

Newport Partners Income Fund announces Q2 financial results

Toronto – August 11, 2010 – Newport Partners Income Fund (“the Fund”) (TSX:NPF.UN, NPF.DB and NPF.DB.A) today announced its results for the three and six months ended June 30, 2010.

Second Quarter and Year-to-Date

(\$ millions)	Q2 2010	Q2 2009	6 months 2010	6 months 2009
Revenue	\$147.8	\$124.7	\$269.6	\$279.0
Gross profit	\$37.4	\$31.6	\$67.8	\$65.4
Selling, general & administrative expenses	\$23.8	\$25.6	\$48.4	\$52.0
Net loss	\$(4.6)	\$(10.5)	\$(14.1)	\$(20.0)
Adjusted EBITDA	\$14.7	\$6.7	\$21.3	\$14.5
Distributable cash from (used by) operations	\$6.4	\$(6.2)	\$1.4	\$(9.6)

Revenue for the quarter ended June 30, 2010 was \$147.8 million, an increase of 18.5 percent from \$124.7 million produced in the second quarter of 2009. Revenue for the six month period ended June 30, 2010 was \$269.6 million compared to \$279.0 million in the prior year period. Gross profit for the quarter ended June 30, 2010 increased 18.4 percent to \$37.4 million representing a gross profit margin of 25.3 percent. For the same period last year, the Fund reported gross profit of \$31.6 million representing a gross profit margin of 25.3 percent. On a year to date basis, gross profit was \$67.8 million or 25.2 percent of revenue compared to \$65.4 million or 23.4 percent of revenue in the prior year.

Adjusted EBITDA from continuing operations for the quarter increased to \$14.7 million versus \$6.7 million for the same period last year. For the six months ended adjusted EBITDA was \$21.3 million compared to \$14.5 million in the prior year.

The net loss for the second quarter of 2010 was \$4.6 million versus a net loss of \$10.5 million in 2009. On a year to date basis there was a net loss of \$14.1 million compared to \$20.0 million in the prior year.

In July, 2010 the Fund reached an agreement with its lenders to extend the Forbearance agreement for ninety days. The Fund agreed to repay the loan balance of \$128.9 million plus associated fees and interest by October 19, 2010. “Progress is being made on asset sales to satisfy the Fund’s obligations under the Forbearance agreement.” said Dean MacDonald President and CEO of the Fund.

Operationally, the second quarter was improved from the first quarter and from the last year’s second quarter. The industrial services segment had a solid quarter. All sectors within NPC’s maintenance services divisions reported increased business volumes and gross margins were improved. Results from the environmental and demolition divisions of Quantum Murray were both improved from the first quarter and from a year ago. There is some indication of an improving economy as more bidding opportunities for industrial demolition and remediation projects are becoming available.

“The financial services and marketing portfolios have produced mixed results this quarter. Client pullbacks at a couple of our investments have hurt the overall performance of these segments. The other segment has performed well this quarter, driven by strong results from Peerless.

We continue to monitor our costs and cashflows carefully through this period. Our expectation is that the third quarter will see solid results, largely driven by our industrial services segment” said Dean MacDonald.

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 \$488 million invested in 15 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 August 11th to discuss the second quarter results. The call may be accessed by dialling 416-340-2216 within the Toronto area or 1-866-226-1792 (toll free).

This conference call will be recorded and available for replay until August 25, 2010. To listen to the replay, please dial 416-695-5800 or 1-800-408-3053, passcode is 4233514.

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 "Third Quarter Outlook" presented. Readers are cautioned that this information may not be appropriate for any other purpose.

Non-GAAP Measures The terms "distributable cash" and "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, the Fund's Non-GAAP Measures, as presented may not be comparable to similar measures presented by other issuers.

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.

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 the impairment of long-term 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.

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

(In thousands of dollars)

	June 30, December 31,	
	2010	2009
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,522	\$ 43,649
Cash and short-term investments held in trust	22,595	20,142
Accounts receivable	115,833	118,467
Inventories	35,093	34,034
Prepaid expenses	3,595	2,908
Other current assets	16,799	14,246
Future tax asset	256	-
Current assets of discontinued operations	957	1,175
	\$ 211,650	\$ 234,621
Property, plant and equipment	41,182	43,949
Long-term investments	15,308	16,047
Goodwill	69,954	68,914
Intangible assets	91,291	101,979
Other assets	14,194	13,683
Long-term assets of discontinued operations	-	610
	\$ 443,579	\$ 479,803
Liabilities and Unitholders' Equity		
Current liabilities:		
Revolving credit facilities	\$ 10,089	\$ 10,089
Current portion of long-term debt	132,274	150,499
Convertible debentures	157,983	156,136
Accounts payable and accrued liabilities	111,837	113,302
Deferred revenue	8,750	10,652
Current portion of obligations under capital leases	4,511	4,588
Current portion of future tax liability	-	105
Current liabilities of discontinued operations	306	1,566
	\$ 425,750	\$ 446,937
Obligations under capital leases	4,276	5,915
Future tax liability	5,516	5,932
Unitholders' equity	8,037	21,019
	\$ 443,579	\$ 479,803

NEWPORT PARTNERS INCOME FUND

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

	Three months ended		Six months ended	
	June 30		June 30	
	2010	2009	2010	2009
Revenues	\$ 147,810	\$ 124,649	\$ 269,546	\$ 278,984
Cost of revenues	110,459	93,091	201,777	213,599
Gross profit	37,351	31,558	67,769	65,385
Expenses				
Selling, general and administrative	23,820	25,617	48,416	52,036
Amortization of intangible assets	6,230	8,209	12,646	15,475
Depreciation	2,912	2,985	5,871	6,036
	32,962	36,811	66,933	73,547
Income (loss) before the undernoted	4,389	(5,253)	836	(8,162)
Income from equity investments	903	494	1,373	512
Interest expense	6,796	10,551	16,481	20,583
Write down of goodwill and intangibles	1,779	3,245	1,779	3,515
Loss before income taxes	(3,283)	(18,555)	(16,051)	(31,748)
Income tax expense - current	61	14	64	31
Income tax expense (recovery) - future	1,512	(3,760)	(1,752)	(3,760)
Loss from continuing operations before non-controlling interest	(4,856)	(14,809)	(14,363)	(28,019)
Non-controlling interest relating to continuing operations	-	1,781	-	6,528
	(4,856)	(13,028)	(14,363)	(21,491)
Income from discontinued operations before non-controlling interest	302	2,830	301	1,922
Non-controlling interest relating to discontinued operations	-	(340)	-	(448)
Income from discontinued operations	302	2,490	301	1,474
Net loss and comprehensive loss	\$ (4,554)	\$ (10,538)	\$ (14,062)	\$ (20,017)
(Loss) income per unit				
Basic and diluted:				
Continuing operations	\$ (0.07)	\$ (0.21)	\$ (0.20)	\$ (0.39)
Discontinued operations	0.01	0.04	-	0.03
Net loss	\$ (0.06)	\$ (0.17)	\$ (0.20)	\$ (0.36)

NEWPORT PARTNERS INCOME FUND

Consolidated Statements of Cash Flows

(In thousands of dollars)

(unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2010	2009	2010	2009
Cash provided by (used in):				
Operating activities:				
Net loss for the period	\$ (4,554)	\$ (10,538)	\$ (14,062)	\$ (20,017)
Items not affecting cash:				
Income from discontinued operations before non-controlling interest	(302)	(2,830)	(301)	(1,922)
Amortization of intangible assets	6,230	8,209	12,646	15,475
Depreciation	2,931	3,004	5,909	6,078
Future income tax expense (recovery)	1,512	(3,760)	(1,752)	(3,760)
Income from equity investments, net of cash received	1,049	(146)	579	25
Non-cash interest expense	935	853	1,848	1,687
Stock based compensation expense	154	-	1,080	-
Write-down of goodwill and intangibles	1,779	3,245	1,779	3,515
Non-controlling interest	-	(1,441)	-	(6,080)
Changes in non-cash working capital	(9,953)	14,184	(5,284)	13,124
Distributions from discontinued operations	-	4,084	-	4,704
Cash provided by (used in) discontinued operations	(349)	2,872	(226)	2,242
	(568)	17,736	2,216	15,071
Investing activities:				
Acquisition of businesses, net cash acquired	-	-	(4,321)	(8,487)
Proceeds on disposal of business	-	-	-	1,197
Purchase of property, plant and equipment	(446)	(3,697)	(1,609)	(5,690)
Increase in other assets	(405)	-	(510)	-
Cash used in discontinued operations	-	(45)	-	(8)
	(851)	(3,742)	(6,440)	(12,988)
Financing activities:				
Repayment of long-term debt	(184)	-	(18,225)	-
Increase in revolving credit facilities	-	40	-	4,700
Increase in cash held in trust	(1,990)	(3,205)	(2,453)	(6,677)
Repayment of capital lease obligations	(1,241)	(1,428)	(2,451)	(2,851)
Cash used in discontinued operations	-	(2,598)	-	(1,654)
	(3,415)	(7,191)	(23,129)	(6,482)
Increase (decrease) in cash and cash equivalents	(4,834)	6,803	(27,353)	(4,399)
Cash and cash equivalents, beginning of period - continuing operations	21,007	11,881	43,649	23,434
Cash and cash equivalents, beginning of period - discontinued operations	356	772	233	421
Cash and cash equivalents, end of period	\$ 16,529	\$ 19,456	\$ 16,529	\$ 19,456
Cash and cash equivalents, end of period - discontinued operations	7	1,001	7	1,001
Cash and cash equivalents, end of period - continuing operations	16,522	\$ 18,455	16,522	\$ 18,455
Supplemental cash flow information:				
Interest paid	2,760	4,925	7,774	9,974
Cash acquired upon acquisition	-	-	-	113
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	402	604	645	1,355

Newport Partners Income Fund's 2010 Second 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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