Supremex

PRESS RELEASE

Source: Supremex Income Fund

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SUPREMEX INCOME FUND: 2008 FOURTH QUARTER RESULTS

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- EBITDA of $10.6 million for the quarter compared with $13.3 million in the fourth quarter of 2007; a decrease of 20.3%
- Payout ratio of 100.6% for the quarter and 92.7% year-to-date compared with 76.7% and 92.8% in 2007
- A non-cash goodwill impairment of $148.3 million was recorded, resulting in a loss of $4.79 per unit in the fourth quarter of 2008 compared with net earnings of $0.31 per unit in the fourth quarter of 2007
- Montreal Envelope's integration is already completed

Montreal, Quebec, February 17, 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 fourth quarter ended December 31, 2008.

The following financial information includes the results of the Fund for the twelve-month periods ended December 31, 2008 and December 31, 2007. The results of Montreal Envelope are included in the results for 2008 since its acquisition on September 16th, 2008.

For the fourth quarter of fiscal 2008, the Fund posted revenue of $48.5 million, compared with $49.7 million for the three-month period ended December 31, 2007, a decrease of $1.2 million or 2.4%. The decrease of revenue is attributable to a reduction in sales both in Canada and in United States. Revenue from sales in Canada decreased by $0.4 million or 0.1%, from $45.2 million to $44.8 million, including the Montreal Envelope sales for the quarter, estimated at $3.0 million. Revenue from sales in United Stated decreased by $0.8 million or 17.8%, from $4.5 million to $3.7 million.

The decrease in revenue from sales in Canada was driven by a decrease of units sold of 4.0% offset by an increase in the average selling price of 3.3%. Without the volume of Montreal Envelope, the units sold would have been down by approximately 8.5%. The decrease in the number of units sold is explained by the loss of some market share, the softness of the envelope market as well as the economy in general.

The decrease in revenue from sales in the United States was due to a decrease in the number of units sold of 40.4% partially offset by an increase of the average selling price of 34.3% considering the weakening of the Canadian dollar. The softness of the US market and the reduction of sales to Cenveo were the major factors affecting sales in the United States. The net increase of the average selling price is due to a change of product mix in the fourth quarter compared to the last quarter of 2007.

EBITDA for the quarter was $10.6 million compared with $13.3 million for the fourth quarter of 2007, a decrease of $2.7 million or 20.3%. The EBITDA margin was 21.8% in the fourth quarter compared with 26.8% in the fourth quarter of 2007. The lower EBITDA is mainly explained by the increased cost of raw materials in the quarter, as well as the weakening of the Canadian dollar early in the fourth quarter, which increased the raw material costs for the entire quarter.

Loss for the fourth quarter was $140.4 million or $4.79 per unit, compared with earnings of $9.6 million or $0.31 per unit for the same period in 2007, a decrease of $150.0 million due to the impairment of goodwill charge recorded in the fourth quarter 2008 of $148.3 million.

Adjusted Net Earnings (net loss excluding the impairment of goodwill) would have been $5.2 million for the fourth quarter of 2008, or $0.18 per unit, a reduction of 42% compared with last year fourth quarter's earnings per unit.

Distributable cash for the fourth quarter was $8.4 million or $0.29 per unit and $36.4 million year-to-date or $1.24 per unit, compared with $11.5 million and $38.6 million for the same periods last year. The Fund payout ratio, or distribution declared as a percentage of distributable cash, was 100.6% for the fourth quarter and 92.7% for the year compared to 76.7% for the fourth quarter of 2007 and 92.8% for the full year in 2007.

Cash flows generated by the operating activities were $15.7 million in the fourth quarter of 2008, compared with $13.8 million for the same period in 2007.

As of December 31, 2008, the total debt net of cash of the Fund was $105.8 million compared with $100.1 million at December 31 2007. This level of debt represents a ratio of 2.4 times EBITDA. The announced reduction of the distribution commencing January 1, 2009 will contribute to the reduction of debt in 2009.

"The fourth quarter was a real challenge for Supremex, mainly driven by the rapid decrease of the Canadian dollar in October, which immediately increased the cost of our raw materials by more than 20%. It has been difficult to pass increases of that magnitude through to our customers, which resulted in a deterioration of our margins in the fourth quarter. This rapid deterioration of our margins combined with the uncertainties we are all facing for 2009 led the Board of Trustees to make the very difficult decision of reducing the distribution effective January 1st, 2009." said Gilles Cyr, President and Chief Executive Officer of the Fund.

"This decision was not easy. However, with reduced profitability, an uncertain economic environment for 2009 and 2010 and a very tight credit market, we concluded that it was prudent for the Fund to cut the distribution with the objective of reducing our debt. 2009 is shaping up to be quite a challenging year, but now we feel we have the right distribution level to allow Supremex to build a strong business for the future and provide us some latitude to continue the consolidation of the Canadian envelope industry. The weakening of the Canadian dollar should help reduce the imports in the Canadian market. However, we are still seeing very aggressive pricing from US envelope manufacturers in the Canadian market given their very depressed market in the U.S.

In the fourth quarter, we have completed the integration of Montreal Envelope's operations and we are generating the forecasted savings. We are also reviewing all our costs across all of our activities and are adjusting our required staff levels accordingly.

The impairment charge we took to write-off the goodwill is very significant, but it is a non-cash charge to income and it will not affect the Fund's liquidity, cash flow from operating activities, debt covenants or have any impact on future operations." said Mr. Cyr.

For the twelve-month period ended December 31, 2008, the Fund generated revenue of $182.6 million compared with $187.6 million for the twelve-month period ended December 31, 2007, a decrease of $5.0 million or 2.7%. The 2008 revenue includes the results of operations of Montreal Envelope and NPG since their business acquisition on September 16th, 2008 and August 9th, 2007 respectively. The decrease of sales is fully attributable to the sales in the United States offset by the increased sales in Canada, resulting from the two business acquisitions made since August 2007.

The EBITDA for the year 2008 was $43.6 million compared with $45.0 million in 2007, a decrease of $1.4 million or 3.1%. The EBITDA margins remained stable at 23.9%.

Conference Call

A conference call covering the results of the fourth quarter of fiscal 2008 will be webcasted on http://supremex.com and http://events.onlinebroadcasting.com/supremex/021809/index.php at 10:30 am ET on February 18th, 2009 and will be available thereafter on these websites.

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 nay 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 net earnings (loss) before net financing charges, income taxes, impairment of goodwill, amortization of property, plant and equipment, intangible assets, deferred compensation and loss on disposal of machinery and equipment.

Adjusted Net Earnings is the net earnings (loss) adjusted to take in consideration the impairment of goodwill charge.

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, Adjusted Net Earnings and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted Net Earnings and Distributable cash may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA, Adjusted Net Earnings 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 10 facilities across seven provinces and employs approximately 750 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 (Loss) Earnings
(Unaudited)

	Three-month period ended December 31, 2008	Three-month period ended December 31, 2007
Net (loss) earnings for the period	**(140,353,060)**	9,554,124
Add (deduct):		
Amortization of property, plant and equipment	**1,212,822**	1,204,897
Amortization of intangible assets	**1,540,975**	1,501,725
Amortization of deferred compensation	**1,440,122**	1,323,723
Impairment of goodwill	**148,274,695**	—
Loss on disposal of property, plant and equipment	**80,538**	52,001
Net financing charges	**1,590,291**	1,347,369
Income taxes recovery	**(3,223,427)**	(1,646,809)
EBITDA	**10,562,956**	13,337,030

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

	Three-month period ended December 31, 2008	Three-month period ended December 31, 2007
Cash flows related to operating activities	**15,718,494**	13,802,208
Add (deduct):		
Net change in non-cash working capital balances	**(6,750,606)**	(1,400,069)
Change in post-retirement benefits obligation	**18,400**	89,100
Change in accrued pension benefit assets	**35,900**	(462,000)
Maintenance capital expenditures	**(650,134)**	(537,496)
Distributable cash	**8,372,054**	11,491,743