Newport Partners Income Fund announces Q1 financial results

Toronto – May 7, 2009 – Newport Partners Income Fund ("NPF" or "the Fund") (TSX:NPF.UN) today announced its results for the three-month period ended March 31, 2009.

($ millions)	Q1 2009	Q1 2008
Revenue	158.8	153.8
Gross profit	38.8	46.9
Selling, general & administrative expenses	31.3	31.3
Net loss	(13.8)	(2.8)
EBITDA	7.9	17.0
Distributable cash	(2.8)	10.0
Distributable cash per unit	$(0.04)	$ 0.14

Revenue for the three-month period ended March 31, 2009 was $158.8 million, up 3.3 percent from $153.8 million reported in the same period last year. Gross profit declined to 38.8 million (24% of revenue) from 46.9 million (31% of revenue) for the same period last year. The decline in gross profit margins is primarily attributable to the change in revenue mix in favour of lower margin business and reduced margins resulting from pricing pressure in three of the four business segments.

Selling, general and administrative expenses of $31.3 million were in line with last year's quarter. EBITDA was $7.9 million for the current quarter compared to $17.0 million in last year's quarter. The net loss for the period was $13.8 million for the period versus a net loss of $2.8 million for the same period last year.

The Fund is currently not in compliance with certain covenants under its senior credit agreement. Active and cooperative discussions with the Fund's lenders are continuing to address the non-compliance and debt levels, and the lenders have not indicated their intent to demand payment of the term debt prior to its maturity date in 2011 and 2012.

"As we had stated recently in our review of the 2008 financial results, there are two problem areas where we are focusing our attention to improve the performance of the Fund – deleveraging the capital structure and reducing our operating costs," noted Dean MacDonald, President and Chief Executive Officer of the Fund. "At that time we also made it clear that we did not expect to deliver instant solutions to these challenges. Our discussions with the lending syndicate are progressing but have yet to yield tangible results. In terms of cost reduction measures, our focus is to ensure that the operating capacity of the largest businesses in the portfolio is not weakened to the point that these businesses are unable to service the needs of existing customers or to respond to the opportunities that will emerge as the economy recovers. In each case we are seeking to find the right balance that will optimize near term profitability with long-term growth."

Portfolio Highlights

While NPC/Golosky's maintenance and oil sands operations reported increased revenues over the same period a year ago, the growth is related to three divisions which provide specialized wear technology services which extend the useful life of pipeline used in the oil sands. Quantum Murray's environmental and scrap metal divisions performed well. However, this progress was overshadowed by the results from the demolition division where projects have almost entirely dried up, resulting in a larger group of suppliers bidding on smaller commercial projects. Titan has experienced reduced revenue levels across the board. The harsh economic climate in Alberta is particularly impacting drilling, construction and transportation customers of Titan.

Despite the economic climate, the Fund's specialty marketing businesses have fared well with a solid quarter from IC Group, Armstrong, Gemma and S&E. Capital C's revenues were in line with the prior year period. However, the latter part of the quarter saw some erosion in client spending which impacted margins.

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The businesses in the Fund's financial services segment have fared less well and have faced some difficult challenges. Morrison Williams, NP LP and Brompton have been impacted by reduced AUM following the significant financial market sell off and continuing turbulence. All of the insurance businesses – ESR, Hargraft and BMI continued to be hurt by softer insurance markets and continuing intense competition.

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. The Fund currently has $552 million invested in 17 companies representing a diverse cross-section of the Canadian economy.

Investor Conference Call

Management will hold a conference call at 10:30 am (Eastern Standard Time) on May 7, 2009 to discuss the first quarter financial results. The call may be accessed by dialing 416-340-8018 within the Toronto area or 1-866-225-2055 (toll free). This conference call will be recorded and available for replay until Thursday, May 21, 2009. To listen to the replay, please dial 416-695-5800 or 1-800-408-3053, passcode is 4027072.

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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 for the purpose of providing investors with some context for the "2009 Outlook" presented. 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", "corporate costs to weighted invested capital" , ''distributable cash or adjusted distribution base'', ''EBITDA'', "EV/EBITDA", ''invested capital'', "LTM EBITDA", "net debt/LTM EBITDA", "net tangible assets", "net asset value", "standardized distributable cash", "total annualized return" and "total senior leverage 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.

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,

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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.

Corporate costs to weighted invested capital are the total expenses of the corporate segment 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 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 and 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.

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.

Standardized distributable cash is defined as the GAAP measure of cash from operating activities after adjusting for capacity expenditures, restrictions on distributions arising from compliance with financial covenants restrictive at the time of reporting, and minority interests. This is a measure that the CICA believes is of use to investors as a benchmark to compare investments.

Total annualized return represents the total compound annualized return of the portfolio using time weighted cash yields from the portfolio plus the estimated capital appreciation of the portfolio. Total annualized return is used by management and investors to gauge the overall performance of the Fund's portfolio of private investments.

Total senior leverage ratio refers to total senior debt plus capital lease obligations plus letters of credit outstanding less NPY's cash balance. Management uses this measure to monitor its compliance with the covenants of its credit facility and to determine 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.newportpartnersincomefund.ca.

NEWPORT PARTNERS INCOME FUND

Consolidated Balance Sheets
(In thousands of dollars)

	March 31, 2009 (Unaudited)	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 12,653	$ 23,855
Cash and short-term investments held in trust	23,315	19,839
Accounts receivable	159,429	154,463
Inventories	33,662	33,112
Prepaid expenses	3,112	3,184
Other current assets	23,906	22,830
Future tax asset	1,393	1,393
	257,470	258,676
Property, plant and equipment	46,220	44,498
Long-term investments	16,110	16,494
Goodwill	98,231	94,362
Intangible assets	184,876	189,306
Other assets	13,749	15,706
	$ 616,656	$ 619,042
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facility	$ 32,060	$ 27,400
Current portion of long-term debt	210,000	210,000
Accounts payable and accrued liabilities	124,482	123,103
Deferred revenue	15,097	10,742
Current portion of obligations under capital leases	5,233	5,695
	386,872	376,940
Obligations under capital leases	7,531	7,741
Future tax liability	26,982	26,076
Convertible debentures	153,517	152,683
Non-controlling interest	-	-
Unitholders' equity	41,754	55,602
	$ 616,656	$ 619,042

NEWPORT PARTNERS INCOME FUND

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

	Three months ended March 31, 2009	Three months ended March 31, 2008
Revenues	$ 158,812	$ 153,761
Cost of revenues	119,965	106,908
	38,847	46,853
Expenses		
Selling, general and administrative	31,287	31,323
Amortization of intangible assets	8,291	9,960
Depreciation	3,085	2,534
	42,663	43,817
Income (loss) before the undernoted	(3,816)	3,036
Income from equity investments	37	532
Other income	-	330
Interest expense, net	10,052	9,319
Loss before income taxes	(13,831)	(5,421)
Income tax expense – current	17	3
Income tax (recovery) – future	-	(65)
Loss from continuing operations before non-controlling interest	(13,848)	(5,359)
Non-controlling interest relating to continuing operations	-	2,266
Loss from continuing operations	(13,848)	(3,093)
Income from discontinued operations before non-controlling interest	-	577
Non-controlling interest relating to discontinued operations	-	(244)
Income from discontinued operations	-	333
Net loss and comprehensive loss	$ (13,848)	$ (2,760)
Loss per unit		
Basic and diluted:		
Continuing operations	$ (0.28)	$ (0.07)
Discontinued operations	-	-
Net loss	(0.28)	(0.07)

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Cash Flows

(In thousands of dollars)
(Unaudited)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Cash provided by (used in):		
Operating activities:		
Net loss	$ (13,848)	$ (2,760)
Items not affecting cash:		
Loss from discontinued operations before non- controlling interest	-	(577)
Amortization of intangible assets	8,291	9,960
Depreciation	3,107	2,677
Future income tax (recovery)	-	(65)
Income from equity investments, net of cash received	233	308
Non-cash interest expense	834	1,031
Non-cash compensation expense	498	801
Non-controlling interest	-	(2,022)
Changes in non-cash working capital	(1,779)	(1,935)
Cash provided by discontinued operations	-	1,596
	(2,664)	9,014
Financing activities:		
Decrease (increase) in cash and short-term investments held in trust	(2,528)	2,050
Increase in revolving credit facility	4,660	22
Repayment of capital lease obligations	(1,423)	(1,441)
Distributions to unitholders	-	(4,881)
Distributions to non-controlling interest	-	(6,805)
Cash used in discontinued operations	-	(471)
	709	(11,526)
Investing activities:		
Acquisition of businesses, net of cash acquired	(8,487)	(1,198)
Proceeds on disposal of business	1,197	-
Purchase of property, plant and equipment	(1,957)	(957)
Increase in other assets	-	500
Cash used in discontinued operations	-	(203)
	(9,247)	(1,858)
Decrease in cash and cash equivalents	(11,202)	(4,370)
Cash and cash equivalents, beginning of period - continuing operations	23,855	14,457
Cash and cash equivalents, beginning of period - discontinued operations	-	5,821
Cash and cash equivalents, end of period	12,653	15,908
Cash and cash equivalents, end of period - discontinued operations	-	6,743
Cash end of period – continuing operations	$ 12,653	$ 9,165
Supplemental cash flow information:		
Interest paid	$ 5,049	$ 5,543
Cash acquired upon acquisition of business	113	61
Cash removed on disposal of business	77	-
Supplemental disclosure of non-cash financial and investing activities:		
Acquisition of property, plant and equipment through capital leases	751	565

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