



Solutions beyond print



THE DATA GROUP INCOME FUND
ANNUAL REPORT 2008

CORPORATE PROFILE

The DATA Group is one of Canada's leading suppliers of total document management solutions, serving more than 11,000 customers from strategically located operations across the country.

We have a lengthy history of successful and profitable operation, dating back nearly a half-century in our current form.

The long-term relationships we have established with our customers are founded on providing them with excellent service and helping them achieve significant savings on the large and complex task of producing, storing and effectively distributing a wide range of documents, marketing materials and other information products.

The DATA Group Income Fund units and convertible debentures are listed on the TSX under the symbols DGI.UN and DGI.DB respectively.

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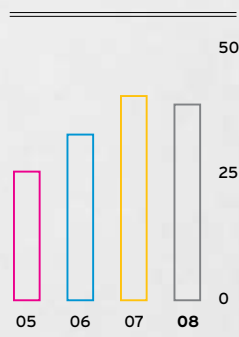
2008 Highlights

- **DISTRIBUTIONS TO UNITHOLDERS MAINTAINED**
- **PAYOUT RATIO DECLINES FROM THE PREVIOUS YEAR**
- **FINANCIAL STRENGTH MAINTAINED**

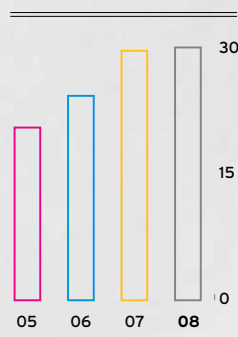
(in millions of dollars)	For the year ended Dec. 31, 2008	For the year ended Dec. 31, 2007	For the year ended Dec. 31, 2006	For the period from Dec. 21, 2004 to Dec. 31, 2005
Revenues	380.5	398.7	286.7	220.7
Adjusted EBITDA ¹	39.1	40.8	33.1	25.7
Net income	0.7	7.4	27.9	9.5
Cash available for distribution ¹	30.3	29.9	24.5	20.7
Cash distributions	27.2	27.2	21.4	17.4
Non-recurring restructuring and integration costs	2.6	4.3	0.2	0
Balance of cash and cash equivalents	11.5	5.3	4.8	8.9

¹ The Fund relies on Adjusted EBITDA and cash available for distribution as measures in evaluating the performance of the Fund and its subsidiaries. These measures are not recognized by Canadian generally accepted accounting principles ("GAAP"). For a reconciliation of net income to Adjusted EBITDA, and a reconciliation of cash provided by operating activities to cash available for distribution, see Table 3 and Table 4, respectively, and "Non-GAAP measures" in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of this report.

Adjusted EBITDA ¹
millions of dollars



**Cash Available
for Distribution ¹**
millions of dollars



Letter to unitholders



THIS PAST FISCAL YEAR HAS BEEN A CHALLENGING ONE FOR EVERYBODY.

Notwithstanding this, in the past year your company managed to reduce its year-over-year payout ratio, maintain distributions, and at the same time dramatically increase its cash balance.

Our research tells us that the vast majority of our unitholders hold us for income. Indeed, many of the calls we receive, in one way or another, seek assurance that we will not cut our distributions. This is a logical concern given the current tumultuous environment and the fact that quite a few income trusts have cut or eliminated distributions.

Accordingly, this letter will focus on our policy and prospects regarding the maintenance of distributions.

Let me say first that, as things now stand, we are confident that we will be able to maintain our current annual distributions of \$1.1587 per unit for the foreseeable future. From the very beginning, we have been, and continue to be, committed to paying distributions as our first priority, our second priority and our third priority. After all, the basic reason why companies adopted the income trust structure in the first place was to maximize distributions to unitholders. We take this commitment very seriously.

Some might say that expressing confidence about maintaining distributions at such a fluid and uncertain time is questionable. Nevertheless, allow me to share with you the reasons for our feelings of confidence:

1 History

We have consistently made our distributions since going public in December of 2004. In fact, we increased them by three percent during that time. We have made distributions of more than \$93.2 million since becoming an income trust.

2 Payout Ratio

Our historical payout ratio has varied between 84 percent and 91 percent.

This is primarily because of various transactions occurring during these years. Perhaps the best example of our ability to generate and manage cash was 2007. During that year, we maintained our distributions in spite of the fact that we paid over \$13.0 million to integrate a major acquisition.

3 Balance Sheet

Our balance sheet is in very good shape and, most importantly, our cash position is strong. Specifically, we have \$11.5 million in cash as of December 31, 2008, an increase of \$6.2 million over December 31, 2007.

This means that even if we were to experience a continued or even a worsening economic decline, we would have the option to use some of our cash to maintain distributions while we ride out this economic cycle.

4 Bank Covenants/Credit Agreement

We renewed our credit agreement in August 2008 on the same terms as our previous agreement. Most importantly, as at December 31, 2008, our ratio of debt to EBITDA (earnings before interest, taxes, depreciation and amortization) ratio was 1.76, well within our bank covenant of 2.50.

5 Focus on Productivity and Cost Containment

This has been and will remain a continuous focus at DATA.

During 2008, we took additional action to further reduce our cost base by approximately \$2.6 million per year. We expect to achieve at least \$3.2 million in cost reductions in 2009, and we have also implemented a wage freeze.

Furthermore, we will take such action as needed based upon how we see reality unfolding.

6 Market Position

We enjoy market leadership and/or very strong positions within the market segments we serve.

This leadership – coupled with strong fiscal management and over-delivery on service level agreements superior to our competition – has resulted in an unparalleled record of client/contract continuance. This places us in a very strong position to weather the current economic storm.

We have picked up an estimated \$10.0 million per year in incremental business as a result of competitor bankruptcies and/or instability.

Currently, I simply view these wins as helping to mitigate softer demand from our existing customer base. Nevertheless, they are critical to our success in the short term, and auger well for an attractive upside once we are through this cycle.

None of us knows exactly how bad things will get, or when we will see an economic turnaround. Therefore, no one can offer you any absolute pledges of certainty.

What I can say with absolute assurance is that:

- we are committed to maintaining our distributions and
- we believe we are in a strong position to do so for the reasons I have covered in the foregoing

In closing, I would like to offer our thanks to you, our unitholders, for your continued support. Equally, we are most appreciative of the many mutually beneficial relationships we have with our customers. Finally, I wish to once again acknowledge with thanks the efforts of our employees who continue to demonstrate day in and day out that they are the best in the business.


Respectfully yours,

(Signed) David Odell

The DATA Group Income Fund

David M. Odell
President and Chief Executive Officer

Financial strength and stability



DESPITE CHALLENGING BUSINESS CONDITIONS AND A DETERIORATING CREDIT MARKET, THE DATA GROUP IMPROVED ITS FINANCIAL POSITION DURING 2008, WHILE MAINTAINING ITS DISTRIBUTIONS AT THE SAME LEVEL AS THE PREVIOUS YEAR.

Our balance of cash and cash equivalents increased to \$11.5 million at year-end 2008 from \$5.3 million at the end of the previous year.

During the third quarter of 2008, we extended our credit facility with two Canadian chartered banks on the same conditions as our previous credit arrangement (see note 9 of the Notes to the consolidated financial statements for additional details). The facility now expires on August 31, 2010.

Distributions to unitholders were maintained at \$1.16 in 2008, the same amount as the previous year. The payout ratio (which is calculated by dividing cash available for distribution by the distributions declared to unitholders) fell slightly to 89.9 percent in 2008 from 91.0 percent the previous year.

One important contributor to the Data Group's financial stability is that requirements for maintenance capital expenditures are quite predictable and relatively small in comparison to our total revenues. 2008 maintenance capital expenditures were \$3.1 million, compared with \$5.3 million in 2007, when investment requirements were unusually large because of the acquisition of Relizon Canada. CAPEX needs were provided wholly from internally generated funds.

With our strong customer base, disciplined capital allocation process and proven business model, we believe the Data Group is well positioned to maintain a sound financial position, which we will continue to use for the benefit of unitholders.



“

DATA GROUP'S STRONG FOCUS ON TECHNOLOGY, EXPERTISE IN PRINT MANUFACTURING, LEADING EDGE PRINT MANAGEMENT TOOLS, ALONG WITH THEIR EXEMPLARY FOCUS ON CUSTOMER SERVICE, HAS STRENGTHENED THE BANK'S ABILITY TO REACT TO OUR OWN CLIENTS' REQUIREMENTS

– CANADIAN WESTERN BANK

Customer strength



**THE STRENGTH OF ANY COMMERCIAL ENTERPRISE
ULTIMATELY DEPENDS ON ITS CUSTOMERS.**

In these uncertain economic times, the Data Group can point to a wide and diverse customer base – from start-up companies to household names in the private and public sectors.

Meeting and exceeding the expectations of those thousands of customers – “Doing what we say we will do” – is one of our core values and a major reason why so many of our major customers have been with the Data Group for 10 years and longer. Because of the diversity of our customer base and the breadth of our product and service offering, even during turbulent economic times new opportunities are constantly arising. Programs like the new Tax Free Savings Account require a whole new inventory of marketing materials, as well as sophisticated direct-mail campaigns to put these sales tools in the hands of prospective clients.

Difficult times also provide added incentives for our clients to reduce costs by increasingly outsourcing to us the complex task of designing, producing, warehousing and distributing the thousands of communications required to serve their employees and customers.

One of the major long-term strengths of the Data Group is the strength of our customers, with whom we have established mutually beneficial relationships over many years.



**THE DATA GROUP'S CONSULTATIVE APPROACH
HAS ENABLED US TO IMPLEMENT SEVERAL
STRATEGIC INITIATIVES RESULTING IN MORE THAN
\$2,000,000 IN SAVINGS FOR OUR ORGANIZATION**

– ONTARIO LOTTERY AND GAMING CORPORATION

A proven business model



**FOR THE PAST FOUR DECADES, THE DATA GROUP HAS EVOLVED
A SET OF VALUES AND A BUSINESS MODEL THAT HAS ENABLED
US TO SUCCEED THROUGH GOOD TIMES AND BAD.**

One of our key values is to develop, adapt and use technology for the benefit of our customers.

As a result, the Data Group has created proprietary systems that enable us to differentiate our product and service offering from those offered by competitors. This use of technology, combined with a deliberate focus on the higher-value segments of the Canadian market, has resulted in industry-leading margins in virtually all segments where we compete.

Of course, technology is only as good as the people who use it. That's why another core value of the Data Group has been our focus on people. It's why we stress training and development, value long-service employment, and encourage decision-making and initiative at all levels of the organization.


Rounding out our people equation is one of the most experienced and professional sales organization in the Canadian industry.



**DATA GROUP LEARNED AND MET THE REQUIREMENTS
OF THE BUSINESS WITH A HIGH LEVEL OF ACCURACY**

– ALBERTA GOVERNMENT PRINT PRODUCTION AND DISTRIBUTION SERVICES

Value-added products and services



THE DATA GROUP ALREADY DOMINATES MANY OF THE HIGHEST-VALUE SEGMENTS OF THE CANADIAN DOCUMENT MANAGEMENT BUSINESS - MARKETING AND PROMOTIONAL MATERIALS, BUSINESS AND FINANCIAL DOCUMENTS SUCH AS ANNUAL REPORTS, AS WELL AS LABELS AND STATIONERY.

We are continually seeking to augment our position by adding new products and services. In recent years new items have included customized sales packages for the mutual fund industry, event tickets, statement processing and gift cards.

This diversity provides multiple revenue streams. New products and services also draw on the same skill and knowledge, technology and systems that we use in document management – thus leveraging our existing equipment and capabilities.

Change is the only certainty in the retail, corporate and government sectors of our economy. And change will bring new opportunities for growth, even during uncertain times.




“

**DURING THE PAST SEVEN OR EIGHT YEARS, DATA GROUP
HAS BEEN VERY PROFICIENT IN MANAGING AND
DISTRIBUTING DOCUMENTS TO OUR COAST-TO-COAST
NETWORK OF 225 STORES, AT HIGHLY COMPETITIVE
PRICES AND WITH EXCELLENT LEVELS OF SERVICE**

– THE BRICK

Industry-leading environmental, health and safety performance



**THE COMPANY WORKS CONTINUOUSLY TO FIND WAYS TO REDUCE
THE ENVIRONMENTAL FOOTPRINT OF OUR OPERATIONS AND
PROVIDE A SAFE AND HEALTHY WORKPLACE FOR EMPLOYEES.**

The Data Group has a long history of industry leadership in environmental, health and safety performance. The company works continuously to find ways to reduce the environmental footprint of our operations and provide a safe and healthy workplace for employees.

Our performance is backed by written policies on matters like environmental compliance, as well as formal procedures on items such as chemical handling and control, waste management and spill reporting.

Respecting the environment

The Data Group has been recycling waste products from printing operations for more than three decades. In 2008, more than 75 percent of the waste material produced in our operations was reused or recycled. We are continuing to work with major recycling firms and others to increase this proportion even further.

We also continue to reduce emissions of the volatile organic compounds (VOCs) that can result from the printing process. VOCs emissions from our operations are not large. However, they have been monitored at major production plants since 2002 and, since that year, VOCs emissions have been reduced by more than 25 percent.

We are currently engaged in a comprehensive program to map all elements of our carbon footprint – including everything from plant operations to employee business travel – which will provide us with detailed information to make targeted reductions in our carbon output.



“

**THEY HAVE BEEN INSTRUMENTAL IN THE SUCCESS OF
MANY OF OUR CRITICAL CUSTOMER-FACING INITIATIVES,
PROVIDING CUTTING EDGE SOLUTIONS THAT FIT BOTH OUR
CUSTOMERS' NEEDS AS WELL AS PROVIDING BEST VALUE**

– CANADA POST

We work closely with customers and suppliers to find the most environmentally responsible and cost-effective way to meet the specifications of a project.

Recognizing that less than 10 percent of North American printing requirements can be met with recycled paper, we support the efforts of the Forestry Stewardship Council (FSC), an international organization that certifies sustainable development and use of forestry products. All major production facilities in all parts of the country are FSC-certified.

In addition to responsible paper choices, we have implemented a variety of environmentally friendly production techniques. All of our major facilities employ computer-to-plate technology, a digital process that eliminates the use of photographic film (which requires chemical fixer and developer to develop the film). Several of our facilities use Flexographic plate makers, which totally eliminate the use of chemicals or water.

Keeping employees safe and healthy

The Data Group's health and safety performance consistently ranks among the best in our industry. During 2008, our lost-time incident rate (LTI) was 1.41 per 200,000 hours worked, compared with 1.66 per 200,000 hours worked for the previous year.

Through established policies and procedures and the commitment of an experienced and dedicated workforce, we strive to continuously improve our industry-leading performance.

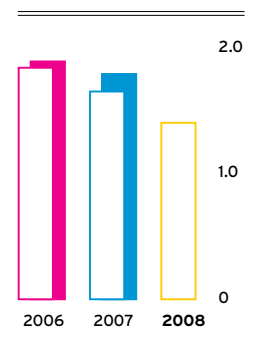
Major activities in 2008 included continued participation in the safety group program of the Workplace Safety and Insurance Board (WSIB). This program encourages participants to work with other companies in the group to share resources and best practices, and to help develop health and safety programs.

A recent WSIB study found that safety group members had lower LTI rates than non-members and that their LTI performance was improving more rapidly. As a result, the WSIB provides reduced premiums and financial rebates to safety group members.

We also continued our comprehensive facility audit program during 2008. The purpose of the program is to ensure that all of our facilities continue to improve their health and safety performance and that deficiencies noted in previous audits have been corrected.

During 2008, all of our continuing operations were audited. The results of those audits have been used to develop site-specific plans and objectives for 2009.

Lost-time incident rate
per 200,000 hours worked



□ Data Group Lost-Time Incident (LTI) Rate

■ Industry LTI rate as calculated by WSIB

Industry data for 2008 was not available at time of printing.



**MANAGEMENT'S DISCUSSION AND
ANALYSIS OF FINANCIAL CONDITION
AND
RESULTS OF OPERATIONS**

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Management's discussion and analysis of financial condition and Results of operations

This Management's Discussion and Analysis ("MD&A") comments on the consolidated operations, performance and financial condition of The DATA Group Income Fund (the "Fund") for the years ended December 31, 2008 and 2007. This MD&A should be read in conjunction with the Fund's consolidated financial statements and accompanying notes for the years ended December 31, 2008 and 2007, respectively. All financial information in this MD&A is presented in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP"), unless specified otherwise.

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 date of this MD&A is March 4, 2009. Additional information relating to the Fund, including the Fund's most recently filed Annual Information Form and Management Proxy Circular, is available on SEDAR at www.sedar.com.

Forward-looking statements

Certain statements in this MD&A 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 and/or 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 MD&A, 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 MD&A. 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 and risks that the Fund made or took into account in the preparation of these forward-looking statements include the impact of the current uncertainty in domestic and global economic conditions on the Data Group's businesses; the Data Group's ability to grow its sales or even maintain historical levels of sales of its products and services including 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; the accuracy of estimated synergies in respect of expected cash flows, cost savings and profitability from the combination of the former Data Business Forms Limited and Relizon Canada Inc. businesses; 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; 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 that announcement on the trading price of the Fund's units. Additional factors are discussed elsewhere in this MD&A and under the heading "Risks and Uncertainties" in the Fund's publicly available disclosure documents, as filed by the Fund on SEDAR (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 MD&A 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 MD&A includes certain non-GAAP measures as supplementary information. When used in this MD&A, EBITDA means earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA means EBITDA adjusted for non-cash inventory fair value allocation charges, write downs of assets held for sale, goodwill impairment charges and pension plan curtailment gains. The Fund believes that, in addition to net income (loss), EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of the Data Group and/or the Fund. Cash available for distribution means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in non-cash working capital, and other non-cash items, special pension contributions and partnership conversion costs. Specifically, the Fund 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 (loss) determined in accordance with GAAP as indicators of the Data Group's or the Fund's performance, nor is cash available for distribution 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 to Adjusted EBITDA, see Table 3 below. For a reconciliation of cash provided by operating activities to cash available for distribution, see Table 4 below.

Business of the Data Group

OVERVIEW

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 90% of total revenue in 2008) sells a broad range of printed products and document management services directly to end users. Sundog (which provided approximately 6% of total revenue in 2008) is a commercial printer specializing in the production of high-quality annual reports, marketing materials and event tickets. Multiple Pakfold (which provided approximately 4% of total revenue in 2008) sells forms and labels to independent brokers and resellers.

SOURCES OF REVENUE AND REVENUE RECOGNITION POLICY

The Data Group derives its revenues from a variety of sources, including document management services, business forms and documents, and commercial printing. The Data Group generally negotiates sales contracts and service level agreements with its customers and generally does not use standardized contracts. The Data Group's customer agreements and terms typically include provisions consistent with industry practice, allowing it to pass on increases in the cost of paper and other raw materials used in the manufacture of its products.

The Data Group recognizes revenue from the sale of products upon shipment to the customer, upon the transfer of title and when risk of loss passes to the buyer, and upon completion of services provided. When the customer requests a bill and hold arrangement, revenue is recognized when the goods are ultimately shipped to the customer. Since the majority of the Data Group's products are customized, product returns are not significant. The Data Group may provide pre-production services to its customers, however, these services do not have standalone value and there is no objective and reliable evidence of fair value. Therefore, these pre-production services and the final custom made printed product are

considered to be one unit of accounting. The Data Group recognizes warehousing fees as the service is provided. The Data Group occasionally provides warehousing services that are negotiated as a separate charge based on market rates, even if included in the overall selling price of its products. Warehousing services represent a separate unit of accounting because they can be sold separately, have value to the customer on a stand-alone basis, and there is objective and reliable evidence of the fair value of these services. If warehousing service fees are included in one overall selling price of the Data Group's custom print products, the consideration is allocated to each component based on relative fair value.

COSTS OF REVENUES AND EXPENSES

The Data Group's costs of revenues consist of raw materials, manufacturing salaries and benefits, occupancy and depreciation. The Data Group's raw material costs consist primarily of paper, carbon and ink. Manufacturing salaries and benefit costs consist of employee salaries and health benefits at the Data Group's printing and warehousing facilities. Occupancy costs consist primarily of lease payments at the Data Group's facilities, and utilities, insurance and building maintenance. Effective January 1, 2008, the Data Group adopted the new Canadian Institute of Chartered Accountants Section 3031, Inventories, which resulted in the inclusion of fixed overhead costs associated with the Data Group's production activities in the cost of inventories whereas previously only variable costs were included in the cost of inventories. The cost of inventories on January 1, 2008 was increased by \$6.2 million with a corresponding decrease in the opening deficit. See note 3 to the Fund's consolidated financial statements for the year ended December 31, 2008 for a further discussion of this change in accounting policy. The Data Group's expenses consist of selling, depreciation and amortization, and general and administration expenses. Selling expenses consist primarily of employee salaries, health benefits and commissions, and include related travel, corporate communications costs, trade shows, and marketing programs. Depreciation and amortization represent the allocation to income of the cost of property, plant and equipment, and intangible assets over their estimated useful lives. General and administration expenses consist primarily of employee salaries, health benefits, and other personnel related expenses for executive, financial and administrative personnel, as well as facility, telecommunications, pension plan contributions and professional service fees.

RESTRUCTURING COSTS

Following the completion of Fund's acquisition of Relizon Canada Inc. ("Relizon Canada") on August 31, 2006, the Data Group undertook a series of initiatives to integrate the former Data Business Forms Limited and Relizon Canada businesses in order to achieve operational and corporate synergies and other benefits from the combination of those businesses. 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, Québec; Hemmingford, Québec; Orangeville, Ontario; and Medicine Hat, Alberta. These plants had ceased operations as of September 30, 2007. As a result of these initiatives, 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. At December 31, 2008, the amount of the remaining accrued restructuring and integration provisions was approximately \$1.9 million. During 2008, the Data Group recorded a \$0.5 million reduction in the accrued restructuring provisions and a corresponding reduction in goodwill as a result of the settlement of an outstanding legal proceeding. In addition, the Data Group incurred additional restructuring expenses during 2008 in the form of severances as a result of on-going productivity improvement initiatives that resulted in an employee headcount reduction of 52. The amount of the remaining accrued restructuring provision at December 31, 2008 was approximately \$1.7 million.

General information and Results of operations

TABLE 1

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

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

Consolidated financial information

For the years ended December 31, 2008, 2007 and 2006 (in thousands of dollars, except per unit amounts, unaudited)

	January 1 to December 31, 2008	January 1 to December 31, 2007	January 1 to December 31, 2006
Revenues	\$ 380,472	\$ 398,653	\$ 286,650
Cost of revenues	278,410	291,315	211,633
Gross profit	102,062	107,338	75,017
Selling, general and administrative expenses	68,373	70,732	51,754
Restructuring and integration costs	2,621	4,309	164
Write down of assets held for sale	927	-	-
Curtailment gain	-	(1,461)	-
Impairment of goodwill	9,500	1,900	-
Amortization of intangible assets	10,976	10,596	7,558
	92,397	86,076	59,476
Income before interest and income taxes	9,665	21,262	15,541
Interest expense on long-term debt	6,029	6,355	3,865
Income before income taxes	3,636	14,907	11,676
Income tax expense (recovery)			
Current	1,150	-	-
Future	1,791	7,482	(16,215)
	2,941	7,482	(16,215)
Net income for the year	\$ 695	\$ 7,425	\$ 27,891
Basic and diluted income per unit	\$ 0.03	\$ 0.32	\$ 1.57
Weighted average number of units	23,490,592	23,482,264	17,772,218
CONSOLIDATED BALANCE SHEET INFORMATION			
Current assets	\$ 113,865	\$ 109,484	\$ 111,952
Current liabilities	50,003	54,414	65,220
Total assets	349,770	373,984	397,165
Total long-term liabilities	128,449	126,909	117,288
Unitholders' equity	171,318	192,661	214,657

TABLE 2

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

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

Consolidated financial information

For the years ended December 31, 2008, 2007 and 2006 (in thousands of dollars, except percentage amounts, unaudited)

	January 1 to December 31, 2008	January 1 to December 31, 2007	January 1 to December 31, 2006
REVENUES			
DATA East and West	\$ 347,036	\$ 361,428	\$ 241,791
Sundog	22,486	25,054	26,299
Multiple Pakfold	16,037	17,944	23,198
Intersegment	(5,087)	(5,773)	(4,638)
	\$ 380,472	\$ 398,653	\$ 286,650
GROSS PROFIT			
DATA East and West	\$ 93,997	\$ 97,243	\$ 61,954
Sundog	6,353	8,171	9,154
Multiple Pakfold	1,712	1,924	3,909
	\$ 102,062	\$ 107,338	\$ 75,017
GROSS PROFIT, AS A PERCENTAGE OF REVENUES			
DATA East and West	27.1%	26.9%	25.6%
Sundog	28.3%	32.6%	34.8%
Multiple Pakfold	10.7%	10.7%	16.9%
	26.8%	26.9%	26.2%
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
	\$ 68,373	\$ 70,732	\$ 51,754
As a percentage of revenues	18.0%	17.7%	18.1%
ADJUSTED EBITDA (see Table 3)			
	\$ 39,144	\$ 40,804	\$ 33,111
Adjusted EBITDA margin, as a percentage of revenues	10.3%	10.2%	11.6%
NET INCOME			
	\$ 695	\$ 7,425	\$ 27,891

TABLE 3

The following table provides a reconciliation of net income to Adjusted EBITDA for the periods noted. See "Non-GAAP Measures".

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

Adjusted EBITDA reconciliation

For the years ended December 31, 2008, 2007 and 2006 (in thousands of dollars, unaudited)

	January 1 to December 31, 2008	January 1 to December 31, 2007	January 1 to December 31, 2006
Net income for the year	\$ 695	\$ 7,425	\$ 27,891
Net interest expense on long-term debt	6,029	6,355	3,865
Depreciation of property, plant and equipment	8,076	8,507	5,094
Write down of assets held for sale	927	-	-
Amortization of intangible assets	10,976	10,596	7,558
Impairment of goodwill	9,500	1,900	-
Curtailement gain	-	(1,461)	-
Non-cash inventory fair value allocation charges	-	-	4,918
Current income tax expense	1,150	-	-
Future income tax expense (recovery)	1,791	7,482	(16,215)
Adjusted EBITDA	\$ 39,144	\$ 40,804	\$ 33,111

Results of operations

The DATA Group Income Fund

REVENUES

For the year ended December 31, 2008, the Fund recorded revenues of \$380.5 million, a decrease of \$18.2 million or 4.6% compared with the same period in 2007. The net decrease, before intersegment revenues, was the net result of a \$14.4 million (or 4.0%) decrease in the DATA East and West segment, a \$2.6 million (or 10.4%) decrease in the Sundog segment and a \$1.9 million (or 10.6%) decrease in the Multiple Pakfold segments. 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 year ended December 31, 2008, cost of revenues decreased to \$278.4 million from \$291.3 million for the same period in 2007. Gross profit for the year ended December 31, 2008 was \$102.1 million, which represented a decrease of \$5.3 million or 4.9% from \$107.3 million in the same period of 2007. Gross profit as a percentage of revenues decreased slightly to 26.8% for the year ended December 31, 2008 from 26.9% for the same period in 2007.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, RESTRUCTURING AND INTEGRATION COSTS

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund, for the year ended December 31, 2008 decreased by \$2.4 million or 3.4% to \$68.4 million compared to \$70.7 million in the same period of 2007. SG&A expenses for the year ended December 31, 2008 were lower due to cost savings realized from the Data Group's restructuring and on-going productivity improvement initiatives. As a percentage of revenues, these costs were 18.0% and 17.7% of revenues for the years ended December 31, 2008 and 2007, respectively.

For the year ended December 31, 2008, the Data Group incurred \$2.6 million of severance costs charged to restructuring expense related to those on-going productivity improvement initiatives. For the year ended December 31, 2007, the Data Group incurred \$4.3 million of costs related to the integration of the former Data Business Forms Limited and Relizon Canada businesses, which consisted primarily of severance and moving expenses incurred in connection with the restructuring announced by the Fund on March 1, 2007. Those integration costs were attributable primarily to the DATA East and West segment by virtue of the fact that the operations of the former Relizon Canada business now form part of that segment, with the balance of those integration costs attributable to the Multiple Pakfold segment.

WRITE DOWN OF ASSETS HELD FOR SALE

During the year ended December 31, 2008, the Data Group determined that the carrying value of a property held for sale required a write down and recorded a pre-tax charge of \$0.9 million. Subsequent to year end, this facility was sold for gross proceeds of \$0.7 million.

IMPAIRMENT OF GOODWILL

During the fourth quarter of 2008, the Data Group performed its annual review for impairment of goodwill by comparing the fair value of each of its reporting segments to the segment's carrying value on the Data Group's books. The Data Group determines the fair value of each reporting segment by discounting expected future cash flows in accordance with recognized valuation methods. The process of determining those fair values requires the Data Group to make a number of estimates and assumptions such as projected future revenues, costs of revenues, market conditions well into the future, and discount rates. As a result of that review, the Data Group concluded that, due to the present uncertainty surrounding the domestic and global economies generally, the fair values of the Sundog and Multiple Pakfold segments were less than their carrying values. Accordingly, the Fund recognized impairment of goodwill charges of \$5.9 million and \$3.6 million related to the Sundog and Multiple Pakfold segments, respectively. As part of this review, management of the Data Group also critically examined the goodwill associated with the DATA East and West segment, including stress testing the cash flows and increasing the discount rate associated with those cash flows in the future due to the current economic environment and found no impairment in that reporting segment.

ADJUSTED EBITDA

For the year ended December 31, 2008, Adjusted EBITDA was \$39.1 million or 10.3% of revenues. Adjusted EBITDA for the year ended December 31, 2008 decreased \$1.7 million or 4.1% from the same period in the prior year and the Adjusted EBITDA margin for the twelve month period, as a percentage of revenues, increased from 10.2% of revenues in 2007 to 10.3% of revenues in 2008.

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 outstanding Convertible Debentures decreased to \$6.0 million for the year ended December 31, 2008 from \$6.4 million for the same period in 2007, due to a decline in interest rates during 2008.

For the year ended December 31, 2008, interest income of \$0.4 million was earned compared to \$0.3 million in the comparable period of 2007. This interest income was substantially related to the cash and cash equivalents held by the Data Group during the relevant period.

INCOME TAXES

The Fund reported income before income taxes of \$3.6 million, a current income tax expense of \$1.2 million and a future income tax expense of \$1.8 million for the year ended December 31, 2008. The future income tax expense was mainly due to a change in estimates of future reversals of temporary differences. The current tax expense represents the estimated amount payable by the Data Group to settle the anticipated assessments by the Canada Revenue Agency and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company prior to the Fund's acquisition of Relizon Canada from The Relizon Company ("Relizon US") in 2006, net of amounts which the Fund reasonably expects to recover from Relizon US pursuant to the Fund's rights of indemnification under the share purchase agreement between the Fund and Relizon US relating to that acquisition. The Fund has commenced legal proceedings against Relizon US to recover the amount of any tax expense related to this matter, together with related expenses incurred by the Fund in connection with those proceedings.

The Fund reported income before income taxes of \$14.9 million and a future income tax expense of \$7.5 million for the year ended December 31, 2007. On June 22, 2007, Bill C-52, which contained the Specified Investment Flow-Through Entity ("SIFT") rules (described below under "Critical accounting estimates – Income taxes"), became law. As a result, under GAAP the Fund commenced accounting for tax changes in its reporting for the quarter ended June 30, 2007. A net long-term future income tax liability of \$6.7 million has been recognized for the year ended December 31, 2007, with a \$7.5 million charge to the Fund's income for the year ended December 31, 2007. The future income tax liability represents estimated temporary differences at December 31, 2007 that are expected to reverse starting in fiscal year 2011 when the Fund becomes subject to tax as a result of the SIFT rules. The future income tax expense in 2007 was due to a change in estimates of future reversals of temporary differences, the impact of the deferred gain on the sale leaseback of the Data Group's Brockville, Ontario printing facility and changes to substantially enacted income tax rates. Future income tax liabilities and assets are assessed each quarter and any changes will be recognized in the Fund's consolidated statement of income and comprehensive income.

NET INCOME

For the year ended December 31, 2008, net income was \$0.7 million compared to \$7.4 million for the same period of 2007. The decrease in comparable profitability was substantially due to a larger goodwill impairment charge in 2008, lower gross profit as a result of the decrease in revenues, the write down of assets held for sale, offset by lower SG&A expenses, restructuring charges and income tax expenses, respectively, as discussed above.

DATA East and West

Revenues at the Data Group's DATA East and West segment for the year ended December 31, 2008 decreased \$14.4 million or 4.0% to \$347.0 million from \$361.4 million for the same period in the prior year.

The decrease in revenues for the twelve months ended December 31, 2008 was due, in part, to the Data Group's determination, following a strategic review that commenced in 2007, to eliminate from its customer offering certain low margin products and services previously manufactured and provided by the segment. In addition, during the second half of 2008, this segment experienced a significant decline in revenues in Eastern Canada due to lower spending from customers in the financial, government and direct mail industries. The segment continued to experience increases in sales of variable imaging and fulfillment warehousing services as a result of contracts signed in the fourth quarter of 2007.

For the year ended December 31, 2008, gross profit decreased \$3.2 million or 3.3% to \$94.0 million from \$97.2 million in the same period in 2007. Gross profit as a percentage of revenues for the year ended December 31, 2008 increased slightly to 27.1% from 26.9% for the same period in 2007. The increase in gross profit was due to the integration and restructuring initiatives completed in 2007, which resulted in lower labour and overhead costs as well as the elimination of certain low margin products and services from the segment's customer offering offset by a revenue shortfall in the fourth quarter of 2008. This segment continues to be focused upon improving productivity and efficiencies in the operation of the equipment transferred between locations in connection with those integration and restructuring initiatives. During the year ended December 31, 2008, the segment continued its on-going productivity improvement initiatives, which gave rise to the additional severance costs and restructuring charges noted under "Selling, general and administrative expenses, Restructuring and integration costs" above.

Sundog

Revenues at the Data Group's Sundog segment for the year ended December 31, 2008 decreased \$2.6 million or 10.4% to \$22.5 million from \$25.1 million for the same period in the prior year. The decrease in revenues was a result of continued weaker local market demand for commercial printing in Alberta and increased competition in that market. In addition, current economic conditions continue to negatively affect demand for commercial printing in that market, primarily marketing materials.

For the year ended December 31, 2008, gross profit decreased \$1.8 million or 22.2% to \$6.4 million from \$8.2 million in the same period of 2007. Gross profit as a percentage of revenues for the year ended December 31, 2008 decreased to 28.3% from 32.6% for the same period in 2007. The overall decrease in gross profit was due to the revenue shortfall for the year ended December 31, 2008 as noted above.

Multiple Pakfold

Revenues at the Data Group's Multiple Pakfold segment for the year ended December 31, 2008 decreased \$1.9 million or 10.6% to \$16.0 million from \$17.9 million for the same period in the prior year.

The decline in revenues for year ended December 31, 2008 was attributable to a loss of business in the Ontario and Québec markets as a result of the integration and restructuring activities undertaken in 2007, which disrupted Multiple Pakfold's operations and adversely affected the segment's ability to meet customer delivery requirements. The Data Group has implemented management and other changes in its Multiple Pakfold segment which it believes have resolved those operational difficulties. As a result of these measures, the Data Group believes that revenues should improve over the longer term as Multiple Pakfold demonstrates to its customers that it is able to meet their delivery requirements.

For the year ended December 31, 2008, gross profit decreased \$0.2 million or 10.5% to \$1.7 million from \$1.9 million for the same period of 2007. Gross profit as percentage of revenues for the year ended December 31, 2008 was unchanged at 10.7% compared to the same period in 2007. Gross profit for the year ended December 31, 2008 was negatively impacted by the operational difficulties referred above and the resulting reduction in revenues.

TABLE 4

The following table provides a reconciliation of cash provided by operating activities to cash available for distribution for the periods noted. See "Non-GAAP Measures".

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

Cash available for distribution reconciliation

For the years ended December 31, 2008, 2007 and 2006 (in thousands of dollars, except percentages and per unit amounts, unaudited)

	January 1 to December 31, 2008	January 1 to December 31, 2007	January 1 to December 31, 2006
Cash provided by operating activities	\$ 34,816	\$ 26,430	\$ 20,484
CAPITAL ADJUSTMENTS			
Maintenance capital expenditures ¹	(3,061)	(5,268)	(3,585)
OTHER ADJUSTMENTS INCLUDING DISCRETIONARY ITEMS:			
Trust reorganization costs ²	-	-	651
Changes in non-cash working capital ³	(3,067)	8,480	(2,123)
Other ⁴	1,578	259	121
Non-cash inventory fair value allocation charges	-	-	4,918
Pension contributions in excess of expense ⁵	-	-	4,000
Cash available for distribution	30,266	29,901	24,466
Distributions to unitholders ⁶	27,220	27,211	21,380
Excess of cash available for distribution over actual distributions	\$ 3,046	\$ 2,690	\$ 3,086
Per unit ⁷			
Cash available for distribution per unit ⁷	\$ 1.289	\$ 1.275	\$ 1.326
Distributions to unitholders per unit ^{7,8}	1.160	1.160	1.159
Excess of cash available for distribution per unit over actual distributions per unit ⁷	0.129	0.115	0.167
Payout ratio ⁹	89.9%	91.0%	87.4%

Notes:

- 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.
- 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.
- 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 years. In 2007, a significant portion of the change in non-cash working capital was due to the impact of cash payments related to the integration costs expensed and restructuring liabilities assumed as part of the acquisition of Relizon Canada.
- Includes income tax related expenses and other amounts that do not reflect the ongoing operations of the Data Group's business.
- Represents a special contribution to the defined benefit pension plans of the Data Group (as successor to Relizon Canada and Data Business Forms Limited) of \$4.0 million in 2006. If the calculation of cash available for distribution for the period from January 1, 2006 to December 31, 2006 had included the special pension contribution of \$4.0 million to the Relizon Canada defined benefit pension plan funded from the net proceeds raised to fund the acquisition of Relizon Canada, the Fund's cash available for distribution for that period would have decreased by \$4.0 million or \$0.170 per unit.
- Distributions are in respect of the distributions declared.
- Per unit calculations are based upon the number of units outstanding at the end of each period consistent with the number of units upon which distributions are declared and paid and not the weighted average number of units outstanding. As at December 31, 2008 and 2007, 23,490,592 units were outstanding and 23,475,659 units were outstanding as at December 31, 2006.
- The Fund declared \$0.8 million of distributions on the 8.6 million units issued on August 31, 2006, upon the exchange of the Fund's previously issued 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 former Relizon Canada business other than the one business day of August 31, 2006.
- The payout ratio represents the percentage of distributions declared to unitholders divided by the cash available for distribution.

CASH AVAILABLE FOR DISTRIBUTION

See Table 4 above for a reconciliation of cash provided by operating activities to cash available for distribution. For the year ended December 31, 2008, the Fund generated \$30.3 million or \$1.289 per unit of cash available for distribution compared to \$29.9 million or \$1.275 per unit in the prior year. Cash available for distribution for the year ended December 31, 2008 was calculated by deducting from cash provided by operating activities of \$34.8 million maintenance capital expenditures of \$3.1 million and the changes in non-cash working capital of \$3.1 million and adding back other non-cash items of \$1.6 million. Cash available for distribution for the year ended December 31, 2007 was calculated by deducting from cash provided by operating activities of \$26.4 million maintenance capital expenditures of \$5.3 million and adding back the changes in non-cash working capital of \$8.5 million and other non-cash items of \$0.3 million. See Table 4 above for a breakdown of these figures for the periods from January 1, 2008 to December 31, 2008, from January 1, 2007 to December 31, 2007 and from January 1, 2006 to December 31, 2006, respectively.

For the year ended December 31, 2008, the Fund declared distributions of \$27.2 million or \$1.160 per unit. Cash available for distribution exceeded actual distributions by \$3.0 million or \$0.129 per unit for the year ended December 31, 2008. During the year ended December 31, 2008, the Data Group made cash payments of \$0.9 million related to \$2.6 million of severance costs which were charged to restructuring expense incurred in relation to its on-going productivity improvement initiatives to reduce its cost of operations. In addition, in 2008 the Data Group made cash payments of \$2.8 million for the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting primarily of severance payments and moving costs. These cash payments were funded by cash generated from operations, existing cash resources and the net proceeds from asset dispositions. For the year ended December 31, 2007, the Fund declared distributions of \$27.2 million or \$1.160 per unit. Cash available for distribution exceeded actual distributions by \$2.7 million or \$0.115 per unit for the year ended December 31, 2007. During the year ended December 31, 2007, the Data Group made cash payments of \$9.2 million for restructuring and integration costs related to the acquisition of Relizon Canada. See Table 4 above for a breakdown of these figures for the periods from January 1, 2008 to December 31, 2008, from January 1, 2007 to December 31, 2007 and from January 1, 2006 to December 31, 2006, respectively.

TABLE 5

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

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

Excess (shortfall) of cash flows and excess (shortfall) of net income over cash distributions paid or declared

For the years ended December 31, 2008, 2007 and 2006 (in thousands of dollars, unaudited)

	January 1 to December 31, 2008	January 1 to December 31, 2007	January 1 to December 31, 2006
Cash provided by operating activities	\$ 34,816	\$ 26,430	\$ 20,484
Net income for the year	695	7,425	27,891
Actual cash distributions paid or declared relating to the year	27,220	27,211	20,548
Excess (shortfall) of cash provided by operating activities over cash distributions paid or declared	\$ 7,596	\$ (781)	\$ (64)
Excess (shortfall) of net income over cash distributions paid or declared	\$ (26,525)	\$ (19,786)	\$ 7,343

EXCESS (SHORTFALL) OF CASH PROVIDED BY OPERATING ACTIVITIES OVER CASH DISTRIBUTIONS PAID OR DECLARED

See Table 5 above for a reconciliation of cash provided by operating activities to cash available for distribution for the years ended December 31, 2008, 2007 and 2006, respectively. Cash provided by operating activities includes changes in working capital, including liabilities assumed on the acquisition of Relizon Canada, accrued restructuring and integration provisions recorded as part of the purchase price accounting for the Relizon Canada acquisition and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives and charged to restructuring expense in 2008. The payments against these accrued restructuring and integration provisions will reduce cash from operating activities but are not considered in the Fund's calculation of cash available for distribution.

Distributions paid by the Fund on its outstanding units during the year ended December 31, 2008 were funded from cash generated by the Data Group's operations, net proceeds from the sale of the Data Group's former facility in Medicine Hat, Alberta, and existing cash resources. The excess of cash provided by operating activities over cash distributions paid by the Fund for the year ended December 31, 2008 was principally due to the realized cost savings from the Data Group's restructuring and integration activities in 2007.

Distributions paid by the Fund on its outstanding units during the year ended December 31, 2007 were funded entirely from cash generated by the Data Group's operations, net proceeds from the sale and leaseback of the Data Group's Brockville, Ontario facility, and existing cash resources. The shortfall of cash provided by operating activities for the year ended December 31, 2007 was principally due to severance payments made during the year to former employees of the Data Group in connection with the March 1, 2007 restructuring, and payments of other restructuring liabilities of \$4.9 million incurred in connection with the combination of the former Data Business Forms Limited and Relizon

Canada businesses. The Fund does not expect that cash distributions will exceed cash flow from operations as a result of the restructuring and integration of those businesses, as the costs associated with those activities are considered by the Fund to be non-recurring.

The Fund expects that, as a result of changes in working capital, it may be necessary from time to time to use the existing cash resources of the Data Group to fund, at current levels, a portion of the distributions paid on the Fund's outstanding units. The Fund does not anticipate that the use of existing cash resources in this manner will adversely affect the Data Group's ability to fund its operations or capital expenditures or service its debt obligations.

EXCESS (SHORTFALL) OF NET INCOME OVER CASH DISTRIBUTIONS PAID OR DECLARED

In calculating cash available for distribution and determining distributions, the Fund excludes non-cash expenses that are charged to earnings and deducts capital expenditures which are capitalized in its consolidated financial statements. The non-cash expenses in 2008, 2007 and 2006 that are not included in determining cash distributions included depreciation of property, plant and equipment, amortization of intangible assets, pension plan curtailment gains, impairment of goodwill charges, a non-cash inventory fair value charge, and the provision for or recovery of current and future income taxes.

For the year ended December 31, 2008, the Fund's cash distributions paid or declared to unitholders exceeded net income by \$26.5 million. Net income for the year ended December 31, 2008 included \$11.0 million in non-cash amortization of intangible assets, \$8.1 million in non-cash amortization of depreciation of property, plant and equipment, a \$1.2 million non-cash charge for current income taxes and a \$1.8 million of non-cash charge for future income taxes as discussed above under the heading "Results of operations – The DATA Group Income Fund – Income taxes". During the fourth quarter of 2008, the Data Group performed its annual review for impairment of goodwill, which resulted in the Fund recognizing impairment of goodwill charges of \$5.9 million and \$3.6 million related to the Sundog and Multiple Pakfold segments, respectively.

For the year ended December 31, 2007, the Fund's cash distributions paid or declared to unitholders exceeded net income by \$19.8 million. Net income for the year ended December 31, 2007 included \$10.6 million in non-cash amortization of intangible assets, \$8.5 million in non-cash amortization of depreciation of property, plant and equipment, and \$7.5 million of non-cash expenses for future income taxes as discussed above under the heading "Results of operations – The DATA Group Income Fund – Income taxes". During the fourth quarter of 2007, the Data Group decided to wind-up the Relizon Canada Plan and, as a result, the Data Group recorded a related non-cash pension curtailment gain of \$1.5 million. During the fourth quarter of 2007, the Data Group performed its annual review for impairment of goodwill, which resulted in the Fund recognizing an impairment of goodwill charge of \$1.9 million related to the Multiple Pakfold segment.

The Fund's Board of Trustees does not consider non-cash items when setting the Fund's level of distributions to unitholders. See "Distributions" below.

TABLE 6

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

Eight quarter consolidated statement of cash available for distribution – Summary

(in thousands of dollars, except per unit amounts, unaudited)

	2008				2007			
	Q4 ¹	Q3 ¹	Q2 ¹	Q1	Q4 ²	Q3 ²	Q2 ²	Q1 ²
Adjusted EBITDA ³	\$ 8,053	\$ 8,219	\$ 10,668	\$ 12,204	\$ 15,330	\$ 8,106	\$ 7,396	\$ 9,972
Cash available for distribution ⁴	5,722	6,119	8,181	10,244	12,788	5,386	4,360	7,367
Distributions to unitholders	6,805	6,805	6,805	6,805	6,805	6,804	6,801	6,801
Excess (shortfall) of cash available for distribution over actual distributions	\$ (1,083)	\$ (686)	\$ 1,376	\$ 3,439	\$ 5,983	\$ (1,418)	\$ (2,441)	\$ 566
Per unit								
Cash available for distribution per unit ⁴	\$ 0.244	\$ 0.260	\$ 0.349	\$ 0.436	\$ 0.545	\$ 0.230	\$ 0.186	\$ 0.314
Distributions per unit	0.290	0.290	0.290	0.290	0.290	0.290	0.290	0.290
Excess (shortfall) of cash available for distribution per unit over actual distributions per unit	\$ (0.046)	\$ (0.030)	\$ 0.059	\$ 0.146	\$ 0.255	\$ (0.060)	\$ (0.104)	\$ 0.024

Notes:

- 1 Includes restructuring expenses of \$0.3 million, \$0.3 million and \$2.0 million in the second, third and fourth quarters of 2008 related to the Data Group's 2008 restructuring and on-going productivity improvement initiatives to reduce its cost of operations.
- 2 Includes integration expenses related to the combination of the former Data Business Forms Limited and Relizon Canada businesses of \$1.1 million, \$2.4 million, \$0.6 million and \$0.3 million for the first, second, third and fourth quarters of 2007, respectively, and integration related capital expenditures of \$1.0 million for both the second and third quarters of 2007, respectively.
- 3 For a reconciliation of net income to Adjusted EBITDA, see Table 3 above.
- 4 For a reconciliation of cash provided by operating activities to cash available for distribution, see Table 4 above.

Liquidity and capital resources

LIQUIDITY

The Data Group maintains an amended credit facility with two Canadian chartered banks in the maximum amount of up to \$90.0 million. As at December 31, 2008, the Data Group had outstanding borrowings of \$70.0 million and letters of credit granted of \$2.8 million under this credit facility and was in compliance with its covenants under the facility. The Data Group is exposed to financial market risk resulting from changes in interest rates, and recent developments in the financial markets have increased the Data Group's exposure to the possible liquidity and credit risks of its counterparties. The Data Group has entered into interest rate swap contracts with the lenders under amended credit facility in order to protect itself against the risk of fluctuations in interest rates and to maintain an appropriate mix between floating and fixed rate borrowings. Interest rate swap contracts involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount for a specified period of time. As a result of these contracts, the borrowing rate on \$30.0 million of the Data Group's outstanding indebtedness is effectively fixed at an interest rate of 4.16% plus stamping fees until August 28, 2009. The borrowing rate on an additional \$20.0 million of the Data Group's outstanding indebtedness is effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009. The remaining \$20.0 million of the Data Group's outstanding indebtedness is subject to floating interest rates. The Data Group's credit facility expires on August 31, 2010 and market conditions could affect the availability and/or certain terms of any replacement facility along with the terms of other debt instruments that the Data Group enters into from time to time.

At December 31, 2008, the Fund had outstanding \$34.8 million aggregate principal amount of Convertible Debentures. The Convertible Debentures mature on December 31, 2011, bear interest at 6.75% per annum and are convertible into units of the Fund at any time at the option of the holder at a conversion price of \$11.25 per unit. On February 12, 2009, the Fund announced a Normal Course Issuer Bid, which commenced on February 18, 2009 and terminates on February 17, 2010, to purchase up to \$2.8 million aggregate principal amount of its Convertible Debentures for cancellation. See "Normal course issuer bid" below.

At December 31, 2008, the Data Group had cash and cash equivalents of \$11.5 million compared to \$5.3 million at December 31, 2007. The cash equivalents consist mainly of short-term investments, such as money market deposits. None of the cash equivalents are in asset-backed commercial paper products. The Data Group has deposited the cash equivalents with reputable Canadian financial institutions, from which the Data Group believes the risk of loss to be remote. In addition, under the terms of the Data Group's amended credit facility, at December 31, 2008 the Data Group had access to \$20.0 million of available credit less letters of credit granted of \$2.8 million.

At December 31, 2008, the Data Group's accrued restructuring and integration provisions totalled \$3.6 million, approximately \$1.9 million of which is payable in the first quarter of 2009. A significant portion of the balance of those provisions is expected to be paid over the remaining three fiscal quarters of 2009.

In assessing the Data Group's liquidity requirements, the Data Group takes into account its level of cash and cash equivalents, together with currently projected cash to be provided by operating activities, cash available from its unused line of credit, cash from investing activities, such as sales of redundant assets and access to the capital markets, as well as its ongoing cash needs for its existing operations, remaining expenditures associated with the 2007 and the 2008 restructurings and productivity improvement initiatives, and cash required to finance currently planned expenditures. Cash flows from operations could be negatively impacted by decreased demand for the Data Group's products and services, which could result from factors such as the current adverse economic conditions, or by increased costs associated with manufacturing and distribution of products or the provision of services. The Data Group's ability to conduct its operations could be negatively impacted should these or other adverse conditions affect its primary sources of liquidity.

The Fund believes that the currently projected cash flow from the operations of the Data Group, net proceeds from any asset dispositions and borrowings under available credit facilities, if necessary, will be sufficient to fund the Data Group's currently projected operating requirements, additional costs associated with the restructuring and integration of the former Data Business Forms Limited and Relizon Canada businesses, payments associated with the accrued restructuring provisions as the result on-going productivity improvement initiatives, payment of income tax liabilities, contributions to the Data Group's pension plans, maintenance capital expenditures and distributions to the Fund's unitholders in 2009.

PENSION FUNDING OBLIGATIONS

The Data Group maintains defined benefit and defined contribution pension plans for certain of its employees, which were previously maintained by Data Business Forms Limited (the "DBFL Plan") and Relizon Canada (the "Relizon Canada Plan"), respectively. The Data Group also contributes to the Graphics and Communications International Union pension plan for certain employees at the Granby, Québec plant. Certain former senior executives of Relizon Canada participated in a Supplementary Executive Retirement Plan ("SERP"), which provides for pension benefits payable as a single life annuity with a five year guarantee.

Effective January 1, 2008, the Data Group amended the DBFL Plan such that no further service credits will accrue under the defined benefit provision of the DBFL Plan after December 31, 2007, although pensionable earnings on and after January 1, 2008 will be factored into the determination of a participant's final average earnings. The Data Group issued a notice to wind-up the Relizon Canada Plan effective December 31, 2008, such that no benefits will accrue under the Relizon Canada Plan after December 31, 2008. A Relizon Canada Plan amendment to this effect has been adopted by

the Data Group. It is expected that the wind-up of the Relizon Canada Plan will take several years to complete, including receipt of requisite approvals from applicable pension regulatory authorities.

Notwithstanding these amendments to the DBFL Plan and the Relizon Canada Plan, the Data Group is required under applicable pension legislation to make monthly, annual and/or one-time cash contributions to the DBFL Plan and/or Relizon Canada Plan to fund current or future funding deficiencies which may emerge. Applicable pension legislation requires that the funded status of the defined benefit provisions of the Data Group's ongoing pension plans be determined periodically on both a going concern basis (i.e., essentially assuming indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination). For the Relizon Canada Plan, which is in the process of winding up, its financial position is valued on a solvency basis only. The funded status of the Data Group's pension plans are impacted by actuarial assumptions, the plan's investment performance, changes in economic conditions and debt and equity markets, changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administrative expenses, among others. Where an actuarial valuation reveals a solvency deficit, current pension regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation.

During the year ended December 31, 2008, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that, as at January 1, 2008, the solvency deficit had increased in the DBFL Plan. As a result of this updated actuarial valuation and the funding strategy adopted, the Data Group has increased its annual cash contribution towards the DBFL Plan's solvency deficiency from \$0.8 million to \$1.5 million effective January 1, 2008. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which applicable pension regulations allow the valuations to be completed every three years. The projected funding obligations of the Data Group for this plan, as set out in the "Contractual obligation – Summary" table below, assume no change in Canadian economic conditions from those in effect as at January 1, 2008 and does not reflect the impact of the downturn in the debt and equity markets in 2008.

In light of current economic conditions, the financial position of the Data Group's defined benefit pension plans has deteriorated during 2008 and, at this point in time, the Fund cannot determine the Data Group's actual funding obligations for 2009 with reasonable accuracy. However, those obligations will increase significantly over its 2008 obligations.

Based upon preliminary estimates, the solvency deficit in the DBFL Plan is expected to increase when the next funding valuation is prepared as at January 1, 2009. Based upon those preliminary estimates, the Fund would be required to increase its annual cash contributions to the DBFL Plan from \$1.5 million to \$3.5 million effective from January 1, 2009, provided there is no change in actuarial valuation methodology. Any increase in 2009 contributions to the DBFL Plan would be paid in the second half of 2009. The final funding obligation for 2009 will be determined based on the actuarial valuation as at January 1, 2009, which will be completed within the first nine months of 2009.

During the year ended December 31, 2008, the Data Group also engaged actuaries to begin preparing the wind-up actuarial report for the Relizon Canada Plan as at December 31, 2008. As noted above, the wind-up of the Relizon Canada Plan may take several years to complete and the Fund will be required to continue to fund this deficit until the approvals from applicable pension regulatory authorities are received. As mentioned above, various factors may impact the amount and timing of any future required contributions, including actuarial assumptions, changes in long-term interest rates, the plan's investment performance, the estimated price of the annuities to be purchased to settle a portion of the wind-up liabilities of the Relizon Canada Plan, and other elements of pension plan experience such as demographic changes and administrative expenses. The Fund cannot determine the Data Group's actual funding obligations under the Relizon Canada Plan for 2009 until it is finally wound up with reasonable accuracy. Based upon the preliminary estimates, the Relizon Canada Plan is expected to have a solvency deficit at December 31, 2008. The Data Group's preliminary estimated funding obligation under the Relizon Canada Plan is \$0.7 million in 2009

and \$2.8 million in 2010, assuming that the solvency deficit is fully funded and the benefits are settled by the end of 2010. The final funding obligation for 2009 will be determined based on the wind-up valuation report as at December 31, 2008, which will be completed within the first six months of 2009. If the Relizon Canada Plan has a wind-up deficiency, annual actuarial valuations will be required until the plan is settled.

Under an immunization strategy adopted in 2007, the investment policy for the Relizon Canada Plan is to invest the plan's assets in bonds to match the duration of the bond portfolio to the duration of the wind-up obligations. The immunization strategy was undertaken to reduce the volatility of the plan's funded position and the associated contribution requirements. The matching of the plan assets to wind-up benefit obligation does not eliminate such volatility as market influences have different impacts on bond and wind-up benefit obligation values.

The SERP is unfunded and its pension benefits will be paid out of the general revenues of the Data Group. The Data Group's annual funding obligations under the SERP are \$0.5 million for 2009 and \$0.6 million thereafter.

CASH FLOW FROM OPERATIONS

Changes in non-cash working capital increased cash by \$3.1 million during the year ended December 31, 2008. Accounts receivable balance decreased by \$10.3 million as a result of the timing of payments by customers of the DATA East and West segment. Prepaid expenses and other current assets increased by \$4.0 million primarily as a result of the inclusion of a \$3.25 million expected recovery from Relizon US pursuant to the Fund's rights of indemnification under the share purchase agreement between the Fund and Relizon US relating to the acquisition of Relizon Canada. Income taxes payable increased by \$4.8 million primarily as a result of the inclusion of a \$4.4 million provision relating to the estimated amount payable by the Data Group to settle the anticipated assessments by the Canada Revenue Agency and certain provincial tax authorities described above. Accounts payable and accrued liabilities decreased by \$8.8 million as a result of the timing of payments to suppliers for purchases during the fourth quarter of 2008. Accrued restructuring and integration provisions decreased by \$1.1 million, which was the net result of \$3.7 million of payments made to former employees in the form of severances and \$2.6 million of restructuring expenses incurred in 2008.

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 are not included in capital expenditures.

Capital expenditures for the year ended December 31, 2008 of \$3.1 million related primarily to maintenance capital expenditures.

During the year ended December 31, 2008, the Data Group sold its former Medicine Hat, Alberta facility for gross proceeds of \$1.8 million.

FINANCING ACTIVITIES

For the year ended December 31, 2008, the Fund paid or declared aggregate cash distributions of \$27.2 million to its unitholders.

Normal course issuer bid

Pursuant to a Notice of Intention to Make a Normal Court Issuer Bid (the "Notice") dated February 12, 2009, the Fund commenced a normal course issuer bid ("NCIB") to purchase up to a maximum of \$2,833,200 aggregate principal amount of its outstanding Convertible Debentures, representing 10% of the public float of Convertible Debentures outstanding as of February 3, 2009. As of March 4, 2009, the Fund had \$34.8 million aggregate principal amount of Convertible Debentures outstanding. Purchases under the NCIB were permitted to commence on the TSX on February 18, 2009 and will terminate on the earlier of February 7, 2010, the date the Fund completes its purchases pursuant to the Notice filed with the Toronto Stock Exchange (the "TSX") and the date of notice by the Fund of termination of the bid. Convertible Debentures purchased under the NCIB will be cancelled. Purchase and payment for the Convertible Debentures will be made by the Fund in accordance with the rules and policies of the TSX and the price that the Fund will pay for any Convertible Debentures acquired by it will be at the market price of the Convertible Debentures at the time of acquisition. As at the date hereof, no Convertible Debentures have been purchased under the NCIB. Purchases made by the Fund pursuant to the NCIB occur when management believes that the market price of the Fund's Convertible Debentures at certain times may be attractive and that the purchase of Convertible Debentures would be an appropriate use of corporate funds in light of potential benefits to remaining unitholders.

Unitholders can obtain a copy of the Notice filed with the regulators by the Fund, without charge, by contacting the Fund c/o Data Business Forms Limited, 9195 Torbram Road, Brampton, ON, L6S 6H2 or by calling 905-791-3151.

Outstanding unit data

At December 31, 2008 and 2007, there were 23,490,592 units outstanding and \$34.8 million aggregate principal amount of Convertible Debentures outstanding, respectively. The Convertible Debentures are convertible into units of the Fund at the option of the holder at any time prior to December 31, 2011 (or, if called for redemption prior to that date, on the business day immediately preceding the date specified by the Fund for redemption of the Convertible Debentures) at a conversion price of \$11.25 per unit, being a conversion rate of approximately 88.889 units per \$1,000 principal amount of Convertible Debentures, subject to adjustment in certain events.

Distributions

The Fund has adopted a policy that the Fund will distribute all of its cash available for distribution to the maximum extent possible to unitholders by monthly cash distributions of its net monthly cash receipts, less estimated amounts required for the payment of expense obligations, taxes and cash redemptions of units. The Fund's distributions are subject to the discretion of the Board of Trustees.

The Data Group has adopted a policy that the Data Group will distribute all of its available cash, subject to applicable law, by way of monthly distributions on its partnership interests (all of which are held directly or indirectly by the Fund), after satisfaction of its debt service obligations and other expense obligations (including pension and income tax liabilities and expenses associated with the 2007 and the 2008 restructurings and productivity improvement initiatives), retaining amounts for capital expenditures, reasonable and appropriate working capital, and satisfaction of its obligations under the Data Group's long-term incentive plan. It is expected that the approximately \$3.7 million of restructuring and integration costs that were payable as at December 31, 2008 will be financed by cash from operations, net proceeds from asset dispositions and existing cash resources in order that these non-recurring costs do not impact distributions to unitholders.

The Fund's Board of Trustees does not currently anticipate changing the Fund's current level of distributions to unitholders but will continue to monitor the Fund's cash available for distributions and its payout ratio.

The Fund may make special cash and/or special non-cash distributions at the end of the year to ensure that the Fund will not be liable for income tax under Part I of the Income Tax Act (Canada).

The following is a summary of the declared distributions, record dates and payment dates in respect of the units in 2008:

Record Date	Payment Date	Per Unit	Amount
January 31, 2008	February 15, 2008	\$ 0.09656	\$ 2.268 million
February 29, 2008	March 14, 2008	0.09656	2.268 million
March 31, 2008	April 15, 2008	0.09656	2.269 million
April 30, 2008	May 15, 2008	0.09656	2.268 million
May 30, 2008	June 13, 2008	0.09656	2.268 million
June 30, 2008	July 15, 2008	0.09656	2.269 million
July 31, 2008	August 15, 2008	0.09656	2.268 million
August 29, 2008	September 15, 2008	0.09656	2.268 million
September 30, 2008	October 15, 2008	0.09656	2.269 million
October 31, 2008	November 14, 2008	0.09656	2.268 million
November 28, 2008	December 15, 2008	0.09656	2.268 million
December 31, 2008	January 15, 2009	0.09656	2.269 million

For the year ended December 31, 2008, the Fund paid or declared aggregate cash distributions of \$27.2 million.

Financial instruments and risk management

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, other receivables within other current assets, accounts payable and accrued liabilities, accrued restructuring and integration provisions, distributions payable, interest rate swaps and long-term debt, the amounts of which are included in the Fund's consolidated balance sheet as at December 31, 2008 and December 31, 2007, respectively. The Fund does not enter into financial instruments for trading or speculative purposes.

FAIR VALUE

The carrying value of cash and cash equivalents, accounts receivable, other receivables within other current assets, accounts payable and accrued liabilities and distributions payable approximate their fair value due to the immediate or short-term maturity of these financial instruments. The fair value of the revolving portion of the Data Group's amended credit facility approximates its carrying value as it bears interest at a floating interest rate. Based on the quoted market price, the Fund's Convertible Debentures had a fair value of \$23.7 million at December 31, 2008 compared to a book value of \$34.3 million. Subsequent to year end, the Fund announced a NCIB which commenced on February 18, 2009 and terminates on February 17, 2010, to purchase up to \$2.8 million aggregate principal amount of its Convertible Debentures for cancellation. See "Normal course issuer bid" above. As of December 31, 2008, the fair value of the Data Group's outstanding interest rate swaps was unfavourable by approximately \$1.1 million, which the Data Group have been required to pay if it closes out those contracts on December 31, 2008.

CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Fund to credit risk consist of cash equivalents, accounts receivable, other receivables within other current assets and derivative financial instruments. The carrying amount of assets included on the balance sheet of the Fund represents the maximum credit exposure.

The Data Group has accounts receivable from clients engaged in various industries including financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies that are not concentrated in any specific geographic area. These specific industries may be affected by the current economic conditions impacting the domestic and global economies which could adversely impact the Data Group's accounts receivable. Management of the Data Group does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at December 31, 2008, \$2.9 million, or 6.0% of accounts receivable, were more than 90 days old, an improvement from \$4.1 million or 7.1% of accounts receivable at December 31, 2007.

The credit risk associated with derivative financial instruments arises from the possibility that the counterparties may default on their obligations. In order to minimize this risk, the Data Group enters into derivative transactions only with highly rated Canadian financial institutions.

LIQUIDITY RISK

Liquidity risk is the risk that the Data Group and Fund may encounter difficulties in meeting obligations associated with financial liabilities as they become due.

INTEREST RATE RISK

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. Non derivative interest bearing assets are primarily short term liquid assets. The Fund's interest rate risk arises from long-term debt issuances at fixed and floating interest rates.

FOREIGN EXCHANGE RISK

Foreign currency risk is the risk that future cash flows arising from amounts receivable and/or payable in a foreign currency will fluctuate because of changes in foreign exchange rates. In the normal course of business, the Data Group does not have significant foreign exchange transactions and, accordingly, the amounts and foreign exchange risk are not expected to have adverse material impact on the operations of the Data Group.

Note 14 to the audited consolidated financial statements of the Fund for the year ended December 31, 2008 contains additional information on the Data Group's financial instruments.

Contractual obligations

The Fund believes that the Data Group will have sufficient resources from its operating cash flow to meet its contractual obligations as they become due. Contractual obligations have been defined as contractual commitments in existence but not paid for as at December 31, 2008. Short-term commitments such as month-to-month office leases, which are easily cancelled, are excluded from this definition. Operating leases include payments to landlords for the rental of facilities and equipment.

Contractual obligations – Summary

As at December 31, 2008 (in thousands of dollars)

	Total	2009	2010	2011	2012	2013	2014 and thereafter
Pension funding contributions ¹	\$ 11,496	\$ 1,991	\$ 2,134	\$ 2,134	\$ 2,134	\$ 1,109	\$ 1,994
Interest rate swap ²	1,059	1,059	–	–	–	–	–
Long-term debt ²	70,000	–	70,000	–	–	–	–
Convertible debentures	34,832	–	–	34,832	–	–	–
Operating leases	83,126	18,141	14,446	11,499	8,538	6,695	23,807
Total	\$ 200,513	\$ 21,191	\$ 86,580	\$ 48,465	\$ 10,672	\$ 7,804	\$ 25,801

Notes:

1 The Data Group is required under applicable pension legislation to make monthly, annual and/or one-time cash contributions to its defined benefit pension plans, the DBFL Plan and/or Relizon Canada Plan, to fund current or future funding deficiencies which may emerge. See "Liquidity and capital resources - Pension funding obligations" above. Includes amounts payable under the SERP. The Data Group's obligations under the SERP consist of benefits payable as a single life annuity with a five year guarantee. The duration of these payments is dependent on the length of each participant's life and, in certain cases, that of their designated beneficiary, and their age in any given year.

2 The Data Group has entered into interest rate swap contracts with its lenders. As a result of these contracts, the borrowing rate on \$30.0 million or 42.9% of its outstanding indebtedness is effectively fixed at an interest rate of 4.16% plus stamping fees until August 28, 2009, and the borrowing rate on \$20.0 million or 28.6% of its outstanding indebtedness is effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009.

During 2008, the Fund, the Data Group, Data Business Forms Limited, Workflow Management, Inc., The Relizon Company and a former executive of Relizon Canada settled an outstanding legal proceeding commenced in January 2008 by that former executive. Under the terms of the settlement, the Data Group will pay to the former executive as a retiring allowance an amount equal to approximately \$1.3 million payable in biweekly instalments ending in May 2010. In addition, the Data Group's aggregate annual payment to the former executive under Relizon Canada's SERP has been fixed at \$0.2 million for the life of the executive, subject to certain adjustments in the event of the executive's death. Those payments under the SERP are included in the pension funding contributions line in the Contractual obligations – Summary table above.

Off-balance sheet arrangements

The Fund's off-balance sheet arrangements are operating leases, pension obligations, and post-employment and post-retirement benefits. See "Critical accounting estimates – Pension plans" below for a description of the pension plans maintained by the Data Group and see "Liquidity and capital resources – Pension funding obligations" above for the Data Group's funding obligations.

Transactions with related parties

There are regular intercompany activities between the Fund and its subsidiaries during the normal course of business. These transactions and balances are eliminated in the consolidated financial statements of the Fund. Related parties are defined as individuals who can influence the direction or management of the Fund or any of its subsidiaries and are, therefore, the trustees of the Fund and the directors and officers of the Fund's subsidiaries. Neither the Fund nor any of its subsidiaries entered into any transactions with related parties as defined above during the year ended December 31, 2008.

Operating results for the fourth quarter of 2008

(in thousands of dollars, unaudited)

	October 1 to December 31, 2008	October 1 to December 31, 2007
Revenues	\$ 96,508	\$ 107,235
Cost of revenues	71,766	76,430
Gross profit	24,742	30,805
Selling, general and administrative expenses	16,635	17,227
Restructuring and integration costs	2,026	312
Curtailment gain	–	(1,461)
Impairment of goodwill	9,500	1,900
Amortization of intangible assets	2,744	3,363
Income (loss) before interest and income taxes	(6,163)	9,464
Interest expense		
Long-term debt	1,460	1,622
Income (loss) before income taxes	(7,623)	7,842
Income tax expense (recovery)		
Current	1,150	–
Future	1,273	(2,830)
	2,423	(2,830)
Net income (loss) for the period	\$ (10,046)	\$ 10,672
Adjusted EBITDA ¹	\$ 8,053	\$ 15,330

Note:

¹ The following table provides a reconciliation of net income (loss) to Adjusted EBITDA for the periods noted. See "Non-GAAP Measures".
(in thousands of dollars, unaudited)

	October 1 to December 31, 2008	October 1 to December 31, 2007
Net income (loss) for the period	\$ (10,046)	\$ 10,672
Net interest expense on long-term debt	1,460	1,622
Depreciation of property, plant and equipment	1,972	2,064
Amortization of intangible assets	2,744	3,363
Impairment of goodwill	9,500	1,900
Curtailment gain	–	(1,461)
Current income tax expense	1,150	–
Future income tax expense (recovery)	1,273	(2,830)
Adjusted EBITDA	\$ 8,053	\$ 15,330

REVENUES

For the quarter ended December 31, 2008, the Fund recorded revenues of \$96.5 million, a decrease of \$10.7 million or 10.0% compared with the same period in 2007. The net decrease, before intersegment revenues, was primarily the result of a \$10.5 million decrease in the DATA East and West segment.

COST OF REVENUES AND GROSS PROFIT

For the quarter ended December 31, 2008, cost of revenues decreased to \$71.8 million from \$76.4 million for the same period in 2007. Gross profit for the quarter ended December 31, 2008 was \$24.7 million, which represented a decrease of \$6.1 million or 19.7% from \$30.8 million for the same period in 2007. Gross profit as a percentage of revenues decreased to 25.6% for the quarter ended December 31, 2008 compared to 28.7% for the same period in 2007. The net decrease in gross profit was primarily attributable to a gross profit decrease in the DATA East and West segment of \$6.1 million due to lower utilization as a result of the lower revenues recorded by this segment.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES, RESTRUCTURING AND INTEGRATION EXPENSES

SG&A expenses, including administrative expenses of the Fund, for the quarter ended December 31, 2008 decreased \$0.6 million to \$16.6 million compared to \$17.2 million in the same period of 2007. SG&A expenses for the three months ended December 31, 2008 were lower due to cost savings realized from the Data Group's restructuring and on-going productivity improvement initiatives. As a percentage of revenues, these costs were 17.2% and 16.1% of revenues for the quarters ended December 31, 2008 and 2007, respectively. For the three months ended December 31, 2008, the Data Group incurred \$2.0 million of severance costs charged to restructuring expense as a result of those on-going productivity improvements initiatives.

IMPAIRMENT OF GOODWILL

During the fourth quarter of 2008, the Data Group performed its annual review for impairment of goodwill, which resulted in the Fund recognizing impairment of goodwill charges of \$5.9 million and \$3.6 million related to the Sundog and Multiple Pakfold segments, respectively. See "Results of operations – The DATA Group Income Fund – Impairment of goodwill" above.

ADJUSTED EBITDA

For the quarter ended December 31, 2008, Adjusted EBITDA was \$8.1 million, or 8.3% of revenues. Adjusted EBITDA for the quarter ended December 31, 2008 decreased \$7.3 million or 47.5% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, decreased from 14.3% of revenues in 2007 to 8.3% of revenues in 2008. The decrease was attributable to the declines in the revenues in each of the Data Group's operating segments described above.

INTEREST EXPENSE

Net interest expense on long-term debt relating to the Data Group's credit facilities and the Fund's outstanding Convertible Debentures was \$1.5 million for the quarter ended December 31, 2007 compared to \$1.6 million for the same period in 2007.

Interest income of \$0.1 million was earned during the quarter ended December 31, 2008, consistent with the prior year. This interest income was substantially related to the cash and cash equivalents held by the Data Group.

INCOME TAXES

The Fund reported a loss before income taxes of \$7.6 million, a future income expense of \$1.2 million and a current income tax expense of \$1.3 million for the quarter ended December 31, 2008. The future income tax expense was mainly due to a change in estimates of future reversals of temporary differences. The current tax expense represents the estimated amount payable by the Data Group to settle the anticipated assessments by the Canada Revenue Agency and certain provincial tax authorities, net of amounts which the Fund reasonably expects to recover from Relizon US as described above under "Results of operations – The DATA Group Income Fund – Income taxes".

The Fund reported income before income taxes of \$7.8 million and a future income tax recovery of \$2.8 million for the quarter ended December 31, 2007. The future income tax recovery was due to a change in estimates of future reversals of temporary differences, the impact of the deferred gain on the sale and leaseback of the Data Group's Brockville, Ontario printing facility and changes to substantially enacted income tax rates.

NET INCOME (LOSS)

Net loss for the quarter ended December 31, 2008 was \$10.0 million compared to a net income of \$10.7 million for the quarter ended December 31, 2007. The decrease in comparable profitability was substantially due to a larger goodwill impairment charge, a larger restructuring charge and higher income tax expenses in 2008, respectively, and lower gross profit as a result of the decrease in revenues as discussed above.

Eight quarter results of operations – Summary

(in thousands of dollars, except per unit amounts, unaudited)

	2008				2007			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	\$ 96,508	\$ 89,205	\$ 93,733	\$ 101,026	\$ 107,235	\$ 90,221	\$ 97,201	\$ 103,996
Net income (loss)	(10,046)	1,147	4,003	5,591	10,672	1,438	(8,495)	3,810
Basic income (loss) per unit	(0.43)	0.05	0.17	0.24	0.45	0.06	(0.36)	0.16
Diluted income (loss) per unit	(0.43)	0.05	0.17	0.24	0.45	0.06	(0.36)	0.16

The variations in the Fund's quarterly revenues and net income (loss) over the eight quarters ended December 31, 2008 can be attributed to four principal factors: goodwill impairment charges, restructuring expenses related to on-going productivity improvement initiatives, the expenses incurred in integrating the former Data Business Forms Limited and Relizon Canada businesses, and the changes to the federal income tax laws which came into effect on June 22, 2007.

During 2008, the Data Group incurred additional restructuring costs of \$2.6 million as part of its on-going productivity improvement initiatives to reduce its cost of operations. Included in the Data Group's quarterly net income for 2008 are restructuring expenses of \$0.3 million, \$0.3 million and \$2.0 million incurred during the second, third and fourth quarter of 2008, respectively.

During the fourth quarter of 2008, the Data Group performed its annual review for impairment of goodwill, which resulted in the Fund recognizing impairment of goodwill charges of \$5.9 million and \$3.6 million related to the Sundog and Multiple Pakfold segments, respectively.

The Data Group issued a notice to wind-up the Relizon Canada Plan effective December 31, 2008, such that no benefits will accrue under that plan after December 31, 2008. As a result, the Data Group recorded a curtailment gain of \$1.5 million, including the recognition of unamortized actuarial gains of \$0.3 million in the fourth quarter of 2007. See "Liquidity and capital resources – Pension funding obligations" above.

During the fourth quarter of 2007, the Data Group performed its annual review for impairment of goodwill which resulted in the Fund recognizing an impairment of goodwill charge of \$1.9 million related to the Multiple Pakfold segment.

Prior to August 31, 2006, the Fund's revenues consisted of the former Data Business Forms Limited operations, which operated in locations across Canada (other than the Maritimes). Beginning August 31, 2006, the Fund's revenues included revenues generated by the operations of the combined businesses consisting of the former Data Business Forms Limited and Relizon Canada. Commencing in the fourth quarter of 2006, the Fund began incurring integration expenses related to the acquisition of the Relizon Canada business. Integration related expenses of \$0.2 million were incurred in the fourth quarter of 2006 and \$1.1 million, \$2.4 million, \$0.6 million and \$0.3 million were incurred in the first, second, third and fourth quarters of 2007, respectively.

In the third quarter of 2006, the Fund completed a reorganization and recorded the impact of changes in substantively enacted future tax rates which resulted in the recovery of future income taxes of \$14.9 million. However, in the second quarter of 2007, the SIFT rules affecting the taxation of income trusts were enacted, which resulted in the Fund recording future income tax expenses of \$0.2 million, \$0.4 million, \$1.2 million, \$9.7 million and \$0.6 million for the first, second and fourth quarters of 2008, and the second and third quarters of 2007, respectively. The Fund recoded future income tax recoveries of \$0.1 million and \$2.8 million in the third quarter of 2008 and fourth quarter of 2007, respectively.

Critical accounting estimates

A summary of significant accounting policies are included under notes 2 and 3 of the Notes to the consolidated financial statements of the Fund for the year ended December 31, 2008. Critical accounting estimates require management to make certain judgments and estimates, some of which may be uncertain. Changes in these accounting estimates may have an impact on the financial results of the Fund. Details of the critical accounting estimates are discussed below.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Data Group maintains an allowance for bad debts that management believes represents the best estimate of probable or likely loss. The allowance is based on a review of specific customer accounts receivable balances as well as amounts for non-specific items. The Data Group regularly assesses the adequacy of the allowance by reviewing such factors as probabilities of default, economic conditions, customers' credit history and historical recovery rates. Changes in any of these factors may result in a change to the allowance and could adversely affect the results of the Fund.

INVENTORY RESERVES

The Data Group maintains a reserve for slow-moving or obsolete inventory, which is reviewed periodically based upon usage and inventory age to determine its adequacy. Physical inventories are taken throughout each year.

GOODWILL

Goodwill represents the excess of cost over the fair value of tangible and identifiable intangible assets and liabilities acquired in business combinations accounted for by the purchase method. Under GAAP, goodwill is not amortized but is tested for impairment, at least annually, or more frequently if conditions exist that indicate there may be impairment. The Data Group determines the fair value of each reporting segment by discounting expected future cash flows in accordance with recognized valuation methods. The process of determining those fair values requires the Data Group to make a number of estimates and assumptions, such as projected future revenues, costs of revenues, market conditions well into the future, and discount rates. These assumptions are based on management's best estimates and require judgment. As a result, there is inherent uncertainty and actual results may differ from the estimates (see "Measurement

uncertainty" below). When the carrying value of a reporting segment exceeds the determined fair value, the fair value of the reporting segment's goodwill (determined in the same manner as a business combination) is compared to the carrying value of the goodwill and an impairment loss is charged to the consolidated statement of income and comprehensive income.

INTANGIBLE ASSETS

The Data Group has recognized intangible assets that are comprised of customer relationships, trademarks, and trade names and technology. These intangible assets have definite lives. These intangibles are amortized over their estimated useful lives of three to twelve years. Management judgment is required to determine the useful life of the intangible assets and, where it is believed to be required, an impairment provision is provided. The useful life of between three and twelve years is determined by reviewing the length of customer relationships and other factors.

PENSION PLANS

The Data Group accounts for its defined benefit pension plans in accordance with GAAP, which requires assumptions concerning future events. Such actuarial assumptions include expected returns on assets, projected salary increases, discount rates, retirement age, mortality rates and withdrawal rates, among others. The Data Group manages its pension plans by meeting with the actuarial consultants and the fund manager on a regular basis and reviewing periodic reports outlining the return on pension assets relative to the market. Assumptions are reviewed on an ongoing basis and adjustments are made whenever management believes that conditions have materially changed. Management's estimates are outlined in the table below. Changes in assumptions may materially impact on the amount of pension expense recognized in any period.

Under the Data Group's defined contribution pension plan, annual pension expense is based on when amounts are earned by eligible employees. Members of the DBFL Plan are eligible beginning January 1, 2008 and members of the Relizon Canada Plan are eligible beginning January 1, 2009.

During the year ended December 31, 2008, the Data Group contributed \$1.9 million to its defined benefit pension plans, \$2.9 million to the defined contributions plan and \$0.5 million to the SERP. The Fund expects that in 2009, contributions to its defined benefit pension plans will be approximately \$4.2 million, contributions to the defined contribution plan to be \$3.9 million and contributions to the SERP of \$0.5 million.

The Data Group increased the discount rate that was used to calculate its ongoing pension benefit obligations as at December 31, 2008 to better reflect current Canadian economic conditions. Salary increase assumptions were the same at December 31, 2008 and December 31, 2007. The expected long-term rate of return takes into account recent market performance and the Data Group's expectations about future long-term market returns and the immunization strategy for the Relizon Canada Plan. The following table summarizes the rates used in fiscal 2008 and 2007 to calculate the Data Group's pension benefit obligations.

Significant actuarial assumptions adopted in measuring the Fund's pension plan obligations

	December 31, 2008	December 31, 2007
Relizon Canada Plan		
Discount rate	4.50%	4.65%
Expected rate of return on plan assets	4.55%	6.00%
Rate of compensation increase	N/A	3.50%
DBFL Plan		
Discount rate	7.40%	5.60%
Expected rate of return on plan assets	6.90%	6.60%
Rate of compensation increase	3.50%	3.50%
SERP		
Discount rate	7.40%	5.60%

In 2008, the discount rate applied to the accrued pension benefit obligation for the DBFL Plan and the SERP was increased to 7.40% from 5.60% reflecting long-term interest rates at December 31, 2008. The impact of this change was an actuarial gain of \$9.7 million for the DBFL Plan and an actuarial gain of \$1.1 million for the SERP. The excess of the net accumulated actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees of the pension plan or the average remaining life expectancy of the former employees of the pension plan (14 – 22 years). The discount rate applied to the accrued pension benefit obligation for the Relizon Canada Plan was decreased to 4.50% from 4.65%, as a result of the changes in assumptions related Data Group's decision to terminate the plan effective December 31, 2008.

INCOME TAXES

Management uses judgment to estimate current and future income tax expenses and recoveries. This involves determining taxable income, temporary differences between tax and accounting carrying values and income tax loss carry-forwards. Under the provisions of the Specified Investment Flow-Through Entity ("SIFT") rules, the Fund, as a publicly traded income trust, is considered a SIFT and will become subject to tax commencing January 1, 2011 provided the Fund does not exceed the guidelines for normal growth in the intervening period. Prior to 2011, the Fund is expected to continue to qualify for special income tax treatment that permits a tax deduction by the Fund for distributions paid to its unitholders. For accounting purposes, the Fund has recognized future income tax assets and liabilities with respect to the temporary differences between the carrying amount and the tax bases of its assets and liabilities and those of its subsidiaries, which are expected to reverse in or after 2011 at the substantively enacted tax rates expected to apply for such periods. The provision for future income taxes requires estimates to be made of the amount of temporary differences that will reverse after December 31, 2010. This requires management to make assumptions as to future events, including the amount of discretionary tax deductions that will be claimed. As a result, changes in assumptions and estimates may have a material affect on the provision for future income taxes.

For periods prior to January 1, 2011, the Fund has not recognized any current income taxes or future income tax assets or liabilities on temporary differences expected to reverse prior to 2011 as the Fund is committed to annually distribute to its unitholders all or virtually all of its taxable income that would otherwise be taxable in the Fund and the Fund intends to continue to meet the requirements of the Income Tax Act (Canada) applicable to the Fund. Initially, the legislation imposed an income tax rate of 31.5% on Canadian public income trusts. The income tax rate was subsequently lowered in December 2007 to 29.5% for 2011 and 28% for 2012 and subsequent years.

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 Data Business Forms Limited (including the Relizon Canada business). Prior to this reorganization, the Data Group had a structure similar to other structures that involved significant amounts of intercompany or similar debt that generated substantial interest expense, to reduce earnings and therefore, income taxes payable. There can be no assurance that the taxation authorities will not seek to challenge the amount of interest expense deducted. Management believes that the interest expense inherent in the structure of the Fund is supportable and reasonable. In the ordinary course of business, the Fund's subsidiary enters into transactions where the ultimate tax determination may be uncertain. These uncertainties require that the Data Group make estimates of its ultimate tax liabilities and, accordingly, the provision for income taxes. While the Data Group believes these estimates are reasonable and appropriate, additional liabilities may result when uncertain tax positions are resolved or settled at amounts that differ from those estimates. The Fund, its subsidiaries and predecessors may also be reassessed for taxes from time to time. Such reassessments, the impact of which is not expected to be material, together with the associated interest and penalties could adversely affect the subsidiaries and the Fund.

PURCHASE PRICE ALLOCATION

The purchase price of an acquired business is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based upon their respective fair market values, with the excess recorded as goodwill. Such fair market value assessments require judgment and estimates. Adjustments to fair value assessments are recorded to goodwill over the purchase price allocation period, not exceeding one year from the date of acquisition, with the exception of certain adjustments related to restructuring activities, the resolution of which may extend beyond the purchase price allocation period.

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the period reported. Management must also make estimates and judgements about future results of operations, related specific elements of the business and operations in assessing recoverability of assets and recorded value of liabilities. Significant areas of measurement uncertainty include the determination of the impairment of goodwill and intangible assets which are impacted by estimates of the fair value of reporting segments, assumptions of future cash flows, and achieving forecasted business results. These assumptions can be impacted by economic conditions and also require considerable judgement by management. Declines in business results or declines in the fair value of the Fund's reporting segments could result in impairments in future periods. Significant areas requiring the use of estimates and assumptions include the determination of the fair value of assets and liabilities acquired in a business combination, the determination of the allowance for doubtful accounts, the determination of the reserve for obsolete inventory, the determination of the impairment of property, plant and equipment, the determination of impairment of goodwill and other intangible assets and the determination of future income tax assets and liabilities. Actual results could differ from estimates and judgements made by management.

New accounting policies

Effective January 1, 2008, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Section 3031, Inventories; Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation. The adoption of these new standards resulted in changes in accounting for inventories with a corresponding adjustment to opening deficit, and expanded disclosure requirements for the Fund's financial instruments. These changes were applied retroactively without the restatement of comparative financial statements.

CAPITAL DISCLOSURES

In December 2006, the CICA issued Section 1535, Capital Disclosures that establishes guidelines for the disclosure of information on the Fund's capital and how it is managed. It is effective for fiscal periods beginning on or after October 1, 2007. The enhanced disclosure enables users to evaluate the Fund's objectives, policies and processes for managing capital. The new standard impacts disclosures only and can be found in note 20 to the consolidated financial statements.

FINANCIAL INSTRUMENTS - DISCLOSURES AND PRESENTATION

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments – Presentation to replace existing Section 3861, Financial Instruments – Disclosure and Presentation. Section 3862 requires the Fund to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Fund's financial position and performance, the nature and extent of risks arising from financial instruments to which the Fund is exposed during the period and at the balance sheet date, and how the Fund manages those risks. Section 3863 carries forward the existing presentation requirements and provides additional guidance for the classification of financial instruments. These sections are effective for fiscal periods beginning on or after October 1, 2007. The new standard impacts disclosures only and can be found in note 14 to the consolidated financial statements.

INVENTORIES

In March 2007, the CICA issued Section 3031, Inventories, which has replaced Section 3030 with the same title. The new section requires inventories to be measured at the lower of cost and net realizable value, with guidance on the determination of cost and also expands the disclosure requirements to increase transparency that can be found in note 4 to the consolidated financial statements. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 and is applicable for the Fund's first quarter of fiscal 2008. Prior to January 1, 2008, Canadian GAAP allowed fixed overhead costs associated with the Data Group's production activities to be expensed during the period. Upon adoption of the new inventory section on January 1, 2008, the Data Group now includes fixed overhead costs in the cost of its inventories. As result of adopting the new standard, the Data Group increased the value of its inventories on January 1, 2008 by \$6.2 million with a corresponding decrease in the opening deficit. This standard has been applied prospectively. Accordingly, comparative amounts for prior periods have not been restated.

Accounting standards issued but not yet effective

The following are the new accounting standards the Fund plans to adopt when they become effective. Management is evaluating the standards and their impact on the Fund's consolidated financial statements.

The CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Financial Reporting Standard IAS 38, Intangible Assets. The new standard also provides guidance for the recognition of internally developed

intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 with earlier adoption encouraged.

International Financial Reporting Standards – In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board will be required effective January 1, 2011 for publicly accountable profit-oriented enterprises. The Fund has established a changeover plan to convert to these new standards according to the timetable set within these new rules. An implementation team has been created that is led by the Chief Financial Officer, and will include representatives from various areas of the Data Group’s organization as necessary to plan for and achieve a smooth transition to IFRS. The implementation project consists of three primary phases, which in certain cases will be in process concurrently as IFRS is applied to specific areas from start to finish:

Scoping and diagnostic phase

This phase involves performing a detailed diagnostic comparing Canadian GAAP to IFRS and identifying key areas that may be impacted by the transition to IFRS.

Impact analysis and design phase

In this phase, each area identified from the scoping and diagnostic phase will be addressed. This phase will determine changes required to existing accounting policies, information systems and business processes, together with an analysis of accounting policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The Fund is also assessing the impact of the conversion on business activities including the effect on information technology and data systems, internal controls over financial reporting and disclosure controls.

Implementation and review phase

This phase will include execution of changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the Fund’s finance and other staff, as necessary. The ultimate objective is being able to provide IFRS compliant financial information.

The Fund completed the scoping and diagnostic phase in the fourth quarter of 2008, and is now in the impact analysis and design phase. The Fund’s analysis of IFRS in comparison to Canadian GAAP has identified a number of differences that are likely to impact the Fund and the Data Group. They include but are not limited to:

IFRS 1 – provides entities with a number of optional and mandatory exemptions upon initial adoption of the standards. The exemption choices are being analyzed and the Fund and the Data Group will implement those determined to be most appropriate.

Property, plant and equipment – International Accounting Standards (“IAS”) 16 requires an entity to break an asset down to its significant parts upon initial measurement and depreciate assets based on the useful life of the significant individual components as opposed to the assets as a whole. This could have an impact on the way significant parts of printing presses are tracked and depreciated.

Income taxes – There are currently several differences between Canadian GAAP and IFRS with respect to income taxes but this could change as the result of proposed amendments to IAS 12. The Fund will monitor these proposed changes to assess the impact on the consolidated financial statements once the amendments to income taxes have been finalized.

Recognition of leases – unlike Canadian GAAP, IAS 17 does not provide prescriptive measurements on lease contracts. As a result all lease contracts will need to be reviewed to determine if they are operating or capital leases based on whether or not management feels substantially all the risks and rewards incidental to ownership have been transferred.

Accounting for defined benefit pension plans and other future employee benefits – IAS 19 actuarial gains and losses are permitted to be recognized directly through equity rather than through the income statement. The average remaining service period under IAS 19 includes all participants whether active or inactive where under Canadian GAAP this only includes the active employees.

In addition to the sections noted above, there are generally more extensive presentation and disclosure requirements under IFRS compared to Canadian GAAP. These will be noted during the impact analysis and design phase and will result in additional data collection where required.

Additional information

Additional information relating to the Fund, including the Fund's most recently filed Annual Information Form, is available on SEDAR at www.sedar.com.

Disclosure controls and procedures and Internal controls over financial reporting

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the effectiveness of disclosure controls and procedures (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group as of December 31, 2008. Based on that evaluation, those officers have concluded that, as of December 31, 2008 such disclosure controls and procedures were sufficiently effective to provide reasonable assurance that (i) material information relating to the Fund and the Data Group was made known to management and (ii) information required to be disclosed by the Fund in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the effectiveness of the internal controls over financial reporting (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group as of December 31, 2008. In making this evaluation, the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework was used to design the internal controls over financial reporting. Based on that evaluation, those officers have concluded that, as of December 31, 2008, such internal controls over financial reporting were sufficiently effective to provide reasonable assurance regarding the reliability of the Fund's financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

There were no changes in the internal controls over financial reporting of the Fund and the Data Group during the year ended December 31, 2008 reporting period that have materially affected, or are reasonably likely to materially affect, the internal controls over financial reporting of the Fund and the Data Group.

Outlook

Many of the Data Group's customers are being affected by economic conditions affecting the broader market. Current and future conditions in the domestic and global economies remain uncertain. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy, including the many different markets in which the Data Group participates. Because all components of the Data Group's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. Adverse changes have occurred as a result of soft economic conditions, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, or other factors affecting economic conditions generally. These changes have negatively affected the sales of the Data Group's products and services, increased exposure to losses from bad debts, increased the cost and decrease the availability of financing, and may increase costs associated with manufacturing and distributing products or delivering services to the Data Group's customers. The Fund expects this economic environment to continue for at least the near term.

Notwithstanding the economic situation, the Fund believes that it 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 will continue to monitor the Fund's cash available for distribution, its payout ratio and the need to pay distributions to ensure the Fund is not taxable.

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. During the fourth quarter of 2008, the Data Group undertook further initiatives which resulted in a restructuring charge of \$2.0 million. The Data Group anticipates that these initiatives will generate \$2.5 million in annual savings.

The Fund expects that the SIFT rules 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 that accompanied those tax changes, 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's Board of Trustees has determined that there are no current economic benefits associated with an early conversion from a SIFT trust to a taxable entity not subject to the SIFT rules. There is meaningful value in the interim period and the Fund therefore has no current intention to make significant changes to its structure during this period without compelling reasons to do otherwise. The Minister of Finance has released draft legislation that purports to permit the conversion from a SIFT trust to a taxable entity not subject to the SIFT rules without any adverse material consequences for the SIFT trust and its investors. The Fund, with input from external legal and financial advisors, will continue to closely monitor developments in this area and expects to make further decisions over time with a view to maximizing value for the Fund's unitholders, including what the Fund's Board of Trustees determines will be the optimal structure post-2010. The Fund will also continue to closely monitor its payout ratio over the 2009 to 2010 period, continuing to take into account the current and anticipated performance of the Data Group and its business and the Fund's cash available for distribution during this period.

Sales of some of the Data Group's products are subject to seasonal fluctuations in demand. Certain elements of the gift card and direct mail businesses and the buying pattern of certain major customers of the Data Group generate higher revenues and profit in the fourth quarter than the other three quarters. Economic conditions resulted in lower revenue from these businesses in 2008 compared to 2007.

The Data Group will continue to fund necessary maintenance capital expenditures by utilizing cash flow from operations.

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 selectively pursue acquisition opportunities within its existing business segments.

Risks and uncertainties

An investment in the units involves risks. In addition to the other information contained in this report, investors should carefully consider the risks described below before investing in units. The risks described below are not the only ones facing the Fund and/or the Data Group. Additional risks not currently known to the Fund and/or the Data Group, or that the Fund and/or the Data Group currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of the Data Group, and the ability of the Fund to make distributions on the units.

Risks related to the business

CURRENT UNCERTAINTY IN DOMESTIC AND GLOBAL ECONOMIC CONDITIONS

The Data Group's operating results are sensitive to economic conditions, which can have a significant impact on the Data Group. During the fourth quarter of 2008, the Data Group experienced lower demand for its products and services as the Canadian economy weakened, particularly in Eastern Canada. A prolonged weak economic environment may lead to continued lower demand for the Data Group's products and services, resulting in reductions in sales volumes and services revenues and lower selling prices, and may cause the Data Group to operate at levels which are below its optimal production capacity, which would result in higher production costs and lower levels of profitability.

INABILITY TO SUSTAIN AND MANAGE ORGANIC GROWTH

A principal component of the Data Group's strategy is to continue its internal growth. The Data Group may not be successful in growing its business or in managing its organic growth and a failure to do so could have a material adverse effect on its business, financial condition, liquidity and results of operations and the amount of cash available for distribution to unitholders. The Data Group's growth depends on its ability to accomplish a number of things, including, successfully introducing new products; identifying and developing new geographic markets; developing new products and gaining market acceptance for them; establishing and maintaining favourable relationships with customers in new markets and market segments and maintaining these relationships in existing markets; and successfully managing expansion and obtaining the required financing. Any growth the Data Group achieves may require additional employees and an increase in the scope of both its operation and financial systems and the geographic area of its operations.

COMPETITION FROM COMPETITORS SUPPLYING SIMILAR PRODUCTS AND SERVICES

Some of the Data Group's competitors have economic resources greater than those of the Data Group and are well-established suppliers. If consolidation in the document management or printing industry occurs, some competitors may become larger and pose an additional competitive threat to the business of the Data Group. A competitor may reduce the price of its products or services in an attempt to gain increased sales, and the corresponding pricing pressure

placed on the Data Group may result in reduced profit margins or cash flow. A loss of business may occur if the Data Group does not meet competitive prices that fall below its profitability targets. Several of the Data Group's products and services are sold into select market segments and there can be no assurance that these segments will not attract additional competitors that could have greater financial, technological, manufacturing and marketing resources than the Data Group.

LIMITED GROWTH IN THE PRINTING OF TRADITIONAL BUSINESS FORMS

The overall printing industry is highly competitive and has not grown over the last several years and, accordingly, it may be difficult for the Data Group to grow its sales or even maintain historical levels of its sales of printed business documents. The Data Group has depended heavily on sales of printed business forms, which accounted for approximately 21% of the Data Group's revenues in fiscal 2008. However, the overall printed forms industry has not grown in the last few years due to technological advancements resulting in the decline in the use of traditional paper-based forms. In addition, the printed document industry historically has been affected by general economic and industry cycles that have materially and adversely affected print distributors and print manufacturers. Accordingly, for the Data Group to continue to experience growth in printed document sales, the Data Group must increase its market share and individual customer share and respond to changes in demand in this segment of the industry. The Data Group also faces competition from alternative sources of communication and information transfer, such as facsimile machines, electronic mail, and the Internet. These sources of communication and advertising may adversely impact printed product sales in the future.

INCREASES IN THE COST OF PAPER OR OTHER RAW MATERIALS

In fiscal 2008, the cost of paper, carbon and other raw materials represented approximately 29.4% of the Data Group's related revenues. Increases in paper costs could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations. The Data Group cannot be certain that the Data Group will be able to pass on future increases in the cost of paper to its customers consistent with industry practice. Moreover, rising paper costs and their consequent impact on the Data Group's pricing could lead to a decrease in the volume of products sold. The overall paper market is beyond the Data Group's control, and as a result, the Data Group cannot be certain that future paper price increases will not result in decreased volumes and decreased cash flow and profitability.

Due to the significance of paper in the manufacture of most of the Data Group's products, the Data Group is dependent upon the availability of paper. During periods of tight paper supply, many paper producers allocate shipments of paper based on the historical purchase levels of customers. Unforeseen developments in world paper markets coupled with shortages of raw paper could result in a decrease in supply, which would cause a decrease in the volume of product the Data Group could produce and sell, and could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

Additionally, the Data Group utilizes a number of raw materials, including carbon, ink, film, offset plates, chemicals and solvents, glue, wire and subcontracted components, which are subject to price fluctuations beyond its control. There has generally been a lag time before those increases could be passed on to the Data Group's customers. There can be no assurance that the price of the Data Group's raw materials will not increase in the future or that the Data Group will be able to pass on those increases to its customers consistent with industry practice. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations. The Data Group cannot be certain that a shortage of any of these raw materials will not occur in the future or what effect, if any, such a shortage would have on the Data Group's cash flow and profitability.

CUSTOMER RELATIONSHIPS

The Data Group typically does not enter into long-term, written agreements with customers. As a result, there is a risk that customers may, without notice or penalty, terminate their relationship with the Data Group at any time. In addition, even if customers should decide to continue their relationship with the Data Group, there can be no guarantee that customers will purchase the same amount as in the past, or that purchases will be on similar terms. A loss of several customers, a substantial decrease in order volumes from several customers, a loss of a significant customer or a change in the terms of the relationship with a significant customer could have an adverse impact on the Data Group's business, financial condition, liquidity and results of operations.

SEASONALITY

Sales of some of the Data Group's products are subject to seasonal fluctuations in demand. Certain elements of the Data Group's gift card and direct mail businesses and the buying patterns of certain major customers of the Data Group generate higher revenues and profit in the fourth quarter than the other three quarters. While certain variable costs can be managed to match seasonal patterns, a significant portion of costs, including rent, are fixed and cannot be adjusted for seasonality.

FAILURE TO DEVELOP PRODUCT AND SERVICE OPTIONS

The Data Group's ability to continue to generate comparable net income is based, in part, on the addition of new products and services which could be sold to existing and prospective customers. There can be no assurance that the Data Group will develop new products or services that will receive market acceptance or that those new products or services will yield favourable margins. The failure to develop and successfully market new products and services at favourable margins could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

INTEGRATION OF RELIZON CANADA INTO THE DATA GROUP

The operations of the Data Group and Relizon Canada were conducted as separate and distinct businesses prior to the acquisition of Relizon Canada, each with its own management team, sales force and operations. In fiscal 2007, the Fund completed a restructuring in connection with the integration of the Data Group and Relizon Canada businesses. Under the restructuring, the Data Group reduced its workforce, relocated certain employees to other Data Group facilities and closed plants in Québec, Ontario and Alberta. There can be no assurance that problems will not arise in the future in connection with the integration. There can be no assurance that unforeseen costs and expenses, including those related to compensation costs and information technology systems integration, or other factors will not offset, in whole or in part, the expected cost savings or other components of the respective operating plans of the combined business. Failure to successfully complete the integration of the operations of the Data Group and Relizon Canada could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

EXPANSION THROUGH ACQUISITIONS

The Data Group will continue to identify, acquire and develop suitable acquisition targets in both new and existing markets. While it is intended that the Data Group will be careful in selecting businesses to acquire, acquisitions involve a number of risks, including the possibility that the Data Group pays more than the acquired assets are worth; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of assimilating the operations and personnel of the acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption of the Data Group's ongoing business and the distraction of management from its day-to-day operations; the inability to incorporate acquired businesses successfully into the

Data Group's operations; and the potential impairment of relationships with the Data Group's employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

In addition, the Data Group may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of the acquired company's operations would depend upon the Data Group's ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, the Data Group may not be able to achieve the cost savings and other benefits that it would hope to achieve with these acquisitions. Any difficulties in this process could disrupt the Data Group's ongoing business, distract its management, result in the loss of key personnel or customers, increase its expenses and otherwise materially adversely affect its business, financial condition, liquidity and results of operations.

In the event of any future acquisitions, the Fund could issue additional units (and/or securities convertible into or exchangeable for units), which would dilute its existing unitholders' interests, or incur debt or assume liabilities. The Fund cannot assure investors that this will not have a material adverse effect on the Data Group's business, financial condition, liquidity and operating results. Additional indebtedness would make the Data Group more vulnerable to economic downturns and may limit its ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit the Data Group's ability to compete and expand. The issuance of additional units could cause the Fund to exceed the permitted "normal growth guidelines" pursuant to the Tax Act, with the result that the Fund would generally be subject to tax on the non-portfolio earning distributed to its unitholders at a rate similar to the combined federal and provincial corporate rates. Such amounts are treated as dividends paid by a taxable Canadian corporation to the unitholders.

OPERATING HAZARDS

The Data Group's revenues are dependent on the continued operation of its facilities. The operation of the Data Group's facilities involves a number of risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. The Data Group may also have exposure to future claims with respect to workplace exposure, workers' compensation and other matters. There can be no assurance as to the actual amount or the timing of these liabilities. The occurrence of material operational problems, including but not limited to the above events, may have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations and the amount of cash available for distribution to unitholders.

NEGOTIATION OF COLLECTIVE AGREEMENTS

Current union agreements are typically three years in duration and are subject to expiration at various times in the future. The collective agreements with respect to the unionized employees at the Data Group's facilities in Brockville, Drummondville, Granby and Anjou, respectively, expire on July 2, 2009, March 13, 2009, April 30, 2009 and April 30, 2010, respectively. If the Data Group is unable to renew union agreements as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances that could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

ADVERSE CHANGE IN LABOUR RELATIONS

As of December 31, 2008, the Data Group employed approximately 1,946 employees, of whom approximately 16% are members of various local labour unions. If unionized employees were to engage in a concerted strike or other work stoppage, or if other employees were to become unionized, the Data Group could experience a disruption of operations, higher labour costs or both. A lengthy strike could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

PENSION LIABILITIES AND UNFUNDED BENEFIT PLANS

Applicable pension legislation requires that the funded status of the Data Group's ongoing registered defined benefit pension plan be determined periodically on both a going concern basis (i.e., essentially assuming indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination). Where an actuarial valuation reveals a solvency deficit, current regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation. The solvency liability is influenced primarily by long-term interest rates and by the investment return on plan assets and also by certain statutory benefit enhancements that may apply on a plan termination. The interest rate used to calculate benefit obligations for solvency purposes is a prescribed rate derived from the interest rates on long-term Government of Canada bonds. In the current low interest rate environment, the calculation results in a higher present value of the pension obligations, leading to a larger unfunded solvency position. The Data Group may have to make substantial monthly, annual and/or one-time cash contributions to its pension plans, including in connection with any reduction of support services or integration of facilities, and the level of those contributions will increase in the event of poor pension fund investment performance and/or further declines in long-term Government of Canada bond rates. Deteriorating economic conditions may result in significant increases in the Data Group's funding obligations, which could have a material adverse effect on the Data Group's business, financial condition and results of operations. Underfunded pension plans or a failure or inability by the Data Group to make required cash contributions to its registered pension plans could have a material adverse effect on the business, financial condition and results of operations of the Data Group.

Certain senior executives of Relizon Canada participated in a Supplementary Executive Retirement Plan ("SERP"), which provides for pension benefits payable as a single life annuity with a five year guarantee. Upon completion of the Relizon Canada Acquisition and related transactions, the SERP became an obligation of the Data Group. The SERP is unfunded and its pension benefits will be paid out of the general revenues of the Data Group.

Certain employees of the Data Group are provided with post-employment and post-retirement benefits, including health care and life insurance benefits on retirement and unfunded long-term disability benefits to certain former or inactive employees, their beneficiaries and covered dependents. These post-employment and post-retirement benefits are funded on a pay-as-you-go basis.

See "Liquidity and capital resources – Pension funding obligations" and "Critical accounting estimates – Pension plans" above for more information regarding the Data Group's pension plans obligations.

PROPRIETARY RIGHTS MAY NOT BE ADEQUATELY PROTECTED

The Data Group's success and ability to compete depends in part upon its proprietary technology, trademarks and copyrights. The Data Group regards the software underlying its DDM/INFORMA[®] system as proprietary, and relies primarily on trade secrets, copyright and trademark law to protect these proprietary rights. The Data Group, including Relizon Canada, have registered some of their trademarks and patents. Existing trade secrets and copyright laws afford only limited protection. Unauthorized parties may attempt to copy aspects of the Data Group's software or to obtain and use information that the Data Group regards as proprietary. Policing unauthorized use of the Data Group's software is difficult. The Data Group generally enters into confidentiality and assignment agreements with the Data Group's employees and generally controls access to and distribution of the Data Group's software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Data Group's services or technology without authorization, or to develop similar services or technology independently. The Data Group is not aware that any of its owned software, trademarks or other proprietary rights that are material to the operations of its business infringes the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against the Data Group in the future. Any such claims, with or without merit, can be time consuming and expensive to defend and may require the Data Group to enter into royalty or licensing agreements or cease the alleged infringing activities.

UNINSURED AND UNDERINSURED LOSSES AND INSURANCE COSTS

The Data Group will use its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on its assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. A substantial loss without adequate insurance coverage could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

The Data Group's cost of maintaining professional errors and omissions insurance and director and officer liability insurance is significant. The Data Group could experience higher insurance premiums as a result of adverse claims experience or because of general increases in premiums by insurance carriers for reasons unrelated to its own claims experience. Generally, the Data Group's insurance policies must be renewed annually. The Data Group's ability to continue to obtain insurance at affordable premiums also depends upon its ability to continue to operate with an acceptable claims record. A significant increase in the number of claims against the Data Group, the assertion of one or more claims in excess of its policy limits or the inability to obtain adequate insurance coverage at acceptable rates, or at all, could have a material adverse effect on the business, financial condition and results of operations of the Data Group.

ENVIRONMENT, HEALTH AND SAFETY REQUIREMENTS

The Data Group's operations are subject to a complex and onerous legislative regime, including laws, statutes, regulations, by-laws, guidelines and policies as well as permits and other approvals relating to the protection of the environment and workers' health and safety, governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, handling, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety (the "Environment, Health and Safety Requirements"). As a result of the Data Group's operations, it is or may be subject from time to time to orders, fines, penalties, civil claims, administrative and judicial proceedings and inquiries relating to Environment, Health and Safety Requirements. Any such incident could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

In addition, changes to existing Environment, Health and Safety Requirements or the adoption of new Environment, Health and Safety Requirements in the future, changes to the enforcement of Environment, Health and Safety Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the Data Group, could require expenditures which might materially affect the business, financial condition, liquidity and/or results of operations.

DEPENDENCE ON KEY PERSONNEL

The success of the Data Group depends upon the personal efforts of a small group of senior management. Although the Data Group believes it will be able to replace its key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on the Data Group's business, financial condition, liquidity and results of operations.

CREDIT FACILITIES ARE SUBJECT TO FLOATING INTEREST RATES

The Data Group has entered into interest rate swap contracts with the lenders under its amended credit facility in order to protect itself from against the risk of fluctuations in interest rates and to maintain an appropriate mix between floating and fixed rate borrowings. Interest rate swap contracts involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount for a specified period of time. As at December 31, 2008, \$20 million of Data Group's outstanding indebtedness under its amended credit facility is subject to floating interest rates, and therefore is subject to fluctuations in interest rates. Interest rate fluctuations are beyond the Data Group's control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on the Data Group's financial performance.

POTENTIAL UNDISCLOSED LIABILITIES ASSOCIATED WITH THE RELIZON CANADA ACQUISITION

There may be liabilities and contingencies that the Fund did not discover in its due diligence prior to consummation of the acquisition of Relizon Canada and the Fund may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations. For example, the Fund expects to incur income tax expense in connection with the pricing of transactions between Relizon Canada and its former parent company prior to the Fund's acquisition of Relizon Canada. See "Results of operation – The DATA Group Income Fund – Income taxes" above.

RISK OF LEGAL PROCEEDINGS

The Data Group is involved from time to time in various litigation matters, including lawsuits based upon product liability, personal injury, breach of contract, indemnification claims, and lost profits or other consequential damage claims. The outcomes of litigation, regulatory investigations, and arbitration disputes are inherently difficult to predict, and as a result there is the risk that an unfavourable outcome from any of these types of matters could negatively affect the Data Group's business and the results of operations, liquidity and financial condition of the Fund and the Data Group. Regardless of outcome, litigation may result in substantial costs and expenses and significantly divert the attention of the Data Group's management. The Data Group may not be able to prevail in, or achieve a favourable settlement of, pending litigation. In addition to pending litigation, future litigation or government proceedings could lead to increased costs or interruption of the Data Group's normal business operations.

LIMITED RECOURSE AGAINST THE RELIZON COMPANY

Unitholders do not have a direct statutory right or any other rights against The Relizon Company or any of its shareholders. The sole remedy of the Fund against The Relizon Company or any of its shareholders will be the Fund exercising its rights to claim indemnification from The Relizon Company in respect of a breach of the representations and warranties in the share purchase agreement between the Fund and The Relizon Company related to the acquisition of Relizon Canada. The Relizon Company has represented and warranted in favour of the Fund that the information in the short form prospectus filed with securities regulatory authorities relating to Relizon Canada is true and correct. However, The Relizon Company has made no representation or warranty that the information pertaining to The Relizon Company in such short form prospectus constitutes full, true and plain disclosure.

Risks related to the structure of the fund

INCOME TAX MATTERS

Although the Fund and the Data Group are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Tax Act will be reasonable and deductible in accordance with the applicable provisions of the Tax Act, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that CRA will agree with the expenses claimed. If CRA successfully challenges the deductibility of expenses, the Data Group's taxable income and losses and indirectly that of the Fund or the unitholders, will increase or change.

There can be no assurance that Canadian federal income tax law or the interpretation thereof, respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of units. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax consequences of holding units could change materially and adversely in certain respects.

The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be payable each year to unitholders in order to reduce the Fund's taxable income to zero. Where in a particular year, the Fund does not have sufficient distributable cash to distribute such an amount to unitholders, the Declaration of Trust provides that additional units must be distributed to unitholders in lieu of cash payments. Unitholders will generally be required to include an amount equal to the fair market value of those units in their taxable income, notwithstanding that they do not directly receive a cash payment.

On October 31, 2003 the Department of Finance released, for public comment, proposed amendments to the Tax Act that relate to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004. In general, the proposed amendments may deny the realization of losses in respect of a business if there is no reasonable expectation that the business will produce a cumulative profit over the period that the business can reasonably be expected to be carried on. The Fund believes that it is reasonable to expect the business of the Data Group to produce a cumulative profit over the expected period that the business will be carried on by the Data Group. In the February 23, 2005 Federal Budget, (the "2005 Budget") the Minister of Finance indicated that a revised legislative proposal will be released at an early opportunity for public comment. No such proposal has yet been released.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act (the "September 16 Proposals"), under which a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships (or any combination thereof) is more than 50% of the aggregate fair market value of all the units issued by the trust, where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. If the September 16 Proposals are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of units of the Trust were held by non-residents and partnerships other than Canadian partnerships (or any combination thereof), the Trust would thereafter cease to be a mutual fund trust. The September 16 Proposals do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance indicated that the September 16 Proposals are being further considered.

Under the SIFT rules, beginning in 2011 (assuming compliance with the normal growth guidelines issued by the Department of Finance), the Fund will be subject to tax on its "non-portfolio earnings" distributed to unitholders at a rate similar to the combined federal and provincial corporate rates. "Non-portfolio earnings" of the Fund are generally income of the Fund, attributable to business carried on by it in Canada or income from, or capital gains from the disposition of, non-portfolio properties. "Non-portfolio properties" would include shares of Data Business Forms Limited and the partnership interest in the Data Group owned by the Fund.

Non-portfolio earnings that are considered to have become payable to a unitholder are treated as taxable dividends paid by a taxable Canadian corporation, which will be eligible for the enhanced tax credit if paid to an individual resident in Canada.

Generally, the Fund and its unitholders will not be subject to these rules until 2011, provided the Fund does not exceed the normal growth guidelines.

The Fund expects that these 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 proposed limitations on equity unit issuances, the Fund believes that it should be able to fund its currently identified growth plan. However, with the current uncertainty in the capital markets resulting from the tax changes, there can be no assurance that sufficient capital will be available to fund further acquisitions or expansion projects.

DEPENDENCE OF THE FUND ON THE DATA GROUP

The cash distributions to the unitholders are entirely dependent on the ability of the Data Group to pay distributions on its partnership units. Distributions to the unitholders are entirely dependent on the ability of the Fund to pay its operating expenses and to pay distributions. In the conduct of the business of the Data Group, it pays expenses and incurs debt and obligations to third parties. These expenses, debts and obligations could impact the ability of the Data Group to produce positive operating results. The Fund's ability to pay distributions is also subject to the risks encountered by the Data Group in the operation of its business and the results of operations, liquidity and financial condition of the Data Group.

CREDIT FACILITIES AND RESTRICTIVE COVENANTS

The Data Group has third party debt service obligations under its existing credit facilities. The degree to which the Data Group is leveraged could have important consequences to the holders of the units, including: (i) a portion of the Data Group's cash flow from operations is dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for distribution to the Fund; and (ii) certain of the Data Group's borrowings are at variable rates of interest, which exposes the Data Group to the risk of increased interest rates. The Data Group's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness depends on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Data Group's credit facilities contain numerous restrictive covenants that limit the Data Group with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Data Group to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with the obligations in the agreements in respect of those credit facilities could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the credit facilities were to be accelerated, there can be no assurance that the Data Group's assets would be sufficient to repay in full that indebtedness.

AVAILABILITY OF CAPITAL

The Data Group will need to refinance its existing credit facilities or other debt obligations, including its outstanding convertible debentures, in the future. In addition, future capital expenditures and potential acquisitions may require additional financing. The global financial markets crisis and the global economic slowdown, which may extend for an undetermined period of time and could continue to deteriorate, may further constrain the ability of the Data Group and the Fund's ability to meet their future financing requirements, increase their weighted average cost of capital and cause other cost increases from counterparties also faced with liquidity problems and higher cost of capital. Disruptions and high volatility in the capital markets could reduce the amount of capital available or increase the cost of such capital. No assurances can be given as to the future availability of capital. If the Fund or the Data Group are unable to obtain such additional financing, when and if required, or to refinance their credit facilities or other debt obligations, or they are only able to obtain such additional financing or refinance these credit facilities or other debt obligations on less favourable and/or more restrictive terms, this could have a material adverse effect on business, results of operations, liquidity and financial condition of the Data Group.

CASH DISTRIBUTIONS ARE NOT GUARANTEED AND WILL FLUCTUATE WITH THE DATA GROUP'S PERFORMANCE

Although the Fund intends to distribute the income earned by the Fund less expenses of the Fund and amounts, if any, paid by the Fund in connection with the redemption of units, there can be no assurance regarding the amounts of income to be generated by the Fund or the Data Group. The actual amount distributed in respect of the units depends upon numerous factors, including profitability, fluctuations in working capital, obligations under applicable credit facilities, the sustainability of margins, capital expenditures and payment of distributions by the Data Group. The market value of the units may deteriorate if the Fund is unable to meet its distribution targets in the future and that deterioration may be material. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

NATURE OF UNITS

Securities, such as the units, share certain attributes common to both equity securities and debt instruments. The units do not represent a direct investment in the Data Group and should not be viewed by investors as units in the Data Group. As holders of units, unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The units represent a fractional interest in the Fund. The Fund's only assets will be securities of the Data Group. The price per unit is a function of anticipated cash available for distribution of the Fund. The units are not "deposits" within the meaning of the Canadian Deposit Insurance Act and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on the business of a trust company.

POSSIBLE UNITHOLDER LIABILITY

The Declaration of Trust provides that no unitholder shall be subject to any liability whatsoever to any person in connection with a holding of units. However, in jurisdictions outside the Provinces of Ontario, Québec and Alberta, there remains a risk, which is considered by the Fund to be remote in the circumstances, that a unitholder could be held personally liable, despite such statement in the Declaration of Trust, for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. The affairs of the Fund will be conducted to seek to minimize such risk.

RESTRICTIONS ON POTENTIAL GROWTH

The payout by the Data Group of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of such funds could limit the future growth of the Data Group and the related cash flow to the Fund.

STRUCTURAL SUBORDINATION OF THE UNITS

In the event of a bankruptcy, liquidation or reorganization of the Data Group, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Data Group before any assets are made available for distribution to the Fund. The units will be effectively subordinated to most of the indebtedness and other liabilities of the Data Group. Except for restrictions under the Data Group's credit facility, the Data Group is not limited in its ability to incur secured or unsecured indebtedness.

DISTRIBUTION OF SECURITIES ON REDEMPTION OR TERMINATION OF THE FUND

It is anticipated that the redemption right will not be the primary mechanism for unitholders to liquidate their investments. Upon a redemption of units or termination of the Fund, Trustees may distribute securities of the Data Group directly to the unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the securities of Partnership. In addition, securities of the Partnership are not freely tradable and are not currently listed on any stock exchange and no established market is expected to develop in such securities. Securities of Partnership so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, depending upon the circumstances at the time.

THE FUND MAY ISSUE ADDITIONAL UNITS DILUTING EXISTING UNITHOLDERS' INTERESTS

The Declaration of Trust authorizes the Fund to issue an unlimited number of units for such consideration and on such terms and conditions as shall be established by Trustees without the approval of any unitholders. The unitholders will have no pre-emptive rights in connection with such further issues.

EFFECT OF MARKET INTEREST RATES ON PRICE OF UNITS

One of the factors that may influence the price of the units in public trading markets will be the annual cash-on-cash return from distributions by the Fund on the units as compared to cash-on-cash returns on other financial instruments. Thus, an increase in market interest rates will result in higher cash-on-cash returns on other financial instruments, which could adversely affect the market price of the units.

INVESTMENT ELIGIBILITY

There can be no assurance that the units will continue to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans and tax-free savings accounts under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments.

Financial reporting responsibility of management

The accompanying consolidated financial statements of The DATA Group Income Fund (the “Fund”) have been prepared by management of The Data Group Limited Partnership (the “Data Group”), a wholly-owned subsidiary of the Fund, and approved by the Trustees of the Fund. Management of the Data Group is responsible for the preparation and presentation of these financial statements and all the financial information contained within this Annual Report within reasonable limits of materiality. The Fund’s consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying consolidated financial statements. The financial information throughout the text of this Annual Report is consistent with that in the financial statements.

To assist management in discharging these responsibilities, the Data Group maintains a system of internal controls which are designed to provide reasonable assurance that the Fund’s consolidated assets are safeguarded, that transactions are executed in accordance with management’s authorization and that the financial records form a reliable base for the preparation of accurate and timely financial information.

Management recognizes its responsibilities for conducting the Data Group’s affairs in compliance with established financial standards and applicable laws, and for the maintenance of proper standards of conduct in its activities.

PricewaterhouseCoopers LLP, Chartered Accountants, are appointed by the unitholders and have audited the consolidated financial statements of the Fund in accordance with Canadian generally accepted auditing standards. Their report outlines the nature of their audit and expresses their opinion on the consolidated financial statements of the Fund.

The Trustees of the Fund have appointed an Audit Committee composed of three directors who are not members of management of the Data Group. The Audit Committee meets periodically with management and the auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues. It is responsible for reviewing the Fund’s annual and interim consolidated financial statements and the report of the auditors. The Audit Committee reports the results of such reviews to the Trustees of the Fund and makes recommendations with respect to the appointment of the Fund’s auditors. In addition, the Trustees may refer to the Audit Committee other matters and questions relating to the financial position of the Fund and its subsidiaries.

(Signed) David Odell

(Signed) Paul O’Shea

David M. Odell

Paul O’Shea

President and Chief Executive Officer
The Data Group Limited Partnership

Chief Financial Officer
The Data Group Limited Partnership

Auditors' report

To the Unitholders of The DATA Group Income Fund

We have audited the consolidated balance sheets of The DATA Group Income Fund (the "Fund") as at December 31, 2008 and 2007 and the consolidated statements of income and comprehensive income (loss), unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Mississauga, Ontario
March 5, 2009

Consolidated balance sheets

(in thousands of dollars)

	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,492	\$ 5,315
Accounts receivable	47,106	57,417
Inventories (note 4)	47,583	42,266
Prepaid expenses and other current assets (note 8)	7,684	3,649
Income taxes recoverable	–	837
	113,865	109,484
Property, plant and equipment (note 5)	39,909	47,528
Goodwill (note 6)	141,206	151,206
Intangible assets (note 7)	54,790	65,766
	\$ 349,770	\$ 373,984
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 32,224	\$ 40,014
Accrued restructuring and integration provisions (note 11)	3,627	5,245
Income taxes payable	4,022	–
Deferred revenue	7,861	6,886
Distributions payable	2,269	2,269
	50,003	54,414
Revolving bank facility (note 9)	70,000	70,000
Convertible debentures (note 10)	34,327	34,159
Future income taxes (note 8)	8,446	6,655
Deferred gain (note 5)	1,724	1,920
Unfavourable lease obligation	1,142	1,251
Deferred lease inducement	980	1,103
Pension obligations (note 12)	9,680	9,668
Post-employment and post-retirement benefits (note 13)	2,150	2,153
	178,452	181,323
UNITHOLDERS' EQUITY		
Units (note 15)	215,336	215,336
Conversion options (note 10)	898	898
Accumulated other comprehensive loss	(1,059)	(66)
Deficit	(43,857)	(23,507)
	171,318	192,661
	\$ 349,770	\$ 373,984

The accompanying notes are an integral part of these consolidated financial statements.

Approved by Board of Trustees

(Signed) David Odell

(Signed) Derek Ridout

Trustee

Trustee

Consolidated statements of income and comprehensive income (loss)

(in thousands of dollars, except per unit amounts)

	For the year ended December 31, 2008	For the year ended December 31, 2007
REVENUES	\$ 380,472	\$ 398,653
COST OF REVENUES (including depreciation of \$7,638 and \$7,812, respectively)	278,410	291,315
GROSS PROFIT	102,062	107,338
EXPENSES (INCOME)		
Selling, commissions and expenses	37,513	41,465
General and administration expenses (including depreciation of \$438 and \$695, respectively)	30,860	29,267
Restructuring and integration costs (note 11)	2,621	4,309
Amortization of intangible assets	10,976	10,596
Write down of assets held for sale (note 5)	927	–
Curtailment gain (note 12)	–	(1,461)
Impairment of goodwill (note 6)	9,500	1,900
	92,397	86,076
INCOME BEFORE INTEREST AND INCOME TAXES	9,665	21,262
INTEREST EXPENSE ON LONG-TERM DEBT (net of interest income of \$414 and \$328, respectively)	6,029	6,355
INCOME BEFORE INCOME TAXES	3,636	14,907
INCOME TAX EXPENSE (note 8)		
Current	1,150	–
Future	1,791	7,482
	2,941	7,482
NET INCOME FOR THE YEAR	\$ 695	\$ 7,425
LOSS ON CASH FLOW HEDGES	993	124
COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	\$ (298)	\$ 7,301
BASIC INCOME PER UNIT (note 16)	\$ 0.03	\$ 0.32
DILUTED INCOME PER UNIT (note 16)	\$ 0.03	\$ 0.32

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of unitholders' equity

(in thousands of dollars)

	Units	Conversion options	Accumulated other comprehensive income (loss)	Deficit	Total Unitholders' Equity
Balance as at December 31, 2006	\$ 215,164	\$ 902	\$ -	\$ (1,409)	\$ 214,657
Accounting policy change (note 8)	-	-	58	(2,312)	(2,254)
Balance as at January 1, 2007	215,164	902	58	(3,721)	212,403
Distributions declared	-	-	-	(27,211)	(27,211)
Loss on cash flow hedges	-	-	(124)	-	(124)
Conversion of convertible debentures	172	(4)	-	-	168
Net income for the year	-	-	-	7,425	7,425
Balance as at December 31, 2007	\$ 215,336	\$ 898	\$ (66)	\$ (23,507)	\$ 192,661
Balance as at December 31, 2007	\$ 215,336	\$ 898	\$ (66)	\$ (23,507)	\$ 192,661
Accounting policy change (note 3)	-	-	-	6,175	6,175
BALANCE AS AT JANUARY 1, 2008	215,336	898	(66)	(17,332)	198,836
Distributions declared	-	-	-	(27,220)	(27,220)
Loss on cash flow hedges	-	-	(993)	-	(993)
Net income for the year	-	-	-	695	695
BALANCE AS AT DECEMBER 31, 2008	\$ 215,336	\$ 898	\$ (1,059)	\$ (43,857)	\$ 171,318

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

(in thousands of dollars)

	For the year ended December 31, 2008	For the year ended December 31, 2007
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income for the year	\$ 695	\$ 7,425
Items not involving cash		
Depreciation of property, plant and equipment	8,076	8,507
Amortization of intangible assets	10,976	10,596
Pension expense (note 12)	1,976	3,336
Contributions made to pension plans (note 12)	(1,964)	(2,826)
Curtailment gain (note 12)	-	(1,461)
Write down of assets held for sale (note 5)	927	-
Loss (gain) on disposal of property, plant and equipment	35	(148)
Impairment of goodwill (note 6)	9,500	1,900
Accretion of convertible debentures	168	172
Amortization of deferred gain	(196)	(33)
Unfavourable lease obligation	(109)	(104)
Amortization of lease inducement	(123)	(122)
Post-employment and post-retirement benefits	(3)	186
Future income taxes	1,791	7,482
	31,749	34,910
Changes in non-cash items relating to operating activities (note 18)	3,067	(8,480)
	34,816	26,430
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,061)	(5,268)
Proceeds on disposal of property, plant and equipment	1,642	5,597
Acquisition of Relizon Canada Inc.	-	1,000
	(1,419)	1,329
FINANCING ACTIVITIES		
Distributions to unitholders (note 17)	(27,220)	(27,211)
	(27,220)	(27,211)
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	6,177	548
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,315	4,767
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,492	\$ 5,315
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 5,650	\$ 7,432
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Non-cash lease inducement	-	766

The accompanying notes are an integral part of these consolidated financial statements.

Notes to consolidated financial statements

For the years ended December 31, 2008 and 2007
(in thousands of dollars, except units and per unit amounts)

1 The Fund

The DATA Group Income Fund (the “Fund”) is a trust established under the Laws of the Province of Ontario pursuant to a Declaration of Trust dated September 30, 2006. The Fund commenced operations on December 21, 2004 and was created to invest in common shares and unsecured subordinated notes of Data Business Forms Limited (“Data Business Forms”). On August 31, 2006, the Fund acquired the business of Relizon Canada Inc. (“Relizon Canada”).

Effective September 30, 2006, the Fund reorganized its structure pursuant to a plan of arrangement to carry on in a limited partnership the business previously carried on by Data Business Forms as a corporation. The reorganization created a “flow-through” structure under Canadian income tax laws whereby the Fund directly and indirectly owns all of the partnership interests of The Data Group Limited Partnership (the “partnership” or the “Data Group”). The reorganization did not result in a change to the number, type or ownership of the outstanding units of the Fund and had no impact on the daily operations of the Fund. As part of the reorganization, certain consequential amendments were made to the Fund’s Declaration of Trust.

The Data Group offers a wide variety of print and electronic products and related services, which include traditional business forms, labels, direct mail products, security documents, commercial print, and facility and print management. The Data Group operates in the following business segments:

- a. DATA East and West – sells a broad range of printed products and document management services directly to customers in the Canadian market. This segment also includes the former business of Relizon Canada Inc.;
- b. Sundog – commercial printing division and total document management and event ticket production; and
- c. Multiple Pakfold – sells forms and labels to independent brokers/resellers in the Canadian market.

Management of the Data Group believes that the acquisition of Relizon Canada has introduced a marginal amount of seasonality into the business. Certain elements of the gift card and direct mail businesses as well as the buying patterns of certain major customers of the Data Group generate higher revenues and profit in the fourth quarter than the other three quarters.

2 Summary of significant accounting policies

The financial information contained in the accompanying consolidated financial statements has been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Fund and its wholly owned subsidiaries. All intercompany transactions have been eliminated upon consolidation.

REVENUE RECOGNITION

Revenue from the sale of product is recognized upon shipment to the customer when the transfer of title occurs, and when risk of loss passes to the buyer. When the customer requests a bill and hold arrangement, revenue is recognized when the goods are ultimately shipped to the customer. When customer payments exceed the revenue recognized, the excess is recorded as deferred revenue. Pre-production services have no standalone value, no reliable evidence of fair value and therefore are included with the final printed products as one unit of accounting. The majority of products are customized and product returns are not significant. Warehousing service fees are recognized as the service is provided. If warehousing service fees are included in one overall selling price of a custom print product, the consideration is allocated to each component based on relative fair values.

INVENTORIES

Raw materials inventories are stated at the lower of cost and replacement cost. Printed finished goods and work-in-progress are recorded at the lower of cost and net realizable value. Cost of finished goods and work-in-process is determined using the first-in, first-out method. Inventory manufactured includes the cost of materials, labour and production overheads.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities with maturities of three months or less at the date of purchase.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Additions and improvements are capitalized. Maintenance and repairs are expensed as incurred. Depreciation is computed using the methods and rates based on the estimated useful lives of the property, plant and equipment as outlined below:

	Basis	Rate
Buildings	straight-line	40 years
Leasehold improvements	straight-line	lease term
Office furniture and equipment	diminishing balance	20%
Presses and printing equipment	straight-line	1 to 10 years
Computer hardware and software	straight-line	1 to 5 years

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An estimate of undiscounted future cash flows produced by the assets, or the appropriate grouping of assets, is compared with the carrying value to determine whether an impairment exists. If an impairment is determined to exist, the assets are written down to their fair value.

INTANGIBLE ASSETS

Intangible assets are related to acquisitions and are recorded at their fair value at the acquisition date. These assets include customer relationships, existing technology, trademarks and trade names. These assets are amortized over their estimated useful lives of three to twelve years.

Management reviews the carrying value of its intangible assets if events or changes in circumstances indicate that the asset may not be recoverable. An estimate of undiscounted future cash flows produced by the assets, or the appropriate grouping of assets, is compared with the carrying value to determine whether an impairment exists. If an impairment is determined to exist, the assets are written down to their fair value.

GOODWILL

Goodwill represents the excess of cost over the fair value of tangible and identifiable intangible assets and liabilities acquired in business combinations accounted for by the purchase method.

Goodwill is not amortized but is subject to an annual impairment review or more frequently if circumstances indicate goodwill may be impaired. The Data Group determines the fair value of each reporting segment by discounting expected future cash flows in accordance with recognized valuation methods. The process of determining those fair values requires the Data Group to make a number of estimates and assumptions such as projected future revenues, costs of revenues, market conditions well into the future, and discount rates. When the carrying value of a reporting segment exceeds the determined fair value, the fair value of the reporting segment's goodwill (determined in the same manner as a business combination) is compared to the carrying value of goodwill and an impairment loss is charged to the consolidated statement of income and comprehensive income.

EMPLOYEE FUTURE BENEFITS

The Data Group maintains defined benefit and defined contribution pension plans for certain of its employees, which were previously maintained by Data Business Forms Limited (the "DBFL Plan") and Relizon Canada (the "Relizon Canada Plan"), respectively. Pension benefits are primarily based on years of service, compensation and accrued contributions with interest. The Data Group's funding policy is to fund the annual amount required to meet or exceed the minimum statutory requirements. The Data Group also contributes to the Graphics and Communications International Union pension plan for certain employees at the Granby, Québec plant. Certain former senior executives of Relizon Canada participated in a Supplementary Executive Retirement Plan ("SERP"), which provides for pension benefits payable as a single life annuity with a five year guarantee. The SERP is unfunded and its pension benefits will be paid out of the general revenues of the Data Group. The Data Group also provided in the post-retirement and post-employment benefits plans to a limited number of employees covering health care, dental care and life insurance coverage. The Fund is currently required to perform an actuarial valuation for the DBFL Plan every year. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which the applicable pension regulations allow the valuations to be completed every three years.

Pension benefits for the defined benefit formula are generally calculated based on the number of years of service and the maximum average eligible earnings of each employee during any period of five consecutive years. The Data Group accrues its obligations for the defined benefit components of its pension plans and other post-retirement and post-employment benefits and related costs, net of plan assets, where applicable. The cost of pensions and other retirement benefits earned by employees covered by these plans are actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and estimated health care costs, where applicable.

Improvements to the pension plans are recognized as past service costs, which are amortized on a straight-line basis over the average remaining service period of employees active at the date of the plan change. Current service costs are expensed in the period that the benefits are accrued. Actuarial gains or losses arise from the difference between actual rate of return on plans' assets for a period and the expected long-term rate of return on the plan assets for that period, from changes in actuarial assumptions used to determine the accrued benefit obligation and from changes to accrued benefit obligation resulting from actual experience differing from long-term assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees of the pension plan or the average remaining life expectancy of the former employees of the pension plan (14 – 22 years).

The discount rate used to determine the accrued benefit obligation is determined by reference to long-term interest rates. The expected return on plan assets is calculated based on the long-term expected rate of return on assets and the fair market value of plan assets. The long-term expected return on plan assets is based on the investment policy as well as the future expectation for returns for each asset class.

Pension benefits for defined contribution formula are based on the accrued contributions with interest. Under the DBFL Plan, annual pension expense is based on when amounts are earned by eligible employees. Members of the DBFL Plan are eligible beginning January 1, 2008 and members of the Relizon Canada Plan are eligible beginning January 1, 2009.

Certain employees of the Data Group are provided with post-employment and post-retirement benefits, including health care and life insurance benefits on retirement and unfunded long-term disability benefits to certain former or inactive employees, their beneficiaries and covered dependents. These post-employment and post-retirement benefits are funded on a pay-as-you-go basis.

LEASES

Leases are classified as capital or operating depending on the terms and conditions of the contracts. Where the Fund is the lessee, asset values recorded under capital leases are amortized on a straight-line basis over the term of the lease. Obligations recorded under capital leases are reduced by lease payments net of imputed interest.

INCOME TAXES

The Fund is a mutual fund trust for income tax purposes and, therefore, is not subject to tax on income distributed to unitholders. Income taxes payable on income of the Fund's distribution to unitholders are the responsibility of individual unitholders.

Under the provisions of the Specified Investment Flow-Through Entity ("SIFT") rules, the Fund, as a publicly traded income trust, is considered a SIFT and will become subject to tax commencing January 1, 2011 provided the Fund does not exceed the guidelines for normal growth in the intervening period. The Fund will be subject to tax on distributions of income made by the Fund to its unitholders at the same federal/provincial combined rate applicable to corporations.

Income taxes for the Fund and the Fund's corporate subsidiary are calculated using the liability method of accounting for income taxes. Future income tax assets or liabilities are recognized for temporary differences arising from assets and liabilities whose bases are different for financial reporting and income tax purposes. Future income taxes are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse in or after 2011. The effect on future income tax assets and liabilities of a change in tax rates and tax legislation are recognized in income in the period that includes the enactment date. Future income tax assets are recorded in the consolidated financial statements to the extent that realization of such benefits is more likely than not.

No current and future income taxes are recognized for the Fund's partnership subsidiary because it is not a taxable entity.

CONVERTIBLE DEBENTURES

Upon issuance, convertible debentures are separated into debt and equity components, measured based on their respective estimated fair values. The fair value of the debt component represents the present value of future interest and principal payments under terms of a debenture using a discount rate for similar debt instruments without a conversion feature. The value assigned to the equity component is the estimated fair value of the holders' option to convert the debentures into units.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the consolidated balance sheet date. Revenues and expenses are translated at rates prevailing on the transaction dates. Gains and losses resulting from translation are included in the determination of income for the year.

FINANCIAL INSTRUMENTS**FINANCIAL ASSETS AND LIABILITIES**

Under Section 3855, financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics. Subsequent to the initial recognition, financial instruments are measured at fair value, amortized cost or cost depending on the financial instrument classification.

Held for trading

Financial assets that are purchased and incurred with the intention of generating income in the near term are classified as held for trading. These instruments are accounted for at fair value with the change in the fair value recognized in net income for the period. The Fund has classified cash and cash equivalents as held for trading.

Receivables and payables

Receivables and payables are accounted for at amortized cost. This category includes all trade receivables and payables and other receivables within other current assets.

Revolving bank facility and convertible debentures

The revolving bank facility and convertible debentures are accounted for at amortized cost using the effective interest rate method.

EMBEDDED DERIVATIVES

Derivatives may be embedded in other financial and non-financial instruments. Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a standalone-derivative and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in the statement of operations as an element of general and administrative expenses.

Derivative financial instruments such as interest rate swap contracts are utilized to reduce interest rate risk on the Data Group's debt. These swap contracts designated as hedging instruments are used by the Data Group to minimize volatility in its net interest expense. The value of such swap contracts may vary significantly. Accordingly, changes in fair value of the swap contracts designated as cash flow hedging instruments could result in significant changes in accumulated other comprehensive income (loss) in unitholders' equity. The Data Group's policy is to formally designate financial instruments as a hedge of a specifically identified debt instrument. The Data Group believes the derivative financial instruments are effective as hedges, both at inception and over the term of the instrument, as the term to maturity, the (notional) principal amount and the interest rate basis in the instruments all match the terms of the debt instrument being hedged.

DETERMINATION OF FAIR VALUE

The fair value of a financial instrument is the amount of consideration that would be agreed between parties. The fair value of a financial instrument on initial recognition is the transaction amount given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, the fair values are determined using valuation techniques using observable market data of similar instruments, discounted cash flow analysis and other valuation techniques commonly used by market participants. A number of factors such as bid-offer spread and credit profile are taken into account, as appropriate, when values are calculated using valuation techniques.

HEDGE ACCOUNTING

The Data Group has entered into interest rate swap contracts with its lenders. The interest rate swap contracts meet the criteria for cash flow hedges which under Section 3865 and 3855 are measured at fair value with the unrealized gains and losses on effective hedges recorded in other comprehensive income and the ineffective portion in the net income of the period. There is no ineffective portion of these hedges. Amounts accumulated in other comprehensive income are reclassified to the consolidated statement of income in the period in which the hedged item affects net income.

COMPREHENSIVE INCOME (LOSS)

Section 1530 establishes standards for reporting and presenting comprehensive income (loss). Comprehensive income (loss) includes net income (loss) and other comprehensive income (loss).

Other comprehensive income (loss) includes changes in the fair market value of derivative instruments designated as cash flow hedges.

INCOME PER UNIT

Income per Fund unit is computed by dividing the net income available for Fund unitholders by the weighted average number of Fund units outstanding during the period. Diluted income per unit is determined using the if converted method to account for the potential dilution relating to the Fund's convertible debentures.

USE OF ESTIMATES AND MEASUREMENT UNCERTAINTY

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses for the period reported. Management must also make estimates and judgements about future results of operations, related specific elements of the business and operations in assessing recoverability of assets and recorded value of liabilities. Significant areas of measurement uncertainty include the determination of the impairment of goodwill and intangible assets which are impacted by estimates of the fair value of reporting segments, assumptions of future cash flows, and achieving forecasted business results. These assumptions can be impacted by economic conditions and also require considerable judgement by management. Declines in business results or declines in the fair value of the Fund's reporting segments could result in impairments in future periods. Significant areas requiring the use of estimates and assumptions include the determination of the fair value of assets and liabilities acquired in a business combination, the determination of the allowance for doubtful accounts, the determination of the reserve for obsolete inventory, the determination of the impairment of property, plant and equipment, the determination of impairment of goodwill and other intangible assets and the determination of future income tax assets and liabilities. Actual results could differ from estimates and judgements made by management.

3 Change in accounting policies

Effective January 1, 2008, the Fund adopted the Canadian Institute of Chartered Accountants (“CICA”) Section 3031, Inventories; Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation. The adoption of these new standards resulted in changes in accounting for inventories with a corresponding adjustment to opening deficit, and expanded disclosure requirements for the Fund’s financial instruments. These changes were applied retroactively without the restatement of comparative financial statements.

CAPITAL DISCLOSURES

In December 2006, the CICA issued Section 1535, Capital Disclosures that establishes guidelines for the disclosure of information on the Fund’s capital and how it is managed. It is effective for fiscal periods beginning on or after October 1, 2007. The enhanced disclosure enables users to evaluate the Fund’s objectives, policies and processes for managing capital. The new standard impacts disclosures only and can be found in note 20 to the consolidated financial statements.

FINANCIAL INSTRUMENTS - DISCLOSURES AND PRESENTATION

In December 2006, the CICA issued Section 3862, Financial Instruments – Disclosures and Section 3863, Financial Instruments – Presentation to replace existing Section 3861, Financial Instruments – Disclosure and Presentation. Section 3862 requires the Fund to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Fund’s financial position and performance, the nature and extent of risks arising from financial instruments to which the Fund is exposed during the period and at the balance sheet date, and how the Fund manages those risks. Section 3863 carries forward the existing presentation requirements and provides additional guidance for the classification of financial instruments. These sections are effective for fiscal periods beginning on or after October 1, 2007. The new standard impacts disclosures only and can be found in note 14 to the consolidated financial statements.

INVENTORIES

In March 2007, the CICA issued Section 3031, Inventories, which has replaced Section 3030 with the same title. The new section requires inventories to be measured at the lower of cost and net realizable value, with guidance on the determination of cost and also expands the disclosure requirements to increase transparency that can be found in note 4 to the consolidated financial statements. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 and was applicable for the Fund’s first quarter of fiscal 2008. Prior to January 1, 2008, Canadian GAAP allowed fixed overhead costs associated with the Data Group’s production activities to be expensed during the period. Upon adoption of the new inventory section on January 1, 2008, the Data Group now includes fixed overhead costs in the cost of its inventories. As result of adopting the new standard, the Data Group increased the value of its inventories on January 1, 2008 by \$6,175 with a corresponding decrease in the opening deficit. This standard has been applied prospectively. Accordingly, comparative amounts for prior periods have not been restated.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are the new accounting standards the Fund plans to adopt when they become effective. Management is evaluating the standards and their impact on the Fund's consolidated financial statements.

The CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Financial Reporting Standard IAS 38, Intangible Assets. The new standard also provides guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 with earlier adoption encouraged.

International Financial Reporting Standards – In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board will be required effective January 1, 2011 for publicly accountable profit-oriented enterprises. The Fund has established a changeover plan to convert to these new standards according to the timetable set within these new rules. An implementation team has been created that is led by the Chief Financial Officer, and will include representatives from various areas of the Data Group's organization as necessary to plan for and achieve a smooth transition to IFRS. The implementation project consists of three primary phases; scoping and diagnostic, impact analysis and design and implementation and review.

4 Inventories

	December 31, 2008	December 31, 2007
Paper, carbon and ink	\$ 6,928	\$ 7,937
Work-in-progress	3,187	3,506
Forms, computer paper and labels	37,468	30,823
	\$ 47,583	\$ 42,266

Prior to January 1, 2008, Canadian GAAP allowed fixed overhead costs associated with the Data Group's production activities to be expensed during the period. Upon adoption of the new inventory section on January 1, 2008, the Data Group now includes fixed overhead costs in the cost of its inventories. As result of adopting the new standard, the Data Group increased the value of its inventories on January 1, 2008 by \$6,175 with a corresponding decrease in the opening deficit (see note 3). The cost of inventories recognized as an expense in cost of revenues in 2008 was \$263,126 (2007 – \$277,513).

5 Property, plant and equipment

	December 31, 2008		
	Cost	Accumulated depreciation	Net book value
Land	\$ 395	\$ –	\$ 395
Buildings and leasehold improvements	13,467	2,661	10,806
Office furniture and equipment	1,716	650	1,066
Presses and printing equipment	42,696	15,884	26,812
Computer hardware and software	4,200	3,370	830
	\$ 62,474	\$ 22,565	\$ 39,909

	December 31, 2007		
	Cost	Accumulated depreciation	Net book value
Land	\$ 870	\$ –	\$ 870
Buildings and leasehold improvements	14,837	1,789	13,048
Office furniture and equipment	1,511	421	1,090
Presses and printing equipment	42,306	11,128	31,178
Computer hardware and software	4,101	2,759	1,342
	\$ 63,625	\$ 16,097	\$ 47,528

Depreciation for the year ended December 31, 2008 was \$8,076 and depreciation for the year ended December 31, 2007 was \$8,507.

During the year ended December 31, 2008, the Data Group determined that the carrying value of a property held for sale required a write down and recorded a pre-tax charge of \$927. Subsequent to year end, this facility was sold for gross proceeds of \$700.

On October 24, 2007, the Data Group signed and completed a sale-leaseback transaction. The Data Group sold its Brockville, Ontario printing facility in the DATA East and West segment for a purchase price of \$4,334, including closing costs. Concurrently with the closing of sale of the facility, the Data Group leased back 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. The gain on the sale of \$1,953, based on the carrying value at the time of closing, has been deferred and is being amortized into the consolidated statement of income and comprehensive income (loss) over the term of the lease.

6 Goodwill

	December 31, 2008	December 31, 2007
Opening balance	\$ 151,206	\$ 152,570
Purchase price allocation adjustments (note 11)	(500)	(376)
Adjustments to recognize employee benefit plans on prior acquisitions (note 13)	–	912
Impairment of goodwill	(9,500)	(1,900)
	\$ 141,206	\$ 151,206

During the fourth quarter of 2008, the Data Group performed its annual review for impairment of goodwill by comparing the fair value of each of its reporting segments to the segment's carrying value. As a result of that review the Data Group concluded that, due to the present uncertainty surrounding the domestic and global economies generally, the fair values of the Sundog and Multiple Pakfold segments were less than its carrying value. Accordingly, the Fund recognized impairment of goodwill charges of \$5,858 and \$3,642 related to the Sundog and Multiple Pakfold segments, respectively.

During the fourth quarter of 2007, the Data Group performed its annual review for impairment of goodwill by comparing the fair value of each of each of its reporting segments to the segment's carrying value. As a result of that review the Data Group concluded, the fair value of the Multiple Pakfold segment was less than its carrying value. Accordingly, the Fund recognized an impairment of goodwill charge of \$1,900 related to that segment.

7 Intangible assets

	Cost	Accumulated amortization	December 31, 2008 Net book value
Software and technology	\$ 10,000	\$ 5,757	\$ 4,243
Customer relationships	73,023	26,728	46,295
Trademarks and trade names	7,700	3,448	4,252
	\$ 90,723	\$ 35,933	\$ 54,790

	Cost	Accumulated amortization	December 31, 2007 Net book value
Software and technology	\$ 10,000	\$ 4,328	\$ 5,672
Customer relationships	73,023	18,037	54,986
Trademarks and trade names	7,700	2,592	5,108
	\$ 90,723	\$ 24,957	\$ 65,766

8 Future and current income taxes

The difference between the income tax expense and the expected provision obtained by applying the statutory rate of 31.87% (2007 – 34.40%) is as follows:

	For the year ended December 31, 2008	For the year ended December 31, 2007
Expected income tax provision at 31.87% (2007 – 34.40%)	\$ 1,159	\$ 5,128
Trust income not taxable	(4,189)	(5,268)
Impact of change in legislation	–	9,746
Impact of change in substantively enacted future tax rates	–	(2,264)
Impact of change in timing of future reversals	1,791	–
Non-taxable permanent differences	2,931	54
Impact of audit by tax authority relating to prior years	1,150	–
Non-deductible expenses and other items	99	86
Income tax expense	\$ 2,941	\$ 7,482

On September 30, 2006, the Fund reorganized pursuant to a plan of arrangement and, as a result, the business operations of the Data Group are now carried on by the limited partnership and is not taxable under current tax legislation. As a result of the reorganization and changes in tax legislation, income that is currently earned by the Fund that is distributed annually to unitholders is not subject to taxation in the Fund, but is taxed at the individual unitholder level.

Under the provisions of the Specified Investment Flow-Through Entity (“SIFT”) rules, the Fund, as a publicly traded income trust, is considered a SIFT and will become subject to tax commencing January 1, 2011 provided the Fund does not exceed the guidelines for normal growth in the intervening period. Prior to 2011, the Fund is expected to continue to qualify for special income tax treatment that permits a tax deduction by the Fund for distributions paid to its unitholders. For accounting purposes, the Fund has recognized future income tax assets and liabilities with respect to the temporary differences between the carrying amount and the tax bases of its assets and liabilities and those of its subsidiaries, which are expected to reverse in or after 2011 at the substantively enacted tax rates expected to apply for such periods. The provision for future income taxes requires estimates to be made of the amount of temporary differences that will reverse after December 31, 2010. This requires management to make assumptions as to future events, including the amount of discretionary tax deductions that will be claimed. As a result, changes in assumptions and estimates may have a material affect on the provision for future income taxes.

For periods prior to January 1, 2011, the Fund has not recognized any current income taxes or future income tax assets or liabilities on temporary differences expected to reverse prior to 2011 as the Fund is committed to annually distribute to its unitholders all or virtually all of its taxable income that would otherwise be taxable in the Fund and the Fund intends to continue to meet the requirements of the Income Tax Act (Canada) applicable to the Fund. Initially, the legislation imposed an income tax rate of 31.5% on Canadian public income trusts. The income tax rate was subsequently lowered in December 2007 to 29.5% for 2011 and 28% for 2012 and subsequent years.

Significant components of the Fund’s future tax liabilities and assets with respect to its investments in its partnership and corporate subsidiaries as of December 31, 2008 and 2007 are as follows:

	December 31, 2008	December 31, 2007
Future income tax assets:		
Pension obligations, post-employment and post-retirement benefits	\$ 3,335	\$ 3,845
Deferred finance fees	181	459
Unfavourable lease obligation	293	208
Lease escalation	134	102
Benefit of income tax loss carry-forwards	623	315
Deferred gain on sale leaseback	188	188
Other	350	319
Total future tax assets	5,104	5,436
Future income tax liabilities:		
Property, plant and equipment greater than tax values	2,821	1,966
Intangible assets greater than tax values	9,639	9,639
Other	1,090	486
Total future tax liabilities	13,550	12,091
Net future income tax liabilities	\$ 8,446	\$ 6,655

As at December 31, 2008, the Data Group's corporate subsidiary has non-capital loss carry-forwards of \$2,268 (2007 – \$1,138) due to tax deductions related to the closing costs incurred in connection with the public offering. The non-capital loss carry-forwards expire in varying amounts from 2026 to 2028.

In the ordinary course of business, the Data Group and its subsidiaries and predecessors have entered into transactions where the ultimate tax determination may be uncertain. These uncertainties require management to make estimates of the ultimate tax liabilities and, accordingly, the provision for income taxes. Since there are inherent uncertainties, additional tax liabilities may result if tax matters are ultimately resolved or settled at amounts different from those estimates. The Fund has recorded the estimated amount payable by the Data Group of \$4,400 representing tax, interest and penalties to settle the anticipated assessments by the Canada Revenue Agency and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company prior to the Fund's acquisition of Relizon Canada from The Relizon Company ("Relizon US") in 2006 for the periods 2001 to 2006. The Fund expects to recover \$3,250 from Relizon US in relation to those taxes owing and has accrued this recovery within prepaid expenses and other current assets at December 31, 2008. The Fund has commenced legal proceedings against Relizon US to recover the amount of any tax expense related to this matter, together with related expenses incurred by the Fund in connection with those proceedings.

As result of the Fund adopting the accounting policy to expense financing costs in 2007, the deferred financing costs of \$2,601, net of related future income taxes of \$289, were charged to opening deficit.

2 Revolving bank facility

	December 31, 2008	December 31, 2007
6.31% banker's acceptances, maturing March 24, 2008	\$ –	\$ 50,000
6.10% banker's acceptances, maturing January 28, 2008	–	10,000
6.06% banker's acceptances, maturing January 9, 2008	–	7,500
6.11% banker's acceptances, maturing January 22, 2008	–	2,500
2.88% banker's acceptances, maturing March 23, 2009	50,000	–
4.20% banker's acceptances, maturing January 20, 2009	10,000	–
4.54% banker's acceptances, maturing January 15, 2009	10,000	–
Revolving bank facility	\$ 70,000	\$ 70,000

In connection with the completion of the acquisition of Relizon Canada, the Data Group entered into an amended and restated credit agreement (the "Amended Credit Agreement") with two Canadian chartered banks, providing for the establishment of increased credit facilities (the "Revolving Bank Facility") consisting of a committed revolving credit facility in the maximum principal amount of \$90,000 maturing on August 31, 2010, the proceeds of which are to be used for ongoing operating and working capital requirements, for general corporate purposes, for funding existing revolving loans of approximately \$40,000, and for funding part of the cash portion of the purchase price for the acquisition of Relizon Canada in 2006.

The Amended Credit Agreement contains financial covenants which require the Data Group to at all times maintain a quarterly maximum ratio of total debt to adjusted earnings before interest, income taxes, depreciation and amortization ("EBITDA") and a quarterly minimum ratio of EBITDA to fixed charges. The Data Group is required to make certain mandatory repayments, including prepayment of 100% of the net cash proceeds from the sale of assets of the Data Group in excess of an aggregate of \$2,000 per annum (other than inventory sales in the normal course of business) unless reinvested in like assets within an agreed upon period.

The Data Group has entered into interest rate swap contracts with its lenders. As a result of these contracts, the borrowing rate on \$30,000 of its outstanding indebtedness is effectively fixed at an interest rate of 4.16% plus stamping fees until August 28, 2009. The borrowing rate on \$20,000 of its outstanding indebtedness is effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009.

10 Convertible debentures

	December 31, 2008	December 31, 2007
6.75% convertible debentures, maturing December 31, 2011, interest payable in June and December, convertible at 88.889 Units per \$1,000 of debenture, net of a conversion option of \$898 (2007 - \$898)	\$ 34,327	\$ 34,159

On August 31, 2006, the Fund issued 6.75% extendible, convertible, unsecured, subordinated debentures (the "Convertible Debentures"). The Convertible Debentures are convertible at the holder's option into units at any time prior to the maturity of the Convertible Debentures (including any redemption of the Convertible Debentures) at a conversion price of \$11.25 per unit, subject to adjustment in certain events. The Convertible Debentures may not be redeemed by the Fund prior to December 31, 2009. Between December 31, 2009 and December 31, 2010, the Convertible Debentures may be redeemed by the Fund at its option, in whole or in part, at a price equal to the principal amount of the Convertible Debentures so redeemed plus accrued and unpaid interest, provided that the volume weighted average trading price of the units on the Toronto Stock Exchange during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price.

On or after December 31, 2010 and prior to the maturity date of the Convertible Debentures, the Convertible Debentures may be redeemed by the Fund at its option, in whole or in part, at a price equal to the principal amount of the Convertible Debentures so redeemed plus accrued and unpaid interest. Subject to any required regulatory approval and provided no event of default has occurred and is continuing, the Fund may, at its option, elect to satisfy its obligations to repay, in whole or in part, the principal amount of, and any premium on, the Convertible Debentures which are to be redeemed or which have matured by delivering units to holders of Convertible Debentures. Any accrued and unpaid interest will be paid in cash. In such event, payment will be satisfied by delivering for each one hundred dollars due, that number of units obtained by dividing one hundred dollars by 95% of the volume weighted average trading price of the units on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days prior to the date fixed for redemption or maturity.

In certain circumstances, the Fund may also elect to satisfy all or part of its interest payment obligations by delivering units to a trustee for sale, in which event holders of Convertible Debentures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of those units. Upon the acquisition of voting control or direction over 66 ²/₃% or more of the units (on a fully-diluted basis), each holder of Convertible Debentures may require the Fund to purchase the whole or any part of such holder's Convertible Debentures at a price equal to 101% of the principal amount of the Convertible Debentures plus accrued and unpaid interest.

During the year ended December 31, 2007, \$168 of the outstanding Convertible Debentures were converted into 14,933 units. (2008 – \$nil)

▮ Accrued restructuring and integration provisions

A. RESTRUCTURING PROVISION — 2008

During the year ended December 31, 2008, the Data Group undertook restructuring and on-going productivity improvement initiatives to reduce its cost of operations. These initiatives resulted in a \$2,621 charge to restructuring expense on the consolidated statement of income and comprehensive income (loss). For the year ended December 31, 2008, cash payments of \$890 were made to former employees for severances and the remaining severance accrual of \$1,731 at December 31, 2008 will be paid during 2009.

B. RESTRUCTURING AND INTEGRATION PROVISIONS — 2007

In connection with the acquisition of Relizon Canada on August 31, 2006, the Fund adopted a plan to integrate and restructure the acquired business. On March 1, 2007, the Fund announced a restructuring plan in connection with the integration of the former Data Business Forms and Relizon Canada businesses, which includes a reduction in the Data Group's workforce, the relocation of certain employees to other Data Group facilities and the closure of four plants. Any costs incurred relating to employees at or facilities previously leased by the Data Group are charged to integration costs as incurred in the consolidated statement of income and comprehensive income. As a result, the Fund recognized accrued restructuring and integration provisions of \$10,057 for severance and integration costs relating to certain employees and facilities of the acquired business.

The Fund completed the relocation activities during 2007 and expects a significant portion of the remaining severance costs of \$1,896 at December 31, 2008 to be paid during 2009. The liabilities relating to these costs were included in the allocation of the purchase price of Relizon Canada.

During 2008, the Fund, the Data Group, Data Business Forms Limited, Workflow Management, Inc., The Relizon Company and a former executive of Relizon Canada settled an outstanding legal proceeding commenced in January 2008 by that former executive. Under the terms of the settlement, the Data Group will pay to the former executive as a retiring allowance an amount equal to approximately \$1,300 payable in biweekly instalments ending in May 2010. In addition, the Data Group's aggregate annual payment to the former executive under Relizon Canada's supplemental executive retirement plan has been fixed at \$163 for the life of the executive, subject to certain adjustments in the event of the executive's death. As a result of this settlement, the Data Group recorded a \$500 reduction in the accrued restructuring provisions and a corresponding reduction in goodwill (see note 6).

As a result of finalizing adjustments to the purchase price allocation for the acquisition of Relizon Canada during 2007, the fair value of accounts receivable acquired was increased by \$256, inventory was reduced by \$235, restructuring provision was reduced by \$355 and accordingly, goodwill was reduced by \$376 (see note 6).

For the year ended December 31, 2008, cash payments of \$2,849 (2007 — \$7,167) were made to former employees for severances and a retiring allowance relating to this restructuring. In addition in 2007, \$2,015 of the cash payments were made relating to moving and integration related expenses in connection with the restructuring announced on March 1, 2007.

The following is a summary of the amounts accrued and paid relating to restructuring and integration costs:

	December 31, 2008	December 31, 2007
Balance - Beginning of year	\$ 5,245	\$ 10,473
Adjustment to reduce goodwill (note 6)	(500)	(355)
Restructuring and integration costs charged to expense	2,621	4,309
Cash payments	(3,739)	(9,182)
Balance - End of year	\$ 3,627	\$ 5,245

12 Pension obligations and expenses

The Data Group maintains defined benefit and defined contribution pension plans for certain of its employees, which were previously maintained by Data Business Forms Limited (the "DBFL Plan") and Relizon Canada (the "Relizon Canada Plan"), respectively. Pension benefits are primarily based on years of service, compensation and accrued contributions with interest. The Data Group's funding policy is to fund the annual amount required to meet or exceed the minimum statutory requirements. Certain former senior executives of Relizon Canada participated in a Supplementary Executive Retirement Plan ("SERP"), which provides for pension benefits payable as a single life annuity with a five year guarantee. The SERP is unfunded and its pension benefits will be paid out of the general revenues of the Data Group.

Effective January 1, 2008, the Data Group amended the DBFL Plan such that no further service credits will accrue under the defined benefit provision of the DBFL Plan after December 31, 2007, although pensionable earnings on and after January 1, 2008 will be factored into the determination of a participant's final average earnings. The Data Group issued a notice to wind-up the Relizon Canada Plan effective December 31, 2008, such that no benefits will accrue under the Relizon Canada Plan after December 31, 2008. A Relizon Canada Plan amendment to this effect has been adopted by the Data Group. It is expected that the wind-up of the Relizon Canada Plan will take several years to complete, including receipt of requisite approvals from applicable pension regulatory authorities.

During the year ended December 31, 2008, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that as at January 1, 2008, the solvency deficit increased in the DBFL Plan. As a result of this updated actuarial valuation and the funding strategy adopted, the Data Group has increased its annual cash contribution towards the DBFL Plan's solvency deficiency from \$752 to \$1,491 effective January 1, 2008. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which applicable pension regulations allow the valuations to be completed every three years. Based on these valuations, the annual cash contributions to this plan will be determined annually and will depend on the plan's investment performance and changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administration expenses, among others. Under applicable pension regulations, the plan's solvency deficiency can be funded over a maximum period of five years from the date of the valuation.

During the year ended December 31, 2008, the Data Group also engaged actuaries to begin preparing the wind-up actuarial report for the Relizon Canada Plan as at December 31, 2008 and it is expected to be completed within the first six months of 2009.

During the year ended December 31, 2007, the Data Group also undertook steps to immunize the Relizon Canada Plan by changing the investment strategy to consist primarily of fixed income investments. Under this immunization strategy, the value of the asset portfolio is expected to move in tandem with the accrued benefit obligations of the Relizon Canada Plan, thereby minimizing actuarial gains or losses. In addition, the expected rate of return on plan assets in the Relizon Canada Plan was changed from 7.00% for the first half of 2007 to 5.00% for the second half of 2007.

The changes to the DBFL Plan effective December 31, 2007 did not result in a curtailment gain or loss. The Data Group has recorded a curtailment gain of \$1,461, including the recognition of unamortized actuarial losses of \$326 in the year ended December 31, 2007 as result of the changes made to the Relizon Canada Plan.

The following is a summary of the Data Group's pension obligations:

	December 31, 2008	December 31, 2007
Accrued benefit obligations	\$ 102,444	\$ 108,851
Fair value of plan assets	88,445	97,537
Funded status - plan deficit	(13,999)	(11,314)
Unamortized net actuarial loss	4,319	1,646
Pension obligations	\$ (9,680)	\$ (9,668)

DEFINED BENEFIT PLAN OBLIGATIONS

	December 31, 2008	December 31, 2007
Accrued benefit obligation		
Balance - Beginning of year	\$ 108,851	\$ 108,910
Current service cost	1,450	3,528
Curtailment impact	-	(1,787)
Interest cost	5,528	5,769
Employee contributions	100	883
Benefits paid	(4,190)	(7,685)
Actuarial (gain) loss	(9,295)	(767)
Balance - End of year	\$ 102,444	\$ 108,851

DEFINED BENEFIT PLAN ASSETS

	December 31, 2008	December 31, 2007
Fair value of plan assets		
Balance - Beginning of year	\$ 97,537	\$ 97,912
Actual (loss) return on plan assets	(5,771)	3,601
Employer contributions	1,964	2,826
Employee contributions	100	883
Benefits paid	(4,190)	(7,685)
Expected wind-up expenses	(1,195)	-
Balance - End of year	\$ 88,445	\$ 97,537

PLAN ASSET COMPOSITION

	December 31, 2008	December 31, 2007
RELIZON CANADA PLAN		
Percentage of plan assets		
Bonds	100%	100%
DBFL PLAN		
Percentage of plan assets		
Equity - Canadian	20%	34%
Equity - US	11%	13%
Equity - International	20%	16%
Bonds	47%	32%
Cash	2%	5%
Total	100%	100%

ELEMENTS OF DEFINED BENEFIT COSTS RECOGNIZED

	For the year ended December 31, 2008	For the year ended December 31, 2007
Current service cost	\$ 1,450	\$ 3,528
Expected wind-up and plan expenses	1,195	100
Interest cost on obligation	5,528	5,769
Curtailment impact	-	(1,461)
Expected return on plan assets	(6,197)	(6,061)
Defined benefit costs recognized	\$ 1,976	\$ 1,875

COMPONENTS OF DEFINED BENEFIT PENSION EXPENSE ARE AS FOLLOWS:

	For the year ended December 31, 2008	For the year ended December 31, 2007
Current service cost	\$ 1,450	\$ 3,528
Expected wind-up and plan expenses	1,195	100
Curtailment impact	-	(1,461)
Interest cost on obligation	5,528	5,769
Actual loss (return) on plan assets	5,771	(3,601)
Actuarial (gain) loss	(9,295)	(767)
Pension expense before adjustments to recognize the long-term nature of employee future benefit costs	4,649	3,568
Difference between expected return and actual return on plan assets	(11,968)	(2,460)
Difference between actuarial loss recognized and actual actuarial loss on accrued benefit obligation	9,295	767
	\$ 1,976	\$ 1,875

SIGNIFICANT ACTUARIAL ASSUMPTIONS ADOPTED IN MEASURING THE FUND'S ACCRUED BENEFIT OBLIGATIONS

	December 31, 2008	December 31, 2007
RELIZON CANADA PLAN		
Discount rate	4.50%	4.65%
Expected rate of return on plan assets	4.55%	6.00%
Rate of compensation increase	N/A	3.50%
DBFL PLAN		
Discount rate	7.40%	5.60%
Expected rate of return on plan assets	6.90%	6.60%
Rate of compensation increase	3.50%	3.50%
SERP		
Discount rate	7.40%	5.60%

The annual pension expense for the Data Group's defined contribution pension plan is based on the amounts earned by eligible employees. Members of the DBFL Plan are eligible beginning January 1, 2008 and members of the Relizon Canada Plan are eligible beginning January 1, 2009.

The Fund's pension expense related to the Data Group's defined contribution plan is as follows:

	For the year ended December 31, 2008	For the year ended December 31, 2007
Defined contribution plan	\$ 2,862	\$ 419

13 Post-employment and post-retirement benefits

Costs related to post-employment and post-retirement benefits other than pensions offered to certain employees are valued using an accrued benefit actuarial method and management's best assumptions. As of August 31, 2006, a predecessor of the Data Group assumed post-employment benefit obligations of Relizon Canada Inc. as a result of the acquisition.

During the year ended December 31, 2007, the Fund determined that the cost of certain employee benefit plans were being recognized as an expense when benefits were paid and not accounted for using the accrued benefit actuarial method as required by generally accepted accounting principles. An adjustment to increase goodwill by \$912, future income tax assets by \$355 and post-employment and post-retirement benefit obligations by \$1,267 was made in 2007 to correct the accounting of these employee benefit plans assumed on acquisitions completed in prior years. An expense of \$154 relating to prior periods was also recognized in the 2007 consolidated statement of income and comprehensive income to correct the prior accounting of these plans. The Fund concluded that these adjustments were not material to the prior year consolidated financial statements.

The following summarizes the change in the post-employment and post-retirement benefit obligations:

	December 31, 2008	December 31, 2007
Balance - Beginning of year	\$ 2,153	\$ 700
Adjustment to recognize employee benefit plans assumed on prior acquisitions	-	1,267
Current service cost	172	287
Interest cost	115	31
Benefits paid	(278)	(132)
Actuarial (loss) gain	(228)	(10)
Unrecognized actuarial gain (loss)	216	10
Balance - End of year	\$ 2,150	\$ 2,153

SIGNIFICANT ACTUARIAL ASSUMPTIONS ADOPTED IN MEASURING THE FUND'S POST-EMPLOYMENT AND POST-RETIREMENT BENEFIT OBLIGATIONS

FORMER RELIZON CANADA POST-EMPLOYMENT OBLIGATION

	December 31, 2008	December 31, 2007
Discount rate	7.40%	5.60%
Drug expenses - Initial health care cost trend rate	8.50%	9.50%
Drug expenses - Cost trend rate declines by 2011 to	5.50%	5.50%
Hospital expenses - Health care cost trend rate	3.50%	3.50%
Other medical expenses - Health care cost trend rate	3.50%	3.50%

DATA GROUP POST-EMPLOYMENT OBLIGATION

	December 31, 2008	December 31, 2007
Discount rate	7.40%	5.60%
Drug expenses - Initial health care cost trend rate	7.50%	7.50%
Drug expenses - Cost trend rate declines by 2016 to	5.00%	5.00%
Other medical expenses - Health care cost trend rate	5.00%	5.00%

DATA GROUP POST-RETIREMENT OBLIGATION

	December 31, 2008	December 31, 2007
Discount rate	7.40%	5.60%
Drug expenses - Initial health care cost trend rate	9.00%	9.00%
Drug expenses - Cost trend rate declines by 2016 to	5.00%	5.00%
Hospital expenses - Health care cost trend rate	4.75%	4.75%
Other medical expenses - Health care cost trend rate	4.75%	4.75%

SENSITIVITY ANALYSIS ON POST-EMPLOYMENT AND POST-RETIREMENT BENEFITS

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

December 31, 2008	Increase	One-percentage-point Decrease
Effect on total of service and interest cost components	\$ 20	\$ (19)
Effect on post-employment and post-retirement benefit obligations as at December 31, 2008	128	(115)
<hr/>		
December 31, 2007	Increase	One-percentage-point Decrease
Effect on total of service and interest cost components	\$ 24	\$ (21)
Effect on post-employment and post-retirement benefit obligation as at December 31, 2007	141	(124)

¹⁴ Financial instruments

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, other receivables within other current assets, accounts payable and accrued liabilities, restructuring and integration provisions, distributions payable, revolving bank facility, convertible debentures, and interest rate swaps, as indicated in the Fund's balance sheet as at December 31, 2008 and 2007. The Fund does not enter into financial instruments for trading or speculative purposes.

PRESENTATION

The Fund's financial assets and liabilities are initially recognized at fair value. Subsequent measurement is dependent upon the classification of the financial instrument as designated by the Fund as prescribed in Section 3855, Financial Instruments – Recognition and Measurement.

The Fund has classified its cash and cash equivalents as held for trading financial assets; accounts receivable, other receivables within other current assets as loans and receivables; accounts payable and accrued liabilities, accrued restructuring and integration provisions, distributions payable revolving bank facility and convertible debentures as other financial liabilities and interest rate swaps as derivatives.

The revolving bank facility and convertible debentures are accounted for at amortized cost using the effective interest rate method.

The Fund's interest rate swaps are derivative financial instruments and accordingly, are recorded at fair value. The interest rate swaps are included in other current assets and accounts payable and accrued liabilities as appropriate. The interest rate swaps are designated as cash flow hedges and, therefore, accounted for in accordance with Section 3865, Hedges. Under hedge accounting, interest expense is recognized as if the cash flow hedge and the hedged item were a single instrument. Realized and unrealized gains or losses associated with the derivative instruments, which have been terminated or cease to be effective prior to maturity, are deferred in other comprehensive income and recognized in income in the period in which the underlying hedge transaction is recognized.

FAIR VALUE

The fair value of accounts receivable, other receivables within other current assets, accounts payable and accrued liabilities, restructuring and integration provisions, and distributions payable approximates their carrying value because of the short-term maturity of these instruments.

The fair value of the credit facilities is equivalent to their carrying value since their interest rates are comparable to market rates. The fair value of the Fund's convertible debentures is based on quoted market prices.

The fair value of the derivative financial instruments generally reflects the estimates of the amounts the Fund would receive by way of settlement of favourable contracts or that it would pay to terminate unfavourable contracts at the balance sheet date. The fair value of the interest rate swaps are calculated using the quotes obtained from major financial institutions. Interest rate swaps designated as cash flow hedges are unfavourable and have a fair value and carrying value of \$1,059 based on market values obtained from financial institutions.

Changes in the fair value of the interest rate swap are recognized in accumulated other comprehensive income to the extent that the hedge is effective. The ineffective portion, if any, is expensed in the consolidated statement of income. The Data Group recorded an unrealized loss on the revaluation of the interest rates swaps of \$993 in other comprehensive income for the year ended December 31, 2008 (2007 – \$124 loss). A related liability of \$1,059 is included in accounts payable and accrued liabilities at December 31, 2008. The amount that is expected to be reclassified and reduce interest expense over the next 12 months is \$1,059.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values and the fair values of the Fund's financial instruments are classified into the following categories as at December 31, 2008 and as at December 31, 2007:

December 31, 2008	Carrying Value	Fair Value
Held for trading ¹	\$ 11,492	\$ 11,492
Loans and receivables ²	50,356	50,356
Other financial liabilities ³	141,388	130,747
Derivatives designated as effective hedge ⁴	1,059	1,059
<hr/>		
December 31, 2007	Carrying Value	Fair Value
Held for trading ¹	\$ 5,315	\$ 5,315
Loans and receivables ²	57,417	57,417
Other financial liabilities ³	151,621	151,597
Derivatives designated as effective hedge ⁴	66	66

Notes:

1 Includes only cash and cash equivalents. All held for trading assets were designated as such upon initial recognition.

2 Includes accounts receivable and other receivables within other current assets.

3 Includes accounts payable and accrued liabilities (excluding financial liabilities related to interest rate swaps), accrued restructuring and integration provisions, distributions payable, revolving bank facility and convertible debentures.

4 Includes interest rate swaps which are effective hedges.

RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund is exposed to various risks as it relates to financial instruments. These risks and the processes for managing the risk are set out below.

CREDIT RISK

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Fund to credit risk consist of cash equivalents, accounts receivable, other receivables within other current assets and derivative financial instruments. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

The cash equivalents consist mainly of short-term investments, such as money market deposits. None of the cash equivalents are in asset-backed commercial paper products. The Data Group has deposited the cash equivalents with reputable Canadian financial institutions, from which management believes the risk of loss to be remote.

The Data Group has accounts receivable from clients engaged in various industries including financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies that are not concentrated in any specific geographic area. These specific industries may be affected by the current economic conditions impacting domestic and global economies which could adversely impact the Data Group's accounts receivable. Management of the Data Group does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at December 31, 2008, \$2,877 or 6.0% of accounts receivable were more than 90 days old, an improvement from \$4,134 or 7.1% of accounts receivable at December 31, 2007. The movement in the Data Group's allowance for doubtful accounts for 2008 and 2007 are as follows:

	For the year ended December 31, 2008	For the year ended December 31, 2007
Balance - Beginning of period	\$ 1,220	\$ 1,071
Provisions and revisions	(186)	149
Balance - End of period	\$ 1,034	\$ 1,220

The credit risk associated with derivative financial instruments arises from the possibility that the counterparties may default on their obligations. In order to minimize this risk, the Data Group enters into derivative transactions only with highly rated Canadian financial institutions.

LIQUIDITY RISK

Liquidity risk is the risk that the Data Group and Fund may encounter difficulties in meeting obligations associated with financial liabilities as they become due. As at December 31, 2008, the Data Group was holding cash and cash equivalents of \$11,492 and had access to \$20,000 of available credit less letters of credit granted of \$2,800 under its credit facilities.

The contractual maturities of the Fund's significant financial liabilities as at December 31, 2008, are as follows:

	Less than a year	1 to 3 years	Total
Accounts payable and accrued liabilities ¹	\$ 31,165	\$ -	\$ 31,165
Accrued restructuring and integration provisions	3,437	190	3,627
Interest rate swaps ²	1,059	-	1,059
Distributions payable	2,269	-	2,269
Long-term debt ³	-	70,000	70,000
Convertible debentures ⁴	-	34,832	34,832
Total	\$ 37,930	\$ 105,022	\$ 142,952

Notes:

1 Excludes the financial liability related to the interest rate swaps of \$1,059.

2 Based on the fixed interest payments, partially offset by floating interest received.

3 Bank revolving credit facility, expiring on August 31, 2010.

4 6.75% convertible debentures, maturing on December 31, 2011, convertible at 88.889 units per \$1,000 of debenture.

The Fund believes that the currently projected cash flow from the operations of the Data Group, net proceeds from any asset dispositions and borrowings under available credit facilities, if necessary, will be sufficient to fund the Data Group's currently projected operating requirements, additional costs associated with the restructuring and integration of the former Data Business Forms Limited and Relizon Canada businesses, payments associated with the accrued restructuring provisions as the result on-going productivity improvement initiatives, payment of income tax liabilities, contributions to the Data Group's pension plans, maintenance capital expenditures and distributions to the Fund's unitholders in 2009.

MARKET RISK

INTEREST RATE RISK

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities. Non derivative interest bearing assets are primarily short term liquid assets. The Fund's interest rate risk arises from long-term debt issuances at fixed and floating interest rates.

The Data Group has entered into interest rate swap contracts with the lenders under its credit facilities in order to protect itself against the risk of fluctuations in interest rates and to maintain an appropriate mix between floating and fixed rate borrowings. Interest rate swap contracts involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount for a specified period of time. As a result of these contracts, the borrowing rate on \$30,000 of the Data Group's outstanding indebtedness is effectively fixed at an interest rate of 4.16% plus stamping fees until August 28, 2009. The borrowing rate on an additional \$20,000 of the Data Group's outstanding indebtedness is effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009. On the remaining \$20,000 of the Data Group's outstanding indebtedness subject to floating interest rates, a 1% increase/decrease in interest rates would have resulted in an increase/decrease in net income and comprehensive income (loss) by \$200 for the year ended December 31, 2008, respectively.

FOREIGN EXCHANGE RISK

Foreign currency risk is the risk that future cash flows arising from amounts receivable and/or payable in a foreign currency will fluctuate because of changes in foreign exchange rates. In the normal course of business, the Data Group does not have significant foreign exchange transactions and, accordingly, the amounts and foreign exchange risk are not expected to have adverse material impact on the operations of the Data Group.

15 Units

An unlimited number of units may be issued pursuant to the declaration of trust. Units are redeemable by the holder at a price equal to the lesser of 90% of the market price of a unit during the ten consecutive trading day period ending on the trading day immediately prior to the date on which the units were surrendered for redemption and an amount based on the closing price on the redemption date, subject to certain restrictions. Each holder of units of the Fund participates pro rata in any distributions from the Fund. Income tax obligations related to the distributions by the Fund are obligations of the unitholders. Each unit is entitled to one vote at any meeting of unitholders.

The following summarizes the change in units:

	Number of Units	Amount
Balance - December 31, 2006	23,475,659	\$ 215,164
Issued upon conversion of convertible debentures (note 10)	14,933	172
Balance - December 31, 2007 and 2008	23,490,592	\$ 215,336

16 Income per unit

	For the year ended December 31, 2008	For the year ended December 31, 2007
BASIC INCOME PER UNIT		
Net income for the year	\$ 695	\$ 7,425
Weighted average units outstanding	23,490,592	23,482,264
Basic income per unit	\$ 0.03	\$ 0.32
DILUTED INCOME PER UNIT		
Net income for the year	\$ 695	\$ 7,425
Weighted average units outstanding	23,490,592	23,482,264
Diluted income per unit	\$ 0.03	\$ 0.32

17 Cumulative distributions

The Fund has adopted a policy that the Fund will distribute all of its cash available for distribution to the maximum extent possible to unitholders by monthly cash distributions of its net monthly cash receipts, less estimated amounts required for the payment of expense obligations, taxes and cash redemptions of units. The Data Group has adopted a policy that the Data Group will distribute all of its available cash, subject to applicable law, by way of monthly distributions on its partnership interests (all of which are held directly or indirectly by the Fund), after satisfaction of its debt service obligations and other expense obligations (including pension and income tax liabilities and expenses associated with the 2007 and the 2008 restructurings and productivity improvement initiatives), retaining amounts for capital expenditures, reasonable and appropriate working capital, and satisfaction of its obligations under the Data Group's long-term incentive plan. It is expected that the approximately \$3.7 million of restructuring and integration costs that were payable as at December 31, 2008 will be financed by cash from operations, net proceeds from asset dispositions and existing cash resources in order that these non-recurring costs do not impact distributions to its unitholders.

The Fund's distributions are subject to the discretion of the Board of Trustees. The Fund's Board of Trustees does not currently anticipate changing the Fund's current level of distributions to unitholders but will continue to monitor the Fund's cash available for distributions and its payout ratio.

The Fund makes regular monthly distributions to unitholders of record as of the last business day of each month. Distributions to unitholders are calculated and recorded when declared. Distributions by the Fund for the year ended December 31, 2008 are as follows:

Period	Record date	Payment date	Per Unit	Amount
January 2008	January 31, 2008	February 15, 2008	\$ 0.097	\$ 2,268
February 2008	February 29, 2008	March 14, 2008	0.097	2,268
March 2008	March 31, 2008	April 15, 2008	0.097	2,269
April 2008	April 30, 2008	May 15, 2008	0.097	2,268
May 2008	May 30, 2008	June 13, 2008	0.097	2,268
June 2008	June 30, 2008	July 15, 2008	0.097	2,269
July 2008	July 31, 2008	August 15, 2008	0.097	2,268
August 2008	August 29, 2008	September 15, 2008	0.097	2,268
September 2008	September 30, 2008	October 15, 2008	0.097	2,269
October 2008	October 31, 2008	November 14, 2008	0.097	2,268
November 2008	November 28, 2008	December 15, 2008	0.097	2,268
December 2008	December 31, 2008	January 15, 2009	0.097	2,269
				\$ 27,220
	During the year ended December 31, 2005			17,421
	During the year ended December 31, 2006			21,380
	During the year ended December 31, 2007			27,211
	Cumulative distributions			\$ 93,232

18 Changes in non-cash items relating to operating activities

	For the year ended December 31, 2008	For the year ended December 31, 2007
Accounts receivable	\$ 10,311	\$ (3,151)
Inventories ¹	858	3,830
Prepaid expenses and other current assets	(4,035)	73
Income taxes recoverable (payable)	4,859	1,219
Accounts payable and accrued liabilities	(8,783)	(4,881)
Accrued restructuring and integration provisions ²	(1,118)	(4,873)
Deferred revenue	975	(699)
Distributions payable	-	2
	\$ 3,067	\$ (8,480)

Notes:

¹ The year ended December 31, 2008 excludes the impact of the adoption of CICA Section 3031, Inventories. See note 4.

² The year ended December 31, 2008 excludes the impact of the reduction in the accrued restructuring provisions and goodwill. See note 11.

19 Commitments and contingencies

The Fund leases real estate, printing equipment, trucks and office equipment in connection with its sales and manufacturing activities under non-cancellable lease agreements, which expire at various dates. Future commitments under non-cancellable operating leases are as follows:

	December 31, 2008
2009	\$ 18,141
2010	14,446
2011	11,499
2012	8,538
2013	6,695
2014 and thereafter	23,807
	\$ 83,126

The Fund's subsidiaries are subject to various claims, potential claims and lawsuits. While the outcome of these matters is not determinable, the Fund's management does not believe that the ultimate resolution of such matters will have a material adverse impact on the Fund's financial position.

20 Capital structure

The Fund's objective when managing its capital structure, which have not changed from the prior period, are

- To provide a return to unitholders.
- To seek to ensure sufficient liquidity to safe guard the Fund's ability to continue as a going concern.
- To maintain a strong capital base so as to maintain unitholders', creditors' and market confidence.

The Fund's capital structure consists of cash and cash equivalents, various types of long-term debt and unitholder's equity. The Fund's primary uses of capital are to finance acquisitions, increases to working capital, payments towards other long-term obligations and capital expenditures.

The Fund's revolving bank facility is subject to a number of covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests at a subsidiary level. One such ratio is the Total Debt / EBITDA Ratio as defined in the Amended Credit Agreement. EBITDA is a non-GAAP measure and is calculated as Earnings before Interest, Taxes, Depreciation and Amortization. The maximum ratio allowed for a 12-month trailing period is 2.50. As at December 31, 2008, this ratio was calculated at 1.76. Management also uses this ratio as a key indicator in managing the Fund's capital.

With respect to its equity, the current level of capital is considered adequate in the context of current operations and the present strategic plan of the Fund. The equity component of capital increases primarily based upon the income of the business less the distribution paid. Any major acquisition would be financed in part with additional equity.

21 Segmented information

The Data Group has three reportable segments organized on the basis of geography, channels and specialties as follows: DATA East and West; Sundog; and Multiple Pakfold. These segments follow the same accounting policies as described in the summary of significant accounting policies, and all intersegment revenues are recorded at the exchange amount. Management evaluates the performance of each segment based on income before interest and income taxes. Corporate expenses, restructuring expenses, interest expense and income taxes are not taken into account in the evaluation of the performance of the business segments. All significant external sales are to customers located in Canada.

For the year ended December 31, 2008	DATA East and West	Sundog	Multiple Pakfold	Inter- segment	Total
Revenues	\$ 347,036	\$ 22,486	\$ 16,037	\$ (5,087)	\$ 380,472
Gross profit	93,997	6,353	1,712	-	102,062
Impairment of goodwill	-	5,858	3,642	-	9,500
Income (loss) before under noted items	\$ 40,350	\$ (3,670)	\$ (3,975)	\$ -	32,705
Restructuring expenses					2,621
Write down of assets held for sale					927
Unallocated corporate and Fund expenses					19,492
Income before interest and income taxes					9,665
Interest expense on long-term debt - net					6,029
Current income tax expense					1,150
Future income tax expense					1,791
Net income for the year					\$ 695

SUPPLEMENTAL INFORMATION

Depreciation of property, plant and equipment	\$ 7,274	\$ 449	\$ 353	\$ -	\$ 8,076
Purchase of property, plant and equipment	2,771	145	145	-	3,061

For the year ended December 31, 2007	DATA East and West	Sundog	Multiple Pakfold	Inter- segment	Total
Revenues	\$ 361,428	\$ 25,054	\$ 17,944	\$ (5,773)	\$ 398,653
Gross profit	97,243	8,171	1,924	–	107,338
Impairment of goodwill	–	–	1,900	–	1,900
Income (loss) before under noted items	\$ 41,229	\$ 3,386	\$ (2,686)	\$ –	41,929
Integration costs					4,309
Curtailment gain					(1,461)
Unallocated corporate and Fund expenses					17,819
Income before interest and income taxes					21,262
Interest expense on long-term debt - net					6,355
Future income tax expense					7,482
Net income for the year					\$ 7,425

SUPPLEMENTAL INFORMATION

Depreciation of property, plant and equipment	\$ 7,712	\$ 449	\$ 346	\$ –	\$ 8,507
Purchase of property, plant and equipment	4,442	622	204	–	5,268

SEGMENTED ASSET

December 31, 2008	DATA East and West	Sundog	Multiple Pakfold	Corporate	Total
Assets (other than goodwill)	\$ 177,043	\$ 7,704	\$ 4,339	\$ 19,478	\$ 208,564
Goodwill	136,947	4,259	–	–	141,206
					\$ 349,770

December 31, 2007	DATA East and West	Sundog	Multiple Pakfold	Corporate	Total
Assets (other than goodwill)	\$ 197,181	\$ 9,190	\$ 4,350	\$ 12,057	\$ 222,778
Goodwill	137,447	10,117	3,642	–	151,206
					\$ 373,984

Warehousing revenues are approximately 7% of total consolidated revenues for the years ended December 31, 2008 and 2007, respectively.

22 Subsequent event

On February 12, 2009, the Fund announced a Normal Course Issuer Bid, which commenced on February 18, 2009 and terminates on February 17, 2010, to purchase up to \$2,833 aggregate principal amount of its Convertible Debentures for cancellation.

23 Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Corporate information

Directors, Trustees and Officers

Derek Ridout ^{2,3}

Chairman, Director and Trustee

Ronald A. Fotheringham ^{1,2,3}

Director and Trustee

John H. Greenhough ¹

Director and Trustee

Thomas R. Spencer ^{1,2,3}

Director and Trustee

David M. Odell

Director, Trustee and Officer

President and Chief Executive Officer

Paul O'Shea

Officer

Chief Financial Officer and Corporate Secretary

¹ Member, Audit Committee (Chairperson is Thomas R. Spencer)

² Member, Compensation Committee (Chairperson is Ronald A. Fotheringham)

³ Member, Corporate Governance Committee (Chairperson is Derek Ridout)

Executive Team

David M. Odell

President and Chief Executive Officer

Paul O'Shea

Chief Financial Officer

Elaine Deramo

Vice-President, Human Resources

Steve Galarneau

President, DATA West

Michael Suksi

President, DATA East

Rick Barron

Vice-President, Sales and Marketing, DATA West

Diane Schwind

Vice-President, Operations, DATA East

Ross Van Patter

Vice-President and General Manager, Calgary Operations

Corporate Information

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TRANSFER AGENT

Computershare Investor Services Inc.

CORPORATE COUNSEL

McCarthy Tétrault LLP

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TORONTO STOCK EXCHANGE SYMBOLS

DGI.UN, DGI.DB

Committed to our values

THE DATA GROUP OF COMPANIES HAS EVOLVED A DEEPLY ROOTED, WIDELY RECOGNIZED WAY OF DOING BUSINESS. OUR SUCCESS OWES MUCH TO A SET OF CORPORATE VALUES, WHICH HAVE HELPED TO DEFINE OUR CULTURE.

WE ARE committed to customer service and quality.

WE DO what we say we will do.

WE CONDUCT our business ethically and legally.

WE ARE a people-oriented company committed to safety and the environment.

WE WILL develop, adapt, and use technology for our customers' benefit.

WE STRIVE for market leadership and take pride in our products and services.

WE ENCOURAGE decision-making and initiative at all levels of our Company.

www.datagroupincomefund.com



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