Tree Island Announces First Quarter 2010 Results

Q1 2010 Highlights

- Revenues amount to $34.5 million
- Gross profit increased to $2.4 million from a gross loss of $10.9 million in Q1 2009
- EBITDA[3], before foreign exchange, increased to $0.2 million, from an EBITDA loss of $14.6 million in Q1 2009

VANCOUVER, British Columbia, Canada - May 14, 2010– Tree Island Wire Income Fund ("Tree Island" or the "Fund" [1]) (TSX:TIL.UN) announced today its first quarter fiscal 2010 financial results for the period ended March 31, 2010.

For the three months ended March 31, 2010[2], the Fund reported revenue of $34.5 million, compared to $53.0 million during the same period in 2009. Gross profit increased by $13.4 million to $2.4 million and gross profit per ton increased to $88 per ton, representing a gross margin of 7.1%. The significant improvement in gross profit and gross profit per ton reflects Tree Island's focus on more profitable products, a reduction in rod costs, better alignment of inventory costs with market values, minimal inventory write downs and a continued focus on cost control. These gains were partially offset by lower sales volumes and product selling prices.

The gross profit improvements, together with a reduction of $2.5 million in Q1 SG&A expenses, resulted in EBITDA before foreign exchange increasing to $0.2 million from a loss of $14.6 million in 2009.

The Fund reported a net loss amounting to $4.1 million, compared to a net loss of $17.6 million in the same period in 2009.

"We are pleased with the substantial improvement in bottom-line results and our success in keeping inventories closely aligned with market conditions," said Ted Leja, President and CEO of Tree Island Industries. "While market demand remains weak and raw material prices are currently volatile, our 'Back to Basics strategy' is helping us address these challenges. Our financial position has also improved significantly as a result of our successful efforts to recapitalize the Fund."

Amar Doman, Chairman of the Fund noted, "Management's focus on managing costs while selectively identifying areas of strength where Tree Island can grow sales and gross margin is evidenced by the significant improvement in first quarter results. We look forward to continued progress in the coming quarters."

Results from Operations

	Three Months Ended March 31	
	2010	2009
Income		
Sales Volumes – Tons [3]	*27,886*	*42,369*
Revenue	$ 34,532	$ 52,955
Cost of Goods Sold	(30,656)	(61,360)
Depreciation	(1,433)	(2,513)
Gross (Loss) Profit	2,443	(10,918)
Gross (Loss) Profit per Ton	*$88*	*$(258)*
Selling, General and Administrative Expenses	(3,718)	(6,198)
Operating (Loss) Profit	(1,275)	(17,116)
Foreign Exchange (Loss) Gain	(596)	(986)
Financing Expenses	(3,474)	(1,638)
Gain (Loss) on Sale of Property, Plant & Equipment	-	3
Fair Value Changes on Derivatives	-	(26)
Amortization of Deferred Gain	121	144
Amortization of Intangible Assets	-	(340)
Income Tax (Expense) Recovery	1,145	2,337
Net (Loss) Income	(4,079)	(17,622)
EBITDA		
Operating (Loss) Profit	(1,275)	(17,116)
Add back Depreciation	1,433	2,513
EBITDA [1]	158	(14,603)
Foreign Exchange (Loss) Gain	(596)	(986)
EBITDA Adjusted for Foreign Exchange	(438)	(15,589)
Distributable Cash		
Standardized Distributable Cash per Unit [1]		
Basic and Fully Diluted	(0.4257)	0.9594
Adjusted Distributable Cash per Unit [1]		
Basic and Fully Diluted	(0.0253)	(0.7628)
Distributable Cash Paid or Payable per Unit [1]	-	-
Standardized Distribution Payout % [2]	0%	0%
Adjusted Distribution Payout % [2]	0%	0%

	As at March 31 2010	As at December 31 2009
Balance Sheet		
Total Assets	112,083	99,693
Revolving Credit (Net of Cash)/(Net Cash)	614	(1,307)
Long-term Debt and Convertible Debentures	34,961	28,779

(1) *See definition of EBITDA, Standardized Distributable Cash and Adjusted Distributable Cash in the Non-GAAP Measures section.*

(2) *Distribution Payout % is calculated as distributions paid or payable per unit divided by distributable cash generated per unit.*

(3) *Sales volumes for 2010 exclude 2,419 tons which were processed as part of tolling arrangements*

Financing Developments

On January 29, 2010, the Fund successfully completed a rights offering of second lien convertible debentures. The rights offering, which was oversubscribed, raised $10 million of gross proceeds. Proceeds from the offering will be used to fund working capital requirements.

On February 2, 2010 we received final approval from the Toronto Stock Exchange to list the aggregate $19.75 million principal amount of Debentures. The Debentures began trading on February 4, 2010.

On March 25, 2010, the Fund signed a new three-year, $35 million senior secured revolving credit facility with Wells Fargo Capital Finance (formerly Wachovia Capital Finance Corporation (Canada)). This facility replaces the Fund's previous credit facility with GE.

About Tree Island Wire Income Fund

The Fund was launched on November 12, 2002 with the completion on an initial public offering. The Fund has a 100% ownership interest in Tree Island Industries Ltd and its performance depends on the performance of Tree Island Industries Ltd. Headquartered in Richmond, British Columbia, Tree Island Industries Ltd. produces wire products for a diverse range of construction, agricultural, manufacturing and industrial applications. Its products include bright wire, stainless steel wire and galvanized wire; a broad array of fasteners, including packaged, collated and bulk nails; stucco reinforcing products, engineered structural mesh, fencing and other fabricated wire products. The company markets these products under the Tree Island, Halsteel, K-Lath, Industrial Alloys, Tough Strand, and TI Select brand names. Tree Island also owns and operates a Hong Kong-based trading company that provides internationally sourced products to the Company and its customers.

Forward-Looking Statements

This press release includes forward-looking information with respect to the Fund and the company, including their business, operations and strategies, as well as financial performance and conditions. The use of forward-looking words such as, "may," "will," "expect" or similar variations generally identify such statements. Any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Although management believes that expectations reflected in forward-looking statements are reasonable, such statements involve risks and uncertainties including the risks and uncertainties discussed under the heading "Risk Factors" in the Fund's annual information form and management discussion and analysis.

Forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the statements. Such risks and uncertainties include, but are not limited to: general economic conditions and markets and, in particular, the potential impact of the current economic downtown, risks associated with operations such as competition, dependence on the construction industry, market conditions for the company's products, supplies of and costs for its raw materials, dependence on key personnel, labour relations, regulatory matters, environmental risks, the successful execution of acquisition and integration strategies and other strategic initiatives, foreign exchange fluctuations, the effect of leverage and restrictive covenants in financing arrangements, the cost and availability of capital, the possibility of deterioration in working capital position, the impact on liquidity if the Fund were to go offside of covenants in its debt facilities, the impact that changes in supplier payment terms or slow payment of accounts receivable could have on liquidity, product liability, the ability to obtain insurance, energy cost increases, changes in tax legislation, other legislation and governmental regulation, changes in accounting policies and practices, operations in a foreign country, and other risks and uncertainties set forth in the Fund's publicly filed materials.

This press release has been reviewed by the Fund's Board of Trustees and its Audit Committee, and contains information that is current as of the date of this press release, unless otherwise noted. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Readers are cautioned not to place undue reliance on this forward-looking information and management of the Fund undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable securities laws.

(1) References to the Fund or Tree Island include references to Tree Island Industries Ltd. as the context may require.

(2) Please refer to our Q1 2010 MD&A for further information.

(3) Reference is made above to EBITDA. We define EBITDA as operating profit or loss plus depreciation. Please refer to our Q1 2010 MD&A for further information. EBITDA is a measure used by management of Tree Island to evaluate financial performance. EBITDA, however, is not a measure of earnings or financial performance recognized by Canadian generally accepted accounting principles (''GAAP'') and does not have standardized meanings prescribed by GAAP. Items excluded from EBITDA are significant to understanding and assessing financial performance. EBITDA should not be considered in isolation or as alternatives to net income, cash flows generated by operations or other financial statement data presented in the consolidated financial statements of the Fund, as indicators of financial performance or liquidity under GAAP. Because EBITDA is not a measure determined in accordance with GAAP, as presented, investors are cautioned that EBITDA may not be comparable to similarly-titled measures presented by other issuers (such as other income funds).

For further information:

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Tree Island Wire Income Fund

CONSOLIDATED BALANCE SHEETS

(In thousands of dollars)(unaudited)

		As at March 31, 2010		As at December 31, 2009
Assets				
Current				
Cash	$	6,037	$	4,153
Accounts receivable		15,645		9,064
Income and other taxes receivable		5,939		6,121
Inventories		40,058		33,626
Prepaid expenses		2,789		3,113
Future income taxes		197		-
		70,665		56,077
Property, plant and equipment		41,411		43,047
Other non-current assets		7		569
	$	112,083	$	99,693
Liabilities				
Current				
Revolving credit	$	6,651	$	2,846
Accounts payable and accrued liabilities		22,565		18,351
Income taxes payable		589		748
Interest payable		13		41
Current portion of long-term debt		3,555		3,030
		33,373		25,016
Convertible Debentures		12,540		5,716
Long-term debt		22,421		23,063
Deferred gain on sale of option		3,120		3,337
Other non-current liabilities		606		361
Future income taxes		1,926		2,848
		73,986		60,341
Contingent liabilities and commitments				
Unitholders' Equity		38,097		39,352
	$	112,083	$	99,693

Tree Island Wire Income Fund

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of dollars, except units and per-unit amounts)(unaudited)

for the three months ended		**March 31, 2010**		**March 31, 2009**
Sales	$	34,532	$	52,955
Cost of goods sold		30,656		61,360
Depreciation		1,433		2,513
Gross profit (loss)		2,443		(10,918)
Selling, general and administrative expenses		3,718		6,198
Operating loss		(1,275)		(17,116)
Foreign exchange loss		(596)		(986)
Gain on sale of property, plant and equipment		-		3
Amortization of intangible assets		-		(340)
Amortization of deferred gain		121		144
Fair value changes on derivatives		-		(26)
Financing expenses		(3,474)		(1,638)
Loss before income taxes		(5,224)		(19,959)
Income tax recovery		1,145		2,337
Net loss for the period	$	(4,079)	$	(17,622)
Net loss per unit				
Basic	$	(0.19)	$	(0.80)
Diluted	$	(0.19)	$	(0.80)
Weighted-average number of units				
Basic		22,038,853		21,976,251
Diluted		22,038,853		21,976,251

Tree Island Wire Income Fund

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)(unaudited)

for the three months ended		March 31, 2010		March 31, 2009
Cash flows from operating activities				
Net loss for the period	$	(4,079)	$	(17,622)
Items not involving cash				
Depreciation		1,433		2,513
Fair value changes on derivatives		-		26
Gain on disposal of property, plant and equipment		-		(3)
Amortization and write-off of deferred financing		1,184		97
Amortization of intangibles		-		340
Amortization of deferred gain		(121)		(144)
Deferred fees written off		-		268
Non cash accretion / interest		1,937		-
Future income tax recoveries		(1,002)		(2,358)
Unit-based compensation		110		143
		(538)		(16,740)
Change in non-cash operating assets and liabilities		(8,825)		37,898
Net cash (used in) provided by operating activities		(9,363)		21,158
Cash flows from investing activities				
Proceeds on disposal of long-lived assets		-		4
Purchase of property, plant and equipment		(20)		(73)
Net cash (used in) investing activities		(20)		(69)
Cash flows from financing activities				
Issuance of Convertible Debentures, net of transaction costs		9,519		-
Repayment of long-term debt		(826)		-
Financing transaction costs incurred		(396)		(664)
Repayment of (advance on) revolving credit		3,072		(16,261)
Net cash provided by (used in) financing activities		11,369		(16,925)
Effect of exchange rate changes on cash		(102)		13
Increase in cash		1,884		4,177
Cash, beginning of period		4,153		1,201
Cash, end of period	$	6,037	$	5,378
Supplemental cash flow information:				
Interest paid	$	356	$	145
Income taxes	$	-	$	-