



# FP Newspapers Income Fund

Q1 - 2003

Quarterly Report

March 31, 2003



**TSX: FP.UN**

**First Quarter Report  
March 31, 2003**

**Report to Unitholders**



Dear Fellow Unitholders:

We are pleased to provide you with a report on the results of our operations and related distributions to unitholders of FP Newspapers Income Fund (the “Fund”) for the quarter ending March 31, 2003. The Fund holds a 49 per cent interest in FP Canadian Newspapers Limited Partnership (FPLP), which owns the Winnipeg Free Press and the Brandon Sun newspapers.

Total revenue for FPLP for the three months ended March 31, 2003 was \$23.7 million, a \$0.1 million increase over the same period last year. Operating income before depreciation and amortization (“EBITDA”) of the newspapers in the first quarter was \$5.2 million, a 1.3 per cent increase compared to \$5.1 million in 2002.

Revenue and EBITDA both improved slightly during the first quarter compared to last year. The Winnipeg Free Press and the Brandon Sun have delivered stable financial returns over the past four years and the management team is fully engaged in extending this track record into the future.

The Fund earned \$1.4 million, or \$0.20 per Unit during the three months ended March 31, 2003. The Fund invested in FPLP on May 28, 2002, therefore comparative numbers for the Fund are not applicable. Cash available for distribution attributable to the Fund was \$0.34 per Unit for the first quarter, and distributions to unitholders were \$0.30 per Unit.

**Operations**

Revenue growth in the first quarter was largely attributable to an increase in advertising flyer distribution revenues. Advertising revenue for the newspaper operations in the first quarter of 2003 was \$17.0 million compared to \$16.7 million in the prior year. Circulation revenue was \$5.2 million in the first quarter of 2003, a 2.2 per cent increase over 2002.

FPLP continued to invest in the editorial content of the newspapers during the first quarter. The Winnipeg Free Press also made changes to the configuration of its sections to allow for reproduction of more colour advertising to meet the demands of clients. In January, the Winnipeg Free Press added pages to the Sunday newspaper to provide a regular 12-page sports section and to increase the coverage of general news. The Brandon Sun added two pages a day to its news coverage in the quarter. Continually improving the quality of our products and customer service is what has earned us the respect and admiration of our readers and advertisers and the loyalty of the communities we serve.

Readership for the Winnipeg Free Press, as reported by the National Audience Databank for 2002, showed the newspaper gained weekday market share. The Winnipeg Free Press, with an estimated readership of approximately 44 per cent of adults in its primary market, continued to have a higher percentage of readers than any other comparable Canadian metropolitan daily newspaper. Although circulation of the Winnipeg Free Press has declined by 2.3 per cent over the comparable quarter, circulation revenue has increased 2.2 per cent as a result of a price increase to home subscribers to reflect labour and newsprint cost increases. **[The next available Audit Bureau of Circulation report will be released during the second quarter of 2003.]**

Overall, operating expenses excluding depreciation and amortization were unchanged during the first quarter of 2003 compared to the same period last year. During April 2003 the Brandon Sun successfully concluded a three-year contract with its labour unions representing 80 members of the CEP. The contract contains increases patterned on the Winnipeg Free Press contracts settled in the fall of 2002, including wage increases of 2 per cent in each of the first two years and 2.25 per cent in the third year.

## **Outlook**

Although the first quarter saw growth in some advertising categories, FPLP's largest segment, display advertising, did not grow during the first quarter. Advertising revenue is very difficult to forecast since advertising activity is driven by a number of factors, including general economic growth, consumer spending, employment trends and consumer confidence. Circulation revenue should continue to be modestly higher for the balance of the year due to the effect of January 2003 rate increases. If newsprint prices remain at current levels, year on year newsprint costs will be approximately \$0.2 million higher in each of the second and third quarters, compared to 2002, but unchanged in the fourth quarter.

Ronald N. Stern  
Chairman & Trustee

Rudy Redekop  
President & Publisher

April 29, 2003

**Management's Discussion and Analysis**  
**March 31, 2003**

**Formation and Legal Entities**

FP Newspapers Income Fund (the "Fund") was created on May 15, 2002 and commenced operations on May 28, 2002 when it completed an Initial Public Offering and purchased an interest in FP Canadian Newspapers Limited Partnership ("FPLP"). The Fund owns securities entitling it to 49% of the distributable cash of FPLP.

FPLP is a limited partnership formed on August 9, 1999. FPLP acquired the business and assets, and assumed certain liabilities, of the Winnipeg Free Press and Brandon Sun newspapers effective November 29, 2001.

**FP Newspapers Income Fund**

As the Fund has only existed since May 15, 2002, no comparative figures are presented.

The Fund earned \$1,470,000 in income from its investment in FPLP for the three months ended March 31, 2003. Of this amount \$1,927,000 was earned as interest on the 11.5% subordinated notes issued by FPLP to the Fund, and (\$457,000) represents the Fund's equity interest from its Class A limited partnership units. The Fund incurred \$63,000 in operating expenses, resulting in net earnings for the period of \$1,407,000.

The Fund's share of distributions declared by FPLP for the three months ended March 31, 2003 comprising interest on subordinated notes and distributions on Class A units was \$1,958,000, or \$0.284 per unit. The Fund declared distributions to unitholders of \$0.30 per unit for the three months ended March 31, 2003. Cash available for distribution attributable to the Fund was \$2,316,000, or \$0.336 per unit for the quarter ended March 31, 2003.

The Fund is dependant on the operations of FPLP, its sole investment.

**FP Canadian Newspapers Limited Partnership**

**Results of Operations**

Revenue:

	Three Months Ended March 31	
	2003	2002
	\$Thousands	
Advertising	\$ 16,958	\$ 16,695
Circulation	5,216	5,102
Commercial Printing	1,279	1,323
Promotions and Services	<u>253</u>	<u>490</u>
	<u>\$ 23,706</u>	<u>\$ 23,610</u>

Revenue for the three months ended March 31, 2003 was \$23.7 million an increase of \$0.1 million or 0.4% over the first quarter of 2002. Advertising revenues increased by \$0.3 million or 1.6% primarily the result of increased advertising flyer distribution revenue. Circulation revenue increased by \$0.1 million or 2.2% resulting from circulation rate increases implemented during the quarter partially offset by a 2.3% decrease in average circulation unit sales. Internet and electronic services revenue, which is included in the promotions and services category, decreased by \$0.2 million or 65.2% in the first quarter primarily due to the absence of on-line auction services revenue resulting from the sale of the 10Digit internet operation in July 2002.

Expenses before amortization and interest:

	Three Months Ended March 31	
	2003	2002
	\$ Thousands	
Employee Compensation	\$ 9,139	\$ 9,080
Newsprint	3,620	3,449
Delivery of Newspapers	2,063	2,061
Other	<u>3,680</u>	<u>3,881</u>
	<u>\$ 18,502</u>	<u>\$ 18,471</u>

Operating expenses excluding depreciation and amortization in the three months ended March 31, 2003 were \$18.5 million which is unchanged from the same period in 2002. Employee remuneration, including pension and non-pension benefits costs and payroll taxes, increased by \$0.1 million or 0.7%. Newsprint expense increased by \$0.2 million or 5.0% due to an increase of 1.9% in the price of newsprint combined with an increase in usage. Other expenses decreased by \$0.2 million, primarily due to a decrease in bad debt expense resulting from improved collections, as well as costs savings from the absence of costs of the 10Digit internet operation.

EBITDA in the first quarter of 2003 was \$5.2 million, compared to \$5.1 million in the first quarter of 2002, representing a 1.3% increase. EBITDA margin increased to 22.0% in the first quarter of 2003, compared to 21.8% in the same period in 2002.

Amortization of deferred financing costs was \$0.3 million in the first quarter of 2003 compared to \$0.1 million in 2002. The increase is related to financing expenses incurred in the second quarter of 2002 which are being amortized over ten years.

Interest expense on the term credit facility was \$ 0.7 million for the three months ended March 31, 2003, down \$0.5 million from the first quarter of 2002, primarily due to the reduced amount of the term loan. The average interest rate applicable to the term credit facility during the first quarter was 4.9%. Interest expense on the subordinated notes issued May 28, 2002 was \$1.9 million for the three month period ended March 31, 2003, and is included in earnings of the Fund. As the subordinated notes were issued in the second quarter of 2002, there is no interest expense on these notes included in the statement of earnings for the three months ending March 31, 2002

Net income for the three months ended March 31, 2003 was \$1.1 million and represented 4.5% of revenue compared to net income of \$2.6 million in the same quarter of 2002 which represented 11.2% of revenue. The decrease is primarily due to the introduction of interest expense on the subordinated notes, partially offset by lower interest expense on the term credit facility.

Newspaper publishing is, to a certain extent, a seasonal business with a higher proportion of revenues and operating income occurring during the second and fourth quarters of the calendar year. Revenue and EBITDA of the Manitoba newspapers operation for 2001 and of FPLP for 2002 and the first quarter of 2003 were as follows:

<u>Revenue</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
		\$Thousands	
Quarter 1	\$ 23,706	\$ 23,610	\$ 23,026
Quarter 2		24,809	25,135
Quarter 3		22,677	22,981
Quarter 4		<u>23,544</u>	<u>26,197</u>
		<u>\$ 94,640</u>	<u>\$ 97,339</u>
<u>EBITDA</u>			
Quarter 1	\$ 5,204	\$ 5,139	\$ 4,521
Quarter 2		6,403	6,210
Quarter 3		4,977	4,858
Quarter 4		<u>5,458</u>	<u>7,368</u>
		<u>\$ 21,977</u>	<u>\$ 22,957</u>

The distribution policy of FPLP is to make distributions in approximately equal monthly amounts based on expected operating results for each fiscal year.

## **Liquidity and Capital Resources**

### ***Cash Flow from Operations***

During the three months ended March 31, 2003, cash generated from operating activities was \$4.7 million, compared to \$3.6 million for the first quarter of 2002. The net change in non-cash working capital in the first quarter of 2003 was \$2.1 million compared to \$(0.3) million for the same period of 2002. The largest item contributing to this increase was the payment of amounts in the first quarter of 2002 relating to the acquisition of the Winnipeg Free Press and the Brandon Sun newspapers in November, 2001.

### ***Capital Expenditures***

Purchases of property plant and equipment were less than \$0.1 million for the three months ended March 31, 2003. Capital spending in the second quarter is expected to return to a more normal level given the 2003 full year plan of \$1.0 million.

### ***Financing Activities***

On January 4, 2002 FPLP borrowed \$100 million under the term credit facility. These funds were used to return a portion of the capital contributed by the limited partners in 2001.

Cash and cash equivalents at March 31, 2003 total \$4.2 million. In addition, FPLP has an unused operating line of \$10.0 million which may be used to fund working capital needs.

### ***Distributions to Partners***

Distributions to partners of FPLP for the three months ended March 31, 2003 totaled \$2.7 million and have been determined in accordance with the Amended and Restated Agreement of Limited Partnership dated May 24, 2002. There were no distributions of income to the Partners during the first quarter of 2002.

### **Business Risks and Uncertainties**

#### ***Revenue***

Advertising revenue, which accounts for greater than 70% of total revenue, is historically dependant upon general economic conditions and the specific spending plans of high volume advertisers. A significant downturn in the national or regional economy would likely decrease advertising revenue earned by our newspapers. Similarly, a change in promotional strategy by significant users of newspaper advertising, such as the automotive industry, financial services industry and national retailers, could reduce or increase revenue.

#### ***Employee Relations***

The majority of FPLP's employees are unionized and their employment is governed by the terms of collective agreements. A strike, like the one that occurred in October 2002 at the Winnipeg Free Press, could restrict or eliminate the ability of FPLP to earn revenue from its publishing business during a strike. Contracts are now in place with unionized employees at the Winnipeg Free Press which run to October 2005. A collective agreement covering 80 members of the CEP at the Brandon Sun expires December 31, 2005. A five-year contract with the 20 members of the GCIU in Brandon expires December 31, 2005.

#### ***Expenses***

Newspaper publishing is both capital and labour intensive, and as a result newspapers have relatively high fixed cost structures. During periods of declining revenue, significant portions of costs may remain fixed, resulting in decreased earnings. Newsprint is a significant cost for FPLP, accounting for \$13.5 million of expenses in 2002. Newsprint costs vary widely from time to time. If newsprint costs rise rapidly, there is no assurance that advertising and circulation revenues can be increased to offset the increased newsprint expense.

### **Outlook**

The outlook for operations is described in the Report to Unitholders.

**FP Newspapers Income Fund**  
**Consolidated Balance Sheets**  
**(unaudited, in thousands of Canadian dollars)**

	As at March 31, 2003	As at December 31, 2002
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 58	\$ 60
Interest receivable	664	664
Other receivable	-	1
Prepaid Expenses	5	17
	<u>727</u>	<u>742</u>
Investment in FP Canadian Newspapers Limited Partnership (note 2)	67,067	67,546
	<u>\$ 67,794</u>	<u>\$ 68,288</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 68	\$ 88
Distribution payable to unitholders (note 3)	690	690
Due to related parties	290	100
	<u>1,048</u>	<u>878</u>
Unitholders' equity	66,746	67,410
	<u>\$ 67,794</u>	<u>\$ 68,288</u>

**FP Newspapers Income Fund**  
**Consolidated Statement of Earnings and Unitholders' Equity**  
**(unaudited, in thousands of Canadian dollars except for per unit information)**

Three months  
ended March 31,  
2003

Earnings from investment in FP Canadian Newspapers Limited Partnership	
Interest income on subordinated notes	\$ 1,927
Equity interest from Class A units (note 4)	(457)
	1,470
Administrative costs	(63)
Net earnings for the period	\$ 1,407
Unitholders' equity, beginning of period	67,410
Cash distributions declared during the period	(2,071)
Unitholders' equity, end of period	\$ <b>66,746</b>
Number of Trust Units outstanding	6,902,592
Earnings per trust unit	\$ .204

**FP Newspapers Income Fund**  
**Consolidated Statement of Cash Flows**  
**(unaudited, in thousands of Canadian dollars)**

Three months  
ended March 31,  
2003

Cash from (used in):	
Operating activities:	
Net earnings for the period	\$ 1,407
Item not affecting cash:	
Equity interest from Class A units of FP Canadian Newspapers Limited Partnership (note 4)	457
Change in non-cash working capital	(7)
	1,857
Investing activities:	
Distributions received on Class A units of FP Canadian Newspapers Limited Partnership	22
	22
Financing activities:	
Distributions to Unitholders	(2,071)
Loan from related parties	190
	(1,881)
Change in cash balance	(2)
Cash balance, beginning of period	60
Cash balance, end of period	58

**Notes to the Consolidated Financial Statements as at March 31, 2003 (Unaudited)**  
**(tabular amounts in thousands of dollars except per unit information)**

**1. Basis of presentation**

FP Newspapers Income Fund (the "Fund") is a limited purpose trust formed under the laws of the Province of Ontario by a declaration of trust dated May 15, 2002. The Fund commenced operations on May 28, 2002 when it completed an Initial Public Offering selling 6,573,897 trust units at \$10 per unit. On June 27, 2002, the Fund sold a further 328,695 trust units at \$10 per unit. The total proceeds of \$69,025,920 were used to purchase securities of FP Canadian Newspapers Limited Partnership ("FPLP") entitling it to 49% of the distributable cash of FPLP. As the Fund has only existed since May 15, 2002, no comparative figures are presented.

These interim consolidated financial statements of the Fund have been prepared by management in accordance with accounting principles generally accepted in Canada for interim financial statements and include the accounts of the Fund and its wholly-owned subsidiary, FPCN Holdings Trust. However, these interim financial statements do not include all the information and disclosures required for annual financial statements. These statements have been prepared following the same accounting policies and methods of computation as the consolidated balance sheet of the Fund as at December 31, 2002. These interim consolidated financial statements should be read in conjunction with the consolidated balance sheet and the notes thereto and other financial information contained in the Final Prospectus dated May 16, 2002.

**2. Investment in FP Canadian Newspapers Limited Partnership**

On May 28, 2002, FPCN Holdings Trust subscribed for 6,573,897 Class A limited partnership units of FPLP and \$65,670,000 principal amount of subordinated notes of FPLP. On June 27, 2002, FPCN Holdings Trust subscribed for a further 328,695 Class A limited partnership units of FPLP and \$3,283,500 principal amount of subordinated notes of FPLP. FPCN Holdings Trust holds all of the Class A limited partnership units of FPLP, which, together with the subordinated notes, entitles it to 49% of the distributable cash of FPLP.

The investment in subordinated notes of FPLP is recorded at cost, and interest income is recorded as revenue as it accrues. The investment in Class A limited partnership units of FPLP is accounted for using the equity method of accounting.

**3. Distributions Payable**

The Fund declared a distribution payable for March 2003 of \$0.10 per unit. The distribution is payable April 29, 2003 to unitholders of record on March 31, 2003 and is in respect of the month of March 2003.

**4. Equity interest from Class A Limited Partnership Units**

FP Newspapers Income Fund owns securities entitling it to 49% of the distributable cash of FPLP. For accounting purposes, the equity interest from the Fund's investment in Class A limited partnership units of FPLP is calculated as follows:

	Three months ended March 31, 2003	Period from May 15, 2002 (date established) to March 31, 2003
Net Income of FPLP	\$ 1,073	\$ 4,095
Interest on subordinated notes	1,927	6,633
Net income before interest on subordinated notes	\$ 3,000	\$ 10,728
Fund's 49% interest on net income before interest on subordinated notes	1,470	5,257
Interest on subordinated notes	(1,927)	(6,633)
Equity interest from Class A limited partnership units	\$ (457)	\$ (1,376)

## 5. Distributable cash of FPLP

FP Newspapers Income Fund owns securities entitling it to 49% of the distributable cash of FPLP. Distributable cash earned by FPLP is calculated as follows:

	Three months ended March 31, 2003	Period from May 15, 2002 (date established) to March 31, 2003
Operating income before amortization	\$ 5,204	\$ 18,290
Interest on term loan	(722)	(2,570)
Interest income	21	61
Capital expenditures	(35)	(621)
Distributable cash of FPLP before interest on subordinated notes	\$ 4,468	\$ 15,160
49% attributable to the Fund	\$ 2,189	\$ 7,428
49% attributable to the Fund per unit of the Fund	\$ .317	\$ 1.076
Distributions declared by FPLP on securities held by the Fund:		
Interest on subordinated notes	\$ 1,927	\$ 6,633
Distributions on Class A limited partnership units	31	592
	\$ 1,958	\$ 7,225
Per Fund unit	\$ .284	\$ 1.047

The Distribution Policy of FPLP is to make distributions in approximately equal monthly amounts based on expected operating results for each fiscal year.

## 6. Distributable cash attributable to FP Newspapers Income Fund

Distributable cash attributable to the Fund is calculated as follows:

	Three months ended March 31, 2003	Period from May 15, 2002 (date established) to March 31, 2003
49% of distributable cash of FPLP (note 5, above)	\$ 2,189	\$ 7,428
Loan from related parties	190	290
Administration expenses	(63)	(189)
Distributable cash attributable to the Fund	\$ 2,316	\$ 7,529
Distributable cash attributable to the Fund – per Unit	\$ .336	\$ 1.091
Distributions declared by the Fund – per Unit	\$ .300	\$ 1.065

**FP Canadian Newspapers Limited Partnership**  
**Balance Sheets**  
**(unaudited, in thousands of Canadian dollars)**

	March 31, 2003	December 31, 2002
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 4,220	\$ 2,314
Accounts receivable	9,837	11,152
Inventories	1,014	1,086
Prepaid expenses	1,352	1,298
	<hr/> 16,423	<hr/> 15,850
Property, plant and equipment	68,122	69,188
Other assets	5,796	6,142
Intangibles	9,603	9,693
Goodwill	64,805	64,805
	<hr/> \$ 164,749	<hr/> \$ 165,678
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 8,445	\$ 8,020
Prepaid subscriptions and deferred revenue	2,972	2,661
	<hr/> 11,417	<hr/> 10,681
Long-term liabilities:		
Term loan	59,600	59,600
Subordinated notes	67,954	67,954
	<hr/> 127,554	<hr/> 127,554
	<hr/> 138,971	<hr/> 138,235
Partners' capital	25,778	27,443
	<hr/> \$ 164,749	<hr/> \$ 165,678

**FP Canadian Newspapers Limited Partnership**  
**Statements of Operations**  
(unaudited, in thousands of Canadian dollars)

	Three month period ended March 31,	
	2003	2002
Revenue	\$ 23,706	\$ 23,610
Operating expenses, including selling, general and administration expenses	(18,502)	(18,471)
Operating income before amortization	5,204	5,139
Amortization of property, plant and equipment	(1,085)	(1,049)
Amortization of intangible assets	(90)	(90)
Operating income	4,029	4,000
Interest on term loan	(722)	(1,217)
Interest on subordinated notes	(1,927)	-
Amortization of deferred financing costs	(346)	(145)
Interest income	21	8
Sundry income	18	-
Net income for the period	<b>\$ 1,073</b>	<b>\$ 2,646</b>

**FP Canadian Newspapers Limited Partnership**  
**Statement of Partners' Capital**  
(unaudited, in thousands of Canadian dollars)

	General partner units	Limited partner Class A units	Total
Partners' capital – Dec. 31, 2002	\$ 26,620	\$ 823	\$ 27,443
Distributions	(2,716)	(22)	(2,738)
Net income for the period	1,064	9	1,073
Partners' capital – Mar. 31, 2003	<b>\$ 24,968</b>	<b>810</b>	<b>\$ 25,778</b>

**FP Canadian Newspapers Limited Partnership**  
**Statements of Cash Flows**  
**(unaudited, in thousands of Canadian dollars)**

	Three month period ended March 31,	
	2003	2002
<hr/>		
Cash provided by (used in)		
Operating Activities:		
Net income for the period	\$ 1,073	\$ 2,646
Item not affecting cash		
Amortization	1,521	1,284
	<hr/>	<hr/>
	2,594	3,930
Net change in non-cash working capital items (note 3)	2,069	(325)
	<hr/>	<hr/>
	4,663	3,605
Investing Activities:		
Other investment	-	162
Purchases of property, plant and equipment	(35)	(223)
Proceeds from sale of property, plant and equipment	16	-
	<hr/>	<hr/>
	(19)	(61)
Financing Activities:		
Proceeds from term loan	-	100,000
Contributions by partners	-	10
Distributions to partners	(2,738)	-
Return of capital	-	(100,000)
Redemption of partnership units	-	(152)
Deferred financing costs	-	(134)
	<hr/>	<hr/>
	(2,738)	(276)
Increase in cash and cash equivalents	1,906	3,268
Cash and cash equivalents - Beginning of period	2,314	4,792
	<hr/>	<hr/>
Cash and cash equivalents - End of period	<b>\$ 4,220</b>	<b>\$ 8,060</b>

**Notes to the Financial Statements as at March 31, 2003 (unaudited)**  
**(tabular amounts in thousands of dollars)**

**1. Nature of operations**

FP Canadian Newspapers Limited Partnership ("FPLP") is a limited partnership formed on August 9, 1999 in accordance with the laws of British Columbia.

Effective November 29, 2001, FPLP acquired the business and assets of the Winnipeg Free Press and the Brandon Sun and related businesses in exchange for cash and the assumption of certain liabilities. These financial statements include only the assets, liabilities, revenues and expenses of FPLP and do not include the other assets, liabilities, revenues and expenses, including income taxes, of the partners.

The managing general partner of FPLP is FPCN General Partner Inc.

The Partnerships advertising revenues are seasonal. Revenue and accounts receivable are highest in the second and fourth quarters while expenses are relatively constant.

**2. Summary of significant accounting policies**

Basis of presentation

These financial statements are prepared in accordance with accounting principles generally accepted in Canada for interim financial statements and reflect all adjustments which are, in the opinion of management, necessary for fair statement of the results of the interim period presented. However, these interim financial statements do not include all the information and disclosures required for annual financial statements. The accounting policies used in the preparation of these interim financial statements are the same as those used in the most recent annual financial statements. These interim statements should be read in conjunction with the most recent annual financial statements of FPLP.

**3. Net change in non-cash working capital**

	Three month period ended March 31,	
	2003	2002
Accounts receivable	\$ 1,315	\$ 1,583
Inventories	72	123
Prepaid expenses	(54)	(690)
Accounts payable and accrued liabilities	425	(1,206)
Prepaid subscriptions and deferred revenue	311	(135)
	<hr/>	<hr/>
	\$ 2,069	\$ (325)

**Forward-looking statements**

This document may contain forward-looking statements, relating to the Fund's operations or to the environment in which it operates, which are based on the Fund's operations, estimates, forecasts and projections. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict, and/or are beyond the Fund's control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. These factors include those set forth in other public filings. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made. FP Newspapers Income Fund disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**Investor Relations:**

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**Web site:**

[www.fpnewspapers.com](http://www.fpnewspapers.com)

**Listing:**

The units of FP Newspapers Income Fund are traded on the Toronto Stock Exchange under the symbol FP.UN

**Transfer Agent:**

CIBC Mellon Trust Company

**Auditors:**

PricewaterhouseCoopers LLP, Winnipeg