Newport Partners Income Fund

Newport Partners Income Fund Announces 2010 Annual and Fourth Quarter Financial Results

Toronto – March 31, 2011 – Newport Partners Income Fund ("the Fund") (TSX:NPF.UN, NPF.DB.B and NPF.DB.C) today announced its results for the three months and year ended December 31, 2010.

Year-End Results

($ millions)	2010	2009
Revenue	467.8	504.9
Gross profit	110.4	119.8
Selling, general & administrative expenses	87.5	92.7
Net loss from continuing operations before non-controlling interest	(52.3)	(76.9)
EBITDA	7.2	(12.2)
Write down of goodwill, intangibles assets and loss on sale of investment	19.4	41.7
Adjusted EBITDA	26.6	29.5
Distributable cash used by continuing operations	(16.0)	(14.1)

Revenue for the year ended December 31, 2010 was $467.8 million, down 7.3 percent from $504.9 million produced in 2009. Gross profit decreased 7.8 percent to $110.4 million for the year representing a gross profit margin of 23.6 percent. In 2009, the Fund reported gross profit of $119.8 million representing a gross profit margin of 23.7 percent.

During the fourth quarter, the Fund completed its annual impairment test and reviewed the carrying value of all its investments. An impairment write-down was taken against one investment reflecting reduced revenues due to a decrease in customer base. As a result, the Fund reduced the value of intangible assets with a non-cash charge against income of $19.4 million. This compared to a charge of $41.7 million in 2009.

Adjusted EBITDA which excludes the above noted charges decreased 9.8 percent to $26.6 million versus $29.5 million for prior year.

The net loss from continuing operations for 2010 was $52.3 million versus a net loss of $76.9 million in 2009.

During 2010 the Fund continued operating under a forbearance agreement with its senior lenders. In December 2010, the Fund announced that the senior credit facility was assigned to a new institutional lender with amended and improved terms and an extended forbearance period. On March 23rd 2011, the Fund announced the successful renegotiation of the amended senior debt facility and emerged from forbearance. Subsequent to year end, the Fund also announced the completed refinancing of the convertible debentures which had been in default.

“We are proud of our achievements in 2010. We began the year with our senior debt in forbearance and our convertible debentures in default, resulting in a stressed balance sheet which had the potential to compromise our operating investments. Through a significant amount of work and diligence, we have exited 2010 with reduced borrowings, a new senior debt lender, forbearance conditions removed, refinanced long term debentures, and the equity of our unit holders preserved. Our balance sheet is strengthened, and we can now put much more focus on our operations, where we believe we can bring the most value.” noted Dean MacDonald, President and Chief Executive Officer of the Fund.

PORTFOLIO REVIEW

Industrial Services

Both investments within this operating segment had mixed results for the year with results improving as the year progressed. At NPC, the wear and fabrication technology division had lower than expected volumes due to decreased demand and compressed gross margins due to excess capacity within the market. However, the conventional oil and gas maintenance service businesses had a strong year. At Quantum Murray, 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. There were signs of improvement in the last quarter of the year in this division. The metals division had improved revenues however margin compression continued with the competitive pressures on scrap purchasing.

Financial Services

Morrison Williams had a challenging year due to client attrition. Brompton had solid results with the stabilizing of the financial markets. 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. Despite the market conditions, BMI has been successful in retaining and attracting new clients.

Marketing

Armstrong had satisfactory results this year considering clients were cautious with their marketing spending until late in the year. Both IC Group and Gemma had a challenging year with key clients reducing volumes due to budget constraints. Gemma was however able to expand its inbound customer care programs.

Other

Gusgo had a solid year with results improved from the prior year. The transportation industry has stabilized as the economy strengthens. Titan also had a strong year with its oil and gas drilling supplies business.

Corporate

Corporate office costs were slightly decreased from 2009. The reduction would have been greater but for non-cash expenses related to the stock option plan introduced in 2010 and increased advisor fees related to IFRS.

Fourth Quarter Results

($ millions)	2010	2009
Revenue	118.1	124.7
Gross profit	29.3	33.1
Selling, general & administrative expenses	23.6	24.5
Net loss from continuing operations before non-controlling interest	(24.4)	(34.9)
EBITDA	(11.0)	(17.0)
Write down of goodwill, intangible assets and loss on sale of investments	17.3	26.0
Adjusted EBITDA	6.3	9.1
Distributable cash used by continuing operations	(7.2)	(0.1)

Revenue for the three-month period ended December 31, 2010, was $118.1 million, versus $124.7 million produced in 2000. Gross profit was $29.3 million for the quarter representing a gross profit margin of 24.8 percent. For the same period last year, the Fund reported gross profit of $33.1 representing a gross profit margin of 26.5 percent. Adjusted EBITDA was $6.3 million, compared to $9.1 million for the corresponding period in 2009.

2011 outlook

In March 2011 the Fund successfully completed its debt refinancing. With a restructured balance sheet, the Fund's senior management team's primary focus will be on improving results within the different operating segments.

Assuming a continuing strengthening economy, and stable oil prices, the Industrial Services segment should see increased demand for its services in 2011. An additional equity investment to increase ownership to 100% has been made at NPC which is the Fund's largest contributor to total EBITDA. Economists forecast Oil Sands activity to continue to grow 5-10% each year for the next 10 years. This growth will require investment in pipelines, thus positively impacting the fabrication and wear technology services division. NPC is positioned well for 2011 and beyond to provide maintenance and construction services to the major operators in the Oil Sands and to the conventional oil and gas companies.

At Quantum Murray improved results should return with the stimulated economy. The environmental division is expecting modest growth with increased activity in the private and public sectors. The demolition division is expecting a stronger year as industrial demolition activity is improving as previously postponed projects come to market. The metals division's outlook continues to be unpredictable due to the unsettled global metals markets.

There is a more cautious view in the marketing segment. Within the marketing segment, both IC Group and Gemma are focused on client development to further diversify the client base and to reduce the risk of client concentration. Armstrong Partnership is expecting a similar year to 2010.

The Financial services segment is expected to have a challenging year. Morrison Williams will have a transitional year as it looks to rebuild its client base by attracting new institutional clients. Baird and Hargraft are expecting modest growth in the year. New market entrants are making ample capacity and thin underwriting margins are contributing to the persistent soft market.

Within the Other segment, both Gusgo and Titan are expecting slightly improved results from 2010. Gusgo is expecting volume growth from existing clients if the economy continues to improve. Titan is expecting improved results with the forecasted increase of rig utilization in the conventional drilling activity as well as the increased activity in the oil sands. However gross margins are expected to continue to be compressed due to competitive pressures.

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 $442 million invested in 12 companies representing a diverse cross-section of the Canadian economy.

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 "2011 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) , the write-down of goodwill and intangibles and accounting gains or losses on sale of investments. 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)

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	$ 27,739	$ 41,262
Cash and short-term investments held in trust	18,767	20,142
Accounts receivable	96,687	107,143
Inventories	28,202	22,130
Prepaid expenses	3,583	2,377
Other current assets	9,683	14,059
Future tax asset	-	2,472
Current assets of discontinued operations	223	27,547
	184,884	237,132
Property, plant and equipment	39,202	40,341
Long-term investments	14,845	15,055
Goodwill	31,413	46,986
Intangible assets	76,551	64,770
Other assets	1,492	13,641
Future tax asset	-	1,946
Long-lived assets of discontinued operations	-	64,349
	$ 348,387	$ 484,220
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facilities	$ -	$ 10,089
Current portion of long-term debt	-	150,499
Convertible debentures	-	156,136
Accounts payable and accrued liabilities	84,032	110,679
Deferred revenue	6,757	7,254
Current portion of obligations under capital leases	4,534	4,516
Current liabilities of discontinued operations	326	10,275
	95,649	449,448
Obligations under capital leases	4,306	5,801
Long-term debt	86,939	-
Revolving credit facilities	10,089	-
Accrued interest on revolving credit facilities	1,449	-
Long-term liabilities of discontinued operations	-	7,952
Convertible debentures	159,829	-
Accrued interest on convertible debentures	23,870	-
Unitholders' (deficit) equity	(33,744)	21,019
	$ 348,387	$ 484,220

NEWPORT PARTNERS INCOME FUND

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

	2010	2009
Revenues	$ 467,769	$ 504,913
Cost of revenues	357,373	385,096
	110,396	119,817
Expenses		
Selling, general and administrative	87,453	92,667
Amortization of intangible assets	16,422	21,575
Depreciation	10,801	12,539
	114,676	126,781
Loss before the undernoted	(4,280)	(6,964)
Income from equity investments	2,483	1,160
Interest expense, net	37,078	40,122
Loss on sale of investment	442	-
Write-down of goodwill and intangible assets	19,023	41,699
Loss before income taxes	(58,340)	(87,625)
Income tax expense – current	400	18
Income tax recovery – future	(6,415)	(10,735)
Loss from continuing operations before non-controlling interest	(52,325)	(76,908)
Non-controlling interest relating to continuing operations	-	5,848
Loss from continuing operations	(52,325)	(71,060)
Income (loss) from discontinued operations before non-controlling interest	(3,823)	38,766
Non-controlling interest relating to discontinued operations	-	116
Income (loss) from discontinued operations	(3,823)	38,882
Net loss and comprehensive loss	$ (56,148)	$ (32,178)
Income (loss) per unit		
Basic and diluted:		
Continuing operations	$ (0.73)	$ (1.12)
Discontinued operations	$ (0.05)	$ 0.61
Net loss	$ (0.78)	$ (0.51)

NEWPORT PARTNERS INCOME FUND

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

	2010	2009
Cash provided by (used in):		
Operating activities:		
Net loss	$ (56,148)	$ (32,178)
Items not affecting cash:		
(Income) loss from discontinued operations before non-controlling interest	3,823	(38,766)
Amortization of intangible assets	16,422	21,575
Depreciation	10,857	12,601
Future income tax recovery	(6,415)	(10,735)
Loss from equity investments, net of cash received	(480)	(283)
Loss on sale of investment	442	-
Non-cash interest expense	3,693	3,453
Stock based compensation expense	1,385	-
Write-down of goodwill and intangible assets	19,023	41,699
Non-controlling interest	-	(5,964)
Changes in non-cash balances	9,442	42,282
Distributions from discontinued operations	9,074	17,187
Cash provided by discontinued operations	7,191	19,829
	18,309	70,700
Investing activities:		
Acquisition of businesses, net of cash acquired	(19,094)	(10,824)
Proceeds on disposal of business	65,581	75,859
Purchase of property, plant and equipment	(3,303)	(7,760)
Purchase of software	(634)	-
Increase in other assets	(419)	-
Cash used in discontinued operations	(737)	(607)
	41,394	56,668
Financing activities:		
Decrease in long-term debt	(63,560)	(59,501)
Increase in revolving credit facilities	-	16,150
Decrease in revolving credit facilities	-	(33,461)
Decrease (increase) in cash held in trust	1,375	(5,988)
Repayment of capital lease obligations	(4,587)	(5,885)
Cash used in discontinued operations	(9,074)	(18,656)
	(75,846)	(107,341)
Increase (decrease) in cash and cash equivalents	(16,143)	20,027
Cash and cash equivalents, beginning of year - continuing operations	41,262	21,801
Cash and cash equivalents, beginning of year - discontinued operations	2,620	2,054
Cash and cash equivalents, end of year	27,739	43,882
Cash and cash equivalents, end of year - discontinued operations	-	2,620
Cash and cash equivalents, end of year - continuing operations	$ 27,739	$ 41,262
Supplemental cash flow information:		
Interest paid	$ 20,941	$ 20,214
Cash acquired upon acquisition	4	-
Supplemental disclosure of non-cash financing and investing activities:		
Acquisition of property, plant and equipment through capital leases	2,063	3,821