

---

## PRESS RELEASE

**Source:** Supremex Income Fund

**Contact:** Stéphane Lavigne, CA  
Vice-President and Chief Financial Officer  
(514) 595-0555

---

### SUPREMEX INCOME FUND: 2009 SECOND QUARTER RESULTS

- Not for distribution in the United States or over U.S. newswires -

- PAYOUT RATIO OF 56.9% FOR THE SECOND QUARTER
- EBITDA OF \$9.0 MILLION COMPARED WITH \$10.9 MILLION IN THE SECOND QUARTER OF 2008; EBITDA MARGINS OF 21.9% VS 25.0% IN 2008
- REDUCTION OF DEBT OF \$4.0 MILLION, FOR A TOTAL OF \$8.0 MILLION IN 2009
- NET EARNINGS OF \$0.11 PER UNIT VS \$0.19 IN THE SECOND QUARTER OF 2008

**Montreal, Quebec, August 5, 2009** – 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, 2009.

For the second quarter of 2009, the Fund generated revenue of \$41.2 million, compared with \$43.6 million for the three-month period ended June 30, 2009, representing a decrease of \$2.4 million or 5.5%. The decrease in revenue is attributable to a reduction of the volume by about 12%. Revenue from sales in Canada decreased by \$2.5 million or 6.2%, from \$40.4 million to \$37.9 million. Revenue from sales in the United States remained stable at \$3.2 million.

The decrease in sales revenue in Canada was driven by a 11.1% decrease in the number of units sold, offset by a 5.5% increase in the average selling price. The decrease in the number of units sold is explained by the softness of the market, mainly the direct mail.

The sales revenue in the United States remained stable in spite of a 20.0% decrease in the number of units sold, which has been offset by a 26.6% increase in the average selling price given the weakening of the Canadian dollar. The weak American market was the major factor affecting sales in the United States.

EBITDA for the second quarter was \$9.0 million, compared with \$10.9 million for the same period in 2008, representing a decrease of \$1.9 million or 17.4%. EBITDA margin was 21.9%, compared with 25.0% in the second quarter of 2008. The lower EBITDA margin is explained by the higher cost of raw material due to the weakening of the Canadian dollar that has not been totally passed through to the customers.

Net earnings for the second quarter were \$3.3 million or \$0.11 per unit, compared with \$5.6 million or \$0.19 per unit for the same period in 2008, representing a decrease of \$2.3 million or 41.7%.

Distributable cash for the second quarter was \$7.7 million or \$0.26 per unit, compared with \$9.4 million or \$0.32 per unit in the second quarter of 2008. The Fund payout ratio, or distribution declared as a percentage of distributable cash, was 56.9% for the quarter, compared with 89.6% in the second quarter of 2008.

Cash flows generated by the operating activities were \$7.2 million in the second quarter of 2009, compared with \$9.8 million for the same period in 2008.

For the year to date, the Fund generated revenue of \$87.1 million compared to \$91.2 million for the first six months of 2009, representing a decrease of \$4.1 million or 4.5%. The EBITDA for the first six months of 2009 was \$19.0 million compared with \$22.2 million for the same period in 2008, a decrease of \$3.2 million or 14.4%.

“The state of the Canadian economy had a very negative impact on our direct mail volume while the transactional mail remained relatively stable. It seems that total volume has somewhat stabilized at actual levels and we are hopeful that direct mail activities will improve as the economy recovers. The overcapacity of the Canadian and U.S. envelope industry is negatively impacting our margins. In spite of the challenging environment, Supremex has been able to achieve very reasonable results and is in a good position to come out of this downturn” said Gilles Cyr, President and Chief Executive Officer of the Fund.

“In the second quarter, we reduced our debt by \$4 million, for a total of \$8 million since the beginning of the year. We are still on track to achieve our debt reduction goal of about \$15 million for 2009. The credit market is still difficult, but has improved in the last few months. We are negotiating with our bank syndicate our credit facility renewal and we should conclude it in the third quarter. Our actual credit facility expires March 31<sup>st</sup>, 2010. The renewal process was started early as we need to increase our financial flexibility to be able to pursue potential acquisitions that we are currently contemplating.

As always, we are putting a lot of emphasis on costs and I am satisfied with the cost cutting measures we have put in place. All our controllable costs are down from last year and from the first quarter. We are taking a lot of downtime to try to balance supply and demand.

The rapid change in the value of the Canadian dollar is bringing its challenges to the business. A strong dollar increases imports in our market place but reduces our raw material cost while a weak dollar does the opposite. All these fluctuations create a lot of inconsistency in the pricing in the market place.

We were able to generate reasonable distributable cash given the context, which translated in a payout ratio of 56.9% for the quarter and 53.6% year-to-date. A lot of opportunities arise in tough economic times, and Supremex is well positioned to seize them,” said Mr. Cyr.

### **New Board Appointment**

The Fund today announced the appointment of Ms. Melinda Lee, Vice President Investments of Clarke Inc., as a director of Supremex Inc. and as a trustee of the Fund, effective immediately.

### **Forward-Looking Statements**

This press release contains forward-looking statements relating to the future performance of the Fund. A statement is forward-looking when it uses what the Fund 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 the Fund as at the date of this document. 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. Consequently, we can not guarantee that any forward-looking statements will materialize. Such assumptions, expectations, estimates, risks and uncertainties are discussed throughout our MD&A for the 2008 fiscal year and, in particular, in Risk Factors. Consequently, readers should not place any undue reliance on such forward-looking statements. The Fund disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

For further details, please see the Financial Statements below. The Financial Statements and Management's Discussion and Analysis can also be found on <http://www.sedar.com> and on the Fund website <http://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, deferred compensation and gain or loss on disposal of property, plant and equipment.

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 700 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)**

	<b>Three-month period ended June 30, 2009</b>	Three-month period ended June 30, 2008
<b>Net earnings for the period</b>	<b>3,344,815</b>	5,570,443
Add (deduct):		
Amortization of property, plant and equipment	<b>1,160,587</b>	1,558,100
Amortization of intangible assets	<b>1,540,975</b>	1,501,725
Amortization of deferred compensation	<b>1,344,317</b>	1,362,932
Loss on disposal of property, plant and equipment	<b>194,617</b>	93,635
Net financing charges	<b>1,384,149</b>	1,462,934
Income taxes expense (recovery)	<b>62,605</b>	(629,602)
<b>EBITDA</b>	<b>9,032,065</b>	10,920,167

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

	<b>Three-month period ended June 30, 2009</b>	Three-month period ended June 30, 2008
<b>Cash flows related to operating activities</b>	<b>7,178,718</b>	9,779,941
Add (deduct):		
Net change in non-cash working capital balances	<b>524,301</b>	(297,280)
Change in post-retirement benefits obligation	<b>4,500</b>	108,400
Change in accrued pension benefit assets	<b>(11,000)</b>	(95,600)
Maintenance capital expenditures	<b>31,137</b>	(88,682)
<b>Distributable cash</b>	<b>7,727,656</b>	9,406,779