Quarterly Report

Northland Power Income Fund

Quarterly Report for the period ended March 31, 2008

This report covers Northland Power Income Fund's (the "Fund's") operations for the period ended March 31, 2008.

FINANCIAL AND OPERATING RESULTS

	3 months to March 31	
	2008	***2007***
FINANCIAL *(thousands, except per unit amounts)*		
Sales	$52,351	$51,638
Net Income	$15,722	$16,840
Standardized Distributable Cash	$21,638	$39,902
Distributable Cash	$23,271	$23,963
Distributions Declared to Unitholders	$16,835	$16,830
Units Outstanding	*62,352*	*62,334*
Average Number of Units Outstanding - basic	*62,352*	*62,334*
Average Number of Units Outstanding - diluted	*64,916*	*64,761*
Per Unit		
Standardized Distributable Cash	$0.3470	$0.6401
Distributable Cash	$0.3732	$0.3844
Distributions Declared to Unitholders	$0.2700	$0.2700
OPERATIONS		
Electricity Production (megawatthours)	385,572	388,459
Steam Production (thousands of pounds)	380,993	451,958
Fuel Consumption (thousands of gigajoules)	3,057	3,069

NORTHLAND POWER INCOME FUND

MANAGEMENT'S DISCUSSION & ANALYSIS

Overview

Consolidated sales of $52.4 million exceeded the first quarter of 2007 by $0.7 million while net income at $15.7 million was down $1.1 million due to several factors including; an increase in the cost of gas associated with the escalation of natural gas contract prices, higher TransCanada PipeLines Limited ("TCPL") transportation tolls and lower investment income.

First quarter operating income at the Iroquois Falls plant was in line with last year as higher contracted and incremental electricity sales were offset by an increase in the cost of gas consumed. Operating income from the Kingston facility was also similar to last year as higher electricity sales were offset by an increase in the cost of sales. Production at the Mont Miller wind farm was down due to low local wind speeds in January and March while the German wind farm results continued to exceed expectations and were in line with the same period last year.

Distributable cash as determined by the Fund was $23.3 million during the quarter and exceeded distributions paid to Unitholders by $6.4 million. Distributable cash per unit for the quarter was $0.37, compared to $0.38 in 2007. Readers should refer to the schedule of Distributions to Unitholders and Distributable Cash for the calculation of distributable cash (a non-GAAP financial measure).

Distributions to Unitholders declared for the quarter totalled $0.27 per unit.

Iroquois Falls Facility

	3 months ended March 31	
(in thousands of dollars except as indicated)	**2008**	**2007**
Sales Volume		
Electricity (MWh)	196,966	197,273
Steam (000 lb.)	294,001	358,316
Fuel Consumption (000 GJs)	1,834	1,881
Sales		
Electricity	20,754	20,481
Steam	1,989	2,201
Natural gas	775	217
Emission allowances and credits	116	-
	23,634	22,899
Cost of sales		
Gas consumed	8,925	8,633
Gas re-sold	813	244
	9,738	8,877
Gross profit	13,896	14,022
Plant operating costs	1,642	1,656
Capital expenditures	20	18

Electricity revenue under the Iroquois Falls power purchase agreement ("PPA") was up $0.2 million compared to the same quarter last year due to a retroactive payment received from OEFC this quarter related to 2007. A portion of the PPA rates remained consistent with 2007 through the three-year rolling average mechanism, while the minimum increase was applied to the remaining components of the selling price, which resulted in a modest increase in the average selling price. Non-contracted revenue earned in the first quarter of 2008 from sales of electricity and operating reserves into the wholesale market was up slightly from last year due to higher market prices and increased sales volumes. Steam revenues decreased from the same period last year as an 18% decrease in demand was only partially offset by a higher average selling price. Sales of natural gas were up $0.6 million as market gas was bought and resold to mitigate unused capacity under the plant's gas transportation contract. Sales of emission allowances and credits generated revenue of $0.1 million this quarter.

The cost of gas consumed during the quarter was up as a result of increased TCPL transportation tolls and a price increase resulting from the scheduled "re-opening" of the price under one gas contract that represents approximately 30% of the facility's gas supply. The cost of gas resold was up due to purchases of natural gas at generally higher market prices. Plant operating costs were in line with costs incurred during the first quarter of 2007.

Kingston Facility

(in thousands of dollars except as indicated)	3 months ended March 31 2008	2007
Sales Volume		
Electricity (MWh)	126,160	122,620
Steam (000 lb.)	86,992	93,642
Fuel consumption (000 GJs)	1,223	1,188
Sales		
Electricity	17,630	17,086
Steam	558	559
Natural gas	5,481	5,662
	23,669	23,307
Cost of sales		
Gas consumed	8,036	7,480
Gas re-sold	2,222	2,288
	10,258	9,768
Gross profit	13,411	13,539
Plant operating costs	1,342	1,442
Capital expenditures	-	-

Electricity sales at the Kingston facility were up 3% compared to the first quarter of 2007 commensurate with higher production and an escalation in the rates under the PPA. Steam revenue during the quarter was consistent with the prior year. Revenue from the resale of natural gas was down 3% from the previous year due to a combination of slightly lower volumes and selling prices. There were no sales of emission allowances in either 2007 or 2008.

The cost of natural gas consumed was higher compared to the first quarter of 2007 primarily due to the escalation of fixed and variable TCPL transportation tolls. The cost of gas resold was lower as a result of lower volumes. Plant operating costs were slightly lower in the first quarter of 2008 largely due to reduced staffing costs.

Mont Miller Wind Farm

(in thousands of dollars except as indicated)	3 months ended March 31 2008	2007
Sales Volume		
Electricity (MWh)	47,263	53,297
Sales		
Electricity	2,963	3,294
	2,963	3,294
Gross profit	2,963	3,294
Plant operating costs	522	611
Capital expenditures	-	-

Mont Miller's electricity production during the first quarter of 2008 was below the previous year due to lighter winds in January and March. As a result, energy production fell short of expectations and the first quarter of 2007. The capacity factor was 40%.

The turbines performed well and achieved overall equipment reliability of 98% during the quarter. There was minimal downtime for Vestas to replace a gearbox that failed in late December and to complete minor electrical repairs in

March. As noted in the 2007 Annual Report, Vestas installed several sensors on two turbines in February; data from these sensors is expected to improve production during winter months. All costs associated with equipment replacements and upgrades are covered under Mont Miller's Warranty, Maintenance and Service ("WMS") agreement.

German Wind Farms

	3 months ended March 31	
(in thousands of dollars except as indicated)	**2008**	**2007**
Sales Volume		
Electricity (MWh)	15,183	15,269
Sales		
Electricity	2,085	2,138
	2,085	2,138
Gross profit	2,085	2,138
Plant operating costs	251	212
Capital expenditures	-	-

Energy production during the first quarter of 2008 surpassed long-term expectations by 31% due to an energetic wind resource in February and March. The wind farms achieved a combined turbine reliability of 98% during the quarter and a capacity factor of 33%.

The turbines performed very well during the quarter, with only one downtime issue at Eckolstädt due to a generator failure in late March; the generator was replaced in early April.

Investment Income

	3 months ended March 31	
(in thousands of dollars)	**2008**	**2007**
Panda Energy Corporation ("PEC"):		
Dividends	49	410
Interest income	1,893	2,220
	1,942	2,630
Thorold CoGen LP interest and fees	178	-
Total investment income	2,120	2,630

Investment income at $2.1 million was down $0.5 million due to lower interest and dividend income from PEC.

The Fund's investment in PEC generated income of $1.9 million this quarter through a combination of interest (US$1,846,000; 2007 - US$1,890,000) and dividend payments (US$49,000; 2007 - US$350,000); $0.7 million lower than the same period last year due to lower dividends and the strengthening of the Canadian dollar. Interest income will continue to decrease as the balance on the Panda senior loan declines; the loan is scheduled to be repaid in 2021.

Financial and operating results at the Panda-Brandywine plant for the quarter were lower than the same period last year; 2007 results were unusually high as unseasonably cold temperatures in February resulted in higher dispatch levels at the facility to meet the increased electricity demands.

As at March 31st, the Fund had loaned Thorold CoGen LP $6.7 million. During the quarter, the Fund recognized $38,000 in commitment and financing fees and $140,000 in accrued interest.

Consolidated Results

The following discussion of the consolidated financial condition and results of operations of the Fund should be read in conjunction with the unaudited interim consolidated financial statements for the periods ended March 31, 2008 and the Fund's 2007 Annual Report.

Sales and cost of sales were up $0.7 million and $1.4 million, respectively compared to 2007 due to the reasons cited previously under the descriptions of the facilities' results. Total plant operating costs were down $0.2 million due to lower costs at most of the facilities. Management and administration costs were down $0.4 million on a comparative basis, largely due to one-time costs in 2007 related to the special Unitholder meeting held in the first quarter of 2007. Amortization and accretion expense, related solely to the asset retirement obligations of the Fund's wind farms, were in line with 2007.

As discussed previously, investment income of $2.1 million was $0.5 million lower than in 2007. During the quarter, the Fund recorded the following non-cash adjustments: (i) a $2.0 million loss on the change in fair value of the Kingston facility's interest rate swaps, (ii) an $0.8 million foreign exchange loss on the Fund's U.S. and Euro foreign exchange contracts not designated as part of a hedging relationship, and (iii) an offsetting foreign exchange gain of $2.5 million on the translation of the Panda senior loan balance to the quarter-end Canadian dollar /U.S. dollar exchange rate.

Contract amortization and interest and bank charges were both slightly lower than the same period in 2007.

The factors described above resulted in income before income taxes for the first quarter of 2008 of $15.9 million being $0.6 million lower than last year. After the recovery of $0.5 million of current taxes and the $0.6 million provision for future income taxes, net income at $15.7 million was $1.1 million lower than last year.

Liquidity and Capital Resources

Cash and cash equivalents of $26.9 million at March 31st decreased by $1.4 million since December 31, 2007 as a result of $21.7 million of cash generated by operations being offset by $2.0 million of investing activities and by $21.4 million of financing activities.

Of the $21.7 million cash provided by operating activities for the three-month period ended March 31, 2008, $27.2 million related to operations, with the balance representing a $5.6 million increase in non-cash working capital since December 2007. Cash generated by operating activities was $18.3 million lower than in the same three-month period of 2007 due to the change in working capital related to the payment of taxes owing at year end on the Calpine settlement and by the timing of receipts for electricity sales by the Iroquois Falls and Kingston facilities to OEFC; there were two months of electricity sales receivable at March 31, 2008 versus one month last year.

Cash used for investing activities of $2.0 million in 2008 reflected advances of $2.6 million on the loan to Thorold CoGen LP, partially offset by receipts of principal on the Panda senior loan. Cash used for financing activities of $21.4 million represented distributions to Unitholders of $16.8 million and long-term debt repayments of $4.6 million.

Inventory decreased from $9.6 million at December 31, 2007 to $4.2 million at quarter end, largely due to a reclassification of major turbine spares from inventory to property, plant and equipment as a result of the Fund implementing the Canadian Institute of Chartered Accountants (CICA) new accounting requirements for major spare parts. Readers should refer to Note 2, "Adoption of New Accounting Standards" in the attached consolidated financial statements for additional details on the impact of the CICA's new requirements.

Derivative financial instruments increased by $4.8 million from year end due to the recognition of unrealized losses on the Fund's interest rate swaps and foreign exchange contracts, as discussed previously.

Sustainability of Distributions

The Fund's investment objective is to produce stable and sustainable levels of cash for distribution to Unitholders from assets, businesses and investments related to the production, conversion, transmission, distribution, purchase and sale of electricity and other forms of energy, energy-related projects and fuels.

An essential element of the Fund's business strategy to assure the predictability of distributions is to have the majority of the Fund's revenue and costs determined under long-term contracts with creditworthy counterparties. The major terms of the long-term power purchase agreements and fuel-supply contracts are aligned for each project such that revenue and cost escalation are linked, providing assurance of long-term profitability for the project.

Distributions to Unitholders and Distributable Cash

The following calculation of standardized distributable cash and distributable cash is based on the unaudited consolidated financial statements of the Fund:

	3 Months ended Mar. 31	
(unaudited, stated in thousands except per unit amounts)	***2008***	***2007***
Cash provided by operating activities	**$ 21,658**	**$ 39,920**
Capital expenditures	(20)	(18)
Standardized distributable cash	**$ 21,638**	**$ 39,902**
NPIF adjustments:		
Net change in non-cash working capital balances related to operations	5,561	(12,607)
Scheduled receipts of principal on Panda senior loan	693	660
Scheduled repayment of Mont Miller term loan	(277)	(238)
Scheduled repayment of KCLP term loans	(4,293)	-
Funds set aside for repayment of KCLP term loans	-	(3,715)
KCLP cash reserve funding	(25)	(17)
Funds set aside for future maintenance	(26)	(22)
Distributable cash	**$ 23,271**	**$ 23,963**
Distributions paid to Unitholders	**$ 16,835**	**$ 17,921**
Standardized distributable cash payout ratio	78%	45%
Distributable cash payout ratio	72%	75%

(unaudited, stated in thousands except per unit amounts)	3 Months ended Mar. 31 2008	2007
Cumulative - since inception		
Standardized distributable cash	**$ 380,949**	**$ 300,673**
Distributable cash	**$ 501,845**	**$ 411,655**
Distributions paid to Unitholders	**$ 450,816**	**$ 383,479**
Standardized distributable cash payout ratio	**118%**	**128%**
Distributable cash payout ratio	**90%**	**93%**
Average number of trust units - basic (thousands of units)	**62,352**	**62,334**
Average number of trust units - fully diluted (thousands of units)	**64,916**	**64,761**
Per unit ($/unit)		
Standardized distributable cash - basic	$ 0.3470	$ 0.6401
Standardized distributable cash - fully diluted	$ 0.3333	$ 0.6161
Distributable cash - basic	$ 0.3732	$ 0.3844
Distributable cash - fully diluted	$ 0.3585	$ 0.3700

Cash from operations at $21.7 million for the quarter was lower than the same period of 2007 by $18.3 million primarily due to an increase in working capital related to the payment of income taxes associated with the Calpine settlement and the timing of receipts for electricity sales by the Iroquois Falls and Kingston facilities to OEFC, as previously explained.

Standardized distributable cash for the quarter at $21.6 million was $18.3 million lower than the 2007 level for the same period due to the large change in working capital, explained above. Standardized distributable cash was $4.8 million higher than distributions paid to Unitholders as the Fund retained excess cash for reinvestment, funding of the loan commitment for the Thorold project and as a cushion against potential future tax obligations commencing in 2011.

The table above shows entity-specific "NPIF adjustments" to standardized distributable cash to arrive at "Distributable Cash", the cash generated from the business that the Fund's Manager believes is representative of the amount that is available to be distributed to Unitholders while preserving the long-term value of the business and the Fund. "Distributable Cash" as calculated above is consistent with the Fund's calculation of distributable cash in past quarters and years. Readers should refer to the Fund's 2007 Annual Report for additional information on the entity-specific adjustments to standardized distributable cash.

Distributable cash as determined by the Fund for the three months ended March 31st at $23.3 million was $0.7 million lower than the same period in 2007, but was $6.4 million higher than the distributions paid to Unitholders.

The cumulative standardized distributable cash payout ratio since inception of the Fund is greater than 100% largely because standardized distributable cash does not provide adjustments for expansionary capital expenditures. As discussed in the 2007 Annual Report, the Fund had significant expansionary capital expenditures between 2002 and 2005 related to the gas turbine upgrade at Iroquois Falls and the building of the Mont Miller wind farm, both of which were funded through the issuance of trust units; the distributable cash calculation takes account of these expenditures. The payout ratio based on the Fund's calculation of distributable cash from inception to March 31, 2008 is 90%.

The Fund's distributions have been and are expected to be funded from the operations of the Fund's facilities and principal and interest payments on the Fund's loans receivable.

Debt Covenants

The Fund conducts its businesses indirectly through separate legal entities (subsidiaries and affiliates), and is dependent on receipt of cash from those entities to defray its corporate expenses and to make distributions to Unitholders. Certain of those entities have outstanding debt which was incurred to help fund the entities' original investments. Under the credit agreements for such debt, it is conventional for distributions of cash to the Fund to be prohibited if the loan is in default (notably for non-payment of principal or interest); or if the entity fails to achieve a benchmark "debt service coverage ratio" ("DSCR"), which is the ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA", a non-GAAP performance indicator) for a specified time period to the scheduled loan principal and interest payments for the same time period; or if the debt exceeds a defined multiple of EBITDA. For the period ended March 31, 2008, the Fund and its subsidiaries were in compliance with all debt covenants. A summary of the latest debt covenant calculations, ratio ranges for the past 12 months and required ratios for each of the applicable Fund entities are shown below:

	Latest Calculation		Required Ratio	Previous 4 Quarter Range
	Period	Ratio		
Iroquois Falls - DSCR	12 months to Mar. 31/08	487.80	> 2.25	225.2 to 487.8
Iroquois Falls - Debt to EBITDA	As at Mar. 31/08	0.00	< 3.25	0.0 to 0.05
The Fund - DSCR	12 months to Mar. 31/08	4.10	> 2.25	4.1 to 4.9
The Fund - Debt to EBITDA	As at Mar. 31/08	1.00	< 3.25	1.0 to 1.3
Kingston - DSCR	12 months to Dec. 31/07	2.25	> 1.15	2.25 to 2.59
Miller LP - DSCR	12 months to Mar. 31/08	2.24	> 1.20	2.24 to 2.37
Miller LP - DSCR Proforma	12 months to Mar. 31/09	2.36	> 1.20	2.36 to 2.78
Panda Brandywine - DSCR	12 months to Jan. 31/08	1.51	> 1.20	1.51 to 1.75

Readers should refer to the Fund's most recent annual report for additional details concerning its debt covenants.

Non-GAAP Financial Measures

Included in this Management's Discussion & Analysis are references to the Fund's distributable cash and funds from operations before working capital changes, which are not measures under Canadian generally accepted accounting principles ("GAAP"). Distributable cash and funds from operations before working capital changes, as presented, may not be comparable to similar measures presented by other income funds. Management believes that these measures are widely accepted financial indicators used by investors to assess the performance of an income trust and its ability to generate cash through operations.

Historical Consolidated Quarterly Results

$ millions, except Per unit information	**Q1 2008**	**Q4 2007**	**Q3 2007**	**Q2 2007**	**Q1 2007**	**Q4 2006**	**Q3 2006**	**Q2 2006**
Total sales	**52.4**	48.6	41.2	42.9	51.6	47.9	40.5	40.6
Net income (loss)	**15.7**	31.2	1.6	(76.9)	16.9	12.7	5.8	3.5
Standardized distributable cash	**21.6**	33.8	6.0	18.8	39.9	18.1	8.0	18.1
Distributable cash	**23.3**	29.9	19.1	17.9	24.0	18.4	17.5	17.5
Distributions declared	**16.8**	16.8	16.8	16.8	16.8	17.9	16.6	16.3
Per unit statistics								
Net income (loss) - basic	**0.252**	0.502	0.026	(1.234)	0.271	0.205	0.093	0.056
Net income (loss) - diluted	**0.250**	0.476	0.026	(1.234)	0.268	0.204	0.093	0.056
Standardized distributable cash	**0.347**	0.542	0.096	0.302	0.640	0.290	0.129	0.292
Distributable cash	**0.373**	0.480	0.307	0.287	0.384	0.296	0.282	0.283
Distributions declared	**0.270**	0.270	0.270	0.270	0.270	0.288	0.268	0.263

Iroquois Falls' sales are seasonal, as OEFC has contracted for more electricity (and pays a higher price) in winter than in summer. In addition, steam sales to Abitibi tend to be higher in winter than summer. Financial results from the Fund's wind farms are expected to follow a similar seasonal pattern to Iroquois Falls, as it tends to be windier in the winter months compared to the summer months. Seasonality at the consolidated level is dampened somewhat as the financial results for the Kingston facility are less seasonal than Iroquois Falls.

Net income also includes interest and fees earned on the subordinated loan receivable from Thorold CoGen LP and the senior loan receivable from a PEC subsidiary, dividends received from the Fund's 19% equity interest in PEC (none of which varies materially by season), any non-cash foreign exchange adjustments required to translate the US dollar denominated balance of the senior loan to the appropriate quarter-end Canadian dollar equivalent and, beginning with the first quarter of 2007, fair value movements of the interest rate swap contracts entered into by KCLP.

As a result of the factors stated above, the Fund's distributable cash per unit is normally highest in the first quarter and lowest during the second and third quarters.

Trust Unit and Convertible Unsecured Subordinated Debenture Information

As at March 31, 2008, the Fund had 62,352,423 trust units outstanding (December 31, 2007 – 62,352,423). There were no conversions of unsecured subordinated debentures into trust units during the quarter. As at May 8, 2008, a total of 62,352,423 units were outstanding.

Risks and Uncertainties

For information concerning the Fund's risks and uncertainties, please refer to the Fund's most recent Annual Report and its Annual Information Form, dated March 28, 2008, both of which are filed electronically at www.sedar.com.

Management's Responsibility for Financial Information

A rigorous and comprehensive financial governance framework is in place at the Fund and its subsidiaries, and at the Manager. Each year, the Fund's Annual Report contains a statement signed by the Manager's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) outlining management's responsibility for financial information contained in the report. The Fund filed certifications, signed by the CEO and CFO, with the Canadian Securities Administrators in March 2008 in association with the filing of the 2007 Annual Report and other annual disclosure documents. In those filings, the Manager's CEO and CFO certified, as required in Canada by Multilateral Instrument 52-109 (Certification of Disclosure in Issuers' Annual and Interim Filings), the appropriateness of the financial disclosures in the Fund's annual filings and the effectiveness of the Fund's disclosure controls and procedures. The Manager's CEO and CFO have certified the appropriateness of the financial disclosures in the Fund's interim filings with securities regulators, including this MD&A and the accompanying unaudited interim consolidated financial statements for the periods ended March 31, 2008, and that they are responsible for the design of disclosure controls and procedures and internal controls over financial reporting.

There have been no changes in internal controls over financial reporting during the quarter ended March 31, 2008 that have materially affected or are reasonably likely to materially affect the Fund's internal control over financial reporting.

As in prior quarters, NPIF Commercial Trust's audit committee reviewed this MD&A, and the attached unaudited interim consolidated financial statements, and its Board of Trustees approved these documents prior to their release.

Accounting Changes

Effective January 1, 2008, the Fund adopted the CICA new accounting standards contained in Section 3031 "Inventories" and the amendments to Section 3061 "Property, Plant and Equipment" that required the Fund to reclassify major spare parts and standby equipment from inventory to property, plant and equipment. The new requirements regarding inventory costing had no impact to the Fund's accounting for its inventory. These standards were adopted on a retroactive basis without restatement of comparative periods. The Fund adjusted opening retained earnings for prior period amortization related to major spare parts and standby equipment reclassified from inventory to property, plant and equipment. For additional details of the impact of adopting this new accounting requirement on the Fund's reporting, readers should refer to Note 2 in the unaudited interim consolidated financial statements.

Effective January 1, 2008, the Fund adopted the new CICA accounting standards contained in Sections 3862 "Financial Instruments – Disclosure", 3863 "Financial Instruments – Presentation" and 1535 "Capital Disclosures". The adoption of these new standards resulted in additional disclosures with regard to financial instruments and the Fund's objectives, policies and processes for managing capital. The new standards have no impact on either the classification and valuation of the Fund's financial instruments or on net income, Unitholders' equity or any other line item in the Fund's consolidated financial statements.

Outlook

The Fund's distributable cash in 2007 amounted to $1.46 per unit, or $1.28 per unit after backing out the one-time impact of the Calpine settlement related to its 2006 gas supply contract default. Distributable cash for 2008 is expected to be slightly lower than $1.28 per unit. Gross profit at Iroquois Falls will be adversely affected by the previously mentioned gas supply contract price re-opener that is 50% mitigated through higher payments from OEFC, while margins at both Iroquois Falls and Kingston will be compressed by significant jumps in TCPL transportation tariffs this year. On the upside, margins on natural gas sales at Kingston should improve due to higher gas prices – about 90% of projected 2008 sales are now subject to forward contracts. Also on the upside, selling prices under the Iroquois Falls power purchase agreement, which are indirectly related to the wholesale cost of electricity in Ontario, will be subject to upwards pressure due to the impact of the entry into commercial operation of new power plants and wind farms contracted by the Ontario Power Authority as well as Ontario Power Generation's success in having its administered rates increase. Distributable cash is expected to exceed distributions at the current annual rate of $1.08 per unit by a comfortable margin.

On behalf of Northland Power Income Fund Management Inc.

(signed) "John W. Brace"

John W. Brace
President
May 8, 2008

FORWARD LOOKING STATEMENTS

Certain statements in this News Release, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Fund's and its subsidiaries' current expectations. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Fund's and its subsidiaries' for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. Although these forward-looking statements are based upon the Fund's Manager's current reasonable expectations and assumptions, they are subject to numerous risks and uncertainties, including those set out in the management's discussion and analysis section of the Fund's 2007 annual report and in the Fund's Annual Information Form dated March 28, 2008, certain of which are beyond the Manager's control. The Fund's actual results could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or what benefits, including the amount of distributions, the Fund and Unitholders will derive therefrom.

The forward-looking statements contained in this press release are made as of the date hereof for the purpose of providing readers with the Fund's expectations for the coming year. The forward-looking statements may not be appropriate for other purposes. Other than as specifically required by law, the Fund undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

NORTHLAND POWER INCOME FUND

Consolidated Balance Sheets

(stated in thousands)

ASSETS

	Mar. 31, 2008	*Dec. 31, 2007*
Current		
Cash and cash equivalents	$ 26,896	$ 28,311
Cash reserves	2,655	2,630
Accounts and other receivables	31,026	32,073
Inventories	4,182	9,619
Prepaid expenses	2,226	2,789
Current portion of Panda senior loan	2,718	2,557
Total current assets	69,703	77,979
Deferred charges	1,906	1,932
Property, plant and equipment, net	404,209	405,744
Contracts	125,352	128,827
Investment in Panda Energy Corporation	7,946	7,946
Panda senior loan	66,259	64,659
Loan receivable from Thorold CoGen LP	5,923	3,113
Future income tax asset	583	590
	$ 681,881	$ 690,790

LIABILITIES AND UNITHOLDERS' EQUITY

	Mar. 31, 2008	*Dec. 31, 2007*
Current		
Accounts payable and accrued liabilities	$ 8,515	$ 16,233
Current portion of KCLP term loans	8,492	8,539
Current portion of Mont Miller term loan	1,150	1,108
Distribution payable to Unitholders	5,612	5,612
Total current liabilities	23,769	31,492
KCLP term loans	72,248	76,494
Mont Miller term loan	36,814	37,133
Other long term liabilities	2,553	2,475
Asset retirement obligation	2,322	2,275
Convertible debentures	29,044	29,044
Future income tax liability	74,608	73,850
Derivative financial instruments	15,584	10,767
	256,942	263,530
Trust Units	670,422	670,422
Accumulated other comprehensive income	917	151
Deficit	(246,400)	(243,313)
Total Unitholders' equity	424,939	427,260
	$ 681,881	$ 690,790

NORTHLAND POWER INCOME FUND

Consolidated Statements of Income and Deficit

(stated in thousands except per unit amounts)

	3 Months Ended Mar. 31 2008	2007
Sales		
Electricity	$ 43,432	$ 42,999
Steam	2,547	2,760
Natural gas	6,256	5,879
Emission allowances	116	-
Total sales	52,351	51,638
Cost of sales	19,996	18,645
Gross profit	32,355	32,993
Expenses		
Plant operating costs	3,757	3,921
Amortization	6,975	6,933
Management and administration costs	1,002	1,427
Accretion expense	37	47
	11,771	12,328
Investment income	2,120	2,630
Income from operations	22,704	23,295
Foreign exchange	(1,692)	775
Amortization of deferred charges	26	26
Amortization of contracts	3,475	3,743
Change in fair value of interest rate swaps	2,031	(967)
Interest income	(342)	(231)
Interest expense and bank fees	3,352	3,481
Income before income taxes	15,854	16,468
Provision for (recovery of) income taxes		
Current	(483)	(80)
Future	615	(292)
	132	(372)
Net income for the period	$ 15,722	$ 16,840
Deficit, beginning of period - as previously stated	$ (243,313)	$ (139,269)
Cumulative effect of adopting new accounting standards	(1,974)	(9,520)
Deficit, beginning of period - as adjusted	(245,287)	(148,789)
Distributions declared to Unitholders	(16,835)	(16,830)
Net income for period	15,722	16,840
Deficit, end of period	$ (246,400)	$ (148,779)
Average number of units outstanding - basic	*62,352*	*62,334*
Average number of units outstanding - diluted	*64,916*	*64,761*
Net income per trust unit- basic	$ 0.2521	$ 0.2702
Net income per trust unit - diluted	$ 0.2498	$ 0.2676

NORTHLAND POWER INCOME FUND

Consolidated Statement of Comprehensive Income

(stated in thousands except per unit amounts)

	3 Months Ended Mar. 31	
	2008	***2007***
Net income for the period	**$ 15,722**	**$ 16,840**
Other comprehensive income:		
Net change in translation of net investment in foreign operations	2,213	80
Net change in fair value of hedged foreign currency forward contracts	(1,879)	(64)
Future income tax affect of above	432	-
Total other comprehensive income	766	16
Total comprehensive income	**$ 16,488**	**$ 16,856**

NORTHLAND POWER INCOME FUND

Consolidated Statements of Cash Flows

(stated in thousands except per unit amounts)

	3 Months Ended Mar. 31 *2008*	*2007*
Operating activities		
Net income for the period	$ 15,722	$ 16,840
Items not involving cash:		
Amortization	6,975	6,933
Amortization of contracts	3,475	3,743
Amortization of deferred charges	26	26
Amortization of financing and commitment fees	(38)	-
Interest receivable from Thorold CoGen LP	(140)	-
Change in fair value of interest rate swaps	2,031	(967)
Foreign exchange	(1,692)	775
Accretion expense	37	47
Other long term liabilities	208	208
Future income taxes	615	(292)
	27,219	27,313
Net change in non-cash working capital balances related to operations	(5,561)	12,607
Cash provided by operating activities	21,658	39,920
Investing activities		
Cash reserves funding	(25)	(17)
Loan to Thorold CoGen LP	(2,632)	-
Receipts of principal on Panda senior loan	693	660
Purchase of property, plant and equipment	(20)	(18)
Cash (used in) provided by investing activities	(1,984)	625
Financing activities		
Repayment of Mont Miller term loan	(277)	(238)
Repayment of KCLP term loans	(4,293)	-
Distributions to Unitholders	(16,835)	(17,921)
Cash used in financing activities	(21,405)	(18,159)
Effect of exchange rate differences on cash and cash equivalents	316	12
Net change in cash and cash equivalents	(1,415)	22,398
Cash and cash equivalents, beginning of the period	28,311	13,484
Cash and cash equivalents, end of period	$ 26,896	$ 35,882
PER UNIT		
Distributions declared to Unitholders	$ 0.2700	$ 0.2700

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(all figures in notes are stated in thousands of dollars, except as indicated)

1. Accounting Policies

These consolidated financial statements include the accounts of the Fund and all its subsidiaries. All inter-company transactions have been eliminated.

The Fund's investment in Panda Energy Corporation ("PEC") is accounted for under the cost method.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to interim financial reporting and thus do not contain all of the disclosures required by Canadian GAAP applicable to annual financial statements. As a result, these interim consolidated financial statements should be read in conjunction with the Fund's annual consolidated financial statements included in the 2007 Annual Report. These unaudited interim consolidated financial statements follow the same accounting principles and methods of application as the annual consolidated financial statements as at December 31, 2007 except for changes as outlined in Note 2.

2. Adoption of New Accounting Standards

Effective January 1, 2008, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") new accounting standards contained in Section 3031 "Inventories" and the amendments to Section 3061 "Property, Plant and Equipment" that required the Fund to reclassify major spare parts and standby equipment from inventory to property, plant and equipment. The new requirements regarding inventory costing had no impact to the Fund's accounting for its inventory. These standards were adopted on a retroactive basis without restatement of comparative periods. The Fund adjusted opening retained earnings for prior period amortization related to major spare parts and standby equipment reclassified from inventory to property, plant and equipment. The impact on the Fund's consolidated financial statements is as follows:

(in thousands of dollars)	**As at Dec. 31, 2007**	**Adjustment upon adoption of new standards**	**As at Jan. 1, 2008**
ASSETS			
Inventory	9,619	(4,952)	4,667
Property, plant and equipment, net	405,744	3,560	409,304
Impact on total assets	415,363	(1,392)	413,971
Liabilities and Unitholders' equity			
Future taxes	73,850	582	74,432
Impact on total liabilities	73,850	582	74,432
UNITHOLDERS' EQUITY			
Deficit	(243,313)	(1,974)	(245,287)
Impact on Unitholders' equity	(243,313)	(1,974)	(245,287)
Impact on liabilites and Unitholders' equity	(169,463)	(1,392)	(170,855)

Effective January 1, 2008, the Fund adopted the new CICA accounting standards contained in Sections 3862 "Financial Instruments – Disclosure", 3863 "Financial Instruments – Presentation" and 1535 "Capital Disclosures". The adoption of these new standards resulted in additional disclosures (see Note 3) with regard to financial instruments and the Fund's objectives, policies and processes for managing capital. The new standards have no impact on either the classification and valuation of the Fund's financial instruments or on net income, Unitholders' equity or any other line item in the Fund's consolidated financial statements.

3. Financial Instruments and Risk Management

The Fund's activities expose it to a variety of financial risks; market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The Fund uses derivative financial instruments to mitigate certain risk exposures. The Fund does not purchase any derivative financial instruments for speculative purposes.

Risk management is the responsibility of the corporate finance function. The Manager's corporate finance function identifies, evaluates and where appropriate, mitigates financial risks. Material risks are monitored and are regularly discussed with the audit committee of the board of trustees.

The fair value of derivative financial instruments reflects the estimated amount that the Fund would have been required to pay if forced to settle all unfavourable outstanding contracts or the amount that would be received if forced to settle all favourable contracts at period end. The fair value represents a point-in-time estimate that may not be relevant in predicting the Fund's future earnings or cash flows.

The fair values for the Fund's interest rate swap contracts and foreign exchange forward contracts are provided by the counterparties to these contracts.

Categories of Financial Assets and Liabilities

Under generally accepted accounting principles, financial instruments are classified into one of the following five categories: held-for-trading, held to maturity investments, loans and receivables, available-for-sale financial assets and other financial liabilities. The Fund has also designated certain of its derivatives as effective hedges for accounting purposes. The carrying values of the Fund's financial instruments are classified into the following categories:

(in thousands of dollars)

As at:	Mar. 31, 2008	Dec. 31, 2007
Financial assets held for trading[1]	60,577	63,014
Loans and receivables[2]	74,900	70,329
Financial liabilities held for trading[3]	29,713	32,612
Other financial liabilities[4]	147,748	152,318

For the three months ended:	Mar. 31, 2008
Gain (loss) on financial assets held for trading	-
Gain (loss) on loans and receivables	2,453
Gain (loss) on financial liabilities held for trading	(4,817)
Gain (loss) on other financial liabilities	-
Fee and interest income on financial assets not held for trading	2,071
Interest expense on financial liabilities not held for trading	(3,197)

(1) Cash and cash equivalents, cash reserves and accounts receivable
(2) Panda senior loan and loan receivable from Thorold CoGen LP
(3) Accounts payable, distributions payable and derivative financial instruments
(4) Amortizing term loans and convertible subordinated debentures

Financial Risk Factors

The Fund's overall risk management program seeks to mitigate the financial risks to which it is exposed to maintain stable and sustainable levels of cash for distribution to Unitholders.

The risks associated with the Fund's financial instruments and the Manager's policies for minimizing these risks are detailed as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows of the Fund's financial instruments will fluctuate because of changes in market prices. Components of market risk to which the Fund are exposed are discussed below:

(i) Interest Rate Risk
Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The objective of the Fund's interest rate management activities is to minimize the volatility on the Fund's cash flows. In order to manage this risk, the Fund enters into fixed rate, amortizing debt or alternatively, enters into interest rate swap agreements to convert the interest expense and net payments from a floating rate to a fixed rate.

Kingston CoGen Limited Partnership's (KCLP's) amortizing term loans of $80.7 million as at March 31, 2008, bears a variable interest rate that gives rise to interest rate risk. To mitigate this risk, KCLP has entered into interest rate swap contracts to effectively fix its interest rates. Changes in the fair value of the interest rate swap contracts are recorded in the Fund's consolidated statement of income and deficit.

As at March 31, 2008, if interest rates had been 100 basis points higher/lower with all other variables held constant, the change in income before taxes, which includes interest on the debt and the change in fair value of the interest rate swaps, would have been $3.0 million higher/lower for the three month period ended March 31, 2008.

All of the Fund's other long-term borrowings have a fixed interest rate for the term of the debt.

(ii) Foreign Currency Risk
As at March 31, 2008, all of the Fund's assets and sales were located in Canada and Germany with the exception of the investments in, and income from, Panda Energy Corporation (PEC) and Panda Interfunding LLC (PIC), which relate to entities in the United States. Foreign exchange risk arises because the Canadian equivalent of transactions denominated in foreign currencies (for example, the interest and principal on the senior loan receivable from PIC that is denominated in U.S. dollars) may vary due to changes in exchange rates and because Euro denominated financial statements of the Fund's German wind farms may vary on consolidation into Canadian dollars.

It is the Fund's objective to hedge net foreign currency cash flows to the extent practical in order to protect the Fund from foreign exchange risk and therefore cash flow fluctuations. The Fund's foreign currency exposure includes U.S. dollar investment income and principal repayments from PEC and PIC, partially offset by U.S. dollar expenditures at Iroquois Falls Power Corp. (IFPC) and KCLP, as well as Euro income from the German wind farms.

At the time of providing the U.S.$93 million senior loan to PIC in 2003, the Fund entered into foreign exchange forward contracts (that came to an end in the first quarter of 2007) and were at a rate of U.S.$0.7614 per CAD$1.00. The contracts were entered into to effectively fix the amount the Fund would receive quarterly from PEC and PIC with respect to interest and dividends and the scheduled principal repayments that were not offset by U.S. dollar payment obligations at IFPC and KCLP. New hedges were put into place for US$750,000 per quarter in late 2006 at a rate of U.S. $0.8802 per CAD$1.00 until the first quarter of 2009. The Manager of the Fund intends to roll forward this program to manage the foreign exchange risk.

At March 31, 2008, if the Canadian dollar had been 5% higher/lower against the U.S. dollar with all other variables held constant, income before taxes for the three month period ended March 31, 2008 would have been $3.2 million higher/lower, as a result of the non-cash foreign exchange gains/losses on the senior loan receivable from PIC, partially offset by the fair value change in the U.S. dollar foreign exchange contracts.

With respect to the German wind farms, the Fund expects to receive approximately €2 million a year (€1 million semi-annually) until at least 2020. Because the Euro foreign exchange market is extremely thin beyond 5 years, the hedging program that was put in place at the time of the German wind farm investment was to sell forward €2 million per year for 5 years at a rate of CAD$1.4334 per €1 and a lump sum amount of €10 million, which represented the Fund's remaining net investment in the German wind farms at the end of year 5 at a rate of CAD$1.4536 per €1. The hedging program was rolled forward by 18 months in November 2007 with the result that the Fund currently has foreign exchange forward contracts of €2 million per year to May 2012 (5 years) with a lump sum amount of €8 million in October 2012 at approximately the same rates as when the program was initiated.

As discussed previously, Euro currency risk arises on translation of the net assets of the German wind farms. As a result, gains and losses arising on the translation of the Fund's net investment in the German wind farms and gains and losses arising from changes in the fair values of foreign currency forward contracts that hedge its net investment in Germany and that are determined to be an effective hedge are recorded in other comprehensive income.

Exchange gains and losses on the hedging derivatives that have been recognized in other comprehensive income are recognized in net income in the same period during which corresponding gains or losses arising from the translation of the financial statements of the self-sustaining foreign operation are recognized in net income. Also included in net income are the changes in fair value on any Euro forward contracts not designated as part of a hedging relationship.

Exchange gains and losses arising from the translation of the financial statements of the Fund's net investment in the German wind farms are included in the determination of income when there has been a reduction in the net investment by way of a reduction in equity or through the settlement of a long-term inter-entity balance that has been considered part of the Fund's net investment.

By entering into Euro forward contracts as a hedge of the Fund's investment in the German wind farms, the Fund's risk management objectives are met.

At March 31, 2008, if the Canadian dollar had been 5% higher/lower against the Euro with all other variables held constant, income before taxes for the three month period ended March 31, 2008 would have been $0.3 million higher/lower, and other comprehensive income would have been $0.5 million lower/higher.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks and financial institutions, entering into derivative financial instruments, granting loans and receivables to customers, PIC and Thorold CoGen LP and making a loan commitment to Thorold CoGen LP. The maximum exposure to credit risk, other than for the loan commitment, is equal to the carrying value of the financial assets. As security for its remaining funding commitments to Thorold CoGen LP, a letter of credit in the amount of $18.6 million was outstanding under the Fund's credit facility at March 31, 2008.

The objective of managing counterparty risk is to prevent losses in financial assets. To meet this objective and assure the predictability of distributions, a majority of the Fund's revenues are under long-term contracts with creditworthy counterparties, such as government related entities, and the Fund's foreign exchange and interest rate swap contracts are with creditworthy financial institutions. KCLP and IFPC's electricity sales are to Ontario Electricity Financial Corp. (OEFC) and Mont Miller's sales are to Hydro-Québec, both government related entities.

As at March 31, 2008, approximately 86% of the Fund's consolidated accounts receivables related to electricity sales with government related entities. This excludes the German wind farm receivables, as the counter-parties are local power distribution companies; however the electricity power rates are legislated. As a result of this high percentage, the Fund and its subsidiaries do not require allowance accounts (the Fund has never written off a receivable) and does not hold collateral from its counterparties. All reported accounts receivable amounts at March 31, 2008 are current.

The loans receivable from both PIC and Thorold CoGen LP are unsecured, but due to the contractual nature of the operations of Panda Brandywine and Thorold CoGen LP, where revenues and the majority of costs are contracted long-term with creditworthy counterparties, the risk of default is deemed minimal.

Overall, the nature of the Fund's business and contractual arrangements serve to minimize the Fund's credit risk.

During the quarter, there were no changes in the credit risk of the Fund's counterparties and the Manager does not expect any losses from non-performance by its counterparties.

Liquidity Risk

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. Liquidity risk includes the risk that, as a result of the Fund's operational liquidity requirements:

- the Fund may not have sufficient funds to settle a transaction on the due date;
- the Fund may be forced to sell financial assets at a value which is less than what they are worth; or
- the Fund may be unable to settle or recover a financial asset at all.

The Fund's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Fund achieves this by not paying out 100% of its distributable cash in distributions to Unitholders and through the availability of funding from committed credit facilities. As at March 31, 2008, the Fund and its subsidiaries were holding cash and cash equivalents of $26.9 million and had undrawn lines of credit available of $70.2 million.

The contractual maturities of the Fund's liabilities were presented in the Fund's 2007 Annual Report. In addition to the commitments disclosed in the 2007 Annual Report, the Fund has the following commitments related to its financial liabilities:

(in thousands)

	Currency	9 mos. 2008	2009	2010	2011	2012	>2012
Thorold LP loan commitment	CAD$	9,383	6,301	2,789			
USD foreign exchange contracts	US$	2,250	3,000				
Euro foreign exchange contracts	Euro	2,000	2,000	2,000	2,000	10,000	
KCLP interest rate swaps	CAD$	2,609	3,158	2,747	2,272	1,766	2,288

The Fund is also subject to internal liquidity risk as it conducts its business activities through separate legal entities (subsidiaries and affiliates), and is dependent on receipts of cash from those entities to defray its corporate expenses and to make distributions to Unitholders. Certain of those entities have outstanding debt which was incurred to help fund the entities' original investments. Under the credit agreements for such debt, it is conventional for distributions of cash to the Fund to be prohibited if the loan is in default (notably for non-payment of principal or interest); or if the entity fails to achieve a benchmark "debt service coverage ratio" ("DSCR"), which is the ratio of earnings before interest, taxes, depreciation and amortization ("EBITDA", a non-GAAP performance indicator) for a specified time period to the scheduled loan principal and interest payments for the same time period; or if the debt exceeds a defined multiple of EBITDA. For the period ended March 31, 2008, the Fund and its subsidiaries were in compliance with all debt covenants.

Management of Capital

The Fund defines capital that it manages as the aggregate of its Unitholders' equity and interest-bearing debt, including convertible unsecured subordinated debentures. The Fund's objectives when managing capital are to (i) help ensure the stability and sustainability of distributions to Unitholders for the long term, (ii) finance assets in a way that takes account of changes to their economic value over time, particularly as off-take (i.e. power purchase agreements) and supply contracts change or expire, and (iii) support a high stability rating from Standard & Poor's and an investment grade debt rating to ensure continued access to capital at competitive rates.

As at March 31, 2008, total managed capital was $572.7 million comprised of Unitholders' equity of $424.9 million, interest bearing debt of $118.6 million and convertible unsecured subordinated debentures of $29.0 million.

In order to maintain or adjust the capital structure, the Fund may exercise discretion in the amount of distributions declared to Unitholders, return of capital to Unitholders, issuance of new units or issuance or redemption of convertible unsecured subordinated debentures.

As an income trust, management targets a maximum debt to total enterprise value of 30%, but the Manager is currently re-evaluating that in light of changes to market expectations resulting from the announced taxation of income trusts commencing in 2011. As at March 31, 2008, the Fund's ratio of total debt to enterprise value was 16%. For purposes of this calculation, the Manager defines debt as the total of all borrowings (amortizing term loans and bank credit facilities) and convertible subordinated debentures and enterprise value as the summation of debt, as defined previously and the Fund's market capitalization at March 31, 2008 (number of outstanding units multiplied by the closing unit price).

To date, the Manager's strategy with respect to debt has been to leverage primarily within individual project entities (subsidiaries of the Fund). Most debt is non-recourse, has a fixed interest rate for its term and is fully repaid (amortized) over the life of the associated project's off-take or supply contracts to ensure that the project is debt-free at that point in its physical life when its economics are least predictable (i.e., at the maturation of its contracts). The maximum amount of debt that any project can support is determined with reference to the risk associated with the project and particularly the potential variability of the cash flows. Fully contracted gas-fired projects can generally support proportionately more debt than wind farms which are subject to cash flow volatility due to the natural variability of the wind resource.

4. Continuity of Accumulated Other Comprehensive Income

Accumulated other comprehensive income consists of the following:

	3 months ended March 31	
(in thousands of dollars)	**2008**	**2007**
Accumulated Other Comprehensive Income-net change in translation of net investment in self sustaining foreign operations:		
Balance beginning of period	90	1,390
Unrealized gain on translation of net investment	2,213	80
Balance end of period	2,303	1,470
Accumulated Other Comprehensive Income-net change in fair value of foreign currency forward contracts hedging net investment of foreign operations:		
Balance beginning of period	61	(1,245)
Change in fair value	(1,879)	(64)
Future income taxes	432	-
Balance end of period	(1,386)	(1,309)
Total accumulated other comprehensive income	917	161

5. Trust Units and Convertible Unsecured Subordinated Debentures

As at March 31, 2008, the Fund had 62,352,423 units outstanding. There were no conversions of convertible unsecured debentures during the quarter.

The dilutive effect of the convertible unsecured debentures for the three months ended March 31, 2008 is as follows:

	2008	**2007**
Weighted average number of units outstanding, basic	62,352,423	62,333,970
Effect of dilutive securities:		
Convertible unsecured subordinated debentures	2,563,743	2,427,485
Weighted average number of units outstanding, diluted	64,916,166	64,761,455

6. Income and Other Taxes

The Fund is subject to various uncertainties concerning the interpretation and application of Canadian and U.S. tax laws that could affect the Fund's profitability and cash flows. The determination of the Fund's future tax liability related to the federal government's bill to tax income trust distributions beginning January 1, 2011 is based on the Manager's current best estimate of its accounting and tax values that will exist on December 31, 2010. On at least a quarterly basis the Manager reviews its estimates of current and future tax liabilities and regularly reviews its tax filing positions with external tax experts. Revisions to the Fund's tax liabilities, which could be material, may be required if new information is received that affects the Manager's estimates and/or tax filing positions.

7. Segmented Information

The Fund indirectly owns two cogeneration facilities located in Ontario, a wind farm in Quebec and two wind farms in Germany. It also has a 19% equity interest in PEC and a senior loan to Panda Interfunding Corporation ("PIC"), which along with the loan to Thorold CoGen LP are included with the Fund's corporate operating income for reporting purposes. These assets represent the Fund's reportable segments at March 31, 2008.

The Fund analyzes the performance of its operating segments based on operating income. Income for each segment is measured on the same basis as that of the Fund. Significant information for each segment is as follows:

(in thousands of dollars)

For the 3 months ended, March 31, 2008:	Iroquois Falls	Kingston	Mont Miller	Germany	Corporate	Total
Sales	23,634	23,669	2,963	2,085	-	52,351
Amortization	2,230	3,011	1,051	683	-	6,975
Operating income	9,802	8,900	1,266	1,038	1,698	22,704
Interest expense, net	(125)	1,984	618	(11)	544	3,010
March 31, 2007:						
Sales	22,899	23,307	3,294	2,138	-	51,638
Amortization	2,223	2,956	1,057	697	-	6,933
Operating income	9,834	8,980	1,494	1,112	1,875	23,295
Interest expense, net	14	2,056	623	1	556	3,250

(in thousands of dollars)

As at March 31, 2008:	Iroquois Falls	Kingston	Mont Miller	Germany	Corporate	Total
Property, plant & equipment, net	173,656	133,704	79,861	16,988	-	404,209
Contracts, net	7,654	111,643	3,749	2,306	-	125,352
Panda senior loan and investment in PEC	-	-	-	-	76,923	76,923
Loan to Thorold CoGen LP	-	-	-	-	5,923	5,923
As at December 31, 2007:						
Property, plant & equipment, net	175,865	133,155	80,912	15,812	-	405,744
Contracts, net	7,791	114,882	3,801	2,353	-	128,827
Panda senior loan and investment in PEC	-	-	-	-	75,162	75,162
Loan to Thorold CoGen LP	-	-	-	-	3,113	3,113

Corporate operating income for the three months ended March 31, 2008 includes \$1.9 million (2007 – \$2.6 million) of interest and dividends from the senior loan receivable and investment in PEC and \$0.2 million of interest and fees from the Thorold CoGen LP loan (2007 – nil).

Information on operations by geographic area is as follows:

(stated in thousands of dollars)

	Three months ended March 31 2008	2007
Sales		
Canada	50,266	49,500
Germany	2,085	2,138
	52,351	51,638

	As at March 31, 2008	As at December 31, 2007
Property, Plant & Equipment, Net		
Canada	387,221	389,932
Germany	16,988	15,812
	404,209	405,744

As at March 31, 2008 all of the Fund's assets and sales were located in Canada and Germany with the exception of the investments in, and income from, PEC and PIC, which relate to entities in the United States.

NORTHLAND POWER INCOME FUND

TRUSTEE

Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Corporate Services

REGISTRAR AND TRANSFER AGENT

Computershare Trust Company of Canada
100 University Avenue
Toronto, Ontario M5J 2Y1
Attention: Equity Services

TRUST UNITS AND DEBENTURES

The trust units and convertible debentures are listed on the Toronto Stock Exchange and trade under the symbols NPI.UN and NPI.DB respectively.

BANK

Canadian Imperial Bank of Commerce
Commerce Court West
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NORTHLAND POWER
INCOME FUND