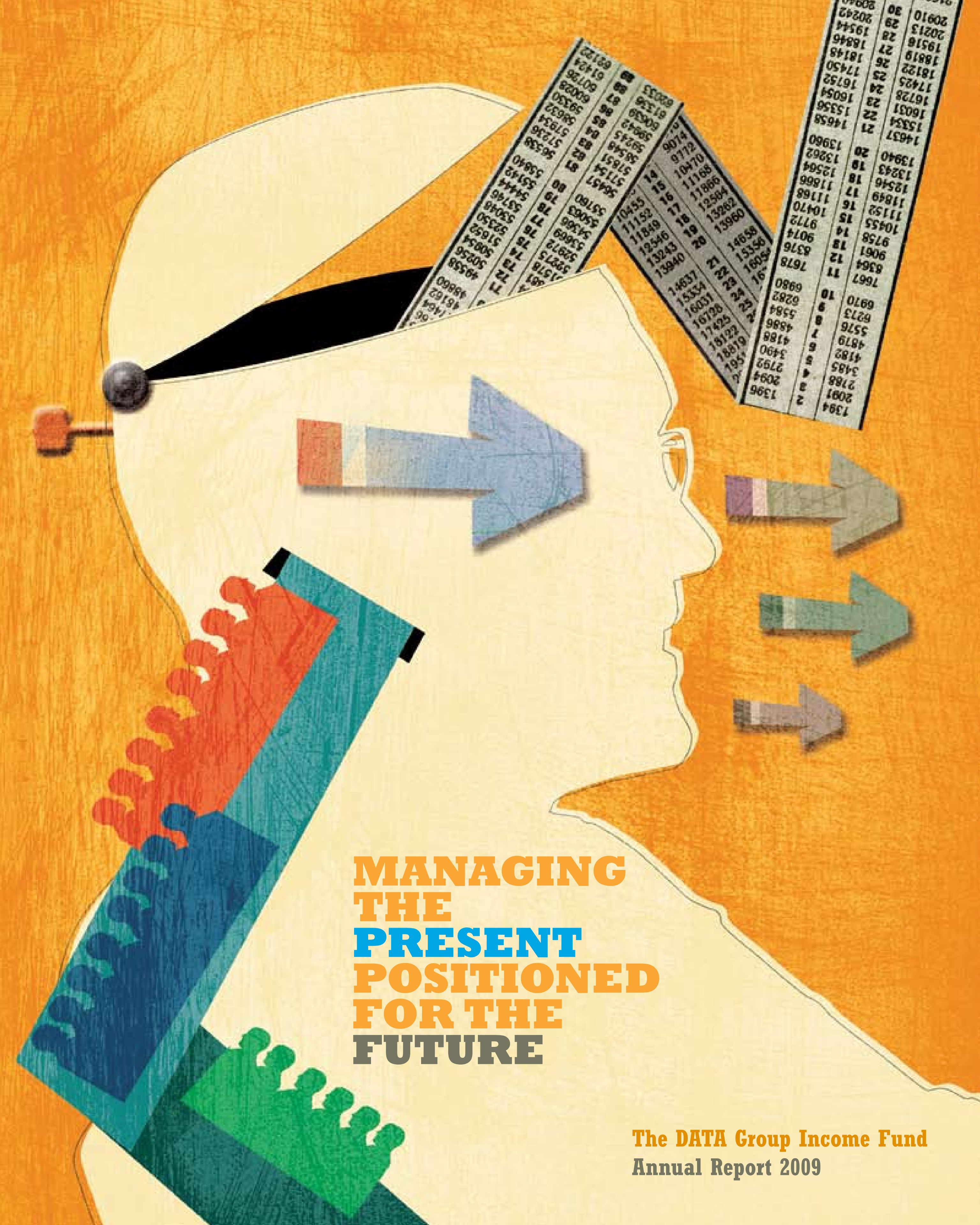

MANAGING THE PRESENT POSITIONED FOR THE FUTURE

The DATA Group Income Fund

Annual Report 2009

Solutions Beyond Print

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 more than a half-century.

Our success is built on enduring relationships with our customers, a leading position in most of the higher-value markets in our industry, financial strength and stability, and a dedicated staff of experienced, long-service employees.

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

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Non-GAAP Measures

This report includes certain non-GAAP measures as supplementary information. When used in this report, EBITDA means earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA means EBITDA adjusted for write downs of assets held for sale, goodwill impairment charges, lease exit charges, gains on cancellation of convertible debentures, pension plan curtailment gains and non-cash inventory fair value allocation charges. Adjusted EBITDA for the year ended December 31, 2009 means EBITDA adjusted for write downs of assets held for sale, lease exit charges and gains on cancellation of convertible debentures. Adjusted EBITDA for the year months ended December 31, 2008, means EBITDA adjusted for write downs of assets held for sale and goodwill impairment charges. Adjusted EBITDA for the year ended December 31, 2007 means EBITDA adjusted for goodwill impairment charges and pension plan curtailment gains. Adjusted EBITDA for the year ended December 31, 2006 means EBITDA adjusted for non-cash inventory fair value allocation charges. Adjusted EBITDA for the period from December 21, 2004 to December 31, 2005 means EBITDA adjusted for non-cash inventory fair value allocation charges. The DATA Group Income Fund (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 Limited Partnership and/or the Fund. Cash available for distribution means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, purchases of convertible debentures, changes in non-cash working capital, other non-cash items, partnership conversion costs, special pension contributions and non-cash inventory fair value allocation charges. Cash available for distribution for the year ended December 31, 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, purchases of convertible debentures, changes in non-cash working capital and other non-cash items. Cash available for distribution for the years ended December 31, 2008 and 2007 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. Cash available for distribution for the year ended December 31, 2006 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, partnership conversion costs, changes in non-cash working capital, other non-cash items, special pension contributions and non-cash inventory fair value allocation charges. Cash available for distribution for the period from December 21, 2004 to December 31, 2005 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in non-cash working capital, other non-cash items, special pension contributions and non-cash inventory fair value allocation charges. 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.

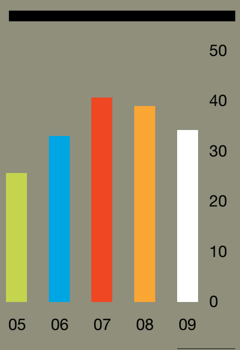
Highlights

- **Distributions to unitholders maintained**
- **Cost-cutting and productivity improvements help counter revenue reductions**
- **Financial and operating results improve as the year progresses**

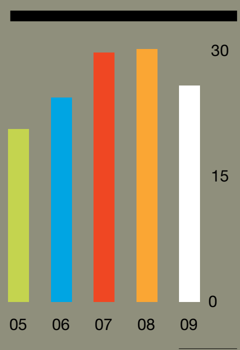
(in millions of dollars)	**For the year ended Dec. 31, 2009**	For the year ended Dec. 31, 2008	For the year ended Dec. 31, 2007	For the year ended Dec. 31, 2006	For the period from Dec. 21, 2004 to Dec. 31, 2005
Revenues	**$349.8**	$380.5	$398.7	$286.7	$220.7
Adjusted EBITDA [1]	**34.3**	39.1	40.8	33.1	25.7
Net income	**13.0**	0.7	7.4	27.9	9.5
Cash available for distribution [1]	**25.9**	30.3	29.9	24.5	20.7
Cash distributions	**27.2**	27.2	27.2	21.4	17.4
Balance of cash and cash equivalents	**11.7**	11.5	5.3	4.8	8.9

1 See "Non-GAAP measures".

Adjusted EBITDA[1]
millions of dollars



Cash Available for Distribution[1]
millions of dollars



Letter to Unitholders

2009 was a very difficult and volatile year for the Canadian economy. And our company, with its diverse roster of private and public-sector clients in every region of the country, did not escape the impact of the recessionary forces that swept across Canada and the global economy.

Our normally stable revenues fell by more than 10 percent during the first half of the year and would have fallen even further – as occurred with most of our industry peers – had we not achieved a number of significant new business wins. In response to the onset of the economic downturn in late 2008, we implemented a number of cost reduction and productivity enhancement measures that are detailed in the following pages.

Those measures worked. During the second half of the year, our earnings improved significantly. That improvement, combined with the substantial financial reserves built from the synergies captured in the Relizon Canada acquisition, enabled us to fulfill the commitment made in last year's report by maintaining distributions at $1.1587 a unit in 2009, at a time when many other trusts and corporations were slashing their distributions or dividends to investors.

Improvements in our financial and operating results also bolstered our financial strength, as our balance of cash and equivalents ended the year at $11.7 million, compared with $11.5 million at the same time in 2008.

These results underscore the effectiveness of our response to the economic downturn. And I would like to thank our dedicated staff for the part they all played in this achievement.

At the same time, despite the improvement in financial and operating results, I'm not prepared to declare – nor are we hearing from many of our customers – that the period of economic difficulty has passed. We are committed to maintaining a competitive cost structure no matter what the future may hold.

We also recognize that one of the major near-term uncertainties for our unitholders is the impact of the legislative changes for income trusts scheduled to take effect on January 1, 2011. Since uncertainty is the enemy of investor confidence, the management and trustees of DATA Group Income Fund have been working diligently to evaluate the Fund's distribution policy and corporate structure in light of those changes. We also recognize that, during this transitional year, it will be important to maintain on-going communication about our future plans and the reasons underlying them.

Our plans are being drawn up with the understanding that an attractive yield is the main reason why investors were attracted to our units in the first place. So we do not intend to take any action that would reduce that yield prematurely. At the same time, we want to ensure an orderly transition to whatever corporate structure the board of trustees decides to adopt, while being able to take maximum advantage of incentives such as the tax-free rollover window for transition to a new structure provided in the Specified Investment Flow-Through legislation.

As we look to the future, it's clear that our primary challenge and first priority must be to establish a level of distributions that is sustainable over the long term. Our confidence in our ability to sustain a valuable income stream to investors is based on the same factors that made our organization an excellent candidate for the income trust structure in the first place:

- A stable revenue stream supported by a large and diverse base of long-term customers
- A leading position in many of the higher-value markets in our industry
- An unrelenting focus on productivity and cost containment
- Financial strength and stability, underpinned by reasonable capital investment requirements and a disciplined investment process
- An able and experienced staff of long-service employees.

Those factors have enabled us to generate a significant stream of distributions to unitholders – totalling $120.5 million to the end of 2009 – since becoming an income trust in December 2004. We believe those same factors will enable us to continue generating meaningful income in the future.

It's also worth noting that, after January 1st of next year, our distributions of earnings (whether we continue as a trust or convert to a corporation) will qualify for the dividend tax credit. As a result, for taxable individual investors holding their units outside a registered plan, even a lower level of distributions could be quite comparable on an after-tax basis to what they are currently receiving.

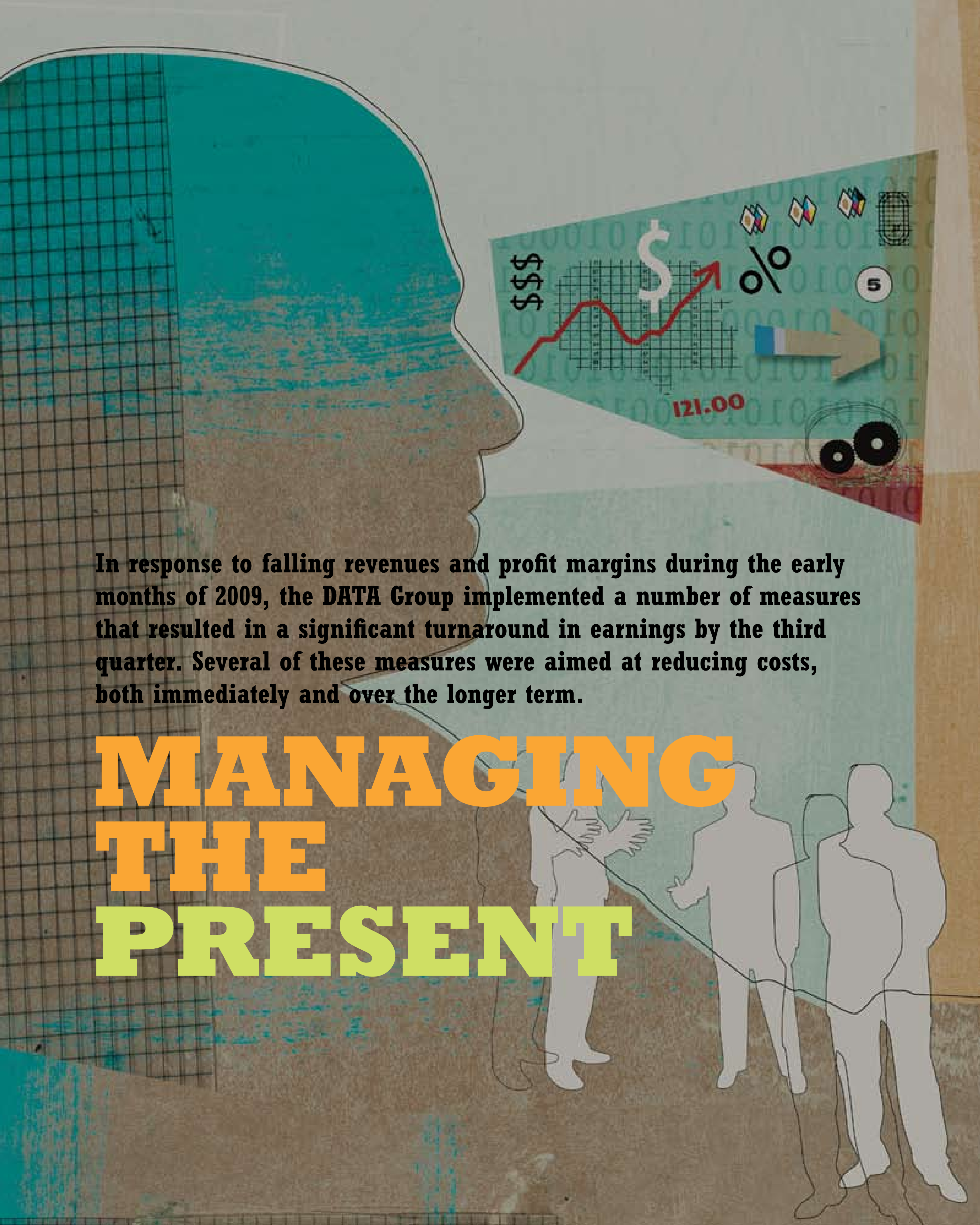
In conclusion, I would like thank our unitholders for their continuing support. To our customers, I reiterate that your loyalty is something we deeply value and will continue to work hard to maintain. And to our dedicated staff, who continue to demonstrate day-in and day-out that they are the best in the business, my sincere thanks for your outstanding efforts during a very difficult year.

Respectfully yours,

(Signed) David M. Odell

David M. Odell
President and Chief Executive Officer

The DATA Group Income Fund



In response to falling revenues and profit margins during the early months of 2009, the DATA Group implemented a number of measures that resulted in a significant turnaround in earnings by the third quarter. Several of these measures were aimed at reducing costs, both immediately and over the longer term.

MANAGING THE PRESENT

Since staff-related expenses are a major component of total costs in a service-oriented company such as ours, these were regrettably one of the major areas that had to be reduced to maintain a competitive cost structure.

Measures included staff reductions beyond those undertaken as a result of the Relizon Canada acquisition in 2006. We also introduced changes to our pension plan. And we modified certain employee group benefit plans.

On the revenue side of the equation, we secured major new business that is expected to generate increased revenues of about $15 million.

As a result of these measures, our financial results improved considerably during the second half of the year. Adjusted EBITDA rose to $17.8 million for the second half of the year from $16.3 million for the comparable period of 2008.

We recognize that, from the point of view of our unitholders, an important gauge of our ability to manage our business in the current economic environment is our capacity to maintain distributions, rather than reducing them as many other organizations have been forced to do. And, in fact, distributions were maintained at $1.1587 a unit in 2009, matching distributions during each of the preceding four years.

Despite the use of cash reserves to fund distributions that exceeded 100 percent of our cash available for distribution during the year, the DATA Group ended the year with cash and equivalents of $11.7 million, compared with $11.5 million at the end of 2008 (2007 – $5.3 million).

The DATA Group's ability to manage its business through periods of economic uncertainly is partly attributable to the fact that our requirements for maintenance capital expenditures are quite predictable and relatively small in comparison to our total revenues. 2009 maintenance capital expenditures were $2.0 million, compared with $3.1 million the previous year.

We also took further steps during the year to bolster our financial strength and flexibility by extending our existing credit facility with two Canadian chartered banks to August 31, 2011.

With our strong customer base, disciplined capital allocation process and proven business model, we believe that the DATA Group is fully capable of managing the current period of reduced economic activity, as well as being in a strong position to capitalize on improving business conditions as they occur.

We believe that the DATA Group is in an excellent position to perform well under a wide range of future business conditions.

POSITIONED FOR THE FUTURE

Proven business model

The DATA Group's proven business model has enabled us to succeed and prosper through varying business conditions over numerous business cycles during more than five decades of operation.

One of the key reasons for that success is our commitment to develop, adapt and use technology for the benefit of our customers. As a result, the DATA Group has developed proprietary systems that enable us to differentiate our products and services from those offered by competitors.

This use of technology, combined with a deliberate focus on the high-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 and promotion from within, 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.

Value-added products and services

The DATA Group participates in most of the higher-value segments of the Canadian document management and printing business, often playing a leading role. These segments include 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, which in recent years have included customized sales packages for the mutual fund industry, event tickets, statement processing and gift cards.

This diversity provides stability of revenues by creating more revenue streams. As well, many of the new products draw on the same skills, knowledge and technology that we use in document management – thus leveraging our existing equipment and capabilities.

DATA e-commerce solutions

For the past 10 years, the DATA Group has been providing a steadily growing array of Web-based products and services for customers – a business that last year generated about $80 million in revenues.

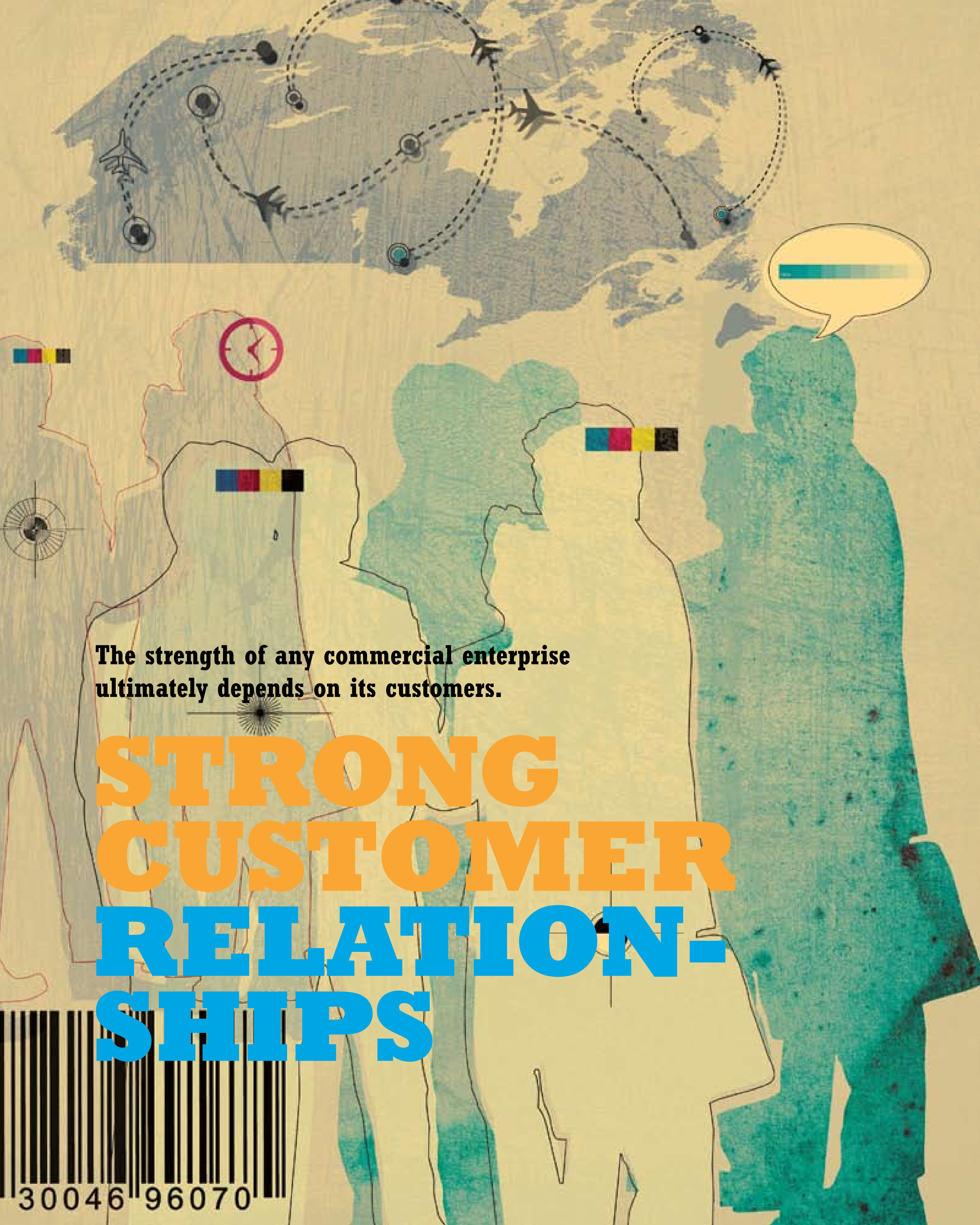
These services allow end users in client organizations to order and ship documents from our printing locations and warehouses, as well as to create and proof common stationery items such as business cards and letterhead – all from the convenience of their office computer or other online location at any time of the day. Full Web-based reporting capabilities allow authorized users to check on inventory levels, transactions, expenditures and related information, all in real time.

The DATA Group's growing e-commerce capabilities are another important element of our positioning for the future.

Financial strength

The DATA Group's financial strength has not only enabled us to cope with the recent business recession, it's also another important reason why we believe that we are strongly positioned for the future. Our willingness to invest in better solutions for customers is one of the key reasons why we can point to a blue chip roster of long-term clients in both the private and public sectors. Financial strength allows us to make ongoing investments in client productivity, thus making us a valued business partner.

Having the financial resources to stay abreast of the constant changes in the document management industry – by being able to develop e-commerce products and services and acquire the latest digital printing equipment, to cite just two examples – also provides us with an ongoing competitive advantage.



The strength of any commercial enterprise ultimately depends on its customers.

STRONG CUSTOMER RELATION-SHIPS

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 located in every region of the country.

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, even during turbulent economic times, new products and services are constantly emerging, requiring effective marketing materials and targeted distribution.

In these difficult times, our commitment to work with customers to find ways to streamline their operations and achieve economies of scale in document management makes us a valued partner.

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

A SAFE WORKPLACE AND ENVIRONMENTALLY RESPONSIBLE OPERATIONS

The DATA Group is dedicated to the preservation of our environment. We work closely with our suppliers and customers to minimize the environmental impact of our manufacturing processes.

No less important is our commitment to the health and well being of our employees. Our health and safety performance consistently ranks among the best in our industry. Through established policies and procedures and the commitment of an experienced and dedicated workforce, we strive to continuously improve our industry-leading performance.

Respecting the environment

We use certified raw materials from sustainable sources, promote digital production techniques and deliver proven print management solutions that provide our clients with both high quality products and environmental sustainability.

The DATA Group has been recycling waste products from its printing operations for more than three decades. This process has now evolved to the point where virtually nothing is discarded. Most waste is captured for recycling. The small amount that cannot be reused or recycled is sent in approved containers for disposal by government licensed specialists.

While results are pending for 2009, in 2008 the DATA Group collected 6,744 metric tonnes of paper and corrugated material for recycling. This recycling effort:

- Saved approximately 128,000 mature trees
- Diverted 155,000 cubic metres (202,000 cubic yards) of waste from landfills.

During this same time period we reduced the amount of waste going to landfills by 274 metric tonnes, or 13 percent.

Conserving energy is another important goal at the DATA Group. To achieve this goal we:

- Conduct third-party energy audits to determine where savings can be achieved
- Retrofit lighting to reduce electricity consumption
- Replace existing air compressors with newer, more efficient units
- Work with the site management teams on the status of energy efficiency programs and improvement processes.

As one illustration of the results of these initiatives, our Torbram facility – the largest in the group – reduced electricity consumption by 9.3 percent during the 12-month period ending June 30, 2009. The facility has received national recognition for its achievements in energy conservation.

Keeping employees safe and healthy

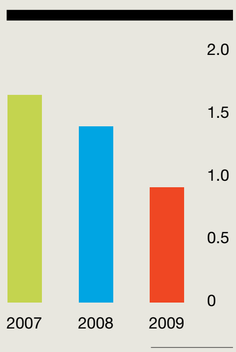
Through established policies and procedures and the commitment of an experienced and dedicated workforce, the DATA Group strives to continuously improve our industry-leading performance.

For the period ending December 31, 2009, the DATA Group's lost-time incident rate (LTI) was 0.92 per 200,000 hours worked, compared with a LTI rate of 1.90 per 200,000 hours worked for our industry group. It was also a reduction from the DATA Group's LTI rate of 1.41 in 2008.

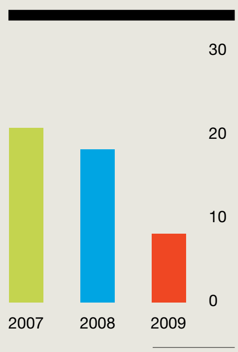
In terms of accident severity, the DATA Group's lost-workday rate fell significantly to 8.26 days per 200,000 hours worked in 2009, compared with a rate of 31.64 days per 200,000 hours worked the previous year.

As in previous years, the DATA Group continued our comprehensive internal audit program of production locations. The purpose of the program is to ensure that all facilities continue to improve their health and safety performance and that deficiencies noted in previous audits are corrected.

Accident frequency



Accident severity



MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2009 and 2008. This MD&A should be read in conjunction with the Fund's consolidated financial statements and accompanying notes for the years ended December 31, 2009 and 2008, 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 3, 2010. 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 weakened domestic and global economic conditions on the Data Group's businesses; the risk that the Data Group's efforts to reduce its operating costs may not become effective as quickly as the Data Group expects, thereby impacting the Data Group's profitability and cash available for distribution should the Data Group's revenues decline further than expected; the risk that, should the Data Group's revenues decline further than expected, the cost reduction measures taken by the Data Group in response to the current economic environment may not be sufficient and further reductions may be necessary; the Data Group's ability to grow its sales or even maintain historical levels of its sales of printed business documents; increases in the costs of paper and other raw materials used by the Data Group; the Data Group's ability to maintain relationships with its customers; 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, and the effect of those changes 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 write downs of assets held for sale, goodwill impairment charges, gains on cancellation of convertible debentures, lease exit charges and pension plan curtailment gains. Adjusted EBITDA for the year ended December 31, 2009 means EBITDA adjusted for write downs of assets held for sale, gains on cancellation of convertible debentures and lease exit charges. Adjusted EBITDA for the year ended December 31, 2008, means EBITDA adjusted for write downs of assets held for sale and goodwill impairment charges. Adjusted EBITDA for the year ended December 31, 2007 means EBITDA adjusted for 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, purchases of convertible debentures, changes in non-cash working capital and other non-cash items. Cash available for distribution for the year ended December 31, 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, purchases of convertible debentures, changes in non-cash working capital and other non-cash items. Cash available for distribution for the years ended December 31, 2008 and 2007 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, respectively. 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 an indicator 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 2009) sells a broad range of printed products and document management services directly to end users. Sundog (which provided approximately 6% of total revenue in 2009) sells commercial printing products, document management services and event tickets. Multiple Pakfold (which provided approximately 4% of total revenue in 2009) 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. 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 expenses 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. 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. At December 31, 2009, the amount of the remaining accrued restructuring provisions was approximately $0.5 million. The Data Group incurred additional restructuring expenses during 2008 and 2009 in the form of severances as a result of on-going productivity improvement initiatives that resulted in an employee headcount reduction of 87 (2008 – 52). The amount of the remaining accrued restructuring provision related to these initiatives at December 31, 2009, was approximately $1.1 million.

General information and Results of operations

TABLE 1

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

Consolidated financial information

For the years ended December 31, 2009, 2008 and 2007 (in thousands of dollars, except per unit amounts, unaudited)

	January 1 to December 31, 2009	January 1 to December 31, 2008	January 1 to December 31, 2007
Revenues	**$ 349,827**	$ 380,472	$ 398,653
Cost of revenues	**260,971**	278,410	291,315
Gross profit	**88,856**	102,062	107,338
Selling, general and administrative expenses	**59,685**	68,373	70,732
Restructuring expenses	**1,987**	2,621	4,309
Gain on cancellation of convertible debentures	**(2)**	–	–
Lease exit charge	**866**	–	–
Write down of assets held for sale	**652**	927	–
Curtailment gain	–	–	(1,461)
Impairment of goodwill	–	9,500	1,900
Amortization of intangible assets	**10,485**	10,976	10,596
	73,673	92,397	86,076
Income before interest and income taxes	**15,183**	9,665	21,262
Interest expense on long-term debt	**5,042**	6,029	6,355
Income before income taxes	**10,141**	3,636	14,907
Income tax expense (recovery)			
Current	**(474)**	1,150	–
Future	**(2,428)**	1,791	7,482
	(2,902)	2,941	7,482
Net income for the year	**$ 13,043**	$ 695	$ 7,425
Basic and diluted income per unit	**$ 0.56**	$ 0.03	$ 0.32
Weighted average number of units	**23,490,592**	23,490,592	23,482,264
CONSOLIDATED BALANCE SHEET INFORMATION			
Current assets	**$ 110,392**	$ 113,865	$ 109,484
Current liabilities	**43,518**	50,003	54,414
Total assets	**326,575**	349,770	373,984
Total long-term liabilities	**124,858**	128,449	126,909
Unitholders' equity	**158,199**	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

For the years ended December 31, 2009, 2008 and 2007 (in thousands of dollars, except percentage amounts, unaudited)

	January 1 to December 31, 2009	January 1 to December 31, 2008	January 1 to December 31, 2007
REVENUES			
DATA East and West	**$ 320,872**	$ 347,036	$ 361,428
Sundog	**19,234**	22,486	25,054
Multiple Pakfold	**13,972**	16,037	17,944
Intersegment	**(4,251)**	(5,087)	(5,773)
	$ 349,827	$ 380,472	$ 398,653
GROSS PROFIT			
DATA East and West	**$ 82,051**	$ 93,997	$ 97,243
Sundog	**5,125**	6,353	8,171
Multiple Pakfold	**1,680**	1,712	1,924
	$ 88,856	$ 102,062	$ 107,338
GROSS PROFIT, AS A PERCENTAGE OF REVENUES			
DATA East and West	**25.6%**	27.1%	26.9%
Sundog	**26.6%**	28.3%	32.6%
Multiple Pakfold	**12.0%**	10.7%	10.7%
	25.4%	26.8%	26.9%
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**$ 59,685**	$ 68,373	$ 70,732
As a percentage of revenues	**17.1%**	18.0%	17.7%
ADJUSTED EBITDA (see Table 3)	**$ 34,317**	$ 39,144	$ 40,804
Adjusted EBITDA margin, as a percentage of revenues	**9.8%**	10.3%	10.2%
NET INCOME FOR THE YEAR	**$ 13,043**	$ 695	$ 7,425

TABLE 3

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

Adjusted EBITDA reconciliation

For the years ended December 31, 2009, 2008 and 2007 (in thousands of dollars, unaudited)

	January 1 to December 31, 2009	January 1 to December 31, 2008	January 1 to December 31, 2007
Net income for the year	**$ 13,043**	$ 695	$ 7,425
Net interest expense on long-term debt	**5,042**	6,029	6,355
Depreciation of property, plant and equipment	**7,133**	8,076	8,507
Write down of assets held for sale	**652**	927	–
Impairment of goodwill	**–**	9,500	1,900
Amortization of intangible assets	**10,485**	10,976	10,596
Gain on cancellation of convertible debentures	**(2)**	–	–
Lease exit charge	**866**	–	–
Curtailment gain	**–**	–	(1,461)
Current income tax (recovery) expense	**(474)**	1,150	–
Future income tax (recovery) expense	**(2,428)**	1,791	7,482
Adjusted EBITDA	**$ 34,317**	$ 39,144	$ 40,804

Results of operations

The DATA Group Income Fund

REVENUES

The most significant challenge that the Data Group faced in 2009 was the weakness in the domestic and global economic environment, which negatively impacted the Fund's revenues over that period. The decline in revenues on a year-over-year basis was partially offset in the second half of 2009 by revenues from new business. For the year ended December 31, 2009, the Fund recorded revenues of $349.8 million, a decrease of $30.6 million or 8.1% compared with the same period in 2008. The net decrease, before intersegment revenues, was the result of a $26.2 million (or 7.5%) decrease in the DATA East and West segment, a $3.3 million (or 14.5%) decrease in the Sundog segment and a $2.1 million (or 12.9%) 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 year ended December 31, 2009, cost of revenues decreased to $261.0 million from $278.4 million for the same period in 2008. Gross profit for the year ended December 31, 2009 was $88.9 million, which represented a decrease of $13.2 million or 12.9% from $102.1 million in the same period of 2008. The decrease in gross profit for the year ended December 31, 2009 was attributable to a gross profit decrease of $11.9 million in the DATA East and West segment and a gross profit decrease of $1.2 million in the Sundog segment. Gross profit as a percentage of revenues decreased to 25.4% for the year ended December 31, 2009 from 26.8% for the same period in 2008.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND RESTRUCTURING EXPENSES

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund, for the year ended December 31, 2009 decreased by $8.7 million or 12.7% to $59.7 million compared to $68.4 million in the same period of 2008. SG&A expenses for the year ended December 31, 2009 were lower due to cost savings realized from the Data Group's restructuring and on-going productivity improvement initiatives undertaken in 2008 and 2009 and the Data Group's 2009 cost reduction initiatives. As a percentage of revenues, these costs were 17.1% and 18.0% of revenues for the years ended December 31, 2009 and 2008, respectively.

For the year ended December 31, 2009, the Data Group incurred $2.0 million of severance costs charged to restructuring expense related to those on-going productivity improvement initiatives. 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.

ASSET SALE AND OTHER

During the year ended December 31, 2009, the Data Group sublet its Dorval, Québec facility for the remainder of the lease term expiring in 2021 and incurred a lease exit charge of $0.9 million, representing the liability (at present value) for remaining lease costs under the lease agreement net of sublease income. During year ended December 31, 2009, the Data Group completed the sale of its Hemmingford, Québec property for gross proceeds of $0.7 million and recorded a pre-tax gain on disposal of $0.1 million.

WRITE DOWN OF ASSETS HELD FOR SALE

During the year ended December 31, 2009, the Data Group determined that the carrying value of a property held for sale totalling $2.7 million required a write down and recorded a pre-tax charge of $0.7 million. Subsequent to year end, this former facility was sold for gross proceeds of $2.2 million. During the year ended December 31, 2008, the Data Group determined that the carrying value its Hemmingford, Québec property required a write down and recorded a pre-tax charge of $0.9 million.

IMPAIRMENT OF GOODWILL

During the fourth quarter of 2009, 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 no goodwill impairment charges associated with its reporting segments were necessary.

During the fourth quarter of 2008, the Data Group performed its annual review for impairment of goodwill and concluded that, due to the uncertainty surrounding the domestic and global economies, the fair values of its 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 that review, the Data Group also 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, 2009, Adjusted EBITDA was $34.3 million or 9.8% of revenues. Adjusted EBITDA for the year ended December 31, 2009 decreased $4.8 million or 12.3% from the same period in the prior year and the Adjusted EBITDA margin for the twelve month period, as a percentage of revenues, decreased from 10.3% of revenues in 2008 to 9.8% of revenues in 2009. The decrease was attributable to the declines in the revenues and profitability in each of the Data Group's operating segments.

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 $5.0 million for the year ended December 31, 2009 from $6.0 million for the same period in 2008, due to a decline in interest rates during 2009.

For the year ended December 31, 2009, interest income of $0.3 million was earned compared to $0.4 million in the comparable period of 2008. This interest income was substantially related to the cash and cash equivalents and other receivables held by the Data Group and the Fund during the relevant period.

INCOME TAXES

The Fund reported income before income taxes of $10.1 million, a current income tax recovery of $0.5 million and a future income tax recovery of $2.4 million for the year ended December 31, 2009. The current tax recovery represents an adjustment to the estimated amount payable by the Data Group to settle the anticipated reassessments by the Canada Revenue Agency ("CRA") and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company during the period from 2001 to 2006 and prior to the Fund's acquisition of Relizon Canada from The Relizon Company

("Relizon US"), net of amounts which the Fund has recovered 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 future income tax recovery was mainly due to a change in estimate of the timing of future reversals of temporary differences, changes in legislation and changes to substantially enacted income tax rates.

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 current tax expense represented the estimated amount payable by the Data Group to settle the anticipated reassessments by the CRA and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company during the period from 2001 to 2006, net of amounts which the Fund reasonably expected 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 had previously 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 future income tax expense was mainly due to a change in estimate of the timing of future reversals of temporary differences.

NET INCOME

For the year ended December 31, 2009, net income was $13.0 million compared to $0.7 million for the same period of 2008. The increase in comparable profitability was substantially due to realized cost savings from on-going productivity improvement and cost reduction initiatives realized in 2009, goodwill impairment charges taken in 2008 that did not reoccur, and a higher write down of assets held for sale in 2008. Profitability improvements were offset by lower gross profit in 2009 as a result of lower revenues due to generally poor economic conditions and a lease exit charge, 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, 2009 decreased $26.2 million or 7.5% to $320.9 million from $347.0 million for the same period in the prior year.

Revenues for the year ended December 31, 2009 decreased due to lower spending from customers in the financial, government and direct mail industries as a result of generally poor economic conditions in the fourth quarter of 2008 and throughout 2009. During the second quarter of 2009, this segment experienced declines in Western Canada similar to those encountered in Eastern Canada at the end of 2008 and during 2009. In the second half of 2009, the segment experienced revenue gains from new business, primarily in Eastern Canada, which partially offset declines in revenues from existing customers.

For the year ended December 31, 2009, gross profit decreased $11.9 million or 12.7% to $82.1 million from $94.0 million in the same period in 2008. Gross profit as a percentage of revenues for the year ended December 31, 2009 decreased to 25.6% from 27.1% for the same period in 2008. The decrease in gross profit was due to lower revenues offset by lower costs as a result of on-going productivity improvement initiatives. As noted above, the new business revenues generated during the second half of 2009 contributed to a strong product mix with higher value added and margin. During the year ended December 31, 2009, 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 and Restructuring expenses" above.

Sundog

Revenues at the Data Group's Sundog segment for the year ended December 31, 2009 decreased $3.3 million or 14.5% to $19.2 million from $22.5 million for the same period in the prior year. The decrease in revenues was due to poor economic conditions in Sundog's principal market of Alberta, which continued to negatively affect demand for commercial printing in that market, primarily marketing materials.

For the year ended December 31, 2009, gross profit decreased $1.2 million or 19.3% to $5.1 million from $6.4 million in the same period of 2008. Gross profit as a percentage of revenues for the year ended December 31, 2009 decreased to 26.6% from 28.3% for the same period in 2008. The overall decrease in gross profit was due to lower revenues as noted above and was partially offset by lower costs as a result on-going productivity improvement initiatives implemented during the year ended December 31, 2009.

Multiple Pakfold

Revenues at the Data Group's Multiple Pakfold segment for the year ended December 31, 2009 decreased $2.1 million or 12.9% to $14.0 million from $16.0 million for the same period in the prior year.

The decline in revenues for year ended December 31, 2009 was attributable to the poor economic conditions in Canada, which have resulted in a decline in quoting activity, smaller order quantities and extended reorder cycles.

For the year ended December 31, 2009, gross profit was $1.7 million and was largely unchanged from the same period in 2008. Gross profit as percentage of revenues for the year ended December 31, 2009 increased to 12.0% from 10.7% for the same period in 2008. The improvement in the gross profit as a percentage of revenues for the year ended December 31, 2009 was due to the cost reduction initiatives undertaken in 2008 and 2009 to improve operating efficiencies.

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 years ended December 31, 2009, 2008 and 2007 (in thousands of dollars, except percentages and per unit amounts, unaudited)

	January 1 to December 31, 2009	January 1 to December 31, 2008	January 1 to December 31, 2007
Cash provided by operating activities	**$ 28,239**	$ 34,816	$ 26,430
CAPITAL ADJUSTMENTS			
Maintenance capital expenditures [1]	**(2,010)**	(3,061)	(5,268)
Purchase of convertible debentures	**(6)**	–	–
OTHER ADJUSTMENTS INCLUDING DISCRETIONARY ITEMS:			
Changes in non-cash working capital [2]	**(376)**	(3,067)	8,480
Other [3]	**32**	1,578	259
Cash available for distribution	**25,879**	30,266	29,901
Distributions to unitholders [4]	**27,220**	27,220	27,211
(Shortfall) excess of cash available for distribution over actual distributions	**$ (1,341)**	$ 3,046	$ 2,690
Per unit [5]			
Cash available for distribution per unit [5]	**$ 1.103**	$ 1.289	$ 1.275
Distributions to unitholders per unit [5]	**1.160**	1.160	1.160
(Shortfall) excess of cash available for distribution per unit over actual distributions per unit	**(0.057)**	0.129	0.115
Payout ratio [6]	**105.2%**	89.9%	91.0%

Notes:

1 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.

2 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 in 2006.

3 Includes income tax related expenses and other amounts that do not reflect the on-going operations of the Data Group's business.

4 Distributions are in respect of the distributions declared.

5 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, 2009, 2008 and 2007, 23,490,592 units were outstanding.

6 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, 2009, the Fund generated $25.9 million or $1.103 per unit of cash available for distribution compared to $30.3 million or $1.289 per unit in the prior year. Cash available for distribution for the year ended December 31, 2009 was calculated by deducting from cash provided by operating activities of $28.2 million, maintenance capital expenditures of $2.0 million, changes in non-cash working capital of $0.4 million and adding back other non-cash items of $0.1 million. 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, changes in non-cash working capital of $3.1 million and adding back other non-cash items of $1.6 million.

For the year ended December 31, 2009, the Fund declared distributions of $27.2 million or $1.160 per unit. Actual distributions exceeded cash available for distribution by $1.3 million or $0.057 per unit for the year ended December 31, 2009. During the year ended December 31, 2009, the Data Group made cash payments of $2.6 million related to the $1.9 million and the $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 which were undertaken in 2009 and 2008, respectively. In addition, in 2009, the Data Group made cash payments of $1.4 million for the restructuring expense 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. The restructuring expenses paid during the year have been deducted in determining cash available for distribution.

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. The restructuring expense and integration costs paid during the year have been deducted in determining cash available for distribution.

TABLE 5

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

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

For the years ended December 31, 2009, 2008 and 2007 (in thousands of dollars, unaudited)

	January 1 to December 31, 2009	January 1 to December 31, 2008	January 1 to December 31, 2007
Cash provided by operating activities	**$ 28,239**	$ 34,816	$ 26,430
Net income for the year	**13,043**	695	7,425
Actual cash distributions paid or declared relating to the year	**27,220**	27,220	27,211
Excess (shortfall) of cash provided by operating activities over cash distributions paid or declared	**$ 1,019**	$ 7,596	$ (781)
Shortfall of net income over cash distributions paid or declared	**$ (14,177)**	$ (26,525)	$ (19,786)

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 distributions paid or declared for the years ended December 31, 2009, 2008 and 2007, 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 various 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. The payments against these accrued restructuring and integration provisions reduce cash from operating activities but are not considered in the Fund's calculation of cash available for distribution and determining distributions.

Distributions paid or declared by the Fund on its outstanding units during the year ended December 31, 2009 were funded entirely from cash generated by the Data Group's operations, net proceeds from the sale of assets, 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, 2009 was principally due to the realized cost savings from the Data Group's 2008 and 2009 on-going productivity improvement initiatives and the cost reduction initiatives implemented during 2009.

Distributions paid or declared 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.

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 in 2010.

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 2009, 2008 and 2007 that are not included in determining cash distributions for these periods included depreciation of property, plant and equipment, amortization of intangible assets, write down of assets held for sale, impairment of goodwill charges, lease exit charges and the provision for or recovery of current and future income taxes.

For the year ended December 31, 2009, the Fund's cash distributions paid or declared on its outstanding units exceeded net income by $14.2 million. Net income for the year ended December 31, 2009 included $10.5 million in non-cash amortization of intangible assets, $7.1 million in non-cash amortization of depreciation of property, plant and equipment, a $0.9 million lease exit charge, a $0.7 million non-cash write down of assets held for sale, a non-cash income tax recovery of $0.5 million and a non-cash future income tax recovery of $2.4 million as discussed above under the heading "Results of operations – The DATA Group Income Fund – Income taxes".

For the year ended December 31, 2008, the Fund's cash distributions paid or declared on its outstanding units 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 $0.9 million non-cash write down of assets held for sale, a non-cash charge for current income taxes of $1.2 million and a non-cash future income tax expense of $1.8 million 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.

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)

	2009				2008			
	Q4[1]	Q3[1]	Q2[1]	Q1[1]	Q4[2]	Q3[2]	Q2[2]	Q1
Adjusted EBITDA [3]	$ 9,143	$ 8,648	$ 7,430	$ 9,096	$ 8,053	$ 8,219	$ 10,668	$ 12,204
Cash available for distribution [4]	7,158	6,690	5,839	6,192	5,722	6,119	8,181	10,244
Distributions to unitholders	6,805	6,805	6,805	6,805	6,805	6,805	6,805	6,805
Excess (shortfall) of cash available for distribution over actual distributions	$ 353	$ (115)	$ (966)	$ (613)	$ (1,083)	$ (686)	$ 1,376	$ 3,439
Per unit								
Cash available for distribution per unit [4]	$ 0.305	$ 0.285	$ 0.249	$ 0.264	$ 0.244	$ 0.260	$ 0.349	$ 0.436
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	$ 0.015	$ (0.005)	$ (0.041)	$ (0.026)	$ (0.046)	$ (0.030)	$ 0.059	$ 0.146

Notes:

1 Includes restructuring expenses of $0.1 million, $0.3 million, $0.9 million and $0.7 million in the first, second, third and fourth quarters of 2009, respectively, related to the Data Group's 2009 restructuring and on-going productivity improvement initiatives to reduce its cost of operations.

2 Includes restructuring expenses of $0.3 million, $0.3 million and $2.0 million in the second, third and fourth quarters of 2008, respectively, related to the Data Group's 2008 restructuring and on-going productivity improvement initiatives to reduce its cost of operations.

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

In 2009, the Data Group renewed and extended, on substantially the same terms and conditions, its amended and restated credit agreement (the "Amended Credit Agreement") with two Canadian chartered banks, providing for the establishment of revolving credit facilities (the "Revolving Bank Facility"). The Revolving Bank Facility has a maximum available principal amount of $90.0 million and matures on August 31, 2011. As at December 31, 2009, the Data Group had outstanding borrowings of $70.0 million and letters of credit granted of $3.1 million under this credit facility and was in compliance with its covenants under this 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 previously 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 $30.0 million of the Data Group's outstanding indebtedness was 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 was 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 was subject to floating interest rates. As a result of these interest rate swaps maturing, $70.0 million of the Data Group's indebtedness outstanding at December 31, 2009 is subject to floating interest rates (currently at an interest rate of 3.42%). The Revolving Bank Facility expires on August 31, 2011 and market conditions could affect the availability and/or certain terms of any replacement credit facility along with the terms of other debt instruments that the Data Group enters into from time to time.

At December 31, 2009, 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 to purchase up to $2.8 million aggregate principal amount of its Convertible Debentures for cancellation. The bid commenced on February 18, 2009 and terminated on February 17, 2010. An aggregate of $0.008 million principal amount of Convertible Debentures were purchased by the Fund under the bid.

At December 31, 2009, the Data Group had cash and cash equivalents of $11.7 million compared to $11.5 million at December 31, 2008. 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 Revolving Bank Facility, the Data Group had access to $20.0 million of available credit less letters of credit granted of $3.1 million at December 31, 2009.

At December 31, 2009, the Data Group's accrued restructuring provisions totalled $1.6 million, approximately $0.8 million of which is payable in the first quarter of 2010. A significant portion of the balance of those provisions is expected to be paid over the remaining three fiscal quarters of 2010. These costs are expected to be funded with cash from operating activities and existing cash resources.

The Fund previously recorded the estimated amount payable by the Data Group of $4.4 million representing tax, interest and penalties to settle the anticipated reassessments by the CRA and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company during the period from 2001 to 2006 and prior to the Fund's acquisition of Relizon Canada. During the year ended December 31, 2009, the Data Group paid $3.5 million to the CRA, and subsequently received refunds totalling $0.8 million from CRA in respect of this matter. During 2009, the Data Group also made payments totalling $0.5 million to certain provincial authorities in respect of this matter. The Data Group will make the remaining payments to certain provincial tax authorities in relation to this matter when it receives and verifies the related provincial reassessments in connection with this matter.

During 2009, the Fund settled its outstanding legal proceedings against Relizon US seeking recovery of those tax reassessments and the related expenses incurred by the Fund in connection with those proceedings. Under the terms of the settlement reached between the parties, Relizon US and its affiliate, Workflow Management, Inc., paid to the Fund in 2009 a total of $3.5 million plus interest. The initial recovery of $3.25 million from Workflow Management, Inc. was established in fiscal 2008 and was included in other current assets.

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, payments associated with various 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, as well as cash on hand will be sufficient to fund the Data Group's currently projected operating requirements, payments associated with the accrued restructuring provisions as a result of 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 2010.

The Data Group anticipates that its maintenance capital expenditures will be approximately $2.0 to $3.0 million in 2010.

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 and Drummondville plants in Québec. 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 being wound 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.

During the year ended December 31, 2009, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that, as at January 1, 2009, 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's 2009 annual cash contribution towards the DBFL Plan's solvency deficiency was $1.5 million. 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 upon the January 1, 2009 actuarial valuation report, the Data Group will be required to increase its annual cash contributions to the DBFL Plan from $1.5 million to approximately $3.5 million effective from January 1, 2010, provided there is no change in actuarial valuation methodology. The Data Group's projected funding obligations for this plan are set out below in the "Contractual obligations – Summary" table under the heading "Contractual obligations". The final funding requirement for 2010 will be based on the actuarial valuation as at January 1, 2010, which will be completed within the first nine months of 2010.

During the year ended December 31, 2009, the Data Group also engaged actuaries to prepare 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. Based upon the wind-up report as at December 31, 2008, the Relizon Canada Plan had a wind-up deficiency of $2.9 million. The Data Group's estimated annual funding obligation under the Relizon Canada Plan is $0.6 million from 2009 to 2013, assuming that the solvency deficit is fully funded and the benefits are settled by the end of 2013. The Data Group's projected funding obligations for this plan are set out below in the "Contractual obligations – Summary" table under the heading "Contractual obligations". If the Relizon Canada Plan continues to have 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 $0.3 million during the year ended December 31, 2009. Accounts receivable balance decreased by $2.2 million as a result of the timing of payments by the Data Group's customers. Prepaid expenses and other current assets decreased by $3.5 million primarily as a result of the collection of the recovery from Relizon US pursuant to the settlement of legal proceedings between the parties. Income taxes payable decreased by $3.0 million primarily as a result of the net payments by the Data Group to settle the reassessments by the CRA and certain provincial tax authorities described above. Accounts payable and accrued liabilities decreased by $1.5 million as a result of the timing of payments to suppliers for purchases during the fourth quarter of 2009. Accrued restructuring provisions decreased by $2.1 million, which was the net result of $4.1 million of payments made to former employees in the form of severances and $2.0 million of restructuring expenses incurred in 2009. Deferred revenues increased by $1.1 million due to the timing of shipments during the fourth quarter of 2009.

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, 2009 of $2.0 million related primarily to maintenance capital expenditures.

During the year ended December 31, 2009, the Data Group sold its former Hemmingford, Québec facility for gross proceeds of $0.7 million and sold and leased back printing equipment having a value of $0.6 million.

FINANCING ACTIVITIES

For the year ended December 31, 2009, the Fund paid or declared aggregate cash distributions of $27.2 million to its unitholders.

Outstanding unit data

At December 31, 2009 and 2008, 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 Fund's Board of Trustees actively monitors 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 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 various 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.

The following is a summary of the declared distributions, record dates and payment dates in respect of the Fund's outstanding units in 2009:

Record Date	Payment Date	Per Unit	Amount
January 30, 2009	February 13, 2009	$ 0.09656	$ 2.268 million
February 27, 2009	March 13, 2009	$ 0.09656	$ 2.268 million
March 31, 2009	April 15, 2009	$ 0.09656	$ 2.269 million
April 30, 2009	May 15, 2009	$ 0.09656	$ 2.268 million
May 29, 2009	June 15, 2009	$ 0.09656	$ 2.268 million
June 30, 2009	July 15, 2009	$ 0.09656	$ 2.269 million
July 31, 2009	August 14, 2009	$ 0.09656	$ 2.268 million
August 31, 2009	September 15, 2009	$ 0.09656	$ 2.268 million
September 30, 2009	October 15, 2009	$ 0.09656	$ 2.269 million
October 30, 2009	November 13, 2009	$ 0.09656	$ 2.268 million
November 30, 2009	December 15, 2009	$ 0.09656	$ 2.268 million
December 31, 2009	January 15, 2010	$ 0.09656	$ 2.269 million

For the year ended December 31, 2009, 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 provisions, distributions payable, interest rate swaps and long-term debt, the amounts of which are included in the Fund's consolidated balance sheets as at December 31, 2009 and December 31, 2008, 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, accrued restructuring provisions 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 facilities 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 $34.5 million at December 31, 2009 compared to a book value of $34.5 million.

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 collectability of 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, 2009, $1.7 million, or 3.7% of accounts receivable, were more than 90 days old, an improvement from $3.3 million or 6.7% of accounts receivable at December 31, 2008.

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. At December 31, 2009, no such transactions were outstanding.

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.

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.

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, 2009 contains additional information on the Fund's and 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, 2009. 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, 2009 (in thousands of dollars)

	Total	2010	2011	2012	2013	2014	2015 and thereafter
Pension funding contributions [1]	$ 22,920	$ 4,748	$ 4,748	$ 4,748	$ 4,748	$ 3,281	$ 647
Long-term debt	70,000	–	70,000	–	–	–	–
Convertible debentures	34,824	–	34,824	–	–	–	–
Operating leases	71,306	16,335	13,812	11,180	7,619	5,977	16,383
Total	$199,050	$ 21,083	$123,384	$ 15,928	$ 12,367	$ 9,258	$ 17,030

Note:

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.

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 the 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 and see "Liquidity and capital resources – Pension funding obligations" above for a description of the pension plans maintained by the Data Group and its funding obligations under these plans.

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 are considered related parties. Neither the Fund nor any of its subsidiaries entered into any transactions with related parties as defined above during the year ended December 31, 2009.

Operating results for the fourth quarter of 2009

(in thousands of dollars, unaudited)

	October 1 to December 31, 2009	October 1 to December 31, 2008
Revenues	**$ 90,698**	$ 96,508
Cost of revenues	**68,347**	71,766
Gross profit	**22,351**	24,742
Selling, general and administrative expenses	**14,202**	16,635
Restructuring expenses	**719**	2,026
Write down of assets held for sale	**652**	–
Impairment of goodwill	**–**	9,500
Amortization of intangible assets	**2,538**	2,744
Income (loss) before interest and income taxes	**4,240**	(6,163)
Interest expense		
Long-term debt	**1,061**	1,460
Income (loss) before income taxes	**3,179**	(7,623)
Income tax expense (recovery)		
Current	**(474)**	1,150
Future	**(2,583)**	1,273
	(3,057)	2,423
Net income (loss) for the period	**$ 6,236**	$ (10,046)
Adjusted EBITDA [1]	**$ 9,143**	$ 8,053

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, 2009	October 1 to December 31, 2008
Net income (loss) for the period	**$ 6,236**	$ (10,046)
Net interest expense on long-term debt	**1,061**	1,460
Depreciation of property, plant and equipment	**1,713**	1,972
Amortization of intangible assets	**2,538**	2,744
Write down of assets held for sale	**652**	–
Impairment of goodwill	**–**	9,500
Current income tax (recovery) expense	**(474)**	1,150
Future income tax (recovery) expense	**(2,583)**	1,273
Adjusted EBITDA	**$ 9,143**	$ 8,053

REVENUES

For the quarter ended December 31, 2009, the Fund recorded revenues of $90.7 million, a decrease of $5.8 million or 6.0% compared with the same period in 2008. The net decrease, before intersegment revenues, was the result of a $4.8 million (or 5.5%) decrease in the DATA East and West segment, a $0.9 million (or 17.4%) decrease in the Sundog segment and a $0.5 million (or 13.1%) decrease in the Multiple Pakfold segment. The DATA East and West segment experienced revenue gains from new business, primarily in Eastern Canada, which partially offset declines in revenues from existing customers. The decrease in revenues in the Sundog Segment was due to poor economic conditions in Sundog's principal market of Alberta, which continue to negatively affect demand for commercial printing in that market, primarily marketing materials. The decrease in revenues in the Multiple Pakfold segment was attributable to the poor economic conditions in Canada, which have resulted in a decline in quoting activity, smaller order quantities and extended reorder cycles.

COST OF REVENUES AND GROSS PROFIT

For the quarter ended December 31, 2009, cost of revenues decreased to $68.3 million from $71.8 million for the same period in 2008. Gross profit for the quarter ended December 31, 2009 was $22.4 million, which represented a decrease of $2.4 million or 9.7% from $24.7 million for the same period in 2008. The net decrease in gross profit was primarily attributable to a gross profit decrease in the DATA East and West segment of $1.8 million and a gross profit decrease in the Sundog segment of $0.6 million, which, in each case, was due to lower utilization as a result of the lower revenues recorded by these segments. Gross profit as a percentage of revenues decreased to 24.6% for the quarter ended December 31, 2009 compared to 25.6% for the same period in 2008.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES AND RESTRUCTURING EXPENSES

SG&A expenses, including administrative expenses of the Fund, for the quarter ended December 31, 2009 decreased $2.4 million to $14.2 million compared to $16.6 million in the same period of 2008. SG&A expenses for the three months ended December 31, 2009 were lower due to cost savings realized from the Data Group's restructuring and on-going productivity improvement and cost reduction initiatives. As a percentage of revenues, these costs were 15.7% and 17.2% of revenues for the quarters ended December 31, 2009 and 2008, respectively. For the three months ended December 31, 2009, the Data Group incurred $0.7 million of severance costs charged to restructuring expense as a result of those on-going productivity improvements 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 its on-going productivity improvement initiatives.

WRITE DOWN OF ASSETS HELD FOR SALE

During the quarter ended December 31, 2009, the Data Group determined that the carrying value of a property held for sale totalling $2.7 million required a write down and recorded a pre-tax charge of $0.7 million. Subsequent to year end, this former facility was sold for gross proceeds of $2.2 million.

IMPAIRMENT OF GOODWILL

During the fourth quarter of 2009, the Data Group performed its annual review for impairment of goodwill and as a result no impairment of goodwill charges were necessary. 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.

ADJUSTED EBITDA

For the quarter ended December 31, 2009, Adjusted EBITDA was $9.1 million, or 10.1% of revenues. Adjusted EBITDA for the quarter ended December 31, 2009 increased $1.1 million or 13.5% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, increased from 8.3% of revenues in 2008 to 10.1% of revenues in 2009. The increase was attributable to the realized costs savings realized from the restructuring and on-going productivity improvement and cost reduction initiatives 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 $1.1 million for the quarter ended December 31, 2009 compared to $1.5 million for the same period in 2008. The decline in net interest expense was due to lower interest rates charged on the Data Group's outstanding borrowings under its Revolving Bank Facility during the fourth quarter of 2009 compared to the same period in 2008.

Interest income of $0.1 million was earned during the quarter ended December 31, 2009, consistent with the prior year. This interest income was substantially related to the cash and cash equivalents and other receivables held by the Data Group and the Fund.

INCOME TAXES

The Fund reported income before income taxes of $3.2 million, a current income tax recovery of $0.5 million and a future income recovery of $2.6 million for the quarter ended December 31, 2009. The current tax recovery represents an adjustment to the estimated amount payable by the Data Group to settle the anticipated reassessments by the CRA and certain provincial tax authorities, net of amounts which the Fund has recovered from Relizon US as described above under "Results of operations – The DATA Group Income Fund – Income taxes". The future income tax recovery was mainly due a change in estimate of the timing of future reversals of temporary differences, changes in legislation and changes to substantially enacted income tax rates.

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 expense of $1.3 million for the quarter ended December 31, 2008. The current tax expense represented the estimated amount payable by the Data Group to settle the anticipated reassessments by the CRA and certain provincial tax authorities, net of amounts which the Fund reasonably expects to recover from Relizon US. The future income tax expense was mainly due to a change in estimate of the timing of future reversals of temporary differences.

NET INCOME (LOSS)

Net income for the quarter ended December 31, 2009 was $6.2 million compared to a net loss of $10.0 million for the quarter ended December 31, 2008. The increase in comparable profitability was substantially due to realized cost savings from on-going productivity improvement and cost reduction initiatives realized in 2009, goodwill impairment charges taken in 2008 that did not reoccur, a smaller restructuring charge and a future income tax recovery in the fourth quarter of 2009 compared to a future income tax expense in the same period in 2008. Profitability improvements were offset by lower gross profit in 2009 as a result of the lower revenues due to generally poor economic conditions and a charge for the write down of assets held for sale.

Eight quarter results of operations – Summary

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

	2009				2008			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues	**$ 90,698**	**$ 84,443**	**$ 84,269**	**$ 90,417**	$ 96,508	$ 89,205	$ 93,733	$101,026
Net income (loss)	**6,236**	**3,261**	**749**	**2,797**	(10,046)	1,147	4,003	5,591
Basic income (loss) per unit	**0.27**	**0.14**	**0.03**	**0.12**	(0.43)	0.05	0.17	0.24
Diluted income (loss) per unit	**0.27**	**0.14**	**0.03**	**0.12**	(0.43)	0.05	0.17	0.24

The variations in the Fund's quarterly revenues and net income (loss) over the eight quarters ended December 31, 2009 can be attributed to four principal factors: general poor economic conditions, goodwill impairment charges, restructuring expenses related to the Data Group's on-going productivity improvement initiatives and the Data Group's cost reduction initiatives.

The results of operations for the fourth quarter of 2008 and throughout 2009 were negatively affected by generally poor economic conditions in Canada, which were largely not a factor in relation to the corresponding periods in the first three quarters of 2008. The Data Group's net income for second quarter of 2009 includes a non-recurring lease exit charge of $0.9 million. The Data Group's net income for the third quarter of 2009 improved as a result of costs savings from on-going productivity improvements and cost reduction initiatives and revenues from new business, which increased capacity utilization and contributed a strong product mix with higher value added and margin.

During 2009, the Data Group incurred restructuring costs of $2.0 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 2009 are restructuring expenses of $0.1 million, $0.3 million, $0.9 million and $0.7 million incurred during the first, second, third and fourth quarter of 2009, respectively.

During 2008, the Data Group incurred 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. In the fourth quarter of 2009, the Data Group performed its annual review for impairment of goodwill and no impairment of goodwill charges were necessary.

Critical accounting estimates

A summary of significant accounting policies are included under notes 2 and 3 of the Notes to the audited consolidated financial statements of the Fund for the year ended December 31, 2009. 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 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 changes in the plan liabilities and 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, the Data Group's annual pension expense is based on amounts contributed in respect of 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, 2009, the Data Group reduced its portion of contributions under the Data Group's defined contribution pension plan in an effort to reduce its costs.

During the year ended December 31, 2009, the Data Group contributed $2.1 million to its defined benefit pension plans, $3.0 million to the defined contributions plan and $0.5 million to the SERP. The Data Group expects that in 2010, contributions to its defined benefit pension plans will be approximately $4.1 million assuming the Relizon Canada Plan is not settled up in 2010, contributions to the defined contribution plan to be $2.0 million and contributions to the SERP of $0.6 million. Any outstanding wind-up solvency deficiency related to the Relizon Canada Plan will be funded by the Data Group subsequent to the receipt of the requisite approvals from applicable pension regulatory authorities and benefit election forms from the plan members.

The Data Group decreased the discount rate that was used to calculate its ongoing pension benefit obligations as at December 31, 2009 to better reflect current Canadian economic conditions and long-term interest rates. Salary increase assumptions were the same at December 31, 2009 and at December 31, 2008. 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 2009 and 2008 to calculate the Data Group's pension benefit obligations.

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

	December 31, 2009	December 31, 2008
RELIZON CANADA PLAN		
Discount rate	**4.55%**	4.50%
Expected rate of return on plan assets at beginning of the fiscal year	**4.60%**	4.55%
DBFL PLAN		
Discount rate	**6.70%**	7.40%
Expected rate of return on plan assets at beginning of the fiscal year	**6.65%**	6.90%
Rate of compensation increase	**3.50%**	3.50%
SERP		
Discount rate	**6.10%**	7.40%

In 2009, the discount rate applied to the accrued pension benefit obligation for the DBFL Plan and the SERP was decreased to 6.70% and 6.10%, respectively, from 7.40% reflecting long-term interest rates at December 31, 2009. The impact of this change was an actuarial loss of $2.7 million for the DBFL Plan and an actuarial loss of $0.9 million for the SERP. The actuarial loss for the DBFL Plan was offset by a gain of $2.9 million due to the net return on plan assets greater than expected. 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 – 21 years). The discount rate applied to the accrued pension benefit obligation for the Relizon Canada Plan was increased to 4.55% from 4.50%, as a result of the changes in benefit settlement assumptions related to the 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 ("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. 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. The Fund expects that its "non-portfolio earnings" will be subject to a SIFT tax rate of approximately 28% in 2011. "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.

On March 12, 2009, legislation was enacted to permit public income trusts to "convert" into public corporations without triggering adverse tax consequences to the income trust and its unitholders. The Fund is currently evaluating the legislation, which provides for alternative methods whereby an income trust can convert to a public corporation. 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.

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 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. The Fund 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. Other 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 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, 2009, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, Goodwill and Other Intangibles Assets; amendments to Section 3862, Financial Instruments – Disclosures; and Emerging Issues Committee Abstract 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The adoption of the new standards, amendments and guidance resulted in no change in accounting for goodwill and intangible assets or the Fund's financial instruments and only expanded disclosure requirements for the Fund's financial instruments.

GOODWILL AND INTANGIBLE ASSETS

The CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces CICA Handbook Section 3062, Goodwill and Other Intangible Assets, and CICA Handbook 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 Standards ("IFRS") International Accounting 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. The adoption of this new standard resulted in no change in accounting for goodwill and intangible assets.

FINANCIAL INSTRUMENTS – DISCLOSURES

The CICA Handbook Section 3862, Financial Instrument – Disclosures requires enhanced disclosures about fair value measurements, including the relative reliability of the inputs used in those measurements, as well as the liquidity risk of financial instruments. These amendments adopt the amendments recently issued by the International Accounting Standards Board ("IASB") to IFRS 7 – Financial Instruments: Disclosures, which was issued in March 2009. The amendments are effective for annual financial statements for fiscal years ending after September 30, 2009, with early adoption permitted. To provide relief for financial statement preparers, and consistent with IFRS 7, the CICA decided that an entity need not provide comparative information for the disclosures required by the amendments in the first year of application. The amendments impact disclosures only and can be found in note 14 to the Fund's audited consolidated financial statements for the year ended December 31, 2009.

CREDIT RISK AND FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Emerging Issues Committee Abstract 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" (EIC 173) requires an entity's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This guidance is effective for interim and annual financial statements relating to fiscal years beginning on or after January 20, 2009. The Fund has determined this change had no material effect on its financial statements.

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.

International Financial Reporting Standards – In February 2008, the Canadian Accounting Standards Board confirmed that the use of IFRS as issued by the IASB 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 of the Data Group, 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 Fund has acquired and is currently using specialized software to assist and enhance its IFRS transition efforts. 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. The Fund has concluded that its current information technology infrastructure and reporting capability are sufficient to support the Fund and its subsidiaries during and after transition to IFRS. While IFRS may also affect internal controls over financial reporting, the Fund does not expect such changes to be significant. The Fund will assess its key controls and their effectiveness in light of these changes, with the objective to ensure that proper internal controls are in place and operating effectively in order to facilitate the evaluation of the effectiveness of disclosure controls and procedures and the evaluation of the effectiveness of the internal controls over financial reporting (as defined in Multilateral Instrument 52-109) of the Fund.

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 Data Group'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. The Fund is finalizing its elections and will develop a listing of optional exemptions it intends to adopt. The Fund will disclose these elections in its quarterly filings during 2010.
- Property, plant and equipment – 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. Substantial work has been completed in this area, which includes a comprehensive review of the Data Group's property, plant and equipment by its corporate engineering department. Accounting policy choices are currently being finalized. The initial assessment reveals that IFRS will have minimal impact on the Data Group's current accounting for property, plant and equipment.
- 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 its 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.

  IAS 17 also requires that in a sale-leaseback transaction where the leaseback is classified as an operating lease, any gain on sale is recognized immediately in income. This differs from our current accounting policy, where, in accordance with Canadian GAAP, any gain on sale is deferred and recognized in income over the term of the operating lease.

  The Data Group has reviewed its material lease commitments and will finalize the accounting for its lease commitments once the IFRS standard applicable for 2011 has been finalized.

- Accounting for defined benefit pension plans and other future employee benefits – IAS 19 permits the recognition of actuarial gains and losses directly through equity rather than through the income statement for defined benefit pension plans. The average remaining service period under IAS 19 includes all participants whether active or inactive, but under Canadian GAAP this only includes the active employees. For other future employee benefits, all actuarial gains and losses and past service costs must be recognized immediately with no amortization option.

  There is a paragraph under IAS 19, as interpreted by International Financial Reporting Interpretations Committee ("IFRIC") 14, which imposes a limit on a balance sheet asset in respect of a funded defined benefit plan. The intent is to ensure that the balance sheet asset is limited to the amount recoverable by the Data Group in future periods through surplus refunds or contribution holidays. IFRIC 14 may also create an "additional liability" related to the Data Group's past service funding contribution requirements for a funded defined benefit plan. The impact of IFRIC 14 may be significant and the impact may change significantly from one year to the next. Any such IFRIC 14 impact as at the transition date will be recognized as an adjustment to the Data Group's retained earnings.

  The Fund is currently working with its actuaries to assess the impact of IFRS on its employee future benefit liabilities.

- Accounting for the units of the Fund – units issued by the Fund give unitholders the right to "put" the units back to the Fund in exchange for cash. IAS 32 Financial Instruments: Presentation establishes the general principle that an instrument which gives the holder the right to "put" the instrument back to the issuer for cash should be classified as a financial liability, unless the instrument has all of the features and meets the conditions of the IAS 32 "puttable instrument amendment". If these "puttable instrument" criteria are met, the instrument is classified as equity. The Board of Trustees is proposing to unitholders certain amendments to the Fund's Declaration of Trust which will address the accounting and presentation of the Fund's units under IFRS.

In addition to the sections noted above, an IFRS-compliant opening balance sheet as at January 1, 2010 will be prepared. 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.

The CICA Handbook Section 1582 – Business Combinations replacing the existing Handbook Section 1581, Business Combinations. It provides the Canadian equivalent to IFRS 3, "Business Combinations" (January 2008). The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, earlier application is permitted.

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, 2009. Based on that evaluation, those officers have concluded that, as of December 31, 2009 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, 2009. 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, 2009, 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, 2009 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

During the fourth quarter of 2009, the Fund made progress towards increasing its consolidated revenues and profitability on a quarter-over-quarter basis, as a result of the initiatives executed in the fourth quarter and previous periods. Consequently, the Fund currently intends to maintain its monthly distributions at existing levels, based upon the Data Group's fourth quarter 2009 results and currently projected cash flow from operations, including expected revenues from new business wins, lower anticipated operating expenses as a result of previous and recent cost reductions, and its current liquidity and existing cash resources. The Fund's Board of Trustees will continue to closely monitor the Fund's monthly distribution levels in light of the current economy and the Fund's on-going cash available for distribution and cash resources. The current economic environment continues to be very fluid, volatile and difficult to predict. Management will continue to manage the Data Group's business on a "more of the same basis" and believes the Data Group is well positioned to benefit from an economic recovery.

The Data Group will continue to review its operations and undertake restructuring initiatives to maintain a competitive cost structure. These initiatives may result in the further consolidation of facilities, and the Data Group may incur additional severance costs, accelerated further depreciation expense, impairment charges related to property, plant and equipment, goodwill, and costs attributable to the termination of contracts for leases, supplier arrangements and other contractual obligations.

The Fund 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 normal growth guidelines that accompanied the SIFT rules, 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. On March 12, 2009, legislation was enacted to permit public income trusts to "convert" into public corporations without triggering adverse tax consequences to the income trust and its unitholders. The Fund is currently evaluating the legislation, which provides for alternative methods whereby an income trust can convert to a public corporation. 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.

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.

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

UNCERTAINTY IN ECONOMIC CONDITIONS

The Data Group's operating results are sensitive to economic conditions, which can have a significant impact on the Data Group. During 2009, the Data Group experienced lower demand for its products and services as the Canadian economy weakened and its results of operations were negatively impacted. A prolonged weak economic environment in Canada 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 lower revenues, higher production costs and lower levels of profitability. In response to generally poor economic conditions, the Data Group implemented various restructuring initiatives in an effort to reduce its operating costs. There can be no assurance that the Data Group's efforts to reduce costs will become effective as quickly as the Data Group expects, which could adversely impact the Data Group's profitability and cash available for distribution should the Data Group's revenues decline further than expected. If the Data Group's revenues decline further than expected, the cost reduction measures taken by the Data Group in response to the current economic environment may not be sufficient and further reductions may be necessary.

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 25% of the Data Group's revenues in fiscal 2009. 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 2009, the cost of paper, carbon and other raw materials represented approximately 31.9% 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.

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.

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.

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 Anjou, Brockville, Drummondville and Granby, respectively, expire on April 30, 2010, July 2, 2012, March 14, 2013 and April 30, 2012, 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, 2009, the Data Group employed approximately 1,807 employees, of whom approximately 15.7% 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 AND NON-PENSION 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. 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 acquisition of Relizon Canada 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, health care and dental care benefits for employees on long-term disability 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 AND RESTRICTIVE COVENANTS; ABILITY TO REFINANCE

The Data Group has third party debt service obligations under the Revolving Bank Facility. 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.

The Revolving Bank Facility has a term maturing on August 31, 2011. The Data Group may need to refinance the Revolving Bank Facility at the conclusion of its term and there can be no assurance that the Data Group will be able to do so or able to do so on terms as favourable as the Revolving Bank Facility. If the Data Group is unable to refinance the Revolving Bank Facility or is only able to refinance the Revolving Bank Facility on less favourable and/or more restrictive terms, this may have a material adverse effect on the Data Group's financial position, which may result in a reduction or suspension of cash distributions to unitholders. In addition, the terms of any new credit facilities may be less favourable or more restrictive than the terms of the Amended Credit Agreement, which may indirectly limit or negatively impact the ability of the Fund to pay cash distributions to unitholders.

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. Further deterioration in the Canadian economy or a prolonged weak economic environment may further constrain the ability of the Data Group and the Fund 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 costs 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 is 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 those 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 and the Fund.

REVOLVING CREDIT FACILITIES ARE SUBJECT TO FLOATING INTEREST RATES

The Data Group entered into interest rate swap contracts with the lenders under the Amended Credit Agreement 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, 2009, $70.0 million of Data Group's outstanding indebtedness under the Revolving Bank 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.

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.

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 earnings 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.

Inherent in any acquisition, there is risk of liabilities and contingencies that the Fund may not discover in its due diligence prior to consummation of a particular acquisition, and the Fund may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies in any future acquisition could have a material adverse effect on the Fund's business, financial condition, liquidity and results of operations.

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 of 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. See "Critical accounting estimates – Income taxes" above.

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.

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 facilities, 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 the Data Group. In addition, securities of the Data Group 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 the Data Group 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 M. Odell

President and Chief Executive Officer
The Data Group Limited Partnership

(Signed) Paul O'Shea

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, 2009 and 2008 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, 2009 and 2008 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 3, 2010

Consolidated balance sheets

(in thousands of dollars)

	December 31, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 11,736**	$ 11,492
Accounts receivable	**44,930**	47,106
Inventories (note 4)	**47,449**	47,583
Prepaid expenses and other current assets (note 8)	**4,192**	7,684
Assets held for sale (note 5)	**2,085**	–
	110,392	113,865
Property, plant and equipment (note 5)	**30,672**	39,909
Goodwill (note 6)	**141,206**	141,206
Intangible assets (note 7)	**44,305**	54,790
	$ 326,575	$ 349,770
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 29,663**	$ 32,224
Accrued restructuring provisions (note 11)	**1,556**	3,627
Income taxes payable	**1,059**	4,022
Deferred revenue	**8,971**	7,861
Distributions payable	**2,269**	2,269
	43,518	50,003
Revolving bank facility (note 9)	**70,000**	70,000
Convertible debentures (note 10)	**34,488**	34,327
Future income taxes (note 8)	**6,018**	8,446
Deferred gain (note 5)	**1,530**	1,724
Unfavourable lease obligation	**1,025**	1,142
Deferred lease inducement	**858**	980
Lease exit accrual (note 20)	**793**	–
Pension obligations (note 12)	**8,003**	9,680
Post-employment and post-retirement benefits (note 13)	**2,143**	2,150
	168,376	178,452
UNITHOLDERS' EQUITY		
Units (note 15)	**215,336**	215,336
Conversion options (note 10)	**897**	898
Accumulated other comprehensive loss	**–**	(1,059)
Deficit	**(58,034)**	(43,857)
	158,199	171,318
	$ 326,575	$ 349,770

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

Approved by Board of Trustees

(Signed) David M. Odell — Trustee

(Signed) Derek Ridout — Trustee

Consolidated statements of income and comprehensive income (loss)

(in thousands of dollars, except per unit amounts)

	For the year ended December 31, 2009	For the year ended December 31, 2008
REVENUES	**$ 349,827**	$ 380,472
COST OF REVENUES (including depreciation of $6,872 and $7,638, respectively)	**260,971**	278,410
GROSS PROFIT	**88,856**	102,062
EXPENSES (INCOME)		
Selling, commissions and expenses	**33,653**	37,513
General and administration expenses (including depreciation of $261 and $438, respectively)	**26,032**	30,860
Restructuring expenses (note 11)	**1,987**	2,621
Gain on cancellation of convertible debentures	**(2)**	–
Lease exit charge (note 20)	**866**	–
Write down of assets held for sale (note 5)	**652**	927
Impairment of goodwill (note 6)	**–**	9,500
Amortization of intangible assets	**10,485**	10,976
	73,673	92,397
INCOME BEFORE INTEREST AND INCOME TAXES	**15,183**	9,665
INTEREST EXPENSE ON LONG-TERM DEBT (net of interest income of $317 and $414, respectively)	**5,042**	6,029
INCOME BEFORE INCOME TAXES	**10,141**	3,636
INCOME TAX EXPENSE (RECOVERY) (note 8)		
Current	**(474)**	1,150
Future	**(2,428)**	1,791
	(2,902)	2,941
NET INCOME FOR THE YEAR	**$ 13,043**	$ 695
(GAIN) LOSS ON CASH FLOW HEDGES	**(1,059)**	993
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**$ 14,102**	$ (298)
BASIC INCOME PER UNIT (note 16)	**$ 0.56**	$ 0.03
DILUTED INCOME PER UNIT (note 16)	**$ 0.56**	$ 0.03

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, 2007	$ 215,336	$ 898	$ (66)	$ (23,507)	$ 192,661
Accounting policy change	–	–	–	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
BALANCE AS AT DECEMBER 31, 2008	**$ 215,336**	**$ 898**	**$ (1,059)**	**$ (43,857)**	**$ 171,318**
Distributions declared	**–**	**–**	**–**	**(27,220)**	**(27,220)**
Cancellation of convertible debentures	**–**	**(1)**	**–**	**–**	**(1)**
Gain on cash flow hedges	**–**	**–**	**1,059**	**–**	**1,059**
Net income for the year	**–**	**–**	**–**	**13,043**	**13,043**
BALANCE AS AT DECEMBER 31, 2009	**$ 215,336**	**$ 897**	**$ –**	**$ (58,034)**	**$ 158,199**

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, 2009	For the year ended December 31, 2008
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income for the year	**$ 13,043**	$ 695
Items not involving cash		
Depreciation of property, plant and equipment	**7,133**	8,076
Amortization of intangible assets	**10,485**	10,976
Pension expense (note 12)	**949**	1,976
Contributions made to pension plans (note 12)	**(2,626)**	(1,964)
Write down of assets held for sale (note 5)	**652**	927
Loss on disposal of property, plant and equipment	**136**	35
Gain on cancellation of convertible debentures	**(2)**	–
Lease exit charge (note 20)	**866**	–
Impairment of goodwill (note 6)	**–**	9,500
Accretion of convertible debentures	**168**	168
Amortization of deferred gain	**(194)**	(196)
Unfavourable lease obligation	**(117)**	(109)
Amortization of lease inducement	**(122)**	(123)
Accretion of lease exit accrual	**(73)**	–
Post-employment and post-retirement benefits	**(7)**	(3)
Future income taxes	**(2,428)**	1,791
	27,863	31,749
Changes in non-cash items relating to operating activities (note 18)	**376**	3,067
	28,239	34,816
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(2,010)**	(3,061)
Proceeds on disposal of property, plant and equipment	**1,241**	1,642
	(769)	(1,419)
FINANCING ACTIVITIES		
Repurchase of convertible debentures	**(6)**	–
Distributions to unitholders (note 17)	**(27,220)**	(27,220)
	(27,226)	(27,220)
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR	**244**	6,177
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	**$ 11,492**	**$** 5,315
CASH AND CASH EQUIVALENTS – END OF YEAR	**$ 11,736**	$ 11,492
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	**$ 5,076**	$ 5,650
Income taxes paid	**3,207**	–

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

Notes to consolidated financial statements

For the years ended December 31, 2009 & 2008
(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 an amended and restated 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 (including the Relizon Canada business) 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 – sells commercial printing products, document management services and event tickets; 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 impairments. 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 investment earnings. The Data Group's funding policy is to fund the annual amount required to meet or exceed the minimum statutory requirements. 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. The Data Group also contributes to the Graphics and Communications International Union pension plan for certain employees at the Granby and Drummondville plants in Québec. 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 Data Group provides post-employment benefits to employees on long-term disability. In the past, the Data Group also provided post-retirement and post-employment benefits plans to a limited number of employees.

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 – 21 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 investment earnings. Under the DBFL Plan, the Data Group's annual pension expense is based on the amounts contributed in respect of 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 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, health care and dental care benefits for employees on long-term disability 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 ("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 Canadian Institute of Chartered Accountants ("CICA") Handbook 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 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 in the past entered into interest rate swap contracts with its lenders. These interest rate swap contracts met the criteria for cash flow hedges which under CICA Handbook Section 3865 and 3855 were 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 was 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)

CICA Handbook 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. Other 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 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, 2009, the Fund adopted the CICA Handbook Section 3064, Goodwill and Other Intangibles Assets; amendments to Section 3862, Financial Instruments – Disclosures; and Emerging Issues Committee Abstract 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The adoption of the new standards, amendments and guidance resulted in no change in accounting for goodwill and intangible assets or the Fund's financial instruments and only expanded disclosure requirements for the Fund's financial instruments.

GOODWILL AND INTANGIBLE ASSETS

The CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces CICA Handbook Section 3062, Goodwill and Other Intangible Assets, and CICA Handbook 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 Standards ("IFRS") International Accounting 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. The adoption of this new standard resulted in no change in accounting for goodwill and intangible assets.

FINANCIAL INSTRUMENTS – DISCLOSURES

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.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

CREDIT RISK AND FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Emerging Issues Committee Abstract 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" (EIC 173) requires an entity's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This guidance is effective for interim and annual financial statements relating to fiscal years beginning on or after January 20, 2009. The Fund has determined this change had no material effect on its financial statements.

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.

International Financial Reporting Standards – In February 2008, the Canadian Accounting Standards Board confirmed that the use of IFRS as issued by the IASB 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 of the Data Group, and includes 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.

The CICA Handbook Section 1582 – Business Combinations replacing the existing Handbook Section 1581, Business Combinations. It provides the Canadian equivalent to IFRS 3, "Business Combinations" (January 2008). The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, earlier application is permitted.

4 Inventories

	December 31, 2009	December 31, 2008
Paper, carbon and ink	**$ 6,570**	$ 6,928
Work-in-progress	**4,096**	3,187
Forms, computer paper and labels	**36,783**	37,468
	$ 47,449	$ 47,583

The cost of inventories recognized as an expense in cost of revenues in 2009 was $246,221 (2008 – $263,126).

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

5 Property, plant and equipment

			December 31, 2009
	Cost	Accumulated depreciation	Net book value
Leasehold improvements	$ 10,649	$ 3,238	$ 7,411
Office furniture and equipment	1,686	794	892
Presses and printing equipment	42,128	20,263	21,865
Computer hardware and software	4,135	3,631	504
	$ 58,598	$ 27,926	$ 30,672

			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

Depreciation for the year ended December 31, 2009 was $7,133 (2008 – $8,076).

During the year ended December 31, 2009, the Data Group determined that the carrying value of a property held for sale totalling $2,737 required a write down and recorded a pre-tax charge of $652. Subsequent to year end, this former facility was sold for gross proceeds of $2,200 and the property is included in assets held for sale at December 31, 2009.

During the year ended December 31, 2008, the Data Group determined that the carrying value of its Hemmingford, Québec property required a write down and recorded a pre-tax charge of $927. During 2009, this former 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 expiring in 2017.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

6 Goodwill

	December 31, 2009	December 31, 2008
Opening balance	$ 141,206	$ 151,206
Purchase price allocation adjustment (note 11)	–	(500)
Impairment of goodwill	–	(9,500)
	$ 141,206	$ 141,206

During the fourth quarter of 2009, 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 its operating segments exceed their carrying values and as a result no goodwill impairment charges were necessary. In 2008 as a result of its annual goodwill impairment process, the Fund recorded impairment of goodwill charges of $5,858 and $3,642 related to its Sundog and Multiple Pakfold segments, respectively.

7 Intangible assets

			December 31, 2009
	Cost	Accumulated amortization	Net book value
Software and technology	$ 10,000	$ 7,185	$ 2,815
Customer relationships	73,023	34,929	38,094
Trademarks and trade names	7,700	4,304	3,396
	$ 90,723	$ 46,418	$ 44,305

			December 31, 2008
	Cost	Accumulated amortization	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

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

8 Future and current income taxes

The difference between the income tax expense and the expected provision obtained by applying the statutory rate of 31.41% (2008 – 31.87%) is as follows:

	For the year ended December 31, 2009	For the year ended December 31, 2008
Expected income tax provision at 31.41% (2008 – 31.87%)	**$ 3,185**	$ 1,159
Trust income not taxable	**(3,267)**	(4,189)
Impact of change in legislation and substantively enacted future tax rates	**(472)**	–
Impact of change in timing of future reversals	**(1,800)**	1,791
Non-taxable permanent differences	**82**	2,931
Impact of audit by tax authority relating to prior years (recovery)	**(474)**	1,150
Non-deductible expenses and other items	**(156)**	99
Income tax (recovery) expense	**$ (2,902)**	$ 2,941

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 ("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. 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. The Fund expects that its "non-portfolio earnings" will be subject to a SIFT tax rate of approximately 28% in 2011. The future income tax recovery for the year ended December 31, 2009 was mainly due do a change in estimate of the timing of future reversals of temporary differences, changes in legislation and changes to substantially enacted income tax rates.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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, 2009 and 2008 are as follows:

	December 31, 2009	December 31, 2008
Future income tax assets:		
Pension obligations, post-employment and post-retirement benefits	**$ 2,747**	$ 3,335
Deferred finance fees	**123**	181
Unfavourable lease obligation	**201**	293
Lease exit accrual	**179**	–
Lease escalation	**201**	134
Benefit of income tax losses and other carry-forwards	**705**	623
Deferred gain on sale leaseback	**173**	188
Other	**330**	350
Total future tax assets	**4,659**	5,104
Future income tax liabilities:		
Property, plant and equipment greater than tax values	**1,552**	2,821
Intangible assets greater than tax values	**8,962**	9,639
Other	**163**	1,090
Total future tax liabilities	**10,677**	13,550
Net future income tax liabilities	**$ 6,018**	$ 8,446

As at December 31, 2009, the Data Group's corporate subsidiary has non-capital loss carry-forwards of $2,448 (2008 – $2,308) 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 2029.

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 previously recorded the estimated amount payable by the Data Group of $4,400 representing tax, interest and penalties to settle the anticipated reassessments by the Canada Revenue Agency ("CRA") and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company during the period from 2001 to 2006 and prior to the Fund's acquisition of Relizon Canada from The Relizon Company ("Relizon US"). An adjustment to the estimated amount payable by the Data Group related to this matter was recorded during the year ended December 31, 2009. During 2009, the Data Group paid $3,470 to the CRA, and subsequently received refunds totalling $772 from CRA in respect of this matter. During 2009, the Data Group also made payments totalling $508 to certain provincial tax authorities in respect of this matter. The Data Group will make the remaining payments to certain provincial tax authorities in relation to this matter when it receives and verifies the related provincial reassessments in connection with this matter.

During 2009, the Fund settled its outstanding legal proceedings against Relizon US seeking recovery of these tax reassessments and the related expenses incurred by the Fund in connection with these proceedings. Under the terms of the settlement reached between the parties, Relizon US and its affiliate, Workflow Management, Inc., paid to the Fund in 2009 a total of $3,500, plus interest. The initial recovery of $3,250, from Workflow Management, Inc. was established in fiscal 2008 and was included in other current assets.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

9 Revolving bank facility

	December 31, 2009	December 31, 2008
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
3.93% banker's acceptances, maturing February 26, 2010	**50,000**	–
2.13% banker's acceptances, maturing March 22, 2010	**10,000**	–
2.13% banker's acceptances, maturing March 15, 2010	**10,000**	–
Revolving bank facility	**$ 70,000**	$ 70,000

In 2009, the Data Group renewed and extended, on substantially the same terms and conditions, its amended and restated credit agreement (the "Amended Credit Agreement") with two Canadian chartered banks, providing for the establishment of revolving credit facilities (the "Revolving Bank Facility"). 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 Revolving Bank Facility has a maximum available principal amount of $90,000 and matures on August 31, 2011.

10 Convertible debentures

	December 31, 2009	December 31, 2008
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 $897 (2008 – $898)	**$ 34,488**	$ 34,327

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 66⅔% 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, 2009, $8 (2008 – $nil) of the outstanding Convertible Debentures were purchased under a Normal Course Issuer Bid (see note 21).

11 Accrued restructuring provisions

A. RESTRUCTURING PROVISIONS — 2009 AND 2008

During the year ended December 31, 2009, the Data Group continued its restructuring and on-going productivity improvement initiatives to reduce its cost of operations. These initiatives resulted in a $1,987 (2008 – $2,621) charge to restructuring expenses on the consolidated statement of income and comprehensive income. For the year ended December 31, 2009, cash payments of $2,623 (2008 – $890) were made to former employees for severances and a significant portion of the remaining severance accrual of $1,095 at December 31, 2009 is expected to be paid during 2010.

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. The Fund completed the relocation activities during 2007 and the remaining severance costs of $461 at December 31, 2009 are expected to be paid during 2010. 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., Relizon US 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).

For the year ended December 31, 2009, cash payments of $1,435 (2008 – $2,849) were made to former employees for severances and a retiring allowance relating to this restructuring.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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

	December 31, 2009	December 31, 2008
Balance – Beginning of year	$ 3,627	$ 5,245
Adjustment to reduce goodwill (note 6)	–	(500)
Restructuring costs charged to expense	1,987	2,621
Cash payments	(4,058)	(3,739)
Balance – End of year	$ 1,556	$ 3,627

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 investment earnings. 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.

During the year ended December 31, 2009, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that as at January 1, 2009, the solvency deficit increased in the DBFL Plan. As a result of this updated actuarial valuation and the funding strategy adopted, the Data Group's 2009 annual cash contribution towards the DBFL Plan's solvency deficiency was $1,487. 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.

During the year ended December 31, 2007, the Data Group 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. 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.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

During the year ended December 31, 2009, the Data Group also engaged actuaries to prepare the wind-up actuarial report for the Relizon Canada Plan as at December 31, 2008. Based upon the wind-up report as at December 31, 2008, the Relizon Canada Plan has a wind-up deficiency of $2,931. The Data Group's annual funding obligation under the Relizon Canada Plan is $630 for the years 2009 to 2013, assuming that the solvency deficit is fully funded and the benefits are settled by the end of 2013. If the Relizon Canada Plan continues to have a wind-up deficiency, annual actuarial valuations will be required until the plan is settled.

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

	December 31, 2009	December 31, 2008
Accrued benefit obligations	**$ 108,629**	$ 102,444
Fair value of plan assets	**95,866**	88,445
Funded status – plan deficit	**(12,763)**	(13,999)
Unamortized net actuarial loss	**4,760**	4,319
Pension obligations	**$ (8,003)**	$ (9,680)

DEFINED BENEFIT PLAN OBLIGATIONS

	December 31, 2009	December 31, 2008
Accrued benefit obligation		
Balance – Beginning of year	**$ 102,444**	$ 108,851
Current service cost	**–**	1,450
Transfer in	**1,917**	–
Interest cost	**5,821**	5,528
Employee contributions	**–**	100
Benefits paid	**(5,376)**	(4,190)
Actuarial (gain) loss	**3,823**	(9,295)
Balance – End of year	**$ 108,629**	$ 102,444

DEFINED BENEFIT PLAN ASSETS

	December 31, 2009	December 31, 2008
Fair value of plan assets		
Balance – Beginning of year	**$ 88,445**	$ 97,537
Transfer in	**1,917**	–
Actual (loss) return on plan assets	**8,254**	(5,771)
Employer contributions	**2,626**	1,964
Employee contributions	**–**	100
Benefits paid	**(5,376)**	(4,190)
Expected wind-up expenses	**–**	(1,195)
Balance – End of year	**$ 95,866**	$ 88,445

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

PLAN ASSET COMPOSITION

	December 31, 2009	December 31, 2008
RELIZON CANADA PLAN		
Percentage of plan assets		
Bonds	**100%**	100%
DBFL PLAN		
Percentage of plan assets		
Equity – Canadian	**22%**	20%
Equity – US	**10%**	11%
Equity – International	**21%**	20%
Bonds	**46%**	47%
Cash	**1%**	2%
Total	**100%**	100%

ELEMENTS OF DEFINED BENEFIT COSTS RECOGNIZED

	For the year ended December 31, 2009	For the year ended December 31, 2008
Current service cost	**$ –**	$ 1,450
Expected wind-up expenses	**–**	1,195
Interest cost on obligation	**5,821**	5,528
Expected return on plan assets	**(4,824)**	(6,197)
Amortization of net actuarial gain	**(48)**	–
Defined benefit costs recognized	**$ 949**	$ 1,976

COMPONENTS OF DEFINED BENEFIT PENSION EXPENSE ARE AS FOLLOWS:

	For the year ended December 31, 2009	For the year ended December 31, 2008
Current service cost	**$ –**	$ 1,450
Expected wind-up expenses	**–**	1,195
Interest cost on obligation	**5,821**	5,528
Actual loss (return) on plan assets	**(8,255)**	5,771
Actuarial (gain) loss	**3,823**	(9,295)
Pension expense before adjustments to recognize the long-term nature of employee future benefit costs	**1,389**	4,649
Difference between expected return and actual return on plan assets	**3,431**	(11,968)
Difference between actuarial (gain) loss recognized and actual actuarial (gain) loss on accrued benefit obligation	**(3,871)**	9,295
	$ 949	$ 1,976

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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

	December 31, 2009	December 31, 2008
RELIZON CANADA PLAN		
Discount rate	**4.55%**	4.50%
Expected rate of return on plan assets at beginning of the fiscal year	**4.60%**	4.55%
DBFL PLAN		
Discount rate	**6.70%**	7.40%
Expected rate of return on plan assets at beginning of the fiscal year	**6.65%**	6.90%
Rate of compensation increase	**3.50%**	3.50%
SERP		
Discount rate	**6.10%**	7.40%

The annual pension expense for the Data Group's defined contribution pension plan, (the "DC Plan") is based on the amounts contributed in respect of eligible employees. During the year ended December 31, 2009, the Data Group reduced its portion of contributions under the DC Plan in an effort to reduce its costs. Members of the DBFL Plan were eligible to participate in the DC Plan beginning January 1, 2008 and members of the Relizon Canada Plan were eligible to participate in the DC Plan 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, 2009	For the year ended December 31, 2008
Defined contribution plan	**$ 2,974**	$ 2,862

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.

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

	For the year ended December 31, 2009	For the year ended December 31, 2008
Balance – Beginning of year	**$ 2,150**	$ 2,153
Current service cost	**169**	172
Interest cost	**136**	115
Benefits paid	**(273)**	(278)
Actuarial (loss) gain	**23**	(228)
Unrecognized actuarial gain (loss)	**(62)**	216
Balance – End of year	**$ 2,143**	$ 2,150

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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

FORMER RELIZON CANADA POST-EMPLOYMENT OBLIGATION

	December 31, 2009	December 31, 2008
Discount rate	**6.70%**	7.40%
Drug expenses – Initial health care cost trend rate	**7.50%**	8.50%
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, 2009	December 31, 2008
Discount rate	**6.70%**	7.40%
Medical expenses – Initial health care cost trend rate	**7.73%**	7.50%
Medical expenses – Cost trend rate declines by 2030 (2008 – by 2016) to	**4.75%**	5.00%
Dental expenses – Health care cost trend rate	**4.75%**	5.00%

DATA GROUP POST-RETIREMENT OBLIGATION

	December 31, 2009	December 31, 2008
Discount rate	**6.70%**	7.40%
Drug expenses – Initial health care cost trend rate	**9.00%**	9.00%
Drug expenses – Cost trend rate declines by 2030 (2008 – by 2016) to	**4.75%**	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:

	One-percentage-point	
December 31, 2009	**Increase**	**Decrease**
Effect on total of service and interest cost components	**$ 21**	**$ (18)**
Effect on post-employment and post-retirement benefit obligations as at December 31, 2009	**149**	**(134)**

	One-percentage-point	
December 31, 2008	Increase	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)

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, accrued restructuring provisions, distributions payable, revolving bank facility, convertible debentures, and interest rate swaps, as indicated in the Fund's balance sheets as at December 31, 2009 and 2008. 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 CICA Handbook 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 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 Data Group's interest rate swaps are derivative financial instruments and accordingly, are recorded at fair value. During the year ended December 31, 2009, the Data Group's interest rate swaps matured. 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 CICA Handbook 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, accrued restructuring provisions, and distributions payable approximates their carrying value because of the short-term maturity of these instruments.

The fair value of the credit facilities are 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 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. During the year ended December 31, 2009, the Data Group's interest rate swaps matured and as a result it no longer has any balance within other comprehensive income or accumulated other comprehensive income. The Data Group recorded realized gains on the maturity of the interest rate swaps of $1,059 in other comprehensive income for the year ended December 31, 2009 and 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.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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, 2009 and as at December 31, 2008:

December 31, 2009	**Carrying Value**	**Fair Value**
Held for trading [1]	**$ 11,736**	**$ 11,736**
Loans and receivables [2]	**44,930**	**44,930**
Other financial liabilities [3]	**136,253**	**136,511**

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]	139,554	128,913
Derivatives designated as effective hedge [4]	1,059	1,059

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 at December 31, 2008 and commodity taxes that are not contractual and that arise as a result of statutory requirements imposed by governments and therefore do not meet the definition of financial assets or financial liabilities), accrued restructuring provisions, distributions payable, revolving bank facility and convertible debentures.
4 Includes interest rate swaps which are effective hedges.

FAIR VALUE HIERARCHY

Financial instruments recorded at fair value on the balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – valuation techniques with significant unobservable market inputs.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The following table presents the financial instruments recorded at fair value in the consolidated balance sheet as at December 31, 2009, classified using the fair value hierarchy described above:

	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Cash and cash equivalents	$ 11,736	$ –	$ –	$ 11,736

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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 collectability of 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, 2009, $1,698 or 3.7% of accounts receivable were more than 90 days old, an improvement from $3,238 or 6.7% of accounts receivable at December 31, 2008. The movement in the Data Group's allowance for doubtful accounts for 2009 and 2008 are as follows:

	For the year ended December 31, 2009	For the year ended December 31, 2008
Balance – Beginning of period	**$ 1,034**	$ 1,220
Provisions and revisions	**(225)**	(186)
Balance – End of period	**$ 809**	$ 1,034

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. At December 31, 2009, no such transactions were outstanding.

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, 2009, the Data Group was holding cash and cash equivalents of $11,736 and had access to $20,000 of available credit less letters of credit granted of $3,125 under its credit facilities.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

The contractual maturities of the Fund's significant financial liabilities as at December 31, 2009, are as follows:

	Less than a year	1 to 3 years	Total
Accounts payable and accrued liabilities	$ 29,663	$ –	$ 29,663
Accrued restructuring provisions	1,520	36	1,556
Distributions payable	2,269	–	2,269
Long-term debt [1]	-	70,000	70,000
Convertible debentures [2]	-	34,824	34,824
Total	$ 33,452	$ 104,860	$ 138,312

Notes:
1 Revolving bank facility, expiring on August 31, 2011.
2 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, as well as cash on hand will be sufficient to fund the Data Group's currently projected operating requirements, payments associated with the accrued restructuring provisions as a result of 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 2010.

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 previously 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 was 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 was effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009. The remaining $20,000 of the Data Group's outstanding indebtedness was subject to floating interest rates. As a result of these interest rate swaps maturing, $70,000 of the Data Group's indebtedness outstanding at December 31, 2009 is now subject to floating interest rates (currently at an interest rate of 3.42%), a 1% increase/decrease in interest rates would have resulted in an increase/decrease in net income and comprehensive income by $367 for the year ended December 31, 2009 (2008 – $200), 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.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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, 2009 and 2008	**23,490,592**	**$ 215,336**

16 Income per unit

	For the year ended December 31, 2009	For the year ended December 31, 2008
BASIC INCOME PER UNIT		
Net income for the year	**$ 13,043**	$ 695
Weighted average units outstanding	**23,490,592**	23,490,592
Basic income per unit	**$ 0.56**	$ 0.03
DILUTED INCOME PER UNIT		
Net income for the year	**$ 13,043**	$ 695
Weighted average units outstanding	**23,490,592**	23,490,592
Diluted income per unit	**$ 0.56**	$ 0.03

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 various 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 $1.6 million of restructuring expenses that were payable as at December 31, 2009 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 actively monitors the Fund's cash available for distributions and its payout ratio.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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, 2009 are as follows:

Period	Record date	Payment date	Per Unit	Amount
January 2009	January 30, 2009	February 13, 2009	$ 0.097	$ 2,268
February 2009	February 27, 2009	March 13, 2009	0.097	2,268
March 2009	March 31, 2009	April 15, 2009	0.097	2,269
April 2009	April 30, 2009	May 15, 2009	0.097	2,268
May 2009	May 29, 2009	June 15, 2009	0.097	2,268
June 2009	June 30, 2009	July 15, 2009	0.097	2,269
July 2009	July 31, 2009	August 14, 2009	0.097	2,268
August 2009	August 31, 2009	September 15, 2009	0.097	2,268
September 2009	September 30, 2009	October 15, 2009	0.097	2,269
October 2009	October 30, 2009	November 13, 2009	0.097	2,268
November 2009	November 30, 2009	December 15, 2009	0.097	2,268
December 2009	December 31, 2009	January 15, 2010	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
	During the year ended December 31, 2008			27,220
	Cumulative distributions			$ 120,452

18 Changes in non-cash items relating to operating activities

	For the year ended December 31, 2009	For the year ended December 31, 2008
Accounts receivable	$ 2,176	$ 10,311
Inventories [1]	134	858
Prepaid expenses and other current assets	3,492	(4,035)
Income taxes recoverable (payable)	(2,963)	4,859
Accounts payable and accrued liabilities	(1,502)	(8,783)
Accrued restructuring provisions [2]	(2,071)	(1,118)
Deferred revenue	1,110	975
	$ 376	$ 3,067

Notes:
1 The year ended December 31, 2008 excludes the impact of the adoption of CICA Section 3031, Inventories.
2 The year ended December 31, 2008 excludes the impact of the reduction in the accrued restructuring provisions and goodwill. See note 11.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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, 2009
2010	$ 16,335
2011	13,812
2012	11,180
2013	7,619
2014	5,977
2015 and thereafter	16,383
	$ 71,306

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 Lease exit accrual

During the year ended December 31, 2009, the Data Group sublet its Dorval, Québec facility for the remainder of the lease term expiring in 2021. A lease exit charge of $866, representing the liability (at present value) for remaining lease costs under the lease agreement net of sublease income, was recorded in 2009.

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

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, 2009, this ratio was calculated at 1.89. 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. The Fund expects to review its level of equity in the context of the change in taxation impacting the Fund commencing in 2011.

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 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 December 31, 2009, the Fund had $34,824 aggregate principal amount of convertible debentures outstanding. Purchases under the NCIB were permitted to commence on the Toronto Stock Exchange (the "TSX") on February 18, 2009 and terminated on February 17, 2010. Convertible debentures purchased under the NCIB were cancelled. Purchases and payments for the convertible debentures were made by the Fund in accordance with the rules and policies of the TSX and the price that the Fund paid for any convertible debentures acquired by it was at the market price of the convertible debentures at the time of acquisition.

$8 aggregate principal amount of convertible debentures were purchased under the NCIB.

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

22 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, certain non-recurring 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, 2009	DATA East and West	Sundog	Multiple Pakfold	Inter-segment	Total
Revenues	$ 320,872	$ 19,234	$ 13,972	$ (4,251)	$ 349,827
Gross profit	82,051	5,125	1,680	–	88,856
Income (loss) before under noted items	$ 33,362	$ 1,824	$ (334)	$ –	34,852
Restructuring expenses					1,987
Lease exit charge					866
Write down of assets held for sale					652
Unallocated corporate and Fund expenses					16,164
Income before interest and income taxes					15,183
Interest expense on long-term debt – net					5,042
Current income tax recovery					(474)
Future income tax recovery					(2,428)
Net income for the year					$ 13,043

SUPPLEMENTAL INFORMATION

Depreciation of property, plant and equipment	$ 6,412	$ 403	$ 318	$ –	$ 7,133
Purchase of property, plant and equipment	1,789	22	199	–	2,010

For the years ended December 31, 2009 & 2008 (in thousands of dollars, except units and per unit amounts)

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

SEGMENTED ASSET

December 31, 2009	**DATA East and West**	**Sundog**	**Multiple Pakfold**	**Corporate**	**Total**
Assets (other than goodwill)	**$ 159,476**	**$ 6,615**	**$ 3,703**	**$ 15,575**	**$ 185,369**
Goodwill	**136,947**	**4,259**	**–**	**–**	**141,206**
	$ 296,423	**$ 10,874**	**$ 3,703**	**$ 15,575**	**$ 326,575**

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
	$ 313,990	$ 11,963	$ 4,339	$ 19,478	$ 349,770

Warehousing revenues are approximately 7% of total consolidated revenues for the years ended December 31, 2009 and 2008, respectively.

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

Auditors
PricewaterhouseCoopers LLP

Transfer Agent
Computershare Investor Services Inc.

Corporate Counsel
McCarthy Tétrault LLP

Corporate Office
9195 Torbram Road
Brampton, Ontario L6S 6H2
Telephone: 905-791-3151
Facsimile: 905-791-1713

Website
www.datagroupincomefund.com

Toronto Stock Exchange Symbols
DGI.UN, DGI.DB

WE ARE COMMITTED TO OUR VALUES

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.

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.

www.datagroupincomefund.com

The DATA Group Income Fund
9195 Torbram Road
Brampton, ON L6S 6H2

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