2008
ANNUAL REPORT

FP NEWSPAPERS INCOME FUND

Multimedia editor Tyler Walsh works every day with Winnipeg Free Press photographers to create powerful slide shows, videos and other special content on the Free Press website. Video hits have soared in the past year.

DIVERSITY

OF IDEAS, PRODUCTS, PEOPLE, HISTORY

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LETTER TO THE UNITHOLDERS

To Our Unitholders

The current economic downturn is challenging media companies in ways not seen in many years. While it is difficult to operate in times like these, our businesses are adapting to new realities to ensure that they remain vibrant and profitable in the future. We are restructuring to build more flexible media organizations, balancing between cost control and investment in development.

Our businesses are evolving from the old, simple model of operating printed newspapers to the more complex modern world in which access to electronic forms of communications is almost universal. From print to online, from still photos to videos, from desktop computers to handheld wireless devices, we are shifting with the habits of our readers and needs of our advertisers. The pace of change is dizzying, but we are keeping up by developing an array of new products that are providing growth and a basis for our future in the digital age. The focus of our news and information content has not changed. We cover local communities comprehensively, providing the best news and information available about what is most important to people – where they live. Our traditional newspapers are the foundation for this strong coverage, and provide the structure and expertise that give us a tremendous advantage as we build our digital offerings. Change is never easy. This past year we faced a strike that interrupted operations at the *Winnipeg Free Press* for 16 days. Current economic conditions are difficult. But we are continuing to invest in efforts to improve and expand our channels for reaching audiences. In this year's annual report, you will see many examples of how we are succeeding in new areas.

Revenue for 2008 for FP Canadian Newspapers Limited Partnership decreased by $4.8 million to $121.1 million representing a 3.8 percent decrease over the prior year. For the eleven months excluding October, due to the strike at the *Free Press*, total revenue was lower by $0.4 million or 0.4 percent compared with the same eleven months of 2007. Advertising revenue excluding the month of October was lower by $0.3 million or 0.4 percent compared with last year. The fourth quarter saw a significant slowdown in advertising revenues, which for the nine months ending September 30 were $0.8 million or 1.2 percent higher than the same nine-month period in 2007. Our largest revenue category, display advertising including colour, was $0.7 million lower in the months of November and December this year compared with 2007, with lower spending in the national and local automotive categories being the largest contributing factor. Lower spending by national customers on flyer delivery and lower classified revenues, largely resulting from the employment category, also contributed to the overall decline in advertising revenues in the months of November and December. Given the sharp reduction in revenues, FPLP management completed an initial restructuring plan that was implemented during the fourth quarter. A restructuring accrual of $0.4 million was recorded during the fourth quarter, and there was a reduction of 20 existing positions at the *Free Press* and 6 vacant positions that would have otherwise been filled, resulting in an estimated 2009 full year compensation expense savings of approximately $1.3 million.

Distributions, which were temporarily suspended during the October strike in Winnipeg, were resumed in November at a monthly rate of $0.095 per unit or $1.14 per unit on an annual basis, down 11.6 percent from the previous annual level of $1.29 per unit. Two distributions were declared in the month of November and for the 2008 year 12 distributions were declared. Distributable cash attributable to the Fund was $1.19 per unit for the full twelve months of 2008, down from $1.61 per unit in 2007, with the combination of the missed publishing days in October due to the strike and the sharp fall in advertising revenues during the fourth quarter being the two largest factors. From inception on May 28, 2002 to December 31, 2008, we have generated distributable cash attributable to the Fund of $9.13 per Unit, and the Fund has declared distributions of $8.36 per Unit, resulting in a cumulative payout ratio of 91.6 percent.

Winnipeg Free Press

In 2008, the *Winnipeg Free Press* built on its excellent reputation as one of Canada's leading metro daily newspapers. The *Free Press* focuses on having excellent local journalists provide comprehensive coverage of local people and events, creating content that cannot be obtained from any other media.

The paper was awarded first runner-up for the Excellence in Journalism award among all major news organizations in Canada, from the Canadian Journalism Foundation. As well, the *Free Press* picked up a record four National Newspaper Award nominations -- photographer Phil Hossack, health reporter Jen Skerritt, editorial writer Gerald Flood and columnist Gordon Sinclair, Jr. Mr. Sinclair won his third National Newspaper Award in May.

The paper also won first place among major newspapers in North America for a story on two Winnipeg firefighters who died in 2007, from the International Association of Fire Fighters 2008 Media Awards Contest.

The *Free Press* published North America's first paid-circulation pink newspaper on June 4th. Every section of the paper was keyed toward the theme of breast cancer. Newspaper staff took to the streets to sell the paper and raised more than $20,000 for cancer research in conjunction with key advertisers who supported the effort.

Increasingly, efforts to create content for the paper are being driven from online. The *Free Press* set out to identify the Greatest Manitobans in a province-wide nomination and voting process that combined efforts online and in print. More than 30 newsroom employees wrote individual profiles on the winners, under the leadership of Deputy Editor Julie Carl. Much of the work was published in the printed newspaper and appeared online. A book, *The Greatest Manitobans,* was launched in the fall of 2008 and became an instant bestseller.

Our advertising offerings also increasingly link what is in the paper and what is online. In 2008 we launched a new site for vehicle sales – *autos.winnipegfreepress.com* -- that provides free listings for all autos for sale in the Winnipeg market. Dealers can leverage this content by buying branded pages and highlighted listings and by choosing which vehicles to reverse publish into the newspaper's widely read Autos sections. We are currently developing similar models for the real estate and travel sectors.

The *Free Press* launched several niche magazine and newspaper products in 2008 aimed at providing content to smaller, defined audiences that are being sought by advertisers. Among them is *First Nations Voice*, a monthly newspaper that highlights the achievements and activities of Native individuals and groups in Manitoba.

The newspaper has also moved into a new role as the source for the best coverage of local breaking news, surpassing other electronic media. *Winnipegfreepress.com* was the go-to site for breaking stories, photos and videos on the beheading of a passenger on a bus on the Trans Canada Highway during the summer. The addition of Tyler Walsh as video editor has helped to grow and mature our video content to rival anything produced for TV broadcasts. Mr. Walsh has helped train photographers as our editorial staff learn new skills to adapt to the online world. Wendy Sawatzky also joined the editorial team during the year at online editor.

During the year, *Free Press* websites began using the Clickability content management system, a much more interactive system for readers and one that is much easier for journalists to use. Users can now comment on every story and see at a glance the most viewed, most emailed and most commented stories. The Clickability system will be rolled out to all FP properties in 2009, including Canstar Community Newspapers and the *Brandon Sun*.

Starting in the latter half of the third quarter and continuing into the fourth quarter, the *Free Press* started to experience higher than historical levels of home delivery subscription non-renewals and cancellations. Year-over-year home delivery declines were just over 4 percent during this period compared to a decline of approximately 1 percent in same period the prior year. A number of factors contributed to this decline including lower than normal subscription starts in the third quarter this year, production disruptions, and sixteen missed publishing days due to the October strike. Management and all F*ree Press* employees are making a concerted effort to re-gain this lost home delivery circulation going forward.

The National Audience Databank (NADBank) estimated in survey results released in 2008 that 69 percent of Winnipeg residents read the *Free Press* at least once a week, and 54 percent read it on Saturdays. This is the highest percentage of readership – by a wide margin – of a daily newspaper in any major Canadian city. The *Free Press* has placed first in readership percentage in major Canadian metro markets consistently for a number of years.

Our reliable news content is also driving rapid growth of our audience online. We are seeing many more visitors and much greater use of our websites. Total website use rose to a record 8.9 million page views in January of 2009, 32 percent more than the 6.7 million page views in January of 2008, and more than double the number of page views in January 2007. The number of visitors increased by about 34 percent between January 2008 and January 2009. The daily average is now 64,000 visitors.

Much of this traffic is being driven by the main news site, *winnipegfreepress.com*, which saw readership increase by 46 percent – to 5.7 million page views in January of 2009 from 3.9 million page views in January 2008.

Production of the daily *Free Press* newspaper was interrupted for 16 days in October by a strike of unionized staff. However, online operations continued uninterrupted, staffed by editorial managers who continued to provide comprehensive coverage of Winnipeg news. Web traffic increased by about 20 percent as readers who could not get papers delivered went online to find *Free Press* content.

Operational improvements in the press and mailroom areas are being planned under the guidance of David Brolhorst, who joined us in January 2009 as Vice President of Operations and Production. David has thirty-six years' experience in the press, packaging and distribution areas of newspapers and most recently was Pressroom Manager and Director of Production at the Kansas City Star.

Brandon Sun

Economic conditions in the Brandon region were vibrant throughout most of 2008 with some softening experienced in the fourth quarter. Growing conditions in western-Manitoba were conducive to above normal yields for grain and oil-seed crops. Commodity prices softened somewhat toward year's end but farm gate receipts were above average. The oil patch, which is located in the south-west quadrant of the *Brandon Sun's* trading area was active in 2008 with 314 new oil wells drilled. It is expected a further 250 new wells will come into production in 2009.

Advertising revenue continued to show year-over-year increases in 2008, and the *Sun* retained its dominant position as market leader in flyer distribution. Revenue gains over 2007 were realized in display advertising including colour, classified advertising and insert distribution. In the fourth quarter the *Sun* moved to Canadian Primedia Sales and Marketing Inc. for representation to advertising agencies and multi-market retailers. Circulation revenue and unit sales showed a slight decrease to 2007.

The *Sun's* reporters and photographers are key in making the *Sun* a trusted and looked-to source of information. Its columnists and editorial writers provide analysis on important events of the day and lead community discussion.

The *Sun* is recognized as a community leader and in the past year it raised $50,000 to send underprivileged children to summer camp and $56,000 for the local Christmas Cheer Board. The *Sun* also partnered with Brandon University, Assiniboine Community college, Brandon Regional Health Centre Foundation and the YMCA to assist with their fundraising efforts.

Canstar Community News Limited

Canstar went through a reorganization and relocation in 2008 to better position the group of community and special interest papers to operate efficiently and profitably. Editorial, advertising and support staff moved to the *Winnipeg Free Press* building to consolidate operations and give Canstar easy access to the expertise and resources of the *Free Press*. Canstar advertising, editorial and distribution managers now report to *Free Press* directors. This allows better planning and co-ordination of advertising sales, editorial coverage, staff training and flyer and newspaper distribution. A reorganized distribution system combining the resources of Canstar and Flyer Advantage was launched in February.

Canstar editor John Kendle is working with *Free Press* editor Margo Goodhand to revamp and reposition the community newspapers to reflect the local neighbourhoods they serve. During the year we expect to be able to offer much of our community journalism online shortly after events occur, rather than simply once a week. Uptown, the free entertainment weekly, will be co-ordinated with a more dynamic online entertainment site.

Canstar ad manager Dan Szun is working with Laurie Finley, *Free Press* vice president of sales and marketing, on improving advertising sales. Classified ad sales have been bolstered and Canstar is taking a more aggressive approach to outbound classified sales.

Outlook

The first two months of 2009 have seen steeper declines in advertising revenues than what we started to experience in the fourth quarter of 2008. There is considerable uncertainty about the full year advertising revenue outlook and like many other media companies we are not able to provide a full year forecast. Management is taking continued steps to reduce costs on all fronts. Further cost reduction plans are being implemented in the first quarter of 2009, resulting in a one-time severance cost of approximately $0.6 million, with annual savings in 2009 estimated to be $1.0 million. Management continues to explore cost reductions in all areas of the business in light of the significant revenue deterioration being experienced.

During the fourth quarter FPLP submitted a conditional proposal in response to CTVglobemedia Inc.'s ("Globe and Mail") formal requests for proposals ("RFP") to provide long term printing and related services. The current Brandon *Sun* contract for printing the Globe and Mail newspapers for the Manitoba and Saskatchewan markets ends on February 1, 2010. The Globe and Mail's future printing requirements as outlined in its RFP cannot be achieved without a significant investment in upgrading our production equipment. The FPLP submission for printing is conditional on the availability of financing, and agreement on final pricing and other critical terms of a formal printing agreement. Management is also developing alternative operational models to help mitigate the loss of this printing contract if we are not able to reach a long-term agreement for future printing of the Globe and Mail.

The Manitoba economy is predicted to see minimal growth in 2009, but is expected to fare better than most other provinces. The Conference Board of Canada forecasts that Manitoba growth will be between 1 percent and 1.5 percent while parts of the rest of Canada experience negative growth. Key indicators such as employment, retail sales, and house prices remain strong. While current economic forecasts have Manitoba faring better than most other provinces, the challenging times we are currently facing make forecasting extremely difficult. Manitoba, and Winnipeg in particular, are benefitting from a number of key public projects such as construction of a new airport terminal and development of infrastructure to support Winnipeg as a transportation hub. Newsprint prices, which rose substantially in 2008, are expected to level off in 2009 but at existing price levels we would incur a 10 percent increase in our effective price. Savings from reduced page counts and operational efficiencies being planned will reduce the overall impact of this price increase.

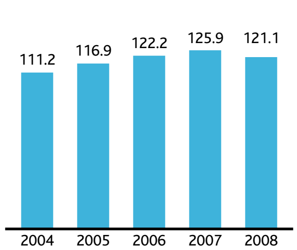
As we begin another year, we are ready for the challenges and opportunities that will present themselves and look forward to again being at the heart of the communities we serve.

Ronald N. Stern
Chairman & Trustee

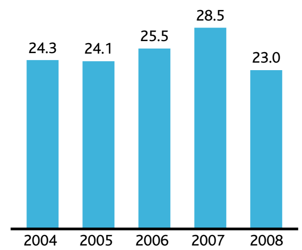
March 10, 2009

FP Canadian Newspapers Limited Partnership

REVENUES ($ millions)



EBITDA[1] ($ millions)



FP Newspapers Income Fund

	2004	2005	2006	2007	2008
Distributable cash attributable to the Fund[1]/Unit	$1.415	$1.351	$1.434	$1.608	$1.187
Distributions/Unit	$1.265	$1.290	$1.290	$1.290	$1.253

Financial and Operating Highlights in 2008

Missed 16 days of publishing at the Winnipeg Free Press and three weeks of Canstar Community News products due to a strike by unionized workers and contracted delivery agents.

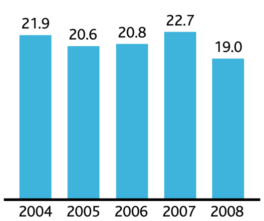
Advertising revenue declines started in fourth quarter as economic slowdown worsens.

Canstar Community News operation moved into the Winnipeg Free Press building.

Continue to invest resources and increase returns from electronic media.

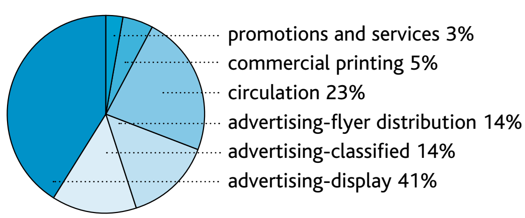
Restructuring plan developed in fourth quarter reduces workforce by approximately 4%. Continued cost reduction initiatives to be implemented in 2009.

EBITDA[1] MARGINS (%)



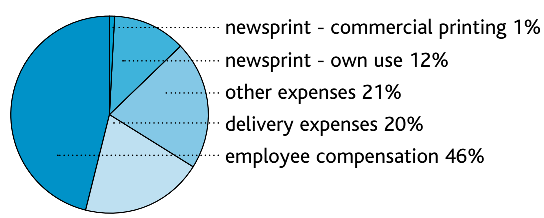
Relatively stable EBITDA[1] margins (EBITDA[1] divided by revenue) have been maintained, with the exception of 2008 which was impacted by the loss of publishing days due to the strike at the Winnipeg operations.

COMPONENTS OF REVENUE



Advertising revenue makes up 69% of revenue, with display advertising supplying the major share.

OPERATING EXPENSES, EXCLUDING AMORTIZATION



Labour contracts covering unionized employees and delivery agents at the Winnipeg Free Press and Canstar Community News Limited office are in place until June 2013 and labour contracts at the Brandon Sun are in place until December 2013.

[1] Management's discussion and analysis provides an explanation of how these financial measures are calculated and provides a reconciliation to the audited consolidated financial statements.

March 10, 2009

Management's Discussion and Analysis provides a review of significant developments that have affected the Fund's performance during 2008. Factors that could affect future operations are also discussed. These factors may be affected by known and unknown risks and uncertainties that may cause the actual future results to be materially different from those expressed in this discussion.

The following information provides analysis of the operations and financial position of FP Newspapers Income Fund and FP Canadian Newspapers Limited Partnership and should be read in conjunction with the consolidated financial statements and accompanying notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Further information relating to the Fund, including the Fund's annual information form, is available at www.sedar.com.

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(1) of FPLP. The Fund is dependent on the operations of FPLP, its sole investment.

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. On July 13, 2004, FPLP acquired five weekly newspapers in the Winnipeg area, as well as delivery businesses in Winnipeg, Brandon and Thunder Bay, Ontario and operates them under its wholly owned subsidiary Canstar Community News Limited.

FP Newspapers Income Fund

A summary of selected financial information of the Fund for the last three years is as follows:

	2008	2007	2006
	$ in thousands except per Unit amounts		
Revenue	7,208	9,939	7,964
Net earnings	6,682	7,968	7,677
Net earnings per Unit	0.968	1.154	1.112
Total assets	60,581	62,384	61,327
Total long-term liabilities	1,935	1,682	-
Distributions declared	8,646	8,904	8,904
Distributions declared per Unit	1.253	1.290	1.290

Revenue for the year ended December 31, 2008 was $7,208,000 compared to $9,939,000 in 2007. The Fund's income from its investment in FPLP of $7,193,000 consisted of $6,722,000 (2007 – $6,843,000) in interest on the 11.5% subordinated notes issued by FPLP to the Fund and $471,000 (2007 – $3,085,000) representing the Fund's equity interest from its Class A limited partner Units. The Fund incurred $273,000 (2007 – $289,000) in operating expenses for the year. The Fund recorded a future income tax expense of $253,000 (2007 – $1,682,000) with the decrease for the twelve months ending December 31, 2008 due to the initial setup of the future income tax expense and future income tax liability in the second quarter of the prior year from the substantive enactment of Bill C-52 (see "Taxation Changes"). The Fund recognized net earnings of $6,682,000 for the year ended December 31, 2008 and $7,968,000 for the prior year. The decrease in the Fund's net earnings in 2008 is primarily the result of the decreased earnings of FPLP, which is discussed in the FPLP section of this report.

Distributions declared to Unitholders for the year ended December 31, 2008 were as follows:

Record Date	Payment Date	Amount per Unit
January 31, 2008	February 28, 2008	$0.1075
February 29, 2008	March 28, 2008	$0.1075
March 31, 2008	April 29, 2008	$0.1075
April 30, 2008	May 29, 2008	$0.1075
May 30, 2008	June 27, 2008	$0.1075
June 30, 2008	July 30, 2008	$0.1075
July 31, 2008	August 28, 2008	$0.1075
August 29, 2008	September 29, 2008	$0.1075
September 30, 2008	October 30, 2008	$0.1075
November 28, 2008	December 10, 2008	$0.0950
November 28, 2008	December 30, 2008	$0.0950
December 31, 2008	January 30, 2009	$0.0950
		$ 1.253

The distribution policy of the Fund is to make distributions in approximately equal monthly amounts based on expected operating results for each fiscal period. Distribution levels are reviewed regularly by the trustees and are subject to change based on the expected future distributable cash(1) and capital needs of FPLP.

At March 10, 2009, December 31, 2008 and December 31, 2007, the Fund had 6,902,592 Units issued and outstanding.

DISTRIBUTABLE CASH ATTRIBUTABLE TO THE FUND(1)

Cash available for distribution attributable to the Fund(1) was $8,190,000 or $1.187 per Unit for the year ended December 31, 2008. The decrease in cash available for distribution attributable to the Fund(1) is primarily due to the decrease in EBITDA(2) of FPLP as detailed in the FPLP section of this report, as well as an increase in the strategic capital spending by FPLP as discussed in the FPLP section of this report. The Fund declared distributions of $1.253 per Unit during the year, resulting in a payout ratio of 105.6%.

The Fund monitors the cumulative cash available for distribution attributable to the Fund(1) as a factor in determining whether to make an adjustment to the level of monthly distributions. The Fund believes it is prudent to pay out cumulatively less than 100% of cash available for distribution attributable to the Fund(1).

From commencement of the Fund on May 28, 2002 until December 31, 2008 distributable cash attributable to the Fund(1) totals $9.133 per Unit and during that period the Fund declared distributions to Unitholders of $8.363 per Unit. Because the Fund makes an allowance for maintenance capital spending which is estimated to be sufficient to maintain the productive capacity of the business when calculating distributable cash attributable to the Fund(1), and because cumulative distributions declared are less than the cumulative distributable cash attributable to the Fund(1), the Fund believes there has been no economic "return of capital".

Historical Distributions Paid Analysis

	2008	2007	2006
	In thousands of dollars		
Cash provided by operating activities	$ 8,819	$ 9,051	$ 8,951
Net earnings	6,682	7,968	7,677
Distributions paid during the period	8,732	8,904	8,904
Excess of cash provided by operating activities over cash distributions paid	$ 87	$ 147	$ 47
Short-fall of net earnings over cash distributions paid	$(2,050)	$ (936)	$(1,227)

Cash distributions paid in all periods exceeded net earnings. The Fund does not use net earnings as a basis in determining the level of distributions to Unitholders. Distributions are determined by the Trustees in accordance with the Deed of Trust of the Fund and are primarily dependent upon the amount of interest and distributions received from FPLP. Because amortization charged as an expense in calculating net earnings of FPLP, in accordance with GAAP, has exceeded capital expenditures charged as a reduction of distributable cash of FPLP in all periods, this result is not unexpected. Cash provided by operating activities exceeded distributions in all periods.

Taxation Changes

Legislation that implements a tax on distributions made by flow-through entities such as income trusts and limited partnerships, was substantively enacted in 2007. The tax is effective January 1, 2011 for the Fund, unless accelerated by the issuance of new equity, in certain circumstances. The new tax will reduce the amount of distributable cash otherwise available to the Fund for purposes of making distributions to Unitholders. Whether distributions to Unitholders will be reduced from current levels will depend on future events, including the results of operations during the years leading up to 2011 and the distributions to Unitholders during that period, the outlook for operations and expected cash flows for the year 2011 and beyond, the level of un-distributed distributable cash(1) on hand at the time the tax becomes effective, and the distribution policy adopted by the Trustees of the Fund at that time.

The Fund will continue to review the expected impact of the tax, and consider whether changes to the distribution policy or capital structure of the Fund are desirable. Because the legislation does not have any effect on the 51% interest in FPLP held by the General Partners, the Fund and the General Partners may have conflicting interests with respect to available options to mitigate the impact of the tax on the Fund and its Unitholders. Similarly, because the tax is expected to have no net impact on Unitholders of the Fund who are taxable Canadian entities, there may be a conflict of interests among investors in the Fund. There can be no assurance that the Fund will be able to minimize the impact of the tax on the Fund or any of its Unitholders.

The Fund will evaluate alternatives as to the best legal structure for its Unitholders, including consideration of a corporate structure. However, at this time in Manitoba, where the Fund indirectly operates substantially all its business, a corporation is subject to a higher overall rate of tax than the 28.5% tax that will apply in 2011 and the 27.0% tax that will apply in 2012 and beyond under the income trust tax effective January 1, 2011.

As at December 31, 2008, the Fund has a future income tax liability of $1,935,000, based on the Fund's share of FPLP's temporary differences between the accounting and tax basis of FPLP's net assets and the Fund's investment in FPLP, which begin to reverse in 2011 when the tax becomes effective. The Fund has estimated its future income taxes based on its estimates of results of operations, tax deductions, and distributions in the future. Future income taxes will be recorded each period in the future based on the changes to temporary timing differences and related assumptions. The Fund's estimate of its future income tax liability will vary as do the Fund's assumptions pertaining to the factors described above, and such variations may be material.

Included in the future income tax liability is $223,000 related to the temporary timing differences on mastheads, which are non-amortizing intangible assets. Although the Fund has no reason to believe these temporary timing differences will reverse because the Fund has no reason to believe such balances will be written down for accounting purposes, a future tax liability has nonetheless been recorded in accordance with Canadian GAAP.

Summary of Quarterly Results

A summary of the Fund's quarterly revenue, net earnings and net earnings per Unit for the years ended December 31, 2008, 2007, and 2006 is as follows:

	2008	2007	2006
	In thousands except per Unit amounts		
Revenue			
Quarter 1 (****)	1,969	1,840	1,385
Quarter 2	2,612	2,762	2,597
Quarter 3 (*)	2,053	2,224	1,300
Quarter 4 (***)	574	3,113	2,682
Net earnings			
Quarter 1 (****)	1,855	1,756	1,319
Quarter 2 (**)	2,520	801	2,506
Quarter 3 (*)	1,977	2,174	1,234
Quarter 4 (***)	330	3,237	2,618
Net earnings per Unit			
Quarter 1 (****)	0.269	0.254	0.190
Quarter 2 (**)	0.365	0.116	0.363
Quarter 3 (*)	0.286	0.315	0.179
Quarter 4 (***)	0.048	0.469	0.380

* Decrease in 2006 primarily due to the non-cash write-down of excess press components in FPLP.

** Decrease in net earnings and net earnings per unit in 2007 due to the recognition of a future income tax expense based on the substantively enacted tax (see "Taxation Changes" under the FP Newspapers Income Fund section above).

*** Decrease in 2008 primarily due to the missed publishing days resulting from the strike at the Winnipeg operation.

**** Lower revenue and net earnings in 2006, resulted from lower equity earnings from FPLP due primarily to voluntary termination packages accepted by Winnipeg Free Press employees.

Results of Operations of FPLP

A summary of selected financial information of FPLP for the last three years is as follows:

	2008	2007	2006
	In thousands of dollars		
Revenue (**)	121,112	125,862	122,220
Net earnings (*)(**)	7,957	13,418	9,006
Total assets	150,511	153,685	154,477
Total long-term liabilities	116,267	115,686	119,701

* In 2006, net earnings are lower due to primarily lower revenues and the non-cash write-down of excess press components in FPLP.

** Decrease in 2008 primarily due to the missed publishing days resulting from the strike at the Winnipeg operation and reduced revenues in the fourth quarter resulting from the economic slowdown.

Revenue

A summary of revenue by major category is as follows:

	2008	2007	2006
	In thousands of dollars		
Advertising	$ 84,115	$ 87,055	$ 84,707
Circulation	27,674	29,106	28,314
Commercial printing	6,097	6,535	6,587
Promotions and services	3,226	3,166	2,612
	$121,112	$125,862	$122,220

Revenue for the twelve months ended December 31, 2008 was $121.1 million, a decrease of $4.8 million or 3.8% compared to the same period last year. Total revenue (excluding October for the impact of the strike) was $114.7 million, a decrease of $0.4 million or 0.4% compared to the same eleven months of 2007. Advertising revenues for the eleven months excluding October was $79.3 million, a decrease of $0.3 million or 0.4% compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, for the eleven months excluding October was $47.3 million, a decrease of $0.2 million or 0.5%. This eleven month decrease was the result of a sharp decline in the advertising category in the months of November and December of 2008 compared to the same months last year. The November and December decline in this category was $0.7 million and was the result of the significant slowdown in the overall economy and specifically reductions in the local and national automotive categories, with lower spending in the retail department store and telecommunications categories largely offset by increases in Manitoba Crown Corporation spending and the travel categories. Classified advertising revenues for the eleven months excluding October decreased by $0.1 million or 0.3%, primarily due to a decline in the employment category partially offset by increases in the obituary and real estate categories. Flyer distribution revenues for the eleven months excluding October decreased by $0.1 million or 0.4%, primarily due to decreased volumes due to the lower spending by national flyer customers partially offset by increased rates. Circulation revenues for the eleven months excluding October increased by $0.1 million or 0.5%, due to increased revenue from home delivery rate increases in the fourth quarter of 2007 offset by targeted discounting to increase single-copy unit sales as well as higher than historical levels of home delivery subscription non-renewals and cancellations. Year-over-year circulation revenue for the first nine months of 2008 showed an increase of 0.7%. The Winnipeg Free Press generates approximately 91% of FPLP's total circulation revenue. During the latter portion of the third and continuing into the fourth quarter of the year the Winnipeg Free Press started to experience higher than historical levels of home delivery subscription non-renewals and cancellations. Overall for the combined third and fourth quarters of 2008, the paper experienced a year-over-year decline of approximately 4.2% in home delivery customers which compares to a decline of 0.8% for the same two quarters in 2007 versus 2006. A number of factors contributed to this decline including lower than normal subscription starts in the third quarter this year, production problems causing delivery delays and sixteen missed publishing days due to the October strike. Commercial printing revenues for the eleven months excluding October decreased by $0.5 million or 7.8%, primarily due to lower charges for newsprint cost recovery and the cancellation of the National Post Winnipeg printing contract. Promotions and Services revenues for the eleven months excluding October increased by $0.3 million or 9.3%, due to increased internet revenues partially offset by lower revenue from the Hermetic Code book which was published in the prior year.

Operating Expenses Excluding Amortization

Operating expenses excluding amortization by major category is as follows:

	2008	2007	2006
	In thousands of dollars		
Employee compensation, excluding restructuring charge	$44,624	$45,356	$43,763
Newsprint – own use	12,114	12,814	14,020
Newsprint – commercial printing	1,435	1,947	2,392
Delivery of newspapers	19,120	19,052	18,732
Other	20,421	18,176	17,846
	97,714	97,345	96,753
Restructuring charge	417	-	-
	$98,131	$97,345	$96,753

Operating expenses excluding amortization in the twelve months ended December 31, 2008 were $98.1 million, an increase of $0.8 million or 0.8% compared to the same period last year. Employee compensation costs excluding the restructuring charge for the eleven months excluding the effects of the October lost publishing days due to the strike increased $0.5 million or 1.1%, compared to the same period last year, primarily due to annual contracted rate increases offset by lower management bonus plan and long-term incentive plan costs. A restructuring charge of $0.4 million was incurred for the eleven months excluding October for voluntary and involuntary employee reductions at the Winnipeg Free Press. Newsprint expense for FPLP's own publications for the eleven months excluding October decreased by $0.3 million or 2.5%, primarily due to lower newsprint consumption primarily from fewer pages printed in November and December due to lower advertising volumes as well as lower newsprint prices during the first two quarters of 2008 partially offset by higher newsprint prices during the last two quarters of 2008. Newsprint expense for FPLP's commercial printing for the eleven months excluding October decreased by $0.5 million or 26.1%, primarily due to lower newsprint consumption resulting from the loss of the National Post printing contract and other printing work as well as lower newsprint prices during the first two quarters of 2008 partially offset by higher

newsprint prices during the last two quarters of 2008. Delivery costs for the eleven months excluding October increased $0.5 million or 2.6%, compared to the same period last year, primarily due to increased carrier costs due to contracted rate increases. Other expenses for the eleven months excluding October increased by $0.7 million or 4.0% primarily due to extra costs from adding new advertising supplements compared to the same eleven month period last year as well as costs associated with expensing the remaining months of the Canstar facility lease resulting from the movement of office employees to the existing Winnipeg Free Press building.

EBITDA(2) for the twelve months ended December 31, 2008 was $23.0 million, compared to $28.5 million for the same period last year. EBITDA(2) for the eleven months, excluding October and the restructuring charge, was $23.8 million compared to $25.9 million for the same period last year. EBITDA(2) margin excluding the restructuring charge for the eleven months excluding October was 21.5% compared to 22.5% in the same period last year.

Interest expense on the notes payable, the subordinated notes and capital lease obligations was virtually unchanged at $10.5 million in 2008 compared to $10.6 million last year.

Amortization of property, plant and equipment for the twelve months ended December 31, 2008 was $4.3 million compared to $4.2 million last year.

Interest income is higher in the twelve months ended December 31, 2008 compared to last year due to higher cash balances for most of 2008.

FPLP's net earnings were $8.0 million for the twelve months ended December 31, 2008 compared to $13.4 million last year.

Summary of Quarterly Results

Newspaper publishing is, to a certain extent, a seasonal business with a higher proportion of revenues and net earnings occurring during the second and fourth quarters of the calendar year. Revenue, EBITDA(2) and net earnings of FPLP by quarter for 2008, 2007, and 2006 was as follows:

	2008	**2007**	**2006**
Revenue	**In thousands of dollars**		
Quarter 1	$ 29,998	$ 29,829	$ 28,582
Quarter 2	32,409	32,224	31,261
Quarter 3	30,975	30,507	29,804
Quarter 4 (**)	27,730	33,302	32,573
	$121,112	$125,862	$122,220
EBITDA(2)			
Quarter 1 (***)	$ 6,025	$ 5,740	$ 4,746
Quarter 2	7,468	7,611	7,196
Quarter 3	6,212	6,571	5,853
Quarter 4 (**)	3,276	8,595	7,672
	$ 22,981	$ 28,517	$ 25,467
Net Earnings (Loss)			
Quarter 1 (***)	$ 2,338	$ 2,062	$ 1,038
Quarter 2	3,653	3,925	3,492
Quarter 3 (*)	2,492	2,809	827
Quarter 4 (**)	(526)	4,622	3,649
	$ 7,957	$ 13,418	$ 9,006

* Decrease in the third quarter of 2006 was due to the write-down in value of excess press components held for sale which resulted in a $1.3 million non-cash charge against net earnings.

** Decrease in 2008 primarily due to the missed publishing days resulting from the strike at the Winnipeg operation and lower advertising revenues from the economic slowdown.

*** Decrease in 2006 primarily due to voluntary termination costs at the Winnipeg Free Press.

The distribution policy of FPLP is to make distributions in approximately equal monthly amounts based on expected operating results for each fiscal year. Distribution levels are reviewed regularly by management and the Board of Directors of the managing general partner and are subject to change based on a number of factors including the overall operating results and capital requirements of the business.

Financial Condition of FPLP

WORKING CAPITAL POSITION

Total working capital at December 31, 2008 was $8.8 million, down from $9.4 million at December 31, 2007. The decrease in working capital is primarily caused by the strike at the Winnipeg Free Press operation partially offset by lower distributions paid.

FUTURE INCOME TAXES

The decrease of $0.2 million in future income tax assets is due to the utilization during 2008 of non-capital losses within subsidiaries of FPLP. The remaining losses are carried forward and can be applied as a credit against future taxable income.

LIQUIDITY AND CAPITAL RESOURCES OF FPLP

Cash and cash equivalents at December 31, 2008 was $7.8 million compared to $9.9 million at December 31, 2007. Cash and cash equivalents may be used to pay future distributions, to reduce debt, to fund future capital expenditures, or for other general purposes. Operating activities provided $11.9 million during the year, while $2.0 million was used for investing activities and $12.0 million was used for financing activities. Cash flow from operations, together with cash balances on hand, are expected to be sufficient to fund FPLP's operating requirements, capital expenditures and anticipated distributions, assuming that advertising revenues do not materially deteriorate beyond management's current expectations.

CASH FLOW FROM OPERATING ACTIVITIES

During the twelve months ended December 31, 2008, cash generated from operating activities was $11.9 million, compared to $20.6 million last year. The net change in non-cash working capital in the twelve months ended December 31, 2008 was a decrease of $1.4 million compared to an increase of $2.0 million last year. The net change in non-cash working capital for the year is primarily the result of the timing of receipts from customers as well as the work stoppage at the Winnipeg Free Press operation.

INVESTING ACTIVITIES

Capital purchases totalled $1.6 million for the twelve months ended December 31, 2008, compared to $2.0 million last year. Maintenance capital spending, representing the replacement of capital in order to sustain current business operations, for the twelve months ending December 31, 2008 was $0.9 million compared to $2.0 million last year. Maintenance capital spending during the year consisted primarily of upgrades to the FPLP accounting computer system, upgrades to the web content management and editorial production systems at the Winnipeg Free Press, along with the replacement of fleet vehicles and other technology related items.

Strategic capital spending is defined as investments not necessary for the current on-going operation of the business, but are justified based on a return on the investment which meets internal return on investment criteria. Strategic capital purchases for the twelve months ending December 31, 2008 were $0.7 million. The strategic capital spending consisted primarily of the renovations to the Winnipeg Free Press building to accommodate the Canstar Community News employees, and software which automates the planning and management of circulation routes which allow for selective delivery of products to home delivered customers.

During the year, FPLP funded $0.5 million to the Trust fund, administered by a third party, to act as trustee for the FPLP's Long-Term Incentive Plan Fund for exceeding certain 2006 and 2007 defined distributable cash threshold amounts.

FINANCING ACTIVITIES

Distributions to partners of FPLP for the twelve months ended December 31, 2008 totalled $11.8 million, of which $2.4 million was paid to the Fund as holder of Class A limited partner Units. This is compared to $12.1 million last year, of which $2.4 million was paid to the Fund as holder of Class A limited partner Units. The distributions to partners have been determined in accordance with the Amended and Restated Agreement of Limited Partnership dated May 3, 2005.

HISTORICAL DISTRIBUTIONS PAID ANALYSIS

	2008	2007	2006
	In thousands of dollars		
Cash provided by operating activities	$11,933	$20,641	$15,387
Net earnings	7,957	13,418	9,006
Distributions paid during the period	11,820	12,143	11,527
Excess of cash provided by operating activities over cash distributions paid	$ 113	$ 8,498	$ 3,860
(Short-fall) excess of net earnings over cash distributions paid	$ (3,863)	$ 1,275	$ (2,521)

Cash distributions paid in the twelve months ended December 31, 2008 and 2006 exceeded net earnings. FPLP does not use net earnings as a basis in determining the level of distributions to Unitholders. Distributions are determined in accordance with the agreement of limited partnership. Because amortization charged as an expense in calculating net income in accordance with GAAP, exceeds capital expenditures charged as a reduction of distributable cash in all periods, this result is not unexpected. Cash provided by operating activities exceeded distributions in all periods.

CONTRACTUAL OBLIGATIONS

A summary of FPLP's contractual obligations by period is as follows:

		Payments Due by Period			
	Total	Less than 1 year	1-3 Years	4-5 Years	After 5 Years
	In thousands of dollars				
Long-term debt	$ 60,000	$ -	$ 60,000	$ -	$ -
Operating leases	347	127	214	6	-
Subordinated notes(*)	58,454	-	58,454	-	-
Other contractual commitments	1,520	466	791	263	-
Total contractual obligations	$120,321	$593	$119,459	$ 269	$ -

* The subordinated notes are owned by the Fund.

RESERVE RELATED TO DISTRIBUTABLE CASH ATTRIBUTABLE TO THE FUND[1]

Under the terms of the Amended and Restated Agreement of Limited Partnership dated May 3, 2005, 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.

During the year ended December 31, 2003, the Managing General Partner determined that it was desirable to establish a reserve for future maintenance capital. A summary of the reserve for maintenance capital for the years ending December 31, 2008 and 2007 is as follows:

	2008	2007
	In thousands of dollars	
Reserve – beginning of year	$ 348	$ 370
Increase in reserve	1,132	181
Decrease in reserve	-	(203)
Reserve – end of year	$1,480	$ 348

Increases in the reserve are shown as a deduction in determining distributable cash[1] of FPLP. Decreases in the reserve are shown as an increase in the determination of distributable cash[1].

The use of a reserve for maintenance capital in calculating distributable cash attributable to the Fund[1] is intended to provide an allowance for estimated annual capital expenditures required to maintain the productive capacity of the business. The level of the annual allowance for maintenance capital is reviewed periodically based on historical spending levels and future plans, and adjusted based on reasonable and supportable assumptions. Actual future capital expenditures necessary to maintain the current productive capacity of the business may vary, perhaps materially, from the allowance used in determining distributable cash[1], due to technological change, unexpected equipment failure, changes in customer service expectations and other reasons.

This reserve is a non-GAAP measure established and utilized at the discretion of the board of directors of managing general partner of FPLP, and has no impact on the GAAP financial statements.

PRODUCTIVE CAPACITY MAINTENANCE STRATEGY

The key sources of revenue of FPLP are dependent upon our ability to sell and publish display and classified advertising linage, both in our newspapers and on our websites, our ability to distribute advertising flyers, and our ability to produce and distribute newspapers. The key capital assets used in these activities are premises, computer hardware and software, printing presses and distribution related machinery. The available capital assets are used by our staff to deliver the products and services which results in revenue to FPLP.

It is the complex interaction of asset utilization, staffing levels and contracted services which ultimately determine our productive capacity on any given day, but there is no single measure which would accurately portray the productive capacity of the business. Generally speaking, we manage the business to ensure there is excess capacity available that would allow us to comfortably increase the volume of lineage, circulation and flyer distribution to take advantage of market opportunities.

Therefore, the strategy of FPLP is to maintain a reasonable level of excess productive capacity to at least ensure we are able to produce and distribute products and services at the current peak volumes. This is accomplished by conducting capital and non-capital preventive maintenance programs for machinery and equipment, performing repairs when necessary, evaluating new technologies as they become available, and investing in new technologies when appropriate.

DEBT MANAGEMENT STRATEGY

While it has historically been FPLP's intent to refinance the $60 million core long-term debt, on a non-amortizing basis, prior to the June 5, 2010 maturity date, significant recent changes in the commercial lending market could materially impact the refinancing terms. The capital assets with the most significant estimated replacement costs are buildings and printing presses, which have very long expected remaining useful lives. The ability to refinance the core debt at maturity will be dependent upon many factors, including the future EBITDA(2) of FPLP and the general conditions in the commercial lending market in the future.

DEBT COVENANTS

Under the terms of the $60 million Series A Senior Secured Notes, FPLP is subject to various positive and negative covenants which must be maintained in order to avoid an accelerated termination of the agreements. These covenants include certain restrictions on the incurrence of additional debt, requirements to maintain insurance, certain restrictions on the sale of assets, and other requirements and restrictions common to lending agreements of this nature. FPLP is restricted from making distributions which cumulatively exceed by more than $1.4 million the total of distributable cash of FPLP(1) since May 28, 2002. FPLP is required to maintain a ratio of net debt to EBITDA(2) of no greater than 3.5 to 1.0, and a ratio of EBITDA(2) to net external interest expense of no less than 3.0 to 1.0, measured quarterly on a trailing twelve month basis. Financial amounts used in the calculations are specifically defined in the debt agreements, but are substantially equal to the corresponding terms used in the external financial reports filed by FPLP and the Fund, where applicable, except that the maximum cash balance allowable for the calculation of net debt under the debt agreements is $5.0 million. At December 31, 2008 FPLP was in compliance with all the terms and conditions of its debt agreements. The financial ratios calculated in accordance with the debt agreements for the five most recent twelve-month quarterly measurement periods are as follows:

	Net Debt/ EBITDA(2)	**EBITDA(2)/ Net Interest**
December 31, 2008	2.39	8.02
September 30, 2008	1.93	9.91
June 30, 2008	1.91	10.01
March 31, 2008	1.90	9.89
December 31, 2007	1.92	9.59

Financial Instruments and Off-Balance Sheet Arrangements

At December 31, 2008 there are no derivative contracts in place or off-balance sheet arrangements entered into for either the Fund or FPLP.

Related Party Transactions

FPLP purchases a portion of its newsprint requirements from Alberta Newsprint Company ("ANC"), a joint venture equally owned by a limited partnership controlled by Ronald N. Stern, (Chairman of the Board and Director of FPLP), and West Fraser Mills Ltd. ANC is a supplier of newsprint to a number of other newspaper publishing operations in both Canada and the United States. ANC is one of three suppliers of newsprint to FPLP. Total newsprint purchases from ANC based on actual invoice prices in 2008 was $9.8 million (2007 – $5.8 million). While there is no formal contractual obligation in place with respect to future newsprint purchases, selection of suppliers will continue to be made by management based on criteria approved by the Audit Committee of FPLP. The Audit Committee reviews newsprint purchasing details with management on a quarterly basis.

Disclosure Controls and Procedures

Management of FPLP and the Fund, including the Chief Executive Officer and Vice President, Finance and Administration, have evaluated the design and effectiveness of FPLP's and the Fund's disclosure controls and procedures as of December 31, 2008, and has concluded that FPLP's and the Fund's disclosure and controls

and procedures were reasonably adequate and effective to ensure that material information relating to FPLP and the Fund is recorded, processed, summarized and reported within the time periods specified, and communicated to management, including the Chief Executive Officer and Vice President, Finance and Administration, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

Management of FPLP and the Fund, including the Chief Executive Officer and Vice President, Finance and Administration, are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP. Management assessed the effectiveness of FPLP's and the Fund's internal control over financial reporting as of December 31, 2008, and based on that assessment concluded that FPLP's and the Fund's internal controls over financial reporting were effective. No changes were made in FPLP's and the Fund's internal controls over financial reporting during the year ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, FPLP's and the Fund's internal control over financial reporting.

Critical Accounting Estimates

FPLP has estimated the fair value and useful life of finite life intangible assets and the fair value of indefinite life intangible assets and goodwill, based on historical customer patterns, industry trends and existing competitive factors. Significant unfavourable changes to these factors could result in a material impairment of the fair value and/or life of these assets.

In performing the annual impairment testing of goodwill and intangibles, a number of assumptions and estimates are made in applying a fair value test. The fair value definition used is the amount at which an asset could be bought or sold in a current transaction between knowledgeable, willing parties. Valuation techniques used include either a market approach or a discounted cash flow ("DCF") approach. The market approach is used where comparable public market data is available. The projections used in the DCF approach represent management's best estimates of expected operating results and use a range of discount rates taking into consideration factors such as the size of the operations and the risk profile.

Had different assumptions or valuation techniques been used in performing the impairment testing, the carrying value of finite life and indefinite life intangibles and goodwill may have been different. FPLP considers the assumptions and techniques used to be reasonable.

New Accounting Developments

ACCOUNTING POLICY CHANGE

Effective January 1, 2008, the Fund and FPLP prospectively adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535 Capital Disclosures, Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation. The adoption of the Capital Disclosures standard resulted in additional disclosure requirements in presenting management's policies and processes, both qualitatively and quantitatively, in defining and managing its capital, as further discussed in note 8 of the Fund's financial statements and note 14 of FPLP's consolidated financial statements. The adoption of the Financial Instruments – Disclosures and Financial Instruments – Presentation sections enhance the existing disclosures for financial instruments. In particular, Section 3862 focuses on the identification of risk exposures and FPLP's approach to management of these risks, as further discussed in note 16 of FPLP's consolidated financial statements.

Effective January 1, 2008, the Fund and FPLP prospectively adopted the amended CICA Handbook Section 1400 General Standards of Financial Statement Presentation. This section requires that management assess an entity's ability to continue as a going concern and to disclose material uncertainties related to going concern. The adoption of this section did not impact the Fund's or FPLP's consolidated financial statements.

There was no financial impact to the financial statements as a result of adopting these new standards.

RECENT ACCOUNTING PRONOUNCEMENTS

CICA 3064 Goodwill and Intangible Assets: This new section is required to be implemented for fiscal years beginning on or after October 1, 2008. CICA 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. In addition, CICA 3064 further discusses when intangibles can be recognized. The Fund and FPLP do not expect this section to have an impact on the financial statements.

International Financial Reporting Standards: In 2006, the Accounting Standards Board ("AcSB") published a strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of GAAP with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, AcSB announced that IFRS will be used for, interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. FPLP and the Fund will require the restatement for comparative purposes of amounts reported in our financial statements for the year ended December 31, 2010.

FPLP is continuing to assess the adoption of IFRS for fiscal 2011, however the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Fund is continuing to assess the adoption of IFRS for fiscal 2011 and has identified the classification of Fund units and the impact of adoption of IFRS on FPLP and the Funds resultant equity pick up as the significant issues upon conversion.

Business Risks and Uncertainties

REVENUE

Advertising revenue, which accounts for approximately 69% of total revenue, is historically dependent upon general economic conditions and the specific spending plans of high volume advertisers. A significant downturn in the national or regional economy, like the one which is currently being experienced, will 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. Collective agreements are now in place with unionized employees at the Winnipeg Free Press and Canstar Community News Limited office employees which expire on June 30, 2013. Collective agreements covering unionized employees at the Brandon Sun expire December 31, 2013.

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 $12.8 million for the eleven months excluding October, compared to $13.6 million for the same period last year. 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.

TAXATION CHANGES

Legislation that implements a tax on distributions made by flow-through entities such as income trusts and limited partnerships, was substantively enacted in 2007. The tax is effective January 1, 2011 for the Fund, unless accelerated by the issuance of new equity, in certain circumstances. The new tax will reduce the amount of distributable cash otherwise available to the Fund for purposes of making distributions to Unitholders. Whether distributions to Unitholders will be reduced from current levels will depend on future events, including the results of operations during the years leading up to 2011 and the distributions to Unitholders during that period, the outlook for operations and expected cash flows for the year 2011 and beyond, the level of un-distributed distributable cash[1] on hand at the time the tax becomes effective, and the distribution policy adopted by the Trustees of the Fund at that time. Further changes to tax legislation could negatively affect the Fund and FPLP.

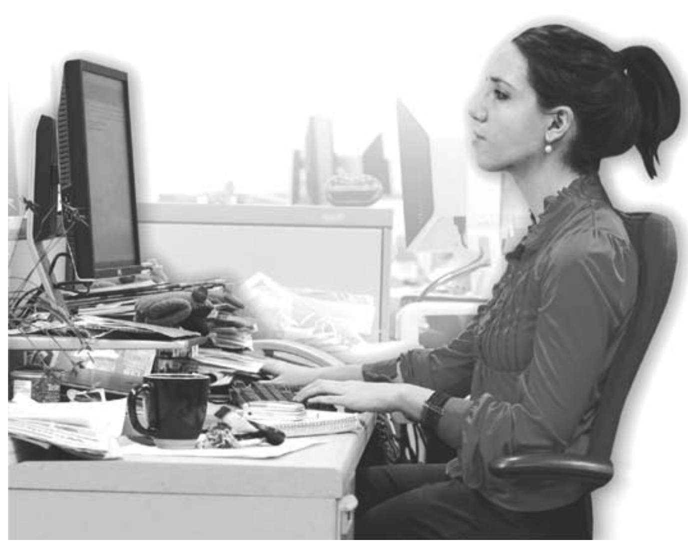
DECLINE IN OVERALL USAGE OF NEWSPAPERS AND FLYER DELIVERY

The Fund and FPLP could be materially adversely affected if the usage of newspapers or flyer distribution declines significantly. For example, increased usage of the internet by consumers to find news or flyers could result in a decline in their use of newspapers and flyer distribution. Such declines could impair FPLP's ability to maintain or increase FPLP's advertising prices, cause businesses that purchase advertising in FPLP's newspapers and flyer distribution to reduce or discontinue their purchases, and discourage businesses that do not already purchase advertising in FPLP's newspapers and flyer distribution from doing so.

Any of the factors that may contribute to a decline in usage of FPLP's newspapers and flyer distribution could impair FPLP's revenues and have a material adverse effect on our business.

AVAILABILITY OF CAPITAL

We will need to refinance our available credit facilities or other debt obligations in the future as our current $60 million loan facility matures in June 2010. In addition, future capital expenditures and potential acquisitions may require additional financing. The global financial markets crisis and the global economic slowdown, which may extend for an undetermined period of time and could continue to deteriorate, may further constrain our ability to meet our future financing requirements, increase our weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher cost of capital. Disruptions and high volatility in the capital markets could reduce the amount of capital available and/or increase the cost of such capital. We currently have a sound financial position (with a net



debt / EBITDA(2) ratio of 2.39 times as at December 31, 2008 and EBITDA(2)/ net interest ratio of 8.02 times) and liquidity is provided by cash generated from our operations. Despite such factors, no assurances can be given as to the future availability of capital. If we are unable to obtain such additional financing, when and if required, or to refinance our credit facilities or other debt obligations, or we are only able to obtain such additional financing or refinance these credit facilities or other debt obligations on less favourable and/or more restrictive terms, this could have a material adverse effect on our financial position and on our future growth, and may negatively impact our ability to pay cash distributions.

Additional risk factors are described in the Annual Information Form dated March 10, 2009 which is available at www.sedar.com.

Outlook

REVENUE

Advertising revenues, in the months of November and December 2008, decreased by 6.9% compared to the same two months last year, which is a reversal from the first nine months of 2008, where we reported year-over-year advertising revenue growth of 1.2%. The relatively recent dramatic economic slowdown is negatively impacting revenue for most media-related businesses. Early into 2009, we are continuing to experience year-over-year advertising revenue declines at levels even greater than the November and December levels. Given the significant uncertainty facing most businesses during this period of economic contraction, we are not able to provide guidance with respect to a 2009 full year advertising revenue forecast. Similar to the fourth quarter revenue declines in the advertising category, in November and December 2008 circulation revenue was 0.6% lower compared to the same months last year. Year-over-year circulation revenue for the first nine months of 2008 showed an increase of 0.7%. The Winnipeg Free Press generates approximately 91% of FPLP's total circulation revenue. During the latter portion of the third and continuing into the fourth quarter of the year, the Winnipeg Free Press started to experience higher than historical levels of home delivery subscription non-renewals and cancellations. Overall for the combined third and fourth quarters of 2008, the paper experienced a year-over-year decline of approximately 4.2% in home delivery customers, which compares to a decline of 0.8% for the same two quarters in 2007 versus 2006. We believe the steeper decline experienced in 2008 is the result of a number of factors including some lower than normal subscription starts in the third quarter, production disruptions, and sixteen missed publishing days due to the October strike. Management is making a conserted effort to re-gain home delivery customers. Circulation rate increases which are normally done annually during the fourth quarter have not been implemented yet, but one is planned for the first quarter of 2009. Commercial printing revenue in the fourth quarter was affected by the cancellation of the National Post printing contract, and 2009 commercial printing revenues will be lower due to the full year impact of this lost contract.

OPERATING EXPENSES EXCLUDING AMORTIZATION

Employee compensation is our single biggest expense category and in 2008 was 46% of total overall operating costs before amortization and restructuring charges. The new collective bargaining agreements will result in a 2% compensation rate increase in 2009. The restructuring efforts during the fourth quarter of 2008 will result in a restructuring charge of $0.4 million and a net reduction of 26 full time equivalent positions from not filling 6 positions which were vacant for part of the 2008 year and voluntary and involuntary layoffs of 20 positions. Further cost reduction plans are being implemented in the first quarter of 2009, resulting in voluntary and involuntary employee reduction with a one-time severance cost of approximately $0.6 million. Annual savings in 2009 from both employee reduction plans are estimated to be $2.3 million. In 2009, management and staff across all our business units will continue to aggressively review processes and operating costs to improve efficiencies and help offset the impact of expected lower revenue levels. Newsprint price increases were effective in the first quarter of 2009 and if these levels are in place for the remainder of the year, our average price for 2009 would be approximately 10% higher than the 2008 full year average price. These price increases will be partially offset by reduced consumption resulting from lower page counts from a decrease in advertising space and a tightening in the editorial content, in addition to lower usage if fewer circulation copies are printed. Delivery costs will include a component of the negotiated rate increase included in the city carrier delivery rate but a reduction in home delivery subscriptions would reduce this increase to some extent.

OTHER EXPENSES

Amortization of property, plant & equipment, intangibles and interest expense on the notes payable and subordinated notes are expected to be similar to the 2008 levels.

CAPITAL INITIATIVES

Similar to management's efforts to find expense reductions to help offset the cash flow impact of lower revenue levels, capital spending will be managed very prudently. While our initial 2009 maintenance capital spending budget is $1.7 million, this overall level will be reduced if we are able to defer non-critical spending into future periods. Strategic capital investments, being ones which are not necessary for the current on-going operation of the business but are justified based on a return on the investment, will be made if projects are identified which meet internal return on investment criteria.

Footnotes:

(1) 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 are cautioned that our 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 for the 2008 and 2007 years as follows:

	2008	2007
	In thousands except per-Unit amounts	
EBITDA(2)	$22,981	$28,517
Interest income	296	224
Interest expense on Notes payable and capital leases, excluding amortization of related deferred financing costs	(3,160)	(3,197)
Principal repayment of capital leases	(197)	(318)
Maintenance capital expenditures	(868)	(2,022)
(Increase) decrease in reserve for future maintenance capital expenditures	(1,132)	22
Strategic capital expenditures	(681)	-
Proceeds from sale of property, plant and equipment	31	33
Current income and capital tax expense	(30)	(38)
Distributable cash of FPLP	$17,240	$23,221
Distributable cash attributable to the Fund:		
49% of FPLP distributable cash	$ 8,448	$11,378
Administration expenses	(273)	(289)
Interest income	15	11
Distributable cash attributable to the Fund	$ 8,190	$11,100
Distributable cash attributable to the Fund – per Unit	$ 1.187	$ 1.608
Distributions declared by the Fund – per Unit	$ 1.253	$ 1.290
Payout Ratio for the year	105.6%	80.2%

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

	2008	2007
	In thousands of dollars	
Cash flow from operating activities of FPLP	$11,933	$20,641
Add / (subtract)		
Interest on subordinated notes(*)	6,722	6,843
Net change in non-cash working capital items(**)	1,432	(1,978)
Maintenance capital expenditures	(868)	(2,022)
(Increase) decrease in reserve for future maintenance capital(***)	(1,132)	22
Strategic capital expenditures	(681)	-
Principal repayment of capital leases	(197)	(318)
Proceeds from sale of property, plant and equipment(****)	31	33
Distributable cash of FPLP	$17,240	$23,221

This reconciliation is provided by the Fund in order to comply with the guidance of the Canadian Securities Administrators National Policy 41-201. The Fund does not use this information for any purpose other than compliance.

* 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.

*** Increase in the reserve for future capital is shown as a deduction in determining distributable cash. A decrease in the reserve is 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.

(2) EBITDA

EBITDA is not a recognized measure under Canadian 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 are 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 for the 2008 and 2007 years as follows:

	2008	**2007**
	In thousands of dollars	
Net earnings for the year	$ 7,957	$13,418
Add (subtract):		
Amortization of property, plant and equipment	4,341	4,173
Amortization of intangible assets	360	362
Interest expense	10,463	10,571
Interest income	(296)	(224)
Gain on sale of property, plant and equipment	(6)	(18)
Current income tax expense	30	38
Future income tax recovery	132	197
EBITDA	$22,981	$28,517

FPLP FINANCIAL STATEMENTS

FP Canadian Newspapers Limited Partnership
Consolidated Financial Statements

"THE PINK PAPER"
The Free Press broke ground last year with North America's first paid-circulation pink newspaper to raise funds for breast cancer research. It raised $20,000 for the cause, sold thousands of extra newspapers and raised $30,000 in extra advertising. (Far right) Pink Paper cancer survivor Marijana Dumbovic.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of FP Newspapers Income Fund (the "Fund"), the consolidated financial statements of FP Canadian Newspapers Limited Partnership ("FPLP"), and all the information in this annual report are the responsibility of the management of FPCN General Partner Inc., the Managing General Partner of FPLP and the Administrator of the Fund. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and where appropriate include management's best estimates and judgments. Management has reviewed the financial information presented throughout this report and has ensured it is consistent with the financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable.

The Trustees of the Fund and the Directors of FPCN General Partner Inc. are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements. The Trustees and the Directors carry out this responsibility principally through the Audit Committee.

The Board of Directors of FPCN General Partner Inc. appoints the Audit Committee, and the majority of its members are independent directors. The Audit Committee meets periodically with management and the external auditors to review internal controls, audit results and accounting principles. Acting on the recommendation of the Audit Committee, the financial statements and Management's Discussion and Analysis are forwarded to the Trustees and the Directors for their approval.

Ernst & Young LLP, an independent firm of Chartered Accountants, was appointed by the Unitholders at the annual meeting to complete the audits of the financial statements and to provide independent professional opinions.

Ernst & Young LLP has full and free access to the Audit Committee.

Ronald N. Stern

RONALD N. STERN
Chairman

Winnipeg, Canada,
March 10, 2009.

DANIEL KOSHOWSKI
Vice President, Finance and Administration

AUDITORS' REPORT

To the Partners of
FP Canadian Newspapers Limited Partnership

We have audited the consolidated balance sheets of **FP Canadian Newspapers Limited Partnership** as at December 31, 2008 and 2007 and the consolidated statements of earnings and cumulative earnings, comprehensive income, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Chartered Accountants

Winnipeg, Canada,
February 27, 2009.

AS AT DECEMBER 31, 2008 and 2007
(in thousands of dollars)

ASSETS (note 7)	**2008**	**2007**
	$	**$**
CURRENT ASSETS		
Cash and cash equivalents	7,835	9,920
Accounts receivable (note 16)	12,880	11,740
Inventories	1,699	1,123
Prepaid expenses	1,119	823
Future income taxes (note 5)	50	182
	23,583	23,788
PROPERTY, PLANT AND EQUIPMENT (note 3)	47,817	50,634
INVESTMENT (note 4)	208	-
INTANGIBLE ASSETS (note 6)	7,743	8,103
GOODWILL	71,160	71,160
	150,511	153,685

LIABILITIES AND UNITHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 10 and 13)	11,604	11,017
Income taxes payable	10	21
Prepaid subscriptions and deferred revenue	3,171	3,167
Current obligations under capital leases	-	197
	14,785	14,402
LONG-TERM LIABILITIES		
Subordinated notes (note 7)	56,498	56,069
Notes payable (note 7)	59,769	59,617
	116,267	115,686
	131,052	130,088
UNITHOLDERS' EQUITY		
Partner Units (note 8)	41,293	41,293
Cumulative earnings	61,074	53,117
Cumulative distributions	(82,633)	(70,813)
Accumulated other comprehensive loss (note 4)	(275)	-
	19,459	23,597
	150,511	153,685

Commitments and contingencies (notes 9 and 17)
(See accompanying notes)

APPROVED BY THE BOARD OF DIRECTORS OF THE MANAGING GENERAL PARTNER

Ronald N. Stern,
Director

Ronald N Stern

Harvey Secter,
Director

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(in thousands of dollars)

	2008 $	2007 $
Revenue	121,112	125,862
Operating expenses, excluding amortization and restructuring charge	(97,714)	(97,345)
Restructuring charge (note 19)	(417)	-
	22,981	28,517
Amortization of property, plant and equipment	(4,341)	(4,173)
Amortization of intangible assets	(360)	(362)
Earnings before the under-noted	18,280	23,982
Interest (note 18)	(10,463)	(10,571)
Interest income	296	224
Gain on sale of property, plant and equipment	6	18
Net earnings before income taxes	8,119	13,653
Income tax expense (note 5):		
Current	(30)	(38)
Future	(132)	(197)
NET EARNINGS FOR THE YEAR	7,957	13,418
CUMULATIVE EARNINGS – BEGINNING OF YEAR	53,117	39,128
Transitional amount (note 2)	-	571
ADJUSTED CUMULATIVE EARNINGS – BEGINNING OF YEAR	53,117	39,699
CUMULATIVE EARNINGS – END OF YEAR	61,074	53,117

(See accompanying notes)

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(in thousands of dollars)

	2008 $	2007 $
NET EARNINGS FOR THE YEAR	7,957	13,418
Other comprehensive loss		
Unrealized loss on investment (note 4)	(275)	-
COMPREHENSIVE INCOME – END OF YEAR	7,682	13,418

(See accompanying notes)

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(in thousands of dollars)

	GENERAL PARTNER UNITS $	LIMITED PARTNER CLASS A UNITS $	TOTAL $
UNITHOLDERS' EQUITY – JANUARY 1, 2007	13,856	7,416	21,272
Net earnings	10,718	2,700	13,418
Distributions	(9,700)	(2,443)	(12,143)
Contributions	-	1,050	1,050
UNITHOLDERS' EQUITY – DECEMBER 31, 2007	14,874	8,723	23,597
Net earnings	6,370	1,587	7,957
Distributions	(9,462)	(2,358)	(11,820)
Other comprehensive loss	(220)	(55)	(275)
UNITHOLDERS' EQUITY – DECEMBER 31, 2008	11,562	7,897	19,459

(See accompanying notes)

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(in thousands of dollars)

	2008 $	2007 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	7,957	13,418
Items not affecting cash:		
Amortization of property, plant and equipment and intangible assets	4,701	4,535
Amortization of deferred financing costs	581	531
Future income tax expense	132	197
Gain on sale of property, plant and equipment	(6)	(18)
	13,365	18,663
Net change in non-cash working capital items (note 12)	(1,432)	1,978
	11,933	20,641
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(1,549)	(2,022)
Proceeds from sale of property, plant and equipment	31	33
Purchase of investment	(483)	-
	(2,001)	(1,989)
FINANCING ACTIVITIES		
Distributions to partners	(11,820)	(12,143)
Principal repayment of capital leases	(197)	(318)
	(12,017)	(12,461)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,085)	6,191
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	9,920	3,729
CASH AND CASH EQUIVALENTS - END OF YEAR	7,835	9,920
Supplemental Cash Flow Information:		
Interest paid during the year	9,876	10,053
Taxes paid during the year	37	23

(See accompanying notes)

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

1 DESCRIPTION OF THE BUSINESS

FP Canadian Newspapers Limited Partnership ("FPLP") is a limited partnership formed on August 9, 1999 in accordance with the laws of British Columbia that publishes, prints and distributes daily and weekly newspapers and specialty publications, delivers advertising materials in the Manitoba and Northwestern Ontario markets and provides commercial printing services. The managing general partner of FPLP is FPCN General Partner Inc. ("FPGP").

2 SIGNIFICANT ACCOUNTING POLICIES

a) PRINCIPLES OF CONSOLIDATION AND VARIABLE INTEREST ENTITIES

The consolidated financial statements include the accounts of FPLP and its wholly owned subsidiary Canstar Community News Limited ("Canstar"). In addition, the FP Canadian Newspapers Limited Partnership Employee Benefits Plan Trust Fund ("Trust Fund") and FPCN Media Funding Inc. ("Funding") have been determined to be Variable Interest Entities ("VIE"), which also have been consolidated.

In June 2003, Accounting Guideline 15 ("AcG 15"), Consolidation of Variable Interest Entities, of the Canadian Institute of Chartered Accountants ("CICA"), was issued. AcG 15 addresses the consolidation of entities for which clear control through voting interest cannot be readily determined. It concludes that in the absence of clear control, a company's economic risks and potential rewards is the best evidence of control. An enterprise must consolidate a VIE if the enterprise is its primary beneficiary.

During 2005, FPLP created the Trust Fund, administered by a third party, to act as trustee for the FPLP's Long-Term Incentive Plan ("LTIP"). On March 30, 2007, FPLP funded $50,000 to the Trust Fund for exceeding certain 2006 defined distributable cash threshold amounts, subsequent to which the trustee acquired 4,392 FP Newspaper Income ("The Fund") Units on the open market. One-third of these Units vested on March 31, 2008 and were distributed to members. One-third of these Units will each vest on March 31, 2009 and December 31, 2009. On April 22, 2008, FPLP funded $448,000 to the Trust Fund for exceeding certain 2007 defined distributable cash threshold amounts, subsequent to which the trustee acquired 34,816 Fund Units on the open market. One-third of these Units will each vest on March 31, 2009, March 31, 2010 and December 31, 2010. FPLP has not guaranteed the value of the Units held by the Trust Fund should the market value of the Fund's Units decrease from the value at which the Trust Fund acquired the Units.

On May 5, 2005, Funding issued $60,000,000 of Series A Senior Secured Notes. These Notes bear interest at the rate of 5.2% per annum, and the balance of accrued interest as at December 31, 2008 is $225,333 (2007 – $225,333). FPLP has determined that it is the primary beneficiary of the Notes and therefore has consolidated Funding.

All significant inter-company transactions and balances have been eliminated. These consolidated financial statements include only the assets, liabilities, revenues and expenses of FPLP, its subsidiary and the two VIE's and do not include the other assets, liabilities, revenues and expenses, including income taxes, of the partners.

b) REVENUE RECOGNITION

Advertising revenue, net of agency commissions, where applicable, is recognized when the advertisements are published. Circulation revenue is recognized based on the date of publication which is also the delivery date. Subscription revenue is recognized as earned over the term of the subscription on a straight-line basis.

c) INVENTORIES

Inventories, primarily newsprint and printing supplies, are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business, less estimated costs necessary to make the sale. Cost is determined on a first-in, first-out basis.

All inventories are considered raw materials, and inventory costs of $15,822,000 (2007 – $17,229,000) have been expensed during the year.

d) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are initially recorded at cost. Amortization on property, plant and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	40 years
Building improvements	10 years
Leasehold improvements	Over remaining term of the lease
Machinery and equipment	7 - 25 years
Computer hardware and software, furniture and fixtures, and vehicles	3 - 10 years

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

Expenditures for major renewals and betterments are capitalized, while minor replacements, repairs and maintenance which do not extend the useful lives are charged to operations as incurred.

e) INVESTMENT

The investment is classified as "available for sale" and is measured at fair value, as determined by the published price quote. Gains and losses resulting from the periodic revaluation are recorded in other comprehensive income.

f) INTANGIBLE ASSETS

Intangible assets which are considered to have finite lives are initially recorded at cost and are subsequently amortized on a straight line basis as follows:

Subscriber base	15 years
News archives	10 years

Mastheads are considered to have an indefinite life and are therefore recorded at cost and not amortized. Mastheads are tested for impairment annually by comparing the fair value of the intangible asset to its carrying value. Impairment is recognized in an amount equal to the difference between the carrying value and the fair value.

g) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND FINITE LIFE INTANGIBLE ASSETS

Impairment of property, plant and equipment and finite life intangible assets is recognized when an event or change in circumstances causes the asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated by deducting the fair value of the asset from its carrying value.

h) GOODWILL

Goodwill represents amounts paid to acquire businesses in excess of the fair value of net identifiable assets acquired. Goodwill is not subject to amortization. Goodwill is tested for impairment annually or when indicated by events or changes in circumstances by comparing the fair value to its carrying value. The carrying value of goodwill is written down if the carrying amount exceeds its fair value.

i) USE OF ESTIMATES IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

FPLP has estimated the useful life of finite life intangible assets and the fair value of indefinite life intangible assets and goodwill, based on historical customer patterns, industry trends and existing competitive factors. Significant unfavourable long term changes to these factors could result in a material impairment of the carrying value and life of intangible assets and reduction in the fair value of goodwill.

Expenses, assets and liabilities related to the defined benefit pension plan are determined actuarially based on estimates including discount rates for obligations, expected long term rates of return on pension assets and the rate of compensation increases. Actual results may vary from these estimates.

j) PENSION PLANS

Effective November 29, 2001, FPLP established defined benefit and defined contribution pension plans. For the defined benefit plan, the pension expense is determined using the projected benefit method prorated based on service and management's estimate of expected plan investment performance, compensation increases, and retirement ages of employees. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value. Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the remaining service period of employees active at the date of amendment. The excess of the net actuarial gain or loss over 10% of the greater of the projected obligation and the fair value of the plan assets is amortized over the average remaining service period of active employees. The average remaining service period of employees covered by the defined benefit pension plan is 13.5 years. For the defined contribution plans, the pension expense is FPLP's contribution to the plans.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

k) DEFERRED FINANCING COSTS

Deferred financing costs represent fees and costs in connection with obtaining the credit facility and issuing subordinated notes. These deferred costs are amortized using the effective interest method over the 5 and 10 year terms of the related debt. Due to the adoption of the Financial Instruments Sections (as described below), the Subordinated notes and Notes payable consolidated balance sheet lines present their original costs netted with the unamortized portion of their associated deferred costs.

l) CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statements of cash flows, cash includes cash and short-term investments with maturities at the date of purchase of up to three months and are recorded at cost, which approximates market value.

m) INCOME TAXES

FPLP is not a taxable entity, and accordingly, no provision for income taxes relating to FPLP is included in the consolidated financial statements since all income, deductions, gains, losses and credits are reportable on the tax returns of the partners. Canstar and Funding are subject to tax and use the liability method for accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

n) LONG-TERM INCENTIVE PLAN

Under the terms of the LTIP, FPLP establishes an amount to be allocated to eligible participants based on 10% to 20% of distributable cash in excess of an established threshold. The cost is recorded as an expense in the period when the LTIP units vest.

o) FINANCIAL INSTRUMENTS

Effective January 1, 2007, FPLP adopted CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement and Section 3865 Hedges. Section 3855 describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in net earnings or other comprehensive income.

Under Section 3855, financial assets and liabilities are initially recorded at fair value or other cost-based measures are used, depending on their balance sheet classification.

FPLP has made the following classifications:

Cash and cash equivalents are classified as “assets held for trading” and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net earnings.

Accounts receivable are classified as “loans and receivables” and are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Investment is classified as “available for sale” and is recorded at fair value. Gains and losses resulting from the periodic revaluation are recorded in comprehensive income.

Accounts payable and accrued liabilities, subordinated notes and notes payable are classified as “other financial liabilities” and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The adoption of these sections was done retroactively without restatement of the consolidated financial statements of prior periods. As at January 1, 2007, the impact on the consolidated balance sheet of measuring the Subordinated notes and Notes payable using the effective interest rate method was a decrease in deferred financing costs of $2,728,000, a decrease in Subordinated notes of $2,771,000, a decrease in notes payable of $528,000 and an increase in opening cumulative earnings of $571,000.

p) COMPREHENSIVE INCOME

Effective January 1, 2007, FPLP adopted CICA Handbook Section 1530 Comprehensive Income. Section 1530 describes reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income is the change in Unitholders’ equity during the period from transactions and other events and circumstances. These transactions and events include unrealized gains and losses resulting from changes in fair value of certain financial instruments.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

q) CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, FPLP prospectively adopted the CICA Handbook Section 1535 Capital Disclosures, Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation. The adoption of the Capital Disclosures standard resulted in additional disclosure requirements in presenting management's policies and processes, both qualitatively and quantitatively, in defining and managing its capital, as further discussed in note 14. The adoption of the Financial Instruments – Disclosures and Financial Instruments – Presentation sections enhance the existing disclosures for financial instruments. In particular, Section 3862 focuses on the identification of risk exposures and FPLP's approach to management of these risks, as further discussed in note 16. The comparative consolidated financial statements have not been restated.

Effective January 1, 2008, FPLP prospectively adopted the amended CICA Handbook Section 1400 General Standards of Financial Statement Presentation. This section requires that management assess an entity's ability to continue as a going concern and to disclose material uncertainties related to going concern. The adoption of this section did not impact FPLP's consolidated financial statements.

r) RECENT ACCOUNTING PRONOUNCEMENTS

CICA Handbook Section 3064 Goodwill and Intangible Assets: This new section is required to be implemented for fiscal years beginning on or after October 1, 2008. CICA Handbook Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. In addition, CICA Handbook Section 3064 further discusses when intangibles can be recognized. FPLP does not expect this section to have an impact on the consolidated financial statements.

3 PROPERTY, PLANT AND EQUIPMENT

	2008		**2007**	
	Cost	**Accumulated amortization**	**Cost**	**Accumulated amortization**
	$	**$**	**$**	**$**
Land	1,000	-	1,000	-
Buildings and building improvements	8,209	1,439	8,061	1,221
Leasehold improvements	-	-	215	94
Machinery and equipment	55,610	18,288	54,091	14,750
Machinery and equipment under capital leases	-	-	1,164	641
Furniture and fixtures	2,209	1,580	2,180	1,353
Computer hardware and software	7,201	5,355	6,296	4,600
Vehicles	669	419	616	330
	74,898	27,081	73,623	22,989
NET CARRYING AMOUNT		47,817		50,634

4 INVESTMENT

During the year, the Trust Fund acquired units of FP Newspapers Income Fund. As at December 31, 2008, FPLP holds 37,813 units at a carrying value of $208,000. During the year, FPLP re-valued the units and recorded a loss of $275,000 in other comprehensive income.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

5 INCOME TAXES

At December 31, 2008, Canstar has non-capital losses in the approximate amount of $157,000 (2007 – $656,000) which can be used to reduce future taxable income. The current portion of future income tax assets consist of the following:

	2008	2007
	$	$
Future income tax asset related to loss carryforward	50	182

The provision for income taxes differs from the expense that would be obtained by applying Canadian combined statutory tax rates as a result of the following:

	2008	2007
	$	$
Net earnings before income taxes	8,119	13,653
Canadian combined statutory rate	33.0%	36.1%
Income tax expense at the Canadian combined statutory rate	(2,679)	(4,929)
Income taxed in hands of the partners	2,517	4,694
Income tax expense	(162)	(235)

The provision for income taxes consists of the following:

	2008	2007
	$	$
Current	(30)	(38)
Future	(132)	(197)
Income tax expense	(162)	(235)

6 INTANGIBLE ASSETS

	2008		2007	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	$	$	$	$
Finite life				
Subscriber base	4,600	2,172	4,600	1,867
News archives	550	390	550	335
	5,150	2,562	5,150	2,202
Indefinite life				
Mastheads	5,155	-	5,155	-
	10,305	2,562	10,305	2,202
NET INTANGIBLE ASSETS		7,743		8,103

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

7 NOTES PAYABLE AND SUBORDINATED NOTES

During 2005, Funding issued $60 million of its Series A Senior Secured Notes payable to The Prudential Insurance Company of America which bear interest at 5.20% per annum and are due June 5, 2010. The notes payable are guaranteed, jointly and severally, by FPLP, its subsidiary and FPGP. The proceeds from the sale of the Series A Senior Secured Notes were loaned by Funding to FPLP and were applied to settle the term loan which matured May 2005. Substantially all of the assets of FPLP and its subsidiary are pledged as security on the notes payable.

The subordinated notes are unsecured and pay interest at 11.5% per annum to the Fund. The subordinated notes mature on the earlier of May 2012 (subject to an extension for an additional 10 year term) and the date on which the Fund calls the subordinated notes, or is required to pay amounts equal to and for the sole purpose of paying the cash contribution due in respect of the Class A limited partner Units (note 8).

FPLP is subject to covenants under the terms of the Series A Senior Secured Notes, including thresholds for leverage and interest coverage, and is subject to certain restrictions under negative covenants.

Due to the adoption of the Financial Instruments Sections, the carrying value of the subordinated notes and notes payable, on the consolidated balance sheet, have been netted with their respective deferred costs.

8 UNITHOLDERS' EQUITY

FPLP may issue an unlimited number of general partner and limited partner Units.

The number and contributions of partner Units are as follows:

	2008		2007	
	Number of Units	**$**	**Number of Units**	**$**
Balance at beginning of year:				
FPCN General Partner Inc. - managing general partner	10	10	10	10
Canstar Publications Ltd. and R.I.S. Media Ltd. - general partners	7,184,321	30,711	7,184,321	30,711
FP Newspapers Income Fund - Class A limited partner Units	6,902,592	10,572	6,902,592	9,522
	14,086,923	41,293	14,086,923	40,243
Transactions during the year:				
Limited Partner Class A contributions	-	-	-	1,050
Balance at end of year:				
FPCN General Partner Inc. - managing general partner	10	10	10	10
Canstar Publications Ltd. and R.I.S. Media Ltd. - general partners	7,184,321	30,711	7,184,321	30,711
FP Newspapers Income Fund - Class A limited partner Units	6,902,592	10,572	6,902,592	10,572
	14,086,923	41,293	14,086,923	41,293

FPLP's net earnings are allocated to the general partners in respect of the general partner Units and the limited partners in respect of the Class A limited partner Units in proportion to the distributions made to the partners in the year.

Under the exchange agreement entered into between the holders of the general partner Units, the Class A limited partner Units, and the Fund dated May 28, 2002, each general partner Unit may, at any time, at the option of the holder, be exchanged for an equal number of Fund Units, subject to the exchange ratio and other provisions of the exchange agreement.

The Class A limited partner Units together with the subordinated notes are entitled to receive cash distributions equal to 49% of FPLP's distributable cash flow as defined in the limited partnership agreement, but determined before deduction of interest on the subordinated notes.

The holders of the Class A limited partner Units are required to make a contribution of $10 per Unit for an aggregate contribution of $69,025,920. Contributions were paid as to $1,050,000 on December 31, 2007, $3,450,000 on December 31, 2006, $2,000,000 on December 31, 2005 and 2004, and $1,000,000 on December 31, 2003 and 2002, and $72,419 on closing. The balance of $58,453,501 in respect of Class A limited partner Units is to be contributed on May 28, 2012.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

On May 3, 2005, FPLP issued 10,000 Class B limited partner Units to Funding for a contribution of $10,000. These Units, which are outstanding at December 31, 2008, are eliminated upon consolidation.

9 COMMITMENTS AND CONTINGENCIES

a) OPERATING LEASES

FPLP leases machinery and equipment under various third-party non cancellable operating lease agreements with terms of up to five years. The following is a schedule of minimum annual lease payments under the operating leases with initial or remaining non cancellable terms in excess of one year at December 31, 2008:

	$
2009	127
2010	86
2011	71
2012	57
2013	6
Total minimum lease payments	347

b) LEGAL MATTERS

FPLP is involved in various legal actions arising in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on FPLP's financial position, results of operations or cash flows.

10 PENSION PLANS

FPLP has a defined benefit pension plan as well as defined contribution plans. Its defined benefit pension plan provides benefits based on a set percentage of participants' earnings, the costs of which are shared between the participants and FPLP. Pension benefits are not indexed to the rate of inflation.

Information on FPLP's defined benefit pension plan is as follows:

	2008 $	2007 $
PLAN ASSETS		
Fair value - beginning of year	14,001	11,989
Actual return on plan assets	(2,799)	528
Employer contributions	1,640	1,478
Employee contributions	977	919
Benefits paid	(489)	(913)
Fair value - end of year	13,330	14,001
PLAN OBLIGATIONS		
Accrued benefit obligation - beginning of year	14,097	12,576
Interest cost	914	772
Current service cost	2,474	2,451
Benefits paid	(489)	(913)
Actuarial gain	(2,941)	(789)
Accrued benefit obligation - end of year	14,055	14,097

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

FPLP's accrued pension liability is determined as follows:

	2008	2007
	$	$
Accrued benefit obligation	14,055	14,097
Fair value of plan assets	13,330	14,001
Plan deficit	725	96
Unamortized net actuarial (loss) gain	(599)	253
Unamortized past service costs	(40)	(45)
Accrued pension liability	86	304

The accrued pension liability is included in accounts payable and accrued liabilities in the consolidated balance sheets.

FPLP's pension plan expense is determined as follows:

	2008	2007
	$	$
Current service cost	2,474	2,451
Employee contributions	(977)	(919)
Interest costs	914	772
Actual return on plan assets	2,799	(528)
Actuarial gain on accrued benefit obligation	(2,941)	(789)
Costs arising in the period	2,269	987
Differences between costs arising in the period and costs recognized in the period in respect of:		
Return on plan assets	(3,793)	(273)
Actuarial gain	2,941	789
Plan amendments	6	6
Pension expense – defined benefit plan	1,423	1,509
Employer contributions to defined contribution plans	239	260
Total pension expense	1,662	1,769

Significant actuarial assumptions in measuring FPLP's accrued benefit obligations are as follows:

	2008	2007
	%	%
Discount rate	7.00	5.60
Rate of compensation increase	2.00	2.00

Significant actuarial assumptions in measuring FPLP's benefit costs are as follows:

	2008	2007
	%	%
Discount rate	5.60	5.30
Expected long-term rate of return on pension plan assets	6.60	6.30
Rate of compensation increase	2.00	2.00

FPLP measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at December 31 of each year. The most recent actuarial valuation report for funding purposes was at December 31, 2007 and the next required valuation is as of December 31, 2010.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

Plan assets consist of an investment in a pooled balanced fund with the following asset mix:

	2008	2007
	%	%
Canadian equities	33	33
United States equities	14	12
Non-North American equities	12	13
Canadian Government and corporate bonds	34	34
Short-term cash	7	8
	100	100

11 LONG-TERM INCENTIVE PLAN

The directors, officers and key management of FPLP and its affiliates (including the trustees of FP Newspapers Income Fund) are eligible to participate in FPLP's LTIP. The purpose of the LTIP is to provide eligible participants with compensation opportunities that will encourage ownership of Units of FP Newspapers Income Fund, enhance FPLP's ability to attract, retain and motivate key personnel, and reward directors, officers and key management for significant performance and cash flow growth. Pursuant to the LTIP, FPLP will set aside a pool of funds based upon the amount by which FPLP's distributable cash (as originally defined in the LTIP documents and subsequently amended by the compensation and governance committee) exceeds certain threshold amounts. A trustee will then purchase Units of FP Newspapers Income Fund in the market with such pool of funds and will hold these Units until such time as ownership vests to each participant. The LTIP is administered by the Compensation and Corporate Governance Committee. The Board of Directors of FPLP or the Compensation and Corporate Governance Committee has the power to, among other things: (i) determine those individuals who will participate in the LTIP; and (ii) determine the level of participation of each participant.

The LTIP currently provides for aggregate incentive payments based on the following thresholds:

Amount of excess distributable cash of FPLP over $20,274,000 per annum	Proportion of excess distributable cash available for incentive payments
Up to $800,000	10%
$800,000 to $2,000,000	15%
Over $2,000,000	20%

The portion of excess distributable cash, if any, will be used to purchase Units of FP Newspapers Income Fund in the market that will be held subject to the vesting and other terms of the LTIP. The terms of the LTIP are subject to adjustment by the Compensation and Corporate Governance Committee from time to time. However, in no event will the maximum proportion of excess distributable cash that will be available for incentive payments exceed 20%.

For the year ended December 31, 2008, compensation expense of $nil (2007 – $448,000) was included in operating expenses for the LTIP.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

12 NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	2008 $	2007 $
Accounts receivable	(1,140)	1,755
Income taxes receivable	-	10
Inventories	(576)	(102)
Prepaid expenses	(296)	(133)
Accounts payable and accrued liabilities	587	390
Prepaid subscriptions and deferred revenue	4	53
Income taxes payable	(11)	5
	(1,432)	1,978

13 RELATED PARTY TRANSACTIONS

FPLP incurs transactions with related parties in the normal course of operations. All related party transactions are with entities directly or indirectly controlled or significantly influenced by FPLP's controlling partners. All such transactions are conducted at the exchange amount agreed to by the parties.

During the year ended December 31, 2008, total purchases in the form of newsprint from related parties were $9,784,000 (2007 – $5,761,000). FPLP also reimbursed related parties for administration costs amounting to $23,000 (2007 – $51,000). As at December 31, 2008, accounts payable to related parties totalled $1,427,000 (2007 – $855,000) and interest payable to the Fund totalled $569,000 (2007 – $571,000). Total advertising sales to related parties were $30,000 (2007 – $18,170) and at December 31, 2008, accounts receivable from related parties totalled $2,000 (2007 – $10,000).

14 CAPITAL MANAGEMENT

On January 1, 2008, FPLP adopted CICA Handbook Section 1535 Capital Disclosures. This section establishes disclosure requirements for management's policies and processes in defining and managing its capital. There was no financial impact to previously reported consolidated financial statements as a result of the implementation of this new standard.

FPLP's objective for managing the capital structure is to take advantage of leverage with the prudent use of debt, while maintaining flexibility through additional borrowing capacity. There are no set quantitative targets established for monitoring the capital structure. Management continuously monitors capital markets in the context of the general economic environment, FPLP's financial position and outlook, and strategic development plans. FPLP can alter the mix within the capital structure by repaying debt, increasing debt, adjusting distributions to partners or raising additional equity capital.

FPLP's capital consists of cash and cash equivalents, debt and Unitholders' equity. The components at December 31, 2008 and December 31, 2007 were as follows:

	2008 $	2007 $
Notes payable	59,769	59,617
Capital leases	-	197
Cash and cash equivalents	(7,835)	(9,920)
External net debt	51,934	49,894
Subordinated notes	56,498	56,069
Unitholders' equity	19,459	23,597
Total capitalization	127,891	129,560
External net debt as a percentage of total capitalization	40.6%	38.5%

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

The notes payable include negative covenants which must be maintained in order to avoid an accelerated termination of the agreement. These covenants include certain restrictions on the incurrence of additional debt, requirements to maintain insurance, certain restrictions on the sale of assets and other requirements and restrictions common to lending agreements of this nature. FPLP is restricted from making distributions which cumulatively exceed by more than $1.4 million the total of distributable cash as defined in this agreement. FPLP is required to maintain a ratio of net debt to earnings, as defined in the agreement, of no greater than 3.5 to 1.0 and a net external interest expense of no less than 3.0 to 1.0 measured quarterly on a trailing 12-month basis. At December 31, 2008, FPLP was in compliance with all the terms and conditions of its debt agreements. The financial ratios calculated in accordance with the debt agreements for the trailing 12-month periods ending December 31, 2008, September 30, 2008, June 30, 2008, March 31, 2008 and December 31, 2007 are as follows:

	Net Debt/ Earnings as defined under agreement	**Earnings as defined under agreement/ Net interest**
December 31, 2008	2.39	8.02
September 30, 2008	1.93	9.91
June 30, 2008	1.91	10.01
March 31, 2008	1.90	9.89
December 31, 2007	1.92	9.59

15 FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and obligations under capital leases approximates their carrying value due to the short-term nature of these financial instruments. The investment, which was purchased during 2008, is carried at its fair value of $208,000. The $60,000,000 (2007 – $60,000,000) face value of the notes payable are subject to a fixed rate of interest and as such have a fair value of approximately $55,402,000 (2007 – $59,177,000), which is based on rates currently available for debt with similar terms and maturity. The fair value of subordinated notes is not readily determinable due to their unique nature.

16 FINANCIAL INSTRUMENT RISK MANAGEMENT

FPLP's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, investment, accounts payable and accrued liabilities and long-term debt which include subordinated notes and notes payable.

FPLP is exposed to financial risks arising from its financial assets and liabilities. The financial risks include credit risk, interest rate risk and liquidity risk.

a) CREDIT RISK

Credit risk is the risk a customer will fail to perform an obligation or fail to pay amounts due causing a financial loss. Credit risk arises from cash and cash equivalents and outstanding accounts receivable. The maximum exposure to credit risk is the carrying value of these financial assets. Cash and cash equivalents are all held at large chartered Canadian banks and FPLP does not expect the counterparties to fail to meet their obligations.

As FPLP is in the business of publishing newspapers and performing printing services for third parties, included in the accounts receivable are primarily amounts owed from advertisers and advertising agencies, circulation customers and commercial print clients. FPLP does not hold collateral as security for these balances. FPLP's credit risk relating to these accounts receivable is spread over a large number of national and local advertising clients and advertising agencies, in addition to many circulation retail customers and third party printing clients. FPLP manages credit risk on a customer by customer basis and establishes a reasonable allowance for non-collectible amounts with this allowance netted against the accounts receivable on the consolidated balance sheet. While the adequacy of the allowance is reviewed on a regular basis, generally the allowance level will cover all accounts receivable that are greater than ninety days past due. The 10 largest receivable amounts total $3,161,000 and approximately 80% of these balances are owed from national advertising agencies. The largest amount due from a single national agency is $634,000 which represents 4.8% of total receivables at December 31, 2008.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

Accounts receivable are impaired when there is evidence that collection is unlikely. Collection is determined to be unlikely if the customer is in bankruptcy or FPLP has exhausted all efforts to obtain payment. At December 31, 2008, FPLP estimates the value of impaired accounts receivable is $156,000 and these amounts are included as part of the allowance for doubtful accounts.

The age of receivables and allowance for doubtful accounts is as follows:

	2008
	$
Accounts receivable:	
Current	7,520
Up to three months past due	5,276
Greater than three months past due	367
Impaired	156
	13,319
Allowance for doubtful accounts	(439)
	12,880

b) INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As FPLP currently has no variable interest long-term debt, there is no interest rate risk. The current fixed rate debt facility is scheduled to mature on June 5, 2010 and FPLP's intention is to negotiate the refinancing of this debt and at that time the interest rate and the other terms could be less favourable than the existing terms.

c) LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. FPLP believes that it has access to sufficient capital through internally generated cash flows and external sources (bank credit markets and debt capital markets) to meet current spending forecasts. Trade payables are due within one year and notes payable are due June 5, 2010. Future repayments of the subordinated notes will be applied as a contribution to the Class A limited partner Units.

17 GUARANTEES

The managing general partner and FPLP have agreed to indemnify FPLP's current and former directors and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of such indemnification prevents the partnership from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The general partner has directors' and officers' liability insurance coverage, pursuant to a joint policy covering FPGP, FPLP and FP Newspapers Income Fund, of up to $15 million in joint coverage.

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(tabular amounts in thousands of dollars)

18 INTEREST

	2008 $	2007 $
Interest expense is summarized as follows:		
Subordinated notes	6,722	6,843
Amortization of subordinated notes deferred financing costs	429	386
Notes payable	3,156	3,179
Amortization of notes payable deferred financing costs	152	145
Capital lease obligations	4	18
	10,463	10,571

19 RESTRUCTURING CHARGE

During the year, FPLP incurred a restructuring charge of $417,000, for voluntary and involuntary employee reductions at the Winnipeg Free Press and the 2009 savings from reduced compensation costs will be approximately $1,300,000. The charge was included in the accounts payable and accrued liabilities at December 31, 2008.

20 SEGMENTED INFORMATION

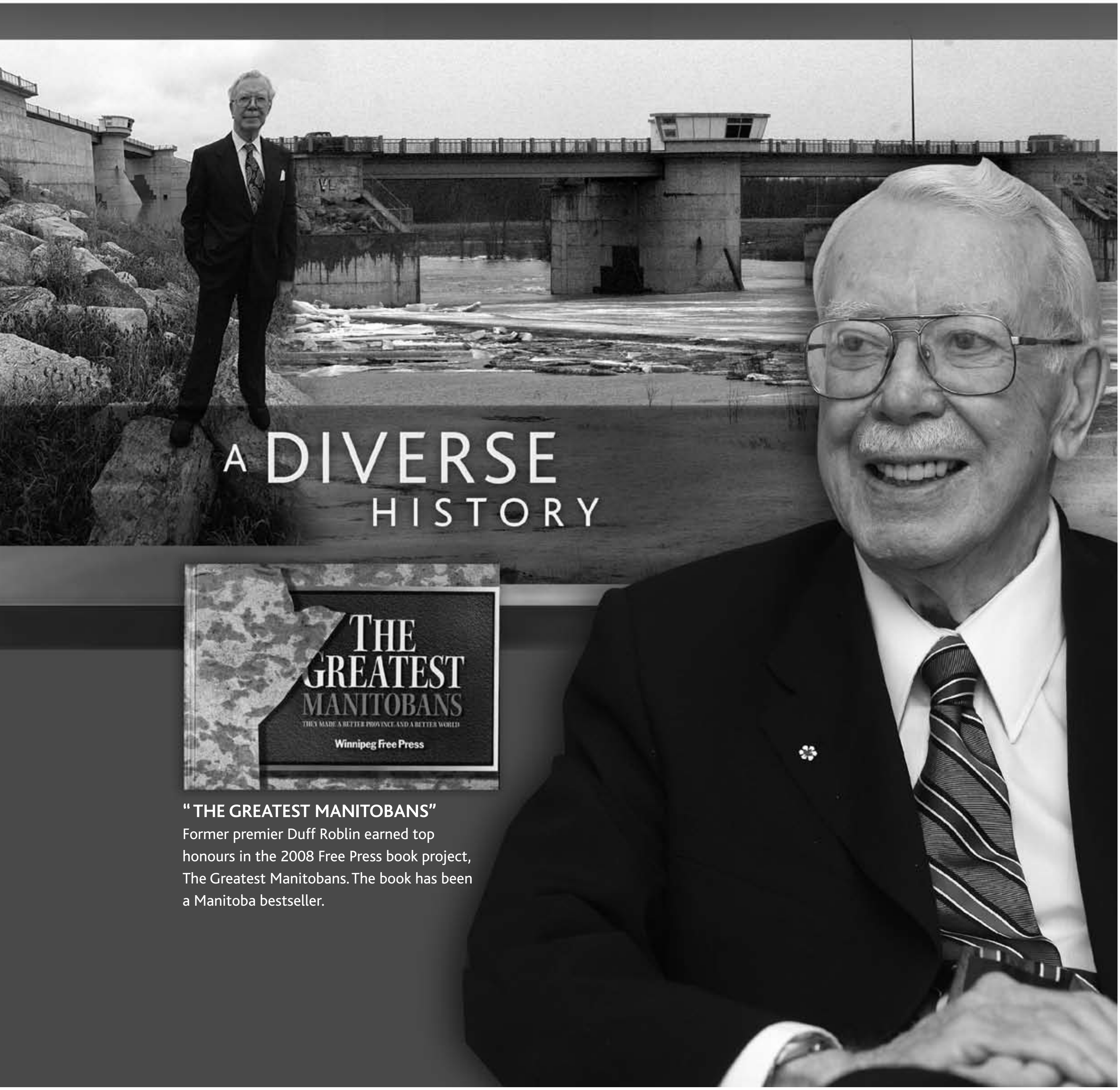
FPLP has determined that it operates in one reportable segment which includes the publishing, printing and distribution of daily and weekly newspapers and specialty products, and advertising materials in Manitoba and Northwestern Ontario.

21 SUBSEQUENT EVENT

In the first quarter of 2009, further voluntary and involuntary employee reductions were made. One-time severance costs recorded in the first quarter of 2009 are approximately $600,000 and the 2009 savings from reduced compensation costs will be approximately $1,000,000.

FUND FINANCIAL STATEMENTS

FP Newspapers Income Fund
Consolidated Financial Statements



"THE GREATEST MANITOBANS"
Former premier Duff Roblin earned top honours in the 2008 Free Press book project, The Greatest Manitobans. The book has been a Manitoba bestseller.

To the Unitholders of
FP Newspapers Income Fund

We have audited the consolidated balance sheets of **FP Newspapers Income Fund** as at December 31, 2008 and 2007 and the consolidated statements of earnings, comprehensive income and cumulative earnings, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP
Chartered Accountants

Winnipeg, Canada,
February 27, 2009.

AS AT DECEMBER 31, 2008 AND 2007
(in thousands of dollars)

	2008 $	2007 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	435	358
Interest receivable from FP Canadian Newspapers Limited Partnership	569	571
Due from FPCN Media Funding Inc.	26	26
Prepaid expenses	12	13
	1,042	968
INVESTMENT IN FPCN GENERAL PARTNER INC.	40	30
INVESTMENT IN FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP (note 3)	59,499	61,386
	60,581	62,384
LIABILITIES AND UNITHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	121	127
Distribution payable (note 4)	656	742
	777	869
LONG-TERM LIABILITIES		
Future income taxes (note 7)	1,935	1,682
	2,712	2,551
UNITHOLDERS' EQUITY		
Trust Units (note 5)	69,026	69,026
Cumulative earnings	46,562	39,880
Cumulative distributions (note 4)	(57,719)	(49,073)
	57,869	59,833
	60,581	62,384

(see accompanying notes)

APPROVED BY THE BOARD OF TRUSTEES

Ronald N. Stern,
Trustee

Harvey Secter,
Trustee

FUND CONSOLIDATED STATEMENTS OF EARNINGS, COMPREHENSIVE INCOME AND CUMULATIVE EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(in thousands of dollars, except per Unit amounts)

	2008	**2007**
	$	**$**
EARNINGS FROM INVESTMENT IN FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP		
Interest from subordinated notes	6,722	6,843
Equity interest from Class A limited partner Units (note 3)	471	3,085
Other interest	15	11
	7,208	9,939
Administration expenses	(273)	(289)
NET EARNINGS BEFORE INCOME TAXES	6,935	9,650
Future income tax expense (note 7)	(253)	(1,682)
NET EARNINGS AND COMPREHENSIVE INCOME FOR THE YEAR	6,682	7,968
CUMULATIVE EARNINGS - BEGINNING OF YEAR	39,880	31,632
Transitional amount (note 2)	-	280
ADJUSTED CUMULATIVE EARNINGS - BEGINNING OF YEAR	39,880	31,912
CUMULATIVE EARNINGS - END OF YEAR	46,562	39,880
Weighted average number of trust Units outstanding (note 5)	6,902,592	6,902,592
Net earnings per trust Unit	0.97	1.15

FUND CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(in thousands of dollars)

	2008	**2007**
	$	**$**
BALANCE – BEGINNING OF YEAR	59,833	60,489
Transitional amount (note 2)	-	280
ADJUSTED BALANCE – BEGINNING OF YEAR	59,833	60,769
Net earnings	6,682	7,968
Distributions to Unitholders (note 4)	(8,646)	(8,904)
BALANCE – END OF YEAR	57,869	59,833

(See accompanying notes)

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007
(in thousands of dollars)

	2008 $	2007 $
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	6,682	7,968
Items not affecting cash		
Equity interest from Class A Units of FP Canadian Newspapers Limited Partnership (note 3)	(471)	(3,085)
Future income tax expense	253	1,682
Distributions received on Class A Units of FP Canadian Newspapers Limited Partnership (note 3)	2,358	2,443
	8,822	9,008
Net change in non-cash working capital items		
Interest receivable from subordinated notes	2	10
Prepaid expenses	1	2
Accounts payable and accrued liabilities	(6)	31
	8,819	9,051
INVESTING ACTIVITIES		
Investment in FPCN General Partner Inc.	(10)	(10)
	(10)	(10)
FINANCING ACTIVITIES		
Distributions to Unitholders (note 4)	(8,732)	(8,904)
	(8,732)	(8,904)
INCREASE IN CASH AND CASH EQUIVALENTS	77	137
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	358	221
CASH AND CASH EQUIVALENTS – END OF YEAR	435	358

(see accompanying notes)

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(tabular amounts in thousands of dollars)

1 DESCRIPTION OF THE FUND

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, as defined in the partnership agreement, of FPLP.

2 SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of the Fund have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of the Fund and its wholly owned subsidiary, FPCN Holdings Trust.

a) INVESTMENTS

The investment in subordinated notes of FPLP is recorded at cost. Interest income is recorded as revenue as it accrues. The Fund's investment in the Class A limited partner Units of FPLP and its shares of FPCN General Partner Inc., the managing general partner of FPLP, are accounted for using the equity method of accounting. Under this method, the cost of the investment is increased by the Fund's proportionate share of earnings and reduced by any distributions and dividends paid to the Fund.

b) DISTRIBUTIONS

Distributions from the Fund's investment in Class A limited partner Units of FPLP are recorded when received. Distributions payable by the Fund to its Unitholders are recorded when declared.

c) CASH AND CASH EQUIVALENTS

Cash equivalents comprise only highly liquid investments with maturities at acquisition of less than 90 days and which are subject to insignificant risk of changes in value and are recorded at cost, which approximates market value. Cash equivalents at December 31, 2008 and 2007 consist of an investment in a short-term investment fund.

d) INCOME TAXES

Under the terms of the Income Tax Act (Canada), the Fund is not subject to income taxes to the extent that its taxable income and taxable capital gains in a year are paid or payable to its Unitholders. Accordingly, no provision for current income taxes for the Fund is made. In addition, the Fund is not required to apply the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3465 as it relates to current taxes, as the Fund is contractually committed to distribute to its Unitholders all or virtually all of its taxable income and taxable capital gains that would otherwise be taxable in the Fund. The Fund intends to continue to meet the requirements under the Income Tax Act applicable to such trusts, and there is no indication that the Fund will fail to meet those requirements. The Fund applies the recommendation of CICA Handbook Section 3465 as it relates to the calculation of future income taxes and temporary differences reversing subsequent to January 1, 2011 (note 7).

e) USE OF ESTIMATES IN THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The preparation of consolidated financial statements in conformity with Canadian GAAP requires the Fund to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

The Fund has determined that the most significant estimate is its investment in FPLP. The equity interest from the Fund's Class A limited partner Units depends on the accuracy of the estimates made in the preparation of the consolidated financial statements of FPLP. The actual equity interest may vary from the estimates made in FPLP.

f) FINANCIAL INSTRUMENTS

Effective January 1, 2007, the Fund adopted CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement and Section 3865 Hedges. The adoption of these standards resulted in changes in the accounting for financial instruments, as well as the recognition of a transition adjustment. The principal changes in the accounting for financial instruments due to the adoption of these accounting standards are described below.

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(tabular amounts in thousands of dollars)

Section 3855 Financial Instruments – Recognition and Measurement sets out the standards for the recognition and measurement of financial assets and financial liabilities. The standard prescribes when to recognize a financial instrument in the balance sheet and at what amount. Depending on their balance sheet classification, fair value or cost-based measures are used. This standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses on financial instruments are recognized in net earnings or other comprehensive income.

The Fund has made the following classifications:

Cash and cash equivalents are classified as "assets held for trading" and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net earnings.

Interest receivable from subordinated notes and due from FPCN Media Funding Inc. are classified as "loans and receivables" and are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities and distribution payable are classified as "other financial liabilities" and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

The adoption of these sections was done retroactively without restatement of the consolidated financial statements of prior periods. FPLP, the Fund's equity accounted for investment, was impacted by these standards and recorded a transition adjustment of $571,000. Accordingly, as at January 1, 2007, the impact on the Fund's consolidated balance sheet from recording its equity share of the transition adjustment from FPLP is an increase in both the investment in FPLP and opening cumulative earnings of $280,000.

g) CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2008, the Fund prospectively adopted the CICA Handbook Section 1535 Capital Disclosures, Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation. The adoption of the Capital Disclosures standard resulted in additional disclosure requirements in presenting management's policies and processes, both qualitatively and quantitatively, in defining and managing its capital, as further discussed in note 8. The adoption of the Financial Instruments – Disclosures and Financial Instruments – Presentation sections enhance the existing disclosures for financial instruments. In particular, Section 3862 focuses on the identification of risk exposures and FPLP's approach to management of these risks. The comparative consolidated financial statements have not been restated.

Effective January 1, 2008, the Fund prospectively adopted the amended CICA Handbook Section 1400 General Standards of Financial Statement Presentation. This section requires that management assess an entity's ability to continue as a going concern and to disclose material uncertainties related to going concern. The adoption of this section did not impact the Fund's consolidated financial statements.

3 INVESTMENT IN FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP

On May 28, 2002, FPCN Holdings Trust subscribed for 6,573,897 Class A limited partner 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 partner Units of FPLP and $3,283,500 principal amount of subordinated notes of FPLP. FPCN Holdings Trust holds all of the Class A limited partner Units of FPLP, which, together with the subordinated notes, entitles it to 49% of the distributable cash (as defined in the Partnership Agreement) of FPLP.

The future repayment of the subordinated notes will be applied as a contribution to the Class A limited partner Units of FPLP.

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(tabular amounts in thousands of dollars)

The investment in FPLP is summarized as follows:

	Subordinated notes $	Class A limited partner Unit Units $	Total $
Balance at January 1, 2007	59,504	1,240	60,744
Repayment of subordinated notes	(1,050)	-	(1,050)
Additional contribution	-	1,050	1,050
Equity interest	-	3,085	3,085
Distributions received	-	(2,443)	(2,443)
Balance at December 31, 2007	58,454	2,932	61,386
Equity interest	-	471	471
Distributions received	-	(2,358)	(2,358)
Balance at December 31, 2008	58,454	1,045	59,499

The equity interest from the Fund's investment in Class A limited partner Units of FPLP is calculated as follows:

	2008 $	2007 $
Net earnings of FPLP	7,957	13,418
Plus: Interest on subordinated notes	6,722	6,843
Net earnings before interest on subordinated notes	14,679	20,261
49% interest attributable to the Fund	7,193	9,928
Less: Interest from subordinated notes	(6,722)	(6,843)
Equity interest from Class A limited partner Units	471	3,085

4 CUMULATIVE DISTRIBUTIONS

Cumulative distributions for the years ended December 31, 2008 and 2007 are as follows:

	2008 $	2007 $
Balance - beginning of year	49,073	40,169
Distributions declared	8,646	8,904
Balance - end of year	57,719	49,073

The Fund declared a distribution payable in respect of the month of December 2008 of $656,000 or $0.0950 per Unit (2007 – $742,000 or $0.1075 per Unit) which was paid January 30, 2009 to Unitholders of record on December 31, 2008.

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(tabular amounts in thousands of dollars)

5 TRUST UNITS

The Declaration of Trust of the Fund provides that an unlimited number of Units may be issued. Each Unit is transferable and represents an equal undivided beneficial interest in any distributions of the Fund and in the net assets of the Fund in the event of termination or winding up of the Fund. All Units have equal rights and privileges. Each Unit entitles the holder thereof to participate equally in the allocations and distributions and to one vote at all meetings of Fund Unitholders for each Unit held. The Units issued are not subject to future calls or assessments.

Trust Units outstanding are as follows:

	2008 Number of Units	$	2007 Number of Units	$
Balance at beginning and end of year:				
Trust Units	6,902,592	69,026	6,902,592	69,026

Trust Units are redeemable at any time at the option of the holder at a price based on market value as defined in the trust agreement, subject to a maximum of $50,000 in cash redemptions by the Fund in any one month. The limitation may be waived at the discretion of the trustees of the Fund. Redemption in excess of this amount, assuming no waiving of the limitation, shall be paid by way of a distribution in specie, namely Series 2 notes of the Trust.

6 GUARANTEES

The Fund has agreed to indemnify its current and former trustees and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the trustees and officers as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which the trustees and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of such indemnification prevents the Fund from making a reasonable estimate of the maximum potential amount it could be required to pay to counter-parties. The Fund has trustees' and officers' liability insurance coverage, pursuant to a joint policy covering FPCN General Partner Inc., FPLP and the Fund, of up to $15 million in joint coverage.

7 FUTURE INCOME TAXES

On June 12, 2007, Bill C-52 Budget Implementation Act 2007 was substantively enacted by the Canadian federal government, which contains legislation to tax publicly traded trusts in Canada. As a result, a tax will be applied to taxable distributions from Canadian public income trusts. The tax is not expected to apply until 2011 as a transition period applies to publicly traded trusts that existed prior to November 1, 2006. As a result of this substantive enactment of trust taxation, the Fund recorded a $1,893,000 future income tax expense in the second quarter of 2007. The future income tax liability of $1,935,000 at December 31, 2008 represents the taxable temporary differences of the Fund expected to reverse after 2010, at 29.5% within 2011 and 28.0% within 2012 and forward, which are the rates which will be applicable under the current legislation.

Based on its assets and liabilities as at December 31, 2008, and its share of the assets and liabilities of its investment in FPLP, the Fund has estimated the amount of its temporary differences which were previously not subject to tax, and has estimated the periods in which these differences are expected to reverse. Significant components of the future income tax assets and liabilities are as follows:

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(tabular amounts in thousands of dollars)

	2008 $	2007 $
Future income tax liabilities:		
Property, plant and equipment and amortizing intangible assets	3,898	3,844
Non-amortizing intangible assets	223	201
Other	130	130
Total future income tax liabilities	4,251	4,175
Future income tax assets:		
Tax value of goodwill	3,000	3,000
Tax value in excess of accounting value of investment in FPLP	961	875
Less valuation allowance – goodwill	(684)	(507)
Less valuation allowance – investment in FPLP	(961)	(875)
Total future income tax assets	2,316	2,493
Net future income tax liabilities	1,935	1,682

The amount and timing of reversals of temporary differences will depend on the Fund's future operating results, acquisitions and dispositions of assets and liabilities, and the distribution policy and will be expected to create adjustments to the future income tax assets and liabilities in future periods. A significant change in any of the preceding assumptions could materially affect the Fund's estimate of the future tax assets and liabilities.

8 CAPITAL MANAGEMENT

On January 1, 2008, the Fund adopted CICA Handbook Section 1535 Capital Disclosures. This section establishes disclosure requirements for management's policies and processes in defining and managing its capital. There was no financial impact to previously reported consolidated financial statements as a result of the implementation of this new standard.

The Fund was established as a limited purpose trust for the sole purpose of investing the proceeds of the initial public offering to purchase securities of FPLP which entitle it to 49% of the distributable cash, as defined in the partner agreement of FPLP. While the Fund does not have a capital management program given its limited purpose, the FPLP's capital management objectives are disclosed in note 14 of its consolidated financial statements for the year ended December 31, 2008.

As a result of the Canadian trust taxation passed in June 2007 and effective January 1, 2011, the Fund is subject to certain capital growth restrictions referred to as "normal growth" equity rules. These rules limit the amount of Unitholders' capital that can be issued by the Fund in each of the next two years, based on the Fund's market capitalization on October 31, 2006 as follows:

	Annual	Cumulative
Normal growth capital allowed in:		
2009	50,000	58,000
2010	50,000	72,500

If the maximum equity growth capital allowed is exceeded, the Fund may be subject to trust taxation prior to 2011.

9 ECONOMIC DEPENDENCE

For purposes of declaring distributions, the Fund is entirely dependent upon interest income and distributions received from FPLP.

10 SUBSEQUENT EVENT

In the first quarter of 2009, further voluntary and involuntary employee reductions were made by FPLP. One-time severance costs recorded in the first quarter of 2009 by FPLP are approximately $600,000 and the 2009 FPLP savings from reduced compensation costs will be approximately $1,000,000.

DIRECTORS AND TRUSTEES

Ronald N. Stern[1,2,4]
President, Stern Partners Inc.
and Chairman of FPGP5

Robert Silver[1,3]
President, Western Glove Works

Rudy Redekop[1]
Retired newspaper executive

Stephen Dembroski[1,2,3]
President, Indigenous Inc.

Phil de Montmollin[1,4]
Retired newspaper executive

Harvey Secter[1,2,3,4]
Professor, Faculty of Law, University of Manitoba

Susan Lewis[1]
President, United Way of Winnipeg

OFFICERS

Ronald N. Stern
Chairman

Daniel Koshowski
Vice President, Finance and Administration

Bob Cox
Publisher, Winnipeg Free Press

Laurie Finley
Vice President, Marketing and Advertising Sales,
Winnipeg Free Press

David Brolhorst
Vice President, Production and Operations

ANNUAL MEETING

The Annual Meeting of Unitholders will be held on Wednesday May 6, 2009 at 11:00am at the Winnipeg Free Press, 1355 Mountain Avenue, Winnipeg.

AUDITORS

Ernst & Young LLP

TRANSFER AGENT

CIBC Mellon Trust Company

INVESTOR INQUIRIES

Daniel Koshowski
Vice President, Finance and Administration
Ph: 204-697-7425
Website: www.fpnewspapers.com

LISTING INFORMATION

TSX: FP.UN
UNITS: 6,902,592 outstanding (at March 10, 2009)

MAILING INFORMATION

FP Newspapers Income Fund
Suite 2900, P.O. Box 11583
650 West Georgia Street
Vancouver, BC
V6B 4N8

1. Director of FPGP
2. Trustee of FP Newspapers Income Fund
3. Audit Committee member
4. Compensation and Corporate Governance Committee member
5. FPCN General Partner Inc. ("FPGP") is the managing general partner of FP Canadian Newspapers Limited Partnership and the Administrator of FP Newspapers Income Fund