



For Immediate Release

## THE DATA GROUP INCOME FUND ANNOUNCES FULL YEAR AND FOURTH QUARTER RESULTS FOR 2008

### HIGHLIGHTS

#### Full Year 2008

- Full Year Revenues of \$380.5 million, Full Year Gross Profit of \$102.1 million, Full Year Net Income of \$0.7 million and Full Year Net Income before Goodwill Impairment Charge of \$10.2 million
- Full Year Cash Available for Distribution of \$30.3 million or \$1.289 per unit and Cash Distributions of \$27.2 million or \$1.160 per unit (see Table 4 and "Non-GAAP Measures" below)
- Full Year Payout Ratio excluding one-time restructuring charges of 84.3%; Full Year Payout Ratio of 89.9% (See Table 4 below)
- Full Year Adjusted EBITDA of \$39.1 million (see Table 3 and "Non-GAAP Measures" below)
- Increased Cash and Cash Equivalents balance from \$5.3 million to \$11.5 million

#### Q4 2008

- Fourth quarter ("Q4") 2008 Revenues of \$96.5 million, Q4 Gross Profit of \$24.7 million, Q4 Net Loss of \$10.0 million and Q4 Net Loss before Goodwill Impairment Charge of \$0.5 million
- Q4 Cash Available for Distribution of \$5.7 million or \$0.244 per unit and Cash Distributions of \$6.8 million or \$0.290 per unit (see Table 4 and "Non-GAAP Measures" below)
- Q4 Payout Ratio excluding one-time restructuring charges of 87.8%; Q4 Payout Ratio of 118.9% (See Table 4 below)
- Q4 Adjusted EBITDA of \$8.1 million (see Table 3 and "Non-GAAP Measures" below)

**Brampton, Ontario – March 5, 2009** – The DATA Group Income Fund (TSX: DGI.UN) ("the Fund") today announced financial and operating results for the full year and the fourth quarter ended December 31, 2008.

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

The Data Group is a leading provider of total document management solutions, including printed products, and operates as three segments. DATA East and West (which provided approximately 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.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this press release constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Fund 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 press release, words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund's current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance or achievements of the Fund and the Data Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The principal assumptions 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 its sales of product 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. (“Relizon Canada”) 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 those proposed changes on the trading price of the Fund's units. Additional factors are discussed elsewhere in this press release and under the heading “Risks and Uncertainties” in the Fund's management's discussion and analysis (“MD&A”) and in the Fund's other publicly available disclosure documents, as filed by the Fund on SEDAR ([www.sedar.com](http://www.sedar.com)). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend and does not assume any obligation to update these forward-looking statements.

## **NON-GAAP MEASURES**

This press release includes certain non-GAAP measures as supplementary information. When used in this press release, EBITDA means earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA for the three and twelve months ended December 31, 2008 means EBITDA adjusted for write downs of assets held for sale, goodwill impairment charges and pension 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. 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 Canadian generally accepted accounting principles (“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 (loss) 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.

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

**Consolidated Financial Information**

<b>For the periods ended December 31, 2008 and 2007</b> <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>Oct. 1 to Dec. 31, 2008</b>	<b>Oct. 1 to Dec. 31, 2007</b>	<b>Jan. 1 to Dec. 31, 2008</b>	<b>Jan. 1 to Dec. 31, 2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	96,508	107,235	380,472	398,653
Cost of revenues	71,766	76,430	278,410	291,315
Gross profit	24,742	30,805	102,062	107,338
Selling, general and administrative expenses	16,635	17,227	68,373	70,732
Restructuring and integration costs	2,026	312	2,621	4,309
Write down of assets held for sale	-	-	927	-
Amortization of intangible assets	2,744	3,363	10,976	10,596
Curtailment gain	-	(1,461)	-	(1,461)
Impairment of goodwill	9,500	1,900	9,500	1,900
Income (loss) before interest and income taxes	(6,163)	9,464	9,665	21,262
Interest expense on long-term debt	1,460	1,622	6,029	6,355
Income (loss) before income taxes	(7,623)	7,842	3,636	14,907
Income tax expense (recovery)				
Current	1,150	-	1,150	-
Future	1,273	(2,830)	1,791	7,482
	2,423	(2,830)	2,941	7,482
Net income (loss) for the period	(10,046)	10,672	695	7,425
Basic and diluted income (income) per unit	(0.43)	0.45	0.03	0.32
Weighted average number of units outstanding	23,490,592	23,490,592	23,490,592	23,482,264
<b>Consolidated Balance Sheet Information</b>				
Current assets	113,865	109,484	113,865	109,484
Current liabilities	50,003	54,414	50,003	54,414
Total assets	349,770	373,984	349,770	373,984
Total long-term liabilities	128,449	126,909	128,449	126,909
Unitholders' equity	171,318	192,661	171,318	192,661

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

**Consolidated Financial Information**

<b>For the periods ended December 31, 2008 and 2007</b> <i>(in thousands of dollars, except percentage amounts, unaudited)</i>	<b>Oct. 1 to Dec. 31, 2008</b> \$	<b>Oct. 1 to Dec. 31, 2007</b> \$	<b>Jan. 1 to Dec. 31, 2008</b> \$	<b>Jan. 1 to Dec. 31, 2007</b> \$
<b>Revenues</b>				
DATA East and West	88,324	98,852	347,036	361,428
Sundog	5,295	5,470	22,486	25,054
Multiple Pakfold	4,099	4,078	16,037	17,944
Intersegment	(1,210)	(1,165)	(5,087)	(5,773)
	96,508	107,235	380,472	398,653
<b>Gross profit</b>				
DATA East and West	22,637	28,766	93,997	97,243
Sundog	1,601	1,642	6,353	8,171
Multiple Pakfold	504	397	1,712	1,924
	24,742	30,805	102,062	107,338
<b>Gross profit, as a percentage of revenues</b>				
DATA East and West	25.6%	29.1%	27.1%	26.9%
Sundog	30.2%	30.0%	28.3%	32.6%
Multiple Pakfold	12.3%	9.7%	10.7%	10.7%
	25.6%	28.7%	26.8%	26.9%
<b>Selling, general and administrative expenses</b>	16,635	17,227	68,373	70,732
<b>As a percentage of revenues</b>	17.2%	16.1%	18.0%	17.7%
<b>Adjusted EBITDA (see Table 3)</b>	8,053	15,330	39,144	40,804
<b>Adjusted EBITDA margin, as a percentage of revenues</b>	8.3%	14.3%	10.3%	10.2%
<b>Net income (loss)</b>	(10,046)	10,672	695	7,425

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

**Adjusted EBITDA Reconciliation**

<b>For the periods ended December 31, 2008 and 2007</b> <i>(in thousands of dollars, unaudited)</i>	<b>Oct. 1 to Dec. 31, 2008 \$</b>	<b>Oct. 1 to Dec. 31, 2007 \$</b>	<b>Jan. 1 to Dec. 31, 2008 \$</b>	<b>Jan. 1 to Dec. 31, 2007 \$</b>
Net income (loss) for the period	(10,046)	10,672	695	7,425
Net interest expense on long-term debt	1,460	1,622	6,029	6,355
Depreciation of property, plant and equipment	1,972	2,064	8,076	8,507
Write down of assets held for sale	-	-	927	-
Amortization of intangible assets	2,744	3,363	10,976	10,596
Impairment of goodwill	9,500	1,900	9,500	1,900
Curtailement gain	-	(1,461)	-	(1,461)
Current income tax expense	1,150	-	1,150	-
Future income tax (recovery) expense	1,273	(2,830)	1,791	7,482
<b>Adjusted EBITDA</b>	<b>8,053</b>	<b>15,330</b>	<b>39,144</b>	<b>40,804</b>

## RESULTS OF OPERATIONS

### THE DATA GROUP INCOME FUND

#### **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 compared to the fourth quarter of 2007. 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 result of a \$14.4 million decrease in the DATA East and West segment, a \$2.6 million decrease in the Sundog segment and a \$1.9 million decrease in the Multiple Pakfold segment. A more detailed discussion of the results of operations of each of the Fund's reporting segments is set out below.

#### **Cost of Revenues and Gross Profit**

For the quarter ended 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. 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 revenue 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 quarter ended December 31, 2008 decreased \$0.6 million to \$16.6 million compared to \$17.2 million in the same period of 2007. 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. SG&A expenses for the year ended December 31, 2008 decreased by \$2.4 million to \$68.4 million compared to \$70.7 million in the same period of 2007. As a percentage of revenues, these costs were 18.0% and 17.8% of revenues for the years ended December 31, 2008 and 2007, respectively. SG&A expenses for the three months and 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.

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 improvement initiatives. For the three months ended December 31, 2007, the Data Group incurred \$0.3 million of costs related to the integration of the former Data Business Forms Limited and Relizon Canada businesses, which primarily consisted of severance and moving expenses incurred in connection with the restructuring announced by the Fund on March 1, 2007. 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. The balance of those integration costs were attributable to the Multiple Pakfold segment. For the year ended December 31, 2008, the Data Group incurred \$2.6 million of severance costs charged to restructuring expense related to on-going productivity improvement initiatives undertaken in 2008. 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 primarily consisted of severance and moving expenses incurred in connection with the restructuring announced by the Fund in March 2007.

***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 segment to the segment's carrying value on the Data Group's books. The Data Group determines 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 value. 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 this reporting segment.

***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. 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 was \$1.5 million for the quarter ended December 31, 2008 compared to \$1.6 million for the same period in 2007. Net interest expense on long-term debt was \$6.0 million for the year ended December 31, 2008 compared to \$6.4 million for the same period in 2007 due to a decline in interest rates during 2008.

Interest income of \$0.1 million and \$0.4 million earned during the three and twelve month periods ended December 31, 2008, respectively, was consistent with the applicable prior periods. 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 current income tax expense of \$1.2 million and a future 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 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 the acquisition of Relizon Canada. 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 \$7.8 million and a future income tax recovery of \$2.8 million for the quarter ended December 31, 2007. On June 22, 2007, Bill C-52, which contained the Specified Investment Flow-Through Entity ("SIFT") rules (described below under the heading – "Outlook"), 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.

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 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. 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 related to the change in tax law and the factors described above.

**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. Net income for the year ended December 31, 2008 was \$0.7 million compared to a net income of \$7.4 million for the year ended December 31, 2007. The decrease in comparable profitability was substantially due to a larger goodwill impairment charge in 2008 and other factors discussed above.

## DATA EAST AND WEST

Revenues at the Data Group's DATA East and West segment for the three months ended December 31, 2008 decreased \$10.5 million or 10.7% to \$88.3 million from \$98.9 million for the same period in the prior year. Revenues 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.

Revenues for the three months ended December 31, 2008 were consistent in Western Canada compared to the same period in 2007, but were offset by a significant decline in Eastern Canada due to lower spending from customers in the financial, government and direct mail industries.

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 quarter ended December 31, 2008, gross profit decreased \$6.1 million to \$22.6 million from \$28.8 million for the same period in 2007. Gross profit as a percentage of revenues for the quarter ended December 31, 2008 decreased to 25.6% from 29.1% for the same period in 2007. The decrease in gross profit as a percentage of revenues during the quarter ended December 31, 2008 was due to lower utilization as a result of the revenue decline noted above. This segment continues to be focused upon improving productivity and efficiencies in the operation of the equipment transferred between locations in connection with the Data Group's restructuring announced in March 2007. During the quarter ended December 31, 2008, these initiatives gave rise to the severance costs and restructuring charges noted under "Selling, General and Administrative Expenses, Restructuring and Integration Costs" above.

For the year ended December 31, 2008, gross profit decreased \$3.2 million 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 that restructuring as noted above. 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 quarter ended December 31, 2008 decreased \$0.2 million to \$5.3 million from \$5.5 million in 2007. Revenues for the year end December 31, 2008 decreased \$2.6 million to \$22.5 million from \$25.1 million for the same period in the prior year. The decreases in revenues for the three and twelve months ended December 31, 2008 were 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 each of the quarters ended December 31, 2008 and 2007, gross profit was \$1.6 million. Gross profit as a percentage of revenues for the quarter ended December 31, 2008 increased to 30.2% from 30.0% for the same period in 2007. For the year ended December 31, 2008, gross profit decreased \$1.8 million 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 three and twelve months ended December 31, 2008 as noted above.

## **MULTIPLE PAKFOLD**

Revenues at the Data Group's Multiple Pakfold segment for the quarter ended December 31, 2008 was unchanged at \$4.1 million and \$4.1 million for the same period in 2007. Revenues 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 the twelve months 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.

Gross profit was \$0.5 million and \$0.4 million for the quarters ended December 31, 2008 and 2007, respectively. Gross profit as a percentage of revenues for the quarter ended December 31, 2008 was 12.3% compared to 9.7% for the same period in 2007. The increase in gross profit was due to the initiatives referred to above. For the year ended December 31, 2008, gross profit decreased \$0.2 million 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”.

### Cash Available for Distribution Reconciliation

For the periods ended December 31, 2008 and 2007 <i>(in thousands of dollars, except percentages and per unit amounts, unaudited)</i>	Oct. 1 to Dec. 31, 2008 \$	Oct. 1 to Dec. 31, 2007 \$	Jan. 1 to Dec. 31, 2008 \$	Jan. 1 to Dec. 31, 2007 \$
Cash provided by operating activities	5,484	12,440	34,816	26,430
<i>Capital adjustments</i>				
Maintenance capital expenditures <sup>(1)</sup>	(902)	(1,112)	(3,061)	(5,268)
<i>Other adjustments including discretionary items:</i>				
Changes in non-cash working capital <sup>(2)</sup>	(118)	1,380	(3,067)	8,480
Other <sup>(3)</sup>	1,258	80	1,578	259
Cash available for distribution	5,722	12,788	30,266	29,901
Distributions to unitholders <sup>(4)</sup>	6,805	6,805	27,220	27,211
Excess (shortfall) of cash available for distribution over actual distributions	(1,083)	5,983	3,046	2,690
<i>Per unit <sup>(5)</sup></i>				
Cash available for distribution per unit <sup>(5)</sup>	0.244	0.545	1.289	1.275
Distributions to unitholders per unit <sup>(5)</sup>	0.290	0.290	1.160	1.160
Excess (shortfall) of cash available for distribution per unit over actual distributions per unit <sup>(5)</sup>	(0.046)	0.255	0.129	0.115
Payout ratio <sup>(6)</sup>	118.9%	53.2%	89.9%	91.0%

**Notes:**

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

<sup>(2)</sup> 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.

<sup>(3)</sup> Includes income tax related expenses and other amounts that do not reflect the ongoing operations of the Data Group's business.

<sup>(4)</sup> Distributions are in respect of the distributions declared.

<sup>(5)</sup> 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.

<sup>(6)</sup> 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 quarter ended December 31, 2008, the Fund generated \$5.7 million or \$0.244 per unit of cash available for distribution compared to \$12.8 million or \$0.545 per unit for the same period in 2007. Cash available for distribution for the quarter ended December 31, 2008 was calculated by deducting from cash provided by operating activities of \$5.5 million maintenance capital expenditures of \$0.9 million, the changes in non-cash working capital of \$0.1 million and adding back other non-cash items of \$1.3 million. Cash available for distribution for the quarter ended December 31, 2007 was calculated by deducting from cash provided by operating activities of \$12.4 million

maintenance capital expenditures of \$1.1 million and adding back the changes in non-cash working capital of \$1.4 million and other non-cash items of \$0.1 million. See Table 4 above for a breakdown of these figures for the three months ended December 31, 2008 and 2007, respectively.

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 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 and from January 1, 2007 to December 31, 2007, respectively.

For the quarter ended December 31, 2008, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$1.1 million or \$0.046 per unit for the quarter ended December 31, 2008. During the quarter ended December 31, 2008, the Data Group made cash payments of \$0.3 million related to \$2.0 million of severance costs charged to restructuring expense related to its on-going productivity improvement initiatives to reduce its cost of operations. During the quarter ended December 31, 2008, the Data Group also made cash payments of \$0.7 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 and existing cash resources. During the quarter ended December 31, 2007, the Data Group made cash payments of \$2.5 million for those restructuring and integration costs. For the quarter ended December 31, 2007, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Cash available for distribution exceeded actual distributions by \$6.0 million or \$0.255 per unit for the quarter ended December 31, 2007. See Table 4 above for a breakdown of these figures for the three months ended December 31, 2008 and 2007, 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 charged to restructuring expense related 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. 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. 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. See Table 4 above for a breakdown of these figures for the periods from January 1, 2008 to December 31, 2008 and from January 1, 2007 to December 31, 2007, respectively.

## **INVESTING ACTIVITIES**

Capital expenditures for the quarter ended December 31, 2008 of \$0.9 million related primarily to maintenance capital expenditures which were funded by cash flow from operations. 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 Medicine Hat, Alberta facility for gross proceeds of \$1.8 million.

## **FINANCING ACTIVITIES**

For the quarter ended December 31, 2008, the Fund paid or declared aggregate cash distributions of \$6.8 million to its unitholders. For the year ended December 31, 2008, the Fund paid or declared aggregate cash distributions of \$27.2 million to its unitholders.

## **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 objective of 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 and goodwill, and costs attributable to the termination of contracts for leases, supplier arrangements and other contractual obligations. During the quarter, 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 2008 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.

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

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

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

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## CONSOLIDATED BALANCE SHEETS

(in thousands of dollars, unaudited)

	December 31, 2008	December 31, 2007
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	11,492	5,315
Accounts receivable	47,106	57,417
Inventories	47,583	42,266
Prepaid expenses and other current assets	7,684	3,649
Income taxes recoverable	-	837
	<hr/> 113,865	<hr/> 109,484
Property, plant and equipment	39,909	47,528
Goodwill	141,206	151,206
Intangible assets	54,790	65,766
	<hr/> 349,770	<hr/> 373,984
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	32,224	40,014
Accrued restructuring and integration provisions	3,627	5,245
Income taxes payable	4,022	-
Deferred revenue	7,861	6,886
Distributions payable	2,269	2,269
	<hr/> 50,003	<hr/> 54,414
Revolving bank facility	70,000	70,000
Convertible debentures	34,327	34,159
Future income taxes	8,446	6,655
Deferred gain	1,724	1,920
Unfavourable lease obligation	1,142	1,251
Deferred lease inducement	980	1,103
Pension obligation	9,680	9,668
Post-employment and post-retirement benefits	2,150	2,153
	<hr/> 178,452	<hr/> 181,323
<b>Unitholders' Equity</b>		
Units	215,336	215,336
Conversion option	898	898
Accumulated other comprehensive loss	(1,059)	(66)
Deficit	(43,857)	(23,507)
	<hr/> 171,318	<hr/> 192,661
	<hr/> <b>349,770</b>	<hr/> <b>373,984</b>

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

	For the three months ended December 31, 2008	For the three months ended December 31, 2007
	\$	\$
<b>Revenues</b>	96,508	107,235
<b>Cost of revenues</b> (including depreciation of \$1,875 and \$1,877, respectively)	71,766	76,430
<b>Gross profit</b>	24,742	30,805
<b>Expenses</b>		
Selling, commissions and expenses	8,988	10,143
General and administration expenses (including depreciation of \$97 and \$187, respectively)	7,647	7,084
Restructuring and integration costs	2,026	312
Amortization of intangible assets	2,744	3,363
Curtailement gain	-	(1,461)
Impairment of goodwill	9,500	1,900
	30,905	21,341
<b>Income (loss) before interest and income taxes</b>	(6,163)	9,464
<b>Interest expense on long-term debt</b> (net of interest income of \$83 and \$108, respectively)	1,460	1,622
<b>Income (loss) before income taxes</b>	(7,623)	7,842
<b>Income tax expense (recovery)</b>		
Current	1,150	-
Future	1,273	(2,830)
	2,423	(2,830)
<b>Net income (loss) for the period</b>	(10,046)	10,672
<b>Loss on cash flow hedges</b>	573	397
<b>Comprehensive income (loss) for the period</b>	(10,619)	10,275
<b>Basic income (loss) per unit</b>	(0.43)	0.45
<b>Diluted income (loss) per unit</b>	(0.43)	0.45
<b>Units outstanding</b>	23,490,592	23,490,592

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>For the year ended December 31, 2008</b>	<b>For the year ended December 31, 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>	380,472	398,653
<b>Cost of revenues</b> (including depreciation of \$7,638 and \$7,812, respectively)	278,410	291,315
<b>Gross profit</b>	102,062	107,338
<b>Expenses</b>		
Selling, commissions and expenses	37,513	41,465
General and administration expenses (including depreciation of \$438 and \$695, respectively)	30,860	29,267
Write down of assets held for sale	927	-
Restructuring and integration costs	2,621	4,309
Amortization of intangible assets	10,976	10,596
Curtailment gain	-	(1,461)
Impairment of goodwill	9,500	1,900
	92,397	86,076
<b>Income before interest and income taxes</b>	9,665	21,262
<b>Interest expense on long-term debt</b> (net of interest income of \$414 and \$328, respectively)	6,029	6,355
<b>Income before income taxes</b>	3,636	14,907
<b>Income tax expense</b>		
Current	1,150	-
Future	1,791	7,482
	2,941	7,482
<b>Net income for the year</b>	695	7,425
<b>Loss on cash flow hedges</b>	993	124
<b>Comprehensive (loss) income for the year</b>	(298)	7,301
<b>Basic income per unit</b>	0.03	0.32
<b>Diluted income per unit</b>	0.03	0.32
<b>Weighted average units outstanding</b>	23,490,592	23,482,264

## CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

*(in thousands of dollars, unaudited)*

	Units \$	Conversion option \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Unitholders' Equity \$
<b>Balance as at December 31, 2006</b>	215,164	902	-	(1,409)	214,657
Accounting policy change	-	-	58	(2,312)	(2,254)
<b>Balance as at January 1, 2007</b>	215,164	902	58	(3,721)	212,403
Distributions declared	-	-	-	(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
<b>Balance as at December 31, 2007</b>	215,336	898	(66)	(23,507)	192,661
<b>Balance as at December 31, 2007</b>	215,336	898	(66)	(23,507)	192,661
Accounting policy change	-	-	-	6,175	6,175
<b>Balance as at January 1, 2008</b>	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
<b>Balance as at December 31, 2008</b>	215,336	898	(1,059)	(43,857)	171,318

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars, unaudited)

	<b>For the three months ended December 31, 2008</b>	<b>For the three months ended December 31, 2007</b>
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss) for the period	(10,046)	10,672
Items not involving cash		
Depreciation of property, plant and equipment	1,972	2,064
Amortization of intangible assets	2,744	3,363
Pension expense	495	829
Contributions made to pension plans	(485)	(697)
Curtailment gain	-	(1,461)
Loss (gain) on disposal of property, plant and equipment	4	(204)
Impairment of goodwill	9,500	1,900
Accretion of convertible debentures	42	44
Amortization of deferred gain	(49)	(33)
Unfavourable lease obligation	(28)	(27)
Amortization of lease inducement	(31)	(30)
Post-employment and post-retirement benefits	(25)	230
Future income tax expense (recovery)	1,273	(2,830)
	5,366	13,820
Changes in non-cash items relating to operating activities	118	(1,380)
	5,484	12,440
<b>Investing activities</b>		
Purchase of property, plant and equipment	(902)	(1,112)
Proceeds on disposal of property, plant and equipment	-	4,809
	(902)	3,697
<b>Financing activities</b>		
Bank overdraft	-	(4,017)
Distributions to unitholders	(6,805)	(6,805)
	(6,805)	(10,822)
<b>(Decrease) increase in cash and cash equivalents</b>		
<b>during the period</b>	(2,223)	5,315
<b>Cash and cash equivalents - beginning of period</b>	13,715	-
<b>Cash and cash equivalents - end of period</b>	11,492	5,315
<b>Supplemental cash flow information</b>		
Interest paid	1,859	2,298

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars, unaudited)

	<b>For the year ended</b>	<b>For the year ended</b>
	<b>December 31, 2008</b>	<b>December 31, 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
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	1,976	3,336
Contributions made to pension plans	(1,964)	(2,826)
Curtailement gain	-	(1,461)
Write down of assets held for sale	927	-
Loss (gain) on disposal of property, plant and equipment	35	(148)
Impairment of goodwill	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 tax expense	1,791	7,482
	31,749	34,910
Changes in non-cash items relating to operating activities	3,067	(8,480)
	34,816	26,430
<b>Investing activities</b>		
Purchase of property, plant and equipment	(3,061)	(5,268)
Proceeds on disposal of property, plant and equipment	1,642	5,597
Acquisition of business	-	1,000
	(1,419)	1,329
<b>Financing activities</b>		
Distributions to unitholders	(27,220)	(27,211)
	(27,220)	(27,211)
<b>Increase in cash and cash equivalents during the period</b>	<b>6,177</b>	<b>548</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>5,315</b>	<b>4,767</b>
<b>Cash and cash equivalents - end of period</b>	<b>11,492</b>	<b>5,315</b>
<b>Supplemental cash flow information</b>		
Interest paid	5,650	7,432
<b>Non-cash investing and financing activities</b>		
Non-cash lease inducement	-	766