PRESS RELEASE

Source: Supremex Income Fund

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SUPREMEX INCOME FUND: 2010 SECOND QUARTER RESULTS

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- EBITDA BEFORE RESTRUCTURING EXPENSES OF $7.3 MILLION COMPARED WITH $9.0 MILLION IN THE SECOND QUARTER OF 2009; EBITDA MARGINS BEFORE RESTRUCTURING EXPENSES OF 20.8% VS 22.1% IN 2009
- REDUCTION OF DEBT OF $5.4 MILLION, FOR A TOTAL OF $10.0 MILLION IN 2010
- NET EARNINGS OF $0.01 PER UNIT VS $0.11 IN THE SECOND QUARTER OF 2009

Montreal, Quebec, August 9, 2010 – Supremex Income Fund (“the Fund”), Canada’s largest provider of stock and custom-manufactured envelopes (TSX: SXP.UN), today announced its results for the second quarter ended June 30, 2010.

For the second quarter of 2010, the Fund generated revenue of $35.2 million compared with $41.2 million for the three-month period ended June 30, 2009, representing a decrease of $6.0 million or 14.6%. The decrease in revenue is mainly attributable to a reduction of the volume by about 10.0%. Revenue from sales in Canada decreased by $4.8 million or 12.7%, from $37.9 million to $33.1 million. Revenue from sales in the United States decreased by $1.2 million or 36.4%, from $3.3 million to $2.1 million.

The decrease in sales revenue in Canada was driven by a 7.8% decrease in the number of units sold, combined with a 5.2% decrease in the average selling price. The decrease in the number of units sold was seen in most of the business markets mainly due to the weakness of the envelope industry. The decrease in average selling price resulted from the pass through of a portion of the raw material decrease given the strength of the Canadian dollar in the second quarter of 2010, which was up 11.9% against the US dollar.

The decrease in sales revenue in the United States was due to a 27.9% decrease in the number of units sold, due to the loss of a major customer, combined with a 9.9% decrease in the average selling price given the strengthening of the Canadian dollar.

EBITDA before restructuring expenses for the second quarter was $7.3 million compared with $9.0 million for the same period in 2009, representing a decrease of $1.7 million or 18.9%. EBITDA margin before restructuring expenses was 20.8% compared with 22.1% in the second quarter of 2009. The lower EBITDA margin is explained by the impact of fixed costs following the revenue decrease.

Net earnings for the second quarter were $0.2 million or $0.01 per unit compared with $3.3 million or $0.11 per unit for the same period in 2009, representing a decrease of $3.1 million or 93.9%.

Distributable cash for the second quarter was $4.9 million or $0.17 per unit compared with $7.7 million or $0.26 per unit in the second quarter of 2009. The Fund payout ratio, or distribution declared as a percentage of distributable cash, was 18.0% for the quarter compared with 56.9% in the second quarter of 2009.

Cash flows generated by the operating activities were $6.7 million in the second quarter of 2010 compared with $7.2 million for the same period in 2009.

For the year to date, the Fund generated revenue of $76.5 million compared with $87.1 million for the first six months of 2009, representing a decrease of $10.6 million or 12.2%. The EBITDA before restructuring expenses for the first six months of 2010 was $17.3 million compared with $19.1 million for the same period in 2009, a decrease of $1.8 million or 9.4%.

"The envelope industry in North America was relatively slow in the second quarter, which is typical for this period of the year. The volume was down both in the Canadian and the US markets. In Canada, most of the markets were slow, with a concentration in the government sector. A few large orders in this quarter were lost to local Canadian competitors on very aggressive pricing. In the US market, the loss a major account early in the year explains the volume reduction. Our margins remain healthy at 20.8% for the EBITDA before restructuring expenses," said Gilles Cyr, President and Chief Executive Officer of the Fund.

"In the second quarter of 2010, a restructuring expense of $1.3 million was recorded in relation with the previously announced closure of the Markham facility. Furthermore, a write-down of $1.4 million on the Markham building and $0.5 million on various manufacturing equipment was recorded also in relation to the restructuring of the Toronto operations. The restructuring plan should be completed by the end of the third quarter and the estimated annual savings are about $1.5 million.

In the second quarter, we reduced our debt by $5.4 million and $10.0 million since the beginning of the year. Our debt to EBITDA ratio was 2.18 at the end of June, and we are in line to achieve our goal of reducing it to 2 times before the end of 2010," said Mr. Cyr.

During its annual and special meeting held on May 7, 2010, the unitholders of the Fund approved the previously announced plan of arrangement pursuant to which the Fund will convert from an income trust structure to a public corporation named "Supremex Inc". The final order of the Superior Court of Quebec with respect to the Arrangement was obtained on May 10, 2010.

Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of applicable Canadian securities laws, including (but not limited to) statements about the EBITDA projection, future performance of Supremex and similar statements concerning anticipated future results, circumstances, performance or expectations. A statement is forward-looking when it uses what Supremex knows and expects today to make a statement about the future. Forward-looking statements may include words such as anticipate, assumption, believe, could, expect, goal, guidance, intend, may, objective, outlook, plan, seek, should, strive, target and will. These statements relate to future events or future performance and reflect current assumptions, expectations and estimates of Management regarding growth, results of operations, performance, business prospects and opportunities, Canadian economic environment and liability to attract and retain customers. Such forward-looking statements reflect current assumptions, expectations and estimates of Management and are based on information currently available to Supremex as at the date of this press release.

Forward-looking statements are subject to certain risks and uncertainties, and should not be read as guarantees of future performance or results and actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking statements. These risks, uncertainties and other factors include but are not limited to the following: economic cycles, availability of capital, decline in envelope consumption, increase of competition, exchange rate fluctuation, raw material increases, credits risks with respect to trade receivables, increase in funding of pension plans, postal services deficiencies, interest rates fluctuation and potential risk of litigation. Such assumptions, expectations, estimates, risks and uncertainties are discussed throughout our MD&A for the fiscal year 2009 and, in particular, in “Risk Factors”. Consequently, we can not guarantee that any forward-looking statements will materialize. Readers should not place any undue reliance on such forward-looking statements. Supremex disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The Management's Discussion and Analysis can be found on www.sedar.com and on the Fund website www.supremex.com.

Non-GAAP Measures

References to EBITDA are to earnings before net financing charges, income taxes, amortization of property, plant and equipment, intangible assets and deferred compensation, gain or loss on disposal of property, plant and equipment and impairment of goodwill.

Management views distributable cash as an operating performance measure. It is also generally used by Canadian income funds as an indicator of financial performance. Distributable Cash is defined as cash flow related to operating activities adjusted for the net change in non-cash working capital balances, change in post-retirement benefits obligation, change in accrued pension benefits assets and maintenance capital expenditures. Distributable cash is important as it summarizes the funds available for distribution to unitholders.

EBITDA and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA and Distributable cash may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA and Distributable cash should not be construed as an alternative to net earnings or loss determined in accordance with GAAP as indicators of the Fund’s performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

About the Fund

Supremex Income Fund is Canada’s largest manufacturer and marketer of a broad range of stock and custom envelopes and related products. Supremex is the only national envelope manufacturer in Canada, with facilities across seven provinces and employs approximately 650 people. This nationwide presence enables it to manufacture products tailored to the specifications of major national customers such as leading Canadian corporations, national resellers and governmental entities, as well as paper merchants and process and solutions providers.

Supremex Income Fund
Reconciliation of EBITDA to Net Earnings
(Unaudited)

	Three-month period ended June 30, 2010	Three-month period ended June 30, 2009
Net earnings for the period	**191,970**	3,344,815
Add (deduct):		
Amortization of property, plant and equipment	**3,020,041**	1,160,587
Amortization of intangible assets	**1,540,975**	1,540,975
Amortization of deferred compensation	—	1,344,317
Loss on disposal of property, plant and equipment	**181,308**	194,617
Net financing charges	**1,129,248**	1,384,149
Income taxes expense	**4,636**	62,605
EBITDA	**6,068,178**	9,032,065

Supremex Income Fund
Reconciliation of distributable cash to cash flows related to operating activities
(Unaudited)

	Three-month period ended June 30, 2010	Three-month period ended June 30, 2009
Cash flows related to operating activities	**6,702,070**	7,178,718
Add (deduct):		
Net change in non-cash working capital balances	**(1,448,223)**	524,301
Change in post-retirement benefits obligation	**4,500**	4,500
Change in accrued pension benefit assets	**(93,000)**	(11,000)
Maintenance capital expenditures	**(275,205)**	31,137
Distributable cash	**4,890,142**	7,727,656