Tree Island Announces Second Quarter 2010 Results

- **Gross Margin reaches 10 percent**
- **EBITDA returns to positive territory**

Q2 2010 Highlights

- **Revenues amount to $38.7 million**
- **Gross profit increased to $3.9 million from a gross loss of $9.0 million in Q2 2009**
- **EBITDA[3], before foreign exchange, increased to $2.2 million, from an EBITDA loss of $13.5 million in Q2 2009**

VANCOUVER, British Columbia, Canada – August 11, 2010– Tree Island Wire Income Fund ("Tree Island" or the "Fund" [1]) (TSX:TIL.UN) announced today its second quarter fiscal 2010 financial results for the period ended June 30, 2010.

For the three months ended June 30, 2010[2], the Fund reported revenue of $38.7 million, compared to $47.4 million during the same period in 2009, while second quarter sales volumes decreased by 32.5% to 27,732 tons, from 41,092 tons in 2009. . Gross profit increased by $12.9 million to $3.9 million and gross profit per ton increased to $140 per ton, representing a gross margin of 10.0%. The significant improvement in gross profit and gross profit per ton reflects Tree Island's focus on more profitable products, higher selling prices, 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 the ongoing focus on cost management, resulted in EBITDA before foreign exchange increasing significantly to $2.2 million from a loss of $13.5 million in 2009.

The Fund reported a net loss amounting to $1.6 million, compared to a net loss of $20.9 million in the same period in 2009.

For the six month ended June 30, 2010[2], the Fund's revenues amounted to $73.3 million versus $100.4 million during the corresponding period in 2009. Sales volumes decreased by 33.2% to 55,726 tons in the six months ended June 30, 2010, from 83,461 tons the previous year. Gross profit increased by $26.2 million to $6.3 million during the six month period ended June 30, 2010. EBITDA also improved by $30.4 million to $2.3 million, while net loss was significantly reduced by $32.8 million to a loss of $5.7 million.

"Our continued focus on profitability and on aggressively managing working capital and overall costs has resulted in significantly improved results on a year-over-year and consecutive quarter basis," said Ted Leja, President and CEO of Tree Island Industries. "We still have a lot of work ahead of us but we are seeing positive results and improvements internally. However we are cautious regarding the months ahead as we navigate through these volatile times."

Amar Doman, Chairman of the Fund noted, "I am extremely pleased with our performance in the second quarter, and the overall ongoing focus on profitability. The management team's relentless efforts on managing cost, working capital, and identifying profitable sales demonstrates itself in these results."

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Income				
Sales Volumes – Tons	*27,732*	*41,092*	*55,726*	*83,461*
Revenue	38,742	47,430	73,274	100,385
Cost of Goods Sold	(33,449)	(54,680)	(64,105)	(116,040)
Depreciation	(1,407)	(1,735)	(2,840)	(4,248)
Gross Profit (Loss)	3,886	(8,985)	6,329	(19,903)
Gross Profit (Loss) per Ton	*140*	*(219)*	*114*	*(238)*
Selling, General and Administrative Expenses	(3,129)	(6,251)	(6,847)	(12,449)
Operating Profit (Loss)	757	(15,236)	(518)	(32,352)
Foreign Exchange Gain (Loss)	279	2,115	(317)	1,129
Financing Expenses	(2,389)	(2,085)	(5,863)	(3,723)
Gain on Sale of Property, Plant & Equipment	-	60	-	63
Unrealized Gain on Derivatives	-	148	-	122
Amortization of Deferred Gain	119	135	240	279
Amortization of Intangible Assets	-	(320)	-	(660)
Impairment of Intangible Assets	-	(5,362)	-	(5,362)
Income Tax (Expense) Recovery	(388)	(378)	757	1,959
Net Loss	(1,622)	(20,923)	(5,701)	(38,545)
EBITDA				
Operating Profit (Loss)	757	(15,236)	(518)	(32,352)
Add back Depreciation	1,407	1,735	2,840	4,248
EBITDA	2,164	(13,501)	2,322	(28,104)
Foreign Exchange Gain (Loss)	279	2,115	(317)	1,129
EBITDA Adjusted for Foreign Exchange	2,443	(11,386)	2,005	(26,975)
Distributable Cash				
Standardized Distributable Cash per Unit	(0.0728)	0.7053	(0.4916)	1.6646
Adjusted Distributable Cash per Unit	0.1039	(0.5877)	0.0793	(1.3504)
Distributable Cash Paid or Payable per Unit	-	-	-	-
Standardized Distribution Payout %	0%	0%	0%	0%
Adjusted Distribution Payout %	0%	0%	0%	0%

	As at June 30 2010	As at December 31 2009
Balance Sheet		
Total Assets	110,675	99,693
Revolving Credit Net of Cash	2,975	(1,307)

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, TI Wire, Industrial Alloys, Tough Strand, and TI Select brand names. We market these products to customers in Canada, the United States and Asia.

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 for update date.

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 Q2 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 Q2 2010 MD&A for further information.

EBITDA is a measure used by management of Tree lsland 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 June 30, 2010	As at December 31, 2009
Assets		
Current		
Cash	$ 3,721	$ 4,153
Accounts receivable	15,447	9,064
Income and other taxes receivable	6,258	6,121
Inventories	42,379	33,626
Prepaid expenses	2,509	3,113
	70,314	56,077
Property, plant and equipment	40,352	43,047
Other non-current assets	9	569
	$ 110,675	$ 99,693
Liabilities		
Current		
Revolving credit	$ 6,696	$ 2,846
Accounts payable and accrued liabilities	20,493	18,351
Income taxes payable	311	748
Interest payable	70	41
Current portion of long-term debt	4,348	3,030
	31,918	25,016
Convertible Debentures	12,611	5,716
Long-term debt	23,500	23,063
Deferred gain on sale of option	3,135	3,337
Other non-current liabilities	614	361
Future income taxes	2,343	2,848
	74,121	60,341
Contingent liabilities and commitments		
Unitholders' Equity	36,554	39,352
	$ 110,675	$ 99,693

Tree Island Wire Income Fund

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Sales	$ 38,742	$ 47,430	$ 73,274	$ 100,385
Cost of goods sold	33,449	54,680	64,105	116,040
Depreciation	1,407	1,735	2,840	4,248
Gross profit (loss)	3,886	(8,985)	6,329	(19,903)
Selling, general and administrative expenses	3,129	6,251	6,847	12,449
Operating profit (loss)	757	(15,236)	(518)	(32,352)
Foreign exchange gain (loss)	279	2,115	(317)	1,129
Gain on sale of property, plant and equipment	-	60	-	63
Impairment and amortization of intangible assets	-	(5,682)	-	(6,022)
Amortization of deferred gain	119	135	240	279
Fair value changes on derivatives	-	148	-	122
Financing expenses	(2,389)	(2,085)	(5,863)	(3,723)
Loss before income taxes	(1,234)	(20,545)	(6,458)	(40,504)
Income tax (expense) recovery	(388)	(378)	757	1,959
Net loss for the period	$ (1,622)	$ (20,923)	$ (5,701)	$ (38,545)
Net loss per unit				
Basic	$ (0.07)	$ (0.95)	$ (0.25)	$ (1.75)
Diluted	$ (0.07)	$ (0.95)	$ (0.25)	$ (1.75)
Weighted-average number of units				
Basic	22,473,271	21,996,104	22,417,977	21,986,232
Diluted	22,473,271	21,996,104	22,417,977	21,986,232

Tree Island Wire Income Fund

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)(unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2010	2009	2010	2009
Cash flows from operating activities				
Net loss for the period	$ (1,622)	$ (20,923)	$ (5,701)	$ (38,545)
Items not involving cash				
Depreciation	1,407	1,735	2,840	4,248
Fair value changes on derivatives	-	(148)	-	(122)
Gain on disposal of property, plant and equipment	-	(60)	-	(63)
Amortization and write-off of deferred financing	61	433	1,245	798
Impairment and amortization of intangibles	-	5,682	-	6,022
Amortization of deferred gain	(119)	(135)	(240)	(279)
Non cash accretion of debt discount	1,812	-	3,749	-
Future income tax expense (recoveries)	388	378	(614)	(1,980)
Unit-based compensation	435	143	545	286
	2,362	(12,895)	1,824	(29,635)
Change in non-cash operating assets and liabilities	(3,973)	28,459	(12,798)	66,357
Net cash (used in) provided by operating activities	(1,611)	15,564	(10,974)	36,722
Cash flows from investing activities				
Proceeds on disposal of long-lived assets	-	211	-	215
Purchase of property, plant and equipment	(26)	(52)	(46)	(125)
Net cash (used in) provided by investing activities	(26)	159	(46)	90
Cash flows from financing activities				
Issuance of Convertible Debentures, net of transaction costs	-	-	9,519	-
Repayment of long-term debt	(712)	-	(1,538)	-
Financing transaction costs incurred	-	-	(396)	(664)
Repayment of (advance on) revolving credit	(104)	(16,801)	2,968	(33,062)
Net cash (used in) provided by financing activities	(816)	(16,801)	10,553	(33,726)
Effect of exchange rate changes on cash	137	(34)	35	(21)
(Decrease) increase in cash	(2,316)	(1,112)	(432)	3,065
Cash, beginning of period	6,037	5,378	4,153	1,201
Cash, end of period	$ 3,721	$ 4,266	$ 3,721	$ 4,266
Supplemental cash flow information:				
Interest paid	$ 510	$ 1,190	$ 866	$ 1,335
Income taxes	$ 302	$ 6	$ 302	$ 6