



Investors, analysts and other interested parties can access Acadian Timber Income Fund's 2008 First Quarter Results conference call via webcast on Wednesday, May 7, 2008 at 1:00 p.m. ET at [www.acadiantimber.com](http://www.acadiantimber.com) or via teleconference at 1-800-319-4610, toll free in North America. For overseas calls please dial 604-638-5340, at approximately 12:50 p.m. ET. The teleconference taped rebroadcast can be accessed at 1-800-319-6413 or 604-638-9010 and enter passcode 2826.

## ACADIAN TIMBER INCOME FUND REPORTS FIRST QUARTER RESULTS

*All figures in Canadian dollars unless otherwise noted*

**Toronto, ONTARIO – May 6, 2008** – Acadian Timber Income Fund (“Acadian” or the “Fund”) (TSX:ADN.UN) today reported financial and operating results<sup>1</sup> for the three months ended March 29, 2008 (the “first quarter”).

For the first quarter of fiscal 2008, Acadian generated net sales of \$22.7 million on consolidated log sales volumes of 412.0 thousand m<sup>3</sup> as compared with net sales of \$26.9 million on consolidated log volumes of 482.6 thousand m<sup>3</sup> during the first quarter of fiscal 2007.

EBITDA for the first quarter was \$7.2 million or 32% of sales as compared with \$9.6 million or 36% of sales for the comparable period in 2007.

“We are pleased with our operating performance in the first quarter of fiscal 2008,” said Reid Carter, Chief Executive Officer of Acadian. “Distributable cash from operations was \$6.3 million or 38 cents per unit, which is above our expectations and encouraging given the difficult market environment currently facing the North American wood products industry.”

“Market conditions remain very challenging due to the high Canadian dollar and U.S. housing slowdown which have led to increased regional sawmill closures and curtailments,” added Mr. Carter. “Fortunately, as a diversified primary producer with considerable operational flexibility, we have been able to take advantage of strong demand and pricing for softwood and hardwood pulpwood and biomass, which have helped to offset continued weakness in softwood sawlogs.

“Acadian’s healthy financial condition and its ability to manage production and product mix to capitalize on market opportunities, gives us confidence that we are well positioned to preserve the long-term value of the business and meet our distributable cash target for the year.”

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<sup>1</sup> This news release makes reference to earnings before interest, taxes, depletion, depreciation and amortization (“EBITDA”) and distributable cash from operations. Management believes that EBITDA and distributable cash from operations are key performance measures in evaluating the Fund’s operations and are important in enhancing investors’ understanding of the Fund’s operating performance. As EBITDA and distributable cash from operations do not have a standardized meaning prescribed by Canadian GAAP, they may not be comparable to similar measures presented by other companies. As a result, we have provided in this news release reconciliations of net income (loss) and cash flow from operations, as determined in accordance with Canadian GAAP, to EBITDA and distributable cash from operations.

## Review of Operations

### 2008 Financial and Operating Highlights

(\$ millions except per unit information)	Three months ended	
	March 29, 2008	March 31, 2007
Net sales	\$ 22.7	\$ 26.9
EBITDA	7.2	9.6
Distributable cash from operations	6.3	8.7
Distributions declared	3.4	3.4
Net income (loss) <sup>1</sup>	4.7	(2.5)
Per unit – fully diluted		
Net Income (loss) <sup>1</sup>	0.22	(0.21)
Distributable cash from operations	0.38	0.53
Distributions declared – Class A Unitholders	0.21	0.21
Sales volume (000s m <sup>3</sup> )	412.0	482.6

<sup>1</sup> Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary, the future income tax expense, and the depreciation and depletion expense, which are non-cash items recorded in each respective period.

Challenging weather conditions resulted in a slow start to the year, however operations caught up in February and March. Prices held up better than expected, with strength in both softwood and hardwood pulp prices supporting overall sales results. While selling prices for spruce-fir sawlogs in Acadian's NB operations were well above expectations, the NB operations faced longer hauling distances and higher associated fuel costs in order to effectively merchandize their products resulting in higher variable costs per cubic meter. Acadian's Maine results in Canadian dollar terms continued to be impacted by the strong Canadian dollar.

Included in net income for the first quarter of 2008, is a non-cash gain related to the Class B Interest Liability of a subsidiary. The settlement obligation of this interest is based on the trading value of Acadian's units at the time of settlement, which requires the liability to be recorded at its fair value at each balance sheet date with the corresponding gain arising from a decrease in Acadian's unit price or loss arising from an increase in Acadian's unit price included in the statement of operations. In addition, as this Canadian dollar liability has been issued by a self-sustaining U.S. dollar subsidiary of the Fund, the obligation is required to be converted to U.S. dollars at each reporting period, with the corresponding gain or loss included in the statement of operations. These items resulted in a \$2.0 million gain for the first quarter (2007 – \$7.0 million loss), comprising a \$1.1 million foreign exchange gain (2007 – \$0.7 million loss) and a \$0.9 million mark-to-market gain (2007 – \$6.3 million loss).

### New Brunswick Timberlands

The table below summarizes operating and financial results for New Brunswick Timberlands.

	Three Months Ended March 29, 2008			Three Months Ended March 31, 2007		
	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)	Harvest (000s m <sup>3</sup> )	Sales (000s m <sup>3</sup> )	Results (millions)
Softwood	123.4	122.7	\$ 7.6	148.1	133.3	\$ 8.5
Hardwood	138.7	131.7	7.3	162.2	153.3	8.1
Biomass	54.5	54.5	1.0	70.8	70.8	1.4
	316.6	308.9	15.9	381.1	357.4	18.0
Other sales			1.3			1.5
Net sales			\$ 17.2			\$ 19.5
EBITDA			\$ 5.2			\$ 6.7
EBITDA margin			30%			34%

Softwood, hardwood and biomass shipments were 123 thousand m<sup>3</sup>, 132 thousand m<sup>3</sup> and 54 thousand m<sup>3</sup> for the first quarter, respectively. Approximately 29% of sales volumes were sold as sawlogs, 53% as pulpwood and 18% as biomass in the first quarter of 2008. This compares to 39% of sales volumes sold as sawlogs, 41% as pulpwood and 20% as biomass in the first quarter of 2007, demonstrating the operation's response to the weak spruce-fir sawlog market.

Net sales for the first quarter of 2008 were \$17.2 million with an average selling price across all products of \$51.41 per m<sup>3</sup> as compared to sales of \$19.5 million with an average selling price of \$50.39 per m<sup>3</sup> during the first quarter of 2007. This higher average selling price in 2008 reflects strong pulpwood prices, up 12% on average compared to the first quarter of 2007, offset partially by lower sawlog prices.

Costs for the first quarter were \$12.0 million, as compared to \$12.8 million in the comparable period of 2007. While total costs decreased with the lower harvest volume, variable costs per cubic meter were 11% higher as compared to the first quarter of 2007. This increase was largely attributable to higher fuel costs and longer hauling distances required to successfully market and sell softwood sawlog production.

EBITDA for the first quarter was \$5.2 million, compared to \$6.7 million during the first quarter of 2007. EBITDA margin of 30%, compared to 34% for the first quarter of 2007, reflects the impact of increasing fuel prices and lower softwood sawlog prices.

NB Timberlands experienced no reportable incidents among employees and two minor reportable incidents among contractors during the quarter.

### *Maine Timberlands*

The table below summarizes operating and financial results for Maine Timberlands.

	<b>Three Months Ended March 29, 2008</b>			<b>Three Months Ended March 31, 2007</b>		
	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>	<b>Harvest (000s m<sup>3</sup>)</b>	<b>Sales (000s m<sup>3</sup>)</b>	<b>Results (millions)</b>
Softwood	86.6	86.6	\$ 4.8	101.0	100.8	\$ 6.2
Hardwood	14.4	12.8	0.6	21.7	19.8	0.9
Biomass	3.7	3.7	—	4.6	4.6	0.2
	<b>104.7</b>	<b>103.1</b>	<b>5.4</b>	127.3	125.2	7.3
Other sales			0.1			0.1
Net sales			\$ 5.5			\$ 7.4
EBITDA			\$ 2.2			\$ 2.9
EBITDA margin			40%			39%

Maine Timberlands operating results were in line with expectations with softwood and hardwood shipments of 87 thousand m<sup>3</sup> and 13 thousand m<sup>3</sup>, respectively. Approximately 59% of shipment volume was sold as sawlogs, 37% as pulpwood and 4% as biomass in the first quarter of 2008. This compares to 52% of shipment volume sold as sawlogs, 44% as pulpwood and 4% as biomass in the first quarter of 2007.

Net sales for the first quarter were \$5.5 million, compared to \$7.4 million during the first quarter in 2007. Selling price across all products averaged \$52.15 per m<sup>3</sup> during the first quarter of 2008 which compares with an average selling price of \$58.45 per m<sup>3</sup> during the first quarter of 2007, a decrease of 11% primarily related to the strengthening of the Canadian dollar. In US dollar terms, average selling price increased 4% due to a higher proportion of spruce-fir sawtimber and a lower proportion of hardwood pulpwood.

Costs for the first quarter were \$3.3 million, compared to \$4.5 million during the first quarter in 2007. Variable costs per m<sup>3</sup> decreased 15% in Canadian dollars compared to the first quarter of 2007 and were relatively flat in U.S. dollar terms.

EBITDA for the first quarter was \$2.2 million as compared to \$2.9 million in the comparable period of 2007. EBITDA margin of 40% for the first quarter of 2008, as compared to 39% for the first quarter of 2007, demonstrates Maine's ability to continue to merchandize product effectively through this challenging market.

In the first quarter of 2008, Maine Timberlands had no accidents among its employees or its contractors.

## **Market Outlook**

The following Market Outlook contains forward-looking statements about Acadian Timber Income Fund's market outlook for fiscal 2008. Reference should be made to the "Forward-looking Statements" section of this news release. For a description of material factors that could cause actual results to differ materially from the forward-looking statements in the following, please see the Risk Factors section of our management's discussion and analysis (MD&A) in our most recent Annual Report and Annual Information Form available on our website at [www.acadiantimber.com](http://www.acadiantimber.com) or filed with SEDAR at [www.sedar.com](http://www.sedar.com).

The market for softwood sawlogs is expected to experience weak demand and soft pricing through 2008 as declining sales combined with the large number of unsold homes on builders' lots have propelled the inventory-to-sales ratio for U.S. homes to eleven months of supply. While we anticipate only limited further deterioration in pricing, we expect ongoing challenges in maintaining sales volumes while managing freight costs associated with accessing more distant customers and increasing fuel surcharges. Softwood sawlog pricing is expected to continue to be supported by further harvest reductions on Quebec and Ontario crown land and harvest reductions by private woodlot owners, who have exited the marketplace while waiting for higher prices. The current strong demand and pricing for pulp and paper products and low levels of sawmill production has resulted in significant regional chip shortages resulting in strong prices for hardwood and softwood pulpwood and chip-n-saw logs. This is also causing integrated companies to run some portion of their sawmills at moderate levels in order to maintain chip supplies. Acadian's NB Timberlands continues to plan for a 25% reduction in its 2008 harvest of spruce-fir sawlogs relative to 2007 levels to assist in stabilizing market conditions.

Markets for hardwood sawlogs and specialty products are expected to remain stable in 2008, while markets for softwood pulpwood and biomass are expected to experience continued strength reflecting strong demand, regional chip shortages and lower levels of regional harvest activity. Markets for hardwood pulp are expected to continue to remain very favourable throughout 2008 as regional pulp and paper mills press for increasing supplies.

## Monthly Distribution

As previously announced, Acadian's Board of Trustees declared its monthly distribution of \$0.06875 per unit, payable on May 15, 2008 to unitholders of record on April 30, 2008.

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**Acadian Timber Income Fund** is a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. With a total of 2.4 million acres of land under management, Acadian is the second largest timberland operator in New Brunswick and Maine.

Acadian owns and manages approximately 1.1 million acres of freehold timberlands in New Brunswick and Maine, and provides management services relating to approximately 1.3 million acres of Crown licensed timberlands. Acadian also owns and operates a forest nursery in Second Falls, New Brunswick. Acadian's products include softwood and hardwood sawlogs, pulpwood and biomass by-products, sold to over 110 regional customers.

Acadian's units are listed for trading on the Toronto Stock Exchange under the symbol ADN.UN.

- 30 -

For further information, please visit our website at [www.acadiantimber.com](http://www.acadiantimber.com) or contact:

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## Forward-Looking Statements

*This News Release contains forward-looking information and other "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Fund, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this News Release, such statements use such words as "expect," "believe," "outlook," "remain," "anticipate," "continue," "plan," or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this News Release. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. Factors that could cause actual results to differ materially from the results discussed in the forward-looking statements include, but are not limited to: general economic and market conditions; product demand; concentration of customers; commodity pricing; interest rate and foreign currency fluctuations; seasonality; weather and natural conditions; regulatory, trade or environmental policy changes; and other risks and factors discussed under Risk Factors in Acadian's Final Prospectus and other filings with securities regulatory authorities. Although the forward-looking statements contained in this News Release are based upon what management believes are reasonable assumptions, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this News Release, and the Fund assumes no obligation to update or revise them to reflect new events or circumstances.*

**Acadian Timber Income Fund**  
**Interim Consolidated Balance Sheet**  
**(unaudited)**

<i>(CAD millions)</i>	<b>March 29, 2008</b>	December 31, 2007
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 10.8	\$ 4.9
Accounts receivable and other assets	6.2	8.1
Inventory	2.1	2.0
	<b>19.1</b>	15.0
Intangible Assets	6.1	6.1
Timberlands, logging roads and fixed assets	198.0	199.1
	<b>\$ 223.2</b>	<b>\$ 220.2</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 7.1	\$ 6.0
Distributions payable to unitholders	0.8	0.8
Bank term credit facility	42.0	—
	<b>49.9</b>	6.8
Future income tax liability	9.4	9.4
Long-term debt	32.5	73.8
Class B Interest Liability of a subsidiary	45.7	46.6
Unitholders' equity	85.7	83.6
	<b>\$ 223.2</b>	<b>\$ 220.2</b>

**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Operations and Retained Earnings (Deficit)**  
**(unaudited)**

<i>CAD millions</i>	For the Three Months Ended	
	March 29, 2008	March 31, 2007
Net sales	\$ 22.7	\$ 26.9
Operating costs and expenses		
Cost of sales	14.0	15.6
Selling, administration and other	1.5	1.7
Depreciation and depletion	2.7	3.3
	18.2	20.6
Operating earnings	4.5	6.3
Loss (gain) on Class B Interest Liability of a subsidiary	(2.0)	7.0
Interest:		
Interest income	—	(0.1)
Interest expense on long-term debt	0.9	1.0
Class B Interest Liability of a subsidiary	0.9	0.9
Earnings (loss) before income taxes	4.7	(2.5)
Future income taxes	—	—
<b>Net income (loss) for the period</b>	<b>4.7</b>	<b>(2.5)</b>
Deficit, beginning of period	(27.7)	(1.2)
Unitholders' distributions	(2.5)	(2.5)
<b>Deficit, end of period</b>	<b>\$ (25.5)</b>	<b>\$ (6.2)</b>
<b>Net income (loss) per unit – basic</b>	<b>\$ 0.39</b>	<b>\$ (0.21)</b>
<b>Net income (loss) per unit – diluted</b>	<b>\$ 0.22</b>	<b>\$ (0.21)</b>

**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Comprehensive Income (Loss)**  
**(unaudited)**

<i>CAD millions</i>	For the Three Months Ended	
	<b>March 29, 2008</b>	March 31, 2007
Net income (loss)	\$ 4.7	\$ (2.5)
<b>Other comprehensive loss</b>		
Unrealized foreign currency translation losses	(0.1)	(0.1)
Comprehensive income (loss)	\$ 4.6	\$ (2.6)



**Acadian Timber Income Fund**  
**Interim Consolidated Statement of Cash Flows**  
**(unaudited)**

<i>CAD millions</i>	For the Three Months Ended	
	<b>March 29, 2008</b>	March 31, 2007
Cash provided by (used for):		
<b>Operating activities</b>		
Net income (loss)	\$ 4.7	\$ (2.5)
Items not affecting cash:		
Future income taxes	—	—
Depreciation and depletion	2.7	3.3
Loss (gain) on Class B Interest Liability of a subsidiary	(2.0)	7.0
	5.4	7.8
Net change in non-cash working capital balances and other	3.0	0.3
	8.4	8.1
<b>Investing activities</b>		
Sale of timberlands, logging roads and fixed assets	—	—
Additions to timberlands, logging roads and fixed assets	—	—
Silviculture expenditures	—	—
	—	—
<b>Financing activities</b>		
Distributions paid to unitholders	(2.5)	(2.5)
	(2.5)	(2.5)
Increase in cash and cash equivalents during the period	5.9	5.6
Cash and cash equivalents, beginning of period	4.9	7.7
<b>Cash and cash equivalents, end of period</b>	<b>\$ 10.8</b>	<b>\$ 13.3</b>

## Reconciliation to EBITDA and Distributable Cash from Operations

CAD millions	For the Three Months Ended	
	March 29, 2008	March 31, 2007
Net income (loss) <sup>1</sup>	\$ 4.7	\$ (2.5)
Add (deduct):		
Interest income	—	(0.1)
Interest expense on long-term debt	0.9	1.0
Distribution on Class B Interest Liability of a subsidiary	0.9	0.9
Future income tax expense (recovery)	—	—
Depreciation and depletion	2.7	3.3
Non-cash loss (gain) on Class B Interest Liability of a subsidiary	(2.0)	7.0
<b>EBITDA</b>	<b>7.2</b>	<b>9.6</b>
Add (deduct):		
Interest income	—	0.1
Interest expense on long-term debt	(0.9)	(1.0)
Silviculture and capital expenditure	—	—
<b>Distributable cash from operations</b>	<b>\$ 6.3</b>	<b>\$ 8.7</b>

<sup>1</sup> Net income (loss) includes the impact of the revaluation of the Class B Interest Liability of a subsidiary and the future income tax expense recorded in each respective period.

## Reconciliation to Distributable Cash from Operations

<i>CAD millions</i>	For the Three Months Ended	
	<b>March 29, 2008</b>	March 31, 2007
Cash flow from operating activities	\$ 8.4	\$ 8.1
Add (deduct):		
Capital adjustments:		
Silviculture and capital expenditures	—	—
Other adjustments:		
Change in non-cash working capital balances and other	(3.0)	(0.3)
Distribution on Class B Interest Liability of a subsidiary	0.9	0.9
Distributable cash from operations	\$ 6.3	\$ 8.7
<b>Distributions declared</b>	\$ 3.4	\$ 3.4