Newport Partners
Income Fund

Third Quarter
Report 2009

Focus

PORTFOLIO SUMMARY - BY OPERATING PARTNERSHIP ($000s)

Three months ended September 30, 2009

OPERATING PARTNER	DATE OF INITIAL INVESTMENT	OWNERSHIP INTEREST	INVESTED CAPITAL	Q3 2009 EBITDA	Q3 2009 DISTRIBUTABLE CASH	LTM CASH YIELD [1]
FINANCIAL SERVICES						
Brompton	Aug. 2005	42%	$ 27,200	$ 331	-	-
Morrison Williams	Aug. 2005	80%	42,000	1,130	1,130	10.8%
NP LP	Aug. 2005	100%	20,700	373	367	8.4%
Hargraft	Apr. 2006	94%	18,200	(548)	(551)	(1.4%)
BMI	Apr. 2007	78%	18,200	215	238	8.4%
MARKETING						
S & E	Oct. 2004	80%	5,700	(16)	(24)	6.3%
Gemma	Mar. 2005	80%	28,000	723	695	13.4%
Capital C	Aug. 2005	67%	23,700	1,192	1,033	19.7%
IC Group	Jul. 2006	80%	10,800	600	543	35.1%
Armstrong	Oct. 2006	80%	20,000	319	265	7.0%
INDUSTRIAL SERVICES						
NPC/Golosky	Oct. 2004	80%	113,100	7,695	8,022	10.6%
Quantum Murray	Mar. 2006	64%	77,900	3,577	2,235	(5.0%)
OTHER						
Rlogistics	May 2006	36%	10,000	300	300	13.0%
Peerless	Jun. 2006	90%	36,000	2,112	2,050	17.6%
Titan	Sep. 2006	92%	25,200	320	123	3.8%
Gusgo	Oct. 2006	80%	12,500	704	875	18.6%
Sub Totals			**$ 489,200**	**$ 19,027**	**$ 17,301**	**8.2%**
DISCONTINUED OPERATIONS						
ESR	Aug. 2005	100%	64,500	2,427	2,397	16.2%
TOTALS			**$ 553,700**	**$ 21,454**	**$ 19,698**	**9.1%**

1 LTM distributable cash as a percentage of weighted invested capital.

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 35.

DEAR UNITHOLDERS:

We have been consistent in our quarterly messages that the primary goal set for 2009 is to restructure our balance sheet, and reduce overall indebtedness. This third quarter has seen us take two important steps in that process.

A subsidiary of the Fund had been in default of its senior credit agreement since the beginning of the year, and on July 21, 2009 we announced that we signed a forbearance agreement with the senior lenders. This means that the senior lenders will not exercise their default-related rights and remedies under the senior credit agreement in connection with certain identified defaults. The forbearance agreement requires the Fund's subsidiary to repay by next July, with agreed repayment milestones, all outstanding senior indebtedness through a combination of asset sales, re-financings at our investee businesses and cash reserves.

In this quarter we took an important second step when we announced on August 31, 2009 that the Fund had entered into an agreement to sell one of its investee businesses, Elliott Special Risks. This transaction closed on October 1, 2009 and from the proceeds of $74.6 million, $70.1 million was paid to the senior lenders, which satisfied the first repayment milestone of the forbearance agreement requiring a repayment by November 10, 2009.

We believe that our balance sheet restructuring process requires us to reach agreement with the holders of the convertible debentures. The forbearance agreement with the senior lender disallows debenture interest payments during the forbearance period, and we have stated before that both time and an alternate structure are needed to maximize the returns to debenture holders. We continue our discussions with a number of principal holders of our debentures. This has been a difficult and complex process that has taken much longer than anticipated.

As we have worked on our balance sheet, our portfolio of investments in 16 private companies has produced adjusted EBITDA of $19 million in the third quarter. While this is an improvement over our first two quarters, much of that improvement relates to our industrial services segment and our two largest investments where significant challenges remain. Our remediation business has benefited this quarter from some seasonal projects in the Arctic, but industrial demolition projects continue to be on hold or postponed. These projects tend to be higher margin and benefit both the demolition and scrap metals divisions. Our oil and gas services business is experiencing lower maintenance services business volumes across the board, and results there have been buoyed by strong demand for specialized pipe wear technology services in the oil sands sector. The remaining businesses in the portfolio largely operated at expected levels.

With conflicting economic data, and occasionally volatile financial markets, we remain very cautious about 2010. Against this backdrop, we feel obliged to continue to focus on operating costs at our investee businesses, and on operational efficiency. As previously reported, we seek to find the right balance with our investments, which will optimize near term profitability and long-term growth.

We stated last quarter that the year so far has been very challenging. The forbearance agreement that we have signed does not change this but provides us a year to work out our balance sheet and to stabilize the Fund. Our commitment is to do our utmost to achieve a foundation for longer term growth, which will benefit all stakeholders. On behalf of the board of trustees and directors and the management team, we thank you for your support.

Sincerely,

Dean T. MacDonald

President and CEO

MANAGEMENT'S DISCUSSION AND ANALYSIS
November 10, 2009

The following is management's discussion and analysis ("MD&A") of the consolidated results of operations, financial position and cash flows of Newport Partners Income Fund ("NPF" or the "Fund") for the three and nine month periods ended September 30, 2009 and September 30, 2008. This MD&A should be read in conjunction with the Fund's unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2009 and September 30, 2008 and the notes thereto, and the restated audited annual consolidated financial statements for the year ended December 31, 2008 and the notes thereto.

All amounts in this MD&A are in Canadian dollars. The accompanying unaudited interim consolidated financial statements of the Fund have been prepared by and are the responsibility of management. The contents of this MD&A have been approved by the Board of Trustees of the Fund, on the recommendation of its Audit Committee. This MD&A is dated November 10, 2009 and is current to that date unless otherwise indicated.

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

Capitalized terms are defined terms, their meaning is explained in the "Definitions" section located at page 35, and references to "we", "us", "our" or similar terms, refer to Newport Partners Income Fund, unless the context otherwise requires.

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Forward-Looking Information

This MD&A contains certain forward-looking information. Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of the Fund or the Operating Partnerships and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Fund and the Operating Partnerships. Without limitation, information regarding the future operating results and economic performance of the Fund and the Operating Partnerships, and statements about net asset value constitute forward-looking information and the estimate is updated quarterly. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of the Fund and the Operating Partnerships. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including risks related to investments, conditions of capital markets, economic conditions, taxation of income trusts, dependence on key personnel, limited customer bases, interest rates, regulatory change, compliance with the terms of the Forbearance Agreement with the senior lenders, ability to meet working capital requirements and capital expenditures needs of the Operating Partners, 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 and interest rates. 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 fourth quarter "2009 Outlook" presented, as well as Management's estimate of the net asset value of the Fund. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-GAAP Measures

The terms "adjusted EBITDA", "cash yield from the portfolio", ''distributable cash'', ''EBITDA'', ''invested capital'', "LTM EBITDA", "net debt/LTM EBITDA", (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.

LTM Cash yield from the portfolio refers to the Fund's cash on cash return from an Operating Partnership based on free cash flow paid to the Fund as a percentage of weighted invested capital. Management believes that overall 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.

Distributable cash 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. The Fund suspended distributions paid to its unitholders in October 2008. Under the Forbearance Agreement, the Fund is prohibited from making distributions to unitholders and the Fund intends to retain cash to meet working capital requirements and capital expenditures needs of the Operating Partners and to repay debt. Management believes it is, therefore, a useful financial measure as an indication of the Fund's ability to generate cash and use such cash to repay debt and fund operations. Distributable cash generated by Operating Partnership is also used by management in the calculation of yield which it uses to monitor the performance of the Fund's Operating Partnerships.

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 and believes that in addition to net income or loss and cash provided by operating activities, EBITDA is a useful supplemental measure from which to determine the Fund's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and distributions. The Fund has provided a reconciliation of income to EBITDA in its MD&A.

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.

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.newportpartnersincomefund.ca.

KEY OBJECTIVES

- Stabilize the Fund's balance sheet and long term capital structure by reducing senior debt and restructuring existing convertible debt.
- Focus on reducing operating costs and streamlining operations at investee businesses.
- Strengthen the leadership at investee businesses by providing hands-on operational support and, over time, adding seasoned industry leaders to boards.

Some of the Fund's key financial highlights as at September 30, 2009, are set out below:

KEY FINANCIAL HIGHLIGHTS	**THREE MONTHS ENDED SEPTEMBER 30, 2009**	**THREE MONTHS ENDED SEPTEMBER 30, 2008**
Adjusted EBITDA from continuing operations	$ 15,909	$14,499
Distributable Cash from continuing operations[1]	$ 4,723	$ 6,939
	SEPTEMBER 30, 2009	**DECEMBER 31, 2008**
Total assets	$ 598,332	$ 619,042
Revolving credit facilities	$ 42,193	$ 27,400
Current portion of senior long-term debt	$ 210,000	$ 210,000
Current portion of convertible debt	$ 155,243	-
Convertible debt	-	$ 152,683
Non-controlling interest	$ 362	$ 15,649
Unitholder's equity	$ 20,590	$ 39,953

1 The Forbearance Agreement prohibits distributions and the Fund is retaining distributable cash in order to meet working capital requirements and capital expenditure needs of the Operating Partners and to repay debt.

CAPABILITY TO DELIVER RESULTS

LIQUIDITY AND CAPITAL RESOURCES

FINANCING

Newport Finance Corp. (the “Borrower”), a subsidiary of the Fund, has a Senior Credit Agreement with a syndicate of lenders (”the Lenders”). Amounts drawn as at September 30, 2009 under the Senior Credit Agreement consist of $210 million of term debt and $32 million under the revolving credit facility, and the Fund is current with its regular interest payments.

As previously reported, since December 31, 2008, the Borrower was not in compliance with certain covenants under the Senior Credit Agreement. This necessitated the reclassification of the term debt of $210 million as a current liability. Consequently, this results in an inclusion of a going concern note in the Fund’s consolidated financial statements.

On April 1, 2009 and April 29, 2009, the Borrower received from the Lenders letters confirming the events of default, advising that no future advances would be available to the Borrower from any of the commitments under the Senior Credit Agreement, other than at the sole discretion of the Lenders, and that no other debt could be incurred by the Fund. In addition, the Lenders provided notice to the Borrower that it would be charged default interest at 3% per annum for the period from January 31, 2009. The Fund has accrued default interest expense in the amount of $3.5 million.

On July 21, 2009 the Fund announced that a Forbearance Agreement had been entered into with the Lenders. Under the terms of the Forbearance Agreement, the Lenders have agreed to forbear from exercising their default-related rights and remedies under the Senior Credit Agreement for a period of up to 365 days, which period may be reduced upon the occurrence of certain new defaults (the "Forbearance Period").

The Borrower has agreed to repay the Lenders in full by the end of the Forbearance Period, by realizing minimum net proceeds on disposals of assets and from the proceeds of re-financings of the investee businesses of the Fund by certain agreed-upon dates. The minimum debt repayment targets and agreed upon dates are $70 million by November 10, 2009 and $55 million by January 7, 2010 with the balance to be repaid by July 21, 2010. The Fund will be subject to a minimum EBITDA covenant and to a maximum capital expenditures covenant during the Forbearance Period beginning in January 2010. $70.1 million was repaid to the Lenders on October 1, 2009 from the proceeds of the sale of ESR satisfying, in advance, the first milestone of the Forbearance Agreement.

The Lenders have agreed that no default interest will accrue or be payable during the Forbearance Period and have agreed to waive certain prepayment fees which would otherwise apply. Default interest of $3.5 million for the period from January 31, 2009 to July 21, 2009 was paid in part from the proceeds of asset sales on October 1, 2009 with the balance at the end of the Forbearance Period.

In addition a fee was paid to the Lenders in part from the proceeds of asset sales on October 1, 2009 with the balance at the end of the Forbearance Period. The fee is initially 75 basis points of the principal amount outstanding under the Senior Credit Agreement (approximately $1.9 million), but may be reduced to 25 basis points (approximately $0.6 million) upon certain repayment targets being achieved. The Fund has recorded this fee in the third quarter, using the 75 basis points for purposes of the accrual.

In order to provide sufficient working capital during this Forbearance Period, NPH, a subsidiary of the Fund, arranged for a $20 million subordinated financing facility from an affiliated entity, $10 million of which has been advanced to date in accordance with the Forbearance Agreement. The Fund has also introduced restrictions on discretionary spending and capital expenditures and has augmented its accounts receivable collection focus to preserve and maximize its cash reserves during the Forbearance Period.

As a consequence of the continuing events of default under the Senior Credit Agreement, the Fund was contractually prohibited under the Collateral Covenants Agreement with the Lenders from remitting the June 30, 2009 interest payment on the Unsecured Subordinated Convertible Debentures (the “Debentures”) and as of July 15, 2009, the failure to make the interest payment constituted an event of default under the terms of the Debentures’ trust indenture (“Trust Indenture”) governing the Debentures. The Forbearance Agreement does not permit the Fund to make further interest payments during the Forbearance Period.

Under the terms of the Trust Indenture, the debenture trustee can provide notice to the Fund to declare all principal and interest to become due and payable as a result of the default. Accordingly, after July 15, 2009, the Debentures are considered a current liability and they have been classified on the September 30, 2009 consolidated balance sheet as such. The Fund has been in discussions with a number of principal holders of the Debentures with a view to reaching an agreement to restructure the Debentures. Discussions are ongoing.

OPERATING CASH FLOW AND WORKING CAPITAL

Cash provided by operations was $21.3 million for the three months ended September 30, 2009, compared to cash provided of $22.5 million for the three months ended September 30, 2008. As a result of the reclassification of $210 million of term debt and the reclassification of convertible debentures of $155.2, the Fund had working capital of approximately $(239.1) million at September 30, 2009, compared to $84.4 million at September 30, 2008. Before the term debt and convertible debenture reclassification, working capital at September 30, 2009 was $126.2 million.

Under the terms of the Forbearance Agreement, the Fund is precluded from making distributions. The Fund will retain cash distributions to meet working capital requirements and capital expenditure needs of the Operating Partners and repay debt.

Financing will be provided from cash from operations, the $20 million subordinated financing facility and from portfolio sales, net of debt repayment and related expenses.

CAPITAL EXPENDITURES

The portfolio incurred total capital expenditures (capital lease payments and capital expenditures) of $2.7 million in the three months ended September 30, 2009 compared with $4.0 million in the prior year period primarily to support contracts at NPC/Golosky. The industrial services segment accounted for 85.4% of the Fund's total capital expenditures for the three months ended September 30, 2009 (2008 – 91.8%). Restrictions and limits on capital expenditure have been put in place by the Fund for the balance of the year.

THIRD QUARTER PERFORMANCE

Summary Financial Table – (segmented) ($000s)
Three months ended September 30, 2009

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[2]	OTHER	CORPORATE[1]	TOTAL
Revenues	$ 6,541	$ 20,957	$ 111,288	$ 19,427	-	$ 158,213
Gross profit	4,176	10,916	22,703	5,500	-	43,295
Income (loss) from continuing operations before non-controlling interest	(3,823)	1,035	2,705	(2,758)	(8,770)	(11,611)
EBITDA	(3,399)	2,818	11,272	(3,771)	(3,162)	3,758
Write-down of goodwill and intangibles	4,900	-	-	7,207	44	12,151
Adjusted EBITDA[5]	1,501	2,818	11,272	3,436	(3,118)	15,909
Interest income (expense[2])	31	(37)	(544)	(231)	(10,318)	(11,099)
Non-cash interest expense	-	-	-	-	873	873
Income tax expense	(9)	-	-	-	(15)	(24)
Maintenance capital expenditures and reserves	(339)	(239)	432	(4)	-	(150)
Capital lease payments	-	(30)	(903)	(58)	-	(991)
Priority Income per partnership agreement[4]	-	-	-	205	-	205
Distributable cash from continuing operations	$ 1,184	$ 2,512	$ 10,257	$ 3,348	$ (12,578)	$ 4,723
Distributable cash from discontinued operations						$ 2,397
Distributable cash retained by the Fund						$ 7,120

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

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[2]	OTHER	CORPORATE[1]	TOTAL
Revenues	$ 7,987	$ 23,698	$ 110,615	$ 20,624	-	$ 162,924
Gross profit	5,086	12,226	19,482	6,008	-	42,802
(Loss) from continuing operations before non-controlling interest	(21,652)	(6,520)	(1,927)	(2,059)	(7,865)	(40,023)
EBITDA	(19,016)	(5,231)	6,143	(964)	(1,419)	(20,487)
Write-down of goodwill and intangibles	-	8,935	-	4,051	-	12,986
Impairment of long-term investment	22,000	-	-	-	-	22,000
Adjusted EBITDA[5]	2,984	3,704	6,143	3,087	(1,419)	14,499
Interest income (expense)[2]	83	(74)	(533)	(355)	(8,242)	(9,121)
Non-cash interest expense	-	-	-	-	1,080	1,080
Income tax expense	(6)	-	-	-	(8)	(14)
Maintenance capital expenditures and reserves	115	(130)	(444)	(61)	-	(520)
Capital lease payments	-	(33)	(578)	(46)	-	(657)
Compensation expense funded by operating partner[3]	-	269	-	-	-	269
Priority Income per partnership agreement[4]	43	100	1,153	107	-	1,403
Distributable cash from continuing operations	$ 3,219	$ 3,836	$ 5,741	$ 2,732	$ (8,589)	$ 6,939
Distributable cash from discontinued operations						$ 2,555
Distributable cash						$ 9,494

1 The results of the Corporate segment include corporate costs and corporate interest expense.
2 NPF advanced approximately $60,000 to NPC/Golosky to allow it to complete its investment in Golosky on July 31, 2007. This long term facility can be converted into equity, if certain future performance criteria are met, and in anticipation of the triggering targets being met, and also in order to remove the financing component from the operating results of NPC/Golosky, interest expense of NPC/Golosky, and the Industrial Services segment in this Summary Financial table has been reduced by $1,519 and $4,508 for the three and nine months ended September 30, 2009 ($1,883 and $5,650 for the three and nine months ended September 30 2008) and such amount has been added to the interest expense of the Corporate segment.
3 NPF's agreements with certain Operating Partnerships, contemplate that some bonus expenditures are borne by the minority partner. 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.
4 To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount, an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.
5 Adjusted EBITDA excludes the write-down of goodwill and intangibles and impairment of long-term investments in 2009 and 2008.

Summary Financial Table – (segmented) ($000s)
Nine months ended September 30, 2009

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[2]	OTHER	CORPORATE[1]	TOTAL
Revenues	$ 20,650	$ 66,944	$ 298,594	$ 53,958	-	$ 440,146
Gross profit	13,423	35,087	52,860	15,716	-	117,086
Income (loss) from continuing operations before non- controlling interest	(4,873)	4,054	(4,018)	(2,676)	(31,918)	(39,431)
EBITDA	900	10,104	15,613	1,046	(12,544)	15,119
Write-down of goodwill and intangibles	4,900	-	-	7,207	3,559	15,666
Adjusted EBITDA[5]	5,800	10,104	15,613	8,253	(8,985)	30,785
Interest income (expense)[2]	86	(115)	(1,955)	(703)	(29,017)	(31,704)
Non-cash interest expense	-	-	-	-	2,560	2,560
Income tax expense current	(21)	-	-	-	(34)	(55)
Maintenance capital expenditures and reserves	(882)	(617)	(977)	(94)	-	(2,570)
Capital lease payments	(14)	(93)	(3,553)	(181)	-	(3,841)
Priority Income per partnership agreement[4]	20	-	-	358	-	378
Distributable cash from continuing operations	$ 4,989	$ 9,279	$ 9,128	$ 7,633	$ (35,476)	$ (4,447)
Distributable cash from discontinued operations						$ 6,724
Distributable cash retained by the Fund						$ 2,277

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

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES[2]	OTHER	CORPORATE[1]	TOTAL
Revenues	$ 26,219	$ 67,259	$ 327,715	$ 61,974	-	$ 483,167
Gross profit	17,510	36,575	68,705	17,514	-	140,304
Income (loss) from continuing operations before non-controlling interest	(17,360)	(3,877)	2,295	(1,287)	(24,122)	(44,351)
EBITDA	(9,476)	1,499	25,884	4,366	(4,753)	17,520
Write-down of goodwill and intangibles	-	8,935	-	4,051	-	12,986
Impairment of long-term investment	22,000	-	-	-	-	22,000
Adjusted EBITDA[5]	12,524	10,434	25,884	8,417	(4,753)	52,506
Interest income (expense)[2]	243	(240)	(1,465)	(1,186)	(24,912)	(27,560)
Non-cash interest expense	-	-	-	-	3,169	3,169
Income tax (expense) recovery	(10)	-	(6)	-	(17)	(33)
Maintenance capital expenditures and reserves	(9)	(504)	(2,050)	(159)	(4)	(2,726)
Capital lease payments	(4)	(98)	(3,452)	(109)	-	(3,663)
Compensation expense funded by operating partner[3]	-	815	-	-	-	815
Priority Income per partnership agreement[4]	155	286	3,395	333	-	4,169
Distributable cash from continuing operations	$ 12,899	$ 10,693	$ 22,306	$ 7,296	$ (26,517)	$ 26,677
Distributable cash from discontinued operations						$ 9,211
Distributable cash						$ 35,888

Summary Results – ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2009	**2008**	**2009**	**2008**
Revenues	$ 158,213	$ 162,924	$ 440,146	$ 483,167
Cost of revenues	(114,918)	(120,122)	(323,060)	(342,863)
Gross profit	43,295	42,802	117,086	140,304
Selling, general and administrative expenses	(28,042)	(28,938)	(88,088)	(91,489)
Amortization expense	(7,812)	(8,784)	(23,449)	(26,407)
Depreciation expense[1]	(2,992)	(3,000)	(9,037)	(8,226)
Income from equity investments	349	510	861	1,720
Other income (loss)	-	(382)	-	330
Interest expense	(11,099)	(9,121)	(31,704)	(27,560)
Write-down of goodwill and intangibles	(12,151)	(12,986)	(15,666)	(12,986)
Impairment of long-term investment	-	(22,000)	-	(22,000)
Income tax expense-current	(24)	(14)	(55)	(33)
Income tax recovery-future	6,865	1,890	10,621	1,996
(Loss) from continuing operations	(11,611)	(40,023)	(39,431)	(44,351)
(Loss) for the period	(11,611)	(40,023)	(39,431)	(44,351)
Add:				
Amortization expense	7,812	8,784	23,449	26,407
Depreciation expense[1]	3,012	3,023	9,099	8,415
Amortization of Brompton intangible asset	287	484	864	1,452
Interest expense	11,099	9,121	31,704	27,560
Income tax expense-current	24	14	55	33
Income tax recovery-future	(6,865)	(1,890)	(10,621)	(1,996)
EBITDA	$ 3,758	$ (20,487)	$ 15,119	$ 17,520
Write-down of goodwill and intangibles	12,151	12,986	15,666	12,986
Impairment of long-term investment	-	22,000	-	22,000
Adjusted EBITDA	$ 15,909	$ 14,499	$ 30,785	$ 52,506
Weighted invested capital	$ 487,168	$ 487,409	$ 487,309	$ 488,676

1 Depreciation of $20 was recorded in Cost of revenues for the three months ended September 30, 2009, and $62 for the nine month period.

THIRD QUARTER RESULTS

The Fund's portfolio businesses are reported in four operating segments: Financial Services, Marketing, Industrial Services and Other. Revenues for the three months ended September 30, 2009 were $158,213 compared to $162,924 in the prior year period, a decrease of 2.9%.

Gross profit for the three months ended September 30, 2009 was $43,295 compared to $42,802 in the prior year period, an increase of 1.2%.

For the three months ended September 30, 2009, these four operating segments produced $19,027 of adjusted EBITDA for the Fund compared to $15,918 in the prior year period. These results are before corporate costs, which are included in the Corporate segment (see Segment Operating Results – Corporate below).

For continuing operations the five largest contributors to EBITDA in the portfolio for the three months ended September 30, 2009, were NPC/Golosky, Quantum Murray, Peerless, Morrison Williams and Capital C. The results of ESR, which was sold on October 1, 2009, are included in Discontinued Operations.

Although NPC/Golosky's maintenance and oil sands operations reported decreased revenues over the same period a year ago, there was continued strong demand in the three divisions that provide specialized wear technology services that extend the useful life of pipeline used in the oil sands. Margins for these services were solid and offset lower margins due to reduced activity at the conventional maintenance services divisions. There was also increased activity on some larger accounts in the labour supply divisions that serve the oil sands sector.

Quantum Murray's results for the quarter were driven by its remediation division with strong revenues from one large project and a significant contribution from projects in the Arctic where work is largely limited to the summer months. The demolition and scrap metals divisions continue to be impacted by a lack of larger industrial demolition

projects, which has caused increased competition and price pressure for the commercial and smaller industrial projects currently being bid.

Peerless had a good quarter, and improved from a year ago. Peerless is in full production on the two large government contracts won at the end of 2008, and previous production delays at a sub-contractor, and materials procurement issues are now resolved.

Morrison Williams' financial results reflect investment management fees from its AUM, which are at levels consistent with last quarter but lower compared to the same period a year ago. With overhead costs largely fixed, AUM levels have a significant impact on profitability.

Capital C's results were better than expectations due to increased demands from new and existing clients. This represented a faster rebound than anticipated from earlier uncertainty, and demonstrates the success of Capital C's business development activities.

The Fund's other specialty marketing businesses - Gemma, IC Group, Armstrong and S&E - have fared less well this quarter with a mixture of reducing business volumes from key clients, and continuing margin pressures. The businesses in the Fund's financial services segment have performed at expected levels in the investment management businesses but, in particular, the insurance brokerage businesses are facing difficult challenges due to increased competition and client consolidation.

Titan had a difficult quarter and continues to experience reduced revenue levels across the board. Drilling, construction and transportation customers of Titan have been impacted by the economy as have transportation customers of Gusgo, although Gusgo has fared relatively well through incremental revenue streams.

See "Third Quarter 2009 Performance Summary – by Operating Partnership" for details of Fund EBITDA and distributable cash by individual Operating Partnerships.

The Fund's Corporate segment includes costs to operate the Fund. Corporate costs, excluding interest, were $3,118 for the three months ended September 30, 2009 compared with $1,419 in the prior year period. The increase over the prior year reflects the inclusion of increased salary costs, reflecting additional resources that are focused on the operations of our investments, legal and consulting costs relating to negotiations with the Lenders, and increased general legal costs.

During the quarter the Fund recorded write-downs of intangible assets relating to its investments in Hargraft and Titan in the amount of $12,107. Total adjusted EBITDA after corporate costs was $15,909 for the three months ended September 30, 2009 compared with $14,499 in the prior year period.

The main items, which are deducted from EBITDA to arrive at Distributable Cash, are interest expense and capital expenditures. During the current quarter, cash interest costs were $10,226, compared with $8,041 in the prior year period and the increase reflects the inclusion of a forbearance fee of $1,850 in the current quarter. Maintenance capital expenditures and capital lease payments were $1,141 as compared to $1,177 in the prior year period. The majority of these expenditures were incurred in the industrial services segments.

Distributable cash from continuing operations, retained by the Fund, for the three months ended September 30, 2009 was $4,723 compared with $6,939 in the prior year period.

THIRD QUARTER PERFORMANCE SUMMARY – BY OPERATING PARTNERSHIPS

OPERATING PARTNERSHIP	EBITDA ($000S)	DISTRIBUTABLE CASH ($000S)	LTM YIELD (%)	COMMENTARY
Financial Services				
Brompton	331	-	-	During the third quarter, net AUM decreased by approximately $146 million. The decrease was a result of annual redemptions for certain funds offset by market appreciation of fund investments, proceeds from the exercise of fund warrants outstanding and proceeds from the closing of a new fund, Precious Metals Bullion Trust. Brompton continues to search for and structure new investment products which can be brought to market.
Morrison Williams	1,130	1,130	10.8%	Morrison Williams had satisfactory results in the third quarter with revenues comparable to the previous quarter and approaching those of the prior year quarter. Despite improvement in the financial markets, AUM in the quarter slightly declined by 1.7% from the previous quarter due to the loss of one client and mutual fund redemptions in the quarter. Morrison Williams has been focusing on client retention and client development to maintain AUM. The outlook for the balance of the year will be dependent on the continued improvement of the financial markets and retention of clients.
NP LP	373	367	8.4%	NP LP provides investment management, corporate advisory and insurance services to its clients. The third quarter results were as expected from the investment management business. AUM has not returned to 2008 levels but was slightly improved from the previous quarter. Lower than expected revenue levels from corporate finance and insurance activities reflect transaction timing. The outlook for the balance of the year is cautiously optimistic, but dependent on a stable or improving market. NP LP believes that these uncertain times provide an opportunity to grow its client base as investors explore options for their wealth management.
Hargraft	(548)[1]	(551)	(1.4%)	Hargraft is an insurance broker specializing in the transportation, manufacturing and construction sectors. Hargraft has seasonally poorer performance this quarter exacerbated as Hargraft's transportation clients continued with the trend of reducing fleet sizes and applying pressure on premiums. Restructuring measures commenced during the quarter, and costs associated with senior management changes were also incurred. Further restructuring costs will be incurred in the final quarter of this year with subsequent cost savings through 2010.
BMI	215	238	8.4%	BMI is an insurance broker providing a full range of services with a commercial focus. The transportation industries that BMI serves were adversely affected by current economic conditions. This resulted in business contraction, consolidations and some closures with a consequent erosion in commission revenue. Year-to-date results reflect that earlier in the year, one large client restructured its program with another provider. In addition to this, continuing competitive pricing in the insurance marketplace resulted in lower premiums in this quarter. BMI has managed expenses effectively in response to the current economic conditions and has new business initiatives underway.
	1,501	**1,184**		
Marketing				
S&E	(16)	(24)	6.3%	S&E is a provider of sports-related marketing and advertising services. The third quarter was challenging for S&E. Two large accounts continued to reduce their business volumes in the quarter and have moved their business from S&E. S&E continues to focus on client development and new sponsorship opportunities. The outlook is mixed as reduced volumes will continue however business development efforts are showing signs of traction.
Gemma	723	695	13.4%	Gemma had a challenging quarter mostly due to sharp volume reductions in the outbound program by one of Gemma's largest clients. The previous loss of financial services clients in the last quarter of 2008 continues to impact the business. On a positive note, a new inbound customer care and sales program was launched in the third quarter which will create new revenue streams for future quarters. Due to the new inbound program, Gemma incurred additional expenses in the quarter relating to the launch and ramp-up of the new program. The outlook for Gemma is cautious. With the focus on client development, senior management has secured new programs and clients with pilot programs set to begin in the fourth quarter.

OPERATING PARTNERSHIP	EBITDA ($000S)	DISTRIBUTABLE CASH ($000S)	LTM YIELD (%)	COMMENTARY
Capital C	1,192	1,033	19.7%	Capital C is a provider of fully integrated marketing services. Capital C has reported another strong quarter with revenue levels comparable to prior year. The economic slowdown did not affect Capital C's operations to the degree that was anticipated. As well, the summer months were stronger than prior years despite the fact that the third quarter is often the slowest quarter due to seasonality. This was partially due to pent up demand as clients deferred marketing spend in the first half of the year until the economy showed signs of recovery. Significant client development efforts showed substance this quarter. Existing clients are consolidating marketing partners which has been positive for Capital C. The outlook is strong as Capital C continues to diversify its product offerings to meet changing marketing services demands that have become more complex.
IC Group	600	543	35.1%	IC Group is a provider of online promotional and loyalty programs, and a provider of select insurance products. IC Group had another strong quarter as interactive and loyalty program revenues continue to grow. Gross margins suffered somewhat this quarter as additional contract resources were brought on to help deliver time sensitive programs. In addition some new projects are incurring higher ramp up costs, the benefit of which will be realized in future quarters. The outlook is promising for IC Group as interactive and loyalty program revenues are expected to stay at current levels.
Armstrong	319	265	7.0%	Armstrong provides innovative, results-driven marketing communications solutions to leading Global Brands..The third quarter was the strongest revenue quarter of the year for Armstrong, although bolstered by some flow through revenue which has no impact on EBITDA. Client spending has improved somewhat but Armstrong is still seeing conservative and deferred spending until there is greater certainty around a sustained economic recovery. Marketing spending has not returned to previous years levels. Armstrong has been focusing on business development and new product offerings. When the economy further strengthens Armstrong is well positioned to deliver services to its clients.
	2,818	**2,512**		
Industrial Services				
NPC/Golosky	7,695	8,022	10.6%	NPC/Golosky provides oil and gas maintenance, construction and wear technology services to both the conventional oil and gas industry and to the oilsands. The third quarter includes better results from the oilsands services divisions as increased volumes and improved margins were reported in the wear technology divisions, as well as higher demand for maintenance and labour supply activities. With limited exceptions, the conventional oil and gas services divisions are experiencing reduced volumes coupled with lower margins through intense price pressure. In these divisions, significant work is underway on cost rationalization, and progress has been made to reduce overhead costs where possible. Previously reported difficulties with two major projects have been resolved without further losses, and steps have been taken to improve the focus and discipline around project management. Overall, while operating divisions focused on conventional gas construction and fabrication will continue to lag behind, this is balanced by stronger demand for the oilsands divisions which may also benefit in the final quarter from the resumption of previously postponed spring shutdown projects.
Quantum Murray	3,577	2,235	(5.0%)	Quantum Murray is a national provider of demolition, remediation and scrap metal services. Quantum Murray's results for the third quarter are improved over the first two quarters but remain mixed from a divisional viewpoint. The remediation division has benefited throughout this year from one larger project which will continue into early 2010. In addition, the remediation division's results include revenues from two Arctic projects which only generate revenues in the summer months. The demolition division contributed only marginally for the quarter as it continues to experience reduced volumes with work being driven by smaller lower margin commercial projects rather than the larger industrial projects which in the past has benefited both the demolition and scrap metals divisions. Where possible, costs have been taken out of the demolition business in line with the reduced volumes. The metals division's results were mixed this quarter with higher than anticipated third party volumes but much lower margins as the market for scrap buying remains very competitive. It is clear that strong results across all divisions will not return until there is a sustained recovery in major industrial projects. At present, this is not anticipated until well into 2010.
	11,272	**10,257**		

OPERATING PARTNERSHIP	EBITDA ($000S)	DISTRIBUTABLE CASH ($000S)	LTM YIELD (%)	COMMENTARY
Other				
Peerless	2,112	2,050	17.6%	Peerless is a supplier of garments to the Canadian military. Peerless achieved strong results for the third quarter, surpassing the past several quarters. This is a result of full production and shipment on two large government contracts. In addition, production efficiencies have resulted in healthy gross margins. With pre-production and subcontractor issues resolved, the outlook is strong for Peerless as it executes on these two government contracts.
Titan	320[1]	123	3.8%	Titan is a distributor of drilling products to the oil and gas industry, and of ground engaging tools to the transportation and construction industries. As anticipated, the third quarter was another difficult one for Titan as the economic climate has not seen improvement in the Alberta oil and gas industry. Revenues across all product lines were down compared to prior year. As well, new business that has been won is at lower gross margin levels due to stiff pricing competition. There is cautious optimism that the fourth quarter will see some improvement as the oil sands market has seen some increased activity. Titan continues to manage costs closely and looks for new opportunities in the oil sands market.
Gusgo	704	875	18.6%	Gusgo had a solid quarter with revenues returning to previous levels. Gross margin and EBITDA also increased due to a change in mix in revenue with a heavier weighting in storage revenue. Gusgo has been able to fair relatively well during the economic downturn which has severely impacted the transportation sector. The outlook remains cautious for Gusgo with one threat being the strengthening of the Canadian dollar which may decrease cross border traffic.
Rlogistics	300	300	13.0%	Rlogistics is a re-seller of closeout, discount and refurbished consumer electronic and household goods in Ontario. Rlogistics is coping well in a challenging economic environment. With changes made it is now less reliant on the highly competitive electronics market place. Rlogistics has no plans currently to open any additional locations, and is focused on maximizing profits from existing stores.
	3,436	**3,348**		

1 Excludes a write-down of intangible assets, refer the Goodwill and Intangible Write-downs sections

SEGMENT OPERATING RESULTS

FINANCIAL SERVICES

The Financial Services segment includes the Fund's proportionate share of NP LP, Morrison Williams, Brompton, Hargraft and BMI. The results of ESR, sold on October 1, 2009, are included in Discontinued Operations and are not reflected in the tables below (see Discontinued Operations section on page 25).

Morrison Williams	-	Institutional money manager
NP LP	-	Provider of investment management and corporate advisory and insurance services
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
Brompton	-	Asset manager of public and private investment funds

Summary Financial Table ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2009	**2008**	**2009**	**2008**
Revenues	$ 6,541	$ 7,987	$ 20,650	$ 26,219
Cost of revenues	(2,365)	(2,901)	(7,227)	(8,709)
Gross profit	4,176	5,086	13,423	17,510
Selling, general and administrative expenses	(3,004)	(2,377)	(8,450)	(7,367)
Amortization expense	(1,963)	(2,147)	(5,904)	(6,442)
Depreciation expense	(79)	(82)	(240)	(243)
Income (loss) from equity investments	42	173	(37)	599
Other income (expense)	-	(382)	-	330
Interest income	31	83	86	243
Write-down of goodwill and intangibles	(4,900)	-	(4,900)	-
Impairment of long-term investment	-	(22,000)	-	(22,000)
Income tax expense-current	(9)	(6)	(21)	(10)
Income tax (expense) recovery-future	1,883	-	1,170	20
(Loss) from continuing operations	(3,823)	(21,652)	(4,873)	(17,360)
(Loss) for the period	(3,823)	(21,652)	(4,873)	(17,360)
Add:				
Amortization expense	1,963	2,147	5,904	6,442
Depreciation expense	79	82	240	243
Amortization of Brompton intangible asset	287	484	864	1,452
Interest income	(31)	(83)	(86)	(243)
Income tax expense-current	9	6	21	10
Income tax expense (recovery)-future	(1,883)	-	(1,170)	(20)
EBITDA	$ (3,399)	$ (19,016)	$ 900	$ (9,476)
Write-down of goodwill and intangibles	4,900	-	4,900	-
Impairment of long-term investment	-	22,000	-	22,000
Adjusted EBITDA	$ 1,501	$ 2,984	$ 5,800	$ 12,524

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

	SEPTEMBER 30,2009	JUNE 30, 2009	SEPTEMBER 30,2008
NP LP	$ 999	$ 974	$ 1,036
Morrison Williams	3,038	2,987	3,639
Brompton	1,294	1,440	1,612
Total	$ 5,331	$ 5,401	$ 6,287

(I) REVENUES

Revenue from the Financial Services segment was $6,541 in the quarter, which represents an 18.1% decrease from the $7,987 reported for the same prior year period. For the nine month period ended September 30, 2009, revenues for the segment were $20,650 compared with $26,219 in the prior year period.

Continuing soft insurance markets and lost business have affected commission revenues at our two insurance investments, and the financial markets' sell off in the second half of 2008 has continued to negatively impacted AUM compared to a year ago, and therefore, revenues at both Morrison Williams and NP LP.

Each of our insurance investments has experienced reduced commission income compared to the previous period. A large component of the business for both insurance brokers is in the transportation sector. Increased competition in standard markets, client consolidation and business closures, and some clients choosing to self insure have all led to significant revenue reductions. The construction sector to which Hargraft is a provider has also experienced reduced business volumes. Although this quarter has seen some improvement given market appreciation, investment management fees at Morrison Williams and NP LP were reduced from the same period last year. At Morrison Williams and NP LP, AUM is 16.5% and 4% lower, respectively, than a year ago.

(II) GROSS PROFIT

Gross profit was $4,176, which translated into a 63.8% gross profit margin. This compares to gross profit of $5,086 for the prior year period, reflecting a gross profit margin of 63.7%. Gross profit for the nine month period ended September 30, 2009 was $13,423 compared with $17,510 in the prior year period.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $3,004 compared with $2,377 in the prior year period. Selling, general and administrative expenses as a percentage of revenues were 45.9%, compared to 29.8% in 2008. These costs are largely fixed, and the current period includes costs associated with changes in senior management at Hargraft. For the nine month period ended September 30, 2009, selling, general and administrative expenses were $8,450 compared with $7,367 in the prior year period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $2,042 compared to $2,229 for 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 month period ended September 30, 2009 was $6,144 compared to $6,685 in the prior year period.

(V) WRITE-DOWN OF INTANGIBLES

During the third quarter of 2009, a write-down of intangible assets in the amount of $4,900 was recorded relating to the Fund's investment in Hargraft. See section "Goodwill and Intangible Write-downs".

(VI) EBITDA

Adjusted EBITDA was $1,501 for the period and for the prior year period EBITDA was $2,984. EBITDA also includes the income from our equity investment in Brompton. Adjusted EBITDA for the nine months ended September 30, 2009 was $5,800 compared with $12,524 in the prior year period.

(VII) INCOME TAX

Current tax expense for the quarter was $9 compared to a current tax expense of $6 in the prior year period. Future tax recovery for the quarter was $1,883 compared to nil in the prior year period. For the nine month period ended September 30, 2009, current tax expense and future tax recovery was $21 and $1,170, respectively. For the prior year nine month period, current tax expense and future tax recovery was $10 and $20, respectively.

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

(VIII) INCOME

Net loss for the period was $(3,823) compared to net loss of $(21,652) in the corresponding 2008 period. Net loss for the nine month period ended September 30, 2009, was $(4,873) compared with $(17,360) in the prior year period. The prior period losses include a $22,000 write down in the carrying value of the investment in Brompton.

(IX) SEASONALITY

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

(X) OUTLOOK

Conditions in the commercial insurance market remain challenging as increased competition continues to put downward pressure on premium pricing and the economic climate is also driving clients to reduce expenditures as much as possible. With recent change at Hargraft, the president at BMI is now overseeing both operations. Steps are being taken to provide a shared cost structure, and to strengthen the overall platform of the insurance

operations. Based on stable or improved financial markets, Morrison Williams believes it will see improvement in AUM, but new business will take longer to develop. NP LP believes that these uncertain times provide an opportunity to grow its client base as investors are exploring options for their money management and may gravitate to NP LP's proven offering.

MARKETING

The Marketing segment includes the Fund's 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	
	2009	**2008**	**2009**	**2008**
Revenues	$ 20,957	$ 23,698	$ 66,944	$ 67,259
Cost of revenues	(10,041)	(11,472)	(31,857)	(30,684)
Gross profit	10,916	12,226	35,087	36,575
Selling, general and administrative expenses	(8,105)	(8,540)	(24,981)	(26,194)
Amortization expense	(1,775)	(1,567)	(5,326)	(4,757)
Depreciation expense	(340)	(364)	(1,007)	(1,095)
Income (loss) from equity investments	7	18	(2)	53
Write-down of goodwill and intangibles	-	(8,935)	-	(8,935)
Interest expense	(37)	(74)	(115)	(240)
Income tax recovery -future	369	716	398	716
Income (loss) from continuing operations	1,035	(6,520)	4,054	(3,877)
Income (loss) for the period	1,035	(6,520)	4,054	(3,877)
Add:				
Amortization expense	1,775	1,567	5,326	4,757
Depreciation expense	340	364	1,007	1,095
Interest expense	37	74	115	240
Income tax recovery -future	(369)	(716)	(398)	(716)
EBITDA	$ 2,818	$ (5,231)	$ 10,104	$ 1,499
Write-down of goodwill and intangibles	-	8,935	-	8,935
Adjusted EBITDA	$ 2,818	$ 3,704	$ 10,104	$ 10,434

MARKETING

(I) REVENUES

Revenues for the Marketing segment were $20,957 in the quarter, compared to $23,698 in the prior year period. The marketing segment had a mixed quarter resulting from strong competition and client spending reductions. Revenues for the nine month period ended September 30, 2009 were $66,944 compared with $67,259 in the prior year period. The decrease for the quarter and on a year-to-date basis is mostly attributable to reduced revenues at Gemma and Armstrong.

Gemma had a challenging quarter compared to the prior year's quarter. The loss of business from financial services clients in the fourth quarter of 2008 has been the key contributor to the decline in revenue throughout 2009, and in addition there were reduced volumes in the current quarter from a major client.

Armstrong had a satisfactory quarter although its revenues were down from the prior period quarter's revenues which included significant media flow through revenue. Armstrong is still seeing its clients deferring or cancelling programs until there is greater certainty of an economic recovery.

IC Group had another strong quarter as core clients continue to spend on interactive and loyalty programs.

Capital C's revenues this quarter were slightly above those in the prior year period. Capital C is benefiting from earlier client development activities and also from client consolidation of marketing services providers.

S&E experienced reduced revenues compared to prior year as two major clients reduced their business volumes due to competitive pressures.

(II) GROSS PROFIT

Gross profit for the Marketing segment was $10,916 and gross margin was 52.1% in the quarter. In the prior year period, gross profit was $12,226 and gross margin was 51.6%. Gross profit for the nine month period ended September 30, 2009 was $35,087 compared with $36,575 in the prior year period.

While there are some slight differences by entity, gross margins in total for the Marketing segment are in line with last year, which is a good result given that competition and price pressure are a constant challenge.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $8,105 compared to $8,540 in the prior year period. These expenses as a percentage of revenues were 38.7% compared to 36.0%. The absolute dollar of selling, general and administrative expenses has decreased and the increase in the percentage is more a reflection of the reduced revenues this quarter compared to a year ago, and the fixed cost nature of many of the costs. Selling, general and administrative expenses for the nine month period ended September 30, 2009 were $24,981 compared to $26,194 in the prior year period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense was $2,115 for the quarter, compared with $1,931 in the prior year period. For the nine month period ended September 30, 2009, depreciation and amortization expense was $6,333 compared to $5,852 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. Typically, the level of capital expenditures in this service segment is low.

(V) EBITDA

Adjusted EBITDA after adding back goodwill and intangible write-offs for this segment was $2,818 compared with $3,704 in the prior year period. Adjusted EBITDA for the nine month period ended September 30, 2009 was $10,104 compared to $10,434 in the prior year period.

(VI) INCOME TAX

The future tax recovery relating to the assets of the Marketing segment was $369 for the quarter ended September 30, 2009 and $716 for the prior year period. For the nine month period ended September 30, 2009, future tax recovery was $398 compared to $716 in the prior year period.

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

(VII) INCOME

Net income for the quarter was $1,035, compared to a loss of $(6,520) in the prior year period. Net income for the nine month period ended September 30, 2009 was $4,054 compared to a loss of $(3,877) in the prior year period. The variance largely relate to the goodwill and intangible write-offs recorded in 2008.

(VIII) SEASONALITY

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

(IX) OUTLOOK

While there were signs of an improving economy last quarter, today the view is mixed.

Armstrong has seen reduced spending in its customer base, and does not see that turning around in the short term.

IC Group's interactive and loyalty programs are being well received in the market and the outlook for this niche is positive although there may be some margin pressure.

Gemma's outlook is cautious. Pilot programs with new clients, if successful, will go some way to replace lost revenues, and increases in inbound call centre programs will give new opportunities to demonstrate superior customer service.

In its client base, Capital C is seeing signs of increased spending, and anticipates higher business volumes over the next two quarters.

S&E's outlook is mixed. New business is being sought and significant efforts are being made in client development areas.

INDUSTRIAL SERVICES

The Industrial Services segment includes the Fund's proportionate share of the results of NPC/Golosky and Quantum Murray.

NPC/Golosky	-	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	
	2009	2008	2009	2008
Revenues	$ 111,288	$ 110,615	$ 298,594	$ 327,715
Cost of revenues	(88,585)	(91,133)	(245,734)	(259,010)
Gross profit	22,703	19,482	52,860	68,705
Selling, general and administrative expenses	(11,431)	(13,339)	(37,247)	(42,940)
Amortization expense	(2,105)	(3,361)	(6,312)	(10,086)
Depreciation expense[1]	(2,376)	(2,333)	(7,182)	(6,389)
Interest expense	(2,063)	(2,416)	(6,463)	(7,115)
Income tax expense-current	-	-	-	(6)
Income tax (expense) recovery-future	(2,023)	40	326	126
Income (loss) from continuing operations	2,705	(1,927)	(4,018)	2,295
Income (loss) for the period	2,705	(1,927)	(4,018)	2,295
Add:				
Amortization expense	2,105	3,361	6,312	10,086
Depreciation expense	2,376	2,333	7,182	6,508
Interest expense	2,063	2,416	6,463	7,115
Income tax expense-current	-	-	-	6
Income tax expense (recovery)-future	2,023	(40)	(326)	(126)
EBITDA	$ 11,272	$ 6,143	$ 15,613	$ 25,884

1 Depreciation of $119 relating to production equipment has been included in cost of arevenues for the nine months ended September 30, 2008.

	THREE MONTHS ENDED SEPTEMBER 30				NINE MONTHS ENDED SEPTEMBER 30			
	2009		2008		2009		2008	
	NPC/ GOLOSKY	QUANTUM MURRAY	NPC/ GOLOSKY	QUANTUM MURRAY	NPC/ GOLOSKY	QUANTUM MURRAY	NPC/ GOLOSKY	QUANTUM MURRAY
Revenues	$ 63,580	$ 47,708	$ 65,986	$ 44,629	$ 196,050	$ 102,544	$ 213,633	$ 114,082
Cost of revenues	(49,330)	(39,255)	(55,943)	(35,190)	(162,040)	(83,694)	(174,622)	(84,388)
Gross profit	14,250	8,453	10,043	9,439	34,010	18,850	39,011	29,694
Selling, general and administrative expenses	(6,555)	(4,876)	(6,359)	(6,980)	(21,200)	(16,047)	(23,002)	(19,938)
Amortization expense	(1,323)	(782)	(1,581)	(1,780)	(3,968)	(2,344)	(4,745)	(5,341)
Depreciation expense	(1,474)	(902)	(1,554)	(779)	(4,649)	(2,533)	(4,291)	(2,098)
Interest expense	(1,983)	(80)	(2,325)	(91)	(6,280)	(183)	(6,861)	(254)
Income tax expense-current	-	-	-	-	-	-	(6)	-
Income tax (expense) recovery-future	304	(2,327)	40	-	1,357	(1,031)	126	-
Income (loss) from continuing operations	3,219	(514)	(1,736)	(191)	(730)	(3,288)	232	2,063
Income (loss) for the period	3,219	(514)	(1,736)	(191)	(730)	(3,288)	232	2,063
Add:								
Amortization expense	1,323	782	1,581	1,780	3,968	2,344	4,745	5,341
Depreciation expense	1,474	902	1,554	779	4,649	2,533	4,410	2,098
Interest expense	1,983	80	2,325	91	6,280	183	6,861	254
Income tax expense-current	-	-	-	-	-	-	6	-
Income tax expense (recovery)-future	(304)	2,327	(40)	-	(1,357)	1,031	(126)	-
EBITDA	$ 7,695	$ 3,577	$ 3,684	$ 2,459	$ 12,810	$ 2,803	$ 16,128	$ 9,756

(I) REVENUES

Revenues from the Industrial Services segment were $111,288 in the quarter compared with $110,615 in the prior year period. The slight revenue increase of 1.0% reflects an increase at Quantum Murray, offset by a decrease at NPC/Golosky. Revenues for the nine month period ended September 30, 2009 were $298,594 compared to $327,715 in the prior year period.

NPC/Golosky's revenues in the current period reflect increased revenues from the oilsands services divisions compared to a year ago, but these increases are offset by lower demand for conventional oil and gas services. The oilsands divisions have benefited from increased volumes in the wear technology divisions which are operating at capacity, as well as higher demand for maintenance and labour supply activities. With limited exceptions, the conventional oil and gas services divisions are experiencing reduced volumes across the board, and are unlikely to see a return to previous levels while gas prices remain depressed. There has been no pickup in the conventional services for shutdown/turnaround maintenance projects which were postponed in the second quarter.

Quantum Murray's revenues in the current period were improved from a year ago, primarily due to the contribution of the remediation division which has benefited throughout this year from one larger project which will continue into early 2010. In addition, the remediation division's results include revenues from two Arctic projects for the Canadian government which only generate revenues in the summer months. The demolition division's revenues are significantly reduced from the same period a year ago, as this division continues to experience reduced volumes as larger industrial projects remain on hold, and smaller commercial projects are aggressively priced. The demolition division has been most impacted by the economic downturn and its impact on the construction, auto, steel and petro-chemical industries. While the metal division had increased revenues over the same period last year when there was a massive decline in scrap metal prices, it is still challenged by reduced volumes, partially attributable to the much lower output from the demolition division.

(II) GROSS PROFIT

Gross profit was $22,703 in the quarter compared with $19,482 in the prior year period. Gross profit margins were 20.4% compared to 17.6% in the prior year period. Gross margins for the quarter are higher at NPC/Golosky but are reduced at Quantum Murray compared to a year ago. Gross profit for the nine month period ended September 30, 2009 was $52,860 compared to $68,705 in the prior year period, representing a decrease in gross margins to 17.7% from 21.0%.

In the third quarter, NPC/Golosky's gross margin improvement reflects the contribution of its oilsands wear technology divisions. This has more than offset margin compression in its maintenance divisions where there is fierce competition for a declining amount of work. The difficulties reported last quarter with two major projects have been resolved without further losses, but these losses have impacted year to date margins. Steps taken to improve the focus and discipline around project management are showing results. In addition, in the conventional business lines, significant work is underway on cost rationalization, and progress has been made to reduce overhead costs where possible.

At Quantum Murray gross margins are under pressure in all three divisions compared to a year ago. Larger industrial projects, where margins have historically been strong, are currently on the shelf, and this impacts both the demolition and scrap metals divisions. Gross margins in the environmental division are also slightly reduced from a year ago due to lower margins on one larger project.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $11,431 in the quarter compared to $13,339 in the prior year period. These expenses as a percentage of revenues were 10.3%, reduced from 12.1% in the prior year period. Expenses at NPC/Golosky have been reduced, particularly in the conventional divisions where revenues have been significantly reduced, and further cost savings initiatives are being explored. Expenses at Quantum Murray have been reduced from a year ago, primarily at the demolition division where headcount and truck fleets have been reduced. For the nine month period ended September 30, 2009 selling, general and administrative expenses were $37,247 compared to $42,940 in the prior year period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $4,481 for the quarter compared with $5,694 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. Capital expenditures were $1,467 compared to $3,129 in the prior year period. Depreciation and amortization expense for the nine month period ended September 30, 2009 was $13,494 compared to $16,475 in prior period.

(V) EBITDA

The Industrial Services segment produced $11,272 of EBITDA, compared with $6,143 of EBITDA earned in the prior year period. EBITDA for the nine month period ended September 30, 2009 was $15,613 compared to $25,884 in the prior year period.

(VI) INCOME TAX

The future tax expense relating to the assets of the Industrial Services segment was $2,023 for the quarter compared to a future tax recovery of $40, in the prior year period. For the nine month period ended September 30, 2009, future income tax recovery was $326 compared to a recovery of $126 in the prior year period.

Current taxes for the quarter and nine months ended were $nil compared to $nil for the prior year quarter and $6 for the nine month period ended September 30, 2008.

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

(VII) INCOME

Net income for the quarter was $2,705 compared to a net loss of $(1,927) in the prior year period. The net loss for the nine month period ended September 30, 2009 was $(4,018) compared to net income of $2,295 in the prior year period.

(VIII) SEASONALITY

NPC/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 NPC/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

NPC/Golosky's outlook is that there will continue to be strong demand for its specialty wear technology services. Overall, while operating divisions focusing on conventional gas, and construction and fabrication division will continue to lag behind, this is balanced by stronger demand for the oilsands divisions which may also benefit in the final quarter from the resumption of previously postponed shutdown projects.

While Quantum Murray's has one significant remediation project that will contribute into next year, it is clear that strong results across all divisions will not return until there is a sustained recovery in major industrial projects. At present, this is not anticipated until well into 2010.

OTHER

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

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
Rlogistics	-	Wholesaler and liquidator of electronic products

Summary Financial Table ($000s)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2009	**2008**	**2009**	**2008**
Revenues	$ 19,427	$ 20,624	$ 53,958	$ 61,974
Cost of revenues	(13,927)	(14,616)	(38,242)	(44,460)
Gross profit	5,500	6,008	15,716	17,514
Selling, general and administrative expenses	(2,384)	(3,263)	(8,425)	(10,235)
Amortization expense	(1,969)	(1,709)	(5,907)	(5,122)
Depreciation expense[1]	(169)	(142)	(514)	(409)
Income from equity investments	300	319	900	1,068
Interest expense	(231)	(355)	(703)	(1,186)
Write-down of goodwill and intangibles	(7,207)	(4,051)	(7,207)	(4,051)
Income tax recovery-future	3,402	1,134	3,464	1,134
Income (loss) from continuing operations	(2,758)	(2,059)	(2,676)	(1,287)
Income (loss) for the period	(2,758)	(2,059)	(2,676)	(1,287)
Add:				
Amortization expense	1,969	1,709	5,907	5,122
Depreciation expense[1]	189	165	576	479
Interest expense	231	355	703	1,186
Income tax recovery-future	(3,402)	(1,134)	(3,464)	(1,134)
EBITDA	$ (3,771)	$ (964)	$ 1,046	$ 4,366
Write-down of goodwill and intangibles	7,207	4,051	7,207	4,051
Adjusted EBITDA	$ 3,436	$ 3,087	$ 8,253	$ 8,417

1 In the third quarter depreciation of $20 in 2009 and $23 in 2008 relating to production equipment has been included in cost of revenues. On a year-to-date basis, depreciation of $62 in 2009 and $70 in 2008 has been included in the cost of revenue.

(I) REVENUES

Revenues for the Other segment were $19,427 in the quarter, compared to $20,624 in the prior year period. Revenues for the nine month period ended September 30, 2009 were $53,958 compared with $61,974 in the prior year period.

The majority of the decline in revenue relates to Titan. Throughout 2009, Titan has been challenged by the difficult economy in Alberta. All product lines are down from the prior year.

Peerless' revenues were much higher than last year's quarter due to full production on two large government contracts. Production delays experienced earlier in the year on these contracts have been resolved.

Gusgo's revenues were slightly above last year's quarter as additional storage revenue was recorded.

(II) GROSS PROFIT

Gross profit was $5,500 for the quarter compared with $6,008 for the same quarter last year. Gross profit margins were 28.3%, compared to 29.1% in the prior year period.

With Titan's decline in revenue as well as competitive pressure on margins, gross profit and margins significantly decreased from a year ago.

Peerless had improved gross margins due to further production efficiencies.

Gusgo has been able to maintain margins in the quarter compared to the prior period despite challenges in the transportation sector through increasing its storage revenue.

For the nine month period ended September 30, 2009 gross profit was $15,716 compared to $17,514 in the prior year period.

(III) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $2,384 for the quarter compared with $3,263 in the prior year period. These expenses as a percentage of revenues were 12.3%, compared to 15.8% in the prior year period. The reduction in these expenses is attributable to Titan. Significant costs controls were implemented throughout Titan to offset the decline in revenues. For the nine month period ended September 30, 2009 selling, general and administration expenses were $8,425 compared to $10,235 in the prior year period.

(IV) DEPRECIATION AND AMORTIZATION

Depreciation and amortization was $2,138 for the quarter compared to $1,851 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 expense for the nine month period ended September 30, 2009 was $6,421 compared to $5,531 in the prior year period.

(V) WRITE-DOWN OF INTANGIBLES

During the third quarter of 2009, a write-down of intangible assets in the amount of $7,207 was recorded relating to the Fund's investment in Titan. See section "Goodwill and Intangible Write-downs".

(VI) ADJUSTED EBITDA

Adjusted EBITDA after adding back goodwill and intangible write-offs for this segment was $3,436 compared with to $3,087 in the prior year period. EBITDA includes the income from our equity investment in Rlogistics of $300 for the quarter compared to $319 in the prior year period. EBITDA for the nine month period ended September 30, 2009 was $8,253 compared to $8,417 in the prior year period.

(VII) INCOME TAXES

The future tax recovery relating to the assets of Other segment was $3,402 for the quarter and $3,464 for the nine months ended September 30, 2009 compared to $1,134 in both prior year periods.

For a description of these changes see Income Taxes below.

(VIII) INCOME

Net loss for the quarter was $(2,758) compared to net loss of $(2,059) in the prior year period. For the nine month period ended September 30, 2009 there was net loss of $(2,676) compared to a net loss of $(1,287) in the prior year period.

(IX) SEASONALITY

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

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

Seasonality is not typically a material factor for Gusgo.

(X) OUTLOOK

Peerless expects a strong final quarter as full production and shipment on two large government contracts continues.

Titan anticipates that the rest of the year will be challenging while the Alberta economy remains soft. Titan's distribution business is dependent on construction and drilling activity in Alberta which has not shown signs of recovery in the near future.

Gusgo's outlook is mixed but Gusgo's core client base does, however, ensure that Gusgo will continue to have stable transportation and storage revenue streams.

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	
	2009	**2008**	**2009**	**2008**
Selling, general and administrative expenses	$ (3,118)	$ (1,419)	$ (8,985)	$ (4,753)
Depreciation expense	(28)	(79)	(94)	(90)
Interest expense	(8,799)	(6,359)	(24,509)	(19,262)
Write-down of goodwill and intangibles	(44)	-	(3,559)	-
Income tax expense-current	(15)	-	(34)	-
Income tax (expense) recovery-future	3,234	(8)	5,263	(17)
Loss for the period	(8,770)	(7,865)	(31,918)	(24,122)
Loss for the period	(8,770)	(7,865)	(31,918)	(24,122)
Add:				
Depreciation expense	28	79	94	90
Interest expense	8,799	6,359	24,509	19,262
Income tax expense-current	15	-	34	-
Income tax expense (recovery)-future	(3,234)	8	(5,263)	17
EBITDA	$ (3,162)	$ (1,419)	$ (12,544)	$ (4,753)
Write-down of goodwill and intangibles	44	-	3,559	-
Adjusted EBITDA	$ (3,118)	$ (1,419)	$ (8,985)	$ (4,753)

(I) SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses were $3,118 for the quarter, compared to $1,419 in the prior year. The increase over the prior year period reflects severance costs, and increased salary and travel costs, as a result of the significant shift to focus on improving operations of our investments, legal and consulting costs relating to negotiations with the Lenders, and increased overall legal costs associated with various initiatives undertaken in the quarter. Selling, general and administration expenses for the nine month period ended September 30, 2009 were $8,985 compared to $4,753 in the prior year period.

(II) INTEREST EXPENSE

Interest expense was $8,799 for the quarter compared to $6,359 in the prior year quarter. Interest expense relates to the Senior Credit Agreement and the Debentures. The Fund has accrued interest expense on the Debentures but is contractually prohibited from paying it under the Forbearance Agreement with its senior lender. The increase this quarter relates largely to the recording of a forbearance fee related to the Forbearance agreement signed in July 2009. Interest expense for the nine month period ended September 30, 2009 was $24,509 compared to $19,262 in the prior year period. The increase in interest expense over the prior year period reflects the inclusion of default interest for the period January 31, 2009 to July 23, 2009.

(III) INCOME TAX EXPENSE

The future tax recovery relating to assets of the Corporate segment was $3,234 for the quarter compared to a future tax expense of $8 in prior year period. Current tax expense for the quarter was $15 compared to nil in the prior year period. For the nine month period ended September 30, 2009, current tax expense was $34 and future tax recovery was $5,263. This is compared to nil current taxes and $17 future tax expense in the prior nine month period.

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

(IV) LOSS

The loss for the quarter was $8,770 compared to $7,865 in the prior year period. The loss for the nine month period ended September 30, 2009 was $31,918 compared to $24,122 in the prior year period. The increased loss reflects higher operational and legal costs, and default interest costs and forbearance fee.

(V) OUTLOOK

Selling, general and administrative expenses in the next quarter and for the balance of 2009 are expected to remain at levels above those of 2008 as higher operational and restructuring costs continue to be incurred. The Fund's level of interest expense will be dependent upon the outcome of its efforts to restructure its balance sheet.

DISCONTINUED OPERATIONS

On October 1, 2009, the Fund sold 100% of its investment in ESR. The investment was sold for gross cash proceeds of $74,614, resulting in an accounting gain of approximately $31,000.

The following table shows the revenue and net income from discontinued operations of ESR for the three and nine months ended September 30, 2009.

Condensed Income Statement Information ($000s)

	THREE MONTHS ENDED SEPTEMBER 30, 2009	NINE MONTHS ENDED SEPTEMBER 30, 2009
Revenues	$ 5,203	$ 14,502
Net income (loss)	(502)	1,221

On September 30, 2008, the Fund sold substantially all of the assets of Ezee ATM LP ("Ezee"). The investment was sold for net proceeds of $30,710, resulting in an accounting 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 (loss) income from discontinued operations of ESR and Ezee for the three and nine months ended September 30, 2008.

	THREE MONTHS ENDED SEPTEMBER 30, 2008			NINE MONTHS ENDED SEPTEMBER 30, 2008		
	ESR	Ezee	Total	ESR	Ezee	Total
Revenues	$ 3,725	$ 9,167	$ 12,892	$ 11,995	$ 25,975	$ 37,970
Net income (loss)	(120)	(6,000)	(6,120)	614	(4,576)	(3,962)

The following table summarizes the categorization of the assets and liabilities related to the business of ESR as at September 30, 2009 and December 31, 2008.

Balance Sheet Information ($000s)

	SEPTEMBER 30, 2009	DECEMBER 31, 2008
Current assets of discontinued operations	$ 71,006	$ 20,554
Long-term assets of discontinued operations	-	45,009
Current liabilities of discontinued operations	28,109	20,797
Long-term liabilities of discontinued operations	-	5,087
Net assets of discontinued operations	42,897	39,679

SUBSEQUENT EVENTS

On August 4, 2009, the minority limited partner of Gemma delivered to NPH an offer letter pursuant to the Shotgun Buy-Sell provision of the limited partnership agreement governing Gemma. The Fund is currently reviewing the offer letter and its response.

On October 1, 2009, the Fund sold ESR for gross cash proceeds of $74,614 realizing an accounting gain of approximately $31,000. An amount of $70,100 was used to repay Lenders, satisfying the first repayment milestone of the Forbearance Agreement.

As a result of the ESR sale, the results of ESR included in the Fund's interim consolidated financial statements for the three and nine months ended September 30, 2009 are reflected as discontinued operations.

FOURTH QUARTER OUTLOOK

The Fund's focus in the third quarter has been on securing a Forbearance Agreement with the Lenders and on ongoing discussions with the Debentureholders. In the fourth quarter, management will look to continue to execute against the debt reduction milestones in the Forbearance Agreement and to reach agreement with principal Debentureholders. The Fund's management will continue to provide strategic and operational assistance to the operating partners. As we look at operations, it is clear that the wider economic and credit market difficulties are impacting all segments. The Financial Services segment results will be mixed as higher investment management fees from improving AUM levels at our asset managers will be offset by the results from the insurance brokerage investments, which continue to operate in a soft insurance market. The Marketing segment has had some successes but has also seen reduced business volumes as clients remain cautious with their marketing dollars. The Industrial Services segment has been the most significantly hit by the economic challenges. Demand for large industrial demolition services and conventional oil and gas services is significantly reduced. There are pockets of stronger activity though in remediation services and pipe-wear technology services. Our Other segment has a similar mixed outlook. Peerless will continue at full production with its government contract work, but both Titan and Gusgo are operating in sectors with considerable local economic issues.

ADDITIONAL INFORMATION

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.

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.

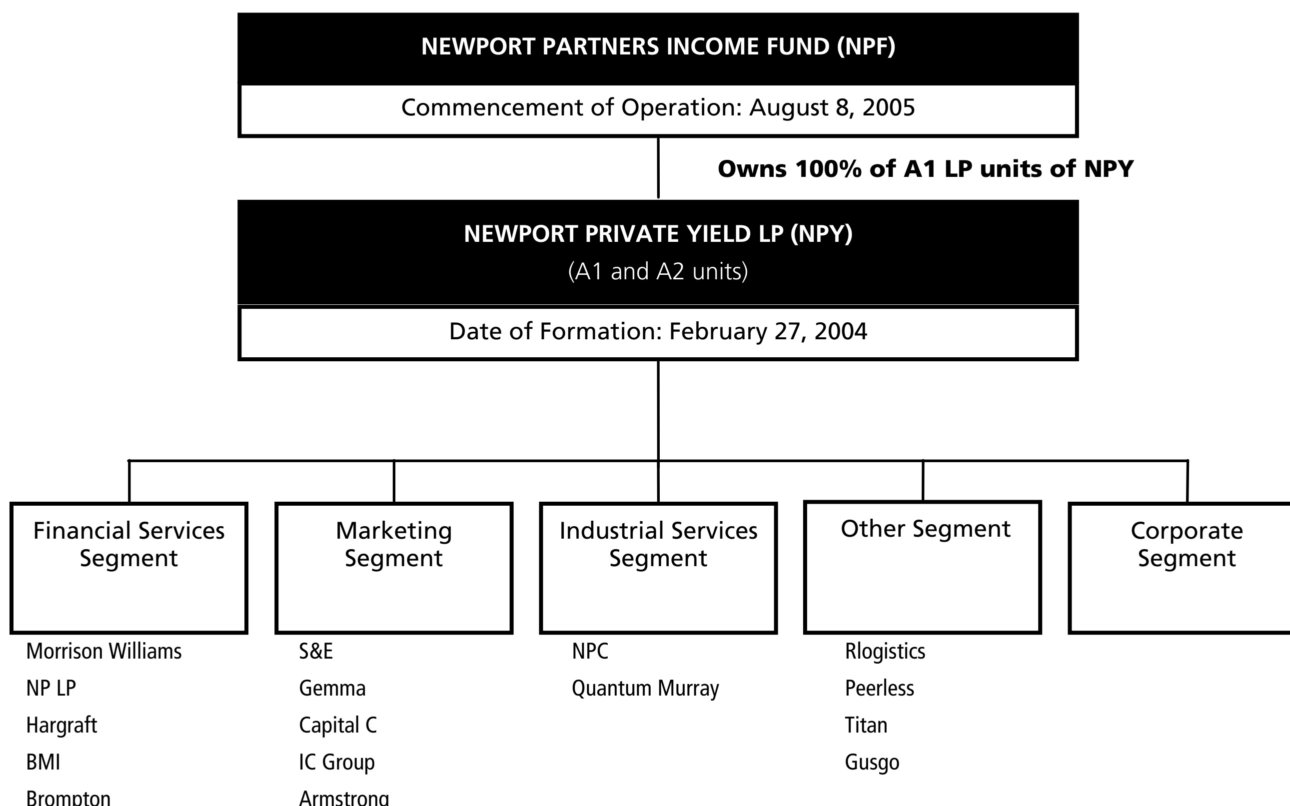
STRATEGY

The Fund's business and 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.
- 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, strategic financial advice and operational support to facilitate the growth and performance of the businesses.
- Investing for long-term returns. The Fund seeks to invest in business that generate cash flows and can grow organically without significant capital. Some companies in the portfolio have been able to accelerate this growth through acquisition – using capital from the Fund they can become consolidators in their industries, become more dominant in their markets and boost the value of our investment.

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. Management at the Operating Partnerships, principals and employees of NP LP, Trustees of the Fund, and founding investors of NPY own approximately 52.2% of the 71,631,431 Units outstanding as at September 30, 2009.



In accordance with CICA guidelines, the Fund groups Operating Partnerships that have generally similar business characteristics into business segments.

On January 20, 2009, the Fund received approval from the TSX for a Normal Course Issuer Bid ("NCIB") to purchase for cancellation through the facilities of the TSX, up to 2,327,194 units through to January 22, 2010, representing 5% of its then-issued and outstanding units. No units have been purchased for cancellation under the NCIB to date and, pursuant to the terms of the Forbearance Agreement, the Fund is prohibited from purchasing any units.

Units outstanding as at September 30, 2009

TRUST UNITS	EXCHANGEABLE LIMITED PARTNERSHIP UNITS (NPY LP A2 UNITS)	TOTAL
70,968,276	663,155	71,631,431

Pursuant to the Exchange Agreement between CT and NPY, 212,961 and 24,427,546 NPY LP Units were exchanged for Trust units of the Fund during the three and nine months ended September 30, 2009, respectively. It is expected that the balance of the NPY LP Units will be exchanged in the fourth quarter for Trust units.

Critical Accounting Policies and Estimates

NPF prepares its consolidated 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 2008 restated audited annual consolidated financial statements, as well as in "Accounting Policies –Accounting Standards Implemented by the Fund in 2009" 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 judgements, 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. The book value of goodwill was $72.2 million at September 30, 2009.

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. 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. The net book value of intangible assets was $132.4 million at September 30, 2009.

GOODWILL AND INTANGIBLE WRITE-DOWNS

During the third and fourth quarters of 2008, the Fund reviewed the carrying value of all of its investments. The original investment carrying value is based upon the consideration paid by the Fund for each investment. The consideration paid is typically based on a multiple of earnings of the business being acquired. Further, this consideration is allocated to the tangible and intangible assets of the business acquired based on estimates of fair value at the time of acquisition, with any excess being allocated to goodwill. The Fund determined that the fair value of certain investments was lower than the carrying value. As a result, the Fund recorded a goodwill impairment charge of $87.4 million. In assessing whether there was an impairment, the Fund estimated the fair value of its investments based on current or expected earnings multiples consistent with publicly available multiples of comparable businesses as well as compared the aggregate fair value of its investments with the Fund's market capitalization at December 31, 2008. The Fund made certain assumptions for the estimated earnings of the businesses and earnings multiples. These assumptions may differ or change quickly depending on economic conditions or other events. Therefore, it is possible that future changes in assumptions may negatively impact future valuations of its investments and goodwill which would result in further impairment of goodwill.

At the time of the initial public offering of the Fund, net proceeds raised were indirectly invested into NPY giving the Fund an initial indirect ownership of 35% of NPY. The Fund's ownership interest has increased to 99% as at September 30, 2009 (65% as at December 31, 2008) through both an additional indirect investment in June 2006, following a public issue of units of the Fund, and also through the exchange by unitholders of units of NPY into units of the Fund. The investments made in NPY, and unit exchanges, resulted in goodwill of $85.9 million at the Fund as at December 31, 2008, as the consideration paid for units of NPY at the time of the indirect investments exceeded the fair value of the underlying net assets acquired through those investments. The Fund has determined that the goodwill created on these initial transactions is impaired and therefore has been written off.

During the review of its carrying value of its investments, the Fund also performed an impairment test of its intangible assets, whereby the carrying amount of intangible assets was compared to the discounted future cash flows expected from their use. Impairment tests involve a significant degree of judgement, as expectations concerning future cash flows and the selection of an appropriate discount rate are subject to considerable risks and uncertainties. The Fund concluded that an impairment had occurred and, consequently, the Fund reduced the carrying value of intangible assets by $56.3 million with respect to customer relationships and $18.9 million with respect to brands.

For the three and nine months ended September 30, 2009, management has written off $0.04 million and $3.6 million, respectively, of goodwill created through the exchange of units in the respective periods.

For the three and nine months ended September 30, 2009, the Fund wrote down intangible assets associated with its investment in Hargraft and Titan by $4.9 million and $7.2 million, respectively.

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. As a result of revenue attrition and a weaker demand for its product suite, it was determined that the Fund's investment in Brompton was impaired, and accordingly a write-down of $29 million was recorded in 2008. The net book value of long-term investments was $15.1 million as at September 30, 2009.

INCOME TAXES

As a result of the Fund suspending distributions in late 2008, and being precluded from making distributions under the Forbearance Agreement, it is expected that in subsequent periods in 2009, the Fund will be subject to current income taxes on its undistributed taxable income. At September 30, 2009, a tax recovery has been recorded to reflect current period losses. This recovery is partly offset by a future tax expense resulting from the increase in ownership of NPY by the Fund. The Fund's taxable income will be compiled by results from Operating Partnerships and reflect CRA pronouncements and reassessments.

Although the Fund, its subsidiaries including the Operating Partnerships and their subsidiaries are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Income Tax Act ("Tax Act") is reasonable and deductible in accordance with the applicable provisions of the Tax Act, and that the allocation of partnership income for purposes of the Tax Act between the holders of LP Units and the Commercial Trust is reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed or such allocation. If CRA successfully challenges the deductibility of such expenses at the level of the Fund and/or any of its subsidiaries or the allocation of such income, NPY's allocation of taxable income to the Commercial Trust and its limited partners, and indirectly the taxable income of the Fund and the Unitholders of the Fund could be changed. Several of the Operating Partnerships and the Fund are undergoing a review by CRA and the process is ongoing. The Fund, as a flow through entity, will aggregate the results of the and review and assess the impact on Unitholders and limited partners of NPY.

Interest on the CT Notes held by the Fund accrued at the Fund level for income tax purposes whether or not actually paid. The interest rate on the CT Notes was set to zero percent in March 2009. The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be distributed each year to Unitholders in order to reduce the Fund's taxable income to zero. If sufficient cash is not available, such distributions will be in the form of Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units into their taxable income, in circumstances where they do not receive a cash distribution. The taxable income of the Fund will be determined by the allocations from CT less expenses and other deductions for tax purposes of the Fund.

The acquisitions of Operating Partnerships involved various structuring events to complete the transactions in a tax effective manner. These transactions involved interpretations of the Tax Act which could, if interpreted differently, result in additional tax liabilities.

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 or if the Fund converts to corporate form). 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 the applicable estimated tax rate of 29.5% and 28% for 2011 and 2012, respectively, and subsequent years. In general, there are no material differences in the values for operating assets and liabilities such as accounts receivable, inventory and trade payables for the 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 related to acquisitions and these assets, typically, have a lesser value for tax purposes

depending on the manner in which the acquisition was structured. In this case, a future tax liability would be recorded for the difference. 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 current tax liability, if any, would be paid out of the proceeds of the divestiture with no impact on the Fund's operating cash flow and the future tax liability previously recorded with respect to the divested Operating Partnership would be reduced accordingly.

Prior to the decision to suspend distributions, no future taxes were recorded on those differences expected to reverse between 2008 and 2010. Accordingly, the reduction in the future tax liability related to the write-down of intangible assets during 2008 was offset by the recording of future tax liability related to differences that are expected to reverse between 2008-2010 and for which there were no future tax liability recorded as at the end of 2007.

The recording of a future tax expense/recovery has no impact on cash generated by operating activities or on distributable cash.

The Fund has evaluated its alternatives as to the best structure for its unitholders, and intends to propose to unitholders a conversion to a corporate structure in due course.

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.

Accounting Policies

The Fund's accounting policies are disclosed in the notes of the 2008 audited annual consolidated financial statements and in the following disclosure regarding the impact of new accounting standards implemented by the Fund in the 2009.

ACCOUNTING STANDARDS IMPLEMENTED BY THE FUND IN 2009

Changes in Accounting Policies

The Fund adopted the Canadian Institute of Chartered Accountants (CICA), Section 3064 "Goodwill and Intangible Assets", and EIC 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities".

(a) Goodwill and Intangible Assets
In February 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new section is effective for years beginning on or after October 1, 2008. The adoption of this standard did not have a material impact on the interim consolidated financial statements.

(b) Credit Risk and Fair Value of Financial Assets and Financial Liabilities
In January 2009, the CICA issued EIC 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, which clarifies that the credit risk should be taken into account in determining the fair value of derivative instruments. EIC 173 is to be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value in interim and annual financial statements for periods ending on or after the date of issuance of EIC 173. The adoption by the Fund of EIC 173 effective January 1, 2009, did not have a material impact on the interim consolidated financial statements.

FUTURE ACCOUNTING STANDARDS

International Financial Reporting Standards

In 2008, the Canadian Accounting Standards Board (AcSB) confirmed that publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS"), for interim and annual reporting purposes, beginning on or after January 1, 2011. The adoption date of January 1, 2011 will require the restatement, for comparative purposes, of amounts reported by the Fund for its year ended December 31, 2010, and of the opening balance sheet as at January 1, 2010.

The Fund began planning the transition from current Canadian GAAP to IFRS, in 2008, by establishing a project plan and a project team. The project team is led by a senior finance member that will provide overall project governance, management and support. Members also will include representatives from various areas of the Fund,

as necessary as well as representatives from the Operating Partnerships. The Fund has engaged external advisors to assist in the IFRS conversion project.

A quarterly report is made to the Audit Committee of the Fund and we anticipate that the Audit Committee will play a more active and increasing role in the project.

The project plan consists of three phases: the initial assessment, detailed assessment and design, and implementation.

The Fund is in the process of completing the initial assessment phase, which will include the development of a detailed timeline, the completion of a high-level review of the major differences between current Canadian GAAP and IFRS, and an initial evaluation of IFRS 1 transition exemptions. IFRS 1 provides guidance for first time adopters of IFRS. The initial assessment phase will also include education and training sessions for project team members and discussions with the Fund's external auditors and advisors.

The detailed assessment and design phase involves completing a comprehensive analysis of the impact of the IFRS differences identified in the initial assessment phase.

During the implementation phase, the Fund will implement the identified changes to business processes, financial systems, accounting policies, disclosure controls and internal controls over financial reporting.

The Fund continues to assess the financial reporting impacts of converting to IFRS and, at this time, the impact on future financial position and results of operations is not reasonably determinable or estimable.

In January 2009, the CICA issued Handbook Section 1582, Business Combinations, which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is equivalent to the IFRS on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. The Fund is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In January 2009, the CICA issued Handbook Section 1602, Non-controlling interests, which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to the IFRS on consolidated and separate financial statements. This standard is effective for 2011. Earlier adoption is permitted. The Fund is currently evaluating the impact of adopting this standard on its consolidated financial statements.

In January 2009, the CICA issued Handbook Section 1601, Consolidated Financial Statements, which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. The Fund is currently evaluating the impact of adopting this standard on its consolidated financial statements.

TRANSACTIONS WITH RELATED PARTIES

OWNERSHIP

As of September 30, 2009, directors, officers and employees and entities related to the Fund beneficially hold an aggregate of 17,520,656 NPY and NPF units or 24.4% on a fully diluted basis.

NPH has also arranged for a $20 million subordinated facility from an affiliated entity. $10 million has been advanced to date in accordance with the Forbearance Agreement.

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 are due on demand.

Included in Other Assets are advances of $27,505 (2008 – $26,875) made to the Operating Partnerships.

Employee loans made to employees of the Fund and its subsidiaries were outstanding in the amount of $4,049 (2008 – $2,299). In accordance with the terms and conditions of the loans, the loans are interest bearing and used to fund the purchase of units of the Fund or to refinance such purchases and are secured by a pledge of the units.

Cost of sales includes $405 of trade expenses paid to related parties of Quantum Murray, primarily for environmental disposal services.

OFF BALANCE SHEET ITEMS

The Fund had $4,555 of letters of credit outstanding at September 30, 2009. 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, Industrial Services and Other segments.

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

	2009 Q3	2009 Q2	2009 Q1	2008 Q4 (RESTATED)[1]	2008 Q3	2008 Q2	2008 Q1	2007 Q4
Revenues	158,213	126,077	155,856	169,551	162,924	170,283	149,960	150,940
Gross profit	43,295	35,687	38,104	43,555	42,802	52,221	45,281	48,492
Income (loss) from continuing operations after non-controlling interest	(11,489)	(12,759)	(8,855)	(234,200)	(24,497)	614	(3,113)	2,546
Net income (loss)	(11,986)	(10,538)	(9,479)	(194,959)	(28,250)	1,560	(2,760)	892
Adjusted EBITDA from continuing operations	15,909	7,011	7,865	13,504	14,499	22,085	15,922	19,336
Income (loss) per unit from continuing operations	(0.16)	(0.19)	(0.18)	(4.71)	(0.56)	0.00	(0.07)	0.03
Income (loss) per unit	(0.17)	(0.16)	(0.19)	(4.51)	(0.64)	0.02	(0.07)	0.03

1 Refer to the restated consolidated financial statements for the year ended December 31, 2008 filed on SEDAR on October 21, 2009 for a discussion of the adjustments to income for the fourth quarter of 2008.

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.

The Fund's performance will be impacted by its ability to comply with the terms of the Forbearance Agreement.

Please refer to the amended AIF dated October 21, 2009 for a discussion of Risk Factors particular to the Operating Partnerships and the Fund.

DISCLOSURE CONTROLS & PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

DISCLOSURE CONTROLS AND PROCEDURES

During the third quarter of 2009, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer we have evaluated the design and effectiveness of the Fund's disclosure controls and procedures as at September 30, 2009 and have concluded that those disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Fund in its filings has been recorded, processed, summarized and reported within the required time period for the quarter ended September 30, 2009.

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 evaluations 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 effective in providing reasonable, not absolute, assurance that the objectives are met.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

During the third quarter of 2009, under the supervision of and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the design of internal controls over financial reporting as at September 30, 2009. We have concluded that there were no significant changes in internal controls in the third quarter of 2009 that have materially affected, or are reasonably likely to materially affect, the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP.

ADDITIONAL INFORMATION

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

DEFINITIONS

"Agent" – means DB Newport LLC, as agent on behalf of the Lenders under the Senior Credit Agreement;

"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"– 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., a corporation incorporated under the laws of Ontario;

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

"CEO" – means Chief Executive Officer;

"CICA" – means Canadian Institute of Chartered Accountants;

"Convertible Debentures" or "Debentures" – means collectively the two series of unsecured, subordinated, convertible debentures of the Fund, due December 31, 2010 and December 31, 2012, respectively;

"CT" – means Commercial Trust;

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

"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;

"Forbearance Agreement" – means the agreement dated July 21, 2009 between Newport Finance Corp. and the Lenders and Agent thereto;

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

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

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

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

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

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

"IFRS" – means International Financial Reporting Standards;

"LTM" – means Last Twelve Months;

"Lenders" – means the various persons from time to time acting as lenders under the Senior Credit Agreement;

"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;

"NCIB" – means Normal Course Issuer Bid;

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

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

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

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

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

"NPY LP Units" – means units of NPY;

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

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

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

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

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

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

"Senior Credit Agreement" – means the Secured Credit Agreement entered into on December 7, 2006, with a syndicate of Lenders;

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

"TSX" – means Toronto Stock Exchange; and

"Units" – means trust units of the Fund.