Newport Partners Income Fund Announces
2007 Second Quarter Results

Toronto – August 13, 2007 -- Newport Partners Income Fund ("NPF" or "The Fund")(TSX: NPF.UN) today announced its results for the three months ended June 30, 2007.

NPF's financial results for the period are based on a diversified portfolio of 18 private equity investments, reported as Continuing Operations. They also include the financial results of RGC, an investment that was divested from the Fund effective April 30, 2007 and as such is reported as Discontinued Operations.

For the three month period ended June 30, 2007, NPF's portfolio performance strengthened, in comparison with both the prior year period and the first quarter of 2007.

Revenue from Continuing Operations increased to $133.7 million from $83.5 million in the prior year period. Adjusted EBITDA from Continuing Operations was $21.8 million compared to $15.4 million in the prior year period. For the six month period ended June 30, 2007, revenue and adjusted EBITDA amounted to $250.0 million and $38.7 million respectively – compared with $155.7 million and $30.8 million in the prior year period.

Distributable cash from Continuing Operations was $14.7 million compared with $12.8 million in the prior year period. This produced $0.21 of distributable cash per unit -- $0.02 higher than the $0.19 per unit generated in the prior year period. This performance was in line with management's expectations for the period.

Cash used by Discontinued Operations was ($2.5) million, compared with ($2.7) million in the prior year period. This reduced the Fund's distributable cash results by ($0.04) per unit – which had more of a negative impact than management had anticipated for the period.

Overall, NPF reported $0.17 per unit of distributable cash, compared to $0.15 per unit generated in the prior year period. For the six month period ended June 30, 2007, the Fund earned $0.30 per unit of distributable cash compared to $0.34 in the prior year period.

NPF's financial results for the three month period include a ($39.3) million net loss after non-controlling interest, due largely to the recording of a future income tax expense of ($40.0) million in accordance with GAAP requirements resulting from the enactment of Bill C-52 Budget Implementation Act, 2007. This amount represents the future income tax related to temporary differences at the Fund level, which consists of the differences between the accounting and tax basis of the Fund's assets and liabilities. This is a non cash expense that has no current impact on the Fund's cash from operating activities.

Portfolio Highlights

"As we expected, results from ESR, Quantum Murray and NPC, three of the four largest contributors to the Fund's distributable cash, showed significant improvement over the first quarter. The timing of contingent profit commission revenues at ESR and project work at Quantum Murray materialized as we had anticipated. At NPC, results were significantly better than management anticipated despite reduced construction activity and poor weather conditions in Alberta. This was primarily due to the performance of NPC's plant turnaround operations and base maintenance business. The third largest contributor to distributable cash, Morrison Williams continued its steady performance during the second quarter," explained Ms. Kelly Baird, Chief Financial Officer.

"Results from Titan were lower than expected, as it continued to experience the impact of reduced oil and gas activity in Alberta. Peerless' results were also below management's expectations for the quarter as the timing of large government contracts for military apparel is difficult to predict. And finally, in our marketing segment, Capital C and Armstrong each had a softer quarter as packaged goods manufacturers reduced spending due to margin compression. At Capital C this is expected to be corrected in the third and fourth quarters while Armstrong is aggressively focused on business development. Results from the remainder of the portfolio were either in line with our expectations, or at variance by amounts that were immaterial to the Fund," Ms. Baird added.

From an investment return perspective, the portfolio's Continuing Operations produced a distributable cash yield of 17.6% for the twelve month period ended June 30, 2007 – in line with the Fund's income-based return target of 16-20%. Including Discontinued Operations, the yield was 14.2% for the same period. The three largest contributors to distributable cash during the quarter generated distributable cash yields of 19% or greater for the twelve months ended June 30, 2007.

Portfolio outlook remains unchanged

"Based on our year to date results and the current view of our operating partnerships, our outlook remains largely unchanged from that which we provided in our annual and first quarter reports," explained Mr. Peter Wallace, President & CEO. "We continue to expect the existing portfolio will produce flat to slightly negative organic growth in fiscal 2007."

"However, the impact of Discontinued Operations on the Fund's distributable cash was ($0.07) per unit for the first six months– and more of a drag on our overall performance than we had anticipated at the beginning of the year. With the divestiture of RGC now completed we believe we can begin to accelerate the rate at which we expect to close the gap between our distributions and our distributable cash," Mr. Wallace said.

A more diversified capital structure

Compared to the prior year period, the Fund's cash interest costs increased to $6.3 million from $2.1 million, reflecting an expanded and diversified capital structure composed largely of equity and long term debt or equity-linked debt. As at June 30, 2007, $190 million was drawn under the Fund's term loan and $57 million was drawn under its revolving credit facility. These amounts provide funding for the investment program and working capital needs of the companies in the portfolio and fund shortfalls in distributions as they arise. An important element of the Fund's debt management strategy is that there is no debt at the operating partnership level (with the exception of minority owned Brompton). All of the debt is at the Fund level. At June 30, 2007, debt represented 32% of the total capital structure with 68% being equity or equity-linked debt. Net debt to LTM EBITDA was approximately 2.55 times. Upon the closing of NPC's investment in Golosky on July 31, 2007, and the closing of the convertible debenture financing on July 12, 2007, the Fund's estimated net debt to LTM EBITDA is 2.27 times.

Corporate costs 1.28% of net assets

Corporate costs including head office salaries, professional fees and administration costs were $1.8 million -- or approximately 1.28% of the Fund's net assets. For the prior year period, these expenses were $1.2 million – or 0.74% of net assets. This reflects the growth of the portfolio holdings and increase in resources in the financial and legal departments as well as additional regulatory compliance costs.

Investment program continued

During the quarter, the Fund added one new holding, BMI, a full-service insurance brokerage firm, and invested $24.6 million to support strategic acquisitions by three of its existing holdings. The Fund also invested $1.4 million for the re-purchase and cancellation of 240,000 units under its Normal Course Issuer Bid. Subsequent to quarter end on July 31, 2007, NPC closed its previously announced $60 million investment in Golosky. Including the closing of Golosky, year to date, the Fund has invested $154.1 million in new and existing holdings – achieving and exceeding its objective of making $100 to $150 million of new investments. In addition, subsequent to quarter end the Fund issued $80.0 million of unsecured convertible debentures. "We have both the opportunity and the capacity to continue to make additional investments that have the potential to create value for the Fund's unitholders," added Mr. Wallace.

LTM EBITDA of $115.5 million

For the twelve month period ended June 30, 2007, the Fund's share of the LTM EBITDA produced by all of its current holdings as of the date of this release was $115.5 million.

Results – Second Quarter 2007 Performance

DISTRIBUTIONS/UNIT ($000s except per unit amounts)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006	2007	2006
NPY (representing non-controlling interest)	30,858	35,962	31,291	36,666
NPF	39,804	31,200	39,608	29,324
Total weighted average units outstanding[1]	70,662	67,162	70,899	65,990
Total distributions paid and payable	$ 17,679	$ 16,270	$ 35,502	$ 31,209
Distributions per unit	$ 0.25	$ 0.24	$ 0.50	$0.47
Cash provided by operations	$ 19,521	$ 10,963	$ 35,187	$ 29,249
Cash used in discontinued operations	201	6,078	(9,413)	(7,027)
Add (deduct): changes in non-cash working capital	(3,423)	(3,331)	2,291	5,832
Add (deduct): priority income per partnership agreement[2]	(31)	162	1,662	(288)
Deduct: maintenance capital expenditures	(788)	(331)	(2,195)	(470)
Deduct: capital lease payments	(738)	(772)	(1,484)	(1,435)
Distributable cash from continuing operations	14,742	12,769	26,048	25,861
Distributable cash used by discontinued operations	(2,523)	(2,708)	(4,864)	(3,734)
Distributable cash	$ 12,219	$ 10,061	$ 21,184	$ 22,127
Distributable cash per unit from continuing operations	$0.21	$0.19	$0.37	$0.39
Cash used per unit by discontinued operations	$(0.04)	$(0.04)	$(0.07)	$(0.05)
Distributable cash per unit	$0.17	$0.15	$0.30	$0.34
Net (loss) income for the period	$ (39,343)	$ 24	$ (44,331)	$ 1,299
Shortfall of distributions paid to distributable cash	$ (5,460)	$ (6,209)	$ (14,318)	$ (9,082)
Shortfall of distributions paid to net income (loss)[3]	$ (57,022)	$ (16,246)	$ (79,833)	$ (29,910)

BALANCE SHEET ($000s)

	AS AT JUNE 30, 2007	AS AT DECEMBER 31, 2006
Total assets	$ 891,367	$ 894,349
Revolving credit facility	57,063	5,000
Long-term debt[4]	185,031	170,000
Convertible debt[4]	81,321	83,970
Unitholders' equity - NPF & NPY	$ 388,835	$ 478,235

[1] Represents weighted average number of units outstanding during the period adjusted for C LP units which are currently subordinated and therefore received no distributions. The subordination period for these units expires on September 30, 2007.

[2] To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount ,an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.

[3] Net income is after deducting amortization and future income taxes.

[4] Subsequent to December 31, 2006 changes to accounting rules require that deferred financing charges are netted against long term debt and convertible debt. As at June 30, 2007 the gross long term debt outstanding was $190,000 and the convertible debt was $84,500.

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Three months ended June 30, 2007

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1]	TOTAL
Revenue	$ 24,469	$ 21,996	$ 64,960	$ 22,319	-	$133,744
Gross margin	12,917	11,907	14,495	5,634	-	44,953
Income (loss) from continuing operations before non-controlling interest	(14,253)	(7,744)	1,039	(7,925)	(7,515)	(36,398)
EBITDA	10,583	3,580	6,997	2,487	(2,036)	21,611
Loss on dilution of ownership interest	-	-	-	-	220	220
Adjusted EBITDA[2]	10,583	3,580	6,997	2,487	(1,816)	21,831
Interest (income) expense	(133)	78	483	610	5,450	6,488
Non-cash interest expense	-	-	-	-	(238)	(238)
Income tax expense (recovery) - current	6	-	(164)	-	-	(158)
Maintenance capital expenditures and reserves	(45)	414	358	61	-	788
Capital lease payments	-	55	664	19	-	738
Compensation expense funded by operating partner[3]	560	-	-	-	-	560
Priority income per partnership agreement[4]	-	180	(296)	85	-	(31)
Distributable cash from continuing operations	$ 11,315	$ 3,213	$ 5,360	$ 1,882	$ (7,028)	$ 14,742
Cash used by discontinued operations						$ (2,523)
Distributable cash						$ 12,219
Distributable cash per unit from continuing operations						**$0.21**
Cash used per unit by discontinued operations						$(0.04)
Distributable cash per unit						$0.17

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Three months ended June 30, 2006

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1]	TOTAL
Revenue	$ 15,993	$ 14,622	$ 51,263	$ 1,624	-	$ 83,502
Gross margin	8,312	6,566	10,855	345	-	26,078
Income (loss) from continuing operations before non-controlling interest	3,108	1,257	2,982	448	(3,236)	4,559
EBITDA	7,414	2,919	5,779	448	(1,195)	15,365
Loss on dilution of ownership interest	-	-	-	-	-	-
Adjusted EBITDA[2]	7,414	2,919	5,779	448	(1,195)	15,365
Interest (income) expense	(45)	(6)	422	-	1,719	2,090
Income tax expense (recovery) - current	25	(25)	(66)	-	-	(66)
Maintenance capital expenditures and reserves	181	(15)	356	-	-	522
Capital lease payments	-	40	732	-	-	772
Compensation expense funded by operating partner[3]	560	-	-	-	-	560
Priority income per partnership agreement[4]	-	162	-	-	-	162
Distributable cash from continuing operations	$ 7,813	$ 3,087	$ 4,335	$ 448	$ (2,914)	$ 12,769
Cash used by discontinued operations						$ (2,708)
Distributable cash						$ 10,061
Distributable cash per unit from continuing operations						**$0.19**
Cash used per unit by discontinued operations						$(0.04)
Distributable cash per unit						$0.15

[1] The results of the Corporate segment include corporate costs and corporate interest expense.

[2] Adjusted EBITDA excludes the non-cash gains or loss on changes to ownership interest.

[3] NPF's agreement with ESR contemplates that certain employee bonuses are paid for by the 20% limited partners. GAAP requires that the bonuses be expensed and therefore reduces EBITDA. Since there is no cash outlay by NPF the expense is added back in arriving at distributable cash.

[4] To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount, an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Six months ended June 30, 2007

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1]	TOTAL
Revenue	$ 42,907	$ 43,650	$ 115,926	$ 47,476	-	$249,959
Gross margin	20,527	23,575	25,721	12,481	-	82,304
Income (loss) from continuing operations before non-controlling interest	(11,871)	(6,062)	2,532	(7,014)	(20,403)	(42,818)
EBITDA	17,092	7,488	11,698	5,883	(9,564)	32,597
Loss on dilution of ownership interest	-	-	-	-	6,064	6,064
Adjusted EBITDA[2]	17,092	7,488	11,698	5,883	(3,500)	38,661
Interest (income) expense	(212)	139	904	1,205	10,810	12,846
Non-cash interest expense	-	-	-	-	(818)	(818)
Income tax expense (recovery) - current	12	-	(324)	-	-	(312)
Maintenance capital expenditures and reserves	136	771	1,114	174	-	2,195
Capital lease payments	-	90	1,358	36	-	1,484
Compensation expense funded by operating partner[3]	1,120	-	-	-	-	1,120
Priority income per partnership agreement[4]	-	440	1,007	215	-	1,662
Distributable cash from continuing operations	$ 18,276	$ 6,928	$ 9,653	$ 4,683	$ (13,492)	$ 26,048
Cash used by discontinued operations						$ (4,864)
Distributable cash						$ 21,184
Distributable cash per unit from continuing operations						**$0.37**
Cash used per unit by discontinued operations						$(0.07)
Distributable cash per unit						$0.30

SUMMARY FINANCIAL TABLE – (SEGMENTED) ($000s except per unit amounts)

Six months ended June 30, 2006

	FINANCIAL SERVICES	MARKETING	INDUSTRIAL SERVICES	OTHER	CORPORATE[1]	TOTAL
Revenue	$ 32,147	$ 28,579	$ 93,339	$ 1,624	-	$155,689
Gross margin	17,638	12,513	18,773	345	-	49,269
Income (loss) from continuing operations before non-controlling interest	8,590	1,967	5,634	448	(5,727)	10,912
EBITDA	16,608	5,354	10,569	448	(2,177)	30,802
Loss on dilution of ownership interest	-	-	-	-	-	-
Adjusted EBITDA[2]	16,608	5,354	10,569	448	(2,177)	30,802
Interest (income) expense	(101)	44	817	-	2,932	3,692
Income tax expense (recovery) - current	76	(25)	(66)	-	-	(15)
Maintenance capital expenditures and reserves	196	64	401	-	-	661
Capital lease payments	-	78	1,357	-	-	1,435
Compensation expense funded by operating partner[3]	1,120	-	-	-	-	1,120
Priority income per partnership agreement[4]	(720)	432	-	-	-	(288)
Distributable cash from continuing operations	$ 16,837	$ 5,625	$ 8,060	$ 448	$ (5,109)	$ 25,861
Cash used by discontinued operations						$ (3,734)
Distributable cash						$ 22,127
Distributable cash per unit from continuing operations						**$0.39**
Cash used per unit by discontinued operations						$(0.05)
Distributable cash per unit						$0.34

[1] The results of the Corporate segment include corporate costs and corporate interest expense.

[2] Adjusted EBITDA excludes the non-cash gains or loss on changes to ownership interest.

[3] NPF's agreement with ESR contemplates that certain employee bonuses are paid for by the 20% limited partners. GAAP requires that the bonuses be expensed and therefore reduces EBITDA. Since there is no cash outlay by NPF the expense is added back in arriving at distributable cash.

[4] To the extent that in any reporting period, calculated on a cumulative basis, NPF's proportionate share of distributable cash is more or less than its priority amount, an adjustment to distributable cash is made to reflect the actual cash distributions payable to NPF by the operating partner.

PORTFOLIO SUMMARY – BY OPERATING PARTNERSHIP ($000s)

Three months ended June 30, 2007

OPERATING PARTNER	DATE OF INITIAL INVESTMENT	OWNERSHIP INTEREST	INVESTED CAPITAL	Q2 2007 EBITDA	Q2 2007 DISTRIBUTABLE CASH	LTM DISTRIBUTABLE CASH YIELD[1]
FINANCIAL SERVICES						
EZEE	Mar. 2004	100%	$ 45,700	$ 1,407	$ 1,407	9.4%
Brompton	Aug. 2005	45%	27,200	962	1,101	14.8%
ESR	Aug. 2005	80%	56,000	3,037	3,574	19.0%
Morrison Williams	Aug. 2005	80%	42,000	2,188	2,188	20.3%
NP LP	Aug. 2005	100%	20,700	1,166	1,142	34.6%
Hargraft	Apr. 2006	80%[2]	17,800	1,105	1,134	17.9%
BMI	Apr. 2007	78%	18,200	718	769	20.8%
MARKETING						
S & E	Oct. 2004	80%	5,700	13	51	13.4%
Gemma	Mar. 2005	80%	28,000	1,382	1,300	18.4%
Capital C	Aug. 2005	67%	23,700	1,112	679	17.8%
IC Group	July 2006	80%	8,000	551	541	30.4%
Armstrong	Oct. 2006	80%	20,000	522	642	14.4%
INDUSTRIAL SERVICES						
NPC	Oct. 2004	80%	48,600	3,226	2,017	15.9%
Quantum Murray	Mar. 2006	64%	77,300	3,771	3,343	21.1%
OTHER						
RLogistics	May 2006	36%	10,000	277	277	12.6%
Peerless	June 2006	90%	36,000	1,369	1,104	13.7%
Titan	Sep. 2006	88%	25,200	500	75	11.1%
Gusgo	Oct. 2006	80%	12,500	341	426	16.8%
DISCONTINUED OPERATIONS						
RGC	Oct. 2004	80%	77,500	(2,166)	(2,523)	-5.2%

[1] LTM distributable cash as a percentage of time-weighted invested capital.

[2] On May 31, 2007 NPF completed its obligations entered into at the time of its initial investment in Hargraft by acquiring an additional 5% interest for approximately $1,800.

These are non-GAAP measures, which do not have any standard meaning and therefore are unlikely to be comparable to similar measures presented by other issuers – see Non-GAAP Measures and Forward Looking Information. Definitions are provided on page 35.

ABOUT NPF

NPF is an unincorporated, open-ended trust created to hold, through the Fund's investment in Newport Partners Commercial Trust, interests in Newport Private Yield LP ("NPY"), a limited partnership established under the laws of the Province of Ontario. NPF began trading on the TSX on August 8, 2005 under the symbol NPF.UN.

NPF provides a simple way for investors to own private equity investments. Through ownership of the Fund, investors gain access to a professionally-managed diversified portfolio of successful Canadian private businesses that offers income, growth, diversification and liquidity. NPF's investment philosophy is to make long-term equity investments in leading or niche private businesses that have a track record of strong earnings, and potential for future growth. The Fund seeks to minimize risk through diversification, prudent use of leverage and investing in competent operating management who are known and trusted by NPF. NPF's portfolio currently consists of 18 private company holdings representing a diverse cross-section of the Canadian economy. Management has decades of investment experience and a significant ownership position in the Fund.

Investor Conference Call

Management will hold a conference call at 10:30 am (Eastern Standard Time) on August 13, 2007 to discuss the second quarter financial results. The call may be accessed by dialling 416-641-6126 within the Toronto area or 1-866-542-4236 (toll free). This conference call will be recorded and available for replay until August 27, 2007. To listen to the replay, please dial 416-695-5800 or 1-800-408-3053 and enter pass code 3227427.

Forward-Looking Information

This news release contains certain forward-looking information. This information relates to future events or future performance and reflects management's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Fund and the Operating Partnerships. Such forward-looking information reflects management's current beliefs and is based on information currently available to management of the Fund and the Operating Partnerships. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, information regarding the future operating results and economic performance of the Fund and the Operating Partnerships is forward-looking information. A number of factors, including risks and uncertainties, could cause actual events or results to differ materially from the events and results discussed in the forward-looking information. In evaluating this information, investors should specifically consider various factors, including the risks outlined under "Risk Factors" found in the Annual Information Form dated March 29, 2007 and the short form prospectus dated July 3, 2007, which may cause actual events or results to differ materially from any forward-looking statement. Although the forward-looking information is based on what management of NPF and the Operating Partnerships consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect. This forward-looking information is made as of the date of this news release and NPF does not assume any obligation to update or revise them to reflect new events or circumstances.

Non-GAAP Measures

The terms ''EBITDA", "Adjusted EBITDA", "LTM EBITDA", ''distributable cash'', ''invested capital'', ''distributable cash yield'', "net debt", and "corporate costs to net asset ratio" (collectively the ''Non-GAAP Measures'') are financial measures used in this MD&A that are not standard measures under Canadian generally accepted accounting principles (''GAAP''). NPF's method of calculating Non-GAAP Measures may differ from the methods used by other issuers. Therefore, NPF's Non-GAAP Measures, as presented may not be comparable to similar measures presented by other issuers.

EBITDA refers to net earnings determined in accordance with GAAP, before depreciation and amortization, net of gain or loss on disposal of capital assets, interest expense and income tax expense. EBITDA is used by management and the Trustees as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDA to monitor the performance of the Fund's reportable segments. As the Fund intends to distribute a substantial portion of its available cash on an on-going basis (after deducting certain amounts from EBITDA as described in the MD&A including interest expense, income taxes, capital expenditures and debt service), management believes that in addition to net income or loss and cash provided by operating activities, EBITDA is a useful supplemental measure from which to determine the Fund's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and distributions. The Fund has provided a reconciliation of income to EBITDA in its MD&A.

Adjusted EBITDA refers to EBITDA excluding the gains or loss on reduction of ownership interest (dilution gains or losses). The Fund has used Adjusted EBITDA as the basis for the analysis of its past operating financial performance. Adjusted EBITDA is used by the Fund and management believes it is a useful supplemental measure from which to determine the Fund's ability to generate cash available for debt service, working capital, capital expenditures, income taxes and distributions. Adjusted EBITDA is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors.

LTM EBITDA refers to EBITDA for the last twelve months and is used by the Fund as the basis of its past financial performance over a full business cycle (i.e. twelve month period). LTM EBITDA is used by the Fund and management believes it is a useful supplemental measure because it eliminates the impact of seasonality on earnings that may impact the results of the Fund's Operating Partnerships if the period being reported on is not a full twelve months. LTM EBITDA is a measure that management believes facilitates the analysis of its financial performance over a full business cycle which may be useful to investors.

Distributable cash is not a standard measure under GAAP and is generally used by Canadian income funds as an indicator of financial performance. The Fund's method of calculating distributable cash may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable cash as reported by such entities. The Fund has provided a reconciliation of cash provided by operations to distributable cash in this MD&A. References to distributable cash are to cash available for distribution to Unitholders in accordance with the distribution policies of the Fund. As the Fund intends to make monthly cash distributions and management believes it is therefore a useful financial measure as an indication of the Fund's ability to make such distributions and is used by management and the Trustees for this purpose. Distributable cash is also used by management in the calculation of overall yield which it uses to monitor the performance of the Fund's Operating Partnerships. One of the factors that may be considered relevant by prospective investors is the cash distributions by the Fund relative to distributable cash and the price of the Units. Management believes that distributable cash is a useful supplemental measure that may assist prospective investors in assessing an investment in the Fund.

Invested capital refers to the cost to acquire an equity interest in an Operating Partnership and excludes transaction costs and any working capital provided to such Operating Partnership. Management uses this measure to monitor the performance of its investment strategy and as an input to the calculation of its targeted overall yield for an Operating Partnership. Management believes that invested capital is a useful supplemental measure that provides investors with useful information about the capital that the Fund deploys for each Operating Partnership which can subsequently be used to determine the performance of each Operating Partnership.

Distributable cash yield refers to the Fund's cash on cash return from an Operating Partnership based on distributable cash paid to the Fund as a percentage of the invested capital. Management believes that overall yield is a useful supplemental measure for investors to assess the quality of the investments in the Fund's portfolio and management's ability to invest in successful businesses at reasonable prices. Management uses this measure to monitor the performance of its investment strategy.

Net debt refers to total senior debt less cash-on-hand at the Fund. Management uses this measure to monitor its future debt capacity and to calculate leverage levels under its credit facility to ensure compliance with covenants. Investors may find this information useful in analyzing the capital structure of the Fund and its future debt capacity.

Corporate costs to net asset ratio are the total expenses of the corporate segment for the period expressed as a percentage of the net assets of the Fund, excluding future income taxes. Management uses this metric to monitor the expenses of the Fund consisting of, among other items, professional fees, compliance costs and management compensation. Investors may find this supplemental information useful to analyze the Fund's expenses relative to other mutual fund trusts.

Investors are cautioned that the Non-GAAP Measures are not alternatives to measures under GAAP and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the Units. These Non-GAAP Measures should only be used in conjunction with the financial statements included in the MD&A and the Fund's annual audited financial statements available on SEDAR at www.sedar.com or at www.newportpartners.ca.

NEWPORT PARTNERS INCOME FUND

Consolidated Balance Sheets

(In thousands of dollars)

	June 30, 2007 (unaudited)	December 31, 2006 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 34,519	$ 54,616
Cash held in trust	27,468	7,027
Accounts receivable	107,210	101,266
Inventories	35,039	33,253
Prepaid expenses	2,440	2,555
Other current assets	23,564	13,790
Current assets of discontinued operations	3,337	68,969
	233,577	281,476
Property, plant and equipment	34,800	23,706
Long-term investments	46,055	47,001
Goodwill	269,335	253,344
Intangible assets	306,447	265,390
Other assets	1,153	9,029
Long-lived assets of discontinued operations	-	14,403
	$ 891,367	$ 894,349
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facility	$ 57,063	$ 5,000
Accounts payable and accrued liabilities	114,987	84,737
Deferred revenue	8,586	7,465
Current portion of obligations under capital leases	4,496	4,122
Current liabilities of discontinued operations	2,813	54,372
	187,945	155,696
Obligations under capital leases	5,772	3,943
Long-term debt	185,031	170,000
Future tax liability	42,463	2,505
Non-controlling interest	140,468	176,196
Convertible debenture	81,321	83,970
Unitholders' equity	248,367	302,039
	$ 891,367	$ 894,349

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Operations
(In thousands of dollars, except per unit amounts)
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Revenues	$ 133,744	$ 83,502	$ 249,959	$ 155,689
Cost of revenues	88,791	57,424	167,655	106,420
	44,953	26,078	82,304	49,269
Expenses				
Selling, general and administrative	24,733	12,030	46,680	21,460
Amortization of deferred financing charges	-	322	-	618
Amortization of intangible assets	9,205	6,247	18,032	11,554
Depreciation	2,032	1,570	3,923	2,974
	35,970	20,169	68,635	36,606
Income before the undernoted	8,983	5,909	13,669	12,663
Income from equity investments	771	562	1,516	1,579
Other income	356	112	553	347
Interest expense	6,488	2,090	12,846	3,692
Loss on dilution of ownership interest	220	-	6,064	-
Income (loss) before income taxes	3,402	4,493	(3,172)	10,897
Income tax expense (recovery) - current	(158)	(66)	(312)	(15)
Income tax expense (recovery) - future	39,958	-	39,958	-
Income (loss) from continuing operations before non-controlling interest	(36,398)	4,559	(42,818)	10,912
Non-controlling interest relating to continuing operations	(1,627)	(3,042)	1,313	(7,087)
Income (loss) from continuing operations	$ (38,025)	$ 1,517	$ (41,505)	$ 3,825
Loss from discontinued operations before non-controlling interest	(2,445)	(3,341)	(5,227)	(5,763)
Non-controlling interest relating to discontinued operations	1,127	1,848	2,401	3,237
Loss from discontinued operations	(1,318)	(1,493)	(2,826)	(2,526)
Income (loss) for the period	$ (39,343)	$ 24	$ (44,331)	$ 1,299
Income (loss) per unit				
Basic and diluted:				
Continuing operations	(0.96)	0.05	(1.05)	0.13
Discontinued operations	(0.03)	(0.05)	(0.07)	(0.09)
Income (loss)	(0.99)	0.00	(1.12)	0.04

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Cash Flows
(In thousands of dollars, except unit amounts)
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	$ (39,343)	$ 24	$ (44,331)	$ 1,299
Items not affecting cash:				
Loss from discontinued operations	2,445	3,341	5,227	5,763
Amortization of deferred financing charges	-	322	-	618
Amortization of intangible assets	9,205	6,247	18,032	11,554
Depreciation	2,032	1,570	3,923	2,974
Future income tax expense	39,958	-	39,958	-
Income from equity investments, net of cash received	484	452	968	876
Non-cash interest expense	238	-	818	-
Non-cash compensation expense	560	560	1,120	1,120
Loss on dilution of interest in operating partner	220	-	6,064	-
Non-controlling interest	500	1,194	(3,714)	3,850
Changes in non-cash working capital	3,423	3,331	(2,291)	(5,832)
Cash provided by (used in) discontinued operations	(201)	(6,078)	9,413	7,027
	19,521	10,963	35,187	29,249
Financing activities:				
Repurchase of units	(1,423)	-	(5,464)	-
Issuance of units	-	71,275	-	71,275
Distributions to unitholders	(9,987)	(7,121)	(19,731)	(13,461)
Distributions to non-controlling interest	(7,750)	(8,190)	(15,771)	(17,359)
Increase in cash held in trust	(3,833)	(1,127)	(1,634)	(320)
Increase in bank indebtedness	19,025	10,458	52,063	10,875
Increase (decrease) in long-term debt	20,000	(4)	20,000	(10)
Increase in acquisition financing facilities	-	8,000	-	36,000
Repayment of capital lease obligations	(738)	(848)	(1,484)	(1,454)
Cash provided by (used in) discontinued operations	2,811	3,173	(6,920)	(6,417)
	18,105	75,616	21,059	79,129
Investing activities:				
Acquisition of businesses, net of cash acquired	(43,550)	(53,422)	(93,749)	(84,179)
Proceeds on disposal of business	24,000	-	24,000	-
Purchase of long-term investments	-	(6,914)	-	(6,914)
Purchase of property, plant and equipment	(1,115)	(957)	(3,022)	(1,555)
Increase in other assets	(1,082)	(88)	(526)	(208)
Cash used in discontinued operations	(1,211)	(594)	(839)	(610)
	(22,958)	(61,975)	(74,136)	(93,466)
Increase (decrease) in cash and cash equivalents	14,668	24,604	(17,890)	14,912
Cash and cash equivalents, beginning of period - continuing operations	22,058	7,653	54,616	20,844
Cash and cash equivalents, beginning of period - discontinued operations	-	3,499	-	-
Cash and cash equivalents, end of period	36,726	35,756	36,726	35,756
Cash and cash equivalents, end of period - discontinued operations	2,207	-	2,207	-
Cash and cash equivalents, end of period – continuing operations	$ 34,519	$ 35,756	$ 34,519	$ 35,756
Supplemental cash flow information:				
Interest paid	$ 7,873	$ 3,967	$ 12,318	$ 4,240
Cash acquired upon acquisition	727	5,530	1,351	6,154
Supplemental disclosure of non-cash financial and investing activities:				
Acquisition of property, plant and equipment through capital leases	3,045	894	3,902	2,252

NPF's 2007 Second Quarter Financial Statements and Management's Discussion and Analysis are available on the investor relations section of www.newportpartners.ca and on SEDAR at www.sedar.com

- 30 -

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