Newport Partners Income Fund Announces 2007 Year-end and Fourth Quarter Results

Toronto – March 26, 2008 – Newport Partners Income Fund (“NPF” or “the Fund”) (TSX:NPF.UN) today announced its results for the three months and year ended December 31, 2007. The Fund’s financial results are based on a diversified portfolio of investments in 18 private businesses in four operating segments.

Year-End Results

Revenue for the fiscal year ended December 31, 2007, was $564.7 million, up 54% from $366.1 million produced in fiscal 2006. Gross profit increased 43% to $176.2 million for the period representing a gross profit margin of 31%. For the same period last year, the Fund reported gross profit of $123.0 million representing a gross profit margin of 34%. Adjusted EBITDA increased 20% to $84.3 million versus $70.2 million for the same period last year. Adjusted EBITDA margin declined from 19% in 2006 to 15% in 2007.

The increased revenue, gross profit and Adjusted EBITDA primarily reflect the expanded size of the investment portfolio including additional investments made in existing operating partnerships. The reduced EBITDA margin is primarily attributable to higher corporate costs incurred in connection with the additional investments made in the portfolio during the year as well as the overall mix of businesses in the portfolio.

As at December 31, 2007, the Fund had invested capital of $591.5 million representing an increase of 38.6 % over the $426.9 invested as at December 31, 2006. As a percentage of weighted invested capital, corporate expenses were 1.1% in 2007 versus 1.3 % in 2006.

Distributable cash from continuing operations for the year was $54.8 million, down slightly from $56.4 million reported in 2006. This produced $0.77 of distributable cash per unit versus $0.84 per unit reported in 2006. Including discontinued operations, the Fund earned $0.70 of distributable cash per unit – compared with $0.80 per unit in 2006. Even though revenue and EBITDA increased, distributable cash and distributable cash per unit declined relative to the prior year due primarily to higher interest costs and dilution from equity units issued in 2006. Cash interest costs for the twelve month period ended December 31, 2007 were $28.1 million versus $10.5 million incurred last year. These costs reflect higher amounts drawn on the Fund’s credit facility and the issuance of convertible debentures reflecting the Fund’s more diversified capital structure.

Distributions paid to unit holders amounted to $68.9 million or $0.97 per unit for the twelve-month period ending December 31, 2007 versus $66.7 million or $0.99 per unit for the same period last year. Commencing with the distribution paid January 15, 2008, the Fund reduced the allocation of distributable cash payable to unit holders to $0.65 per unit in favour of allocating more of the Fund’s cash to activities that are expected to improve shareholder value including reducing debt, repurchasing units, and investing in the growth of the portfolio.

“The cash yields generated from the investment portfolio this past year averaged 15.8% and, with a couple of exceptions, were in line with our expectations,” noted Mr. Peter Wallace, President and CEO. “Since inception, every one of the current holdings has delivered an annual cash yield in the double digits with the portfolio as a whole yielding 18.9%. The estimated fair market value of the portfolio at the end of the year was $718 million versus the invested capital of $592 million. We estimate this translates to a net asset value of $6.13 per unit.”

"There has been an increasing disconnect between the portfolio's performance and the Fund's unit price. This is unacceptable," Mr. Wallace added. "And I know this has been frustrating for unitholders – including your management team and directors who own a third of the units outstanding. We also know that markets aren't perfect, but eventually they find ways to fill value gaps like the one we're seeing here. In 2008, we will be working harder to close this gap by continuing to increase the net asset value of the Fund and doubling our efforts to tell our investment story to a wider audience."

Fourth Quarter Results

Revenue for the three-month period ended December 31, 2007, was $164.9 million, up 48% from $111.5 million produced in fiscal 2006. Gross profit was $49.1 million for the period representing a gross profit margin of 30%. For the same period last year, the Fund reported gross profit of $41.0 million representing a gross profit margin of 37%. Adjusted EBITDA for the three-month period increased 13% to $23.6 million versus $20.8 million for the same period last year. Adjusted EBITDA margin was 14% in 2007 versus 19% in 2006. The Fund reported distributable cash from continuing operations of $14.8 million, and distributable cash per unit of $0.21 per unit versus $14.8 million or $0.20 per unit earned in the fourth quarter of 2006.

Goodwill and Intangibles

The Fund performed its annual goodwill and intangible impairment test during the fourth quarter and determined that the carrying value exceeded the fair value in one of its 18 investments, S&E. The Fund recorded a goodwill impairment charge of $1.6 million and an impairment charge of $1.4 million relating to intangible assets. These non-cash impairment charges have no effect on the Fund's cash generation and cash flows from operations.

Operating Highlights

"Several of the operating partnerships faced tough market challenges in 2007 and did an excellent job in responding to these challenges," said Mr. Wallace. "NPC dealt with significantly reduced activity in the Alberta gas sector while our insurance businesses had to manage through the continued trough of that industry's market cycle. Our marketing services companies confronted an appreciating Canadian dollar and a slower U.S. economy that impacted revenues and profits from customers south of the border. These results underscore one of our greatest assets - the tenacity of the entrepreneurs who manage and grow these businesses."

During fiscal 2007, the Fund expanded and diversified its capital structure – which at year-end consisted of $366.8 million of equity, $252.1 million of debt and $149.5 million of convertible debentures. Net debt to LTM EBITDA was approximately 2.4 times. "We think this is fairly conservative leverage across 18 different companies. But given the changed economic and capital market environments, we also think it is prudent to use more of the cash generated from the portfolio – through both operations and dispositions -- to bring the Fund's net debt to LTM EBITDA ratio down to the low twos. This is one of the reasons we reduced our distributions from $1.00 to $.65 per unit – to allow us to retain cash to reduce debt and invest in other value-creating activities," Mr. Wallace added.

The Fund also completed its Normal Course Issuer Bid program and re-purchased and cancelled 1,964,572 units. It announced the renewal of the program for 2008, to allow it to re-purchase up to 2,070,348 units and enhance the net asset value. "At current prices, it creates significant value for unitholders for us to buy back units of the Fund at approximately half their estimated net asset value," stated Mr. Aubrey Baillie, Executive Chairman. "This will continue to be part of our strategy in 2008."

2008 Outlook

For 2008, management expects the portfolio holdings to generate a 16% - 20% cash yield on invested capital. The Fund's largest holding, NPC, will benefit from a full year of contribution from its investment in Golosky, which services customers involved in the oil sands development. Golosky represents 50% of NPC's revenue mix and is expected to offset continued weakness in gas drilling activity which represents approximately 25% of NPC's revenues.

As announced in November, the Fund is working with NPC's management on a plan to give that business access to a lower cost of capital to fund its growth in 2008 and to allow the Fund to realize a portion of the profits on this investment. "This is a prized asset for the Fund and we will be opportunistic about both the structure of the plan and its timing, given the currently reduced valuations in the energy services sector," said Mr. Wallace. "We are exploring a number of strategic opportunities in addition to the option of an initial public offering for NPC."

"Despite an uncertain economic environment, our outlook for the year is positive at this time," noted Mr. Wallace. "The managers of our operating partners see no immediate indications of economic factors that would negatively impact their operations and the Fund's diversification across business segments helps to mitigate volatility. At the corporate level, the Fund will also benefit from lower interest rates."

As in 2007, management expects the first quarter to be weaker than the subsequent three quarters of the year. This is primarily due to the seasonality of the remediation business at Quantum Murray and the seasonality of high-margin contingent profit commissions earned by the insurance businesses.

"Since the end of the year, we have seen our unit trading price become increasingly disconnected from our net asset value," added Mr. Wallace. "With the surplus cash remaining after paying distributions of $0.65 per unit per year as well as proceeds from any divestitures, we plan to implement three investment objectives during fiscal 2008 to narrow this gap: reduce debt, buy back units and provide funding for strategic, value-creating acquisitions by our existing operating partnerships. We also plan to actively reach out to the investment community to bring awareness of this unique portfolio of cash generating private businesses to a wider audience of prospective investors".

Restatement

Included in the Fund's 2007 annual and fourth quarter financial results is an adjustment of $17.6 million relating to the net future income tax expense allocation between the Fund and the non-controlling interest. The Fund's June 30, 2007 consolidated financial statements recorded future income tax expense of $40.0 million with no allocation to the non-controlling interest. $17.6 million of the expense was attributable to the non-controlling interest. This adjustment was identified in the fourth quarter of 2007 as part of the year end close procedure. Accordingly, prior to March 31, 2008, the Fund will re-file its second and third quarter 2007 interim consolidated financial statements and management's discussion and analysis to allocate the $17.6 million to the non-controlling interest. This restatement has no impact on the Fund's cash flow from operations and distributable cash reported in these quarters.

About Newport Partners Income Fund

Newport Partners Income Fund is an unincorporated, open-ended trust created to hold, through its investment in Newport Partners Commercial Trust, interests in Newport Private Yield LP, 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.

Newport Partners Income Fund is a publicly-traded diversified fund that invests in successful Canadian private businesses run by proven entrepreneurs at reasonable prices. We target above-average rates of return by putting our money to work behind talented entrepreneurs who have a record of success in their business and a growth opportunity for the future. Our unit holders share in the income generated by these businesses as well as their value appreciation. The Fund currently has $592 million invested in 18 companies representing a diverse cross-section of the Canadian economy.

About Newport Partners

Newport Partners creates wealth and opportunity with successful entrepreneurs. We help our clients realize their goals for their business by providing capital and corporate financial advice;. And we provide money management and financial advice to protect and grow their personal wealth. Newport Partners was established by a group of entrepreneurs and senior financial executives. From start-up in 2001, we have invested more than $750 million in private businesses and currently have $1.5 billion of public and private assets under management. Newport Partners carries on its business through Newport Partners LP and its subsidiaries, and through TSX-listed Newport Partners Income Fund (NPF.UN). www.newportpartners.ca.

Investor Conference Call

Management will hold a conference call at 10:30 am (Eastern Standard Time) on March 27, 2008 to discuss the year end and fourth quarter financial results. The call may be accessed by dialling 416-641-6111 within the Toronto area or 1-866-862-3912 (toll free). This conference call will be recorded and available for replay until April 10, 2008. To listen to the replay, please dial 416-695-5800 or 1-800-408-3053 and enter pass code 3249878.

Annual General Meeting

NPF's AGM will be held Tuesday, May 13th, 2008 at 4:30 p.m. EST at the Design Exchange, located at 234 Bay Street, Toronto, Ontario.

Forward-Looking Information

This MD&A contains certain forward-looking information. Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. 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. Forward-looking information may relate to management's future outlook and anticipated events or results and may include statements or information regarding the future plans or prospects of the Fund or the Operating Partnerships 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. Without limitation, information regarding the future operating results and economic performance of the Fund and the Operating Partnerships, and statements about net asset value constitute forward-looking information and the estimate is updated quarterly. 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. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including risks related to investments, conditions of capital markets, economic conditions, taxation of income trusts, dependence on key personnel, limited customer bases, interest rates, regulatory change, continued availability of credit facilities, availability of future financing, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. In addition, in evaluating this information, investors should specifically consider various factors, including the risks outlined under "Risk Factors", which may cause actual events or results to differ materially from any forward-looking statement.

In formulating forward-looking information herein, management has assumed that business and economic conditions affecting the Fund and the Operating Partnerships will continue substantially in the ordinary course, including without limitation with respect to general levels of economic activity, regulations, taxes, interest rates, that there will be no material changes in its credit arrangements. Although the forward-looking information is based on what management of the Fund 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 MD&A, and the Fund does not assume any obligation to update or revise them to reflect new events or circumstances. Undue reliance should not be placed on forward-looking information. The Fund is providing the forward-looking financial information set out in this MD&A for the purpose of providing investors with some context for the "2008 Outlook" presented, as well as Management's estimate of the net asset value of the Fund. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-GAAP Measures

The terms "adjusted EBITDA", "cash yield from the portfolio", ''distributable cash or adjusted distribution base'', ''EBITDA'', ''invested capital'', "LTM EBITDA", "net debt/LTM EBITDA", and "net asset value" (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.

Adjusted EBITDA refers to EBITDA excluding the gain 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.

Cash yield from the Portfolio refers to the Fund's cash on cash return from an Operating Partnership based on free cash flow paid to the Fund as a percentage of weighted 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.

Distributable cash or **Adjusted distribution base** 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 and is calculated as standardized distributable cash adjusted for changes in working capital, growth capital expenditure and priority income amounts. 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.

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.

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.

LTM EBITDA refers to EBITDA after giving effect to the contribution of all new investments made in the year and still in the portfolio as at the end of the year, as if each investment had been owned by the Fund for the full twelve month period since January 1st. LTM EBITDA is a measure that management believes may be useful to investors as it facilitates the analysis of the Fund's financial performance over a full business cycle.

Net debt/LTM EBITDA refers to total senior debt plus capital lease obligations less the Fund's consolidated cash balance divided by LTM EBITDA plus priority income. Management uses this measure to monitor its future debt capacity. Investors may find this information useful in analyzing the capital structure of the Fund and its future debt capacity.

Net asset value is derived by amalgamating management's best estimate of the fair market value of each of the Operating Partnerships in the Fund and making adjustments for the senior debt, the market value of convertible debentures and the cash and cash equivalents of the Fund. The fair market value of each of the Operating Partnerships is derived using discounted public company comparable EV/EBITDA multiples and applying these multiples to the LTM EBITDA of each Operating Partnership. Management uses net asset value plus distributable cash to determine how profitable their investment in operating partnerships are. Management also uses net asset value as a benchmark to determine at what price to issue equity as the objective would be to issue equity always at prices greater than the net asset value. Investors may find net asset value plus distributions received useful to determine how profitable their investment in the Fund is.

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)

	December 31, 2007	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 20,278	$ 54,616
Cash and short-term investments held in trust	27,404	7,027
Accounts receivable	137,726	101,266
Inventories	35,467	33,253
Prepaid expenses	2,934	2,555
Other current assets	21,677	13,790
Current assets of discontinued operations	-	68,969
	245,486	281,476
Property, plant and equipment	45,800	23,706
Long-term investments	47,254	47,001
Goodwill	281,222	253,344
Intangible assets	315,384	265,390
Other assets	14,090	9,029
Long-lived assets of discontinued operations	-	14,403
	$ 949,236	$ 894,349
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facility	$ 47,527	$ 5,000
Accounts payable and accrued liabilities	118,264	86,781
Deferred revenue	13,819	7,465
Current portion of obligations under capital leases	5,353	4,122
Current liabilities of discontinued operations	-	54,372
	184,963	157,740
Obligations under capital leases	8,910	3,943
Long-term debt	204,862	170,000
Future tax liability	34,141	461
Non-controlling interest	107,466	176,196
Convertible debenture	149,530	83,970
Unitholders' equity	259,364	302,039
	$ 949,236	$ 894,349

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Income

(In thousands of dollars, except per unit amounts)

	Year ended December 31, 2007	Year ended December 31, 2006
Revenues	$ 564,689	$ 366,102
Cost of revenues	388,482	243,139
	176,207	122,963
Expenses		
Selling, general and administrative	98,797	59,864
Amortization of deferred financing charges	-	3,506
Amortization of intangible assets	38,672	26,952
Depreciation	8,857	6,475
	146,326	96,797
Income before the undernoted	29,881	26,166
Income from equity investments	3,418	3,341
Other income	1,119	1,693
Interest expense	30,864	10,493
Loss on dilution of ownership interest	6,958	-
Write-down of goodwill and intangibles	2,987	-
Income (loss) before income taxes	(6,391)	20,707
Income tax expense - current	10	96
Income tax expense - future	33,231	-
Income (loss) from continuing operations before non-controlling interest	(39,632)	20,611
Non-controlling interest relating to continuing operations	16,644	(9,303)
Income from continuing operations	(22,988)	11,308
Loss from discontinued operations before non-controlling interest	(5,227)	(63,253)
Non-controlling interest relating to discontinued operations	2,289	28,600
Income (loss) from discontinued operations	(2,938)	(34,653)
Net loss and comprehensive loss	$ (25,926)	$ (23,345)
Income (loss) per unit		
Basic and diluted:		
Continuing operations	$ (0.57)	$ 0.34
Discontinued operations	(0.07)	(1.03)
Net loss	(0.64)	(0.69)

NEWPORT PARTNERS INCOME FUND
Consolidated Statements of Cash Flows
(In thousands of dollars)

	Year ended December 31, 2007	Year ended December 31, 2006
Cash provided by (used in):		
Operating activities:		
Net Income (loss)	$ (25,926)	$ (23,345)
Items not affecting cash:		
Loss from discontinued operations before non- controlling interest	5,227	63,253
Amortization of intangible assets	38,672	26,952
Depreciation	8,857	6,475
Future income tax expense	33,231	-
Income from equity investments, net of cash received	1,658	2,036
Non-cash interest expense	2,796	3,506
Non-cash compensation expense	2,924	2,034
Loss on dilution of interest in operating partner	6,958	-
Write-down of goodwill and intangibles	2,987	-
Non-controlling interest	(18,933)	(19,297)
Changes in non-cash working capital	(24,057)	(11,049)
Cash provided by (used in) discontinued operations	8,114	2,988
	42,508	53,553
Financing activities:		
Repurchase of units	(11,798)	-
Issuance of convertible debt net of costs	75,939	-
Issuance of units	-	71,275
Distributions to unitholders	(40,244)	(32,429)
Distributions to non-controlling interest	(30,664)	(33,818)
(Decrease) in cash held in trust	(1,570)	(1,016)
Increase (decrease) in bank indebtedness	42,527	(26,342)
Repayment of long-term debt	40,000	169,965
Repayment of capital lease obligations	(3,427)	(3,009)
Cash provided by (used in) discontinued operations	(6,920)	(1,642)
	63,843	142,984
Investing activities:		
Acquisition of businesses, net of cash acquired	(141,981)	(143,906)
Proceeds on disposal of business	23,496	-
Purchase of long-term investments	(1,105)	(6,914)
Purchase of property, plant and equipment	(6,023)	(3,035)
Purchase of intangibles	(79)	-
Increase in other assets	(14,158)	(7,564)
Cash used in discontinued operations	(839)	(1,347)
	(140,689)	(162,766)
Decrease in cash and cash equivalents	(34,338)	33,771
Cash and cash equivalents, beginning of year - continuing operations	54,616	20,845
Cash and cash equivalents, beginning of year - discontinued operations	-	-
Cash and cash equivalents, end of year	20,278	54,616
Cash and cash equivalents, end of year - discontinued operations	-	-
Cash and cash equivalents, end of year – continuing operations	$ 20,278	$ 54,616
Cash	20,278	54,034
Cash equivalents	-	582
Supplemental cash flow information:		
Interest paid	$ 27,264	$ 7,456
Cash acquired upon acquisition	2,540	1,522
Supplemental disclosure of non-cash financial and investing activities:		
Acquisition of property, plant and equipment through capital leases	8,487	3,518

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

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