



TERRAVEST INCOME FUND RELEASES 2007 ANNUAL FINANCIAL RESULTS

Vegreville, Alberta (March 14, 2008) – TerraVest Income Fund (TI.UN) today released its financial results for the fiscal year ended December 31, 2007.

For the fiscal year ended December 31, 2007, the Fund reported revenue of \$229.2 million and a net loss of \$19,917 or \$1.13 per Unit, compared with revenue of \$271.3 million and a net loss of \$205 or \$0.01 per Unit for the fiscal year ended December 31, 2006.

At the end of the fourth quarter of 2007, the Fund recorded non-cash write-downs of goodwill and indefinite life intangible assets of \$36,949 and \$5,416, respectively, attributable to RJV, Diamond, Stylus and Beco. The goodwill and indefinite life intangible asset write-downs were partially offset by a recovery from the retractable non-controlling interest. The write-downs were necessitated by weaker than expected financial performance of the portfolio business in 2007 and an expected future reduction in cash flows from these portfolio businesses given the economic conditions in which they operate. The reduction in the carrying values of goodwill and indefinite life intangible assets does not impact the calculation of standardized or adjusted distributable cash.

Excluding the impact of goodwill and intangible asset write-downs, net income for the year ended December 31, 2007 was \$13,875, or \$0.79 per Unit (basic), of which \$6,249 (\$0.35 per Unit (basic)) relates primarily to a future income tax recovery resulting from the adoption of the SIFT tax rules in 2007, compared to \$17,518, or \$1.13 per Unit (basic) for the same period in 2006;

For the year ended December 31, 2007, the Fund reported adjusted distributable cash of \$16.0 million (\$0.92 per Unit) compared to \$23.5 million (\$1.52 per Unit) in 2006. The reduction in adjusted distributable cash for the year reflects the reduced earnings from the Fund's energy related businesses due to the continuing weakness in the natural gas industry.

"The Fund's overall 2007 results were in line with our expectations for the year and reflect the significant pressures impacting activity in the oil and gas industry. 2007 saw lower average natural gas commodity prices, relatively higher natural gas storage levels and increased service costs for both oil and gas wells. These forces all combined to keep operating performance in 2007 below 2006 levels for our energy businesses." said Dale Laniuk, President and Chief Executive Officer. "While we are seeing some

increases in natural gas prices in early 2008, it remains to be seen if drilling levels will be increased by producers in response.”

“The Fund’s non-energy businesses demonstrated continued improvement throughout the course of 2007, in the face of challenging operating conditions in building products, furniture and home furnishing industries. While the sales levels for these business were relatively flat or even slightly down as compared to 2006, profitability metrics showed improvement over the year. We look forward to ongoing improvement for the 2008 year and assisting these business with new business development initiatives, cost-cutting measures and working capital efficiencies.” said Raffi Sethian, Chief Operating Officer.

The Fund’s payout ratio, which is defined as the percentage of Adjusted Distributable Cash that is paid as distributions to Unitholders, was 87% for the fiscal year ended December 31, 2007, compared with 92% for the fiscal year ended December 31, 2006.

Highlights from the Fund’s fiscal year ended December 31, 2007 are as follows:

thousands of dollars

	Three months ended December 31,		Year ended December 31,	
	2007	2006	2007	2006
Sales				
RJV	\$ 7,271	\$ 16,681	\$ 38,628	\$ 74,136
Ezee-On	1,782	1,021	8,830	9,244
Stylus	8,127	8,439	32,663	33,493
Don Park	21,308	22,089	82,615	85,338
Diamond	5,732	6,891	23,466	27,296
Beco	15,420	12,220	43,036	41,840
	59,640	67,341	229,238	271,347
Cost of sales	44,257	48,923	170,661	195,610
Gross profit	\$ 15,383	\$ 18,418	\$ 58,577	\$ 75,737
Net loss for the period	\$ (23,140)	\$ (12,874)	\$ (19,917)	\$ (205)
Goodwill write-down	36,949	24,586	36,949	24,586
Intangible asset write-down	5,416	-	5,416	-
Retractable non-controlling interest recovery	(4,397)	(4,917)	(4,397)	-
Non-controlling interest recovery	(4,176)	(1,946)	(4,176)	(1,946)
Earnings before goodwill and intangible asset write-down	\$ 10,652	\$ 4,849	\$ 13,875	\$ 17,518
Earnings per Unit/Share				
Basic and diluted	\$ (1.31)	\$ (0.84)	\$ (1.13)	\$ (0.01)
Earnings per Unit/Share before goodwill and intangible asset write-downs				
Basic	\$ 0.60	\$ 0.30	\$ 0.79	\$ 1.13
Diluted	\$ 0.60	\$ 0.28	\$ 0.79	\$ 1.11

STANDARDIZED DISTRIBUTABLE CASH AND ADJUSTED DISTRIBUTABLE CASH

Standardized Distributable Cash

	Three months ended		Year ended December 31,		Cumulative Since Inception
	December 31, 2007	2006	2007	2006	
Cash flows from operating activities	\$ 5,534	\$ 13,910	\$ 24,272	\$ 24,640	\$ 58,206
Adjustments:					
Net capital expenditures	(555)	(1,759)	(2,250)	(7,061)	(12,174)
Cash portion of retractable non-controlling interest	(85)	5	(95)	(804)	(1,183)
Standardized distributable cash	4,894	12,156	21,927	16,775	44,849
Distributions declared	2,202	6,079	13,953	21,584	54,005
Standardized distributable cash surplus (deficit)	\$ 2,692	6,077	7,974	(4,809)	(9,156)
Standardized distributable cash per Unit	\$ 0.28	\$ 0.79	\$ 1.25	\$ 1.09	\$ 2.65
Proforma standardized distributable cash per Unit	\$ 0.25	\$ 0.71	\$ 1.13	\$ 0.96	\$ 2.38
Distributions declared per Unit	\$ 0.13	\$ 0.35	\$ 0.79	\$ 1.38	\$ 3.95
Standardized payout ratio – basic	45%	50%	64%	129%	120%
Proforma standardized payout ratio	50%	50%	71%	138%	145%
ADJUSTED DISTRIBUTABLE CASH					
Standardized distributable cash	\$ 4,894	\$ 12,156	\$ 21,927	\$ 16,775	\$ 44,849
Change in non-cash working capital	(695)	(8,666)	(8,320)	2,790	10,744
Net capital expenditures	555	1,759	2,250	7,061	12,174
Maintenance capital expenditures	(473)	(439)	(1,752)	(3,113)	(7,075)
MSA termination fee	-	-	1,943	-	1,943
Adjusted distributable cash	4,281	4,810	16,048	23,513	62,635
Distributions declared	2,202	6,079	13,953	21,584	54,005
Adjusted distributable cash surplus (deficit)	\$ 2,079	\$ (1,269)	\$ 2,095	\$ 1,929	\$ 8,630
Adjusted distributable cash per Unit	\$ 0.24	\$ 0.27	\$ 0.92	\$ 1.52	\$ 4.87
Pro-forma adjusted distributable cash per Unit	\$ 0.22	\$ 0.25	\$ 0.83	\$ 1.29	\$ 3.99
Distributions declared per Unit	\$ 0.13	\$ 0.35	\$ 0.79	\$ 1.38	\$ 3.95
Adjusted payout ratio – basic	51%	126%	87%	92%	86%
Pro-forma adjusted payout ratio	58%	140%	97%	108%	104%

As of March 14, 2008, there are 17,626,498 Units and 1,410,642 Exchangeable Shares issued and outstanding. The Exchangeable Shares are not listed on an exchange, but are exchangeable at the option of the holder for Units or are callable by the Fund at any time.

The Fund's interim financial statements and MD&A are available on SEDAR at www.sedar.com and on the Fund's website at www.terravestincomefund.com.

About TerraVest Income Fund

The Fund has invested in six businesses:

- RJV is one of the largest providers of wellhead processing equipment for the natural gas industry in western Canada.
- Diamond is a market leader in providing well servicing to the oil and natural gas sector in south-western Saskatchewan, with a growing presence in Alberta.

- Don Park is one of Canada's largest manufacturers and suppliers of heating, ventilation and air conditioning (HVAC) products.
- Stylus is one of Canada's leading made-to-order upholstered furniture manufacturers.
- Beco is the largest Canadian designer, manufacturer and importer of home textile products.
- Ezee-On manufactures heavy-duty equipment for large acreage grain farms and livestock operations.

Caution Regarding Forward-Looking Statements

All statements other than statements of historical fact contained in this press release are forward-looking statements, including, without limitation, statements regarding the future financial position and operations, business strategy, proposed acquisitions, budgets, distributions, projected costs and plans and objectives of or involving the Fund. Readers can identify many of these statements by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" and similar words or the negative thereof. Although Management believes that the expectations represented in such forward looking statements are reasonable, there can be no assurance that such expectations will prove to be correct.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. Assumptions and analysis about the performance of the Fund, as a whole, and the Fund's portfolio businesses and the markets in which they compete are considered in setting the business plan for the Fund, in forecasting the Fund's expected financial results and the Fund's ability to pay distributions, in setting financial targets for the Fund and in making related forward-looking statements. The key assumption in respect of the Fund's level of distributions is that the cumulative distributable cash will be able to support the Fund's current level of distributions. The Fund receives distributable cash from its portfolio businesses. In respect of the portfolio businesses, key assumptions include those relating to the demand for products and services of the portfolio businesses and in respect of the Canadian and other markets in which the Fund's businesses are active (and in particular, the Canadian oil and natural gas industry in western Canada and the markets for household materials and household goods). Should any of these factors or assumptions vary, actual results may differ materially from the forward-looking statements.

The information set forth in the MD&A of the Fund for the year ended December 31, 2006 and the annual information form of the Fund dated March 15, 2007, identifies additional factors that could affect the operating results and performance of the Fund and its portfolio businesses. We caution that these discussions of factors are not exhaustive and that, when relying on forward-looking statements to make decisions with respect to the Fund, investors and others should carefully consider the factors discussed, as well as other uncertainties and potential events.

Standardized and Adjusted Distributable Cash

The calculation of standardized distributable cash is, in all material respects, in accordance with the recommendations provided in the CICA publication Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities: Guidance on Preparation and Disclosure. Standardized distributable cash is not a defined term under Canadian generally accepted accounting principles ("GAAP") and does not have a standardized meaning prescribed by GAAP. Standardized distributable cash is defined as cash flow from operations after non-cash working capital items, less: gross capital expenditures; restrictions on distributions arising from compliance with financial covenants restrictive at the time of reporting; and limitations arising from the existence of a minority interest. Gross capital expenditures represent all capital expenditures incurred during the reporting period.

Adjusted distributable cash is not a defined term under GAAP and does not have a standardized meaning. Adjusted distributable cash is defined as standardized distributable cash adjusted for changes in non-cash working capital, items that may be of a non-recurring nature and reflecting only maintenance capital expenditures and not growth-related capital expenditures.

Management believes that adjusted distributable cash as a liquidity measure is a useful supplemental measure as it provides the independent Trustees with an indication of the amount of cash available for distribution to Unitholders before the effects of seasonal fluctuations in working capital. Investors are cautioned, however, that adjusted distributable cash should not be construed as an alternative to using net earnings as a measure of profitability or to using information contained in the unaudited interim Consolidated Statements of Cash Flows as a measure of liquidity. Further, the Fund's method of calculating adjusted distributable cash may not be comparable to measures used by other entities.

Standardized distributable cash and adjusted distributable cash are discussed in the Fund's MD&A.

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