Newport Partners
Income Fund

Newport Partners Income Fund announces 2009 annual and fourth quarter financial results

Toronto – March 9, 2010 – Newport Partners Income Fund ("the Fund") (TSX:NPF.UN, NPF.DB and NPF.DB.A) today announced its results for the three months and year ended December 31, 2009.

Year-End Results

($ millions)	2009	2008
Revenue	$584.9	$652.7
Gross profit	$146.4	$169.5
Selling, general & administrative expenses	$105.0	$107.8
Net loss	$(32.2)	$(224.4)
EBITDA	$0.7	$(195.1)
Write down of goodwill, intangibles assets and long term investments	$43.0	$260.3
Adjusted EBITDA	$43.7	$66.0
Distributable cash from continuing operations	$(1.0)	$26.0
Distributable cash	$5.8	$38.4

Revenue for the year ended December 31, 2009 was $584.9 million, down 10 percent from $652.7 million produced in 2008. Gross profit decreased 14 percent to $146.4 million for the period representing a gross profit margin of 25 percent. For the same period last year, the Fund reported gross profit of $169.5 million representing a gross profit margin of 26 percent.

During the third quarter, and also during the fourth quarter, impairment write-downs were taken against several investments reflecting reduced revenues due to the significant downturn in the economy. As a result, the Fund adjusted the value of the goodwill, intangible assets and long-term investments carried on its balance sheet to $170.9 million with a non-cash charge against income of $43.0 million. This compared to a charge of $260.3 million in 2008.

Adjusted EBITDA which excludes the above noted charges decreased 34 percent to $43.7 million versus $66.0 million for the same period last year.

The net loss for 2009 was $32.2 million versus a net loss of $224.4 million in 2008.

During 2009 the Fund was in default of its Senior Credit Agreement and subsequently entered into a Forbearance Agreement with its Senior Lenders. Under the terms of the Forbearance Agreement, the Senior Lenders agreed not to enforce their default related rights and remedies under the Senior Credit Agreement for a period of up to 365 days, and the Fund agreed to repay all amounts owing by July 21, 2010. To date the Fund has repaid $118.6 million, most of which has been applied against the principal balance.

"This has been a very challenging year. Our results compared with a year ago reflect the difficult economy that has impacted all of our portfolio investments to some extent. We believe that the economy remains fragile. We see a mixed outlook for 2010, and we are encouraging the management teams at our investee businesses to carefully monitor costs during this period," said Dean MacDonald, President and CEO of the Fund. "Secondly, we have been attempting to reduce debt and restructure our balance sheet. Progress has been made but we still have a tremendous amount of work in front of us to retire all senior debt by July."

Portfolio Review

Industrial Services

NPC results for the year were mixed. The specialty wear technology division benefited from increased demand and had strong gross margin contribution. However, the conventional oil and gas maintenance service businesses struggled alongside the industry as clients reduced or deferred spending. Quantum Murray's performance was mixed on a divisional basis. The environmental division was a strong contributor but the demolition division had a disappointing year with limited large industrial demolition projects as a result of the economic climate. Slumping commodity prices throughout the year caused margin compression and inventory losses at the scrap metal division.

Financial Services

Results for Morrison Williams, NP LP and Brompton for the year were largely as expected given the volatility in the financial markets. AUM levels began to modestly improve during the last quarter of the year. Both Hargraft's and BMI's insurance operations have been affected by a continuing soft insurance market which has increased competition and put downward pressure on premiums and also commission income. Hargraft was particularly hard hit which necessitated sharp cost reductions and restructuring of operations.

Marketing

Capital C had satisfactory results this year considering clients were cautious with their marketing spending until late in the year. We saw better results from IC Group where interactive and on-line loyalty programs have been well received by core clients.

S&E had a transitional year as it tried to rebuild its client base which was greatly impacted by competitive pressures. Armstrong's results have been impacted by the drop in consumer spending particularly in the US where many of its customers operate.

Gemma had a satisfactory year as it replaced much of its financial services clientele with other clients who were less impacted by the global recession. Gemma was also able to expand its inbound customer care programs.

Other

Peerless had a good year as it successfully executed on two large government projects that were secured in late 2008. Both Gusgo, with its container transportation business, and Titan, with its oil and gas drilling supplies business, suffered from reduced revenue volumes due to difficult local economic conditions.

Corporate

Corporate office costs were increased from 2008 and reflect costs of securing the Forbearance Agreement, costs of severance for ex-employees, and increased legal costs relating to review of conversion to a corporation, other corporate initiatives, lawsuits and general corporate matters. In addition, the increase reflects higher corporate advisory services, and additional salary and travel costs associated with the new, expanded senior management team.

Fourth Quarter Results

($ millions)	2009	2008
Revenue	$144.7	$169.6
Gross profit	$40.3	$39.8
Selling, general & administrative expenses	$27.9	$26.9
Net (loss) income	$(31.2)	$(226.9)
EBITDA	$(14.4)	$(212.7)
Write down of goodwill, intangible assets and long term investments	$27.3	$225.3
Adjusted EBITDA	$12.9	$13.5
Distributable cash from continuing operations	$3.5	$(0.7)
Distributable cash	$3.5	$2.5

Revenue for the three-month period ended December 31, 2009, was $144.7 million, versus $169.6 million produced in 2008. Gross profit was $40.3 million for the quarter representing a gross profit margin of 28 percent. For the same period last year, the Fund reported gross profit of $39.8 representing a gross profit margin of 24 percent. Adjusted EBITDA was $12.9 million, compared to $13.5 million for the corresponding period in 2008.

2010 outlook

The main focus for 2010 will be to stabilize the Fund's balance sheet and exit the Forbearance period with reduced and restructured debt.

NPC expects the strong demand for its specialty wear technology services to continue. The operating divisions focusing on conventional gas, and construction and fabrication divisions will be slow to return to prior year levels while oil and gas prices remain low. Quantum Murray's outlook is mixed and improved results will only return when the industrial demolition division sees increased activity.

The Financial Services Segment has a mixed outlook. Conditions in the commercial insurance market are expected to remain challenging into 2010. For our financial management companies, improvement will be based on stable or improved financial markets.

For the Marketing Segment the outlook is one of cautious optimism. Armstrong saw some increased spending in its customer base in the last half of 2009 and IC Group's interactive and loyalty programs are being well received. Capital C is expecting a solid year as clients continue to have confidence in the economy but S&E's outlook is mixed as new business is sought and significant efforts are being made in client development areas. Gemma's outlook is optimistic as the increase in inbound customer care programs provides an opportunity to balance the revenue streams and attract new clients.

In the Other Segment there is a mixed outlook. Peerless will continue to benefit from two Ministry of Defense contracts well into 2010. Both Titan and Gusgo will not see a recovery to historic returns until economic conditions improve.

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. The Fund 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 $489 million invested in 16 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 March 9, 2010 to discuss the fourth quarter and year end financial results. The call may be accessed by dialling 416-695-7848 within the Toronto area or 1-800-355-4959 (toll free).

This conference call will be recorded and available for replay until March 23, 2010. To listen to the replay, please dial 416-695-5800 or 1-800-408-3053, passcode is 7102555.

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 labor. 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 “2010 Outlook” presented. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-GAAP Measures

The terms “adjusted EBITDA”, ‘‘distributable cash’’, ‘‘EBITDA’’, (collectively the ‘‘Non-GAAP Measures’’) are financial measures used in this news release 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.

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 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.

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
December 31
(In thousands of dollars)

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 43,882	$ 23,559
Cash and short-term investments held in trust	20,142	14,154
Accounts receivable	119,363	140,132
Inventories	34,034	33,112
Prepaid expenses	2,951	2,942
Other current assets	14,249	22,830
Future tax asset	-	1,393
Current assets of discontinued operations	-	20,554
	234,621	258,676
Property, plant and equipment	44,012	44,060
Long-term investments	16,047	15,998
Goodwill	68,914	70,640
Intangible assets	101,979	168,953
Other assets	13,751	15,706
Long-lived assets of discontinued operations	-	45,009
	$ 479,324	$ 619,042
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facilities	$ 10,089	$ 27,400
Current portion of long-term debt	150,499	210,000
Convertible debentures	156,136	-
Accounts payable and accrued liabilities	115,117	102,306
Deferred revenue	10,403	10,742
Current portion of obligations under capital leases	4,588	5,695
Current portion of future tax liability	105	-
Current liabilities of discontinued operations	-	20,797
	446,937	376,940
Obligations under capital leases	5,915	7,741
Future tax liability	5,453	20,989
Long-term liabilities of discontinued operations	-	5,087
Convertible debentures	-	152,683
Non-controlling interest	-	15,649
Unitholders' equity	21,019	39,953
	$ 479,324	$ 619,042

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Loss and Comprehensive Loss
Years Ended December 31
(In thousands of dollars, except per unit amounts)

	2009	2008
Revenues	$ 584,873	$ 652,719
Cost of revenues	438,485	483,172
	146,388	169,547
Expenses		
Selling, general and administrative	105,022	107,839
Amortization of intangible assets	30,368	35,180
Depreciation	13,329	11,450
	148,719	154,469
Income (loss) before the undernoted	(2,331)	15,078
Income from equity investments	1,106	1,824
Other income	-	330
Interest expense, net	40,461	40,966
Loss on dilution of ownership interest	-	845
Write-down of goodwill and intangibles	42,973	231,299
Impairment in value of long-term investments	-	29,000
Loss before income taxes	(84,659)	(284,878)
Income tax expense – current	43	44
Income tax recovery – future	(14,032)	(13,663)
Loss from continuing operations before non-controlling interest	(70,670)	(271,259)
Non-controlling interest relating to continuing operations	6,084	63,196
Loss from continuing operations	(64,586)	(208,063)
Income (loss) from discontinued operations before non-controlling interest	32,528	(25,311)
Non-controlling interest relating to discontinued operations	(120)	8,965
Income (loss) from discontinued operations	32,408	(16,346)
Net loss and comprehensive loss	$ (32,178)	$ (224,409)
Income (loss) per unit)		
Basic and diluted:		
Continuing operations	$ (1.02)	$ (4.81)
Discontinued operations	$ 0.51	$ (0.37)
Net loss	$ (0.51)	$ (5.18)

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Cash Flows
Years Ended December 31
(In thousands of dollars)

	2009	2008
Cash provided by (used in):		
Operating activities:		
Net loss	$ (32,178)	$ (224,409)
Items not affecting cash:		
(Income) loss from discontinued operations before non-controlling interest	(32,528)	25,311
Amortization of intangible assets	30,368	35,180
Depreciation	13,411	11,662
Future income tax recovery	(14,032)	(13,663)
Income (loss) from equity investments, net of cash received	(256)	2,087
Non-cash interest expense	3,453	8,345
Loss on dilution of interest in operating partner	-	845
Write-down of goodwill and intangible assets	42,973	231,299
Impairment of long-term investment	-	29,000
Non-controlling interest	(5,964)	(72,161)
Changes in non-cash working capital	41,498	(2,580)
Distributions from discontinued operations	5,579	9,260
Cash provided by discontinued operations	6,536	15,038
	58,860	55,214
Investing activities:		
Proceeds on disposal of business	75,859	30,177
Acquisition of businesses, net of cash acquired	(10,824)	(185)
Purchase of property, plant and equipment	(8,247)	(8,773)
Increase in other assets	-	(1,615)
Cash used in discontinued operations	(120)	(1,356)
	56,668	18,248
Financing activities:		
Decrease in long-term debt	(59,501)	-
Increase in revolving credit facilities	16,150	-
Decrease in revolving credit facilities	(33,461)	(20,127)
Decrease (increase) in cash held in trust	(5,988)	9,539
Repayment of capital lease obligations	(5,989)	(4,669)
Distributions to non-controlling interest	-	(14,152)
Distributions to unitholders	-	(20,906)
Repurchase of units	-	(216)
Cash used in discontinued operations	(6,712)	(19,354)
	(95,501)	(69,885)
Increase in cash and cash equivalents	20,027	3,577
Cash and cash equivalents, beginning of year - continuing operations	23,559	14,311
Cash and cash equivalents, beginning of year - discontinued operations	296	5,967
Cash and cash equivalents, end of year	43,882	23,559
Cash and cash equivalents, end of year - discontinued operations	-	296
Cash and cash equivalents, end of year – continuing operations	$ 43,882	$ 23,855
Supplemental cash flow information:		
Interest paid	$ 20,214	$ 32,481
Cash acquired upon acquisition	-	370
Supplemental disclosure of non-cash financial and investing activities:		
Acquisition of property, plant and equipment through capital leases	3,821	3,823

Newport Partners Income Fund's 2009 Fourth Quarter Financial Statements and Management's Discussion and Analysis are available on the investor info section of www.newportpartnersincomefund.ca and on SEDAR at www.sedar.com.

- 30 -

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