



For Immediate Release

**THE DATA GROUP INCOME FUND ANNOUNCES**  
**THIRD QUARTER RESULTS FOR 2007**

**HIGHLIGHTS**

- Q3 Revenues of \$90.2 million, Q3 Gross Profit of \$23.5 million and Net Income of \$1.4 million
- Q3 Cash Available for Distribution of \$5.4 million or \$0.232 per unit and Cash Distributions of \$6.8 million or \$0.290 per unit (see Table 4 and “Non-GAAP Measures” below)
- Q3 Adjusted EBITDA of \$8.1 million (see Table 3 and “Non-GAAP Measures” below)
- YTD Revenues of \$291.4 million, YTD Gross Profit of \$76.5 million and Net Loss of \$3.2 million
- YTD Cash Available for Distribution of \$17.2 million or \$0.730 per unit and Cash Distributions of \$20.4 million or \$0.869 per unit (see Table 4 and “Non-GAAP Measures” below)
- YTD Adjusted EBITDA of \$25.5 million (see Table 3 and “Non-GAAP Measures” below)

**Brampton, Ontario – November 6, 2007** – The DATA Group Income Fund (TSX: DGI.UN) (“the Fund”) today announced financial and operating results for the third quarter ended September 30, 2007.

“I am very pleased with our progress to date in the integration of our Relizon Canada acquisition. All planned facilities and office closures have been completed ahead of schedule. Our focus now turns to improving productivity and training new employees we had to recruit in a number of facilities, particularly in the Alberta market where employment market conditions have resulted in longer than expected lead times in securing the people we needed. Having largely completed our integration, we believe that we will achieve synergies of approximately \$10.0 million, \$3.0 million more than our original estimate of \$7.0 million per annum in pre-tax operating synergies. Towards this end, we incurred an additional \$0.6 million of expenses in the quarter related to the integration.

In addition, we have experienced our first success in our efforts to sell real estate assets we acquired through the Relizon Canada acquisition. On October 24, 2007, we completed the sale and leaseback of the Brockville, Ontario facility, for which we received \$4.5 million, less transaction costs”, said David Odell, President and Chief Executive Officer.

The Fund owns directly and indirectly all of the outstanding partnership units of The Data Group Limited Partnership (the “Data Group”) and all the outstanding shares of the Data Group’s general partner, Data Business Forms Limited.

The Data Group is a leading provider of total document management solutions, including printed products, and operates as three segments. DATA East and West (which provided approximately 88% of total revenue for the first nine months of 2007) sells a broad range of printed products and document management services directly to end users. Sundog (which provided approximately 7% of total revenue for the first nine months of 2007) is a commercial printer specializing in the production of high-quality annual reports, marketing materials and event tickets. Multiple Pakfold (which provided approximately 5% of total revenue for the first nine months of 2007) sells forms and labels to independent brokers and resellers.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this press release constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Fund, Data Business Forms Limited (“DBFL”) and/or its successor, the Data Group, or industry results to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this press release, the words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund’s current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance or achievements of the Fund and the Data Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The principal assumptions that the Fund made in the preparation of these forward-looking statements include the ability of management to achieve approximately \$10.0 million per annum in pre-tax operating and other synergies and cost savings, and other benefits expected to be realized, and the timing and net present value thereof, based on the achievement of operational efficiencies from restructuring, integration and other initiatives relating to the combination of the respective businesses previously carried on by DBFL and Relizon Canada Inc. (“Relizon Canada”); the accuracy of estimated synergies in respect of expected cash flows, cost savings and profitability from the combination of the DBFL and Relizon Canada businesses; the risk that the DBFL and Relizon Canada businesses will not be integrated successfully; the risk that any savings, growth prospects or other synergies from the combination of those businesses will not be fully realized or will take longer to realize than expected; competition from competitors supplying similar products and services; the Data Group’s ability to grow its sales or even maintain historical levels of its sales of printed business documents; increases in the costs of paper and other raw materials used by the Data Group; the Data Group’s ability to maintain relationships with its customers; and the application of recent changes to the income tax treatment of certain income trusts, such as the Fund, which will, subject the Fund to tax commencing in 2011 (assuming the Fund complies with the “normal growth guidelines” contained in such changes), and the effect of those proposed changes on the trading price of the Fund’s units. Additional factors are discussed under the heading “Risks and Uncertainties” in the Fund’s management’s discussion and analysis (“MD&A”) and in the Fund’s other publicly available disclosure documents, as filed by the Fund on SEDAR ([www.sedar.com](http://www.sedar.com)). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend, and does not assume any obligation, to update these forward-looking statements.

## **NON-GAAP MEASURES**

This press release includes certain non-GAAP measures as supplementary information. When used in this press release, EBITDA means earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA means EBITDA adjusted for non-cash inventory fair value allocation charges. Management believes that, in addition to net income, EBITDA is a useful supplemental measure in evaluating the performance of the Data Group and/or the Fund. Cash available for distribution (or distributable cash) means cash provided by (used in) operating activities increased

by, or reduced for, non-cash interest expense, maintenance capital expenditures, changes in non-cash working capital, special pension contributions, partnership conversion costs and cash income taxes. Specifically, management views cash available for distribution as a measure generally used by Canadian income funds, investors and management as an indicator of financial performance. EBITDA, Adjusted EBITDA and cash available for distribution are not earnings or cash flow measures recognized by GAAP and do not have any standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and cash available for distribution are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net income or loss determined in accordance with GAAP as indicators of the Data Group's or the Fund's performance and investors are cautioned that cash available for distribution (distributable cash) is not an alternative to cash flows from operating, investing and financing activities determined in accordance with GAAP as measures of liquidity and cash flows. For a reconciliation of net income (loss) to Adjusted EBITDA, see Table 3 below. For a reconciliation of cash provided by (used in) operating activities to cash available for distribution, see Table 4 below.

## **OVERVIEW**

On August 31, 2006, the Fund acquired from The Relizon Company (the "Relizon Canada Acquisition") all of the shares of Relizon Canada for a purchase price of \$141.0 million. The purchase price consisted of a cash payment of \$112.0 million and 2,964,328 trust units of the Fund. The Purchase Price was adjusted down by \$1.0 million based on the closing calculation of the working capital of Relizon Canada.

As discussed in the Fund's MD&A for the year ended December 31, 2006, management has developed a plan to integrate and restructure the Relizon Canada business. On March 1, 2007, the Fund announced a restructuring plan resulting in the closure of four plants, the elimination of 121 jobs and the transfer of 99 jobs to other facilities. During the second and third quarters of 2007, the Data Group closed its plants located in Dorval, Quebec; Hemmingford, Quebec; Orangeville, Ontario; and Medicine Hat, Alberta. The plants had ceased operations as of September 30, 2007. As a result of this plan, the Data Group has recognized restructuring costs and provisions relating to the termination of certain employees of the acquired business and for other costs to exit or terminate specific leases and contracts which the Data Group intends to modify or terminate.

On September 30, 2006, the Fund reorganized its structure to carry on in a limited partnership (being the Data Group) the business previously carried on by DBFL (the "Reorganization"). The purpose of the Reorganization was to establish a "flow-through" organizational structure which will enable the Fund to maximize cash available for distribution and provide a more flexible legal and operating structure, including future expansion opportunities. In light of the enactment of the SIFT rules, this flow through structure will effectively end by 2011.

**Table 1** The following table sets out selected historical financial information for the periods noted.

The period from January 1, 2007 to September 30, 2007 includes the results of operations of the Relizon Canada business. The period from January 1, 2006 to September 30, 2006 includes results of operations for the Relizon Canada business from August 31, 2006 to September 30, 2006.

### Consolidated Financial Information

For the periods ended September 30, 2007 and 2006 <i>(in thousands of dollars, unaudited)</i>	Jul. 1 to Sept. 30, 2007 \$	Jul. 1 to Sept. 30, 2006 \$	Jan. 1 to Sept. 30, 2007 \$	Jan. 1 to Sept. 30, 2006 \$
Revenues	90,221	67,838	291,418	177,804
Cost of revenues	66,672	52,228	214,885	130,103
Gross profit	23,549	15,610	76,533	47,701
Selling, general and administrative expenses	16,930	12,790	53,505	33,167
Integration costs	578	-	3,997	-
Amortization of intangible assets	2,411	1,843	7,233	5,147
Income before interest and income taxes	3,630	977	11,798	9,387
Interest expense on long-term debt	1,626	938	4,733	2,048
Income before income taxes	2,004	39	7,065	7,339
Income tax expense (recovery)				
Current	-	(312)	-	-
Future	566	(14,888)	10,312	(16,215)
	566	(15,200)	10,312	(16,215)
Net income (loss) for the period	1,438	15,239	(3,247)	23,554

**Table 2** The following table sets out selected historical financial information by business segment for the periods noted.

The period from January 1, 2007 to September 30, 2007 includes the results of operations of the Relizon Canada business. The period from January 1, 2006 to September 30, 2006 includes results of operations for the Relizon Canada business from August 31, 2006 to September 30, 2006.

### Consolidated Financial Information

For the periods ended September 30, 2007 and 2006 <i>(in thousands of dollars, except percentage amounts, unaudited)</i>	Jul. 1 to Sept. 30, 2007 \$	Jul. 1 to Sept. 30, 2006 \$	Jan. 1 to Sept. 30, 2007 \$	Jan. 1 to Sept. 30, 2006 \$
<b>Revenues</b>				
DATA East and West	81,698	57,851	262,576	143,513
Sundog	5,939	5,742	19,584	20,270
Multiple Pakfold	4,279	5,740	13,866	17,487
Intersegment	(1,695)	(1,495)	(4,608)	(3,466)
	90,221	67,838	291,418	177,804
<b>Gross Profit</b>				
DATA East and West	21,462	12,772	68,477	37,663
Sundog	1,765	2,022	6,529	7,201
Multiple Pakfold	322	816	1,527	2,837
	23,549	15,610	76,533	47,701
<b>Gross Profit, as a percentage of revenue</b>				
DATA East and West	26.3%	22.1%	26.1%	26.2%
Sundog	29.7%	35.2%	33.3%	35.5%
Multiple Pakfold	7.5%	14.2%	11.0%	16.2%
	26.1%	23.0%	26.3%	26.8%
<b>Selling, general and administrative expenses</b>				
Selling, general and administrative expenses	16,930	12,790	53,505	33,167
As a percentage of revenue	18.8%	18.9%	18.4%	18.7%
Adjusted EBITDA	8,106	6,611	25,474	19,898
Adjusted EBITDA margin, as a percentage of revenue	9.0%	9.7%	8.7%	11.2%
Net income (loss)	1,438	15,239	(3,247)	23,554

**Table 3** The following table provides a reconciliation of Adjusted EBITDA to net income (loss) for the periods noted. See “Non-GAAP Measures”.

The period from January 1, 2007 to September 30, 2007 includes the results of operations of the Relizon Canada business. The period from January 1, 2006 to September 30, 2006 includes results of operations for the Relizon Canada business from August 31, 2006 to September 30, 2006.

### Adjusted EBITDA Reconciliation

For the periods ended September 30, 2007 and 2006 <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	Jul. 1 to Sept. 30, 2007 \$	Jul. 1 to Sept. 30, 2006 \$	Jan. 1 to Sept. 30, 2007 \$	Jan. 1 to Sept. 30, 2006 \$
Net income (loss) for the period	1,438	15,239	(3,247)	23,554
Net interest expense on long-term debt	1,626	938	4,733	2,048
Depreciation of property, plant and equipment	2,065	1,294	6,443	2,867
Amortization of intangible assets	2,411	1,843	7,233	5,147
Non- cash inventory fair value allocation charges	-	2,497	-	2,497
Recovery of (provision for) income taxes	566	(15,200)	10,312	(16,215)
Adjusted EBITDA	8,106	6,611	25,474	19,898

## **RESULTS OF OPERATIONS**

### **THE DATA GROUP INCOME FUND**

#### **OVERVIEW**

On August 31, 2006, the Fund completed the Relizon Canada Acquisition. At the time of the Relizon Canada Acquisition, both Relizon Canada and DBFL operated primarily within the same market segments. Since the date of the Relizon Canada Acquisition, the Data Group has been engaged in the integration of the former Relizon Canada and DBFL businesses, with a view to achieving operating and corporate synergies through the combination of those businesses. On March 1, 2007, the Fund announced a restructuring plan designed to realize on those synergies. See "Outlook". The following discussion and analysis includes the results of operations of the former Relizon Canada business for the quarter ended and the nine months ended September 30, 2007 and includes the former Relizon Canada business for the period from August 31, 2006 to September 30, 2006. Those operations now form part of the Data Group's DATA East and West segment and represent the principal reason for changes in the Fund's results of operations in 2007 compared to 2006.

#### **REVENUES**

For the quarter ended September 30, 2007, the Fund recorded revenues of \$90.2 million, an increase of 33.0% or \$22.4 million compared with the same period in 2006. The revenue increase, before intersegment revenues, was substantially the result of a \$23.8 million increase in the DATA East and West segment resulting from the acquisition of Relizon Canada. The increase in DATA East and West and the increase of \$0.2 million in the Sundog segment was partially offset by the decline of \$1.5 million in the Multiple Pakfold segment. For the nine months ended September 30, 2007, the Fund recorded revenues of \$291.4 million, an increase of \$113.6 million or 63.9% compared with the same period in 2006. The increase, before intersegment revenues, was the net result of a \$119.1 million increase in the DATA East and West segment, a \$0.7 million decrease in the Sundog segment and a \$3.6 million decrease in the Multiple Pakfold segment. The revenue from the former Relizon Canada business is now integrated into the Data East and West segment. A more detailed discussion of the results of operations of each of the Fund's reporting segments is set out below.

#### **COST OF REVENUES AND GROSS PROFIT**

For the quarter ended September 30, 2007, cost of revenues increased to \$66.7 million from \$52.2 million for the same period in 2006. The increase was a result of a \$15.2 million increase in the DATA East and West segment resulting substantially from the acquisition of Relizon Canada. This resulted in a gross profit in the third quarter of 2007 of \$23.5 million, which represented an increase of \$7.9 million or 50.9% from \$15.6 million in the third quarter of 2006. The increase in gross profit was attributable to a \$8.7 million increase in the DATA East and West segment resulting substantially from the acquisition of Relizon Canada. In the third quarter of 2006, a charge of \$2.5 million relating to a portion of the fair value allocated to the inventory acquired pursuant to the Relizon Canada Acquisition (the "Relizon Inventory Allocation") increased cost of revenues and was allocated to the DATA East and West segment. After adjusting for the Relizon Inventory Allocation, gross profit as a percentage of revenues decreased to 26.1% from 26.7% compared to the same period in 2006 due to the lower margin in the Relizon Canada business. A more detailed discussion of the results of operations of each of the Fund's reporting segments is set out below.

For the nine months ended September 30, 2007, cost of revenues increased from \$130.1 million for the same period in 2006 to \$214.9 million in 2007. This resulted in a gross profit for the nine months ended September 30, 2007 of \$76.5 million this represented an increase of \$28.8 million or 60.4% from \$47.7 million in the same period of 2006 which included the Relizon Inventory Allocation charge of \$2.5 million. After excluding the Relizon Inventory

Allocation, gross profit as a percentage of revenues decreased for the nine months ended September 30, 2007 to 26.3% from 28.2%. A more detailed discussion of the results of operations of each of the Fund's reporting segments is set out below.

### **SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND INTEGRATION COSTS**

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund, for the quarter ended September 30, 2007 were \$16.9 million compared to \$12.8 million in the same period of 2006. SG&A expenses for the third quarter of 2007 were higher due to costs incurred in connection with the acquisition of the Relizon Canada business. As a percentage of revenues, these costs are consistent with the same period in 2006. In the third quarter of 2007, the Data Group incurred \$0.6 million of costs related to the integration of the DBFL and Relizon Canada businesses, which primarily consisted of severance and moving expenses. SG&A expenses for the nine months ended September 30, 2007 were \$53.5 million as compared to \$33.2 million in the same period of 2006. SG&A expenses for the nine months ended September 30, 2007 were higher due to costs incurred in connection with the acquisition of the Relizon Canada business. As percentage of revenues, these costs are consistent with the same period in 2006. In the nine months ended September 30, 2007 the Data Group incurred \$4.0 million of costs related to the integration of the DBFL and Relizon Canada businesses, which primarily consisted of severance and moving expenses incurred in connection with the restructuring announced by the Fund on March 1, 2007.

### **ADJUSTED EBITDA**

For the quarter ended September 30, 2007, Adjusted EBITDA was \$8.1 million, or 9.0% of revenue. Adjusted EBITDA for the quarter ended September 30, 2007 increased \$1.5 million or 22.6% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenue, decreased from 9.7% of revenue in 2006 to 9.0% of revenue in 2007. Adjusted EBITDA for the nine months ended September 30, 2007 was \$25.5 million or 8.7%. As compared to the same period in 2006, Adjusted EBITDA for the nine months ended September 30, 2007 increased \$5.6 million or 28.0% from the same period in the prior year and the Adjusted EBITDA margin for the nine month period, as a percentage of revenue, decreased from 11.2% of revenue in 2006 to 8.7% of revenue in 2007. The decrease as a percentage of revenue was substantially attributable to the costs incurred in the integration of the DBFL and Relizon Canada businesses. The Adjusted EBITDA margin in the quarter would have been 9.6% and 10.1% in the nine months ended September 30, 2007 without these integration costs.

### **INTEREST EXPENSE**

Net interest expense on long-term debt relating to the Data Group's credit facilities and the Fund's \$34.8 million aggregate principal amount of Convertible Debentures was \$1.6 million for the quarter ended September 30, 2007 compared to \$0.9 million for the same period in 2006. Net interest expense was \$4.7 million for the nine months ended September 30, 2007 compared to \$2.0 million for the same period in 2006. Net interest expense increased due to the additional interest expense on the \$30.0 million drawn under the Data Group's credit facilities and the issuance of the Convertible Debentures, in each case to fund the Relizon Canada Acquisition. These debt instruments were outstanding for an additional 59 days in the third quarter of 2007 compared to the same period in 2006.

Interest income of \$0.1 million and \$0.2 million earned during the three and nine month periods ended September 30, 2007, respectively, were consistent with the applicable prior periods with interest income of \$0.1 million and \$0.3 million earned during the three and nine month periods ended September 30, 2006 respectively. This interest income was substantially related to the cash and cash equivalents held by the Data Group.

## **INCOME TAXES**

On June 22, 2007, Bill C-52, which contained the SIFT rules, became law. As a result, under Canadian GAAP, the Fund commenced accounting for tax changes in its June 30, 2007 interim reporting. A net long term future income tax liability of \$9.8 million has been recognized for the quarter ended September 30, 2007 with a \$0.6 million charge to the Fund's income for the quarter ended September 30, 2007 and a \$10.3 million charge to the Fund's income for the nine months ended September 30, 2007. The future income tax liability represents estimated temporary differences at September 30, 2007 that are expected to reverse starting in fiscal year 2011. Future income tax liabilities and assets will be assessed each quarter and any changes will be recognized on the Fund's consolidated statement of operations. For the quarter ended September 30, 2006, the Fund reported a recovery of future income taxes of \$14.9 million as a result of the reorganization of the legal structure of the Fund described above. Prior to the enactment of SIFT rules, the Data Group and the Fund did not expect to pay income taxes and, accordingly, did not recognize future income tax assets and liabilities on temporary differences or recognize unused tax losses or credits relating to the Data Group. For the nine months ended September 30, 2006, the Fund reported a recovery of future income taxes of \$16.2 million.

## **NET INCOME (LOSS)**

Net income for the quarter ended September 30, 2007 was \$1.4 million compared to net income of \$15.2 million for the quarter ended September 30, 2006. Net loss for the nine months ended September 30, 2007 was \$3.2 million compared to net income of \$23.6 million for the nine months ended September 30, 2006. The decrease in comparable profitability was due to the provision for future income taxes in 2007 and the recovery of income taxes in 2006 in addition to the factors discussed above.

## **DATA EAST AND WEST**

This segment includes the operations of the Relizon Canada business for the nine months ended September 30, 2007 and for the period from August 31, 2006 to September 30, 2006. In the three months ended September 30, 2007 revenue at the Data Group's DATA East and West segment increased \$23.8 million or 41.2% to \$81.7 million from \$57.9 million for the same period in the prior year. Revenue for the nine months ended September 30, 2007 increased \$119.1 million or 83.0% to \$262.6 million from \$143.5 million for the same period in the prior year.

The increase in revenue in the quarter was primarily due to the acquisition of Relizon Canada on August 31, 2006. July and August were slower than expected, particularly in Western Canada. However, activity levels improved significantly in September. Two new contracts in Western Canada which were to start in August were delayed, with one to commence mid December and the other to commence mid December or mid January. We have also begun the process of reviewing products and services which generate low margins with the intent of increasing prices to acceptable levels or discontinuing them.

Gross profit in the quarter ended September 30, 2007 increased \$8.7 million to \$21.5 million from \$12.8 million in the same period of 2006. After adjusting for the Relizon Inventory Allocation of \$2.5 million, the gross profit for quarter ended September 30, 2006 would have been \$15.3 million. The gross profit as a percentage of revenues increased to 26.3% from 22.1% for the same period in 2006. After adjusting for the Relizon Inventory Allocation, the gross profit as a percentage of revenues would have been 26.4%. For the nine months ended September 30, 2007, gross profit increased \$30.8 million to \$68.5 million from \$37.7 million in the same period of 2006. After adjusting for the Relizon Inventory Allocation of \$2.5 million, the gross profit for nine months ended September 30, 2006 would have been \$40.2 million. The gross profit as a percentage of revenues decreased to 26.1% from 26.2% for the same period in

2006. After adjusting for the Relizon inventory Allocation, the gross profit as a percentage of revenues would have been 28.0%.

The decline in the gross profit as a percentage of revenues during the three months and the nine months ended September 30, 2007 are due to two principal factors. Primarily, margins within the acquired Relizon Canada business were lower than those realized in the former DBFL business. Consequently, we have begun a review of low margin business within this segment as discussed above. Secondly, necessary recruiting and relocation in the Alberta marketplace has resulted in increased expense (approximately \$0.3 million) and was slower than required. This resulted in increased overtime, training costs and reduced productivity. With all but a small number of positions filled and having completed plant closures and the realignment of assets within continuing facilities, management is now focused upon fine tuning equipment, training new employees and taking steps to improve productivity and efficiencies to historical DBFL levels and beyond.

As part of the Fund's restructuring plan announced on March 1, 2007, the Fund closed plants within the Data East and West segment located in Hemmingford, Quebec; Orangeville, Ontario; and Medicine Hat, Alberta. In addition, certain assets were realigned within continuing plant operations to consolidate and focus on improving efficiencies. The closure of these plants and the movement of equipment into and between continuing plant operations was completed at the beginning of the quarter and production resumed with no adverse effects to consumer relationships. These plant closures are expected to reduce excess production capacity, improve operating efficiencies and profitability within the DATA East and West segment following the combination of the former Relizon Canada and DBFL businesses.

#### **SUNDOG**

Revenues at the Data Group's Sundog segment grew \$0.2 million from \$5.7 million in the third quarter of 2006 to \$5.9 million in 2007 in spite of a generally soft local market. The increase in revenue in the quarter was due to the completion of a major project for a large customer. Generally, the business continues to be affected by tighter local market demand and some increased competitiveness. Revenue for the nine months ended September 30, 2007 decreased \$0.7 million or 3.4% to \$19.6 million from \$20.3 million for the same period in the prior year. The decrease in revenue for the nine months ended September 30, 2007 is due to softer market and competitive conditions previously outlined.

For the quarter ended September 30, 2007, gross profit decreased 12.7% to \$1.8 million from \$2.0 million in the same period of 2006. Gross profit as a percentage of revenues decreased to 29.7% from 35.2% in the comparable period of 2006. The gross profit declined in the quarter was due to the market conditions outlined above, which resulted in higher labour costs as a percentage of revenues. In addition, the Sundog segment experienced gross profit declines on United States based ticket and speciality clients as a result of the strengthening Canadian dollar. For the nine months ended September 30, 2007, gross profit decreased \$0.7 million to \$6.5 million from \$7.2 million in the same period of 2006. The gross profit as a percentage of revenues was 33.3% compared to 35.5% for the same period in 2006. A strengthening of sales management, the addition of new sales representatives and tighter cost controls are expected to help mitigate the impact of current market conditions.

#### **MULTIPLE PAKFOLD**

Revenue at the Data Group's Multiple Pakfold segment decreased \$1.5 million to \$4.3 million in the third quarter of 2007 from \$5.8 million in the same period of 2006. Revenue for the nine months ended September 30, 2007 decreased \$3.6 million or 20.7% to \$13.9 million from \$17.5 million for the same period in the prior year.

While a decline in revenue was expected as a result of closing the Dorval facility as part of its restructuring plan announced on March 1, 2007, the decline in revenue was greater than expected. The revenue decrease in the Multiple Pakfold segment came as a result of the closure of the Dorval facility which caused interruptions in Multiple Pakfold segment's ability to meet customer delivery requirements. In addition, the setup of the equipment, recruiting and the training of staff have taken significantly longer than planned. As a result, subsequent to the quarter end, management changes were made.

For the quarter ended September 30, 2007, gross profit decreased by \$0.5 million to \$0.3 million from the same period in 2006. The gross profit as a percentage of revenues was 7.5% compared to 14.2% for the same period in 2006. For the nine months ended September 30, 2007, gross profit decreased \$1.3 million to \$1.5 million from \$2.8 million in the same period of 2006. The gross profit as a percentage of revenues was 11.0% compared to 16.2% for the same period in 2006. In each case, the decline was due to the reasons stated above.

**Table 4** The following table provides a reconciliation of cash provided by (used in) operating activities to cash available for distribution for the periods noted. See “Non-GAAP Measures”.

**The period from January 1, 2007 to September 30, 2007 includes results of operations of the Relizon Canada business. The period from January 1, 2006 to September 30, 2006 includes results of operations for the Relizon Canada business from August 31, 2006 to September 30, 2006.**

### Cash Available for Distribution

For the periods ended September 30, 2007 and 2006 <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	Jul. 1 to Sept. 30, 2007 \$	Jul. 1 to Sept. 30, 2006 \$	Jan. 1 to Sept. 30, 2007 \$	Jan. 1 to Sept. 30, 2006 \$
Cash provided by (used in) operating activities	1,358	(2,490)	13,990	9,337
<i>Capital adjustments</i>				
Maintenance capital expenditures <sup>(1)</sup>	(1,404)	(927)	(4,156)	(1,673)
<i>Other adjustments including discretionary items:</i>				
Non-cash interest expense <sup>(2)</sup>	42	106	128	259
Trust reorganization costs <sup>(3)</sup>	-	651	-	651
Changes in non-cash working capital and other <sup>(4)</sup>	5,445	2,483	7,195	2,099
Non-cash inventory fair value allocation charges	-	2,497	-	2,497
Pension contribution in excess of expense <sup>(5)</sup>	-	3,000	-	3,000
Cash available for distribution	5,441	5,320	17,157	16,170
Distributions to Unitholders <sup>(6)</sup>	6,804	5,969	20,406	14,579
Excess (shortfall) of cash available for distribution over actual distributions	(1,363)	(649)	(3,249)	1,591
<i>Per unit <sup>(7)</sup></i>				
Cash available for distribution per unit <sup>(7)</sup>	0.232	0.258	0.730	0.964
Distributions to Unitholders per unit <sup>(7) (8)</sup>	0.290	0.290	0.869	0.870
Excess (shortfall) of cash available for distribution per unit over actual distributions per unit	(0.058)	(0.032)	(0.139)	0.094
Payout ratio	125.1%	112.2%	118.9%	90.2%

**Notes:**

<sup>(1)</sup> Maintenance capital expenditures are additions, replacements or improvements to property, plant and equipment to maintain the Data Group's business operations. These expenditures involve the replacement of printing and digital equipment, computers and software, and leasehold improvements.

<sup>(2)</sup> Non-cash interest expense is interest expense calculated in accordance with GAAP associated with accretion of convertible debentures and the unfavourable lease obligation.

<sup>(3)</sup> Costs directly incurred to reorganize the organizational structure of the Fund into a “flow-through entity” have been added back as they represent a non-recurring cost with expected future benefit to the Fund's Unitholders.

<sup>(4)</sup> Cash provided by operating activities has been adjusted for changes in non-cash working capital so as to remove the impact of timing differences in cash receipts and cash disbursements, which generally reverse themselves but can vary significantly across quarters and the impact of cash payments related to the restructuring liabilities assumed in the Relizon acquisition.

<sup>(5)</sup> Represents a special contribution of \$3.0 million to Data Group's defined benefit pension plan made in the third quarter of 2006.

<sup>(6)</sup> Distributions are in respect of the distributions declared and paid.

<sup>(7)</sup> Per unit calculations are based upon the number of units outstanding at the end of each month consistent with the number of units upon which distributions are declared and paid and not the weighted average number of units outstanding. As at September 30, 2007, 23,490,592 units were outstanding and 14,861,333 units were outstanding as at September 30, 2006.

<sup>(8)</sup> The Fund declared \$0.8 million of distributions on the 8.6 million units issued on August 31, 2006, upon the exchange of subscription receipts for units of the Fund, for the month of August while no corresponding Adjusted EBITDA was earned by the Fund from the operations of the Relizon Canada business other than the one business day of August 31, 2006.

## CASH AVAILABLE FOR DISTRIBUTION

For the quarter ended September 30, 2007, the Fund generated \$5.4 million or \$0.232 per unit of cash available for distribution compared to \$5.3 million or \$0.254 per unit for the same period in the prior year. Cash available for distribution for the three months ended September 30, 2007 was calculated by adding back the changes in non-cash working capital of \$5.4 million and deducting maintenance capital expenditures of \$1.4 million from cash provided by operating activities of \$1.4 million. Cash available for distribution for the three months ended September 30, 2006 was calculated by adding back the changes in non-cash working capital of \$2.5 million, deducting maintenance capital expenditures of \$0.9 million, adding back a special contribution of \$3.0 million to the Relizon Canada defined benefit pension plan, adding back the Relizon Inventory Allocation of \$2.5 million and adding back the \$0.7 million of costs incurred to reorganize the structure of the Fund from cash provided used in operating activities of \$2.5 million. For the nine months ended September 30, 2007, the Fund generated \$17.2 million or \$0.731 per unit of cash available for distribution compared to \$16.2 million or \$0.964 per unit in the prior year. Cash available for distribution for the nine months ended September 30, 2007 was calculated by adding the changes in non-cash working capital of \$7.2 million and deducting the maintenance capital expenditures of \$4.2 million from cash provided by operating activities of \$14.0 million. See Table 4 above for a breakdown of these figures for the periods from January 1, 2007 to September 30, 2007 and January 1, 2006 to September 30, 2006, respectively, and the three months ended September 30, 2007 and 2006, respectively.

During the three months ended September 30, 2007, the Data Group incurred integration costs of \$0.6 million and maintenance capital expenditures of \$1.0 million in each case related to the integration of the former DBFL and Relizon Canada businesses. The integration costs consisted primarily of severance payments to former employees of the Data Group and moving expenses in connection with the restructuring announced on March 1, 2007, which were funded from cash flows from operations and existing cash resources. The Fund believes that the restructuring costs incurred in the first, second and third quarters of 2007, are non-recurring as they are restricted to the March 1 restructuring and the integration of the former DBFL and Relizon Canada businesses. During the three and nine month periods ended September 30, 2007, the Fund made cash payments of \$2.6 million and \$6.7 million, respectively for restructuring and integration costs, consisting of primarily severance payments and moving costs. These cash payments have been funded by cash generated from operations and proceeds from asset dispositions.

For the quarter ended September 30, 2007, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded the calculation of cash available for distribution by \$1.4 million or \$0.058 per unit for the quarter ended September 30, 2007. For the same period in 2006, the calculation of cash available for distribution exceeded actual distributions by \$0.6 million or \$0.032 per unit. This shortfall was principally due to the payment by the Data Group of severance costs during the third quarter of 2007 in connection with the March 1 restructuring. For the nine months ended September 30, 2006, the Fund declared distributions of \$20.4 million or \$0.869 per unit. Actual distributions exceeded the calculation of cash available for distribution by \$3.3 million or \$0.138 per unit. For the same period in 2006, the calculation of cash available for distribution exceeded actual distributions by \$1.6 million or \$0.094 per unit. The shortfall for the nine months ended September 30, 2007 was principally due to the payment of severance costs, moving expenses and capital expenditures associated with the integration of the former DBFL and Relizon Canada businesses. See Table 4 above for a breakdown of these figures for the periods from January 1, 2007 to September 30, 2007 and January 1, 2006 to September 30, 2006, respectively, and the three months ended September 30, 2007 and 2006, respectively.

Management considers the integration costs and additional capital expenditures to be non-recurring costs and expenditures incurred in connection with the restructuring and integration of the Relizon Canada business and

believes that providing the cash available for distribution excluding these items will assist the reader in understanding the sustainable level of cash available for distribution. If the integration costs of \$0.6 million and the capital expenditures of \$1.0 million related to the integration and incurred for the three months ended September 30, 2007 were excluded, cash available for distribution would have exceeded actual distributions by \$0.2 million or \$0.008 per unit. If the integration costs of \$4.0 million and the capital expenditures of \$2.0 million related to the integration and incurred for the nine months ended September 30, 2007 were excluded, cash available for distribution would have exceeded actual distributions by \$2.7 million or \$0.116 per unit.

## **INVESTING ACTIVITIES**

The Data Group takes a disciplined approach to monitoring its investments, whereby material capital expenditures are subjected to rigorous analysis and ongoing measurement and comparison against budgets to ensure a return on the investment. The Data Group's maintenance capital expenditures consist of replacement of existing capital assets to sustain cash flows, and typically include furniture, fixtures, computer equipment, printing equipment, and leasehold improvements. The Data Group's growth capital expenditures consist of purchases of capital assets to generate new cash flows, and typically include the purchase of new furniture, fixtures, computer equipment and printing equipment to support new business and organic business growth. In addition to maintenance and growth capital expenditures, the Data Group incurs recurring repair and maintenance expense that are expensed as they are incurred and not included in capital expenditures.

Capital expenditures for the quarter ended September 30, 2007 of \$1.4 million related primarily to maintenance capital expenditures. Capital expenditures for the nine months ended September 30, 2007 of \$4.2 million related primarily to maintenance capital expenditures, and included \$1.0 million of maintenance capital expenditures for leasehold improvements required for the installation and upgrading of equipment transferred in connection with the closure of four plants. These capital expenditures were incurred in connection with the integration of the Relizon Canada business is not expected to recur. The level of capital expenditures for the balance of 2007 is expected to be approximately \$0.8 million.

## **FINANCING ACTIVITIES**

For the quarter ended September 30, 2007, the Fund paid cash distributions of \$6.8 million to its Unitholders. The Fund has a bank overdraft of \$4.0 million which consists of financing provided by its suppliers in the form of outstanding cheques of \$4.9 million offset by cash of \$0.9 million. For the nine months ended September 30, 2007, the Fund paid cash distributions of \$20.4 million to its Unitholders.

Subsequent to the quarter, the Data Group completed the sale of its Brockville, Ontario printing facility to Capital Wapiti Inc. ("Capital Wapiti") for a purchase price of approximately \$4.5 million. Concurrently with the closing of the sale of the facility, the Data Group and Capital Wapiti entered into a lease pursuant to which Capital Wapiti will lease back to the Data Group the Brockville, Ontario facility. The term of the lease is 10 years and the Data Group will have the option to renew the lease for an additional term of five years upon not less than 12 months' prior notice to Capital Wapiti. The net rent payable by the Data Group under the lease is \$374,536 per year for the first five years, \$421,353 per year during the following five year period, and \$468,170 per year during the five year renewal period, if applicable.

## OUTLOOK

Management believes that the Fund will continue to meet its objectives, continuing to meet its monthly per unit distributions to Unitholders of \$0.09656 for the foreseeable future. The Fund's Board of Trustees does not currently anticipate increasing distributions to Unitholders based on the contribution of the Relizon Canada Acquisition, but will continue to monitor the Fund's cash available for distributions and its payout ratio.

In addition to the plan announced on March 1, management has completed other initiatives to reduce management, sales and administration expenses. These restructuring and related liabilities are based on contractual obligations and management's best estimates and have been recognized as assumed liabilities in the purchase price allocation as they were contemplated at the time of the Relizon Canada Acquisition, and were therefore included in the underlying net identifiable assets acquired. The Data Group will continue to review its operations and undertake restructuring initiatives to maintain a competitive cost structure. These initiatives may result in the further consolidation of facilities, and the Data Group may incur additional severance costs, accelerated further depreciation expense, impairment charges related to property, plant and equipment, goodwill, and costs attributable to the termination of contracts for leases, supplier arrangements and other contractual obligations. The Fund believes substantial all of the restructuring charges have been incurred in the nine months ended September 30, 2007. The Data Group will continue to rationalize sales and operations as a result of the Relizon Canada Acquisition and other initiatives. Additional unanticipated costs may also be incurred to integrate the Relizon Canada business. Any costs relating to the closure of facilities leased by the Data Group prior to the acquisition have been expensed as incurred. These expenses have resulted in some variability in the Fund's quarterly operating results in 2007.

Management currently believes that the Data Group's restructuring, integration and other initiatives relating to the combination of the former DBFL and Relizon Canada businesses will achieve synergies and cost savings of approximately \$10.0 million.

On June 22, 2007, Bill C-52 received Royal Assent. As a result, publicly traded Canadian resident trusts (a "SIFT"), including the Fund, will be subject to tax on the "non-portfolio earnings" distributed to its Unitholders at a rate similar to the combined federal and provincial corporate rates.

"Non-portfolio earnings" of a SIFT are generally income of the SIFT attributable to a business carried on by the SIFT in Canada or income from, or capital gains from the disposition of "non-portfolio properties". "Non-portfolio properties" of a SIFT include securities of a "subject entity" if the SIFT holds securities of the subject entity that have a fair market value greater than 10% of the subject entity's equity value, or if the SIFT holds securities of the subject entity that, together with securities held by the SIFT in entities affiliated with the subject entity, have a total fair market value greater than 50% of the equity value of the SIFT. A subject entity is a corporation resident in Canada, a trust resident in Canada, a Canadian resident partnership, or a non-resident person or partnership if the principal source of income is from one or more sources in Canada.

If a SIFT has "non-portfolio earnings" that are considered to have become payable to its beneficiaries in the year, this amount will be deemed to be a taxable dividend paid by a taxable Canadian corporation to the beneficiaries, which will be eligible for the enhanced tax credit if paid to an individual resident in Canada.

Generally, there will be a four year transition period for a SIFT, such as the Fund, the units of which were publicly listed on October 31, 2006, and such SIFT will not be subject to the tax imposed under these rules until 2011,

provided the Fund does not exceed its “normal growth”, as determined by reference to the “normal growth” guidelines issued by the Department of Finance on December 15, 2006, as amended from time to time (the “Guidelines”).

Management expects that the tax changes will, all other things being equal, likely result in a reduction of cash available for distribution from the Fund commencing in 2011. With respect to the limitations on equity unit issuances under the Guidelines, the Fund believes that it should be able to fund its currently identified growth plan without exceeding its “normal growth”. However, with the current uncertainty in the capital markets resulting from the tax changes, there can be no assurance that sufficient capital to fund further acquisitions or expansion projects will be available on terms acceptable to the Fund, or at all. The Fund, with input from external legal and financial advisors, is closely monitoring the SIFT rules and carefully assessing their impact on the business and financial outlook of the Fund and the Data Group and its broader effect on the income trust sector as a whole, all with a view to adopting a strategy that will maximize value to Unitholders going forward.

Management believes that the acquisition of Relizon Canada has introduced a marginal amount of seasonality into the business. The gift card business as well as the buying pattern of a major customer appear to indicate that the fourth quarter may have higher revenues and profit than the other three quarters.

The Data Group will continue its strategic focus on being the leading document management service provider in Canada, concentrating on providing high value-added products and services. The Data Group will also pursue acquisition opportunities within its existing business segments.

### **About The DATA Group Income Fund**

The DATA Group Income Fund owns a 100% interest in The DATA Group Limited Partnership (“The DATA Group”). The DATA Group is a leading provider of document management solutions including printed products. Founded in 1959, the company operates numerous facilities in 11 regions across Canada and has a leading market share in the total document management services segment.

Additional information relating to The DATA Group Income Fund is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and [www.datagroupincomefund.com](http://www.datagroupincomefund.com).

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## CONSOLIDATED BALANCE SHEETS

(in thousands of dollars, unaudited)

	September 30, 2007	December 31, 2006
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	-	4,767
Accounts receivable	50,576	55,010
Inventories	42,458	46,331
Prepaid expenses and other current assets	4,723	3,788
Income taxes recoverable	1,017	2,056
Asset held for sale	2,372	-
	101,146	111,952
Property, plant and equipment	48,760	53,497
Goodwill	152,194	152,570
Intangible assets	69,129	76,362
Future income taxes	-	183
Deferred finance fees	-	2,601
	371,229	397,165
<b>Liabilities</b>		
Current liabilities		
Bank overdraft	4,017	-
Accounts payable and accrued liabilities	35,393	44,895
Accrued restructuring and integration provisions	7,073	10,473
Deferred revenue	5,269	7,585
Distribution payable	2,267	2,267
	54,019	65,220
Revolving bank facility	70,000	70,000
Convertible debentures	34,115	34,155
Unfavourable lease obligation	1,278	1,355
Deferred lease inducement	1,133	459
Pension obligation	10,997	10,619
Post-employment benefits	656	700
Future income taxes	9,840	-
	182,038	182,508
<b>Unitholders' Equity</b>		
Units	215,336	215,164
Conversion option	898	902
Accumulated other comprehensive income	331	-
Deficit	(27,374)	(1,409)
	189,191	214,657
	371,229	397,165

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>For the three months ended September 30, 2007</b>	<b>For the three months ended September 30, 2006</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>	90,221	67,838
<b>Cost of revenues</b> (including depreciation of \$1,909 and \$1,182, respectively)	66,672	52,228
<b>Gross profit</b>	23,549	15,610
<b>Expenses</b>		
Selling, commissions and expenses	9,689	7,487
General and administration (including depreciation of \$156 and \$112, respectively)	7,241	5,303
Integration costs	578	-
Amortization of intangible assets	2,411	1,843
	19,919	14,633
<b>Income before interest and income taxes</b>	3,630	977
<b>Interest expense on long-term debt</b> (net of interest income of \$67 and \$137, respectively)	1,626	938
<b>Income before income taxes</b>	2,004	39
<b>Income tax expense (recovery)</b>		
Current	-	(312)
Future	566	(14,888)
	566	(15,200)
<b>Net income for the period</b>	1,438	15,239
<b>Loss on cash flow hedges</b>	(412)	
<b>Comprehensive income for the period</b>	1,026	
<b>Basic income per unit</b>	0.06	0.86
<b>Diluted income per unit</b>	0.06	0.82
<b>Weighted average units outstanding</b>	23,486,891	17,795,884

## CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>For the nine months ended September 30, 2007</b>	<b>For the nine months ended September 30, 2006</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>	291,418	177,804
<b>Cost of revenues</b> (including depreciation of \$5,934 and \$2,589, respectively)	214,885	130,103
<b>Gross profit</b>	76,533	47,701
<b>Expenses</b>		
Selling, commissions and expenses	31,322	19,505
General and administration (including depreciation of \$509 and \$278, respectively)	22,183	13,662
Integration costs	3,997	-
Amortization of intangible assets	7,233	5,147
	64,735	38,314
<b>Income before interest and income taxes</b>	11,798	9,387
<b>Interest expense on long-term debt</b> (net of interest income of \$220 and \$332, respectively)	4,733	2,048
<b>Income before income taxes</b>	7,065	7,339
<b>Income tax expense (recovery)</b>		
Future	10,312	(16,215)
<b>Net (loss) income for the period</b>	(3,247)	23,554
<b>Gain on cash flow hedges</b>	273	
<b>Comprehensive loss for the period</b>	(2,974)	
<b>Basic (loss) income per unit</b>	(0.14)	1.49
<b>Diluted (loss) income per unit</b>	(0.14)	1.47
<b>Weighted average units outstanding</b>	23,479,417	15,843,113

## CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(in thousands of dollars,  
unaudited)

	Units	Conversion option	Accumulated other comprehensive income	Retained Earnings (Deficit)	Total Unitholders' Equity
	\$	\$	\$	\$	\$
<b>Balance as at December 31, 2005</b>	137,519	-	-	(7,920)	129,599
Distributions declared	-	-	-	(14,579)	(14,579)
Issued in connection with acquisition	27,243	-	-	-	27,243
Issued for cash upon conversion of subscription receipts	50,402	902	-	-	51,304
Net income for the period	-	-	-	23,554	23,554
<b>Balance as at September 30, 2006</b>	215,164	902	-	1,055	217,121
<b>Balance as at December 31, 2006</b>	215,164	902	-	(1,409)	214,657
Accounting policy change	-	-	58	(2,312)	(2,254)
<b>Balance as at January 1, 2007</b>	215,164	902	58	(3,721)	212,403
Distributions declared	-	-	-	(20,406)	(20,406)
Gain on cash flow hedges	-	-	273	-	273
Conversion of convertible debentures	172	(4)	-	-	168
Net loss for the period	-	-	-	(3,247)	(3,247)
<b>Balance as at September 30, 2007</b>	215,336	898	331	(27,374)	189,191

## CONSOLIDATED STATEMENT OF CASH FLOWS

*(in thousands of dollars, unaudited)*

	<b>For the three months ended September 30, 2007</b>	<b>For the three months ended September 30, 2006</b>
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the period	1,438	15,239
Items not involving cash		
Depreciation of property, plant and equipment	2,065	1,294
Amortization of intangible assets	2,411	1,843
Pension expense	1,015	397
Contributions made to pension plans	(697)	(3,895)
Amortization of deferred financing fees	-	108
(Gain) loss on disposal of property, plant and equipment	(5)	3
Accretion of convertible debentures	42	14
Unfavourable lease obligations	(26)	-
Amortization of lease inducement	(31)	-
Post-employment benefits	(55)	(5)
Future income taxes	566	(14,888)
	6,723	110
Changes in non-cash items relating to operating activities	(5,365)	(2,600)
	1,358	(2,490)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,404)	(927)
Proceeds on disposal of property, plant and equipment	706	-
Acquisition of Relizon Canada Inc. – net of cash acquired of \$1,888	-	(112,466)
	(698)	(113,393)
<b>Financing activities</b>		
Proceeds from issuance of trust units - net of expenses	-	50,990
Proceeds from issuance of convertible debentures	-	33,600
Proceeds from revolving bank facility	-	30,000
Bank overdraft	4,017	-
Financing costs	-	(667)
Distributions to Unitholders	(6,804)	(5,137)
	(2,787)	108,786
<b>Decrease in cash and cash equivalents during the period</b>	<b>(2,127)</b>	<b>(7,097)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>2,127</b>	<b>11,004</b>
<b>Cash and cash equivalents - end of period</b>	<b>-</b>	<b>3,907</b>
<b>Supplemental cash flow information</b>		
Interest paid	2,211	849
<b>Non-cash investing and financing activities</b>		
Units issued in consideration with business acquisition	-	27,243

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of dollars, unaudited)

	For the nine months ended September 30, 2007	For the nine months ended September 30, 2006
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net (loss) income for the period	(3,247)	23,554
Items not involving cash		
Depreciation of property, plant and equipment	6,443	2,867
Amortization of intangible assets	7,233	5,147
Pension expense	2,507	1,085
Contributions made to pension plans	(2,129)	(5,007)
Amortization of deferred financing fees	-	261
Loss on disposal of property, plant and equipment	56	1
Accretion of convertible debentures	128	14
Unfavourable lease obligations	(77)	-
Amortization of lease inducement	(92)	-
Post-employment benefits	(44)	(5)
Future income taxes	10,312	(16,215)
	<u>21,090</u>	<u>11,702</u>
Changes in non-cash items relating to operating activities	(7,100)	(2,365)
	<u>13,990</u>	<u>9,337</u>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(4,156)	(1,673)
Proceeds on disposal of property, plant and equipment	788	4
Acquisition of business - net of cash acquired of \$323	-	(374)
Acquisition of Relizon Canada Inc. – net of cash acquired of \$1,888	1,000	(112,466)
	<u>(2,368)</u>	<u>(1,116)</u>
<b>Financing activities</b>		
Proceeds from issuance of trust units - net of expenses	-	50,990
Proceeds from issuance of convertible debentures	-	33,600
Proceeds from revolving bank facility	-	30,000
Bank overdraft	4,017	-
Financing costs	-	(667)
Distributions to Unitholders	(20,406)	(13,747)
	<u>(16,389)</u>	<u>100,176</u>
<b>Decrease in cash and cash equivalents during the period</b>	<u>(4,767)</u>	<u>(4,996)</u>
<b>Cash and cash equivalents - beginning of period</b>	4,767	8,903
<b>Cash and cash equivalents - end of period</b>	-	3,907
<b>Supplemental cash flow information</b>		
Interest paid	5,134	2,047
Non cash lease inducement	766	-
<b>Non-cash investing and financing activities</b>		
Units issued in consideration with business acquisition	-	27,243