVENTS

On October 8, 2008 the Fund announced that it was suspending payments of distributions subsequent to the distribution payment of October 15, 2008. The Fund has taken this defensive action in order to preserve cash in the face of unstable capital markets and the prospect that the current economic slowdown could be prolonged and widespread. The Fund will further review its distribution policy when it determines that stability has returned to the capital markets.

FOURTH QUARTER OUTLOOK

Recent weeks have brought increased instability in the capital markets from a contracting global supply of credit, and many signs of economic slowdown. In a difficult economy, which could be pro-longed, management of the Fund is completely focused on preserving the net asset value of the Fund. This will be achieved by paying down debt, reducing corporate costs and adding flexibility to the Fund's capital structure.

RISK FACTORS

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

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

DISCLOSURE CONTROLS & PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

DISCLOSURE CONTROLS AND PROCEDURES

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

NPF's management, including its CEO and CFO, have evaluated the effectiveness of the Fund's disclosure controls and procedures as at September 30, 2008 and have concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by the Fund in its corporate filings is recorded, processed, summarized and reported within the required time period for the quarter then ended.

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

ADDITIONAL INFORMATION

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

DEFINITIONS

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

"AIF" – means Annual Information Form;

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

"AUM" – means Assets Under Management;

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

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

"Brompton" – means Brompton Corp., an Ontario corporation;

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

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

"CEO" – means Chief Executive Officer;

"CFO" – means Chief Financial Officer;

"CICA" – means Canadian Institute of Chartered Accountants;

"CSA" – means Canadian Securities Administrators;

"CT" – means Newport Partners Commercial Trust;

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

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

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

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

"Fortress" – means Fortress Credit Corp.;

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

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

"Golosky" or "NPC" – means NPC Integrity Energy Services Limited Partnership, a limited partnership formed under the laws of Alberta, carrying on business as "Golosky Energy Services";

"Golosky Group of Companies" – means eight (8) operating entities acquired by NPC on July 31, 2007;

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

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

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

"IPO" – means Initial Public Offering;

"LTM" – means Last Twelve Months;

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

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

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

"NCIB" – means Normal Course Issuer Bid;

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

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

“NPF” or the “Fund” – means Newport Partners Income Fund;

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

“NPY LP Units” – means units of NPY;

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

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

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

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

“RGC” – means Redmond Group of Companies LP, a limited partnership formed under the laws of Ontario. RGC is a discontinued operation of the Fund, having sold substantially all of its assets (other than Rlogistics) on April 30, 2007;

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

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

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

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

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

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

“Units” – means trust units of the Fund.