



**FP NEWSPAPERS
INCOME FUND**

**Q3 - 2004
Quarterly Report
September 30, 2004**

TSX: FP.UN



**Third Quarter Report
September 30, 2004
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 September 30, 2004. FP Newspapers Income Fund owns a 49 per cent interest in FP Canadian Newspapers Limited Partnership ("FPLP"), which owns the Winnipeg Free Press and Brandon Sun daily newspapers and six weekly newspapers.

Total revenue for FPLP for the three months ended September 30, 2004 was \$25.9 million, a \$2.0 million or 8.4 per cent increase over the same period last year. The acquisition during the quarter of the community newspapers and advertising distribution businesses accounted for \$1.7 million of this increase. Total EBITDA⁽¹⁾ of FPLP for the third quarter was \$5.2 million. Excluding the acquired businesses, EBITDA⁽¹⁾ was \$5.0 million for the third quarter compared to \$5.3 million last year. The partnership had net earnings of \$1.1 million in the third quarter, a 9.5 per cent increase compared to \$1.0 million in the same quarter last year.

The Fund earned \$1.4 million, or \$0.202 per Unit during the three months ended September 30, 2004 which is unchanged from the same quarter last year.

Operations

Overall revenue growth in the third quarter, excluding the acquired businesses, was slightly lower than expected at 1.4%. Advertising revenue excluding the acquired businesses was \$17.0 million a \$0.3 million or 1.6% increase over the same quarter last year. Our trend of increased advertising flyer distribution revenues continued in the third quarter with this category showing a revenue increase of \$0.4 million or 18.2% compared to the same period last year resulting from a combination of new flyer distribution customers and a shift by some advertising display spending into this category. Our largest advertising revenue category, display advertising including colour, was \$10.3 million for the quarter compared to \$10.9 for the same period last year. This decrease was primarily the result of lower spending by two national automotive customers and lower spending by customers in the travel and retail categories. Classified advertising revenue, excluding the acquired businesses, continued to show strength, with total revenue of \$3.9 million compared to \$3.4 million in the third quarter last year, an increase of 12.2%. Increased classified revenue was the result of increases in both the employment and obituary classifications. Commercial printing revenues for the third quarter were \$1.4 million, an increase of \$0.3 million or 22.2% primarily due to increased recurring printing contract volume.

Operating expenses excluding amortization were \$20.7 million in the third quarter. Excluding the acquired businesses, operating expenses excluding amortization were \$19.2 million, a 3.2% increase from \$18.6 million reported for the third quarter last year. Employee compensation costs accounted for \$0.5 million of this increase, a result of contracted annual rate increases, increased hours required to handle increased flyer quantities as well as strategic executive appointments made in the second half of last year. Newsprint prices were lower in the third quarter compared to last year and newsprint expense for our own products excluding the acquired businesses decreased by \$0.1 million or 2.8 per cent. Newsprint expense in the quarter for commercial printing was \$0.5 million an 18.0 per cent increase over last year, the result of an increase in recurring printing jobs at both the Winnipeg and Brandon operations.

During the third quarter we completed the acquisition of the community weekly newspapers and advertising distribution businesses from Transcontinental Media. Canstar Community News Limited, a wholly owned subsidiary of FPLP, operates the acquired businesses. Results of these businesses are consolidated from the July 13, 2004 acquisition date. We are pleased that John Proven has joined our team to assume responsibilities as Publisher and General Manager of Canstar Community News Limited. Mr. Proven is a Chartered Accountant and has extensive knowledge in the Winnipeg print media market after working seven years with the Winnipeg Sun. In September, management completed the redesign of the five weekly newspapers and integrated the printing of these publications at the Winnipeg and Brandon plants.

We are pleased to report that one of our senior reporters, Leah Janzen won the top prize for daily reporting from the Canadian Farm Writers Federation. Ms Janzen won for her series, Harvest of Broken Dreams, which chronicled a year in the life of a rural Manitoba farm family.

Distributions

Distributable cash attributable to the Fund ⁽²⁾ for the three months ended September 30, 2004 was \$2.0 million, or \$0.288 per Unit compared to \$2.1 million or \$0.304 per Unit last year. The decrease is attributable to unusually low maintenance capital expenditures in the third quarter last year. For the 12 months ending September 30, 2004 FPLP has generated distributable cash attributable to the Fund ⁽²⁾ of \$9.6 million or \$1.394 per Unit and the Fund has declared distributions of \$1.255 per Unit, resulting in a payout ratio of 90.0 per cent. For the period from commencement of operations on May 28, 2002 to September 30, 2004, FPLP has generated distributable cash attributable to the Fund of \$3.140 per Unit, and the Fund has declared distributions of \$2.919 per Unit, resulting in a cumulative payout ratio of 93.0 per cent.

The Fund declared distributions to unitholders of \$0.315 per Unit for the quarter, compared to \$0.300 in the third quarter of 2003.

Outlook

Overall advertising revenues excluding the community newspapers for the first nine months of 2004 increased by 2.4 per cent compared to our full year forecast of 2 to 4 per cent. Flyer distribution revenue continues to be strong and we expect this to continue into the final 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.

As we have previously reported the timing of newsprint price increases are difficult to predict, however the increases of approximately 9.5 per cent which some newsprint suppliers were anticipating to happen on September 1, 2004 did not occur. If the fourth quarter prices remain at existing levels, the overall newsprint price is expected to be approximately 3.0 per cent lower in the fourth quarter of 2004 compared to last year.

In Winnipeg the community is preparing for the opening of a new downtown arena complex. The Winnipeg Free Press has entered into an agreement to be one of five “founding partners” of the new MTS Center. The agreement provides the Free Press with exclusive rights in the Center around advertising, newspaper sales and distribution as well as promotional opportunities which will further enhance our brand.

Ronald N. Stern
Chairman & Trustee

Rudy Redekop
President

November 9, 2004

Management's Discussion and Analysis
November 9, 2004

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. Canstar Community News Limited is a wholly owned subsidiary of FPLP.

FP Newspapers Income Fund

The Fund is dependant on the operations of FPLP, its sole investment. The Fund earned \$1,476,000 and \$3,226,000 in income from its investment in FPLP for the three and nine months ended September 30, 2004 compared to \$1,447,000 and \$4,974,000 for the same periods last year. The decline in earnings for the nine months ended September 30, 2004 is related to the \$1.2 million loss on sale of excess press components and further \$3.0 million write down of additional excess assets by FPLP in the second quarter (see "FP Canadian Newspapers Limited Partnership - Results of Operations" below). Interest income on the 11.5% subordinated notes issued by FPLP to the Fund was \$1,936,000 and \$5,764,000 for the three and nine months ended September 30, 2004 compared to \$1,970,000 and \$5,845,000 for the same periods last year. The Fund's equity interest from its Class A limited partnership units was (\$460,000) and (\$2,538,000) for the three and nine months ended September 30, 2004 versus (\$523,000) and (\$871,000) for the same periods in 2003 (see "FP Canadian Newspapers Limited Partnership - Results of Operations" below). Operating expenses incurred by the Fund were \$83,000 and \$197,000 for the three and nine month periods in 2004 compared to \$75,000 and \$200,000 for the same periods last year and net earnings for the three and nine months ended September 30, 2004 was \$1,394,000 and \$3,035,000 versus \$1,372,000 and \$4,774,000 for the same periods last year.

The Fund declared distributions to unitholders of \$2,174,000 or \$0.315 per Unit and \$6,522,000 or \$0.945 per Unit for the three and nine months ended September 30, 2004 compared to \$2,070,000 or \$0.300 per Unit and \$6,212,000 or \$0.900 per Unit in the same periods last year. Cash available for distribution attributable to the Fund⁽²⁾ was \$1,987,000 or \$0.288 per Unit for the quarter ended September 30, 2004 and \$6,920,000 or \$1.003 per Unit for the nine months ended September 30, 2004. Cash available for distribution attributable to the Fund⁽²⁾ for the three and nine months ended September 30, 2003 was \$2,099,000 and \$6,837,000 or \$0.304 and \$0.990 per Unit.

FP Canadian Newspapers Limited Partnership
Results of Operations

Revenue:	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	\$ Thousands		\$ Thousands	
Advertising	\$18,470	\$16,690	\$55,079	\$52,309
Circulation	5,243	5,359	15,923	15,921
Commercial Printing	1,439	1,178	4,406	3,749
Promotions and Services	750	658	1,347	1,180
	<u>\$25,902</u>	<u>\$23,885</u>	<u>\$76,755</u>	<u>\$73,159</u>

Revenue for the three months ended September 30, 2004 was \$25.9 million, an increase of \$2.0 million, or 8.4% compared to the third quarter of 2003. The acquisition of the community newspapers and advertising distribution businesses during the third quarter of 2004 accounted for \$1.7 million or 7.0% of this growth. Revenues excluding the acquired businesses increased by \$0.3 million or 1.4% versus the third quarter last year. Advertising revenues excluding the acquired businesses increased by \$0.3 million or 1.6%. Flyer distribution revenues excluding the acquired businesses increased \$0.4 million or 18.2% primarily resulting from increased flyer quantities. FPLP's largest advertising revenue category, display advertising, including colour, decreased by \$0.6 million or 5.4% primarily the result of lower spending by two national automotive

customers and lower spending in the travel and retail categories. Classified advertising excluding the acquired businesses increased by \$0.4 million or 12.2% in the third quarter primarily coming from strength in the employment and obituary categories. Commercial printing revenues increased by \$0.3 million or 22.2% resulting from an increase in printing work at both the Brandon and Winnipeg operations. Circulation revenue was lower by \$0.1 million or 0.2% in the third quarter compared to last year resulting from the net impact of increased Home Delivery and selective Single Copy prices, offset by increased discounted bulk sales. Circulation revenue was also impacted by a reduction in the Winnipeg city carrier wholesale rate. The revenue reduction resulting from this change is partially offset by a reduction in delivery expenses for this same group of carriers. This change in compensation structure was negotiated and ratified by the carrier union during the quarter, and represents the resolution of an outstanding issue regarding route allowances. Promotions and services revenue, excluding the acquired businesses decreased by \$0.1 million or 10.5% primarily the result of lower revenues from one of our event marketing activities.

Revenue for the nine months ended September 30, 2004 was \$76.8 million, an increase of \$3.6 million or 4.9% over the same period in 2003. The acquisition of the community newspapers during the third quarter of 2004 accounted for \$1.7 million or 2.3% of this growth. Advertising revenues, excluding the acquired businesses, increased by \$1.3 million or 2.4% primarily the result of an increase of \$1.2 million or 16.4% in flyer distribution revenues resulting from an increase in pieces delivered. Our largest advertising category, display advertising including colour, excluding the acquired businesses, was lower by \$0.7 million or 1.9% for the first nine months of 2004 primarily the result of a shift of advertising spending by some customers into flyer business. Classified revenues, excluding the acquired businesses, increased by \$0.7 million or 7.2% versus the same nine months last year, primarily the result of increased spending in the automotive, employment and obituary categories. Commercial printing revenues were higher by \$0.7 million or 17.5% in the first nine months of 2004 due to increased contract printing volume at both the Winnipeg and Brandon facilities.

Operating expenses, excluding amortization:

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>Ended September 30</u>		<u>Ended September 30</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	<u>\$ Thousands</u>		<u>\$ Thousands</u>	
Employee Compensation	\$10,124	\$9,144	\$29,373	\$27,620
Newsprint - Own Use	3,166	3,225	9,735	9,866
Newsprint - Commercial Printing	504	427	1,564	1,308
Delivery of Newspapers	2,612	2,128	7,238	6,380
Other	4,329	3,680	11,519	10,999
	<u>\$20,735</u>	<u>\$18,604</u>	<u>\$59,429</u>	<u>\$56,173</u>

Operating expenses excluding amortization in the three months ended September 30, 2004 were \$20.7 million, an increase of \$2.1 million or 11.5% over the third quarter of 2003. The acquisition of the community newspapers accounted for \$1.5 or 8.3% of this increase. Employee compensation excluding the community newspapers increased by \$0.5 million or 5.3% primarily the result of the contracted annual rate increases, additional part time costs required to process the increased quantities of flyer pieces and increased pension expense for the defined benefit pension plan at the Winnipeg Free Press resulting from increased participation by part time employees and demographic changes identified in an actuarial valuation completed during the third quarter. Newsprint expense for FPLP's own publications, excluding the acquired businesses, decreased \$0.1 million or 1.8% in the third quarter, the result of an overall decrease of approximately 4.0% in the average price of newsprint used offset by a slight increase in consumption. Newsprint expense for commercial printing increased by \$0.1 million or 18.0% largely the result of increased volumes due to the National Post printing contract which started during the first quarter of 2004. Delivery costs excluding the acquired businesses increased by \$0.1 million or 3.4% compared to the same quarter last year largely the result of the increase in flyer quantities. Other expenses, excluding the acquired businesses, were \$3.7 million a \$0.1 million or 1.6% increase over the same quarter last year.

Operating expenses excluding amortization in the nine months ended September 30, 2004 were \$59.4 million, an increase of \$3.2 million or 5.8% over the same period last year. The acquisition of the community newspapers accounted for \$1.5 million or 2.7%. Employee compensation excluding the community newspapers increased by \$1.3 million or 4.5% largely the result of the contracted annual increases, additional compensation costs associated with the increased flyer volumes and strategic executive appointments made in the second half of last year. Newsprint expense for FPLP's own publications excluding the acquired businesses, decreased by \$0.2 million or 1.6% primarily the result of lower newsprint prices offset partially by increased usage. Newsprint expense for commercial printing increased by \$0.3 million or 19.6% primarily the result of increased usage relating to the National Post printing contract. Delivery costs for the nine months ended September

30, 2004 excluding the acquired businesses were \$6.8 million a \$0.4 million or 7.0% increase over the same period last year primarily the result of increased flyer volumes. Other expenses, excluding the acquired businesses, decreased by \$0.1 million or 0.6% compared to the same nine months last year.

EBITDA⁽¹⁾ for the three and nine months ended September 30, 2004 was \$5.2 million and \$17.3 million. EBITDA⁽¹⁾ for the three and nine months ended September 30, 2004, excluding the acquired businesses, was \$5.0 million and \$17.1 million, compared to \$5.3 million and \$17.0 million for the same periods in 2003. EBITDA⁽¹⁾ margin excluding the acquired businesses was 20.6% and 22.8% for the three and nine month periods ended September 30, 2004 compared to 22.1% and 23.2% for the same periods last year.

Interest expense on the term credit facility and the subordinated notes for the three and nine months ended September 30, 2004 was \$2.6 million and \$7.9 million compared to \$2.8 million and \$8.2 million for the same periods last year. The decrease in interest expense is a result of lower effective interest rates on the variable rate term loan together with a decrease in the interest cost on the subordinated notes resulting from the \$1.0 million decrease in the principal outstanding.

As reported in our June 30, 2004 Report to Unitholder's, during the second quarter FPLP recorded a \$1.2 million loss on the sale of excess press components and recorded a further non cash loss of \$3.0 million relating to the reduction of the carrying value of additional excess components which are being held for sale (see "Disposal and Future Sale of Excess Press Components" under liquidity and capital resource section).

FPLP's net earnings were \$1.1 million and \$0.8 million for the three and nine months ending September 30, 2004 compared to \$1.0 million and \$4.3 million for the same periods in 2003. The reduction in net earnings for the nine months ended September 30, 2004 is the result of the loss on disposal and write-down of equipment discussed in the previous paragraph.

Newspaper publishing is, to a certain extent, a seasonal business with a higher proportion of revenues and operating earnings occurring during the second and fourth quarters of the calendar year. Revenue, EBITDA⁽¹⁾ and net earnings of FPLP by quarter for 2002 and 2003 and the first three quarters of 2004 was as follows:

	<u>2004</u>	<u>2003</u>	<u>2002</u>
		\$Thousands	
<u>Revenue</u>			
Quarter 1	\$ 24,354	\$ 23,706	\$ 23,610
Quarter 2	26,499	25,568	24,809
Quarter 3	25,902****	23,885	22,677
Quarter 4		<u>26,647</u>	<u>23,544*</u>
		<u>\$ 99,806</u>	<u>\$ 94,640</u>
<u>EBITDA⁽¹⁾</u>			
Quarter 1	\$ 5,387	\$ 5,204	\$ 5,139
Quarter 2	6,772	6,501	6,403
Quarter 3	5,167	5,281	4,977
Quarter 4		<u>7,264</u>	<u>5,458*</u>
		<u>\$ 24,250</u>	<u>\$ 21,977</u>
<u>Net Earnings (loss)</u>			
Quarter 1	\$ 1,231	\$ 1,073	\$ 2,646**
Quarter 2	(1,489)***	2,249	3,107**
Quarter 3	1,077	983	674
Quarter 4		<u>3,032</u>	<u>1,289</u>
		<u>\$ 7,337</u>	<u>\$ 7,716</u>

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

* The decline in revenue, EBITDA and net earnings in the fourth quarter of 2002 resulted primarily from the loss of nine publishing days at the Winnipeg Free Press due to a labour interruption.

** The first and second quarters of 2002 reported higher earnings primarily due to there being no interest expense on the subordinated notes which were issued during the initial Public Offering in May 2002.

*** The decline in earnings in the second quarter was primarily due to the impact of the sale of excess press components as discussed in the “Disposal and Future Sale of Excess Press Components” section.

**** Third quarter 2004 revenue includes \$1.7 million from the community newspapers and advertising distribution businesses acquired during the quarter.

Liquidity and Capital Resources

Cash Flow from Operations

During the three months ended September 30, 2004, cash generated from operating activities was \$4.4 million, compared to \$2.7 million for the third quarter of 2003. The net change in non-cash working capital in the third quarter of 2004 was \$1.9 million compared to \$0.2 million for the same period of 2003. This increase was largely the result of timing differences relating to compensation costs and trade accounts payable.

During the nine months ended September 30, 2004, cash generated from operating activities was \$12.3 million compared to \$10.6 million for the same period last year. The net change in non cash working capital in the nine months ended September 30, 2004 was \$2.8 million compared to \$1.8 million last year. The largest items contributing to this increase was an increase in accrued liabilities relating to the purchase of print rolls for the mailroom in Winnipeg and an improvement in accounts receivable collections.

Capital Expenditures

Maintenance capital purchases representing the replacement of capital in order to sustain current business operations, totalled \$0.2 million and \$0.7 million for the three and nine months ended September 30, 2004 compared to \$0.1 million and \$0.2 million for the same periods last year. In addition to this maintenance capital spending which was largely for technology upgrades, FPLP made a strategic capital investment of \$0.5 million to acquire 60 new print rolls for the mailroom at the Winnipeg Free Press. These print rolls are used to process advertising flyer pieces into the daily newspaper and will allow FPLP to more effectively keep up with the growth in flyer volumes, reduce labour costs and help to reduce the risk of late newspaper delivery.

Disposal and Future Sale of Excess Press Components

As reported in our June 30, 2004 report to Unitholders, during the second quarter, FPLP sold some of the surplus components from one of its three Winnipeg printing presses for total net proceeds of \$0.9 million. The resulting non cash accounting loss of \$1.2 million was reported in FPLP’s second quarter statement of earnings. In addition to this, FPLP determined during the second quarter that certain other surplus components of the same press would also be marketed for sale. Based on the requirements of CICA Handbook Section 3475, “Disposal of long-lived Assets and Discontinued Operations”, these components were revalued based on their estimated fair value less costs to sell. A non cash accounting loss of \$3.0 million was recorded in FPLP’s second quarter statement of earnings and as required, these assets have been separately disclosed in FPLP’s September 30, 2004 Balance Sheet at a carrying value of \$2.3 million. During the third quarter there were no further disposals of this equipment.

Acquisition of Businesses

On July 13, 2004 FPLP acquired all of the assets and assumed specified liabilities of a weekly newspaper publishing business and an advertising distribution business previously operated by Transcontinental Media, the publishing arm of Transcontinental Inc. for cash consideration of \$7.1 million. In addition, FPLP has incurred acquisition costs of \$0.2 million related to this transaction. An adjustment to the final purchase price will be made once acquisition date working capital amounts have been agreed. FPLP financed the entire purchase price by drawing on its available operating facility, and during the third quarter repaid the entire amount.

Reserves Related to Distributable Cash Attributable to the Fund⁽²⁾

Under the terms of the Amended and Restated Agreement of Limited Partnership dated May 24, 2002, the Managing General Partner is required to determine reserves which are necessary or desirable to withhold from any distributions to Partners, including among other things for capital expenditures and operating expenses. A summary of the reserve for maintenance capital for the three and nine months of 2004 and 2003 is as follows:

	<u>Three Months</u> <u>Ended September 30</u> \$ Thousands		<u>Nine Months</u> <u>Ended September 30</u> \$ Thousands	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Reserve at beginning of period	\$ 689	\$ -	\$ 641	\$ -
Increase in reserve	12	-	155	-
Decrease in reserve	-	-	(95)	-
Reserve at end of period	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ -</u>

Increases in the reserve for future maintenance capital is shown as a deduction in determining distributable cash⁽²⁾ of FPLP. Decreases in the reserve for future maintenance capital are shown as an increase in the determination of distributable cash⁽²⁾.

During the second quarter of 2004 the Managing General Partner determined that it was desirable to establish a reserve in the amount of \$1.0 million for purposes of future strategic capital, acquisitions and/or debt reduction. The amount of the reserve initially established during the second quarter is equal to the net proceeds received on the sale of surplus equipment described above. As discussed above, during the third quarter a strategic capital acquisition was made for mailroom print rolls at the Winnipeg Free Press and this amount has been deducted from this reserve. A summary of the reserve for strategic capital, acquisitions and/or debt reduction is as follows:

	<u>Three Months</u> <u>Ended September 30</u> \$ Thousands		<u>Nine Months</u> <u>Ended September 30</u> \$ Thousands	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Reserve at beginning of period	\$ 956	\$ -	\$ -	\$ -
Increase in reserve	-	-	956	-
Decrease in reserve	(446)	-	(446)	-
Reserve at end of period	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ -</u>

These reserves are non-GAAP measures established and utilized at the discretion of the board of directors of FPLP, and have no impact on the GAAP financial statements.

Financing Activities

Distributions to partners of FPLP for the three and nine months ended September 30, 2004 totaled \$2.7 million and \$8.0 million and have been determined in accordance with the Amended and Restated Agreement of Limited Partnership dated May 24, 2002. Distributions to partners for the three and nine months ended September 30, 2003 totaled \$2.8 million and \$8.6 million.

Cash and cash equivalents at September 30, 2004 total \$2.3 million. During the third quarter, available cash, including previously generated excess distributable cash, was used to repay \$7.1 million in debt incurred for the purchase of the community newspapers and advertising delivery businesses discussed above. Under the terms of the credit facilities, this money may be re-borrowed. Because this repayment was not a permanent reduction of debt, it has not been reflected in the calculation of distributable cash. Cash and cash equivalents may be used to pay future distributions, to reduce debt, to fund future capital expenditures, or for other general purposes. Cash flow from operations, together with cash balances on hand and unutilized credit facilities, are expected to be sufficient to fund FPLP's operating requirements, capital expenditures and anticipated distributions.

At September 30, 2004 FPLP's current liabilities exceed its current assets due to the requirement to classify the term loan as a current liability as discussed in note 5 of FPLP's September 30, 2004 financial statements. It is management's intention to complete the re-financing of this loan prior to its maturity and once the terms are finalized this loan will be re-classified as a long term liability.

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 work stoppage could restrict or eliminate the ability of FPLP to earn revenue from its publishing business during the stoppage. Contracts are now in place with unionized employees at the Winnipeg Free Press which run to October 2005. Collective agreements covering unionized employees at the Brandon Sun expire 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 \$15.1 million of expenses in 2003. 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 earlier in this document.

Non GAAP Measures

(1) EBITDA

EBITDA is not a recognized measure under Canadian generally accepted accounting principles (GAAP). FPLP believes that in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of cash available for distribution prior to debt service and capital expenditures. Investors should be cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of FPLP's performance. FPLP's method of calculating EBITDA may differ from other issuers and, accordingly, EBITDA may not be comparable to measures used by other issuers. FPLP determines EBITDA as follows:

	<u>Three Months</u> <u>Ended September 30</u>		<u>Nine Months</u> <u>Ended September 30</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	\$ Thousands		\$ Thousands	
Operating earnings	\$ 4,052	\$ 4,101	\$ 13,947	\$ 13,453
Add:				
Amortization of property, plant and equipment	1,024	1,090	3,107	3,262
Amortization of intangible assets	<u>91</u>	<u>90</u>	<u>272</u>	<u>271</u>
EBITDA	<u>\$ 5,167</u>	<u>\$ 5,281</u>	<u>\$ 17,326</u>	<u>\$ 16,986</u>

(2) Distributable Cash Attributable to the Fund

The Fund believes that in addition to the disclosure of cash flow from operations, distributable cash attributable to the Fund is an important supplemental measure of cash flow. This measure is a useful supplemental measurement as it provides investors with an indication of the amount of cash available for distribution to unitholders and because such calculations are required by the terms of the partnership agreement governing FPLP and by the terms of the deed of trust governing the Fund. Distributable cash attributable to the Fund is not a defined term under Canadian GAAP and it should not be construed as an alternative to using net earnings or the statement of cash flows as measures of profitability and cash flow. Readers should be cautioned that the method of calculating distributable cash may not be comparable to similar measures presented by other issuers. Management has determined distributable cash attributable to the Fund as follows:

	Three Months		Nine Months	
	<u>Ended September 30</u>		<u>Ended September 30</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Distributable cash of FPLP:	\$ Thousands		\$ Thousands	
EBITDA ⁽¹⁾	\$ 5,167	\$ 5,281	\$ 17,326	\$ 16,986
Interest income	10	25	59	74
Interest expense on term loan	(706)	(819)	(2,125)	(2,354)
Maintenance capital expenditures	(238)	(60)	(697)	(196)
Strategic capital expenditures	(446)	-	(446)	-
Decrease (increase) in reserve for future maintenance capital	(12)	-	(60)	-
Proceeds from sale of property, plant and equipment	2	9	965	55
Decrease (increase) in reserve for future strategic capital, acquisitions, and/or debt reduction	<u>446</u>	<u>-</u>	<u>(510)</u>	<u>-</u>
	\$ 4,223	\$ 4,436	\$ 14,512	\$ 14,565
49% attributable to the Fund	2,069	2,174	7,111	7,137
Administration expenses	(83)	(75)	(197)	(200)
Loan from related party	-	-	-	(100)
Interest income	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ -</u>
Distributable cash attributable to the Fund	<u>\$ 1,987</u>	<u>\$ 2,099</u>	<u>\$ 6,920</u>	<u>\$ 6,837</u>
Distributable cash attributable to the Fund – per Unit	<u>\$0.288</u>	<u>\$0.304</u>	<u>\$ 1.003</u>	<u>\$0.990</u>

A summary of distributable cash and distributions declared for the trailing twelve months to September 30, 2004 and for the period from commencement of the Fund on May 28, 2002 to September 30, 2004 is as follows:

Distributable Cash of FPLP:

	Last Twelve <u>Months</u>	Since May 28, <u>2002</u>
	\$ Thousands	
EBITDA ⁽¹⁾	\$ 24,590	\$ 54,664
Interest income	98	212
Interest expense on term loan	(2,885)	(7,087)
Maintenance capital expenditures	(902)	(1,690)
Increase in reserve for future maintenance capital expenditures	(701)	(701)
Strategic capital expenditures	(446)	(446)
Proceeds on disposal of property, plant and equipment	965	1,032
Increase in reserve for strategic capital, acquisitions, and/or debt reduction	<u>(510)</u>	<u>(510)</u>
Distributable cash of FPLP	\$ 20,209	\$ 45,472

Distributable Cash Attributable to the Fund:

	Last Twelve Months	Since May 28, 2002
	\$ Thousands	
49% of FPLP distributable cash	\$ 9,902	\$ 22,281
Administrative costs	(289)	(615)
Interest income	<u>7</u>	<u>7</u>
Distributable cash attributable to the Fund	<u>\$ 9,620</u>	<u>\$ 21,673</u>
Distributable cash attributable to the Fund per unit	\$1.394	\$3.140
Distributions declared by the Fund per unit	\$1.255	\$2.919
Payout Ratio	90.0%	93.0%

A reconciliation of FPLP's distributable cash to cash flows from operating activities, as reported in FPLP's three and nine month Statements of Cash Flows is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
	\$ Thousands		\$ Thousands	
Cash flow from operating activities of FPLP	\$ 4,423	\$ 2,735	\$ 12,315	\$ 10,646
Add (subtract)				
Interest on subordinated notes *	1,936	1,970	5,764	5,845
Net change in non-cash working capital items **	(1,888)	(218)	(2,819)	(1,785)
Maintenance capital expenditures	(238)	(60)	(697)	(196)
Strategic capital expenditures	(446)	-	(446)	-
(Increase) decrease in reserve for future maintenance capital ***	(12)	-	(60)	-
(Increase) decrease in reserve for future strategic capital, acquisitions, and/or debt reduction ***	446	-	(510)	-
Proceeds from sale of property, plant and equipment ****	<u>2</u>	<u>9</u>	<u>965</u>	<u>55</u>
Distributable cash of FPLP	<u>\$ 4,223</u>	<u>\$ 4,436</u>	<u>\$ 14,512</u>	<u>\$ 14,565</u>

*Distributable cash of FPLP is determined before deduction of interest on the subordinated notes, since these amounts are paid to the Fund as holder of the subordinated notes.

** While changes in non-cash working capital is a component in determining cash flow from operations in the statements of cash flows, changes in non-cash working capital are not normally included in the calculation of distributable cash, as these changes can often be financed with an available operating line of credit, or represent only a temporary source of cash, due to seasonal fluctuations.

*** Increases in the reserves for future maintenance capital, strategic capital, acquisitions, and/or debt reduction are shown as a deduction in determining distributable cash. Decreases in the reserves would be shown as an increase in the determination of distributable cash. Such reserves are non-GAAP measures established and utilized at the discretion of the board of directors of FPLP, and have no impact on the GAAP financial statements.

**** Proceeds from sale of property, plant and equipment is a component of distributable cash, but is not included in cash flow from operating activities because it is classified as an investing activity in the statement of cash flows.

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

	As at September 30, 2004	As at December 31, 2003
ASSETS		
Current Assets :		
Cash	\$ 340	\$ 330
Interest receivable on subordinated notes	631	654
Prepaid expenses	37	24
	1,008	1,008
Investment in FP Canadian Newspapers Limited Partnership	62,462	65,948
	\$ 63,470	\$ 66,956
LIABILITIES AND UNITHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 41	\$ 40
Distribution payable to unitholders (note 2)	725	725
	766	765
Unitholders' equity:		
Trust units	69,026	69,026
Cumulative earnings	13,829	10,794
Cumulative distributions	(20,151)	(13,629)
	62,704	66,191
	\$ 63,470	\$ 66,956

FP Newspapers Income Fund
Consolidated Statements of Earnings and Cumulative Earnings
(unaudited, in thousands of Canadian dollars except for per unit information)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Earnings from investment in FP Canadian Newspapers Limited Partnership				
Interest income on subordinated notes	\$ 1,936	\$ 1,970	\$ 5,764	\$ 5,845
Equity interest from Class A units (note 3)	(460)	(523)	(2,538)	(871)
Other interest	1	-	6	-
	1,477	1,447	3,232	4,974
Administrative costs	(83)	(75)	(197)	(200)
Net earnings for the period	\$ 1,394	\$ 1,372	\$ 3,035	\$ 4,774
Cumulative earnings, beginning of period	12,435	7,063	10,794	3,661
Cumulative earnings, end of period	\$ 13,829	\$ 8,435	\$ 13,829	\$ 8,435
Number of trust units outstanding	6,902,592	6,902,592	6,902,592	6,902,592
Earnings per trust unit	\$ 0.202	\$ 0.199	\$ 0.440	\$ 0.692

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

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Cash provided by (used in):				
Operating activities:				
Net earnings for the period	\$ 1,394	\$ 1,372	\$ 3,035	\$ 4,774
Item not affecting cash:				
Equity interest from Class A units of FP Canadian Newspapers Limited Partnership (note 3)	460	523	2,538	871
Distributions received on Class A units of FP Canadian Newspapers Limited Partnership	320	377	948	889
Net change in non-cash working capital items	(26)	(50)	11	(106)
	2,148	2,222	6,532	6,428
Financing activities:				
Distributions to Unitholders	(2,174)	(2,070)	(6,522)	(6,212)
Proceeds of loan from Related Parties	-	-	-	190
Repayment of loan from Related Parties	-	-	-	(290)
	(2,174)	(2,070)	(6,522)	(6,312)
Change in cash balance	(26)	152	10	116
Cash balance, beginning of period	366	24	330	60
Cash balance, end of period	\$ 340	\$ 176	\$ 340	\$ 176

FP Newspapers Income Fund

Notes to the Consolidated Financial Statements as at September 30, 2004 (unaudited, tabular amounts in thousands of dollars)

1. Basis of presentation

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.

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 financial statements of the Fund as at December 31, 2003. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto and other financial information contained in the audited consolidated financial statements for the year ended December 31, 2003.

2. Distributions payable

The Fund recorded a distribution payable at September 30, 2004 of \$0.105 per unit. The distribution is payable October 26, 2004 to unitholders of record on September 30, 2004 and is in respect of the month of September 2004.

3. 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 September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Net earnings of FPLP	\$ 1,077	\$ 983	\$ 819	\$ 4,305
Plus: Interest on subordinated notes	1,936	1,970	5,764	5,845
Net earnings before interest on subordinated notes	\$ 3,013	\$ 2,953	\$ 6,583	\$ 10,150
49% interest attributable to the fund	1,476	1,447	3,226	4,974
Less: Interest from subordinated notes	(1,936)	(1,970)	(5,764)	(5,845)
Equity interest from Class A limited partnership units	\$ (460)	\$ (523)	\$ (2,538)	\$ (871)

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

	As at September 30, 2004	As at December 31, 2003
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,315	\$ 5,434
Accounts receivable	11,055	11,088
Inventories	1,127	988
Prepaid expenses and deposits	1,159	1,395
	<hr/> 15,656	<hr/> 18,905
Property, plant and equipment held for sale (note 6)	2,289	-
Property, plant and equipment (notes 4 and 6)	57,050	65,194
Deferred financing costs	3,725	4,760
Intangibles	9,060	9,331
Goodwill (note 8)	71,046	64,805
	<hr/> \$ 158,826	<hr/> \$ 162,995
LIABILITIES AND UNITHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 12,049	\$ 9,148
Prepaid subscriptions and deferred revenue	2,877	2,798
Term loan (note 5)	59,600	-
	<hr/> 74,526	<hr/> 11,946
Long-term liabilities:		
Term loan (note 5)	-	59,600
Subordinated notes	66,954	66,954
	<hr/> 66,954	<hr/> 126,554
	<hr/> 141,480	<hr/> 138,500
Unitholders' equity:		
Partnership units	32,793	32,793
Cumulative earnings	18,236	17,417
Cumulative distributions	(33,683)	(25,715)
	<hr/> 17,346	<hr/> 24,495
	<hr/> \$ 158,826	<hr/> \$ 162,995

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Earnings and Cumulative Earnings
(unaudited, in thousands of Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Revenue	\$ 25,902	\$ 23,885	\$ 76,755	\$ 73,159
Operating expenses, excluding amortization	(20,735)	(18,604)	(59,429)	(56,173)
	5,167	5,281	17,326	16,986
Amortization of property, plant and equipment	(1,024)	(1,090)	(3,107)	(3,262)
Amortization of intangible assets	(91)	(90)	(272)	(271)
Operating earnings	4,052	4,101	13,947	13,453
Interest on term loan	(706)	(819)	(2,125)	(2,354)
Interest on subordinated notes	(1,936)	(1,970)	(5,764)	(5,845)
Amortization of deferred financing costs	(345)	(345)	(1,036)	(1,036)
Interest income	10	25	59	74
(Loss)/gain on disposal of property, plant and equipment (note 6)	2	(9)	(1,243)	13
Write down of property, plant and equipment held for sale (note 6)	-	-	(3,019)	-
Net earnings for the period	1,077	983	819	4,305
Cumulative earnings – beginning of period	17,159	13,402	17,417	10,080
Cumulative earnings – end of period	\$ 18,236	\$ 14,385	\$ 18,236	\$ 14,385

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Unitholders' Equity
(unaudited, in thousands of Canadian dollars)

	General partner units	Limited partner Class A units	Total
Unitholders' equity – Jan. 1, 2003	26,620	823	27,443
Net earnings for the period	1,064	9	1,073
Distributions paid	(2,716)	(22)	(2,738)
Unitholders' equity – March 31, 2003	24,968	810	25,778
Net earnings for the period	1,965	284	2,249
Distributions paid	(2,558)	(490)	(3,048)
Unitholders' equity – June 30, 2003	24,375	604	24,979
Net earnings for the period	831	152	983
Distributions paid	(2,444)	(379)	(2,823)
Unitholders' equity – Sept. 30, 2003	22,762	377	23,139
Contributions	-	1,000	1,000
Net earnings for the period	2,692	340	3,032
Distributions paid	(2,360)	(316)	(2,676)
Unitholders' equity – Dec. 31, 2003	23,094	1,401	24,495
Net earnings for the period	1,087	144	1,231
Distributions paid	(2,324)	(308)	(2,632)
Unitholders' equity – March 31, 2004	21,857	1,237	23,094
Net (loss) for the period	(1,314)	(175)	(1,489)
Distributions paid	(2,348)	(320)	(2,668)
Unitholders' equity – June 30, 2004	18,195	742	18,937
Net earnings for the period	949	128	1,077
Distributions paid	(2,348)	(320)	(2,668)
Unitholders' equity – September 30, 2004	16,796	550	17,346

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

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Cash provided by (used in)				
Operating activities:				
Net earnings for the period	\$ 1,077	\$ 983	\$ 819	\$ 4,305
Items not affecting cash:				
Amortization	1,460	1,525	4,415	4,569
Loss/(gain) on disposal of property, plant and equipment (note 6)	(2)	9	1,243	(13)
Write down of property, plant and equipment (note 6)	-	-	3,019	-
	2,535	2,517	9,496	8,861
Net change in non-cash working capital items				
	1,888	218	2,819	1,785
	4,423	2,735	12,315	10,646
Investing activities:				
Acquisition (Note 8)	(7,288)	-	(7,288)	-
Purchases of property, plant and equipment	(684)	(60)	(1,143)	(196)
Proceeds from sale of property, plant and equipment	2	9	965	55
	(7,970)	(51)	(7,466)	(141)
Financing activities:				
Distributions to partners	(2,668)	(2,823)	(7,968)	(8,609)
Operating loan advance	7,100	-	-	-
Repayment of operating Loan	(7,100)	-	-	-
	(2,668)	(2,823)	(7,968)	(8,609)
(Decrease) Increase in cash and cash equivalents				
	(6,215)	(139)	(3,119)	1,896
Cash and cash equivalents - beginning of period				
	8,530	4,349	5,434	2,314
Cash and cash equivalents - end of period				
	\$ 2,315	\$ 4,210	\$ 2,315	\$ 4,210

FP Canadian Newspapers Limited Partnership
Notes to the Consolidated Financial Statements as at September 30, 2004
(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. Canstar Community News Limited is a wholly owned subsidiary of FPLP.

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 its subsidiary 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 Partnership's 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 except as indicated below. These interim statements should be read in conjunction with the audited financial statements of FPLP for the year ended December 31, 2003.

CICA Accounting Guideline 13 ("AcG 13")

FPLP adopted CICA Accounting Guideline 13, "Hedging Relationships" effective January 1, 2004. In accordance with AcG 13 each of FPLP's hedging relationships are documented and subject to an effectiveness test on a quarterly basis for reasonable assurance that they are and will continue to be effective. As required by this Guideline a derivative that does not qualify for hedge accounting is reported on a mark to market basis in earnings. The adoption of this guideline had no impact on the financial statements.

3. Allocation of net income

The amended and restated Agreement of Limited Partnership dated May 24, 2002 sets out the method for allocating net income between the general and limited partner units. Net income is allocated to the general partner units and the Class A limited partner units in proportion to the distributions made to the partners over an annual basis ending December 31 each year. As the allocation is defined using an annual period, quarterly allocations are determined by using a proportionate share of cumulative distributions and cumulative net income to the end of each quarter.

4. Non cash transactions

FPLP has entered into an interim funding agreement relating to a technology upgrade at one of its printing operations. The interim funding agreement facilitates the purchase of the required equipment and upon completion of the project, a capital lease agreement will be entered into. At September 30, 2004, funds directly advanced from the interim funding counterparty to the vendors including accrued interest totaled \$1,040,000 and this amount is included in the accounts payable and accrued liabilities caption on the balance sheet. Variable rate interest is charged on these advances and during the third quarter this rate averaged 3.7 per cent.

5. Term loan

The term loan matures in May 2005 and FPLP intends to refinance this loan prior to its maturity. Since the terms of the re-financing have not yet been completed the entire term loan has been classified as a current liability on FPLP's balance sheet.

6. Loss on disposal and write down of assets held for sale

During the second quarter, FPLP sold certain surplus components of one of its printing presses and realized a loss on disposal of \$1,245,000. FPLP also made the decision during the second quarter to sell other surplus printing press components. The value of these components, was written down to their estimated fair value less costs to sell of \$2,289,000 and the resulting loss on write down of \$3,019,000 is included in the second quarter statement of earnings.

7. Employee future benefit plans

The net future benefit plan costs included in operating expenses is as follows:

	<u>Three months</u> <u>ended September 30,</u>		<u>Nine months</u> <u>ended September 30,</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Defined benefit pension plan	\$ 467	\$ 238	\$ 991	\$ 705

8. Acquisition

On July 13, 2004 FPLP acquired substantially all of the assets and assumed specified liabilities of a weekly newspaper publishing business and an advertising distribution business previously operated by Transcontinental Media, the publishing arm of Transcontinental Inc. for cash consideration of \$7,100,000. In addition FPLP has incurred acquisition costs of \$188,000 related to this transaction. An adjustment to the final purchase price will be made once the acquisition date working capital amounts have been agreed to. During the fourth quarter a valuation of intangibles will be completed and this amount will be re-classified on the balance sheet. Concurrent with the acquisition FPLP entered into a license and use agreement with its subsidiary Canstar Community News Limited, whereby Canstar would license the acquired assets and operates the acquired businesses.

The transactions have been accounted for by the purchase method and the results of operations are included in FPLP's accounts from the dates of acquisition. The purchase was allocated on a preliminary basis, as follows:

Current assets	\$ 1,209
Property, plant and equipment	297
Goodwill and intangibles	6,072
Other assets	169
Current liabilities	<u>(459)</u>
	\$ <u>7,288</u>

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:

Kevin Karr
Vice President, Chief Financial Officer and Secretary
Phone: (604) 646-3782
Fax: (604) 681-8861
e-mail: kkarr@estrellagroup.com

Web site:

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:

Ernst & Young LLP, Winnipeg