Newport Partners Income Fund Announces 2008 Second Quarter Results

Toronto – August 14, 2008 – Newport Partners Income Fund ("NPF" or "the Fund") (TSX:NPF.UN) today announced its results for the three months ended June 30, 2008. The Fund's financial results are based on a diversified portfolio of investments in 18 private businesses in four operating segments.

Revenue for the three month period ended June 30, 2008 was $183.6 million, up 37% from $133.7 million produced in the prior year period. Gross profit increased 19% to $53.5 million for the period compared to $45.0 million in the second quarter of 2007. Adjusted EBITDA increased 17% to $25.5 million versus $21.8 million for the same quarter last year. Adjusted EBITDA margin declined to 14% for the period ended June 30, 2008 from 16% in the second quarter of 2007.

The increased revenue, gross profit and adjusted EBITDA reflect the expanded size of the investment portfolio, specifically strategic acquisitions made by Quantum Murray and Golosky (formerly NPC) in the spring and summer of 2007. Both of these investments posted strong results for the period as these companies are participating directly in one of the brightest spots in the Canadian economy – infrastructure development. In particular, the metal disposal division of Quantum Murray and the oil sands and maintenance divisions of Golosky were positive contributors.

Offsetting these results, activity in the natural gas exploration sector remains slow consequently impacting the construction division of Golosky and the overall operations of Titan, a distributor of wear parts to that industry. The performance of the financial services segment was also positive, especially in light of the soft insurance market and volatile capital markets. Gemma and Capital C delivered very strong results in the marketing segment, while Armstrong and IC Group experienced weaker demand for services and delays in budget approvals from U.S. customers.

The Fund's reduced EBITDA margin is primarily attributable to the current portfolio mix which has an increased weighting in industrial services and a lower relative contribution from the higher-margin financial services segment versus the same period last year.

As at June 30, 2008, the Fund had invested capital of $592 million representing an increase of 13% over the $522 million invested as at June 30, 2007. As a percentage of weighted invested capital, corporate costs were 1.1% versus 1.4% in the prior year period.

Distributable cash for the three month period ended June 30, 2008 was $15.3 million, slightly more than the $14.7 million produced by continuing operations in the prior year period. The Fund produced $0.21 of distributable cash per unit for the period. This compares to $0.21 from continuing operations, or $0.17 including discontinued operations, generated in the same period last year.

While revenue and EBITDA increased significantly over the prior year period, the increase in distributable cash was more modest due to higher interest costs reflecting debt servicing on the convertible debenture issue of July 2007 which was used to finance the Quantum Murray and Golosky acquisitions.

Distributions paid to unitholders amounted to $11.7 million or $0.16 per unit for the period versus $17.7 million or $0.25 per unit for the same period last year.

"These earnings results are in line with management's plan for the current fiscal year," said Mr. Peter Wallace, President & CEO. "I am particularly pleased that the portfolio's returns have remained resilient during this recent period of economic uncertainty as our public equity markets have struggled to adjust to increased global energy and commodity costs, slower U.S. growth, realigned exchange rates and signs of a moderating domestic economy."

As of June 30, 2008, the Fund's net debt to LTM EBITDA ratio was 2.5 times, unchanged from March 31, 2008, but slightly higher relative to the same period last year. The increase primarily reflects higher working and growth capital requirements of the Operating Partnerships, in particular Golosky, due to continuing increased activity, and Quantum Murray, due to upfront investment related to its contract to decommission a Distant Early Warning (DEW) line site in the Arctic.

The growth of the infrastructure market has contributed to the appreciation of the Fund's investment in both Quantum Murray and Golosky. At the same time, it has also placed increasing demands on the Fund's supply of working and growth capital to these businesses. To satisfy these demands, the Fund is looking at financing alternatives for Golosky. Such a transaction would also allow the Fund to make substantial progress on the financial objectives outlined in the 2007 Annual Report: pay down debt to below 2.25 times EBITDA, buy back units of the Fund and invest in the continued growth of the top performing companies in the portfolio. It remains management's objective to make progress on each of these objectives in 2008.

"Our outlook for the remainder of the fiscal year remains cautiously positive. While we are seeing some effects from the U.S. slowdown in some of our smaller Operating Partnerships such as Armstrong and IC Group, for the most part the investments in the portfolio are performing in accordance with the business plans that we reviewed and approved with management for fiscal 2008," said Mr. Wallace.

"With respect to plans for dealing with the pending changes to the Fund's tax structure, management is reviewing the rules governing the conversion of trusts to taxable corporations that were recently released by the federal government. Our analysis of these rules will provide management with a better sense of how different conversion options may apply to the Fund and the impact each of these options could be expected to have on our unitholders," said Mr. Wallace.

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 unitholders 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).

Investor Conference Call

Management will hold a conference call at 10:30 am (Eastern Standard Time) on August 15, 2008 to discuss the second quarter financial results. The call may be accessed by dialling 416-641-6130 within the Toronto area or 1-866-696-5895 (toll free). This conference call will be recorded and available for replay until August 29, 2008. To listen to the replay, please dial 416-695-5800 or 1-800-408-3053 and enter pass code 3265469.

Capitalized terms used but not defined herein have the meanings ascribed to them in the MD&A dated August 14, 2008.

Forward-Looking Information

Certain information included in this news release 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 news release, 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 news release for the purpose of providing investors with some context for the “Second Quarter 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”, “corporate costs to weighted invested capital” , ‘‘distributable cash or adjusted distribution base’’, ‘‘EBITDA’’, ‘‘invested capital’’, “net debt/LTM EBITDA” (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) and the write-down of goodwill and intangibles. 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.

Corporate costs to weighted invested capital are the total cash expenses of the corporate segment excluding interest expense for the period expressed as a percentage of the weighted invested capital by the Fund in each of the operating partnerships. 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.

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 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 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 this 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.

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.

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, 2008 (Unaudited)	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 12,731	$ 20,278
Cash and short-term investments held in trust	29,456	27,404
Accounts receivable	145,247	137,726
Inventories	40,893	35,467
Prepaid expenses	3,982	2,934
Other current assets	20,714	21,677
	253,023	245,486
Property, plant and equipment	46,214	45,800
Long-term investments	46,142	47,254
Goodwill	278,337	281,222
Intangible assets	294,563	315,384
Other assets	14,970	14,090
	$ 933,249	$ 949,236
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facility	$ 42,131	$ 47,527
Accounts payable and accrued liabilities	131,191	118,264
Deferred revenue	16,535	13,819
Current portion of obligations under capital leases	5,472	5,353
	195,329	184,963
Obligations under capital leases	8,852	8,910
Long-term debt	205,384	204,862
Future tax liability	34,036	34,141
Non-controlling interest	87,169	107,466
Convertible debenture	151,071	149,530
Unitholders' equity	251,408	259,364
	$ 933,249	$ 949,236

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Income and Comprehensive Income
(In thousands of dollars, except per unit amounts)
(Unaudited)

	Three months ended June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
Revenues	$ 183,630	$ 133,744	$ 345,362	$ 249,959
Cost of revenues	130,125	88,791	246,817	167,655
	53,505	44,953	98,545	82,304
Expenses				
Selling, general and administrative	29,816	24,733	58,083	46,680
Amortization of intangible assets	10,412	9,205	20,824	18,032
Depreciation	2,913	2,032	5,580	3,923
	43,141	35,970	84,487	68,635
Income before the undernoted	10,364	8,983	14,058	13,669
Income from equity investments	962	771	1,494	1,516
Other income	382	356	712	553
Interest expense	9,137	6,488	18,537	12,846
Loss on dilution of ownership interest	-	220	-	6,064
Income (loss) before income taxes	2,571	3,402	(2,273)	(3,172)
Income tax expense (recovery) - current	15	(158)	18	(312)
Income tax expense (recovery) - future	(40)	39,958	(105)	39,958
Income (loss) from continuing operations before non-controlling interest	2,596	(36,398)	(2,186)	(42,818)
Non-controlling interest relating to continuing operations	1,036	15,943	(986)	18,883
Income (loss) from continuing operations	$ 1,560	$ (20,455)	$ (1,200)	$ (23,935)
Loss from discontinued operations before non-controlling interest	-	(2,445)	-	(5,227)
Non-controlling interest relating to discontinued operations	-	1,127	-	2,401
Loss from discontinued operations		(1,318)		(2,826)
Net income (loss) and comprehensive income (loss)	$ 1,560	$ (21,773)	$ (1,200)	$ (26,761)
Income (loss) per unit				
Basic and diluted:				
Continuing operations	$ 0.04	$ (0.51)	$ (0.03)	$ (0.60)
Discontinued operations	0.00	(0.03)	(0.00)	(0.07)
Net income (loss)	0.04	(0.54)	(0.03)	(0.67)

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Cash Flows

(In thousands of dollars, except unit amounts)
(Unaudited)

	Three months ended June 30 2008	Three months ended June 30 2007	Six months ended June 30 2008	Six months ended June 30 2007
Cash provided by (used in):				
Operating activities:				
Net income (loss)	$ 1,560	$ (21,773)	$ (1,200)	$ (26,761)
Items not affecting cash:				
Loss from discontinued operations before controlling interest	-	2,445	-	5,227
Amortization of intangible assets	10,412	9,205	20,824	18,032
Depreciation	2,936	2,032	5,746	3,923
Future income tax expense (recovery)	(40)	39,958	(105)	39,958
Income from equity investments, net of cash received	656	484	965	968
Non-cash interest expense	1,055	238	2,086	818
Non-cash compensation expense	753	560	1,554	1,120
Loss on dilution of interest in operating partner	-	220	-	6,064
Non-controlling interest	1,036	(17,070)	(986)	(21,284)
Changes in non-cash working capital	3,943	3,423	1,972	(2,291)
Cash provided by (used in) discontinued operations	-	(201)	-	9,413
	22,311	19,521	30,856	35,187
Financing activities:				
Repurchase of units	-	(1,423)	-	(5,464)
Distributions to unitholders	(6,934)	(9,987)	(13,695)	(19,731)
Distributions to non-controlling interest	(4,752)	(7,750)	(9,677)	(15,771)
Increase in cash held in trust	(4,102)	(3,833)	(2,052)	(1,634)
Increase (decrease) in bank indebtedness	(5,418)	19,025	(5,396)	52,063
Increase in long-term debt	-	20,000	-	20,000
Repayment of capital lease obligations	(1,562)	(738)	(3,005)	(1,484)
Cash provided by (used in) discontinued operations	-	2,811	-	(6,920)
	(22,768)	18,105	(33,825)	21,059
Investing activities:				
Acquisition of businesses, net of cash acquired	305	(43,550)	(892)	(93,749)
Proceeds on disposal of business	-	24,000	-	24,000
Purchase of property, plant and equipment	(1,646)	(1,115)	(2,806)	(3,022)
Increase in other assets	(1,379)	(1,082)	(880)	(526)
Cash used in discontinued operations	-	(1,211)	-	(839)
	(2,720)	(22,958)	(4,578)	(74,136)
Increase (decrease) in cash and cash equivalents	(3,177)	14,668	(7,547)	(17,890)
Cash and cash equivalents, beginning of period - continuing operations	15,908	22,058	20,278	54,616
Cash and cash equivalents, beginning of period - discontinued operations	-	-	-	-
Cash and cash equivalents, end of period	12,731	36,726	12,731	36,726
Cash and cash equivalents, end of period - discontinued operations	-	2,207	-	2,207
Cash and cash equivalents, end of period – continuing operations				
Cash	12,651	34,439	12,651	34,439
Cash equivalents	80	80	80	80
Supplemental cash flow information:				
Interest paid	$ 8,221	$ 7,873	$ 16,758	$ 12,318
Cash acquired upon acquisition	-	727	61	1,351
Supplemental disclosure of non-cash financial and investing activities:				
Acquisition of property, plant and equipment through capital leases	1,929	3,045	2,494	3,902

NPF's 2008 Second Quarter Financial Statements and Management's Discussion and Analysis ("MD&A") are available on the investor info section of www.newportpartners.ca and on SEDAR at www.sedar.com

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