

**FIRST NATIONAL ALARMCAP INCOME FUND
QUARTERLY REPORT**

UNAUDITED CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)

	March 31, 2007 \$	December 31, 2006 \$
ASSETS		
Current assets		
Cash	1,009	1,073
Accounts receivable	2,803	3,116
Inventories	625	607
Prepaid expenses	431	402
Other short-term assets	252	-
Total current assets	5,120	5,198
Property, plant and equipment	4,440	4,525
Subscriber accounts	67,443	67,812
Goodwill	23,000	23,000
Other long-term assets	100	430
	100,103	100,965
LIABILITIES AND UNITHOLDER'S EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	4,276	4,802
Distributions payable to unitholders	448	448
Revenues collected in advance	4,806	5,029
Other deferred revenues	-	40
Deferred gain on interest rate swaps	282	-
Other short-term debt [Note 6]	44,401	-
Current portion of Capital Lease	84	82
Total current liabilities	54,297	10,401
Deferred gain on interest rate swaps	-	352
Obligations under capital leases [Note 5]	364	380
Deferred subscription revenues	476	418
Long-term debt [Note 6]	4,683	48,942
Unitholders' equity		
Unitholders' contributions [Note 7]	59,139	59,139
Cumulative net income	(4,783)	(5,937)
Cumulative distributions	(14,073)	(12,730)
Total unitholders' equity	40,283	40,472
	100,103	100,965

The interim consolidated financial statements which are included in this report have not been subject to a review by the Fund's external auditors.

**FIRST NATIONAL ALARMCAP INCOME FUND
QUARTERLY REPORT**

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of dollars, except per unit amounts)

	March 31, 2007 (3 months) (unaudited) \$	March 31, 2006 (3 months) (unaudited) \$
Revenues		
Monitoring and services	7,400	7,453
Installation	578	546
	7,978	7,999
Expenses		
Monitoring and customer service	1,688	1,816
Installation, sales and marketing	576	557
	2,264	2,373
Income before general and administrative expenses and other items	5,714	5,626
General and administrative expenses	1,410	1,477
	4,304	4,149
Amortization of subscriber accounts, depreciation of property plant and equipment	2,120	2,082
Interest on debt including amortization of other long-term assets	950	841
Change in the fair value of interest rate swaps	78	-
	3,148	2,923
Net income	1,156	1,226
Earning per unit		
Earning per unit	0.18	0.19
Weighted average number of units outstanding (in thousands)	6,324	6,324

The interim consolidated financial statements which are included in this report have not been subject to a review by the Fund's external auditors.

**FIRST NATIONAL ALARMCAP INCOME FUND
QUARTERLY REPORT**

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars)

	March 31, 2007 (3 months) (unaudited) \$	March 31, 2006 (3 months) (unaudited) \$
OPERATING ACTIVITIES		
Net income for the period	1,156	1,226
Items not affecting cash flows		
Amortization of subscriber accounts and depreciation of property, plant and equipment	2,120	2,082
Gain on settlement of note payable	-	(18)
Change in the fair value of interest rate swaps	78	-
Amortization of other long-term assets and deferred gain	96	122
Net change in non-cash working capital items	(401)	64
Cash flows relating from operating activities	3,049	3,476
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(26)	(121)
Increase in subscriber accounts	(1,573)	(2,356)
Increase in other long-term assets	(24)	-
Cash flow relating to investing activities	(1,623)	(2,477)
FINANCING ACTIVITIES		
Repayment of Capital Lease	(22)	-
Distributions to unitholders	(1,468)	(1,924)
Cash flow relating to financing activities	(1,490)	(1,924)
Net increase (decrease) in cash for the period	(64)	(925)
Cash – beginning of the period	1,073	1,672
Cash – end of period	1,009	747
Supplementary information		
Interest paid for the period:	804	622

The interim consolidated financial statements which are included in this report have not been subject to a review by the Fund's external auditors.

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

1. DESCRIPTION OF THE FUND

First National AlarmCap Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Alberta pursuant to a declaration of trust dated February 24, 2005, as amended and restated on March 4, 2005. The Fund began commercial activities on April 1, 2005.

The Fund was established to acquire substantially all the assets and shares of Microtec Enterprises Inc. ("Microtec") and all the assets of Securex Master Limited Partnership ("SMLP"), two entities that provide residential and commercial remote monitoring services in Canada.

2. GOING CONCERN UNCERTAINTY

The consolidated financial statements were prepared by management in conformity with Canadian generally accepted accounting principles based on the going concern concept, which assumes the Fund will be able to generate sufficient funds to discharge its obligation during normal business operations for the foreseeable future.

At the end of each of the last three quarters of 2006, the Fund did not respect its bank covenants. However it obtained appropriate waivers from its secured creditors. As at March 31, 2007, the Fund did not respect its debt covenants. On April 2, 2007, the Fund signed an amendment to the bank term loan of \$45,000,000. This amendment includes modifications to the debt covenants, defining new ratios for the period from October 1st, 2006 to March 31, 2007, and more stringent ratios thereafter. The amendment also requires the prepayment of the loan in specific situations. With this amendment, the Fund now respects the new debt covenants as at March 31, 2007.

In order to meet the new debt covenants for the periods after March 31, 2007, management expects it may need to reimburse up to approximately \$5,000,000 of the bank term loan. This was expected to be done through the sale and leaseback of its building in Saint-Augustin-de-Desmaures and by obtaining additional new subordinated loan financing before the end of April 2007, the proceeds of which would be applied against the senior bank term loan. The sale/leaseback of the Fund's building has been finalized for an amount of \$2,813,000, net of sales commission and other charges, and the proceeds thereof have been applied against the senior bank term loan as of April 30, 2007. The Fund has elected not to proceed with issuance of additional subordinated debt in the amount of \$2 million at this time as it was not satisfied with the commercial terms proposed. Management is actively pursuing various other options in connection with the Bank Credit Agreement.

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

2. GOING CONCERN UNCERTAINTY [Cont'd]

The Fund expects it may not be in a position to meet its debt covenants, which would cause the bank term loan to become payable on demand, unless additional modifications are negotiated with the secured creditors. If these negotiations fail, this could impair the capabilities of the Fund to meet its future obligations.

These consolidated financial statements do not give effect to any adjustments or reclassification of assets or liabilities that would be necessary if the Fund demonstrated an inability to continue its operations as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Fund's consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP").

Consolidation

These consolidated financial statements include the accounts of the Fund and those of its wholly-owned subsidiaries.

Use of estimates

In preparing these consolidated financial statements, management is required to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In management's opinion, the consolidated financial statements have been prepared using careful judgment within the reasonable limits of materiality and within the framework of the accounting policies summarized below.

Revenue recognition

Installation revenues are recognized upon completion of the installation. Revenues from remote monitoring activities and services are recognized when the services are rendered. Revenues received in advance in respect of services to be rendered in the coming year are presented in current liabilities. Revenues from the initial subscription received from customers upon contract signing are recorded as deferred revenues and are amortized on the same basis as subscriber accounts.

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

3. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Inventories

Inventories are valued at the lower of cost, determined using the first-in, first-out method, and replacement cost.

Property, plant and equipment

Property, plant and equipment are recorded at cost and depreciated over their estimated useful lives using the following methods and rates:

	Method	Rate
Buildings	Declining balance	4%
Furniture and equipment	Declining balance	20%
Computer hardware and software	Straight-line	33 1/3%
Leasehold improvements	Straight-line	lease term

Subscriber accounts

Subscriber accounts are initially stated at the amount of direct costs related to recruiting or acquiring subscriber contracts. Direct recruiting costs comprise costs directly related to subscriber contract execution net of revenues received from the initial subscription. They primarily consist of equipment, installation and initial direct costs, such as commissions, payments to independent recruiting agents and network connection costs. Direct costs of recruiting and acquiring subscriber contracts are amortized over their estimated useful lives using the method and rates stated below:

	Method	Rate
Microtec subscriber accounts	Declining balance	12%
Securex subscriber accounts	Declining balance	10%

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Goodwill

Goodwill represents the difference between the purchase price, including acquisition costs, of businesses acquired and the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. If the carrying value of a reporting unit, including the allocated goodwill, exceeds its fair value, based on a combination of valuation methods, goodwill impairment is measured as the excess of the carrying amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill, based on the fair value of the identifiable assets and liabilities of the reporting unit.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset with its expected future net undiscounted cash flows from use together with its residual value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds its fair value.

Leases

Leases are classified as either capital or operating in nature. Capital leases are those that substantially transfer the benefits and risks of ownership to the lessee. Assets acquired under capital leases are amortized over their expected useful lives using the declining balance method. Obligations recorded under capital leases are reduced by the principal portion of lease payments. The imputed interest portion of lease payments is charged to expense.

Unit-based compensation

As described in note 8, the Fund provides unit-based compensation, under a plan in the form of grants of phantom unit awards.

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

3. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Unit-based compensation (*Con'd*)

The Fund uses the fair value method to account for these grants. Under this method, the fair value of unit-based awards, based on market value at the date of the grant, is recognized as compensation expense over the applicable vesting period with a corresponding increase in contributed surplus. Upon vesting, the amount initially recorded in contributed surplus is transferred to unitholders' contributions.

Earnings per unit

Earnings per unit are calculated based on the weighted average number of Class A and Class B trust units outstanding for the year.

Fully diluted earnings per share are calculated using the treasury stock method and take into account all the elements that have a dilutive effect.

The effect of the Funds' phantom units potentially exercisable on earnings per unit was anti-dilutive, therefore basic and diluted earnings per unit are the same.

Hedge accounting

The Fund enters into interest rate swap agreements to reduce the impact of fluctuating interest rates on financial commitments. The Fund does not use derivative financial instruments for trading or speculative purposes.

Designation as a hedge is only allowed if, both at the inception of the hedge and throughout the hedge period, the changes in the fair value or cash flows of the derivative instrument are expected to substantially offset the changes in the fair value or cash flows of the hedged item.

The Fund formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. This process includes linking all derivatives. The Fund also formally documents and assesses, both at the hedge's inception and on an ongoing basis, whether the derivative financial instruments used in hedging transactions are highly effective in offsetting changes in fair value or cash flows of hedged items.

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

3. SIGNIFICANT ACCOUNTING POLICIES [Cont'd]

Realized and unrealized gains or losses associated with derivative instruments previously designated as hedges that have been terminated or have ceased to be effective prior to maturity are recognized in income [interest on debt] in the period in which the underlying hedged transaction is recognized. In the event a designated hedged item is sold, extinguished or has matured prior to the termination of the related derivative instrument, any realized or unrealized gains or losses on related derivative hedging instruments are recognized in income.

Derivative instruments that are ineffective or that are not designated as a hedge are reported on a mark-to-market basis as a separate item in the consolidated financial statements. Any change in the fair value of these derivative instruments is recorded in income.

4. CHANGES IN ACCOUNTING POLICIES

During the first quarter of 2007, the Fund adopted the recommendations in the following Sections of the Canadian Institute of Chartered Accountants Handbook (CICA Handbook):

The Section 1530, *Comprehensive Income* introduces a new measurement of results – comprehensive income -which is the change in equity or net assets of an enterprise during a period from transactions from non-owner sources.

The Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3861, *Financial Instruments – Disclosure and Presentation* requires an entity to record its financial assets and liabilities at fair value at each closing date, apart from exception; establish rules determining when a financial asset or liability should be recognized in the balance sheet and establish specific standards for recognition and presentation of transaction costs relating to long-term debt, as well as the subsequent expensing thereof.

The adoption of these standards requires classifying all of the Fund's financial assets and liabilities in categories for which clearly defined rules determine the standards to be applied. However, the rules may differ when a different regulatory treatment is applied. The Fund made the following classifications:

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

4. CHANGES IN ACCOUNTING POLICIES [Cont'd]

- Cash and cash equivalents have been classified as "Assets or liabilities held for trading". They are presented at their fair value and the gains/losses arising on the revaluation at the end of each period are included in consolidated income.
- Receivables from customers are classified under "Loans and receivables". They are normally recorded at their original cost, which was their fair value at that time.
- Bank borrowings, accounts payable and accrued liabilities, capital lease and long-term debt are classified under "Other financial liabilities". They are initially presented at their fair value. Subsequent measurements are at cost, net of amortization, using the effective interest rate method. For the Fund, that value corresponds to cost.

Financing costs

Since January 2007, the financing costs relating to the long-term debt are deducted from long-term debt and are amortized using the effective interest rate method. Deferred charges and long-term debt have been reduced by \$916,000 as at March 31, 2007 and \$1,058,000 as at December 31, 2006. The impact related to the use of a different expensing method is not significant.

5. OBLIGATIONS UNDER CAPITAL LEASES

	March 31 2007	December 31 2006
	\$	\$
Capital lease agreements pertaining to furniture and equipment, repayable in monthly instalments totalling \$9,665 including interest varying from 7.23% to 8.76% with maturities ranging from September 2011 to December 2011	448	462
Short-term portion	84	82
	364	380

The future minimum lease payments under the capital lease agreements are:

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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[Tabular figures are in thousands of dollars, except per unit amounts]

5. OBLIGATIONS UNDER CAPITAL LEASES [Cont'd]

	\$	\$
2007	87	114
2008	116	114
2009	116	114
2010	116	114
2011	98	96
	533	552
Amount representing interest	85	90
Balance of the obligations	448	462

6. LONG-TERM DEBT

	March 31 2007 \$	December 31 2006 \$
Bank term loan (net of financing cost of \$599 (\$721 in 2006))	44,401	44,279
Subordinated debentures (net of financing cost of \$317 (\$337 in 2006))	4,683	4,663
	49,084	48,942
Short-term portion	44,401	—
Total long-term debt	4,683	48,942

(a) Bank term loan

The bank term loan has a maximum authorized amount of \$45,000,000, matures on March 2008 and bears interest at rates varying from 0.50% to 1.00% above the bank's prime rate and from 1.75% to 2.25% above the bankers' acceptance rate depending on a financial ratio on a monthly basis.

The loan is secured by a hypothec on the universality of movable and immovable current and future assets of the Fund.

The Fund must maintain certain financial ratios. As at March 31, 2007 the Fund was in compliance with the financial ratio requirements.

The bank term loan has been reclassified as a current liability since it matures in less than a year, March 2008.

(b) Subordinated debentures

Five-year subordinated debentures bearing interest at 9% for a total amount of \$5,000,000 maturing in April 2011.

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

7. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund entered into interest rate swap agreements to convert the bank term loan from variable to fixed interest rates. As at March 31, 2006, the interest rate swap agreements were detailed as follows:

Purpose	Fixed rate payable	Floating rate receivable	Notional	Maturity	Fair value
Debt hedge	4.82% until April 2006 5.50% May 2006–April 2007 6.00% May 2007–March 2008 (effective rate 5.50%)	Bankers' acceptances +2.25%	\$45,000	March 2008	\$252 [\$330 in December 2006]

During the year 2006, the Fund has ceased to designate its interest rate swaps as hedged instruments. As a result the interest rate swaps have been accounted for on the balance sheet for an amount of \$252,000.

8. UNITHOLDERS' CONTRIBUTIONS

The Fund is authorized to issue an unlimited number of Class A and Class B trust units. Each unit is transferable and, subject to certain priorities of distributable cash flows and special distributions made to the Class A trust unitholders in priority to Class B trust unitholders, represents an equal undivided beneficial interest in any distributions from the Fund. Class B trust units are convertible into Class A trust units on a 1:1 basis since the distribution threshold of \$0.325 per trust unit per quarter has been reached for four consecutive quarters. The Class B trust unitholders have consequently the same rights as the Class A trust unitholders. Also as at March 31, 2007, the Class B trust unitholders have not used the option of conversion into Class A trust units.

	March 31 2007	December 31 2006
	\$	\$
Issued and outstanding		
4,574,401 Class A trust units [4,504,401 in 2005]	45,187	45,187
1,750,000 Class B trust units	17,500	17,500
Less issuance costs	(3,548)	(3,548)
	59,139	59,139

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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[Tabular figures are in thousands of dollars, except per unit amounts]

8. UNITHOLDERS' CONTRIBUTIONS [Cont'd]

Unit-based compensation

Under the Fund's Phantom Unit Plan, phantom units can be granted to certain executives and trustees. Phantom units are granted without any monetary consideration being payable to the Fund and their vesting is entirely based on the level of achievement of certain financial performance targets measured over the cycle (as defined in the plan) beginning with the fiscal year of their grant. Upon vesting, each phantom unit is convertible into a fully paid Class A trust unit. The maximum number of phantom units which may be issued pursuant to this plan is equal to ten percent (10%) of the number of trust units outstanding at any time.

As at March 31, 2006, 160,417 phantom units had been awarded. No compensation expense has been considered in the statement of income since management does not believe that they will vest. In the last quarter of 2006, the amount that had been accounted for in the previous months was reversed because management estimated that these phantom units will not meet the conditions under which they become vested.

9. DISTRIBUTION

The amount of the Fund's distribution is determined by the Board of Directors. The distribution is however limited to some restrictions pertaining to the financial ratios on the bank term note agreement. The distributable cash generally means the EBITDA less interest, sustaining capital expenditure and subscriber replacement cost.

	March 31 2007 \$	December 31 2006 \$
Distributions to unitholders	1,344	1,344
Distributions per unit	0.213	0.213

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

10. INCOME TAXES

Proposed Canadian income tax rule changes

On December 21, 2006, the Canadian Taxation Authorities released a draft legislation regarding the "Tax Fairness Plan" whereby the income tax rules applicable to publicly traded trusts and partnerships (the "proposed legislation") will be significantly modified. According to the proposed legislation, income earned by these entities will be taxed in the same manner as the income earned by a corporation. The proposed legislation will be effective for the 2007 taxation year with respect to trusts that commenced public trading after October 31, 2006, but the application of the rules will be delayed to the 2011 taxation year with respect to trusts that were publicly traded prior to November 1, 2006 provided that certain "normal growth" guidelines are met.

Currently, the Fund is only taxable on amounts that are not distributed to Unitholders. If enacted in its current form, the proposed legislation will result in change in which the earnings of the Fund will be subject to income tax regardless of whether amounts are distributed or not.

The Fund is currently considering the possible impact of the proposed legislation. The proposed legislation has not yet been substantively enacted, and therefore the impact of the implementation has not been recorded in the financial statements. However, the possible impact has been taken into account in the goodwill impairment test.

11. SEGMENT INFORMATION

The Fund's operations consist of its Microtec and Securex divisions, which are operated as separate business units. The following table discloses financial information for the two divisions:

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2007

[Tabular figures are in thousands of dollars, except per unit amounts]

11. SEGMENT INFORMATION [Cont'd]

	Microtec	Securex	Total	Microtec	Securex	Total
	\$	\$	\$	\$	\$	\$
	March 31, 2007	March 31, 2007	March 31, 2007	March 31, 2006	March 31, 2006	March 31, 2006
	3 months	3 months	3 months	3 months	3 months	3 months
Revenues						
Monitoring and services	6,213	1,187	7,400	6,261	1,192	7,453
Installation	638	-	638	546	-	546
	6,851	1,187	8,038	6,807	1,192	7,999
Expenses						
Monitoring and customer service	1,445	243	1,688	1,587	229	1,816
Installation, sales and marketing	576	-	576	557	-	557
	2,021	243	2,264	2,144	229	2,373
Income before general and administrative expenses and other items	4,830	944	5,774	4,663	963	5,626

12. FINANCIAL INSTRUMENTS

(a) Fair value

The carrying amounts of Fund's financial assets and liabilities, such as cash, accounts receivable, accounts payable, distributions payable to unitholders, note payable and demand note payable, approximate their fair value as at March 31, 2007 due to their short-term maturities.

The restricted cash presented in other long-term assets is also carried at an amount indicative of fair value.

The carrying amounts of long-term debt and of the obligations under capital leases approximate respectively their fair value since they bear interest at floating rates and current market rates, respectively.

The fair value of the interest rate swaps is disclosed in note 7.

First National AlarmCap Income Fund

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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[Tabular figures are in thousands of dollars, except per unit amounts]

12. FINANCIAL INSTRUMENTS [Cont'd]

(b) Credit risk

The Fund is exposed to credit risk with regard to its accounts receivable. In order to reduce this risk, the Fund performs credit evaluations of its customers. In addition, accounts receivable comprise amounts receivable from numerous customers whose individual balances are insignificant. The Fund constitutes and maintains allowances for potential losses.

(c) Interest rate risk

The Fund entered into interest rate swap agreements to manage interest rate risk *[note 7]*.

13. CONTINGENCIES

The Fund is subject to some lawsuits brought against it in the normal course of business, the outcome of which cannot be predicted with certainty. Based on the information currently available, management believes that the outcome of these lawsuits will not have a significant impact on the Fund.

14. SUBSEQUENT EVENTS

On April 2, 2007, the Fund signed an amendment to the bank term loan agreement of \$45,000,000. The new agreement includes modifications to its financial ratio requirements and an increase varying from 0.25% to 0.75% of the interest rate applicable on either bank's prime rate or Bankers' acceptance rate.

The new agreement also foresees a prepayment on the bank term loan equivalent to the net amount obtained in relation with the specific events described in note 2 of the 2006 consolidated financial statements.

The Fund has closed a sale/leaseback of its building in St-Augustin on April 24, 2007 and has applied the net proceeds of the sale of \$2,813,000 against the term loan on April 30, 2007. The Fund has elected not to proceed with issuance of additional subordinated debt in the amount of \$2 million at this time as it was not satisfied with the commercial terms proposed. Management is actively pursuing various other options in connection with the Bank Credit Agreement.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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[Tabular figures are in thousands of dollars, except per unit amounts]

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.