



PRESS RELEASE

Source: Supremex Income Fund

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SUPREMEX INCOME FUND: 2007 SECOND-QUARTER RESULTS

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Montreal, Quebec, August 6, 2007 – 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, 2007.

The following financial information includes the results of the Fund for the six-month period ended June 30, 2007 and the ninety-two-day period ended June 30, 2006 along with the results of Supremex for the period from January 1, 2006 to March 30, 2006.

For the second quarter of fiscal 2007, the Fund posted revenue of \$43.7 million, compared to \$47.7 million for the three-month period ended June 30, 2006, representing a decrease of \$4.0 million or 8.4%. The decrease is attributable to both the reduced sales in Canada and in the United States. Revenue from sales in Canada decreased by \$3.2 million or 7.9% from \$40.5 million to \$37.3 million, and the revenue from the sales in the United States decreased by \$0.8 million or 11.1%, from \$7.2 million to \$6.4 million.

The decrease in revenue from sales in Canada was due to a decrease of the average selling price of 5.1% combined with a decrease in the number of units sold of 2.8%. The slowdowns in the reseller market and in the direct mail as well as a market place much more competitive explain the lower volume and prices. The strengthening of the Canadian dollar and the softness of the US market were the major factors affecting our sales in the United States as well as in Canada.

EBITDA for the second quarter stood at \$9.5 million, compared with an Adjusted EBITDA of \$11.7 million for the same period in 2006, representing a decrease of \$2.2 million or 18.8%.

The net earnings for the second quarter were \$5.8 million or \$0.19 per unit, compared to \$5.4 million or \$0.17 per unit for the same period in 2006.

Distributable cash for the second quarter was \$7.8 million or \$0.25 per unit and \$17.3 million year-to-date or \$0.55 per unit. The Fund payout ratio, or distribution declared as a percentage of distributable cash earned, was 114.9% for the quarter and 103.8% year-to-date.

Cash flows generated by the operating activities were \$6.5 million in the second quarter of 2007 compared to \$9.2 million in the same period in 2006.

“A very disappointing quarter demonstrates that our industry needs to continue to consolidate. Our business environment remains very challenging. We face lower volumes in some of our main markets, while at the same time, face significant pricing pressure not only from US imports but also from local competitors. The impact of a strong Canadian dollar is affecting not only our US sales but our sales in the resale segment where concessions were necessary to combat US imports.

With recent consolidation in the paper industry, the market is now genuinely a North American one. All domestic envelope manufacturers are now able to buy paper, their primary raw material, in US dollars, which affects selling prices in the Canadian market.

Additionally, an increasing number of customers have been offering their business for tender, which in a soft market, with increased competition, equates to lower margins.

Although it is clear in my mind that the balance of the year will continue to be a challenge, we expect the contemplated acquisition of NPG to be accretive from day one and will allow us to better manage the excess capacity of the Canadian industry.

This acquisition combined with the fact that historically our third and fourth quarters have been stronger allows us to presently maintain our monthly distribution at its current level.

As unitholders, the Supremex Management team has a vested interest in the success of the Company and are working very hard to maximize unitholders' value in the long run", said Gilles Cyr, President and Chief Executive Officer of the Fund.

For the year to date, the Fund generated revenue of \$91.4 million, compared to \$97.1 million for the first six months of 2006, representing a decrease of \$5.7 million or 5.9%. The Adjusted EBITDA for the first six months of 2007 was \$20.8 million, compared to \$23.6 million for the same period in 2006, representing a decrease of \$2.8 million or 11.9%.

Conference Call

A conference call covering the results of the second quarter of fiscal 2007 will be webcasted on <http://supremex.com> and <http://events.onlinebroadcasting.com/supremex/080707/index.php> at 10:00 am. ET on August 7, 2007 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. These statements relate to future events or future performance and reflect current assumptions, expectations and estimates of Management regarding growth, results of operations, performance and business prospects and opportunities. 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 actual results may differ materially from the conclusion, forecast or projection stated in such forward-looking statements. Such risks and uncertainties are discussed throughout our MD&A for the fiscal year 2006 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 unless being held there according to the laws on the applicable transferable securities.

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 from continuing operations before net financing charges, income taxes amortization of property, plant and equipment, intangible assets, deferred compensation and gain on disposal of machinery and equipment.

Adjusted EBITDA is EBITDA adjusted to take into consideration the conversion at Closing of a portion of Supremex's management profit-sharing plan into Units and the non-cash inventory step-up charge resulting from the adjustment to fair value of inventory at the date of acquisition of Supremex by the Fund.

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, non-cash inventory step-up charges and maintenance capital expenditures. Distributable Cash is important as it summarizes the funds available for distribution to unitholders.

EBITDA, Adjusted EBITDA and Distributable Cash are not earnings measures recognized under GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and Distributable cash may not be comparable to similar measures presented by other entities. Investors are cautioned that EBITDA, Adjusted 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 11 manufacturing facilities in seven cities 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 and Adjusted EBITDA to Net Earnings
(Unaudited)

	Three-month period ended June 30, 2007	Three-month period ended June 30, 2006
Net earnings for the period	5 824 887	5 394 675
Add (deduct):		
Amortization of property, plant and equipment	969 502	859 786
Amortization of intangible assets	1 405 500	1 405 500
Amortization of deferred compensation	1 390 982	1 476 166
Loss (gain) on disposal of property, plant and equipment	882	(81 451)
Net financing charges	1 049 439	1 070 628
Income taxes recovery	(1 178 322)	(2 717 884)
EBITDA	9 462 870	7 407 420
Add (deduct):		
Non-cash inventory step-up charge	-	4 304 069
Adjusted EBITDA	9 462 870	11 711 489

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

	Three-month period ended June 30, 2007	Three-month period ended June 30, 2006
Cash flows related to operating activities	6 464 042	9 153 672
Add (deduct):		
Net change in non-cash working capital balances	1 840 801	(3 031 999)
Change in post-retirement benefits obligation	4 500	4 000
Change in accrued pension benefit assets	145 400	243 463
Non-cash inventory step-up charge	-	4 304 069
Maintenance capital expenditures	(622 292)	(24 055)
Distributable cash	7 832 451	10 649 150