



THE DATA GROUP INCOME FUND

**Building the
bridge to
greater success**

Q1

Ended March 31, 2008

Committed to our values

The DATA Group of Companies has evolved a deeply rooted, widely recognized way of doing business. Our success owes much to a set of corporate values, which have helped to define our culture.

We are committed to customer service and quality.

We do what we say we will do.

We conduct our business ethically and legally.

We are a people-oriented company committed to safety and the environment.

We will develop, adapt, and use technology for our customers' benefit.

We strive for market leadership and take pride in our products and services.

We encourage decision-making and initiative at all levels of our Company.

LETTER TO UNITHOLDERS

I am pleased to provide our unitholders with our 2008 First Quarter report on the results of our operations and related distributions.

Revenue for the quarter ended March 31, 2008 was \$101.0 million, a decrease of 2.9% compared to the same period in 2007. Net income for the first quarter of 2008 was \$5.6 million or \$0.24 per basic unit compared to \$3.8 million or \$0.16 per basic unit for the same period in 2007.

EBITDA (earnings before interest, taxes, depreciation and amortization) in the quarter was \$12.2 million or 12.1% of revenue compared to EBITDA of \$10.0 million or 9.6% of revenue in the same period of 2007. See “Non-GAAP Measures” in the accompanying report.

During the quarter we continued to harvest the cost savings from our integration and restructuring activities in 2007. In addition, we have continued the process of reviewing and eliminating products and services which generate low margins which has contributed to lower revenues in the quarter.

The Fund’s objective continues to be to provide unitholders with steady, dependable and growing distributions. In our first quarter of 2008, the Fund had total cash available for distribution of \$10.2 million or \$0.436 per unit. Our total distributions to unitholders during the quarter were \$6.8 million or \$0.290 per unit for a payout ratio of 66.4%.

In closing, we want to thank our unitholders for their continuing faith in us. We are most thankful for the ongoing support of our customers and the pride and dedication of our employees.

May 2008

The DATA Group Income Fund



David M. Odell
President and Chief Executive Officer

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

This Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2008 should be read in conjunction with the MD&A of The DATA Group Income Fund (the "Fund") for the year ended December 31, 2007 and the unaudited interim financial statements of the Fund for the three ended March 31, 2008. These documents are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. External economic, industry and risk factors remain substantially unchanged from those described in the Fund's 2007 annual MD&A, unless otherwise noted.

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

All financial information in this MD&A is presented in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP"), unless otherwise noted.

The date of this MD&A is May 7, 2008. Additional information relating to the Fund, including the Fund's most recently filed audited consolidated financial statements, Annual Information Form and Management Proxy Circular, is available on SEDAR.

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 that the Fund made in the preparation of these forward-looking statements include the ability of management to achieve over \$10.0 million per annum in pre-tax operating and other synergies and cost savings, and other benefits expected to be realized, and the timing and net present value thereof, based on the achievement of operational synergies from restructuring, integration and other initiatives relating to the combination of the respective businesses previously carried on by Data Business Forms Limited and Relizon Canada Inc.; the accuracy of estimated synergies in respect of expected cash flows, cost savings and profitability from the combination of the Data Business Forms Limited and Relizon Canada Inc. businesses; the risk that any savings, growth prospects or other synergies from the combination of those businesses will not be fully realized or will take longer to realize than expected; competition from competitors supplying similar products and services; the Data Group's ability to grow its sales or even maintain historical levels of its sales of printed business documents; increases in the costs of paper and

other raw materials used by the Data Group; the Data Group's ability to maintain relationships with its customers; and the application of recent changes to the income tax treatment of certain income trusts, such as the Fund, which will subject the Fund to tax commencing in 2011 (assuming the Fund complies with the "normal growth guidelines" contained in such changes), and the effect of that announcement on the trading price of the Fund's units. Additional factors are discussed under the heading "Risks and Uncertainties" in the Fund's publicly available disclosure documents, as filed by the Fund on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend and does not assume any obligation to update these forward-looking statements.

NON-GAAP MEASURES

This MD&A includes certain non-GAAP measures as supplementary information. When used in this MD&A, EBITDA means earnings before interest, taxes, depreciation and amortization, and Adjusted EBITDA means EBITDA adjusted for non-cash inventory fair value allocation charges, goodwill impairment charges and pension plan curtailment gains. The Fund believes that, in addition to net income, 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, non-cash interest expense, maintenance capital expenditures, changes in non-cash working capital, other non-cash items, special pension contributions, partnership conversion costs and cash income taxes. Specifically, the Fund views cash available for distribution as a measure generally used by Canadian income funds, investors and management as an indicator of financial performance. EBITDA, Adjusted EBITDA and cash available for distribution are not earnings or cash flow measures recognized by GAAP and do not have any standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and cash available for distribution are unlikely to be comparable to similar measures presented by other issuers.

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

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

Sources of Revenue and Revenue Recognition Policy

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

The Data Group recognizes revenue from the sale of products upon shipment to the customer, upon the transfer of title and when risk of loss passes to the buyer, and upon completion of services provided. When the customer requests a bill and hold arrangement, revenue is recognized when the goods are shipped to the customer. Since the majority of the Data Group's products are customized, product returns are not significant. The Data Group may provide pre-production services to its customers, however, these services do not have standalone value and there is no objective and reliable evidence of fair value. Therefore, these pre-production services and the final custom made printed product are considered to be one unit of accounting. The Data Group recognizes warehousing fees as the service is provided. The Data Group occasionally provides warehousing services that are negotiated as a separate charge based on market rates, even if included in the overall selling price of its products. Warehousing services represent a separate unit of accounting because they can be sold separately, have value to the customer on a stand-alone basis, and there is objective and reliable evidence of the fair value of these services. If warehousing service fees are included in one overall selling price of the Data Group's custom print products, the consideration is allocated to each component based on relative fair value.

Costs of Revenues and Expenses

The Data Group's costs of revenues consist of raw materials, manufacturing salaries and benefits, occupancy and depreciation. The Data Group's raw material costs consist primarily of paper, carbon and ink. Manufacturing salaries and benefit costs consist of employee salaries and health benefits at the Data Group's printing and warehousing facilities. Occupancy costs consist primarily of lease payments at the Data Group's facilities, and utilities, insurance and building maintenance. Effective January 1, 2008, the Data Group adopted the new Canadian Institute of Chartered Accountants (CICA) Section 3031, Inventories, which resulted the inclusion of fixed overhead costs associated with the Data Group's production activities in the cost of inventories whereas previously only variable costs were included the cost of inventories. The cost of inventories on January 1, 2008 was increased by \$6.2 million with a corresponding decrease in the opening deficit. See note 3 to the consolidated financial statements for the quarter ended March 31, 2008 for the changes in accounting policies. The Data Group's expenses consist of selling, depreciation and amortization, and general and administration expenses. Selling expenses consist primarily of employee salaries 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 and other personnel related expenses for executive, financial and administrative personnel, as well as facility, telecommunications and professional service fees.

Restructuring Costs

Following the completion of its 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, Quebec; Hemmingford, Quebec; Orangeville, Ontario; and Medicine Hat, Alberta. These plants ceased operations as of September 30, 2007. As a result of these initiatives, the Data Group has recognized restructuring costs and provisions relating to the termination of certain employees of the acquired business, and for other costs to exit or terminate specific leases and contracts which the Data Group intends to modify or terminate. At March 31, 2008 the remaining accrued restructuring and integration provisions was \$4.1 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 periods ended March 31, 2008 and 2007 <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	Jan. 1 to Mar. 31, 2008 \$	Jan. 1 to Mar. 31, 2007 \$
Revenues	101,026	103,996
Cost of revenues	72,639	76,395
Gross profit	28,387	27,601
Selling, general and administrative expenses	18,254	18,782
Integration costs	-	1,056
Amortization of intangible assets	2,744	2,411
Income before interest and income taxes	7,389	5,352
Interest expense on long-term debt	1,598	1,542
Income before income taxes	5,791	3,810
Future income tax expense	200	-
Net income for the period	5,591	3,810
Basic income per unit	0.24	0.16
Diluted income per unit	0.24	0.16
Number of units outstanding	23,490,592	23,475,659
Consolidated Balance Sheet Information		
Current assets	114,477	103,616
Current liabilities	50,600	56,245
Total assets	374,770	383,783
Total long-term liabilities	127,251	118,063
Unitholders' equity	196,919	209,475

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

Consolidated Financial Information

For the periods ended March 31, 2008 and 2007 <i>(in thousands of dollars, except percentage amounts, unaudited)</i>	Jan. 1 to Mar. 31, 2008	Jan. 1 to Mar. 31, 2007
	\$	\$
Revenues		
DATA East and West	91,579	93,236
Sundog	6,478	6,911
Multiple Pakfold	4,045	5,342
Intersegment	(1,076)	(1,493)
	101,026	103,996
Gross profit		
DATA East and West	26,048	24,265
Sundog	1,932	2,470
Multiple Pakfold	407	866
	28,387	27,601
Gross profit, as a percentage of revenues		
DATA East and West	28.4%	26.0%
Sundog	29.8%	35.7%
Multiple Pakfold	10.1%	16.2%
	28.1%	26.5%
Selling, general and administrative expenses		
	18,254	18,782
As a percentage of revenues		
	18.1%	18.1%
EBITDA (Table 3)		
	12,204	9,972
EBITDA margin, as a percentage of revenues		
	12.1%	9.6%
Net income		
	5,591	3,810

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

EBITDA Reconciliation

For the periods ended March 31, 2008 and 2007 <i>(in thousands of dollars, unaudited)</i>	Jan. 1 to Mar. 31, 2008	Jan. 1 to Mar. 31, 2007
	\$	\$
Net income for the period	5,591	3,810
Net interest expense on long-term debt	1,598	1,542
Depreciation of property, plant and equipment	2,071	2,209
Amortization of intangible assets	2,744	2,411
Provision for future income taxes	200	-
EBITDA	12,204	9,972

RESULTS OF OPERATIONS

THE DATA GROUP INCOME FUND

Revenues

For the quarter ended March 31, 2008, the Fund recorded revenues of \$101.0 million, a decrease of \$3.0 million or 2.9% compared with the same period in 2007. The decrease, before intersegment revenues, was the result of a \$1.7 million decrease in the DATA East and West segment, a \$0.4 million decrease in the Sundog segment and \$1.3 million decrease in the Multiple Pakfold segment. A more detailed discussion of the results of operations of each of the Fund's reporting segments is set out below.

Cost of Revenues and Gross Profit

For the quarter ended March 31, 2008, cost of revenues decreased to \$72.6 million from \$76.4 million for the same period in 2007. Gross profit for the quarter ended March 31, 2008 was \$28.4 million, which represented an increase of \$0.8 million or 2.8% from \$27.6 million for the same period in 2007. The increase in gross profit was attributable to a \$1.8 million increase in the DATA East and West segment, resulting substantially from the realized cost savings from the Data Group's restructuring activities and the initial shipments of goods for new sales contracts secured in the fourth quarter of 2007. The gross profit as a percentage of revenues increased to 28.1% for the quarter ended March 31, 2008 compared to 26.5%, for the same period in 2007. This increase in gross profit for 2008 resulted from the new sales contracts, cost savings realized from the Data Group's restructuring, the review and elimination of products and services which generate low margins, and offset by gross profit decreases in the Sundog and Multiple Pakfold segments.

Selling, General and Administrative Expenses and Integration Costs

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund, for the quarter ended March 31, 2008 decreased \$0.5 million to \$18.3 million compared to \$18.8 million in the same period of 2007. As a percentage of revenues, these costs were 18.1% of revenues for the quarters ended March 31, 2008 and 2007, respectively. For the quarter ended March 31, 2007, the Data Group incurred \$1.1 million of costs related to the integration of the former Data Business Forms Limited and Relizon Canada businesses, which primarily consisted of severance and moving expenses incurred in connection with the restructuring announced by the Fund on March 1, 2007. Those integration costs were attributable primarily to the DATA East and West segment, by virtue of the fact that the operations of the former Relizon Canada business now form part of that segment. The balance of those integration costs were attributable to the Multiple Pakfold segment.

EBITDA

For the quarter ended March 31, 2008, EBITDA was \$12.2 million, or 12.1% of revenues. EBITDA for the quarter ended March 31, 2008 increased \$2.2 million or 22.4% from the same period in the prior year and the EBITDA margin for the quarter, as a percentage of revenues, increased from 9.6% of revenues in 2007 to 12.1% of revenues in 2008.

Interest Expense

Net interest expense on long-term debt relating to the Data Group's credit facilities and the Fund's \$34.8 million aggregate principal amount of Convertible Debentures was \$1.6 million for the quarter ended March 31, 2008 compared to \$1.5 million for the same period in 2007.

Interest income of \$0.1 million was earned during each of the three month periods ended March 31, 2008 and 2007, respectively. This interest income was substantially related to the cash and cash equivalents held by the Data Group.

Income Taxes

The Fund reported income before income taxes of \$5.8 million and a future income tax expense of \$0.2 million for the quarter ended March 31, 2008. The net future income tax liability of \$6.9 million represents estimated temporary differences at March 31, 2008 that are expected to reverse starting in fiscal year 2011. The future income tax expense was due to a change in estimates of future reversals of temporary differences. The Fund reported income before income taxes of \$3.8 million and no tax expense for the quarter ended March 31, 2007. As a result of the change in the Fund's corporate structure, the Data Group and the Fund did not, prior to the enactment of the Specified Investment Flow-Through Entity ("SIFT") rules, expect to pay income taxes and, accordingly, did not recognize future income tax assets and liabilities on temporary differences or recognize unused tax losses or credits relating to the Data Group.

Net Income

Net income for the quarter ended March 31, 2008 was \$5.8 million compared to net income of \$3.8 million for the quarter ended March 31, 2007. The increase in comparable profitability was due to the factors discussed above.

DATA EAST AND WEST

In the three months ended March 31, 2008, revenues at the Data Group's DATA East and West segment decreased \$1.7 million or 1.8% to \$91.6 million from \$93.2 million for the same period in the prior year.

The decrease in revenues for the quarter ended March 31, 2008 was due to the Data Group's determination, following a strategic review that commenced in 2007, to eliminate from its customer offering of certain low margin products and services previously manufactured and provided by the Data Group and declines in traditional business forms. The segment continued to experience increases in sales of variable imaging and fulfillment warehousing services.

For the year quarter ended March 31, 2008, gross profit increased \$1.8 million to \$26.1 million from \$24.3 million for the same period of 2007. The gross profit as a percentage of revenues for the quarter ended March 31, 2008 increased to 28.4% from 26.0% for the same period in 2007.

The increase in the gross profit as a percentage of revenues during the quarter ended March 31, 2008, was due to the integration and restructuring initiatives completed in 2007, which resulted in lower labour and overhead costs. In addition, the increase in the gross profit as a percentage of revenues during the quarter was due to the elimination from the segment's customer offering of certain low margin products and services previously manufactured and provided by the Data Group. This segment continues to be focused upon improving productivity and efficiencies in the operation of the equipment transferred between locations in connection with that restructuring.

SUNDOG

Revenues at the Data Group's Sundog segment for the quarter ended March 31, 2008 decreased 6.3% to \$6.5 million from \$6.9 million in 2007. The decrease in revenues was due to a continued weaker local market demand for commercial printing in Alberta and increased competition in that market. In addition, revenues generated from the production of annual reports were down due to the discontinuation of a large annual report and a reduction in report size.

For the quarter ended March 31, 2008, gross profit decreased \$0.5 million or 21.8% to \$1.9 million from \$2.5 million for the same period in 2007. The overall decrease in gross profit was due to the revenue shortfall noted above. During the fourth quarter of 2007, the Data Group strengthened Sundog's sales management, added new sales representatives and tightened cost controls, all of which are expected to help mitigate the impact of current market conditions on Sundog's results of operations.

MULTIPLE PAKFOLD

Revenues at the Data Group's Multiple Pakfold segment for the quarter ended March 31, 2008 declined 24.3% to \$4.0 million from \$5.3 million in 2007.

The decline in revenues for the quarter ended March 31, 2008 was attributable to the loss of business in the Ontario and Quebec market as a result of the integration and restructuring activities in 2007, which disrupted Multiple Pakfold's operations and adversely affected the segment's ability to meet customer delivery requirements. The Data Group believes that it has resolved those operational difficulties and that revenues should improve as Multiple Pakfold demonstrates to its customers that it is able to meet their delivery requirements. The Data Group continues to believe that management changes made in the fourth quarter of 2007 and in the first quarter of 2008 will lead to improved results of operations at Multiple Pakfold in 2008.

For the quarter ended March 31, 2008, gross profit decreased \$0.5 million to \$0.4 million in 2008 from \$0.9 million for the same period in 2007. The gross profit as a percentage of revenues for the quarter ended March 31, 2008 was 10.1% compared to 16.2% for the same period in 2007. The decline was due to the revenue losses noted above.

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

Cash Available for Distribution Reconciliation

For the periods ended March 31, 2008 and 2007	Jan. 1 to	Jan. 1 to
<i>(in thousands of dollars, except percentages and per unit amounts, unaudited)</i>	Mar. 31,	Mar. 31,
	2008	2007
	\$	\$
Cash provided by operating activities	11,697	3,539
<i>Capital adjustments</i>		
Maintenance capital expenditures ⁽¹⁾	(746)	(1,134)
<i>Other adjustments including discretionary items:</i>		
Changes in non-cash working capital and other ⁽²⁾	(707)	4,956
Cash available for distribution	10,244	7,361
Distributions to unitholders ⁽³⁾	6,805	6,801
Excess of cash available for distribution over actual distributions	3,439	560
Per unit ⁽⁴⁾		
Cash available for distribution per unit ⁽⁴⁾	0.436	0.314
Distributions to unitholders per unit ⁽⁴⁾	0.290	0.290
Excess of cash available for distribution per unit over actual distributions per unit	0.146	0.024
Payout ratio ⁽⁵⁾	66.4%	92.4%

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 and other items so as to remove the impact of timing differences in cash receipts and cash disbursements, which generally reverse themselves but can vary significantly across quarters and the impact of cash payments related to the restructuring liabilities assumed in the acquisition of Relizon Canada.

⁽³⁾ Distributions are in respect of the distributions declared.

⁽⁴⁾ Per unit calculations are based upon the number of units outstanding at the end of each month consistent with the number of units upon which distributions are declared and paid and not the weighted average number of units outstanding. As at March 31, 2008, 23,490,592 units were outstanding and 23,475,659 units were outstanding as at March 31, 2007.

⁽⁵⁾ The payout ratio represents the percentage of distributions declared to unitholders divided by the cash available for distribution.

CASH AVAILABLE FOR DISTRIBUTION

For the quarter ended March 31, 2008, the Fund generated \$10.2 million or \$0.436 per unit of cash available for distribution compared to \$7.4 million or \$0.314 per unit for the same period in 2007. Cash available for distribution for the quarter ended March 31, 2008 was calculated by deducting the changes in non-cash working capital and other non-cash items of \$0.7 million and deducting maintenance capital expenditures of \$0.7 million from cash provided by operating activities of \$11.7 million. Cash available for distribution for the quarter ended March 31, 2007 was calculated by adding back the changes in non-cash working capital and other non-cash items of \$5.0 million and deducting maintenance capital expenditures of \$1.1 million from cash provided by operating activities of \$3.5 million. See Table 4 above for a breakdown of these figures for the periods from January 1, 2008 to March 31, 2008 and from January 1, 2007 to March 31, 2007, respectively.

For the quarter ended March 31, 2008, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Cash available for distribution exceeded actual distributions by \$3.5 million or \$0.146 per unit for the quarter ended March 31, 2008. During the quarter ended March 31, 2008, the Data Group made cash payments of \$1.1 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 of primarily severance payments and moving costs. These cash payments were funded by cash generated from operations. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution. Cash available for distribution for the quarter ended March 31, 2008 increased despite the payment of these restructuring and integration costs during the quarter.

For the quarter ended March 31, 2007, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Cash available for distribution exceeded actual distributions by \$0.6 million or \$0.024 per unit for the quarter ended March 31, 2007. See Table 4 above for a breakdown of these figures for the periods from January 1, 2008 to March 31, 2008 and from January 1, 2007 to March 31, 2007, respectively.

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 Distributions Paid or Declared

For the periods ended March 31, 2008 and 2007 <i>(in thousands of dollars, unaudited)</i>	Jan. 1 to Mar. 31, 2008	Jan. 1 to Mar. 31, 2007
	\$	\$
Cash provided by operating activities	11,697	3,539
Net income for the period	5,591	3,810
Actual cash distributions paid or declared relating to the period	6,805	6,801
Excess (shortfall) of cash provided by operating activities over cash distributions paid or declared	4,892	(3,262)
Shortfall of net income over cash distributions paid or declared	(1,214)	(2,991)

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

See Table 5 above for a reconciliation of cash provided by operating activities to cash available for distribution for the quarters ended March 31, 2008 and 2007, respectively. Cash provided by operating activities includes changes in working capital, including liabilities assumed on the acquisition of the Relizon Canada business and accrued restructuring and integration provisions recorded as part of the purchase price accounting for the Relizon Canada acquisition.

Distributions paid by the Fund on its outstanding units during the quarter ended March 31, 2008 were funded entirely from cash generated by the Data Group's operations and existing cash resources. The excess of cash provided by operating activities over cash distributions paid or declared for the quarter ended March 31, 2008 was principally due to the realized cost savings from the Data Group's restructuring and integration activities in 2007 and the increase in gross profit discussed above under the heading "RESULTS OF OPERATIONS". The shortfall of cash provided by operating activities over cash distributions paid or declared for the quarter ended March 31, 2007 was principally due to severance payments made during the quarter to former employees of the Data Group in connection with the March 1, 2007 restructuring, and payments of other restructuring and integration costs of \$1.2 million incurred in connection with the combination of the former Data Business Forms Limited and Relizon Canada businesses.

EXCESS (SHORTFALL) OF NET INCOME (LOSS) 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 the first quarters of 2008 and 2007, respectively, which were not included in determining cash distributions, included depreciation of property, plant and equipment, amortization of intangible assets, and the provision for future income taxes.

For the quarter ended March 31, 2008, the Fund's cash distributions paid or declared to its unitholders exceeded net income by \$1.2 million. Net income for the quarter ended March 31, 2008 included \$2.7 million in non-cash amortization of intangible assets, \$2.1 million in non-cash amortization of depreciation of property, plant and equipment, and \$0.2 million of non-cash provision for future income taxes.

For the quarter ended March 31, 2007, the Fund's cash distributions paid or declared exceeded net income by \$3.0 million. The net income for the quarter ended March 31, 2007 included \$2.4 million in non-cash amortization of intangible assets, and \$2.2 million in non-cash depreciation of property, plant and equipment.

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

Table 6 The following table sets out selected historical financial information for the periods noted.

Eight Quarter Consolidated Statement of Cash Available for Distribution – Summary

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

	2008		2007				2006	
	Q1	Q4 ⁽⁴⁾	Q3 ⁽²⁾⁽⁴⁾	Q2 ⁽²⁾⁽⁴⁾	Q1 ⁽⁴⁾	Q4 ⁽⁴⁾	Q3 ⁽¹⁾⁽³⁾	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted EBITDA	12,204	15,330	8,106	7,396	9,972	13,213	6,611	6,424
Cash available for distribution	10,244	12,788	5,386	4,360	7,361	8,300	5,320	5,090
Distributions to Unitholders	6,805	6,805	6,804	6,801	6,801	6,801	5,969	4,305
Excess (shortfall) of cash for distribution over actual distributions	3,439	5,983	(1,418)	(2,441)	560	1,499	(649)	785
Per unit								
Cash available for distribution per unit	0.436	0.544	0.229	0.186	0.314	0.354	0.258	0.343
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	0.146	0.254	(0.061)	(0.104)	0.024	0.064	(0.032)	0.053

Notes:

- (1) Includes results of operations of the former Relizon Canada business for the period from August 31, 2006 to September 30, 2006.
- (2) Includes results of operations of the former Relizon Canada business for the three months ended.
- (3) Includes a \$0.8 million distribution on the 8.6 million units issued on August 31, 2006, while no corresponding Adjusted EBITDA was earned by the Fund from the operations of the former Relizon Canada business, save the one business day of August 31, 2006.
- (4) Includes integration expenses related to the combination of the former Data Business Forms Limited and Relizon Canada businesses of \$0.2 million in the fourth quarter of 2006, of \$1.1 million, \$2.4 million \$0.6 million and \$0.3 million for the first, second, third and fourth quarters of 2007, respectively, and integration related capital expenditures of \$1.0 million for both the second and third quarters of 2007, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Data Group maintains an amended credit facility with two Canadian chartered banks in the maximum amount of up to \$90.0 million maturing on August 31, 2009. As at March 31, 2008, the Data Group had outstanding borrowings of \$70.0 million against this credit facility and was in compliance with its amended credit facility covenants.

At March 31, 2008, the Fund had outstanding \$34.8 million aggregate principal amount of Convertible Debentures. The Convertible Debentures mature on December 31, 2011, bear interest at 6.75% per annum and are convertible into units of the Fund at any time at the option of the holder at a conversion price of \$11.25 per unit.

At March 31, 2008, the Data Group had cash and cash equivalents of \$9.5 million compared to \$5.3 million at December 31, 2007 and \$1.4 million at March 31, 2007, respectively. The cash equivalents consist mainly of short-term investments, such as money market deposits. None of the cash equivalents were in asset-backed commercial paper products. The Data Group has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote. In addition, under the terms of the Data Group's amended credit facility, the Data Group had access to \$20.0 million of available credit at March 31, 2008.

At March 31, 2008, the Data Group's accrued restructuring and integration provisions totalled \$4.1 million and a significant portion is expected to be paid over the remaining three fiscal quarters of 2008. The Data Group expects to fund cash payments for these costs from currently projected cash generated from operations and net proceeds from potential asset dispositions.

The Fund expects that continued cash flows from operations in 2008, together with cash and cash equivalents on hand and currently available credit facilities, will be more than sufficient to fund its requirements for investments in working capital, maintenance capital expenditures, pension contributions and distributions to its unitholders.

Cash Flow from Operations

Changes in non-cash working capital increased cash by \$0.8 million during the quarter ended March 31, 2008. The accounts receivable balance decreased by \$8.0 million as a result of the timing of payments by customers of the DATA East and West segment. Inventory levels increased by \$8.7 million, however excluding the impact of the adopting CICA Section 3031, Inventories increased by \$2.4 million as a result of shipments of products to customers of the DATA East and West segment. The accounts payable and accrued liabilities decreased by \$3.2 million as a result of the timing of payments to suppliers for purchases during the first quarter of 2008. Accrued restructuring and integration provisions decreased by \$1.1 million, which was the due to payments made to former employees in the form of severances.

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 economic factors that may impact accounts receivable. Management 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 March 31, 2008, \$3.4 million, or 6.9% of accounts receivable, were more than 90 days overdue, which is consistent with historical aging profiles.

Investing Activities

Capital expenditures for the quarter ended March 31, 2008 of \$0.7 million related primarily to maintenance capital expenditures which were financed by cash flow from operations.

Financing Activities

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

OUTSTANDING UNIT DATA

At March 31, 2008, there were 23,490,592 units outstanding. At December 31, 2006, there were 23,475,659 units outstanding and \$34.8 million aggregate principal amount of Convertible Debentures outstanding. 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 its 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 its Board of Trustees.

The Data Group has adopted a policy that the Data Group will distribute all of its available cash, subject to applicable law, by way of monthly distributions on its partnership interests (all of which are held directly or indirectly by the Fund), after satisfaction of its debt service obligations and other expense obligations (including pension liabilities and expenses associated with the March 2007 restructuring), 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 \$4.1 million of restructuring and integration costs that were payable as at March 31, 2008 will be financed by operations and net proceeds from potential asset dispositions in order that these non-recurring costs do not impact distributions to its unitholders.

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

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

Record Date	Payment Date	Per Unit	Amount
January 31, 2008	February 15, 2008	\$0.09656	\$2.268 million
February 29, 2008	March 14, 2008	\$0.09656	\$2.268 million
March 31, 2008	April 15, 2008	\$0.09656	\$2.269 million

CONTRACTUAL OBLIGATIONS

There were no significant new contractual obligations for operating leases in the three months ended March 31, 2008.

Table 7 The following table sets out selected historical financial information for the periods noted.

Eight Quarter Results of Operations - Summary

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

	2008		2007		2006			
	Q1 ⁽⁴⁾	Q4 ⁽⁴⁾⁽⁵⁾	Q3 ⁽²⁾⁽⁴⁾	Q2 ⁽²⁾⁽⁴⁾	Q1	Q4	Q3 ⁽¹⁾⁽³⁾	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	101,206	107,235	90,221	97,201	103,996	108,846	67,838	53,802
Net income (loss)	5,591	10,672	1,438	(8,495)	3,810	4,336	15,239	4,312
Basic income per unit	0.24	0.45	0.06	(0.36)	0.16	0.19	0.86	0.29
Diluted income per unit	0.24	0.45	0.06	(0.36)	0.16	0.18	0.82	0.29

Notes:

- (1) Includes results of operations of the former Relizon Canada business for the period from August 31, 2006 to September 30, 2006.
- (2) Includes results of operations of the former Relizon Canada business for the three months ended.
- (3) Net income includes a \$14.9 million recovery of future taxes as a result of the Fund's reorganization on September 30, 2006 and the impact of changes to substantively enacted future tax rates.
- (4) Net income includes a \$0.2 million, \$9.7 million and a \$0.6 million future income tax expense for the first quarter of 2008 and for the second and third quarters of 2007, respectively, and a \$2.8 million future income tax recovery for the fourth quarter of 2007 as a result of the implementation of the SIFT rules regarding the taxation of income trusts.
- (5) Net income includes a curtailment gain of \$1.5 million related to the Data Group's decision to terminate the Relizon Canada Defined Benefit Pension Plan on December 31, 2008, and an impairment of goodwill charge of \$1.9 million related to the Multiple Pakfold segment.

The variations in the Fund's quarterly revenue and net (loss) income over the eight quarters ended March 31, 2008 can be attributed to three principal factors: the acquisition of the Relizon Canada business on August 31, 2006, the expenses incurred in integrating the former Data Business Forms Limited and Relizon Canada businesses, and the changes to the federal income tax laws applicable to income trusts, which came into effect on June 22, 2007.

The Data Group issued a notice to wind-up the Relizon Canada Defined Benefit Plan effective December 31, 2008, such that no benefits will accrue under that plan after December 31, 2008. As a result, the Data Group recorded a curtailment gain of \$1.5 million, including the recognition of unamortized actuarial gains of \$0.3 million in the fourth quarter of 2007.

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

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

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

DISCLOSURE CONTROLS 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 the design and operation of the disclosure controls and procedures (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group, as of March 31, 2008. Based on that evaluation, those officers have concluded that such disclosure controls and procedures are sufficiently effective to provide reasonable assurance that material information relating to the Fund and the Data Group is made known to management and disclosed in accordance with the applicable securities laws.

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 design of the internal controls over financial reporting (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group, as of March 31, 2008. Based on that evaluation, those officers have concluded that such internal controls over financial reporting are sufficiently effective to provide reasonable assurance regarding the reliability of the Fund's financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

There were no changes in the Fund's internal controls over financial reporting during the most recent interim reporting period that have materially affected, or are reasonably likely to materially affect, the Fund's internal controls over financial reporting.

OUTLOOK

Management believes that the Fund will continue to meet its objectives, continuing to meet its monthly per unit distributions to unitholders of \$0.09656 for the foreseeable future. The Fund's Board of Trustees will continue to monitor the Fund's cash available for distribution and its payout ratio.

The Fund currently believes that the Data Group's restructuring, integration and other initiatives relating to the combination of the former Data Business Forms Limited and Relizon Canada businesses will achieve pre-tax operating and other synergies and cost savings of over \$10.0 million per annum. The Fund believes substantially all of the restructuring charges related to the integration of the former Data Business Forms Limited and Relizon Canada businesses have been accrued in the twelve months ended December 31, 2007.

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

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. It is anticipated that maintenance capital expenditures in 2008 will be approximately \$4.8 million.

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

NEW ACCOUNTING POLICIES

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

CAPITAL DISCLOSURES

In December 2006, the CICA issued Section 1535, Capital Disclosures that establishes guidelines for the disclosure of information on the Fund’s capital and how it is managed. It is effective for fiscal periods beginning on or after October 1, 2007. The enhanced disclosure enables users to evaluate the Fund’s objectives, policies and processes for managing capital. The new requirement is for disclosure only and can be found in note 12 to the consolidated financial statements.

FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation to replace existing Section 3861, Financial Instruments - Disclosure and Presentation. Section 3862 requires the Fund to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Fund’s financial position and performance, the nature and extent of risks arising from financial instruments to which the Fund is exposed during the period and at the balance sheet date, and how the Fund manages those risks. Section 3863 carries forward the existing presentation requirements and provides additional guidance for the classification of financial instruments. These sections are effective for fiscal periods beginning on or after October 1, 2007. The new requirement is for disclosure only and can be found in note 7 to the consolidated financial statements.

INVENTORIES

In March 2007, the CICA issued Section 3031, Inventories, which has replaced Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 and is applicable for the Fund’s first quarter of fiscal 2008. Prior to January 1, 2008, Canadian GAAP allowed fixed overhead costs associated with the Data Group’s production activities to be expensed during the period. Upon adoption of the new inventory section on January 1, 2008, the Data Group now includes fixed overhead costs in the cost of its inventories. As a result of adopting the new standard, the Data Group increased the value of its inventories on January 1, 2008 by \$6.2 million with a corresponding decrease in the opening deficit.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are the new accounting standards the Fund plans to adopt effective fiscal year December 31, 2008. Management is evaluating the standards and their impact on the Fund's consolidated financial statements.

GOODWILL AND INTANGIBLE ASSETS

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board will be required effective January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Data Group is currently assessing the impact IFRS will have on its consolidated financial statements.

RISKS AND UNCERTAINTIES

An investment in the units of the Fund involves risks. The principal risks facing the Fund and the Data Group are described in detail in the Fund's MD&A for the year ended December 31, 2007. In addition to the other information contained in this report, investors should carefully consider those risks before investing in the Fund's units. The risks described in the Fund's MD&A for the year ended December 31, 2007 and this MD&A 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 its units.

CONSOLIDATED BALANCE SHEETS*(in thousands of dollars, unaudited)*

	March 31, 2008	December 31, 2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	9,463	5,315
Accounts receivable	49,464	57,417
Inventories (note 3)	50,815	42,266
Prepaid expenses and other current assets	4,306	3,649
Income taxes recoverable	429	837
	<u>114,477</u>	<u>109,484</u>
Property, plant and equipment	46,065	47,528
Goodwill	151,206	151,206
Intangible assets	63,022	65,766
	<u>374,770</u>	<u>373,984</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	37,545	40,014
Accrued restructuring and integration provisions (note 5)	4,134	5,245
Deferred revenue	6,652	6,886
Distributions payable	2,269	2,269
	<u>50,600</u>	<u>54,414</u>
Revolving bank facility	70,000	70,000
Convertible debentures	34,201	34,159
Future income taxes (note 6)	6,855	6,655
Deferred gain	1,872	1,920
Unfavourable lease obligation	1,224	1,251
Deferred lease inducement	1,072	1,103
Pension obligation (note 4)	9,868	9,668
Post-employment and post-retirement benefits	2,159	2,153
	<u>177,851</u>	<u>181,323</u>
Unitholders' Equity		
Units (note 9)	215,336	215,336
Conversion option	898	898
Accumulated other comprehensive loss	(769)	(66)
Deficit	(18,546)	(23,507)
	<u>196,919</u>	<u>192,661</u>
	<u>374,770</u>	<u>373,984</u>

APPROVED BY THE BOARD OF TRUSTEES


Trustee



Trustee

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

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	For the three months ended March 31, 2008	For the three months ended March 31, 2007
	\$	\$
Revenues	101,026	103,996
Cost of revenues (including depreciation of \$1,939 and \$2,042, respectively)	72,639	76,395
Gross profit	28,387	27,601
Expenses		
Selling, commissions and expenses	10,187	11,069
General and administration expenses (including depreciation of \$132 and \$167, respectively)	8,067	7,713
Integration costs (note 5)	-	1,056
Amortization of intangible assets	2,744	2,411
	20,998	22,249
Income before interest and income taxes	7,389	5,352
Interest expense on long-term debt (net of interest income of \$108 and \$77, respectively)	1,598	1,542
Income before income taxes	5,791	3,810
Provision for future income taxes (note 6)	200	-
Net income for the period	5,591	3,810
Loss (gain) on cash flow hedges	703	(63)
Comprehensive income for the period	4,888	3,873
Basic income per unit	0.24	0.16
Diluted income per unit (note 10)	0.24	0.16
Units outstanding	23,490,592	23,475,659

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

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY*(in thousands of dollars,
unaudited)*

	Units \$	Conversion option \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Unitholders' Equity \$
Balance as at December 31, 2006	215,164	902	-	(1,409)	214,657
Accounting policy change	-	-	58	(2,312)	(2,254)
Balance as at January 1, 2007	215,164	902	58	(3,721)	212,403
Distributions declared	-	-	-	(6,801)	(6,801)
Gain on cash flow hedges	-	-	63	-	63
Net income for the period	-	-	-	3,810	3,810
Balance as at March 31, 2007	215,164	902	121	(6,712)	209,475
Balance as at December 31, 2007	215,336	898	(66)	(23,507)	192,661
Accounting policy change (note 3)	-	-	-	6,175	6,175
Balance as at January 1, 2008	215,336	898	(66)	(17,332)	198,836
Distributions declared	-	-	-	(6,805)	(6,805)
Loss on cash flow hedges	-	-	(703)	-	(703)
Net income for the period	-	-	-	5,591	5,591
Balance as at March 31, 2008	215,336	898	(769)	(18,546)	196,919

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

CONSOLIDATED STATEMENTS OF CASH FLOWS*(in thousands of dollars, unaudited)*

	For the three months ended March 31, 2008	For the three months ended March 31, 2007
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income for the period	5,591	3,810
Items not involving cash		
Depreciation of property, plant and equipment	2,071	2,209
Amortization of intangible assets	2,744	2,411
Pension expense (note 5)	503	746
Contributions made to pension plans	(303)	(738)
Loss on disposal of property, plant and equipment	136	14
Accretion of convertible debentures	42	43
Amortization of deferred gain	(48)	-
Unfavourable lease obligations	(27)	(17)
Amortization of lease inducement	(31)	(31)
Post-employment and post-retirement benefits	6	6
Future income taxes	200	-
	<u>10,884</u>	<u>8,453</u>
Changes in non-cash items relating to operating activities (note 8)	813	(4,914)
	<u>11,697</u>	<u>3,539</u>
Investing activities		
Purchase of property, plant and equipment	(746)	(1,134)
Proceeds on disposal of property, plant and equipment	2	-
Acquisition of business	-	1,000
	<u>(744)</u>	<u>(134)</u>
Financing activities		
Distributions to unitholders (note 11)	(6,805)	(6,801)
	<u>(6,805)</u>	<u>(6,801)</u>
Increase (decrease) in cash and cash equivalents		
during the period	<u>4,148</u>	<u>(3,396)</u>
Cash and cash equivalents - beginning of period	<u>5,315</u>	<u>4,767</u>
Cash and cash equivalents - end of period	<u>9,463</u>	<u>1,371</u>
Supplemental cash flow information		
Interest paid	818	1,887
Non-cash lease inducement	-	766

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

Notes to Consolidated Financial Statements
The Periods Ended March 31, 2008 & 2007
(in thousands of dollars, except number of units and per unit amounts, unaudited)

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 initially created to invest in common shares and unsecured subordinated notes of Data Business Forms Limited ("Data Business Forms"). On August 31, 2006, the Fund acquired the business of Relizon Canada Inc. ("Relizon Canada").

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

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

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

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund prepares its financial statements in accordance with Canadian generally accepted accounting principles ("GAAP"). The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the Fund's 2007 audited consolidated financial statements and notes thereto. The accounting policies used in preparing these interim consolidated financial statements are consistent with those followed in the Fund's 2007 audited consolidated financial statements except as described in note 3 – New Accounting Policies.

3. NEW ACCOUNTING POLICIES

Effective January 1, 2008, the Fund adopted the Canadian Institute of Chartered Accountants ("CICA") Section 3031 Inventories; Section 1535, Capital Disclosures; Section 3862, Financial Instruments – Disclosures; and Section 3863, Financial Instruments – Presentation. The adoption of these new standards resulted in changes in

Notes to Consolidated Financial Statements
The Periods Ended March 31, 2008 & 2007
(in thousands of dollars, except per unit amounts, unaudited)

accounting for inventories with a corresponding adjustment to opening deficit, and expanded disclosure requirements for the Fund's financial instruments. These changes were applied retroactively without the restatement of comparative financial statements.

CAPITAL DISCLOSURES

In December 2006, the CICA issued Section 1535, Capital Disclosures that establishes guidelines for the disclosure of information on the Fund's capital and how it is managed. It is effective for fiscal periods beginning on or after October 1, 2007. The enhanced disclosure enables users to evaluate the Fund's objectives, policies and processes for managing capital. The new requirement is for disclosure only and can be found in note 12 to the consolidated financial statements.

FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation to replace existing Section 3861, Financial Instruments - Disclosure and Presentation. Section 3862 requires the Fund to provide disclosures in its financial statements that enable users to evaluate the significance of financial instruments for the Fund's financial position and performance, the nature and extent of risks arising from financial instruments to which the Fund is exposed during the period and at the balance sheet date, and how the Fund manages those risks. Section 3863 carries forward the existing presentation requirements and provides additional guidance for the classification of financial instruments. These sections are effective for fiscal periods beginning on or after October 1, 2007. The new requirement is for disclosure only and can be found in note 7 to the consolidated financial statements.

INVENTORIES

In March 2007, the CICA issued Section 3031, Inventories, which has replaced Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008 and is applicable for the Fund's first quarter of fiscal 2008. Prior to January 1, 2008, Canadian GAAP allowed fixed overhead costs associated with the Data Group's production activities to be expensed during the period. Upon adoption of the new inventory section on January 1, 2008, the Data Group now includes fixed overhead costs in the cost of its inventories. As result of adopting the new standard, the Data Group increased the value of its inventories on January 1, 2008 by \$6,175 with a corresponding decrease in the opening deficit.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are the new accounting standards the Fund plans to adopt effective fiscal year December 31, 2008. Management is evaluating the standards and their impact on the Fund's consolidated financial statements.

The CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Financial Reporting Standard IAS 38, Intangible Assets. The new standard also provides guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or

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internally developed. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 with earlier adoption encouraged.

International Financial Reporting Standards - In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board will be required effective January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Data Group is currently assessing the impact IFRS will have on its consolidated financial statements.

4. PENSION OBLIGATION AND EXPENSE

The Data Group maintains defined benefit and defined contribution pension plans for certain of its employees, which were previously maintained by Data Business Forms (the "DBFL Plan") and Relizon Canada (the "Relizon Canada Plan"), respectively. Pension benefits are primarily based on years of service, compensation and accrued contributions with interest. The Data Group's funding policy is to fund the annual amount required to meet or exceed the minimum statutory requirements.

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.

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

The Fund's pension expense related to the defined benefit and defined contribution plans are as follows:

	For the three months ended March 31, 2008	For the three months ended March 31, 2007
	\$	\$
Defined benefit plan	503	746
Defined contribution plan	822	80

5. ACCRUED RESTRUCTURING AND INTEGRATION PROVISIONS

In connection with the acquisition of Relizon Canada on August 31, 2006, the Fund adopted a plan to integrate and restructure the acquired business. As a result, the Fund recognized accrued restructuring and integration provisions of \$10,057 for severance and integration costs relating to certain employees and facilities of the

Notes to Consolidated Financial Statements
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acquired business. The Fund completed the relocation activities during 2007 and expects the remaining severance costs of \$4.1 million at March 31, 2008 to be paid during 2008. The liabilities relating to these costs were included in the allocation of the purchase price of Relizon Canada. During the quarter ended March 31, 2008, cash payments of \$1,111 were made to former employees for severance.

On March 1, 2007, the Fund announced a restructuring plan in connection with the integration of the former Data Business Forms and Relizon Canada businesses, which includes a reduction in the Data Group's workforce, the relocation of certain employees to other Data Group facilities and the closure of four plants.

Any costs incurred relating to employees at or facilities previously leased by the Data Group are charged to integration costs as incurred in the consolidated statement of income and comprehensive income.

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

	For the three months ended March 31, 2008 \$	For the three months ended March 31, 2007 \$
Balance - Beginning of period	5,245	10,473
Integration costs charged to expense	-	1,056
Cash payments	(1,111)	(1,260)
Balance - End of period	4,134	10,269

6. FUTURE INCOME TAXES

Income earned by the Fund that is distributed annually to unitholders is not currently subject to taxation in the Fund, but is taxed at the individual unitholder level.

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

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

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rate was subsequently lowered in December 2007 to 29.5% for 2011 and 28% for 2012 and subsequent years. The future income tax provision for the three months ended March 31, 2008 was due to a change in estimates of future reversals of temporary differences after December 31, 2010.

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

	March 31, 2008
	\$
<hr/>	
Future income tax assets:	
Pension obligations, post-employment and post-retirement benefits	3,902
Deferred finance fees	390
Unfavourable lease obligations	208
Lease escalation	103
Benefit of income tax loss carry-forwards	372
Deferred gain on sale leaseback	188
Other	284
<hr/>	
Total future tax assets	5,447
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Future income tax liabilities:	
Property, plant and equipment greater than tax values	2,170
Intangible assets greater than tax values	9,639
Other	493
<hr/>	
Total future tax liabilities	12,302
<hr/>	
Net future income tax liabilities	6,855
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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.

7. FINANCIAL INSTRUMENTS

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, restructuring and integration provisions, distributions payable, revolving bank facility, convertible debentures, and interest rate swaps, as indicated in the Fund's balance sheet as at March 31, 2008.

Presentation

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

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

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

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

Fair value

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

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

The fair value of the derivative financial instruments generally reflects the estimates of the amounts the Fund would receive by way of settlement of favourable contracts or that it would pay to terminate unfavourable contracts at the balance sheet date. The fair value of the interest rate swaps are calculated using the quotes obtained from major financial institutions. Interest rate swaps designated as cash flow hedges are unfavourable and have a fair value and carrying value of \$769 based on market values obtained from financial institutions.

Changes in the fair value of the interest rate swap are recognized in accumulated other comprehensive income to the extent that the hedge is effective. The ineffective portion, if any, is expensed in the consolidated statement of income. The Data Group recorded an unrealized loss on the revaluation of the interest rates swaps of \$703 in other comprehensive income for the quarter ended March 31, 2008. A related liability of \$769 is included in accounts payable and accrued liabilities at March 31, 2008. The amount that is expected to be reclassified and reduce interest expense over the next 12 months is \$543.

Notes to Consolidated Financial Statements
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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 March 31, 2008 and December 31, 2007:

	March 31, 2008	
	Carrying Value	Fair Value
	\$	\$
Held for trading ⁽¹⁾	9,463	9,463
Loans and receivables ⁽²⁾	49,464	49,464
Other financial liabilities ⁽³⁾	147,380	147,872
Derivatives designated as effective hedge ⁽⁴⁾	769	769

	December 31, 2007	
	Carrying Value	Fair Value
	\$	\$
Held for trading ⁽¹⁾	5,315	5,315
Loans and receivables ⁽²⁾	57,417	57,417
Other financial liabilities ⁽³⁾	151,621	151,597
Derivatives designated as effective hedge ⁽⁴⁾	66	66

Notes:

- (1) *Includes only cash and cash equivalents. All held for trading assets were designated as such upon initial recognition.*
(2) *Includes only accounts receivable.*
(3) *Includes accounts payable and accrued liabilities (excluding financial liabilities related to interest rate swaps), accrued restructuring and integration provisions, distributions payable revolving bank facility and convertible debentures.*
(4) *Includes interest rate swaps which are effective hedges.*

Risks arising from financial instruments

The Fund is exposed to various risks as it relates to financial instruments. These risks and the processes for managing the risk are set out below. There have not been any significant changes in the nature of the risk or the process of managing the risk from the year ended December 31, 2007.

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 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 were in asset-backed commercial paper products. The Data Group has deposited the cash equivalents with reputable 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 economic factors

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that may impact accounts receivable. Management 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 March 31, 2008, \$3.4 million, or 6.9% of accounts receivable, were more than 90 days overdue, which is consistent with historical aging profiles. The movement in the Data Group's allowance for doubtful accounts for the first quarter of 2008 was as follows:

	For the three months ended March 31, 2008 \$
Balance - Beginning of period	1,220
Provisions and revisions	(24)
Balance - End of period	1,196

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 financial institutions.

Liquidity risk

Liquidity risk is the risk that the Data Group and Fund may encounter difficulties in meeting obligations associated with financial liabilities as they become due. As at March 31, 2008, the Data Group was holding cash and cash equivalents of \$9,463 and had access to \$20,000 of available credit under its credit facilities.

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

	Less than a year \$	1 to 3 years \$	Total \$
Accounts payable and accrued liabilities	37,545	-	37,545
Accrued restructuring and integration provisions	4,134	-	4,134
Interest rate swaps ⁽¹⁾	519	328	847
Distributions payable	2,269	-	2,269
Long-term debt ⁽²⁾	-	70,000	70,000
Convertible debentures ⁽³⁾	-	34,832	34,832
Total	44,467	105,160	149,627

Notes:

- (1) *Based on the fixed interest payments, partially offset by floating interest received.*
(2) *Bank revolving credit facility, maturing on August 31, 2009.*
(3) *6.75% convertible debentures, maturing on December 31, 2011, convertible at 88.889 units per \$1,000 of debenture.*

The Fund expects that continued cash flows from operations in 2008, together with cash and cash equivalents on hand and currently available credit facilities, will be more than sufficient to fund its requirements for investments in working capital, maintenance capital expenditures, pension contributions and distributions to its unitholders.

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

Market risk**Interest rate risk**

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

The Data Group has entered into interest rate swap contracts 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 swaps involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount for a specified period of time. The Data Group has entered into interest rate swap contracts with its lenders. As a result of these contracts, the borrowing rate on \$30,000 of its outstanding indebtedness is effectively fixed at an interest rate of 4.16% plus stamping fees until August 28, 2009. The borrowing rate on \$20,000 of its outstanding indebtedness is effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009. On the \$20,000 of its outstanding indebtedness subject to floating interest rates, a 1% increase/decrease in interest rates would have resulted in an increase/decrease in net income and comprehensive income by \$50 for the three month period ended March 31, 2008, respectively.

Foreign exchange risk

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

8. CHANGES IN NON-CASH ITEMS RELATING TO OPERATING ACTIVITIES

	For the three months ended March 31, 2008	For the three months ended March 31, 2007
	\$	\$
Accounts receivable	7,953	3,846
Inventories ⁽¹⁾	(1,989)	663
Prepaid expenses and other current assets	(1,041)	(411)
Income taxes recoverable	408	(37)
Accounts payable and accrued liabilities	(3,173)	(7,107)
Accrued restructuring and integration provisions	(1,111)	(204)
Deferred revenue	(234)	(1,664)
	813	(4,914)

Note:

(1) *The three months ended March 31, 2008 excludes the impact of the adoption of CICA Section 3031, Inventories. See note 3.*

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9. UNITS

An unlimited number of units may be issued pursuant to the Fund's 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 changes in units during the period:

	March 31, 2008	
	Number of units	Amount \$
Balance – Beginning and end of period	23,490,592	215,336

10. DILUTED (LOSS) INCOME PER UNIT

Convertible debentures in the amount of \$34,832 were excluded from the computation of diluted earnings per unit as their effect would have been antidilutive. If converted at the beginning of the period, the weighted average number of units outstanding used in computing diluted earnings per unit would have been 3,096,182 units higher.

11. DISTRIBUTIONS

The Fund's Board of Trustees has adopted a policy that the Fund will distribute its available cash after satisfaction of its debt service and other expense obligations, and after retaining amounts for capital expenditures, working capital and long term obligations. The Fund's distributions are subject to the discretion of the Board of Trustees.

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 three months ended March 31, 2008 are as follows:

Period	Record date	Payment date	Per unit \$	Amount \$
January 2008	January 31, 2008	February 15, 2008	0.09656	2,268
February 2008	February 29, 2008	March 14, 2008	0.09656	2,268
March 2008	March 31, 2008	April 15, 2008	0.09656	2,269
				6,805

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12. CAPITAL STRUCTURE

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

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

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

The Fund's revolving bank facility is subject to a number of covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests at a subsidiary level. One such ratio is the Total Debt / EBITDA Ratio as defined in the Amended Credit Agreement. EBITDA is a non-GAAP measure and is calculated as Earnings before Interest, Taxes, Depreciation and Amortization. The maximum ratio allowed for a 12-month trailing period is 2.50. For the quarter ended March 31, 2008, this ratio was calculated at 1.53. 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.

13. CONTINGENCIES

The Fund, The Data Group Limited Partnership, Data Business Forms Limited, Workflow Management, Inc. and The Relizon Company have been named as defendants in a legal proceeding commenced in January 2008 by a former executive of Relizon Canada asserting certain entitlements arising from the termination of the former executive's employment following the completion of the Relizon Canada Acquisition. In addition, the Fund has made a claim for indemnification and commenced related legal proceedings against The Relizon Company with respect to amounts claimed by the former executive and certain other unrelated matters, alleging misrepresentation and breach of covenant by The Relizon Company under a share purchase agreement between the Fund and The Relizon Company. The ultimate resolution of these matters is currently not determinable.

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.

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

14. SEGMENTED INFORMATION

The Fund 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 earnings before interest and taxes ("EBIT"). Corporate 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 three months ended March 31, 2008				
	DATA East	Sundog	Multiple		Total
	and West		Pakfold	Intersegment	
	\$	\$	\$	\$	\$
Revenue	91,579	6,478	4,045	(1,076)	101,026
Gross profit	26,048	1,932	407	-	28,387
Income (loss) before under noted items	11,605	813	(96)	-	12,322
Unallocated corporate and Fund expenses					4,933
Income before interest and income taxes					7,389
Interest expense on long-term debt – net					1,598
Provision for future income taxes					200
Net income for the period					5,591

	For the three months ended March 31, 2007				
	DATA East	Sundog	Multiple		Total
	and West		Pakfold	Intersegment	
	\$	\$	\$	\$	\$
Revenue	93,236	6,911	5,342	(1,493)	103,996
Gross profit	24,265	2,470	866	-	27,601
Income (loss) before under noted items	8,437	1,143	(287)	-	9,293
Unallocated corporate and Fund expenses					3,941
Income before interest and income taxes					5,352
Interest expense on long-term debt – net					1,542
Recovery of income taxes					-
Net income for the period					3,810

Warehousing revenues are approximately 7% of total consolidated revenues for the quarter ended March 31, 2008.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period'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

The DATA Group Income Fund

9195 Torbram Road

Brampton, ON L6S 6H2

www.datagroupincomefund.com

