



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2009

The following management's discussion and analysis of financial condition and results of operations ("MD&A"), dated May 7, 2009 of Supremex Income Fund (the "Fund") should be read together with the audited consolidated financial statements and related notes for the year ended December 31, 2008 and with the unaudited consolidated financial statements and related notes for the three-month period ended March 31, 2009. The financial statements of the Fund are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The fiscal year of the Fund ends on December 31. The Fund's reporting currency is the Canadian dollar. Per unit amounts are calculated using the weighted average number of units outstanding for the three-month period ended March 31, 2009.

This MD&A contains forward-looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these statements. This MD&A also makes reference to certain non-GAAP measures to assist in assessing the Fund's financial performance. Non-GAAP earnings measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Definition of EBITDA, Distributable cash and Non-GAAP Measures" and "Selected Consolidated Financial Information" for the reconciliation of EBITDA to net earnings.

The Fund

The Fund is an unincorporated, open-ended trust established under the laws of the Province of Quebec by a Fund Declaration of Trust dated February 10, 2006 and amended and restated as of March 31, 2006. The Fund was established to acquire and hold the common shares of Supremex Inc. ("Supremex").

The Fund's units trade on the Toronto Stock Exchange under the symbol SXP.UN. Additional information relating to the Fund can be found at www.sedar.com.

Acquisition of Montreal Envelope

On September 16, 2008, the Fund acquired substantially all the assets of Montreal Envelope Inc. and some related entities ("Montreal") for a consideration of \$13.2 million. The acquisition was funded with funds raised from the existing revolving credit facility.

Montreal was a significant envelope manufacturer in Eastern Canada with approximately \$13.0 million in revenue and 85 employees. The Montreal acquisition is consistent with the Fund's acquisition strategy to identify strategic opportunities within its existing core business segment and acquire well-established companies with complementary strengths and significant opportunities to achieve meaningful synergies. Corporate synergies are expected to consist primarily of cost savings relating to raw materials and reduction of overhead expenses. This strategy is intended to assist the Fund in achieving its goals and demonstrate its commitment to the future of its industry. Up to March 31, 2009, the Fund incurred \$0.8 million of restructuring costs which form part of the Montreal purchase price allocation. However, the amount of these restructuring costs is subject to modification as management completes a detailed assessment of the assets and liabilities pursuant to the Montreal acquisition and changes may be made as more information becomes available.

Overview of the Fund

Supremex is Canada's leading manufacturer and marketer of a broad range of stock and custom envelopes and related products. Supremex employs approximately 725 people and is the only national envelope manufacturer in Canada, with 10 manufacturing facilities across seven provinces. This national presence allows Supremex to meet the manufacturing needs of large national customers, such as large Canadian corporations, nationwide resellers and government bodies, as well as paper merchants and solution and process providers.

Supremex has the largest share of the Canadian envelope manufacturing industry. This leading market share is due to Supremex's unparalleled ability to successfully compete both on a local and national basis across Canada.

Overall Performance

Payout ratio for the first quarter was 50.7% compared with 90.4% for the comparable period in 2008. This significant change is explained by the reduction of the annual distribution the Fund is paying to its Unitholders since the beginning of 2009. As planned, the excess free cash flow generated allowed the Fund to reduce its debt level in the first quarter by \$4.0 million. As of March 31st, 2009, the secured credit facilities have been classified as current liabilities as they mature on March 31st 2010. Discussions with the banks are ongoing for the renewal of the secured credit facilities. We expect to have concluded the renewal within the next two quarters.

Revenue in the first quarter of 2009 was \$45.9 million compared with \$47.5 million in the first quarter of 2008, representing a decrease of \$1.6 million or 3.4%. The decrease is attributable to the reduction of the volume by about 13% which has been offset by the increase of the average selling price by almost 9%. This increase in average selling price resulted from the pass through of a portion of the raw material increases Supremex has faced since the fourth quarter of 2008 and a change in the product mix mainly in the US market. The reduction of volume, mostly coming from the Canadian market, is mainly attributable to the economic slowdown with a strong concentration in the resale market, the direct mail and the sales to large corporations and financial institutions. The envelope market in Canada is down, but the Fund lost market share in the first quarter. However, the lower Canadian dollar value should help to reduce, over time, the pressure from the US envelopes manufacturers in the Canadian market.

EBITDA for the first quarter of 2009 was \$10.0 million, a decrease of \$1.3 million compared with the EBITDA for the first quarter of 2008 of \$11.3 million. EBITDA margin was 21.8% compared to 23.8% in the first 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 our customers.

No units were repurchased in the first quarter through the Normal Course Issuer Bid.

Distributable Cash

Management believes that distributable cash is a useful supplemental measure of performance as it provides investors with an indication of the cash flows available for distribution to unitholders. Investors are cautioned, however, that distributable cash should not be construed as an alternative to net earnings as a measure of profitability or as an alternative to the statement of cash flows. Quarterly distributable cash is not necessarily indicative of expected distributable cash for a full year. Distributable cash is not a recognized measure under GAAP and may not be comparable to similar measures used by other issuers.

Determination of Distributable Cash

(In thousands of dollars, except for per unit amounts)

| | Three-month periods ended March 31, | |
|---|--|---------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Cash flows related to operating activities | 5,977 | 8,224 |
| <i>Capital adjustment</i> | | |
| Capital expenditures ⁽¹⁾ | 25 | (575) |
| <i>Other adjustments</i> | | |
| Net change in non-cash working capital balances ⁽²⁾ | 2,699 | 1,993 |
| Change in other post-retirement benefits obligation and change in accrued pension benefit assets | (33) | (268) |
| Distributable cash⁽³⁾ | 8,668 | 9,374 |
| Distribution declared | 4,395 | 8,470 |
| Weighted average number of units outstanding | 29,298 | 29,525 |
| Distributable cash per unit | 0.2959 | 0.3175 |
| Distribution per unit | 0.1500 | 0.2869 |
| Payout ratio | 50.7% | 90.4% |

- ⁽¹⁾ Capital expenditures refer to maintenance capital expenditures, net of proceeds from disposal of assets replaced.

| | Three-month periods ended March 31, | |
|----------------------------------|--|------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Maintenance capital expenditures | 44 | 809 |
| Proceeds from disposal of assets | (69) | (234) |
| Capital expenditures | (25) | 575 |

- ⁽²⁾ Distributable cash excludes change in non-cash working capital as changes in working capital components are often temporary by nature and, if needed, can be financed with the Fund's revolving operating credit facility.

- ⁽³⁾ See "Definition of EBITDA, Distributable Cash and Non-GAAP Measures".

The Fund generated \$8.7 million or \$0.2959 per unit of distributable cash for the three-month period ended March 31, 2009 compared with \$9.4 million or \$0.3175 per unit for the comparable period in 2008. More information on cash flow related to operating activities is provided under “Liquidity and Capital Resources.”

The Fund declared distributions of \$4.4 million or \$0.1500 per unit for the three-month period ended March 31, 2009, funded by distributable cash generated during the period, compared with \$8.5 million or \$0.2869 per unit for the comparable period in 2008.

For the three-month period ended March 31, 2009, distributable cash generated exceeds actual distributions by \$4.3 million. As a result, the Fund’s payout ratio, defined as distributions declared as a percentage of distributable cash generated, was 50.7% for the three-month period ended March 31, 2009. Since inception of the Fund, the payout ratio is 87.2%.

Distributions

The Fund makes monthly distributions to unitholders of record on the last business day of each month, payable on or about the 15th day of the following month. The 2009 per unit rate was \$0.05 per month. Distributions for the period January 1, 2009 to March 31, 2009 were as follows:

| Period | Record date | Payment date | Per unit \$ | Distribution \$ |
|---------------|--------------------|---------------------|------------------------|----------------------------|
| January 2009 | January 31, 2009 | February 16, 2009 | 0.05 | 1,464,888 |
| February 2009 | February 28, 2009 | March 16, 2009 | 0.05 | 1,464,888 |
| March 2009 | March 31, 2009 | April 15, 2009 | 0.05 | 1,464,888 |
| Total | | | 0.15 | 4,394,664 |

The March distribution in the amount of \$1,464,888 was declared and accrued in March 2009 and paid to unitholders on April 15, 2009. The tax allocation of distributions for 2009 is expected to be 100% return on capital and distributions are therefore treated as income for unitholders.

Source of Funding

The source of funding for the above distributions to unitholders was cash generated by operations, existing cash balances and cash equivalents.

(In thousands of dollars)

| | Three-month period ended March 31, 2009 \$ | Since inception \$ |
|--|---|-----------------------------------|
| Distributable cash | 8,668 | 115,757 |
| Cash flows from operating activities | 5,977 | 132,298 |
| Net earnings (loss) | 4,207 | (70,337) |
| Actual cash distributions paid or payable relating to the period | 4,395 | 100,943 |
| Excess of distributable cash over cash distribution | 4,273 | 14,814 |
| Excess of cash flows from operating activities over cash distribution | 1,582 | 31,355 |
| Shortfall of net earnings over cash distribution | (188) | (171,280) |

The shortfall of net earnings over cash distribution since inception is mainly related to the impairment of goodwill recorded in 2008 and the various amortization charges recorded that have no impact on cash generated.

Summary of Quarterly Results

Supremex's revenue is subject to the seasonal advertising and mailing patterns of its customers. The number of products sold by Supremex is generally higher during fall and winter mainly due to the higher number of mailings related to events including the return to school, fund-raising, and the holiday and tax seasons. The number of products sold by Supremex is generally lower during spring and summer in anticipation of a slowdown in mailing activities of businesses during the summer. As a result, Supremex's revenue and financial performance for any single quarter may not be indicative of revenue and financial performance which may be expected for the full year. To maintain production efficiencies, Supremex utilizes warehouse capabilities to inventory envelopes as required to counter these predictable seasonal variations in sales volume.

The following table presents a summary of operating results of the Fund on a quarterly basis from April 1, 2007 to March 31, 2009.

(In thousands of dollars, except for per unit amounts)

| | Mar. 31, 2009 | Dec. 31, 2008 | Sept. 30, 2008 | June 30, 2008 | Mar. 31, 2008 | Dec. 31, 2007 | Sept. 30, 2007 | June 30, 2007 |
|--|--------------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | 45,933 | 48,453 | 42,935 | 43,620 | 47,545 | 49,731 | 46,394 | 43,727 |
| EBITDA ⁽¹⁾ | 10,017 | 10,563 | 10,842 | 10,920 | 11,315 | 13,337 | 10,876 | 9,463 |
| Earnings (loss) before income taxes | 4,638 | (143,576) | 5,359 | 4,940 | 5,940 | 7,907 | 5,769 | 4,647 |
| Net earnings (loss) | 4,207 | (140,352) | 5,762 | 5,570 | 6,332 | 9,554 | 6,446 | 5,825 |
| Net earnings (loss) per unit | 0.1436 | (4.7890) | 0.1966 | 0.1900 | 0.2145 | 0.3089 | 0.2059 | 0.1860 |

Notes

⁽¹⁾ See "Definition of EBITDA, Distributable Cash and Non-GAAP Measures". EBITDA is not a recognized measure under GAAP and does not have standardized meanings prescribed by GAAP. EBITDA may not be comparable to similar measures presented by other issuers.

The period from July 1, 2007 to March 31, 2009 includes results of operations of the NPG Envelope ("NPG") business for the period from August 9, 2007 to March 31, 2009. The period from July 1, 2008 to March 31, 2009 includes results of operations of the Montreal business for the period from September 16, 2008 to March 31, 2009.

Excluding the seasonal patterns of the business, revenue has decreased over the last eight quarters mainly due to the decrease in volume sold in the United States as a result of the fluctuations of the Canadian dollar and the softness of the US market. The increased volume sold in Canada following the recent acquisitions has partially offset the decrease in the United States. The fourth quarter 2008 loss is attributable to the recording of the goodwill impairment.

Selected Consolidated Financial Information
(In thousands of dollars, except for per unit amounts)

| | Three-month periods ended March 31, | |
|--|--|-------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Revenue | 45,933 | 47,545 |
| Cost of goods sold, selling, general and administrative expenses | 35,877 | 35,862 |
| Restructuring expenses ⁽¹⁾ | 39 | 368 |
| EBITDA ⁽²⁾ | 10,017 | 11,315 |
| Amortization of property, plant and equipment | 1,191 | 1,157 |
| Amortization of intangible assets | 1,541 | 1,502 |
| Amortization of deferred compensation | 1,294 | 1,324 |
| Gain on disposal of property, plant and equipment | (71) | (14) |
| Net financing charges | 1,424 | 1,406 |
| Earnings before income taxes | 4,638 | 5,940 |
| Provision for income taxes (recovery) | 431 | (392) |
| Net earnings | 4,207 | 6,332 |
| Basic net earnings per unit | 0.1436 | 0.2145 |
| Distribution declared per unit | 0.1500 | 0.2869 |
| Total assets | 254,476 | 404,145 |
| Secured credit facilities | 106,802 | 102,786 |

(1) Restructuring expenses are related to the plan adopted to integrate and restructure NPG and Montreal following their acquisition. Any costs incurred relating to employees and facilities previously part of the Fund are charged to restructuring expenses as incurred.

(2) See "Definition of EBITDA, Distributable Cash and Non-GAAP Measures".

Results of Operations

Three-month period ended March 31, 2009 compared with three-month period ended March 31, 2008

Revenue

Revenue for the three-month period ended March 31, 2009 was \$45.9 million compared with \$47.5 million for the three-month period ended March 31, 2008, a decrease of \$1.6 million or 3.4%. The decrease in revenue is mainly attributable to a reduction of sales in Canada.

Sales revenue in Canada decreased by \$1.4 million, or 3.2%, from \$43.8 million to \$42.4 million, and sales revenue in the United States decreased by \$0.2 million or 5.4%, from \$3.7 million to \$3.5 million.

The decrease in sales revenue in Canada was driven by a 10.2% decrease in the number of units sold, offset by a 7.6% increase in the average selling price. The decrease in the number of units sold is explained by the softness of the market and the loss of market share.

The decrease in sales revenue in the United States was due to a 26.4% decrease in the number of units sold, offset by a 30.4% increase in the average selling price given the weakening of the Canadian dollar. The weak US market was the major factor affecting sales in the United States.

Cost of goods sold, selling, general and administrative expenses

Cost of goods sold, selling, general and administrative expenses for the three-month period ended March 31, 2009 remained stable at \$35.9 million.

Cost of goods sold for the three-month period ended March 31, 2009 was \$31.2 million compared with \$30.6 million for the same period in 2008, an increase of \$0.6 million or 2.0%. The rising cost of raw materials, including the effect of the weakening Canadian dollar, offset by the decrease in units sold and lower labour cost explains the increase in cost of goods.

Gross profit (revenue less cost of goods sold excluding amortization of property, plant and equipment) was \$14.7 million for the three-month period ended March 31, 2009 compared with gross profit of \$16.9 million for the comparable period in 2008, a decrease of \$2.2 million or 13.0%. As a percentage of sales, gross profit fell by 3.6% in 2009 compared with 2008.

Selling, general and administrative expenses were \$4.7 million for the three-month period ended March 31, 2009 compared with \$5.3 million for the same period in 2008, a decrease of \$0.6 million or 11.3%. The decrease is mainly attributable to a reduction in compensation costs including a lower profit sharing expense.

EBITDA

As a result of the changes described above, EBITDA was \$10.0 million for the three-month period ended March 31, 2009 compared with \$11.3 million for the same period in 2008, a decrease of \$1.3 million or 11.5%.

Amortization

Aggregate amortization expense for the three months ended March 31, 2009 remained stable at \$4.0 million.

Net financing charges

Net financing charges for the three months ended March 31, 2009 remained stable at \$1.4 million.

Earnings before income taxes

Due to the changes in revenue and expenses described herein, the earnings before income taxes was \$4.6 million for the three months ended March 31, 2009 compared with \$5.9 million for the same period in 2008, a decrease of \$1.3 million.

Provision for income taxes (recovery)

During the three months ended March 31, 2009, the Fund recorded a provision for income taxes of \$0.4 million. Provision for income taxes takes into consideration, in addition to income taxes expense of \$1.5 million at the statutory rate, an amount of \$0.4 million related to the non-deductible amortization of deferred compensation and a reduction of \$1.4 million attributable to the impact of interest income earned by the Fund and paid by Supremex.

Net earnings

As a result of the changes described above, net earnings were \$4.2 million for the three-month period ended March 31, 2009 compared to \$6.3 million for the same period in 2008, a decrease of \$2.1 million.

Segmented Information

The Fund currently operates in one business segment; the manufacture and sale of envelopes. The Fund's net assets amounted to \$110.1 million in Canada and \$1.5 million in the United States as at March 31, 2009.

In Canada, the Fund's revenue amounted to \$42.4 million for the three-month periods ended March 31, 2009 compared with \$43.8 million for the same period in 2008, representing a decrease of \$1.4 million or 3.2%. In the United States, the Fund's revenue amounted to \$3.5 million for the three-month period ended March 31, 2009 compared with \$3.7 million for the same period in 2008, representing a decrease of \$0.2 million or 5.4%.

Liquidity and Capital Resources

Cash flows from operating activities were \$6.0 million for the three-month period ended March 31, 2009, primarily attributable to earnings generated in the period, non-cash items including various amortization charges and future income taxes expense.

Cash flows used in investing activities, amounting to \$0.1 million for the three-month period ended March 31, 2009, are mainly attributable to payment of working capital adjustment following the Montreal acquisition.

Cash flows used in financing activities were \$9.7 million for the three-month period ended March 31, 2009, mainly related to the distribution paid on Fund units and the amount paid on the revolving credit facility.

The Fund is still generating a lot of free cash flow per year, before distributions. The recent reduction in distributions will allow the Fund to reduce its debt significantly over the next few years. The Fund has tax losses that can be used to reduce income tax that would otherwise be payable.

Off-Balance Sheet Arrangements

Operating lease commitments have been disclosed in the Fund's audited consolidated financial statements as of December 31, 2008 and did not significantly change since that date. Information with respect to the interest rate Swap is disclosed in note 12 to the interim unaudited consolidated financial statements for the three-month period ended March 31, 2009.

Financial Position Highlights

(In thousands of dollars except for ratio)

| | March 31, 2009 | December 31, 2008 |
|---------------------------------|---------------------------|------------------------------|
| | \$ | \$ |
| Working capital (deficiency) | (87,833) | 19,042 |
| Total assets | 254,476 | 262,669 |
| Total secured credit facilities | 106,802 | 110,752 |
| Unitholders' equity | 111,665 | 110,298 |

The secured credit facilities which mature on March 31, 2010, have been classified as current liabilities and resulted in a working capital deficiency as of March 31, 2009. Discussions with the banks are ongoing for the renewal of the secured credit facilities. We expect to have concluded the renewal within the next two quarters.

The Fund was in compliance with the covenants of its credit facilities as at March 31, 2009.

Capitalization

As at May 7, 2009, there are 29,297,767 units issued by the Fund.

Units issued include 2,364,228 units valued at \$23,642,280 issued to employees for a cash consideration of \$23,642 as part of the business acquisitions and to amend the then existing Management profit sharing plan. As these units will vest over four years, subject to earlier vesting, the unamortized value of such units as at March 31, 2009, amounting to \$5,160,452 is recorded as deferred compensation and is recorded as compensation expense over the vesting period. Each unit entitles the holder to participate equally in all allocations and distributions of the Fund and to one vote at all meetings of unitholders.

In the first quarter of 2009, the Fund did not purchase any units as part of a normal course issuer bid initiated on November 21, 2008.

New Accounting Policies

In the first quarter of 2009, the Fund has adopted the new standard issued by the Canadian Institute of Chartered Accountants (CICA): Section 3064, "*Goodwill and Intangible Assets*". This new standard establishes financial reporting for recognition, measurement, presentation and disclosure of goodwill and intangible assets. The application of this new standard had a negligible effect on the Fund's financial statements and financial position.

In February 2008, CICA announced that Canadian public companies will adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") effective January 1, 2011. As a result of this announcement, the Fund is developing a plan to convert its consolidated financial statements to IFRS. As planned, during the first quarter the Fund has continued to work on the identification of the preliminary differences between IFRS and the Fund's current accounting policies, as well as assessing the alternatives available upon adoption, and has not yet quantified the effect of adopting IFRS on its financial statements, systems and business activities. This will be an ongoing process as the IASB and the Accounting Standards Board issue new standards and recommendations in the coming months.

Risk Factors

As a result of operations, business prospects and financial condition, the Fund is subject to a number of risks and uncertainties, and is affected by a number of factors outside the control of the management. Details are provided in the “Risk Factors” section of the Fund’s Annual Information Form, dated March 19, 2009 (which can be found at www.sedar.com).

Disclosure Controls and Internal Controls

The Fund’s CEO and CFO have assessed the effectiveness of the disclosure procedures and controls used for the consolidated financial statements and Management’s Discussion and Analysis as at March 31, 2009. Their assessment led them to conclude that the disclosure procedures and controls used for the financial statements and Management’s Discussion and Analysis were effective.

The CEO and the CFO are responsible for designing internal control over financial reporting (ICFR), or causing them to be designed under their supervision to provide reasonable assurance regarding the reliability of the Fund’s financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. There were no changes in the Fund’s ICFR during the most recent interim period that have materially affected, or are reasonably likely to materially affect, the Fund’s ICFR.

Forward-Looking Statements

This MD&A 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 ability 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 cannot guarantee that any forward-looking statements will materialize. Such assumptions, expectations, estimates, risks and uncertainties are discussed throughout our MD&A for the fiscal year 2008 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.

Definition of EBITDA, Distributable Cash and 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) loss on disposal of machinery and equipment.

Management views distributable cash as an operating performance measure, as it is a measure 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 benefit assets and maintenance capital expenditures. Distributable cash is important as it summarizes the funds available for distribution to unitholders. As the Fund will distribute substantially all of its cash on an on-going basis and since EBITDA is a metric used by many investors to compare issuers on the basis of the ability to generate cash from operations, management believes that in addition to net earnings, EBITDA is a useful supplementary measure from which to make adjustments to determine distributable cash.

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 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.

Additional Information

Additional information relating to the Fund is available on SEDAR at www.sedar.com

Consolidated Financial Statements

Supremex Income Fund

Unaudited

For the three-month period ended March 31, 2009

All amounts expressed in Canadian dollars

Supremex Income Fund

CONSOLIDATED BALANCE SHEETS

| As at | March 31, 2009 \$ | December 31, 2008 \$ |
|---|-------------------------|----------------------------|
| | [Unaudited] | |
| ASSETS [note 6] | | |
| Current | | |
| Cash | 1,339,108 | 4,989,775 |
| Accounts receivable | 22,419,767 | 24,949,289 |
| Income taxes receivable | 19,303 | 16,654 |
| Inventories [note 11] | 17,821,195 | 17,327,065 |
| Prepaid expenses | 1,409,711 | 1,211,788 |
| Future income tax | 1,127,347 | 1,133,356 |
| Total current assets | 44,136,431 | 49,627,927 |
| Property, plant and equipment, net | 43,475,537 | 44,620,759 |
| Accrued pension benefit asset | 4,936,000 | 4,973,900 |
| Intangible assets, net | 43,549,754 | 45,090,729 |
| Goodwill | 118,378,008 | 118,356,050 |
| | 254,475,730 | 262,669,365 |
| LIABILITIES AND UNITHOLDERS' EQUITY | | |
| Current | | |
| Accounts payable and accrued liabilities | 19,555,842 | 23,610,131 |
| Accrued restructuring provision [note 5] | 961,887 | 1,327,080 |
| Distribution payable [note 9] | 1,464,888 | 2,806,726 |
| Current portion of secured credit facilities [note 6] | 106,801,508 | — |
| Current portion of derivative liability [note 12] | 3,185,154 | 2,842,065 |
| Total current liabilities | 131,969,279 | 30,586,002 |
| Secured credit facilities [note 6] | — | 110,751,797 |
| Future income tax | 9,984,270 | 9,470,216 |
| Derivative liability [note 12] | — | 701,913 |
| Other post-retirement benefits obligation | 857,200 | 861,700 |
| Unitholders' equity | | |
| Fund units [note 8] | 282,798,322 | 282,798,322 |
| Contributed surplus | 7,625,424 | 7,625,424 |
| Deferred compensation | (5,160,452) | (6,454,110) |
| Deficit | (171,278,883) | (171,091,173) |
| Accumulated other comprehensive loss [note 10] | (2,319,430) | (2,580,726) |
| | 111,664,981 | 110,297,737 |
| | 254,475,730 | 262,669,365 |

See accompanying notes

On behalf of the Trustees:

By: (Signed) L.G. Serge Gardbois
Trustee

By: (Signed) Gilles Cyr
Trustee

Supremex Income Fund

**CONSOLIDATED STATEMENTS OF EARNINGS
AND DEFICIT**

For the three-month periods ended March 31
[Unaudited]

| | 2009 | 2008 |
|---|----------------------|--------------|
| | \$ | \$ |
| Revenue | 45,933,306 | 47,544,683 |
| Cost of good sold, selling, general and administrative expenses | 35,877,277 | 35,861,644 |
| Earnings before the following | 10,056,029 | 11,683,039 |
| Amortization of property, plant and equipment | 1,191,520 | 1,156,933 |
| Amortization of intangible assets | 1,540,975 | 1,501,725 |
| Amortization of deferred compensation | 1,293,658 | 1,323,723 |
| Gain on disposal of property, plant and equipment | (70,811) | (13,928) |
| Net financing charges <i>[note 6]</i> | 1,424,361 | 1,406,419 |
| Restructuring expenses <i>[note 5]</i> | 38,640 | 367,705 |
| | 5,418,343 | 5,742,577 |
| Earnings before income taxes | 4,637,686 | 5,940,462 |
| Provision for income taxes (recovery) <i>[note 7]</i> | 430,732 | (391,886) |
| Net earnings | 4,206,954 | 6,332,348 |
| Deficit, beginning of period | (171,091,173) | (14,662,862) |
| Distribution declared <i>[note 9]</i> | (4,394,664) | (8,470,033) |
| Deficit, end of period | (171,278,883) | (16,800,547) |
| Basic net earnings per unit | 0.1436 | 0.2145 |
| Weighted average number of units outstanding | 29,297,767 | 29,525,105 |

See accompanying notes

Supremex Income Fund

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three-month periods ended March 31
[Unaudited]

| | 2009 | 2008 |
|---|--------------------|-------------|
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Net earnings | 4,206,954 | 6,332,348 |
| Items not affecting cash and cash equivalents | | |
| Amortization of property, plant and equipment | 1,191,520 | 1,156,933 |
| Amortization of intangible assets | 1,540,975 | 1,501,725 |
| Amortization of deferred compensation | 1,293,658 | 1,323,723 |
| Amortization of deferred financing costs | 49,711 | 41,027 |
| Gain on disposal of property, plant and equipment | (70,811) | (13,928) |
| Future income taxes expense (recovery) | 430,732 | (391,886) |
| Change in post-retirement benefits obligation | (4,500) | (4,500) |
| Change in accrued pension benefit assets | 37,900 | 272,000 |
| Net change in non-cash working capital balances | (2,699,123) | (1,993,109) |
| Cash flows related to operating activities | 5,977,016 | 8,224,333 |
| INVESTING ACTIVITIES | | |
| Business acquisitions, net of cash acquired <i>[note 2]</i> | 84,306 | (152,104) |
| Additions to property, plant and equipment | (44,185) | (809,194) |
| Proceeds from disposal of property, plant and equipment | 68,698 | 233,716 |
| Cash flows related to investing activities | 108,819 | (727,582) |
| FINANCING ACTIVITIES | | |
| Purchase of Fund units for cancellation | — | (1,459,835) |
| Revolving credit facility | (4,000,000) | 2,157,157 |
| Distributions paid on Fund units | (5,736,502) | (8,494,605) |
| Cash flows related to financing activities | (9,736,502) | (7,797,283) |
| Net change in cash and cash equivalents | (3,650,667) | (300,532) |
| Cash and cash equivalents, beginning of period | 4,989,775 | 442,509 |
| Cash and cash equivalents, ending of period | 1,339,108 | 141,977 |
| Supplemental information | | |
| Interest paid | 1,122,117 | 1,230,042 |
| Income taxes paid | 2,057 | — |

See accompanying notes

Supremex Income Fund**CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME**

For the three-month periods ended March 31
[Unaudited]

| | 2009 | 2008 |
|---|------------------|-------------|
| | \$ | \$ |
| Net earnings | 4,206,954 | 6,332,348 |
| Other comprehensive income | | |
| Change in fair value of derivative designated as cash flow hedge net of income taxes | (148,322) | (971,118) |
| Reclassification adjustment for loss (gain) on derivative designated as cash flow hedge transferred to net earnings net of income taxes | 409,618 | (54,251) |
| Comprehensive income | 4,468,250 | 5,306,979 |

See accompanying notes

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Supremex Income Fund (the “Fund”) is an unincorporated open-ended trust established under the laws of the Province of Québec pursuant to a Declaration of Trust dated February 10, 2006, as may be amended, supplemented or restated from time to time and began its operations on March 31, 2006.

The Fund owns Supremex Inc. (“Supremex”), a manufacturer and marketer of a broad range of stock and custom envelopes and related products.

The business of Supremex follows seasonal patterns with the highest revenue occurring from August to February due to the seasonal advertising and mailing patterns of its customers whereby highest number of mailings related to events including the return to school, fund-raising and the holiday and tax seasons occurs during that period. As a result, revenue and financial performance for the three-month period ended March 31, 2009 are not necessarily indicative of the revenue and financial performance that may be expected for a full year.

The unaudited interim consolidated financial statements include the accounts of the Fund and its subsidiaries and have been prepared by management in accordance with Canadian generally accepted accounting principles. Certain information and disclosures have been omitted or condensed. The accounting principles applied are consistent with those as set out in the Fund’s audited consolidated financial statements for the year ended December 31, 2008, except for the new accounting policies described in note 3. These unaudited interim consolidated financial statements and the notes thereto should be read in conjunction with the audited consolidated financial statement of the Fund for the year ended December 31, 2008 as contained in the Fund’s 2008 annual report.

2. BUSINESS ACQUISITION

On September 16, 2008, the Fund acquired substantially all the assets of Montreal Envelope (“Montreal”) for \$13.2 million. The cash payment was funded with funds raised from the existing revolving credit facility.

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

2. BUSINESS ACQUISITION [Cont'd]

The acquisitions have been accounted using the purchase method with operating results included in the Fund's earnings from the date of acquisition. The preliminary purchase price allocation is as follows:

| | \$ |
|--|-------------------|
| Accounts receivable | 1,731,851 |
| Inventories | 1,589,619 |
| Prepaid expenses | 52,823 |
| Property, plant and equipment | 1,947,299 |
| Future income tax assets | 239,326 |
| Intangible assets | 1,570,000 |
| Goodwill | 7,953,894 |
| Accounts payable and accrued liabilities | (1,053,082) |
| Accrued restructuring provision | (799,618) |
| Post-retirement benefits obligation | (80,900) |
| Net assets acquired | 13,151,212 |
| Consideration | |
| Cash | 13,235,518 |
| Balance of sale receivable | (84,306) |

Estimated liabilities of \$799,618 have been included in the preliminary purchase price allocation of Montreal, relating to estimated costs associated with severance and exit costs. Management is currently carrying out detailed assessments of the assets acquired, liabilities assumed and the integration plan. Changes will be made to the preliminary purchase price allocation when more information becomes available.

3. NEW ACCOUNTING POLICY

Adopted in 2009

In the first quarter of 2009, the Fund adopted the new accounting standard issued by the Canadian Institute of Chartered Accountants (CICA): Section 3064, "*Goodwill and Intangible Assets*". This new standard establishes financial reporting for the recognition, measurement, presentation and disclosure of goodwill and intangible assets.

The adoption of this guideline did not have any material effect on the Fund's results, financial position or cash flows.

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

4. EMPLOYEE DEFINED BENEFIT PLANS

The Fund's total benefit cost for the pension plans was \$674,000 for the three-month period ended March 31, 2009 [2008 - \$472,000].

5. ACCRUED RESTRUCTURING PROVISION

In connection with the acquisition of NPG Envelope ("NPG") and Montreal, the Fund adopted a plan for the integration and restructuring of the acquired businesses. As a result, the Fund recognized a provision of \$3,805,196 for severance, relocation and exit costs relating to certain employees and facilities of the acquired businesses. The liabilities relating to these costs have been included in the allocation of the purchase price of NPG and Montreal.

Any costs incurred relating to employees or facilities previously part of the Fund are charged to restructuring expenses as incurred in the consolidated statements of earnings and deficit.

The following is a summary of amounts accrued and paid relating to restructuring expenses.

| | March 31, 2009 | December 31, 2008 |
|---|---------------------------|------------------------------|
| | \$ | \$ |
| Balance, beginning of period | 1,327,080 | 1,042,136 |
| Accrued restructuring included in purchase allocation | 30,155 | 2,134,541 |
| Restructuring expenses charged against earnings | 38,640 | 698,748 |
| Cash payments | (433,988) | (2,548,345) |
| Balance, end of period | 961,887 | 1,327,080 |

6. SECURED CREDIT FACILITIES

As at March 31, 2009 the Fund has senior secured credit facilities consisting of a revolving operating credit facility of up to \$45 million and a term credit facility of \$75 million. Both facilities bear interest at a floating rate based on the Canadian prime rate, the US base rate, LIBOR or bankers' acceptance rates plus an applicable margin on those rates.

The revolving credit facility may be used for general corporate purposes, working capital requirements and permitted acquisitions. Both facilities mature on March 31, 2010 and there are no scheduled repayments of principal required prior to maturity.

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

6. SECURED CREDIT FACILITIES [Cont'd]

Amounts drawn under revolving and term credit facilities are as follows:

| | March 31, 2009 | December 31, 2008 |
|--|---------------------------|------------------------------|
| | \$ | \$ |
| Revolving credit facility | 32,000,000 | 36,000,000 |
| Term credit facility | 75,000,000 | 75,000,000 |
| Less: deferred financing costs, net | (198,492) | (248,203) |
| | 106,801,508 | 110,751,797 |
| Current portion | 106,801,508 | — |
| Long-term portion of secured credit facilities | — | 110,751,797 |

As at March 31, 2009, the interest rates on the revolving and term credit facilities were 2.18% and 2.04%, respectively. The Fund entered into an interest rate swap agreement for its term credit facility at a fixed rate of 5.538% from April 1, 2007 to March 31, 2008, 5.991% from April 1, 2008 to March 31, 2009 and 6.192% from April 1, 2009 to March 31, 2010 [note 12].

Under the terms of the secured credit facilities, the Fund is required, among other conditions, to meet certain covenants. The Fund was in compliance with these covenants as at March 31, 2009. The secured credit facilities are collateralized by hypothec and security interest covering all present and future assets of the Fund and its subsidiaries.

Discussions with the banks are ongoing for the renewal of the secured credit facilities. We expect to have concluded the renewal within the next two quarters.

Net financing charges

| | Three-month periods ended | |
|--|----------------------------------|-------------|
| | March 31, | |
| | 2009 | 2008 |
| | \$ | \$ |
| Interest on secured credit facilities | 1,375,485 | 1,379,000 |
| Other interest | (835) | (13,608) |
| Amortization of deferred financing costs | 49,711 | 41,027 |
| | 1,424,361 | 1,406,419 |

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

7. INCOME TAXES

The income tax expense differs from the expense that would be obtained by applying the combined Canadian income tax (federal and provincial) as follows:

| | Three-month period ended March 31, | |
|--|---------------------------------------|-------------|
| | 2009 | 2008 |
| | \$ | \$ |
| Earnings before income taxes | 4,637,686 | 5,940,462 |
| Income taxes expense at combined federal and provincial statutory rate | 1,460,872 | 1,871,245 |
| Impact of interest expense of Supremex paid to the Fund, eliminated on consolidation | (1,435,379) | (2,798,690) |
| Effect of change in enacted tax rates | (67,517) | 62,085 |
| Impact of amortization of deferred compensation not deductible for tax purposes | 407,502 | 416,973 |
| Non deductible expenses and other | 65,254 | 56,501 |
| Provision for income taxes (recovery) | 430,732 | (391,886) |

8. UNITHOLDERS' EQUITY

Fund units

The Fund Declaration of Trust provides that an unlimited number of units may be issued. Each unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund and in the net assets of the Fund. All units are of the same class with equal rights and privileges. Each unit entitles the holder to participate equally in all allocations and distributions and to one vote at all meetings of unitholders for each whole unit held.

The Fund units are redeemable at any time at the option of the holder at the lesser of 90% of the weighted average price of the Fund unit during the last ten trading days of the units on an open market and the closing market price on the redemption date. All redemptions are subject to a maximum of \$50,000 in cash redemptions by the Fund in any particular month. Redemptions in excess of this amount will be paid by way of a distribution *in specie* of the assets of the Fund.

As at March 31, 2009, there are 29,297,767 units issued by the Fund. No units were issued during the three-month period ended March 31, 2009.

Pursuant to the normal course issuer bid, which began on November 21, 2008, the Fund could purchase for cancellation up to 1,800,000 units until November 20, 2009. During the three-month period ended March 31, 2009, the Fund did not purchase any units for cancellation.

Supremex Income Fund**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2009

[Unaudited]

9. DISTRIBUTION

The Fund makes monthly distributions of its available cash to unitholders of record on the last business day of each month, payable on or about the 15th day of the following month. Distributions to unitholders are recorded on an accrual basis. The March distribution in the amount of \$1,464,888 was declared and accrued in March 2009 and paid to unitholders on April 15, 2009. Distributions for the period from January 1, 2009 to March 31, 2009 are as follows:

| Period | Record date | Payment date | Per unit | Distribution \$ |
|---------------|--------------------|---------------------|-----------------|------------------------|
| January 2009 | January 31, 2009 | February 16, 2009 | 0.05 | 1,464,888 |
| February 2009 | February 28, 2009 | March 16, 2009 | 0.05 | 1,464,888 |
| March 2009 | March 31, 2009 | April 15, 2009 | 0.05 | 1,464,888 |
| | | | 0.15 | 4,394,664 |

10. ACCUMULATED OTHER COMPREHENSIVE LOSS

A derivative designated as a cash flow hedge constitutes the sole item in Accumulated Other Comprehensive Loss. Changes that occurred during the period were as follows:

| | Three-month periods ended | |
|--|----------------------------------|-------------|
| | March 31, | |
| | 2009 | 2008 |
| | \$ | \$ |
| Opening balance, net of income taxes | (2,580,726) | (570,692) |
| Change in fair value of derivative designated as cash flow hedge, net of income taxes | (148,322) | (971,118) |
| Reclassification adjustment for loss (gain) on derivative designated as cash flow hedge transferred to net earnings, net of income taxes | 409,618 | (54,251) |
| Accumulated other comprehensive loss | (2,319,430) | (1,596,061) |

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

11. INVENTORY AND COST OF GOOD SOLD

| | March 31, 2009 | December 31, 2008 |
|-----------------|---------------------------|----------------------|
| | \$ | \$ |
| Raw materials | 3,881,310 | 4,456,695 |
| Work in process | 203,670 | 359,069 |
| Finished goods | 13,736,215 | 12,511,301 |
| | 17,821,195 | 17,327,065 |

The costs of inventories recognized as an expense are \$32,316,867 for the three-month period ended March 31, 2009 [2008 - \$31,664,340].

12. FINANCIAL INSTRUMENTS

Fair value

As at March 31, 2009, the carrying amounts of financial assets designated as loans and receivables, consisting primarily of receivables and short-term financial liabilities classified as other financial liabilities, approximate their fair value given that they are expected to be realized or settled in the short term. The carrying amount of secured credit facilities approximates its fair value given its nature and floating interest rate.

The fair value of derivative financial instruments generally reflects estimates of the amounts the Fund would receive by way of settlement of favourable contracts or that it would pay to terminate unfavourable contracts at the balance sheet date. The fair values of interest rate swaps are calculated using quotes obtained from major financial institutions.

The fair value and carrying amounts of the interest rate swap designated as a cash flow hedge are as follows:

| | March 31, 2009 | December 31, 2008 |
|------------|-----------------------|--------------------------|
| | Liabilities | Liabilities |
| | \$ | \$ |
| Short-term | 3,185,154 | 2,842,065 |
| Long-term | — | 701,913 |
| | 3,185,154 | 3,543,978 |

Management of risks arising from financial instruments

In the normal course of business, the Fund is exposed to a range of financial risks, which include credit risk, liquidity risk and market risk. To limit the effects of these risks on revenues, expenses and cash flows, the Fund can avail itself of various derivative financial instruments. The Fund's management is responsible for determining the acceptable level of risk and uses derivative financial instruments only to manage existing or anticipated risks, commitments or obligations based on past experience.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

12. FINANCIAL INSTRUMENTS [Cont'd]

Credit risk

The use of financial instruments and derivatives may lead to credit risk that corresponds to the risk of financial loss resulting from a counterparty's inability or refusal to completely fulfill their obligations. The Fund's cash and interest rate swap are placed with Canadian Schedule 1 banks.

Credit risk stems primarily from the potential inability of clients to discharge their obligations. Accounts receivable credit risk is mitigated through established monitoring activities, lack of customer concentration and Supremex's diversified customer base. Historically, the Fund has never made any significant write-off of accounts receivables. As at March 31, 2009 and December 31, 2008, total trade accounts receivable over 90 days past due were less than 5%.

Interest rate risk

The Fund is exposed to interest rate fluctuations on its secured credit facilities. The Fund manages interest rate exposure by entering into a swap agreement for its term credit facility consisting in exchanging variable rates for fixed rates. As at March 31, 2009, this agreement covers 70% [2008 – 68%] of the facilities outstanding.

Furthermore, interest rate fluctuations could have an impact on interest expense on its revolving credit facility and on income the Fund derives from cash and cash equivalents. The Fund invests its cash and cash equivalents in highly liquid investment instruments to safeguard its capital while generating a reasonable return.

On March 31, 2009, a 25 basis-point rise or fall in interest rates, assuming all other variables remained unchanged, would have resulted, respectively, in a \$15,973 increase or decrease in the Fund's net earnings for the three-month period ended March 31, 2009, whereas other comprehensive loss would have increased or decreased respectively by approximately \$106,000.

Liquidity risk

The Fund is exposed to the risk of being unable to honour its financial commitments within the deadlines set out under the terms of such commitments and at a reasonable price. The Fund manages liquidity risk by maintaining adequate cash and cash equivalents balances and by appropriately using the Fund's revolving credit facilities. The Fund continuously reviews both actual and forecasted cash flows to ensure that it has adequate credit facility capacity.

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

12. FINANCIAL INSTRUMENTS [Cont'd]

Foreign exchange risk

The Fund is exposed to fluctuations in US exchange rates because a portion of its activities are conducted in the United States. In the past, purchases and capital expenditures in US dollars were similar to revenue earned in US dollars which limited the Fund's foreign exchange exposure. The Fund continuously reviews its exposure to fluctuations in the US exchange rate and has decided at this time not to enter into derivatives as the exposure is not significant.

As at March 31, 2009, net financial liabilities in Canadian dollars of the Fund, denominated in US dollars, totalled \$1,072,509.

On March 31, 2009, a 5% rise or fall in the Canadian dollar against the US dollar, assuming all other variables remained unchanged, would have resulted, respectively, in a \$53,625 increase or decrease in the Fund's net earnings for the three-month period then ended, whereas other comprehensive loss would have remained unchanged. However, the above change in net loss may have been offset by adjustments in Canadian pricing required to remain competitive with imports from the United States, mainly in commodity products.

13. CAPITAL MANAGEMENT

The Fund's capital consists of unitholders' equity and secured credit facilities. The Fund maintains a capital level that enables it to meet several objectives:

- Assure the longevity of its capital to support continued operations;
- Satisfy certain financial covenants under the secured credit facilities;
- Preserve its financial flexibility to benefit from potential opportunities as they arise;
- Providing optimal unitholder returns in terms of distributable cash; and
- Sustain growth in unit value.

The Fund continually assesses the adequacy of its capital structure and capacity and makes adjustments in view of the Fund's strategy, economic conditions and the risk characteristics of the business to achieve the above objectives. At the end of 2008, in view of the recent economic downturn, the Fund decided to reduce annual distribution for 2009 to \$0.60 per unit from \$1.15, to preserve its financial flexibility to seize potential opportunities and adopt a prudent stance in the current economic environment. The Fund also monitors its capital to ensure full adherence to the "secured credit facilities/EBITDA ratio" as defined in the credit facilities agreement.

14. SEGMENTED INFORMATION

The Fund currently operates in one business segment: the manufacturing and sale of envelopes. The Fund's net assets amounted to \$110,132,009 in Canada and \$1,532,972 in the United States as at March 31, 2009. The Fund's revenue amounted to \$42,367,924 in Canada and \$3,565,382 in the United States for the three-month period ended March 31, 2009.

Supremex Income Fund

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

[Unaudited]

15. COMPARATIVE FIGURES

Certain comparative figures from the previous year were reclassified to conform to the presentation adopted for the current year.

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