

The DATA Group Income Fund
Quarter One – ended March 31, 2010

Q1

**MANAGING
THE
PRESENT
POSITIONED
FOR THE
FUTURE**



THIS IS
PROMISE

WE ARE COMMITTED TO OUR VALUES

WE ARE committed to customer service and quality.

WE DO what we say we will do.

WE CONDUCT our business ethically and legally.

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

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

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

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

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

2010 FIRST QUARTER REPORT

LETTER TO UNITHOLDERS

The current economic environment, in our view, continues to be very fluid, volatile and difficult to predict. Despite occasional “glimmers of hope”, the first quarter of 2010 results suggest that the recovery will be slow in arriving. Consequently, we continue to manage on a “more of the same basis”.

Revenues for the quarter ended March 31, 2010 were \$85.6 million, a decrease of 5.4% compared to the same period in 2009. Net income for the first quarter of 2010 was \$3.4 million or \$0.14 per basic unit compared to a net income of \$2.8 million or \$0.12 per basic unit for the same period in 2009.

Adjusted EBITDA for the first quarter of 2010 was \$8.2 million or 9.6% of revenues compared to Adjusted EBITDA of \$9.1 million or 10.1% of revenues for the same period in 2009. See “Non-GAAP Measures” in the accompanying report for a description of Adjusted EBITDA.

The Fund had total cash available for distribution of \$6.2 million or \$0.263 per unit. Our total distributions to unitholders during the quarter were \$6.8 million or \$0.290 per unit for a payout ratio of 110.0%. All of our distributions in the first quarter of 2010 were funded from cash generated by the Data Group’s operations, net proceeds from asset dispositions and from existing cash resources. Our cash and cash equivalents on hand at March 31, 2010 were \$19.6 million, an increase of \$7.9 million from December 31, 2009. See “Non-GAAP Measures” in the accompanying report for a description of cash available for distribution.

The Fund currently intends to maintain its monthly distributions at existing levels, based upon the Data Group’s first quarter results and currently projected cash flow from operations, including expected revenues from new business wins, lower anticipated operating expenses as a result of previous and recent cost reductions, and its current liquidity and existing cash resources. The Fund’s Board of Trustees will continue to closely monitor the Fund’s monthly distribution levels in light of the current economic volatility and the Fund’s on-going cash available for distribution and cash resources.

We experienced our fourth and final success in our efforts to sell real estate assets we acquired through the Relizon Canada acquisition. On January 29, 2010, we completed the sale of the Orangeville, Ontario property, for which we received gross proceeds of \$2.2 million.

On April 27, 2010, the Fund issued \$45 million aggregate principal amount of 6.00% convertible unsecured subordinated debentures (the “6.00% Convertible Debentures”). The 6.00% Convertible Debentures bear interest at a rate of 6.00% payable semi-annually, in arrears, on June 30 and December 31 in each year commencing on December 31, 2010. The 6.00% Convertible Debentures mature on June 30, 2017 and are convertible into trust units of the Fund at the option of the holder prior to maturity or redemption at a conversion price of \$12.20 per unit. The net proceeds of the offering will be used to reduce our outstanding bank indebtedness.

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

May 2010

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, 2010 should be read in conjunction with the MD&A of The DATA Group Income Fund (the "Fund") for the year ended December 31, 2009 and the unaudited interim financial statements of the Fund for the three months ended March 31, 2010. 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 2009 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 5, 2010. 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 at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this report 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 report, 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 report. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance or achievements of the Fund and the Data Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The principal assumptions and risks that the Fund made or took into account in the preparation of these forward-looking statements include the impact of the weakened domestic and global economic conditions on the Data Group's businesses; the risk that the Data Group's efforts to reduce its operating costs may not become effective as quickly as the Data Group expects, thereby impacting the Data Group's profitability and cash available for distribution should the Data Group's revenues decline further than expected; the risk that, should the Data Group's revenues decline further than expected, the cost reduction measures taken by the Data Group in response to the current economic environment may not be sufficient and further reductions may be necessary; the Data Group's ability to grow its sales or even maintain historical levels of its sales of printed business documents; increases in the costs of paper and other raw materials used by the Data Group; the Data Group's ability to maintain relationships with its customers; competition from competitors supplying similar products and services; and the application of recent changes to the income tax treatment of certain income trusts, such as the Fund, which will subject the Fund to

tax commencing in 2011, and the effect of those changes on the trading price of the Fund's units. Additional factors are discussed elsewhere in this report and under the heading "Risks and Uncertainties" in the Fund's publicly available disclosure documents, as filed by the Fund on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this report 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 report includes certain non-GAAP measures as supplementary information. When used in this report, EBITDA means earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA for the three months ended March 31, 2010 means EBITDA with no adjustments. Adjusted EBITDA for the three months ended March 31, 2009 means EBITDA adjusted for gains on cancellation of convertible debentures. The Fund believes that, in addition to net income (loss), EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of the Data Group and/or the Fund. Cash available for distribution for the three months ended March 31, 2010 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, pension plan wind-up contributions, changes in non-cash working capital, and other non-cash items. Cash available for distribution for the three months ended March 31, 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, purchases of convertible debentures, changes in non-cash working capital, and other non-cash items. Specifically, the Fund views cash available for distribution as a measure generally used by Canadian income funds, investors and management as an indicator of financial performance. EBITDA, Adjusted EBITDA and cash available for distribution are not earnings or cash flow measures recognized by GAAP and do not have any standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and cash available for distribution are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with GAAP as indicators of the Data Group's or the Fund's performance, nor is cash available for distribution an alternative to cash flows from operating, investing and financing activities determined in accordance with GAAP as measures of liquidity and cash flows. For a reconciliation of net income to Adjusted EBITDA, see Table 3 below. For a reconciliation of cash provided by (used in) 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 2010) 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 2010) sells commercial printing products, document management services and event tickets. Multiple Pakfold (which provided approximately 4% of total revenue for the first quarter of 2010) 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. The Data Group's expenses consist of selling, depreciation and amortization, and general and administration expenses. Selling expenses consist primarily of employee salaries, health benefits and commissions, and include related travel, corporate communications costs, trade shows, and marketing programs. Depreciation and amortization represent the allocation to income of the cost of property, plant and equipment, and intangible assets over their estimated useful lives. General and administration expenses consist primarily of employee salaries, health benefits, and other related expenses for executive, financial and administrative personnel, as well as facility, telecommunications, pension plan expenses and professional service fees.

Restructuring Costs

Following the completion of the Fund's acquisition of Relizon Canada Inc. ("Relizon Canada") on August 31, 2006, the Data Group undertook a series of initiatives to integrate the former Data Business Forms Limited and Relizon Canada businesses in order to achieve operational and corporate synergies and other benefits from the combination of those businesses. The Fund's 2007 restructuring plans resulted in the closure of four plants, the elimination of jobs and the transfer of jobs to other facilities. As a result of these initiatives, the Data Group has recognized restructuring costs and provisions relating to the termination of certain employees of the acquired business, and for other costs to exit or terminate specific leases and contracts which the Data Group intends to modify or terminate. During 2008, the Data Group recorded a \$0.5 million reduction in the accrued restructuring provisions and a corresponding reduction in goodwill as a result of the settlement of an outstanding legal proceeding. At March 31, 2010, the amount of the remaining accrued restructuring and integration provisions was \$0.3 million. The Data Group incurred additional restructuring expenses during 2008, 2009 and the first three months of 2010 in the form of severances as a result of on-going productivity improvement initiatives. The amount of the remaining accrued restructuring provision at March 31, 2010 was approximately \$0.7 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, 2010 and 2009 <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	Jan. 1 to Mar. 31, 2010 \$	Jan. 1 to Mar. 31, 2009 \$
Revenues	85,564	90,417
Cost of revenues	64,654	67,275
Gross profit	20,910	23,142
Selling, general and administrative expenses	14,310	15,928
Gain on cancellation of convertible debentures	-	(2)
Amortization of intangible assets	2,566	2,649
Income before interest and income taxes	4,034	4,567
Interest expense on long-term debt	1,294	1,436
Income before income taxes	2,740	3,131
Income tax expense (recovery)		
Current	(324)	-
Future	(315)	334
	(639)	334
Net income for the period	3,379	2,797
Basic and diluted income per unit	0.14	0.12
Number of units outstanding	23,490,592	23,490,592

	As at Mar. 31, 2010 \$	As at Mar. 31, 2009 \$
Consolidated Balance Sheet Information		
Current assets	106,733	113,537
Current liabilities	41,568	49,466
Total assets	318,852	345,507
Total long-term liabilities	122,511	128,451
Unitholders' equity	154,773	167,590

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, 2010 and 2009 <i>(in thousands of dollars, except percentage amounts, unaudited)</i>	Jan. 1 to Mar. 31, 2010 \$	Jan. 1 to Mar. 31, 2009 \$
Revenues		
DATA East and West	78,073	82,381
Sundog	4,838	5,331
Multiple Pakfold	3,744	3,710
Intersegment	(1,091)	(1,005)
	85,564	90,417
Gross profit		
DATA East and West	18,986	21,228
Sundog	1,268	1,478
Multiple Pakfold	656	436
	20,910	23,142
Gross profit, as a percentage of revenues		
DATA East and West	24.3%	25.8%
Sundog	26.2%	27.7%
Multiple Pakfold	17.5%	11.8%
	24.4%	25.6%
Selling, general and administrative expenses		
	14,310	15,928
As a percentage of revenues	16.7%	17.6%
Adjusted EBITDA (see Table 3)		
	8,239	9,096
Adjusted EBITDA margin, as a percentage of revenues	9.6%	10.1%
Net income for the period		
	3,379	2,797

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

Adjusted EBITDA Reconciliation

For the periods ended March 31, 2010 and 2009 <i>(in thousands of dollars, unaudited)</i>	Jan. 1 to Mar. 31, 2010 \$	Jan. 1 to Mar. 31, 2009 \$
Net income for the period	3,379	2,797
Net interest expense on long-term debt	1,294	1,436
Depreciation of property, plant and equipment	1,639	1,882
Amortization of intangible assets	2,566	2,649
Gain on cancellation of convertible debentures	-	(2)
Current income tax recovery	(324)	-
Future income tax (recovery) expense	(315)	334
Adjusted EBITDA	8,239	9,096

RESULTS OF OPERATIONS

THE DATA GROUP INCOME FUND

Revenues

During the first three months of 2010, the Data Group continued to encounter weakness in the domestic economic environment, which negatively impacted the Fund’s revenues over that period. The decline in revenues was partially offset by revenues from new business. For the quarter ended March 31, 2010, the Fund recorded revenues of \$85.6 million, a decrease of \$4.9 million or 5.4% compared with the same period in 2009. The decrease, before intersegment revenues, was primarily the result of a \$4.3 million decrease in the DATA East and West segment and a \$0.5 million decrease in the Sundog 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, 2010, cost of revenues decreased to \$64.7 million from \$67.3 million for the same period in 2009. Gross profit for the quarter ended March 31, 2010 was \$20.9 million, which represented a decrease of \$2.2 million or 9.6% from \$23.1 million for the same period in 2009. The decrease in gross profit for the quarter ended March 31, 2010 was attributable to a gross profit decrease of \$2.2 million in the DATA East and West segment, a gross profit decrease of \$0.2 million in the Sundog segment and was offset by a gross profit increase of \$0.2 million in the Multiple Pakfold segment. Gross profit as a percentage of revenues decreased to 24.4% for the quarter ended March 31, 2010 compared to 25.6% for the same period in 2009.

Selling, General and Administrative Expenses and Restructuring Expenses

Selling, general and administrative (“SG&A”) expenses, including administrative expenses of the Fund, for the quarter ended March 31, 2010 decreased \$1.6 million to \$14.3 million compared to \$15.9 million in the same period of 2009. The decrease in SG&A expenses was the result of the Data Group’s on-going productivity improvements and cost reduction initiatives. As a percentage of revenues, these costs were 16.7% of revenues for the quarter ended March 31, 2010 compared to 17.6% of revenues for the same period in 2009. For the quarters ended March 31,

2010 and 2009, the Data Group incurred \$0.2 million and \$0.1 million of severance expenses, respectively. These costs were included in SG&A and were related to the Data Group's on-going productivity improvement initiatives.

Asset Sale

During the three months ended March 31, 2010, the Data Group completed the sale of its Orangeville, Ontario property for gross proceeds of \$2.2 million.

Adjusted EBITDA

For the quarter ended March 31, 2010, Adjusted EBITDA was \$8.2 million, or 9.6% of revenues. Adjusted EBITDA for the quarter ended March 31, 2010 decreased \$0.9 million or 9.4% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, decreased from 10.1% of revenues in 2009 to 9.6% of revenues in 2010.

Interest Expense

Net interest expense on long-term debt relating to the Data Group's credit facilities and the Fund's outstanding \$34.8 million aggregate principal amount of 6.75% convertible debentures was \$1.3 million for the quarter ended March 31, 2010 compared to \$1.4 million for the same period in 2009.

Income Taxes

The Fund reported income before income taxes of \$2.7 million, a current income tax recovery of \$0.3 million and a future income tax recovery of \$0.3 million for the quarter ended March 31, 2010. The current income tax recovery represents the final adjustment related to the amount payable by the Data Group to settle reassessments by the Canada Revenue Agency and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company prior to its acquisition by the Fund. The future income tax recovery was due to a change in estimates of future reversals of temporary differences.

The Fund reported income before income taxes of \$3.1 million and a future income tax expense of \$0.3 million for the quarter ended March 31, 2009. The future income tax expense was due to a change in estimates of future reversals of temporary differences and changes to substantively enacted income tax rates.

Net Income

Net income for the quarter ended March 31, 2010 was \$3.4 million compared to a net income of \$2.8 million for the quarter ended March 31, 2009. The increase in comparable profitability for the quarter ended March 31, 2010 was substantially due to cost savings from on-going productivity improvement and cost reduction initiatives, a current income tax recovery, and a future income tax recovery in the first quarter of 2010 compared to a future income tax expense in the same period in 2009. Profitability improvements were offset by lower gross profit in 2010 as a result of lower revenues due to generally poor economic conditions as discussed above.

DATA EAST AND WEST

Revenues at the Data Group's DATA East and West segment for the quarter ended March 31, 2010 decreased \$4.3 million or 5.2% to \$78.1 million from \$82.4 million for the same period in the prior year.

Revenues for the three months ended March 31, 2010 decreased due to lower spending from customers in the government and direct mail industries as a result of continuing generally poor economic conditions in Canada. In addition, revenues from lotteries during the first quarter of 2010 were lower than the same period in 2009. In the first quarter of 2010, the segment experienced revenue gains from new business, which partially offset declines in revenues from existing customers.

For the quarter ended March 31, 2010, gross profit decreased \$2.2 million to \$19.0 million from \$21.2 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended March 31, 2010 decreased to 24.3% from 25.8% for the same period in 2009. The decrease in gross profit as a percentage of revenues during the quarter ended March 31, 2010 was due to lower revenues and was offset by realized savings from on-going productivity improvements and cost reduction initiatives.

SUNDOG

Revenues at the Data Group's Sundog segment for the quarter ended March 31, 2010 decreased \$0.5 million or 9.2% to \$4.8 million from \$5.3 million for the same period in the prior year. The decrease in revenues for the three months ended March 31, 2010 was due to a highly competitive printing market in Alberta and to poor economic conditions in that province, which continue to negatively affect demand for commercial printing in that market, primarily marketing materials. First quarter of 2010 revenues were also impacted by lower annual report volumes.

For the quarter ended March 31, 2010, gross profit decreased \$0.2 million to \$1.3 million from \$1.5 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended March 31, 2010 decreased to 26.2% from 27.7% for the same period in 2009. The decrease in gross profit as a percentage of revenues for the three months ended March 31, 2010 was principally due to lower revenues and was offset by realized savings from cost reduction initiatives.

MULTIPLE PAKFOLD

Revenues at the Data Group's Multiple Pakfold segment for the quarter ended March 31, 2010 remained largely unchanged from the same period in the prior year at \$3.7 million.

For the quarter ended March 31, 2010, gross profit increased \$0.2 million to \$0.6 million from \$0.4 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended March 31, 2010 increased to 17.5% from 11.8% for the same period in 2009. The improvement in the gross profit as a percentage of revenues for the three months ended March 31, 2010 was due to the cost reduction initiatives undertaken in prior periods by the segment to improve operating efficiencies.

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, 2010 and 2009 <i>(in thousands of dollars, except percentages and per unit amounts, unaudited)</i>	Jan. 1 to Mar. 31, 2010 \$	Jan. 1 to Mar. 31, 2009 \$
Cash provided by (used in) operating activities	12,846	9,922
<i>Capital adjustments</i>		
Maintenance capital expenditures ⁽¹⁾	(250)	(1,139)
Purchase of convertible debentures	-	(6)
<i>Other adjustments including discretionary items:</i>		
Changes in non-cash working capital ⁽²⁾	(7,489)	(2,692)
Pension plan wind-up contributions ⁽³⁾	1,260	-
Other ⁽⁴⁾	(178)	107
Cash available for distribution	6,189	6,192
Distributions to unitholders ⁽⁵⁾	6,805	6,805
Shortfall of cash available for distribution over actual distributions	(616)	(613)
 Per unit ⁽⁶⁾		
Cash available for distribution per unit ⁽⁶⁾	0.263	0.264
Distributions to unitholders per unit ⁽⁶⁾	0.290	0.290
Shortfall of cash available for distribution per unit over actual distributions per unit	(0.027)	(0.026)
Payout ratio ⁽⁷⁾	110.0%	109.9%

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 (used in) 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.*
- (3) *Excludes pension plan wind-up contributions to the Data Group's Relizon Canada defined benefit pension plan. During the three months ended March 31, 2010, the Data Group made its 2010 annual contribution of \$0.6 million and an additional wind-up contribution prepayment of \$0.6 million to that pension plan. It is currently expected that the wind-up benefit obligations will be substantially settled within this fiscal year. The outstanding wind-up deficiency will be estimated and funded by the Data Group in advance of the benefit settlement, as required under applicable pension regulations.*
- (4) *Includes other amounts that do not reflect the ongoing operations of the Data Group's business.*
- (5) *Distributions are in respect of the distributions declared.*
- (6) *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 or paid and not the weighted average number of units outstanding. As at March 31, 2010 and 2009, 23,490,592 units were outstanding.*
- (7) *The payout ratio represents the distributions paid or declared to unitholders as a percentage of the cash available for distribution, in each case for the relevant period.*

CASH AVAILABLE FOR DISTRIBUTION

See Table 4 above for a reconciliation of cash provided by (used in) operating activities to cash available for distribution for the three month periods ended March 31, 2010 and 2009, respectively, and the amounts discussed below. For the quarter ended March 31, 2010, the Fund generated \$6.2 million or \$0.263 per unit of cash available for distribution compared to \$6.2 million or \$0.264 per unit for the same period in 2009. Cash available for distribution for the quarter ended March 31, 2010 was calculated by deducting from cash provided by (used in) operating activities of \$12.8 million, maintenance capital expenditures of \$0.3 million, changes in non-cash working capital of \$7.5 million and other non-cash items of \$0.2 million, respectively, and adding back pension plan wind-up contributions of \$1.3 million. Cash available for distribution for the quarter ended March 31, 2009 was calculated by deducting from cash provided by (used in) operating activities of \$9.9 million, maintenance capital expenditures of \$1.1 million and changes in non-cash working capital of \$2.7 million, respectively, and adding back other non-cash items of \$0.1 million.

For the quarter ended March 31, 2010, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$0.6 million or \$0.027 per unit for the quarter ended March 31, 2010. During the quarter ended March 31, 2010, the Data Group made cash payments of \$0.7 million for the accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives charged to restructuring expense. These cash payments were funded by cash generated from operations and the net proceeds from the sale of the Data Group's former facility in Orangeville Ontario. The restructuring costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the quarter ended March 31, 2009, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$0.6 million or \$0.026 per unit for the quarter ended March 31, 2009. During the quarter ended March 31, 2009, the Data Group made cash payments of \$1.2 million for the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting primarily of severance payments and moving costs and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvements initiatives charged to restructuring expense. These cash payments were funded by cash generated from operations and the net proceeds from asset dispositions. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

Table 5 The following table sets out selected historical financial information for the periods noted.

Excess of Cash Flows and Shortfall of Net Income over Distributions Paid or Declared

For the periods ended March 31, 2010 and 2009	Jan. 1 to	Jan. 1 to
<i>(in thousands of dollars, unaudited)</i>	Mar. 31,	Mar. 31,
	2010	2009
	\$	\$
Cash provided by (used in) operating activities	12,846	9,922
Net income for the period	3,379	2,797
Actual cash distributions paid or declared relating to the period	6,805	6,805
Excess of cash provided by (used in) operating activities over cash distributions paid or declared	6,041	3,117
Shortfall of net income over cash distributions paid or declared	(3,426)	(4,008)

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

See Table 5 above for a calculation of the difference between cash provided by (used in) operating activities to cash distributions paid or declared for the three month periods ended March 31, 2010 and 2009, respectively. Cash provided by (used in) operating activities includes changes in working capital, including liabilities assumed on the acquisition of Relizon Canada, and accrued restructuring and integration provisions recorded as part of the purchase price accounting for the Relizon Canada acquisition, various accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives and charged to restructuring expense and pension plan wind-up contributions. The pension plan wind-up contributions and payments against these accrued restructuring and integration provisions will reduce cash from operating activities but are not considered in the Fund's calculation of cash available for distribution and determining distributions.

Distributions paid by the Fund on its outstanding units during the quarter ended March 31, 2010 were funded entirely from cash generated by the Data Group's operations, net proceeds from the sale of the Data Group's former facility in Orangeville, Ontario and from existing cash resources. The excess of cash provided by (used in) operating activities over cash distributions paid or declared for the quarter ended March 31, 2010 was principally due to the revenue declines experienced by the Data Group during that period, which were partially offset by revenues from new business generated and realized cost savings from cost reduction initiatives implemented during 2009.

Distributions paid by the Fund on its outstanding units during the quarter ended March 31, 2009 were funded entirely from cash generated by the Data Group's operations and existing cash resources. The excess of cash provided by (used in) operating activities over cash distributions paid or declared for the quarter ended March 31, 2009 was principally due to the realized cost savings from the Data Group's restructuring and integration activities in 2007 and 2008 offset by the revenue declines and lower gross profit in each of the Data Group's operating segments.

The Fund expects that, as a result of changes in working capital or declines in revenues from on-going operations, it may be necessary from time to time to use the existing cash resources of the Data Group to fund, at current levels, a portion of the distributions paid on the Fund's outstanding units. The Fund does not anticipate that the use of existing cash resources in this manner will adversely affect the Data Group's ability to fund its operations, capital expenditures or service its debt obligations in 2010.

SHORTFALL OF NET INCOME OVER CASH DISTRIBUTIONS PAID OR DECLARED

In calculating cash available for distribution and determining distributions, the Fund excludes non-cash expenses that are charged to earnings and deducts capital expenditures which are capitalized in its consolidated financial statements. The non-cash expenses for the three months ended March 31, 2010 and 2009, respectively, which were not included in determining cash distributions, consisted of depreciation of property, plant and equipment, amortization of intangible assets and the provision for or the recovery of current and future income taxes.

For the quarter ended March 31, 2010, the Fund's cash distributions paid on its outstanding units exceeded net income by \$3.4 million. Net income for the quarter ended March 31, 2010 included \$2.6 million in non-cash amortization of intangible assets, \$1.6 million in non-cash amortization of depreciation of property, plant and equipment, a non-cash current income tax recovery of \$0.3 million and a non-cash future income tax recovery of \$0.3 million.

For the quarter ended March 31, 2009, the Fund's cash distributions paid on to its outstanding units exceeded net income by \$4.0 million. Net income for the quarter ended March 31, 2009 included \$2.6 million in non-cash amortization of intangible assets, \$1.9 million in non-cash depreciation of property, plant and equipment and a non-cash future income tax expense of \$0.3 million.

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)*

	2010		2009			2008		
	Q1 ⁽¹⁾	Q4 ⁽²⁾	Q3 ⁽²⁾	Q2 ⁽²⁾	Q1 ⁽²⁾	Q4 ⁽³⁾	Q3 ⁽³⁾	Q2 ⁽³⁾
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted EBITDA ⁽⁴⁾	8,239	9,143	8,648	7,430	9,096	8,053	8,219	10,668
Cash available for distribution ⁽⁵⁾	6,189	7,158	6,690	5,839	6,192	5,722	6,119	8,181
Distributions to unitholders	6,805	6,805	6,805	6,805	6,805	6,805	6,805	6,805
(Shortfall) excess of cash available for distribution over actual distributions	(616)	353	(115)	(966)	(613)	(1,083)	(686)	1,376
Per unit								
Cash available for distribution per unit ⁽⁵⁾	0.263	0.305	0.285	0.249	0.264	0.244	0.260	0.349
Distributions per unit	0.290	0.290	0.290	0.290	0.290	0.290	0.290	0.290
(Shortfall) excess of cash available for distribution per unit over actual distributions per unit	(0.027)	0.015	(0.005)	(0.041)	(0.026)	(0.046)	(0.030)	0.059

Notes:

- (1) Includes restructuring expenses of \$0.2 million in the first quarter of 2010, related to the Data Group's 2010 restructuring and on-going productivity improvement initiatives to reduce its cost of operations.
- (2) Includes restructuring expenses of \$0.1 million, \$0.3 million, \$0.9 million and \$0.7 million in the first, second, third and fourth quarters of 2009, respectively, related to the Data Group's 2009 restructuring and on-going productivity improvement initiatives to reduce its cost of operations.
- (3) Includes restructuring expenses of \$0.3 million, \$0.3 million and \$2.0 million in the second, third and fourth quarters of 2008, respectively, related to the Data Group's 2008 restructuring and on-going productivity improvement initiatives to reduce its cost of operations.
- (4) Adjusted EBITDA for the (i) first quarter of 2010 means EBITDA with no adjustments; (ii) fourth quarter of 2009 means EBITDA adjusted for write downs of assets held for sale; (iii) third quarter of 2009 means EBITDA with no adjustments; (iv) second quarter of 2009 means EBITDA adjusted for lease exit charges; (v) first quarter of 2009 means EBITDA adjusted for gains on cancellation of convertible debentures; (vi) fourth quarter of 2008 means EBITDA adjusted for goodwill impairment charges; (vii) third quarter of 2008 means EBITDA adjusted for write downs of assets held for sale; and (viii) second quarter of 2008 means EBITDA with no adjustments. For a reconciliation of net income to Adjusted EBITDA for the first quarters of 2010 and 2009, respectively, see Table 3 above. For a reconciliation of net income to Adjusted EBITDA for the second, third, and fourth quarters of 2009 and 2008, respectively, see the Fund's management discussion and analysis of financial condition and results of operations for those respective periods, all of which is available on SEDAR at www.sedar.com.
- (5) Cash available for distribution for the (i) first quarter of 2010 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, pension plan wind-up contributions, changes in non-cash working capital, and other non-cash items; (ii) first quarter of 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, purchases of convertible debentures, changes in non-cash working capital, and other non-cash items; (iii) fourth, third and second quarters of 2009 and 2008 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in non-cash working capital, and other non-cash items, respectively. For a reconciliation of cash provided by (used in) operating activities to cash available for distribution for the first quarters of 2010 and 2009, respectively, see Table 4 above. For a reconciliation of cash provided by (used in) operating activities to cash available for distribution for the fourth, third and second quarters of 2009 and 2008, respectively, see the Fund's management discussion and analysis of financial condition and results of operations for those respective periods, all of which is available on SEDAR at www.sedar.com.

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 expiring on August 31, 2011. As at March 31, 2010, the Data Group had outstanding borrowings of \$70.0 million against this credit facility and was in compliance with its amended credit facility covenants. The Data Group is exposed to financial market risk resulting from changes in interest rates, and recent developments in the financial markets have increased the Data Group's exposure to the possible liquidity and credit risks of its counterparties. At March 31, 2010, \$70.0 million of the Data Group's indebtedness outstanding was subject to floating interest rates of 3.93%. The Data Group's credit facility expires on August 31, 2011 and market conditions could affect certain terms of the replacement facility along with the terms of other debt instruments that the Data Group enters into from time to time. Subsequent to the end of the first quarter of 2010, the Amended Credit Agreement was amended to permit the Fund to redeem the Fund's outstanding 6.75% Extendible Convertible Unsecured Subordinated Debentures (the "6.75% Convertible Debentures") prior to March 31, 2011 without the prior consent of the lenders under the Amended Credit Agreement, provided that no event of default under the Amended Credit Agreement has occurred and is continuing and subject to certain other conditions. The amendment permits the Data Group to use advances under the Amended Credit Agreement to fund the redemption price payable for 6.75% Convertible Debentures so redeemed. In addition, under the terms of the amendment, the Data Group has agreed that the 6.75% Convertible Debentures will be redeemed on or before March 31, 2011. The Fund currently intends to redeem the 6.75% Convertible Debentures during the first quarter of 2011 and to fund the redemption price with available borrowings under the Data Group's existing credit facilities, existing cash resources or a combination of both. The terms of the 6.75% Convertible Debentures are described in greater detail below.

On April 27, 2010, the Fund issued \$45 million aggregate principal amount of 6.00% convertible unsecured subordinated debentures (the "6.00% Convertible Debentures"). The 6.00% Convertible Debentures bear interest at a rate of 6.00% payable semi-annually, in arrears, on June 30 and December 31 in each year commencing on December 31, 2010. The first interest payment on the 6.00% Convertible Debentures will include accrued and unpaid interest for the period from April 27, 2010 to, but excluding, December 31, 2010. The 6.00% Convertible Debentures mature on June 30, 2017 and are convertible into trust units of the Fund ("Units"), at the option of the holder prior to maturity or redemption at a conversion price of \$12.20 per Unit, subject to adjustment in certain events. The 6.00% Convertible Debentures may not be redeemed before June 30, 2013. On or after June 30, 2013 and prior to June 30, 2015, the 6.00% Convertible Debentures may be redeemed by the Fund in whole or in part, from time to time, at the option of the Fund at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price of the Units (being the volume-weighted average trading price of the Units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date) is at least 125% of the conversion price of the 6.00% Convertible Debentures.

On or after June 30, 2015, the 6.00% Convertible Debentures may be redeemed by the Fund in whole or in part, from time to time, at the option of the Fund at a price equal to the principal amount thereof plus accrued and unpaid interest. On redemption or at maturity, the Fund may, at its option, subject to regulatory approval and certain other conditions, elect to satisfy its obligation to pay the applicable redemption price for the principal amount of the 6.00% Convertible Debentures by issuing and delivering that number of Units obtained by dividing the aggregate redemption price of the debentures to be redeemed, or the principal amount of outstanding debentures which have matured, by 95% of the current market price of the Units on the date fixed for redemption or the maturity date.

Upon the occurrence of a change of control of the Fund involving the acquisition of voting control or direction of 66⅔% or more of the Units (on a fully-diluted basis, including Units issuable upon the conversion or exchange of securities convertible into or exchangeable for or otherwise carrying the right to acquire Units) by any person or group of persons acting jointly or in concert (other than an acquisition occurring solely in connection with a conversion of the Fund to a corporation), each holder of 6.00% Convertible Debentures may require the Fund to purchase, on the date which is 30 days following the given of notice of the change of control, all or any part of the holder's 6.00% Convertible Debentures at a price equal to 101% of the principal amount of those debentures plus accrued and unpaid interest to, but excluding, the date of purchase. Payments of principal and interest on the 6.00% Convertible Debentures will be subordinated in right of payment to the prior repayment in full of all indebtedness of the Fund, including indebtedness to trade creditors, other than indebtedness evidenced by the 6.00% Convertible Debentures, the 6.75% Convertible Debentures (as defined below) and all other existing and future debentures or other instruments of the Fund which, by their terms, are expressed to rank pari passu with, or subordinated in right of payment to, the 6.00% Convertible Debentures.

In connection with the offering of the 6.00% Convertible Debentures, the Fund has granted to a syndicate of underwriters an option, exercisable in whole or in part at any time until May 27, 2010, to purchase up to \$5 million aggregate principal amount of additional 6.00% Convertible Debentures upon the same terms and conditions as the 6.00% Convertible Debentures issued on April 27, 2010. The net proceeds from the sale of the 6.00% Convertible Debentures were approximately \$43.2 million and will be used to reduce the Data Group's outstanding borrowings under its amended credit facility. Principal amounts repaid by the Data Group under its credit facility may be redrawn in accordance with the terms of the amended credit facility.

On March 31, 2010, the Fund also had outstanding \$34.8 million aggregate principal amount of 6.75% Convertible Debentures. The 6.75% Convertible Debentures mature on December 31, 2011, bear interest at the rate of 6.75% per annum payable semi-annually, in arrears, on June 30, and December 31 in each year and are convertible into Units at any time at the option of the holder prior to maturity or redemption at a conversion price of \$11.25 per Unit, subject to adjustment in certain events. The 6.75% Convertible Debentures may be redeemed on or after December 31, 2009 and prior to December 31, 2010 in whole or in part, from time to time, at the option of the Fund at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price of the Units (as defined above) is at least 125% of the conversion price of the 6.75% Convertible Debentures. On or after December 31, 2010, the 6.75% Convertible Debentures may be redeemed by the Fund in whole or in part from time to time, at the option of the Fund at a price equal to the principal amount thereof plus accrued and unpaid interest.

At March 31, 2010, the Data Group had cash and cash equivalents of \$19.6 million compared to \$11.7 million at December 31, 2009. The cash equivalents consist mainly of short-term investments, such as money market deposits. None of the cash equivalents are in asset-backed commercial paper products. The Data Group has deposited the cash equivalents with reputable Canadian financial institutions, from which the Data Group believes the risk of loss to be remote. In addition, under the terms of the Data Group's amended credit facility, the Data Group had access to \$20.0 million of available credit less letters of credit granted of \$3.1 million at March 31, 2010.

At March 31, 2010, the Data Group's accrued restructuring and integration provisions totalled \$1.0 million and a significant portion of the remaining severance cost is expected to be paid during the remainder of 2010. These costs are expected to be funded with cash from operating activities and existing cash resources.

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

The Fund believes that the currently projected cash flow from the operations of the Data Group, existing cash resources and borrowings under available credit facilities, if necessary, will be sufficient to fund the Data Group's currently projected operating requirements, payments associated with accrued restructuring provisions as the result of on-going productivity improvement initiatives, payment of income tax liabilities, contributions to the Data Group's pension plans, maintenance capital expenditures and distributions to the Fund's unitholders in 2010.

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

Cash Flow from Operations

Changes in non-cash working capital increased cash by \$7.5 million during the quarter ended March 31, 2010. The accounts receivable balance decreased by \$8.8 million as a result of lower revenues and the timing of payments by customers of the DATA East and West segment. Inventory levels decreased by \$1.6 million as a result of the timing of shipments of products to customers of the DATA East and West segment. Prepaid expenses and other assets increased by \$1.0 million as a result of a deposit for machinery and equipment purchased from a bankruptcy, timing of payments and an increase in other assets. The accounts payable and accrued liabilities decreased by \$0.7 million as a result of the timing of payments to suppliers for purchases during the first quarter of 2010. Income taxes payable decreased by \$0.9 million as a result of net payments made to certain provincial authorities related to the adjustment of pricing of transactions between Relizon Canada and its former parent company during the period from 2001 to 2006 and prior to the Fund's acquisition of Relizon Canada. Accrued restructuring and integration provisions decreased by \$0.6 million due to payments made to former employees in the form of severances, net of additional restructuring cost charged to expense during the three months ended March 31, 2010.

Pension Funding Obligations

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

The Data Group is required under applicable pension legislation to make monthly, annual and/or one-time cash contributions to the DBFL Plan and/or Relizon Canada Plan to fund current or future funding deficiencies which may emerge. Applicable pension legislation requires that the funded status of the defined benefit provisions of the Data Group's ongoing pension plans be determined periodically on both a going concern basis (i.e., essentially assuming

indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination). For the Relizon Canada Plan, which is in the process of winding up, its financial position is valued on a solvency basis only. The funded status of the Data Group's pension plans are impacted by actuarial assumptions, the plan's investment performance, changes in economic conditions and debt and equity markets, changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administrative expenses, among others. Where an actuarial valuation reveals a solvency deficit, current pension regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation.

During the year ended December 31, 2009, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that as at January 1, 2009, the solvency deficit increased in the DBFL Plan. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which applicable pension regulations allow the valuations to be completed every three years. Based on these valuations, the annual cash contributions to this plan will be determined annually and will depend on the plan's investment performance and changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administration expenses, among others. Under applicable pension regulations, the plan's solvency deficiency can be funded over a maximum period of five years. Based upon the January 1, 2009 actuarial valuation report, the Data Group will be required to increase its annual cash contributions to the DBFL Plan from \$1.5 million to approximately \$3.5 million effective from January 1, 2010, provided there is no change in actuarial valuation methodology. The final funding requirement for 2010 will be based on the actuarial valuation as at January 1, 2010, which will be completed within the first nine months of 2010.

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 be substantially completed within this fiscal year as requisite approvals from applicable pension regulatory authorities have been received.

During the year ended December 31, 2009, the Data Group engaged actuaries to prepare the wind-up actuarial report for the Relizon Canada Plan as at December 31, 2008. Based upon this wind-up report, the Relizon Canada Plan has an estimated wind-up deficiency of \$2.9 million and a 5 year annual funding obligation of \$0.6 million, assuming that the solvency deficit is fully funded and the benefits are settled by the end of 2013. During the three months ended March 31, 2010, the Data Group made its 2010 annual contribution of \$0.6 million and an additional wind-up contribution prepayment of \$0.6 million to the Relizon Canada Plan. It is currently expected that the wind-up benefit obligations will be substantially settled within this fiscal year. The outstanding wind-up deficiency will be estimated and funded by the Data Group in advance of the benefit settlement, as required under applicable pension regulations.

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

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

Working Capital – Accounts Receivable

The Data Group has accounts receivable from clients engaged in various industries, none of which are concentrated in any specific geographic area. These clients include financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies. The specific industries in which these clients operate may be affected by the current economic conditions impacting the domestic and global economies, which could adversely impact the Data Group's accounts receivable. Management of the Data Group does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at March 31, 2010, \$1.1 million or 2.9% (March 31, 2009 - \$2.8 million or 6.6%) of the Data Group's accounts receivable were more than 90 days old, which is an improvement from historical aging profiles.

Investing Activities

Capital expenditures for the quarter ended March 31, 2010 of \$0.3 million related primarily to maintenance capital expenditures and were financed by cash flow from operations and net proceeds from asset dispositions. During the three months ended March 31, 2010, the Data Group sold its former Orangeville, Ontario facility for gross proceeds of \$2.2 million.

Financing Activities

For the quarter ended March 31, 2010, the Fund paid or declared aggregate cash distributions of \$6.8 million to its unitholders.

OUTSTANDING UNIT DATA

At March 31, 2010, there were 23,490,592 units outstanding and \$34.8 million aggregate principal amount of 6.75% Convertible Debentures outstanding. At December 31, 2009, there were 23,490,592 units outstanding and \$34.8 million aggregate principal amount of 6.75% Convertible Debentures outstanding. Each of the 6.00% Convertible Debentures and 6.75% Convertible Debentures are convertible into Units. See "Liquidity and Capital Resources – Liquidity" above.

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. See "Outlook" below.

The Data Group has adopted a policy that the Data Group will distribute all of its available cash, subject to applicable law, by way of monthly distributions on its partnership interests (all of which are held directly or indirectly by the Fund), after satisfaction of its debt service obligations and other expense obligations (including pension and income tax liabilities and expenses associated with restructurings and productivity improvement initiatives), retaining amounts for capital expenditures, reasonable and appropriate working capital, and satisfaction of its obligations under the Data Group's long-term incentive plan.

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

The following is a summary of the declared distributions, record dates and payment dates in respect of the Fund's units in 2010:

Record Date	Payment Date	Per Unit	Amount
January 29, 2010	February 12, 2010	\$0.09656	\$2.268 million
February 26, 2010	March 15, 2010	\$0.09656	\$2.268 million
March 31, 2010	April 15, 2010	\$0.09656	\$2.269 million

CONTRACTUAL OBLIGATIONS

There were no significant new contractual obligations for operating leases during the three months ended March 31, 2010. See "Liquidity and Capital Resources – Liquidity" for a description of the Fund's 6.75% Convertible Debentures and 6.00% Convertible Debentures, respectively.

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)

	2010		2009			2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	85,564	90,698	84,443	84,269	90,417	96,508	89,205	93,733
Net income (loss)	3,379	6,236	3,261	749	2,797	(10,046)	1,147	4,003
Basic income (loss) per unit	0.14	0.27	0.14	0.03	0.12	(0.43)	0.05	0.17
Diluted income (loss) per unit	0.14	0.27	0.14	0.03	0.12	(0.43)	0.05	0.17

The variations in the Fund's quarterly revenues and net income (loss) over the eight quarters ended March 31, 2010 can be attributed to four principal factors: general poor economic conditions in Canada, goodwill impairment charges, restructuring expenses related to the Data Group's on-going productivity improvement initiatives and the Data Group's cost reduction initiatives.

The results of operations for the first quarter of 2010 and throughout 2009 were negatively affected by generally poor economic conditions in Canada, which were largely not a factor in relation to the corresponding periods in the second and third quarters of 2008. The Data Group's net income for second quarter of 2009 includes a non-recurring lease exit charge of \$0.9 million. The Data Group's net income for the third quarter of 2009 improved as a result of costs savings from on-going productivity improvements and cost reduction initiatives and revenues from new business, which increased capacity utilization and contributed a strong product mix with higher value added and margin.

During 2010, the Data Group incurred restructuring costs of \$0.2 million as part of its on-going productivity improvement initiatives to reduce its cost of operations.

During 2009, the Data Group incurred restructuring costs of \$2.0 million as part of its on-going productivity improvement initiatives to reduce its cost of operations. Included in the Data Group's quarterly net income for 2009

are restructuring expenses of \$0.1 million, \$0.3 million, \$0.9 million and \$0.7 million incurred during the first, second, third and fourth quarters of 2009, respectively.

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

During the fourth quarter of 2008, the Data Group performed its annual review for impairment of goodwill, which resulted in the Fund recognizing impairment of goodwill charges of \$5.9 million and \$3.6 million related to the Sundog and Multiple Pakfold segments, respectively. In fourth quarter of 2009, the Data Group performed its annual review for impairment of goodwill and no impairment of goodwill charges were necessary.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the effectiveness of disclosure controls and procedures (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group as of March 31, 2010. Based on that evaluation, those officers have concluded that, as of March 31, 2010, such disclosure controls and procedures were sufficiently effective to provide reasonable assurance that (i) material information relating to the Fund and the Data Group was made known to management, and (ii) information required to be disclosed by the Fund in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the 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, 2010. In making this evaluation, the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework was used to design the internal controls over financial reporting. Based on that evaluation, those officers have concluded that, as of March 31, 2010, such internal controls over financial reporting were sufficiently effective to provide reasonable assurance regarding the reliability of the Fund's financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

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

OUTLOOK

The first quarter of 2010 continued to be uncertain. While the Data Group continued to benefit from new business wins achieved in 2009, many of its traditional customers continued to experience lower activity levels. As a result, the Data Group experienced a 5.4% reduction in first quarter revenues compared to the same period in 2009. The Fund's Board of Trustees will continue to closely monitor the Fund's monthly distribution levels in light of the current economy and the Fund's on-going cash available for distribution and cash resources. The current economic environment continues to be very fluid, volatile and difficult to predict. Management will continue to manage the Data Group's business on a "more of the same basis" and believes the Data Group is well positioned to benefit from an economic recovery.

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

The Fund expects that the SIFT rules will, all other things being equal, likely result in a reduction of cash available for distribution from the Fund commencing in 2011. With respect to the limitations on equity unit issuances under the normal growth guidelines that accompanied the SIFT rules, the Fund believes that it should be able to fund its currently identified growth plan without exceeding its "normal growth". However, with the current uncertainty in the capital markets resulting from the tax changes, there can be no assurance that sufficient capital to fund further acquisitions or expansion projects will be available on terms acceptable to the Fund, or at all.

The Fund's Board of Trustees has determined that there are no current economic benefits associated with an early conversion from a SIFT trust to a taxable entity not subject to the SIFT rules. There is meaningful value in the interim period and the Fund therefore has no current intention to make significant changes to its structure during this period without compelling reasons to do otherwise. On March 12, 2009, legislation was enacted to permit public income trusts to "convert" into public corporations without triggering adverse tax consequences to the income trust and its unitholders. The Fund is currently evaluating the legislation, which provides for alternative methods whereby an income trust can convert to a public corporation. The Fund, with input from external legal and financial advisors, will continue to closely monitor developments in this area and expects to make further decisions over time with a view to maximizing value for the Fund's unitholders, including what the Fund's Board of Trustees determines will be the optimal structure post-2010.

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

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

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

NEW ACCOUNTING POLICIES

The Fund has not adopted any new accounting policies since the year ended December 31, 2009.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

SCOPING AND DIAGNOSTIC PHASE

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

IMPACT ANALYSIS AND DESIGN PHASE

In this phase, each area identified from the scoping and diagnostic phase will be addressed. This phase will determine changes required to existing accounting policies, information systems and business processes, together with an analysis of accounting policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The Data Group is assessing the impact of the conversion on business activities, including the effect on internal controls over financial reporting and disclosure controls. The Data Group has concluded that its current information technology infrastructure, data systems and reporting capability are sufficient to support the Fund and its subsidiaries during and after transition to IFRS. While IFRS may also affect internal controls over financial reporting, the Data Group does not expect such changes to be significant to the Fund and its subsidiaries. The Data Group will assess its key controls and their effectiveness in light of these changes, with the objective to ensure that proper internal controls are in place and operating effectively in order to facilitate the evaluation of the effectiveness of disclosure controls and procedures and the evaluation of the effectiveness of the internal controls over financial reporting (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group.

IMPLEMENTATION AND REVIEW PHASE

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

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

IFRS 1 – This standard provides entities with a number of optional and mandatory exemptions upon initial adoption of the IFRS standards. The exemption choices are being analyzed and the Fund and the Data Group will implement those determined to be most appropriate. The Data Group is finalizing its elections and will develop a listing of optional exemptions it intends to adopt. The Fund will disclose these elections in its future quarterly filings during 2010.

Property, plant and equipment – International Accounting Standards (“IAS”) 16 requires an entity to break an asset down to its significant parts upon initial measurement and depreciate assets based on the useful life of the significant individual components as opposed to the assets as a whole. This could have an impact on the way significant parts of printing presses are tracked and depreciated. Substantial work has been completed in this area, which includes a comprehensive review of the Data Group's property, plant and equipment by its corporate engineering department. Accounting policy choices are currently being finalized. The initial assessment reveals that IFRS will have minimal impact on the Data Group's current accounting for property, plant and equipment.

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

Recognition of leases – Unlike Canadian GAAP, IAS 17 does not provide prescriptive measurements on lease contracts. As a result, all lease contracts will need to be reviewed to determine if they are operating or capital leases based on whether or not management is of the view that substantially all the risks and rewards incidental to ownership have been transferred. IAS 17 also requires that in a sale-leaseback transaction where the leaseback is classified as an operating lease, any gain on sale is recognized immediately in income. This differs from the Data Group's current accounting policy, where, in accordance with Canadian GAAP, any gain on sale is deferred and recognized in income over the term of the operating lease. The Data Group has reviewed its material lease commitments and will finalize the accounting for its lease commitments once the IFRS standard applicable for 2011 has been finalized.

Accounting for defined benefit pension plans and other future employee benefits – IAS 19 permits the recognition of actuarial gains and losses directly through equity rather than through the income statement for defined benefit pension plans. The average remaining service period under IAS 19 includes all participants whether active or inactive, but under Canadian GAAP this only includes the active employees. For other future employee benefits, all actuarial gains and losses and past service costs must be recognized immediately with no amortization option. There is a paragraph under IAS 19, as interpreted by International Financial Reporting Interpretations Committee (“IFRIC”) 14, which imposes a limit on a balance sheet asset in respect of a funded defined benefit plan. The intent is to ensure that the balance sheet asset is limited to the amount recoverable by the Data Group in future periods through surplus refunds or contribution holidays. IFRIC 14 may also create an “additional liability” related to the Data Group's past service funding contribution requirements for a funded defined benefit plan. The impact of IFRIC 14 may be significant and the impact may change significantly from one year to the next. Any such IFRIC 14 impact as at the

transition date will be recognized as an adjustment to the Data Group's retained earnings. The Fund is currently working with its actuaries to assess the impact of IFRS on its employee future benefit liabilities.

Accounting for the units of the Fund - Units issued by the Fund give unitholders the right to "put" the units back to the Fund in exchange for cash. IAS 32 Financial Instruments: Presentation establishes the general principle that an instrument which gives the holder the right to "put" the instrument back to the issuer for cash should be classified as a financial liability, unless the instrument has all of the features and meets the conditions of the IAS 32 "puttable instrument amendment". If these "puttable instrument" criteria are met, the instrument is classified as equity. At the Fund's annual and special meeting of unitholders to be held on May 12, 2010, the Board of Trustees is proposing to unitholders certain amendments to the Fund's Declaration of Trust which will address the accounting and presentation of the Fund's units under IFRS.

In addition to the sections noted above, an IFRS-compliant opening balance sheet as at January 1, 2010 will be prepared. There are generally more extensive presentation and disclosure requirements under IFRS compared to Canadian GAAP. These will be noted during the impact analysis and design phase and will result in additional data collection where required.

During second and third quarters of 2010, the Data Group's IFRS implementation team plans to have the significant IFRS component evaluations with financial statement note disclosures completed for review by the Fund's external auditors. The Data Group's IFRS implementation team plans to manage the conversion project to ensure that the Fund and the Data Group has IFRS-compliant opening balance sheets and has developed significant IFRS accounting policies by November 2010.

RISKS AND UNCERTAINTIES

An investment in the units of the Fund involves risks. In addition to the information set out below and the other information contained in this report, investors should carefully consider the risks described in the Fund's MD&A for the year ended December 31, 2009 before investing in the Fund's units. The risks described in the Fund's MD&A for the year ended December 31, 2009 and this report 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

<i>(in thousands of dollars, unaudited)</i>	March 31, 2010	December 31, 2009
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	19,601	11,736
Accounts receivable	36,126	44,930
Inventories (note 4)	45,849	47,449
Prepaid expenses and other current assets	5,157	4,192
Assets held for sale (note 16)	-	2,085
	106,733	110,392
Property, plant and equipment	29,174	30,672
Goodwill	141,206	141,206
Intangible assets	41,739	44,305
	318,852	326,575
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	28,946	29,663
Accrued restructuring and integration provisions (note 6)	997	1,556
Income taxes payable	112	1,059
Deferred revenue	9,244	8,971
Distributions payable	2,269	2,269
	41,568	43,518
Revolving bank facility	70,000	70,000
Convertible debentures	34,529	34,488
Future income taxes (note 7)	5,703	6,018
Deferred gain	1,481	1,530
Unfavourable lease obligation	994	1,025
Deferred lease inducement	827	858
Lease exit accrual	758	793
Pension obligations (note 5)	6,068	8,003
Post-employment and post-retirement benefits	2,151	2,143
	164,079	168,376
Unitholders' Equity		
Units (note 10)	215,336	215,336
Conversion options	897	897
Deficit	(61,460)	(58,034)
	154,773	158,199
	318,852	326,575

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, 2010 \$	For the three months ended March 31, 2009 \$
Revenues	85,564	90,417
Cost of revenues (including depreciation of \$1,562 and \$1,806, respectively)	64,654	67,275
Gross profit	20,910	23,142
Expenses		
Selling, commissions and expenses	8,312	8,801
General and administration expenses (including depreciation of \$77 and \$76, respectively)	5,998	7,127
Gain on cancellation of convertible debentures	-	(2)
Amortization of intangible assets	2,566	2,649
	16,876	18,575
Income before interest and income taxes	4,034	4,567
Interest expense on long-term debt (net of interest income of \$nil and \$40, respectively)	1,294	1,436
Income before income taxes	2,740	3,131
Income tax expense (recovery) (note 7)		
Current	(324)	-
Future	(315)	334
	(639)	334
Net income for the period	3,379	2,797
Gain on cash flow hedges	-	281
Comprehensive income for the period	3,379	3,078
Basic income per unit	0.14	0.12
Diluted income per unit (note 11)	0.14	0.12
Units outstanding	23,490,592	23,490,592

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

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(in thousands of dollars, unaudited)

	Units	Conversion options	Accumulated other comprehensive income (loss)	Deficit	Total Unitholders' Equity
	\$	\$	\$	\$	\$
Balance as at December 31, 2008	215,336	898	(1,059)	(43,857)	171,318
Distributions declared	-	-	-	(6,805)	(6,805)
Cancellation of convertible debentures	-	(1)	-	-	(1)
Gain on cash flow hedges	-	-	281	-	281
Net income for the period	-	-	-	2,797	2,797
Balance as at March 31, 2009	215,336	897	(778)	(47,865)	167,590
Balance as at December 31, 2009	215,336	897	-	(58,034)	158,199
Distributions declared	-	-	-	(6,805)	(6,805)
Net income for the period	-	-	-	3,379	3,379
Balance as at March 31, 2010	215,336	897	-	(61,460)	154,773

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, 2010	For the three months ended March 31, 2009
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income for the period	3,379	2,797
Items not involving cash		
Depreciation of property, plant and equipment	1,639	1,882
Amortization of intangible assets	2,566	2,649
Pension expense	367	230
Contributions made to pension plans	(2,302)	(502)
Loss (gain) on disposal of property, plant and equipment	120	(105)
Gain on cancellation of convertible debentures	-	(2)
Accretion of convertible debentures	41	41
Amortization of deferred gain	(49)	(48)
Unfavourable lease obligation	(31)	(29)
Amortization of lease inducement	(31)	(30)
Accretion of lease exit accrual	(35)	-
Post-employment and post-retirement benefits	8	13
Future income tax (recovery) expense	(315)	334
	<u>5,357</u>	<u>7,230</u>
Changes in non-cash items relating to operating activities (note 9)	7,489	2,692
	<u>12,846</u>	<u>9,922</u>
Investing activities		
Purchase of property, plant and equipment	(250)	(1,139)
Proceeds on disposal of property, plant and equipment	2,074	648
	<u>1,824</u>	<u>(491)</u>
Financing activities		
Repurchase of convertible debentures	-	(6)
Distributions to unitholders (note 12)	(6,805)	(6,805)
	<u>(6,805)</u>	<u>(6,811)</u>
Increase in cash and cash equivalents during the period	<u>7,865</u>	<u>2,620</u>
Cash and cash equivalents – beginning of period	<u>11,736</u>	<u>11,492</u>
Cash and cash equivalents – end of period	<u>19,601</u>	<u>14,112</u>
Supplemental cash flow information		
Interest paid	578	676
Income taxes paid	596	-

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

Notes to Consolidated Financial Statements
The Periods Ended March 31, 2010 & 2009
(in thousands of dollars, except 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;
- b. Sundog – sells commercial printing products, document management services and event tickets; and
- c. Multiple Pakfold - sells forms and labels to independent brokers/resellers in the Canadian market.

Management of the Data Group believes that the acquisition of Relizon Canada 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 2009 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 2009 audited consolidated financial statements.

Notes to Consolidated Financial Statements
The Periods Ended March 31, 2010 & 2009
(in thousands of dollars, except number of units and per unit amounts, unaudited)

3. NEW ACCOUNTING POLICIES

The Fund has not adopted any new accounting policies since the year ended December 31, 2009.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

4. INVENTORIES

	March 31,	December 31,
	2010	2009
	\$	\$
Paper, carbon and ink	6,244	6,570
Work-in-progress	3,847	4,096
Forms, computer paper and labels	35,758	36,783
	45,849	47,449

The cost of inventories recognized as an expense within cost of revenues for the three months ended March 31, 2010 was \$60,731 (2009 – \$63,304).

5. PENSION OBLIGATIONS AND EXPENSES

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

During the year ended December 31, 2009, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that as at January 1, 2009, the solvency deficit increased in the DBFL Plan. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which applicable pension regulations allow the valuations to be completed every three years. Based on these valuations, the annual cash contributions to this plan will be determined annually and will depend on the plan's

Notes to Consolidated Financial Statements
The Periods Ended March 31, 2010 & 2009
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investment performance and changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administration expenses, among others. Under applicable pension regulations, the plan’s solvency deficiency can be funded over a maximum period of five years. Based upon the January 1, 2009 actuarial valuation report, the Data Group will be required to increase its annual cash contributions to the DBFL Plan from \$1.5 million to approximately \$3.5 million effective from January 1, 2010, provided there is no change in actuarial valuation methodology. The final funding requirement for 2010 will be based on the actuarial valuation as at January 1, 2010, which will be completed within the first nine months of 2010.

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 be substantially completed within this fiscal year as requisite approvals from applicable pension regulatory authorities have been received. During the year ended December 31, 2009, the Data Group engaged actuaries to prepare the wind-up actuarial report for the Relizon Canada Plan as at December 31, 2008. Based upon this wind-up report, the Relizon Canada Plan had an estimated wind-up deficiency of \$2,931 and a 5 year annual funding obligation of \$630, assuming that the solvency deficit is fully funded and the benefits are settled by the end of 2013. During the three months ended March 31, 2010, the Data Group made its 2010 annual contribution of \$630 and an additional wind-up contribution prepayment of \$630 to the Relizon Canada Plan. It is currently expected that the wind-up benefit obligations will be substantially settled within this fiscal year. The outstanding wind-up deficiency will be estimated and funded by the Data Group in advance of the benefit settlement, as required under applicable pension regulations.

The annual pension expense for the Data Group’s defined contribution pension plan, (the “DC Plan”) is based on the amounts earned by eligible employees. During the quarter ended September 30, 2009, the Data Group has reduced its contributions to the DC Plan in an effort to reduce its costs.

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

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
	\$	\$
Defined benefit plans	367	230
Defined contribution plan	493	1,033

6. ACCRUED RESTRUCTURING AND INTEGRATION PROVISIONS

a. Restructuring Provision – 2010 to 2008

During the three months ended March 31, 2010, the Data Group continued its restructuring and on-going productivity improvement initiatives to reduce its cost of operations. These initiatives resulted in a \$173 (2009 - \$49) charge to restructuring expense during the three months ended March 31, 2010. For the three months ended March 31, 2010, cash payments of \$570 (2009 - \$773) were made to former employees for severance and a significant amount of the remaining severance accrual of \$698 at March 31, 2010 will be paid during the remainder of 2010.

Notes to Consolidated Financial Statements
The Periods Ended March 31, 2010 & 2009
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b. Restructuring and Integration Provisions - 2007

In connection with the acquisition of Relizon Canada on August 31, 2006, the Fund adopted a plan to integrate and restructure the acquired business. The Data Group completed the restructuring activities under this plan during 2007 and expects a significant portion of the remaining severance accrual of \$299 at March 31, 2010 to be paid during the remainder of 2010. The liabilities relating to these costs were included in the allocation of the purchase price of Relizon Canada. For the three months ended March 31, 2010, cash payments of \$162 (2009 - \$529) were made to former employees for severance and a retiring allowance related to this restructuring.

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

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
	\$	\$
Balance - Beginning of period	1,556	3,957
Restructuring costs charged to expense	173	49
Cash payments	(732)	(1,302)
Balance - End of period	997	2,704

7. 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 has adopted a policy that the Fund will 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. The legislation imposes the same federal/provincial combined income tax rate applicable to corporations for 2011 and subsequent years. The future income tax recovery for the three months ended March 31, 2010 was due to a change in estimates of future reversals of temporary differences after December 31, 2010.

Notes to Consolidated Financial Statements
The Periods Ended March 31, 2010 & 2009
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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, 2010 and December 31, 2009, respectively, are as follows:

	March 31, 2010 \$	December 31, 2009 \$
Future income tax assets:		
Pension obligations, post-employment and post-retirement benefits	2,243	2,747
Deferred finance fees	125	123
Unfavourable lease obligation	201	201
Lease exit accrual	178	179
Lease escalation	207	201
Benefit of income tax loss and other carry-forwards	705	705
Deferred gain on sale leaseback	173	173
Other	314	330
Total future tax assets	4,146	4,659
Future income tax liabilities:		
Property, plant and equipment greater than tax values	712	1,552
Intangible assets greater than tax values	8,933	8,962
Other	204	163
Total future tax liabilities	9,849	10,677
Net future income tax liabilities	5,703	6,018

In the ordinary course of business, the Data Group and its subsidiaries and predecessors have entered into transactions where the ultimate tax determination may be uncertain. These uncertainties require management to make estimates of the ultimate tax liabilities and, accordingly, the provision for income taxes. Since there are inherent uncertainties, additional tax liabilities may result if tax matters are ultimately resolved or settled at amounts different from those estimates.

The Fund previously recorded the estimated amount payable by the Data Group of \$4,400 representing tax, interest and penalties to settle the anticipated reassessments by the Canada Revenue Agency ("CRA") and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company during the period from 2001 to 2006 and prior to the Fund's acquisition of Relizon Canada from The Relizon Company ("Relizon US"). An adjustment to the estimated amount payable by the Data Group related to this matter was recorded during the year ended December 31, 2009. During 2009, the Data Group paid \$3,470 to the CRA, and subsequently received refunds totalling \$772 from CRA in respect of this matter. During 2009, the Data Group also made payments totalling \$508 to certain provincial tax authorities in respect of this matter. During the three months ended March 31, 2010, the Data Group made the remaining payments totalling \$596 to certain provincial tax authorities and recorded a current income tax recovery of \$324 to finalize this matter.

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The Periods Ended March 31, 2010 & 2009
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During 2009, the Fund settled its outstanding legal proceedings against Relizon US seeking recovery of these tax reassessments and the related expenses incurred by the Fund in connection with these proceedings. Under the terms of the settlement reached between the parties, Relizon US and its affiliate, Workflow Management, Inc., paid to the Fund in 2009 a total of \$3,500, plus interest. The initial recovery of \$3,250, from Workflow Management, Inc. was established in fiscal 2008 and was included in other current assets.

8. FINANCIAL INSTRUMENTS

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, other receivables within other current assets, accounts payable and accrued liabilities, restructuring and integration provisions, distributions payable, revolving bank facility, and convertible debentures, as indicated in the Fund's balance sheets as at March 31, 2010 and at December 31, 2009, respectively.

Presentation

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

The Fund has classified its cash and cash equivalents as held for trading financial assets; accounts receivable, other receivables within other current assets as loans and receivables; accounts payable and accrued liabilities, accrued restructuring and integration provisions, distributions payable, revolving bank facility and convertible debentures as other financial liabilities and interest rate swaps (if any) 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. During the year ended December 31, 2009, the Fund's interest rate swaps matured. The interest rate swaps are included in other current assets and accounts payable and accrued liabilities as appropriate. The interest rate swaps are designated as cash flow hedges and, therefore, are accounted for in accordance with CICA Handbook Section 3865, Hedges. Under hedge accounting, interest expense is recognized as if the cash flow hedge and the hedged item were a single instrument. Realized and unrealized gains or losses which are associated with the derivative instruments and, which have been terminated or cease to be effective prior to maturity, are deferred in other comprehensive income and recognized in income in the period in which the underlying hedge transaction is recognized.

Fair value

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

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

The fair value of the derivative financial instruments generally reflects the estimates of the amounts the Data Group would receive by way of settlement of favourable contracts or that it would pay to terminate unfavourable contracts at

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The Periods Ended March 31, 2010 & 2009
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the balance sheet date. The fair value of the interest rate swaps are calculated using the quotes obtained from major financial institutions. Interest rate swaps designated as cash flow hedges are unfavourable and have a fair value and carrying value based on market values obtained from financial institutions.

Changes in the fair value of the interest rate swap are recognized in accumulated other comprehensive income to the extent that the hedge is effective. The ineffective portion, if any, is expensed in the consolidated statement of income. During the year ended December 31, 2009, the Data Group's interest rate swaps matured and as a result it no longer has any balance within other comprehensive income or accumulated other comprehensive income. The Data Group recorded realized gains on the maturity of the interest rate swaps of \$1,059 in other comprehensive income for the year ended December 31, 2009.

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, 2010 and as at December 31, 2009, respectively:

	March 31, 2010	
	Carrying Value	Fair Value
	\$	\$
Held for trading ⁽¹⁾	19,601	19,601
Loans and receivables ⁽²⁾	36,126	36,126
Other financial liabilities ⁽³⁾	135,334	136,151
<hr/>		
	December 31, 2009	
	Carrying Value	Fair Value
	\$	\$
Held for trading ⁽¹⁾	11,736	11,736
Loans and receivables ⁽²⁾	44,930	44,930
Other financial liabilities ⁽³⁾	136,253	136,511
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Notes:

- (1) *Includes only cash and cash equivalents. All held for trading assets were designated as such upon initial recognition.*
(2) *Includes accounts receivable and other receivables within other current assets.*
(3) *Includes accounts payable and accrued liabilities (excluding financial liabilities related to commodity taxes that are not contractual and that arise as a result of statutory requirements imposed by governments and therefore do not meet the definition of financial assets or financial liabilities), accrued restructuring provisions, distributions payable, revolving bank facility and convertible debentures.*

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Fair value hierarchy

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

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

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

Level 3 – valuation techniques with significant unobservable market inputs.

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

The following table presents the financial instruments recorded at fair value in the consolidated balance sheet as at March 31, 2010 and as at December 31, 2009, respectively, classified using the fair value hierarchy described above:

	Level 1	Level 2	Level 3	Total
March 31, 2010	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	19,601	-	-	19,601
December 31, 2009				
	Level 1	Level 2	Level 3	Total
December 31, 2009	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	11,736	-	-	11,736

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, 2009.

Credit risk

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

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

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The Data Group has accounts receivable from clients engaged in various industries none of which are concentrated in any specific geographic area. These clients include financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies. The specific industries in which these clients operate may be affected by the current economic conditions impacting domestic and global economies which could adversely impact the Data Group's accounts receivable. Management of the Data Group does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at March 31, 2010, \$1,084 or 2.9% (March 31, 2009 - \$2,777 or 6.6%) of the Data Group's accounts receivable were more than 90 days old, which is an improvement from historical aging profiles. The movements in the Data Group's allowance for doubtful accounts for the three month periods of 2010 and 2009, respectively, are as follows:

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
	\$	\$
Balance - Beginning of period	809	1,034
Provisions and revisions	(141)	(52)
Balance - End of period	668	982

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, 2010, the Data Group was holding cash and cash equivalents of \$19,601 and had access to \$20,000 of available credit less letters of credit granted of \$3,125 under its credit facilities.

The contractual maturities of the Fund's significant financial liabilities as at March 31, 2010, are as follows:

	Less than a year	1 to 3 years	Total
	\$	\$	\$
Accounts payable and accrued liabilities	28,946	-	28,946
Accrued restructuring and integration provisions	959	38	997
Distributions payable	2,269	-	2,269
Long-term debt ⁽¹⁾	-	70,000	70,000
Convertible debentures ⁽²⁾	-	34,824	34,824
Total	32,174	104,862	137,036

Notes:

(1) *Bank revolving credit facility, expiring on August 31, 2011.*

(2) *6.75% convertible debentures, maturing on December 31, 2011, convertible at 88.889 units per \$1,000 of debenture.*

The Fund believes that the currently projected cash flow from the operations of the Data Group, net proceeds from any asset dispositions and borrowings under available credit facilities, if necessary, as well as cash on hand will be sufficient to fund the Data Group's currently projected operating requirements, payments associated with accrued restructuring provisions as the result of on-going productivity improvement initiatives, payment of income tax liabilities, contributions to the Data Group's pension plans, maintenance capital expenditures and distributions to the Fund's unitholders in 2010.

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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.

At March 31, 2010, \$70,000 of the Data Group's indebtedness outstanding was subject to floating interest rates of 3.93%, a 1% increase/decrease in interest rates would have resulted in an increase/decrease in net income and comprehensive income by \$175 for the three month period ended March 31, 2010, 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 a material adverse impact on the operations of the Data Group.

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

	For the three months ended March 31, 2010	For the three months ended March 31, 2009
	\$	\$
Accounts receivable	8,804	6,233
Inventories	1,600	(3,422)
Prepaid expenses and other current assets	(965)	137
Income taxes payable	(947)	-
Accounts payable and accrued liabilities	(717)	2,108
Accrued restructuring and integration provisions	(559)	(1,253)
Deferred revenue	273	(1,111)
	7,489	2,692

10. 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.

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The following summarizes the changes in units during the period:

	March 31, 2010	
	Number of units	Amount \$
Balance – Beginning and end of period	23,490,592	215,336

Subsequent to the quarter ended March 31, 2010, the Fund issued 6.00% Convertible Debentures convertible at 81.967 units per \$1,000 of debentures. See note 17.

11. DILUTED INCOME PER UNIT

Convertible debentures in the amount of \$34,824 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 3,095,471 units higher.

12. DISTRIBUTIONS

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

The Fund makes regular monthly distributions to unitholders of record as of the last business day of each month. Distributions to unitholders are calculated and recorded when declared. Distributions by the Fund for the three months ended March 31, 2010 are as follows:

Period	Record date	Payment date	Per unit \$	Amount \$
January 2010	January 29, 2010	February 12, 2010	0.09656	2,268
February 2010	February 26, 2010	March 15, 2010	0.09656	2,268
March 2010	March 31, 2010	April 15, 2010	0.09656	2,269
				6,805

13. CAPITAL STRUCTURE

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

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

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

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The Fund's revolving bank facility is subject to a number of covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests at a subsidiary level. One such ratio is the Total Debt / EBITDA Ratio as defined in the Amended Credit Agreement. EBITDA is a non-GAAP measure and is calculated as Earnings before Interest, Taxes, Depreciation and Amortization. The maximum ratio allowed for a 12-month trailing period is 2.50. As at March 31, 2010, this ratio was calculated at 1.93. 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. The Fund expects that 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.

14. CONTINGENCIES

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

15. SEGMENTED INFORMATION

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

	For the three months ended March 31, 2010				
	DATA East and West	Sundog	Multiple Pakfold	Intersegment	Total
	\$	\$	\$	\$	\$
Revenues	78,073	4,838	3,744	(1,091)	85,564
Gross profit	18,986	1,268	656	-	20,910
Income before under noted items	7,596	426	146	-	8,168
Unallocated corporate and Fund expenses					4,134
Income before interest and income taxes					4,034
Interest expense on long-term debt – net					1,294
Current income tax recovery					(324)
Future income tax recovery					(315)
Net income for the period					3,379

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For the three months ended March 31, 2009

	DATA East and West	Sundog	Multiple		Total
	\$	\$	Pakfold	Intersegment	\$
	\$	\$	\$	\$	\$
Revenues	82,381	5,331	3,710	(1,005)	90,417
Gross profit	21,228	1,478	436	-	23,142
Income (loss) before under noted items	8,268	588	(81)	-	8,775
Unallocated corporate and Fund expenses					4,208
Income before interest and income taxes					4,567
Interest expense on long-term debt – net					1,436
Future income tax expense					334
Net income for the period					2,797

Warehousing revenues are approximately 7% of total consolidated revenues for the three months ended March 31, 2010 and 2009, respectively.

16. ASSETS HELD FOR SALE

On January 29, 2010, the Data Group completed the sale of its former Orangeville, Ontario facility for gross proceeds of \$2,200.

17. SUBSEQUENT EVENT

Subsequent to the quarter ended March 31, 2010, the Fund filed a short form prospectus and issued \$45,000 aggregate principal amount of 6.00% convertible unsecured subordinated debentures (the “6.00% Convertible Debentures”). The 6.00% Convertible Debentures bear interest at a rate of 6.00% payable semi-annually, in arrears, on June 30 and December 31 in each year commencing on December 31, 2010. The first interest payment on the 6.00% Convertible Debentures will include accrued and unpaid interest for the period from April 27, 2010 to, but excluding, December 31, 2010. The 6.00% Convertible Debentures mature on June 30, 2017 and are convertible into trust units of the Fund (“Units”), at the option of the holder prior to maturity or redemption at a conversion price of \$12.20 per Unit, subject to adjustment in certain events. The 6.00% Convertible Debentures may not be redeemed before June 30, 2013.

On or after June 30, 2013 and prior to June 30, 2015, the 6.00% Convertible Debentures may be redeemed by the Fund in whole or in part, from time to time, at the option of the Fund at a price equal to the principal amount thereof plus accrued and unpaid interest, provided that the current market price of the Units (being the volume-weighted average trading price of the Units on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fifth trading day preceding the applicable date) of at least 125% of the conversion price of the 6.00% Convertible Debentures. On or after June 30, 2015, the 6.00% Convertible Debentures may be redeemed by the Fund in whole or in part, from time to time, at the option of the Fund at a price equal to the principal amount thereof plus accrued and unpaid interest.

On redemption or at maturity, the Fund may, at its option, subject to regulatory approval and certain other conditions, elect to satisfy its obligation to pay the applicable redemption price for the principal amount of the 6.00% Convertible Debentures by issuing and delivering that number of Units obtained by dividing the aggregate redemption price of the

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debentures to be redeemed, or the principal amount of outstanding debentures which have matured, by 95% of the current market price of the Units on the date fixed for redemption or the maturity date.

In connection with the offering of the 6.00% Convertible Debentures, the Fund has granted to a syndicate of underwriters an option, exercisable in whole or in part at any time until May 27, 2010, to purchase up to \$5,000 aggregate principal amount of additional 6.00% Convertible Debentures upon the same terms and conditions as the 6.00% Convertible Debentures issued on April 27, 2010. The net proceeds from the sale of the 6.00% Convertible Debentures were approximately \$43,200 and will be used to reduce the Data Group's outstanding borrowings under its amended credit facility. Principal amounts repaid by the Data Group under its credit facility may be redrawn in accordance with the terms of the amended credit facility.

Subsequent to the quarter ended March 31, 2010, the Amended Credit Agreement was amended to permit the Fund to redeem the Fund's outstanding 6.75% Extendible Convertible Unsecured Subordinated Debentures (the "6.75% Convertible Debentures") prior to March 31, 2011 without the prior consent of the lenders under the Amended Credit Agreement, provided that no event of default under the Amended Credit Agreement has occurred and is continuing and subject to certain other conditions. The amendment permits the Data Group to use advances under the Amended Credit Agreement to fund the redemption price payable for 6.75% Convertible Debentures so redeemed. In addition, under the terms of the amendment, the Data Group has agreed that the 6.75% Convertible Debentures will be redeemed on or before March 31, 2011. The Fund currently intends to redeem the 6.75% Convertible Debentures during the first quarter of 2011 and to fund the redemption price with available borrowings under the Data Group's existing credit facilities, existing cash resources or a combination of both.

18. COMPARATIVE FIGURES

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

Corporate information

Directors, Trustees and Officers

Derek Ridout ^{2,3}

Chairman, Director and Trustee

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

Director and Trustee

John H. Greenhough ¹

Director and Trustee

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

Director and Trustee

David M. Odell

Director, Trustee and Officer

President and Chief Executive Officer

Paul O'Shea

Officer

Chief Financial Officer and Corporate Secretary

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

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