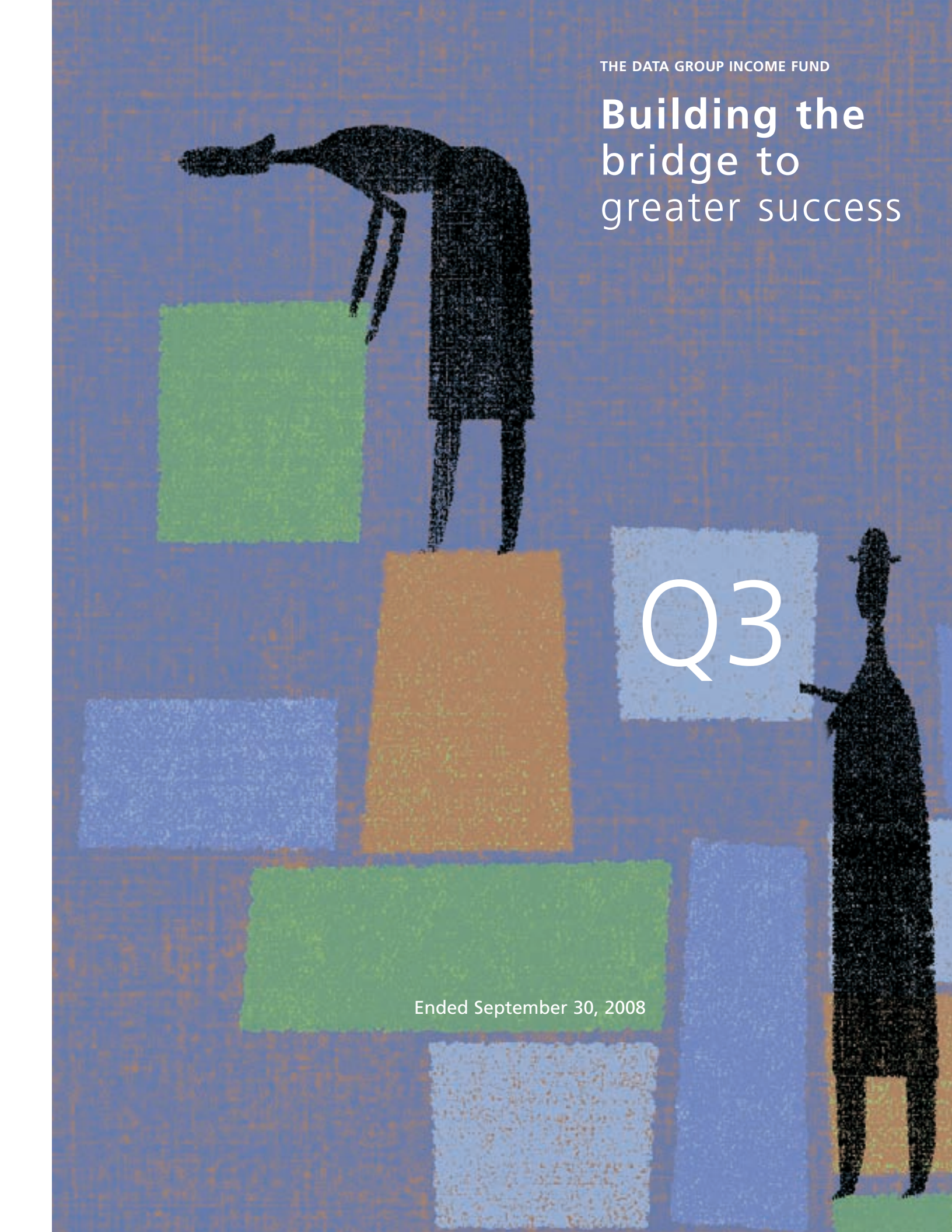


THE DATA GROUP INCOME FUND

Building the bridge to greater success



Q3

Ended September 30, 2008

Committed to our values

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

We are committed to customer service and quality.

We do what we say we will do.

We conduct our business ethically and legally.

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

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

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

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

LETTER TO UNITHOLDERS

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

Revenues for the quarter ended September 30, 2008 were \$89.2 million, a decrease of 1.1% compared to the same period in 2007. Net income for the third quarter of 2008 was \$1.1 million or \$0.05 per basic unit compared to a net income of \$1.4 million or \$0.06 per basic unit for the same period in 2007. Revenues for the nine months ended September 30, 2008 were \$284.0 million, a decrease of \$7.5 million compared to the same period in 2007. Net income for the nine months ended September 30, 2008 was \$10.7 million or \$0.46 per basic unit compared to a net loss of \$3.2 million or \$0.14 per basic unit for the same period in 2007.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization, and write down of assets held for sale) in the quarter was \$8.2 million or 9.2% of revenues compared to Adjusted EBITDA of \$8.1 million or 9.0% of revenues in the same period in 2007. Adjusted EBITDA for the nine months ended September 30, 2008 was \$31.1 million or 10.9% of revenues compared to EBITDA of \$25.5 million or 8.7% of revenues for the same period in 2007. See “Non-GAAP Measures” in the accompanying report.

During the quarter we extended our amended credit facility for an additional year. The terms and conditions remain the same and our amended credit facility now expires on August 31, 2010.

The Fund’s objective continues to be to provide unitholders with steady and dependable distributions. After a review by the Board of Trustees, we have determined that there are no current economic benefits associated with an early conversion from a Specified Investment Flow-Through Entity (“SIFT”) trust to a taxable entity not subject to the SIFT rules. We believe there is meaningful value in the interim period and therefore we have no intention to make significant changes to the Fund’s corporate structure during the period without compelling reasons to do so. The Fund’s current objective is to maintain its existing level of cash distributions to unitholders in 2011, notwithstanding the cash taxes which may then be payable by the Fund.

In our normally soft third quarter, the Fund had total cash available for distribution of \$6.1 million or \$0.260 per unit, an increase of 12.5% compared to the same period in 2007. Our total distributions to unitholders during the quarter were \$6.8 million or \$0.290 per unit for a payout ratio of 111.2% compared to a payout ratio of 125.1% in the same period in 2007. All of our distributions in the third quarter of 2008 were funded from cash generated by the Data Group’s operations and from existing cash resources. In the nine month period of 2008, the Fund had total cash available for distribution of \$24.5 million or \$1.045 per unit, an increase of 43.1% compared to the same period in 2007. Our total distributions to unitholders during the nine month period were \$20.4 million or \$0.870 per unit for a payout ratio of 83.2% compared to a payout ratio of 118.9% in the same period in 2007.

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

November 2008

The DATA Group Income Fund



David M. Odell
President and Chief Executive Officer

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

This Management's Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2008 should be read in conjunction with the MD&A of The DATA Group Income Fund (the "Fund") for the year ended December 31, 2007 and the unaudited interim financial statements of the Fund for the three and nine months ended September 30, 2008. These documents are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. External economic, industry and risk factors remain substantially unchanged from those described in the Fund's 2007 annual MD&A, unless otherwise noted.

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

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

The date of this MD&A is November 5, 2008. Additional information relating to the Fund, including the Fund's most recently filed audited consolidated financial statements, Annual Information Form and Management Proxy Circular, is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Fund and/or the Data Group, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund's current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance or achievements of the Fund and the Data Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The principal assumptions and risks that the Fund made or took into account in the preparation of these forward-looking statements include the 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; the impact of an uncertain domestic economy on the Data Group's businesses; the accuracy of estimated synergies in respect of expected cash flows, cost savings and profitability from the combination of the Data Business Forms Limited and Relizon Canada Inc. businesses; the risk that any savings, growth prospects or other synergies from the combination of those businesses will not be fully realized or will take longer to realize than expected; competition from competitors supplying similar products and services; the application of recent changes to the income tax treatment of certain income trusts, such as the Fund, which will subject the Fund to tax commencing in 2011 (assuming the Fund complies with the "normal growth guidelines" contained in such changes), and the effect of that announcement on the trading price of the Fund's units. Additional factors are discussed elsewhere in this MD&A and under the heading "Risks and Uncertainties" in the Fund's publicly

available disclosure documents, as filed by the Fund on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend and does not assume any obligation to update these forward-looking statements.

NON-GAAP MEASURES

This MD&A includes certain non-GAAP measures as supplementary information. When used in this MD&A, EBITDA means earnings before interest, taxes, depreciation and amortization, Adjusted EBITDA for the three and nine months ended September 30, 2008 means EBITDA adjusted for write downs of assets held for sale and Adjusted EBITDA for the three and nine months ended September 30, 2007 means EBITDA with no adjustments. The Fund believes that, in addition to net income, EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of the Data Group and/or the Fund. Cash available for distribution means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in non-cash working capital, and other non-cash items. Specifically, the Fund views cash available for distribution as a measure generally used by Canadian income funds, investors and management as an indicator of financial performance. EBITDA, Adjusted EBITDA and cash available for distribution are not earnings or cash flow measures recognized by GAAP and do not have any standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and cash available for distribution are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with GAAP as indicators of the Data Group's or the Fund's performance, nor is cash available for distribution an alternative to cash flows from operating, investing and financing activities determined in accordance with GAAP as measures of liquidity and cash flows. For a reconciliation of net income to Adjusted EBITDA, see Table 3 below. For a reconciliation of cash provided by operating activities to cash available for distribution, see Table 4 below.

BUSINESS OF THE DATA GROUP

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

Sources of Revenue and Revenue Recognition Policy

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

The Data Group recognizes revenue from the sale of products upon shipment to the customer, upon the transfer of title and when risk of loss passes to the buyer, and upon completion of services provided. When the customer

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

Costs of Revenues and Expenses

The Data Group's costs of revenues consist of raw materials, manufacturing salaries and benefits, occupancy and depreciation. The Data Group's raw material costs consist primarily of paper, carbon and ink. Manufacturing salaries and benefit costs consist of employee salaries and health benefits at the Data Group's printing and warehousing facilities. Occupancy costs consist primarily of lease payments at the Data Group's facilities, and utilities, insurance and building maintenance. Effective January 1, 2008, the Data Group adopted the new Canadian Institute of Chartered Accountants (CICA) Section 3031, Inventories, which resulted in the inclusion of fixed overhead costs associated with the Data Group's production activities in the cost of inventories whereas previously only variable costs were included in the cost of inventories. The cost of inventories on January 1, 2008 was increased by \$6.2 million with a corresponding decrease in the opening deficit. See note 3 to the Fund's consolidated financial statements for the quarter ended September 30, 2008 for the changes in accounting policies. The Data Group's expenses consist of selling, depreciation and amortization, and general and administration expenses. Selling expenses consist primarily of employee salaries and commissions, and include related travel, corporate communications costs, trade shows, and marketing programs. Depreciation and amortization represent the allocation to income of the cost of property, plant and equipment, and intangible assets over their estimated useful lives. General and administration expenses consist primarily of employee salaries and other personnel related expenses for executive, financial and administrative personnel, as well as facility, telecommunications and professional service fees.

Restructuring Costs

Following the completion of 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. On March 1, 2007, the Fund announced a restructuring plan resulting in the closure of four plants, the elimination of 121 jobs and the transfer of 99 jobs to other facilities. During the second and third quarters of 2007, the Data Group closed its plants located in Dorval, Quebec; Hemmingford, Quebec; Orangeville, Ontario; and Medicine Hat, Alberta. These plants ceased operations as of September 30, 2007. As a result of these initiatives, the Data Group has recognized restructuring costs and provisions relating to the termination of certain employees of the acquired business, and for other costs to exit or terminate specific leases and contracts which the Data Group intends to modify or terminate. At September 30, 2008, the amount of the remaining accrued restructuring and integration provisions was \$2.6 million. During the quarter ended September 30, 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.

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 September 30, 2008 and 2007 <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	Jul. 1 to Sept. 30, 2008	Jul. 1 to Sept. 30, 2007	Jan. 1 to Sept. 30, 2008	Jan. 1 to Sept. 30, 2007
	\$	\$	\$	\$
Revenues	89,205	90,221	283,964	291,418
Cost of revenues	66,220	66,672	206,644	214,885
Gross profit	22,985	23,549	77,320	76,533
Selling, general and administrative expenses	16,749	16,930	52,333	53,505
Integration costs	-	578	-	3,997
Write down of assets held for sale	927	-	927	-
Amortization of intangible assets	2,744	2,411	8,232	7,233
Income before interest and income taxes	2,565	3,630	15,828	11,798
Interest expense on long-term debt	1,500	1,626	4,569	4,733
Income before income taxes	1,065	2,004	11,259	7,065
Future income tax (recovery) expense	(82)	566	518	10,312
Net income (loss) for the period	1,147	1,438	10,741	(3,247)
Basic and diluted income (loss) per unit	0.05	0.06	0.46	(0.14)
Weighted average number of units outstanding	23,490,592	23,486,891	23,490,592	23,497,417
Consolidated Balance Sheet Information				
Current assets	111,451	101,146	111,451	101,146
Current liabilities	44,675	54,019	44,675	54,019
Total assets	360,674	371,229	360,674	371,229
Total long-term liabilities	127,257	128,019	127,257	128,019
Unitholders' equity	188,742	189,191	188,742	189,191

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 September 30, 2008 and 2007 <i>(in thousands of dollars, except percentage amounts, unaudited)</i>	Jul. 1 to Sept. 30, 2008 \$	Jul. 1 to Sept. 30, 2007 \$	Jan. 1 to Sept. 30, 2008 \$	Jan. 1 to Sept. 30, 2007 \$
Revenues				
DATA East and West	81,973	81,698	258,712	262,576
Sundog	5,063	5,939	17,191	19,584
Multiple Pakfold	3,931	4,279	11,938	13,866
Intersegment	(1,762)	(1,695)	(3,877)	(4,608)
	89,205	90,221	283,964	291,418
Gross profit				
DATA East and West	21,373	21,462	71,360	68,477
Sundog	1,167	1,765	4,752	6,529
Multiple Pakfold	445	322	1,208	1,527
	22,985	23,549	77,320	76,533
Gross profit, as a percentage of revenues				
DATA East and West	26.1%	26.3%	27.6%	26.1%
Sundog	23.0%	29.7%	27.6%	33.3%
Multiple Pakfold	11.3%	7.5%	10.1%	11.0%
	25.8%	26.1%	27.2%	26.3%
Selling, general and administrative expenses				
	16,749	16,930	52,333	53,505
As a percentage of revenues				
	18.8%	18.8%	18.4%	18.4%
Adjusted EBITDA (Table 3)				
	8,219	8,106	31,091	25,474
Adjusted EBITDA margin, as a percentage of revenues				
	9.2%	9.0%	10.9%	8.7%
Net income (loss)				
	1,147	1,438	10,741	(3,247)

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

Adjusted EBITDA Reconciliation

For the periods ended September 30, 2008 and 2007 <i>(in thousands of dollars, unaudited)</i>	Jul. 1 to Sept. 30, 2008 \$	Jul. 1 to Sept. 30, 2007 \$	Jan. 1 to Sept. 30, 2008 \$	Jan. 1 to Sept. 30, 2007 \$
Net income (loss) for the period	1,147	1,438	10,741	(3,247)
Net interest expense on long-term debt	1,500	1,626	4,569	4,733
Depreciation of property, plant and equipment	1,983	2,065	6,104	6,443
Write down of assets held for sale	927	-	927	-
Amortization of intangible assets	2,744	2,411	8,232	7,233
Future income tax (recovery) expense	(82)	566	518	10,312
Adjusted EBITDA	8,219	8,106	31,091	25,474

RESULTS OF OPERATIONS

THE DATA GROUP INCOME FUND

Revenues

For the quarter ended September 30, 2008, the Fund recorded revenues of \$89.2 million, a decrease of \$1.0 million or 1.1% compared with the same period in 2007. The net decrease, before intersegment revenues, was the result of a \$0.3 million increase in the Data East and West segment offset by a \$0.9 million decrease in the Sundog segment and \$0.3 million decrease in the Multiple Pakfold segment. For the nine months ended September 30, 2008, the Fund recorded revenues of \$284.0 million, a decrease of \$7.5 million or 2.6% compared with the same period in 2007. The net decrease, before intersegment revenues, was the result of a \$3.9 million decrease in the DATA East and West segment, a \$2.4 million decrease in the Sundog segment and a \$1.9 million decrease in the Multiple Pakfold segment. A more detailed discussion of the results of operations of each of the Fund's reporting segments is set out below.

Cost of Revenues and Gross Profit

For the quarter ended September 30, 2008, cost of revenues decreased to \$66.2 million from \$66.7 million for the same period in 2007. Gross profit for the quarter ended September 30, 2008 was \$23.0 million, which represented a decrease of \$0.6 million or 2.4% from \$23.5 million for the same period in 2007. The decrease in gross profit was attributable to a \$0.6 million decrease in the Sundog segment. Gross profit as a percentage of revenues decreased to 25.8% for the quarter ended September 30, 2008 compared to 26.1% for the same period in 2007. The net decrease in gross profit for 2008 resulted from a gross profit decrease in the Sundog segment offset by an improvement in gross profit in the Multiple Pakfold segment. For the nine months ended September 30, 2008, cost of revenues decreased to \$206.6 million from \$214.9 million for the same period in 2007. Gross profit for the nine months ended September 30, 2008 was \$77.3 million, which represented an increase of \$0.8 million or 1.0% from \$76.5 million in the same period of 2007. Gross profit as a percentage of revenue increased to 27.2% for the nine months ended September 30, 2008 from 26.3% for the same period in 2007.

Selling, General and Administrative Expenses and Integration Costs

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund, for the quarter ended September 30, 2008 decreased \$0.2 million to \$16.7 million compared to \$16.9 million in the same period of 2007. SG&A expenses for the three months ended September 30, 2008 included \$0.2 million of severance costs related to the Data Group's on-going productivity improvements initiatives. As a percentage of revenues, these costs were 18.8% of revenues for the quarters ended September 30, 2008 and 2007. SG&A expenses for the nine months ended September 30, 2008 decreased by \$1.2 million to \$52.3 million compared to \$53.5 million in the same period of 2007. SG&A expenses for the nine months ended September 30, 2008 were lower due to cost savings realized from the Data Group's restructuring and on-going productivity improvement initiatives. For the nine months ended September 30, 2008, the Data Group incurred \$0.5 million of severance costs included in SG&A related to those on-going productivity improvement initiatives. For the quarter ended September 30, 2007, the Data Group incurred \$0.6 million of costs related to the integration of the former Data Business Forms Limited and Relizon Canada businesses, which primarily consisted of severance and moving expenses incurred in connection with the restructuring announced by the Fund on March 1, 2007. Those integration costs were attributable primarily to the DATA East and West segment, by virtue of the fact that the operations of the former Relizon Canada business now form part of that segment. The balance of those integration costs were attributable to the Multiple Pakfold segment. For the nine months ended September 30,

2007, the Data Group incurred \$4.0 million of costs related to the integration of the former Data Business Forms Limited and Relizon Canada businesses, which primarily consisted of severance and moving expenses incurred in connection with the restructuring announced by the Fund on March 1, 2007.

Write down of assets held for sale

During the quarter ended September 30, 2008, the Data Group determined that the carrying value of a property held for sale required a write down and therefore recorded a charge of \$0.9 million before income tax recovery of \$0.3 million.

Adjusted EBITDA

For the quarter ended September 30, 2008, Adjusted EBITDA was \$8.2 million, or 9.2% of revenues. Adjusted EBITDA for the quarter ended September 30, 2008 increased \$0.1 million or 1.4% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, increased from 9.0% of revenues in 2007 to 9.2% of revenues in 2008. For the nine months ended September 30, 2008, Adjusted EBITDA was \$31.1 million or 10.9% of revenues. Adjusted EBITDA for the nine months ended September 30, 2008 increased \$5.6 million or 22.0% from the same period in the prior year and the Adjusted EBITDA margin for the nine month period, as a percentage of revenues, increased from 8.7% of revenues in 2007 to 10.9% of revenues in 2008.

Interest Expense

Net interest expense on long-term debt relating to the Data Group's credit facilities and the Fund's \$34.8 million aggregate principal amount of outstanding Convertible Debentures was \$1.5 million for the quarter ended September 30, 2008 compared to \$1.6 million for the same period in 2007. Net interest expense on long-term debt was \$4.6 million for the nine months ended September 30, 2008 compared to \$4.7 million for the same period in 2007.

Interest income of \$0.1 million and \$0.3 million earned during the three and nine month periods ended September 30, 2008, respectively, was consistent with the applicable prior periods. This interest income was substantially related to the cash and cash equivalents held by the Data Group.

Income Taxes

The Fund reported income before income taxes of \$1.1 million and a future income recovery of \$0.1 million for the quarter ended September 30, 2008. The net future income tax liability of \$7.2 million represents estimated temporary differences at September 30, 2008 that are expected to reverse starting in fiscal year 2011. 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 \$2.0 million and a future income tax expense of \$0.6 million for the quarter ended September 30, 2007. On June 22, 2007, Bill C-52, which contained the SIFT rules (described below under the heading "Outlook"), became law. As a result, under GAAP the Fund commenced accounting for tax changes during the quarter ended June 30, 2007 and recorded a net long-term future income tax liability of \$9.3 million with a corresponding amount of \$9.7 million recognized in the Fund's consolidated statement of income and comprehensive income.

The Fund reported income before income taxes of \$11.3 million and a future income tax expense of \$0.5 million for the nine months ended September 30, 2008. The future income tax expense was due to a change in estimates of future reversals of temporary differences. The Fund reported income before income taxes of

\$7.1 million and a future income tax expense of \$10.3 million for the nine months ended September 30, 2007 related to the change in tax law described above.

Net Income (Loss)

Net income for the quarter ended September 30, 2008 was \$1.1 million compared to a net income of \$1.4 million for the quarter ended September 30, 2007. Net income for the nine months ended September 30, 2008 was \$10.7 million compared to a net loss of \$3.2 million for the nine months ended September 30, 2007. The increase in comparable profitability was due to the factors discussed above.

DATA EAST AND WEST

Revenues at the Data Group's DATA East and West segment for the three months ended September 30, 2008 increased \$0.3 million or 0.3% to \$82.0 million from \$81.7 million for the same period in the prior year. Revenues for the nine months ended September 30, 2008 decreased \$3.9 million or 1.5% to \$258.7 million from \$262.6 million for the same period in the prior year.

Revenues for the three months ended September 30, 2008 increased in Western Canada but were offset by declines in Eastern Canada due to lower demand for direct mail and traditional business forms.

The decrease in revenues for the nine months ended September 30, 2008 was due to the Data Group's determination, following a strategic review that commenced in 2007, to eliminate from its customer offering certain low margin products and services previously manufactured and provided by the segment. In addition, there have been declines in revenues earned from traditional business forms and direct mail. A factor in the decline in traditional forms revenues has been a decrease in revenues from small to medium sized customers. The Data Group increased its focus on the revenues from these customers during the third quarter of 2008. The segment continued to experience increases in sales of variable imaging and fulfillment warehousing services as a result of contracts signed in the fourth quarter of 2007.

For the quarter ended September 30, 2008, gross profit decreased \$0.1 million to \$21.4 million from \$21.5 million for the same period in 2007. Gross profit as a percentage of revenues for the quarter ended September 30, 2008 decreased to 26.1% from 26.3% for the same period in 2007. The relatively flat gross profit as a percentage of revenues during the quarter ended September 30, 2008 was due to weakness in our direct mail and traditional business forms businesses. This segment continues to be focused upon improving productivity and efficiencies in the operation of the equipment transferred between locations in connection with the Data Group's restructuring announced in March 2007. During the quarter ended September 30, 2008, these initiatives gave rise to the severance costs noted in Selling, General and Administrative Expenses and Integration Costs above.

For the nine months ended September 30, 2008, gross profit increased \$2.9 million to \$71.4 million from \$68.5 million in the same period in 2007. Gross profit as a percentage of revenues for the nine months ended September 30, 2008 increased to 27.6% from 26.1% for the same period in 2007. The increase in gross profit was due to the integration and restructuring initiatives completed in 2007, which resulted in lower labour and overhead costs. In addition, the increase in the gross profit as a percentage of revenues during the nine month period was due to the elimination of certain low margin products and services from the segment's customer offering. This segment continues to be focused upon improving productivity and efficiencies in the operation of the equipment transferred between locations in connection with that restructuring as noted above. During the

nine months ended September 30, 2008, these initiatives gave rise to the severance costs noted in Selling, General and Administrative Expenses and Integration Costs above.

SUNDOG

Revenues at the Data Group's Sundog segment for the quarter ended September 30, 2008 decreased \$0.9 million to \$5.1 million from \$6.0 million in 2007. Revenues for the nine months ending September 30, 2008 decreased \$2.4 million to \$17.2 million from \$19.6 million for the same period in the prior year. The decrease in revenues for the three and nine months ended September 30, 2008 were a result of continued weaker local market demand for commercial printing in Alberta and increased competition in that market. In addition, current economic conditions continue to negatively affect demand for commercial printing in that market, primarily marketing materials.

For the quarter ended September 30, 2008, gross profit decreased \$0.6 million to \$1.2 million from \$1.8 million for the same period in 2007. Gross profit as a percentage of revenues for the quarter ended September 30, 2008 decreased to 23.0% from 29.7% for the same period in 2007. For the nine months ended September 30, 2008, gross profit decreased \$1.8 million to \$4.8 million from \$6.6 million in the same period of 2007. Gross profit as a percentage of revenues for the nine months ended September 30, 2008 decreased to 27.6% from 33.3% for the same period in 2007. The overall decrease in gross profit was due to the revenue shortfall for the three and nine months ended September 30, 2008 as noted above. During the fourth quarter of 2007, the Data Group strengthened Sundog's sales management, added new sales representatives and tightened cost controls, all of which were expected to help mitigate the impact of current market conditions on Sundog's results of operations. The expected impact has not yet materialized due to continued weak market conditions.

MULTIPLE PAKFOLD

Revenues at the Data Group's Multiple Pakfold segment for the quarter ended September 30, 2008 decreased \$0.3 million or 8.1% to \$4.0 million from \$4.3 million in 2007. Revenues for the nine months ended September 30, 2008 decreased \$1.9 million or 13.9% to \$12.0 million from \$13.9 million for the same period in the prior year.

The decline in revenues for the three and nine months ended September 30, 2008 were attributable to the loss of business in the Ontario and Quebec market as a result of the integration and restructuring activities in 2007, which disrupted Multiple Pakfold's operations and adversely affected the segment's ability to meet customer delivery requirements. The Data Group has implemented management and other changes in its Multiple Pakfold segment which it believes have resolved those operational difficulties and that revenues should improve over the longer term as Multiple Pakfold demonstrates to its customers that it is able to meet their delivery requirements.

Gross profit was \$0.4 million and \$0.3 million for the quarters ended September 30, 2008 and 2007, respectively. Gross profit as a percentage of revenues for the quarter ended September 30, 2008 was 11.3% compared to 7.5% for the same period in 2007. The increase in gross profit was due to the initiatives referred to above. For the nine months ended September 30, 2008, gross profit decreased \$0.3 million to \$1.2 million from \$1.5 million for the same period of 2007. Gross profit as percentage of revenues for the nine months ended September 30, 2008 was 10.1% compared to 11.0% for the same period in 2007. Gross profit for the nine months ended September 30, 2008 was negatively impacted by the operational difficulties referred above.

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

Cash Available for Distribution Reconciliation

For the periods ended September 30, 2008 and 2007 <i>(in thousands of dollars, except percentages and per unit amounts, unaudited)</i>	Jul. 1 to Sept. 30, 2008 \$	Jul. 1 to Sept. 30, 2007 \$	Jan. 1 to Sept. 30, 2008 \$	Jan. 1 to Sept. 30, 2007 \$
Cash provided by operating activities	6,341	1,358	29,332	13,990
<i>Capital adjustments</i>				
Maintenance capital expenditures ⁽¹⁾	(692)	(1,404)	(2,159)	(4,156)
<i>Other adjustments including discretionary items:</i>				
Changes in non-cash working capital and other ⁽²⁾	470	5,487	(2,629)	7,323
Cash available for distribution	6,119	5,441	24,544	17,157
Distributions to unitholders ⁽³⁾	6,805	6,804	20,415	20,406
Excess (shortfall) of cash available for distribution over actual distributions	(686)	(1,363)	4,129	(3,249)
<i>Per unit ⁽⁴⁾</i>				
Cash available for distribution per unit ⁽⁴⁾	0.260	0.232	1.045	0.731
Distributions to unitholders per unit ⁽⁴⁾	0.290	0.290	0.870	0.870
Excess (shortfall) of cash available for distribution per unit over actual distributions per unit	(0.030)	(0.058)	0.175	(0.139)
Payout ratio ⁽⁵⁾	111.2%	125.1%	83.2%	118.9%

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 operating activities has been adjusted for changes in non-cash working capital and other items so as to remove the impact of timing differences in cash receipts and cash disbursements, which generally reverse themselves but can vary significantly across quarters, and the impact of cash payments related to the restructuring liabilities assumed in the acquisition of Relizon Canada.
- ⁽³⁾ Distributions are in respect of the distributions declared.
- ⁽⁴⁾ Per unit calculations are based upon the number of units outstanding at the end of each month consistent with the number of units upon which distributions are declared and paid and not the weighted average number of units outstanding. As at September 30, 2008 and 2007, 23,490,592 units were outstanding.
- ⁽⁵⁾ The payout ratio represents the percentage of distributions declared to unitholders divided by the cash available for distribution.

CASH AVAILABLE FOR DISTRIBUTION

For the quarter ended September 30, 2008, the Fund generated \$6.1 million or \$0.260 per unit of cash available for distribution compared to \$5.4 million or \$0.232 per unit for the same period in 2007. Cash available for distribution for the quarter ended September 30, 2008 was calculated by adding back changes in non-cash working capital and other non-cash items of \$0.5 million and deducting maintenance capital expenditures of \$0.7 million from cash provided by operating activities of \$6.3 million. Cash available for distribution for the quarter ended September 30, 2007 was calculated by adding back the changes in non-cash working capital and other non-cash items of \$5.4 million and deducting maintenance capital expenditures of \$1.4 million from cash provided by operating activities of \$1.4 million. See Table 4 above for a breakdown of these figures for the three months ended September 30, 2008 and 2007, respectively.

For the nine months ended September 30, 2008, the Fund generated \$24.5 million or \$1.045 per unit of cash available for distribution compared to \$17.2 million or \$0.731 per unit in the prior year. Cash available for distribution for the nine months ended September 30, 2008 was calculated by deducting the changes in non-cash working capital and other non-cash items of \$2.6 million and deducting maintenance capital expenditures of \$2.2 million from cash provided by operating activities of \$29.3 million. Cash available for distribution for the nine months ended September 30, 2007 was calculated by adding back the changes in non-cash working capital and other non-cash items of \$7.3 million and deducting maintenance capital expenditures of \$4.2 million from cash provided by operating activities of \$14.0 million. See Table 4 above for a breakdown of these figures for the periods from January 1, 2008 to September 30, 2008 and from January 1, 2007 to September 30, 2007, respectively.

For the quarter ended September 30, 2008, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$0.7 million or \$0.030 per unit for the quarter ended September 30, 2008. During the quarter ended September 30, 2008, the Data Group made cash payments of \$0.4 million for the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting of primarily severance payments and moving costs. These cash payments were funded by cash generated from operations. During the quarter ended September 30, 2007, the Data Group made cash payments of \$2.6 million for those restructuring and integration costs. For the quarter ended September 30, 2007, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$1.4 million or \$0.058 per unit for the quarter ended September 30, 2007. See Table 4 above for a breakdown of these figures for the three months ended September 30, 2008 and 2007, respectively.

For the nine months ended September 30, 2008, the Fund declared distributions of \$20.4 million or \$0.870 per unit. Cash available for distribution exceeded actual distributions by \$4.1 million or \$0.175 per unit for the nine months ended September 30, 2008. During the nine months ended September 30, 2008, the Data Group made cash payments of \$2.2 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 of primarily severance payments and moving costs. These cash payments were funded by cash generated from operations and the net proceeds from asset dispositions. During the nine months ended September 30, 2007, the Data Group made cash payments of \$6.7 million for those restructuring and integration costs. For the nine months ended September 30, 2007, the Fund declared distributions of \$20.4 million or \$0.870 per unit. Actual distributions exceeded cash available for distribution by \$3.2 million or \$0.139 per unit for the nine months ended September 30, 2007. See Table 4

above for a breakdown of these figures for the periods from January 1, 2008 to September 30, 2008 and from January 1, 2007 to September 30, 2007, respectively.

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

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

For the periods ended September 30, 2008 and 2007 <i>(in thousands of dollars, unaudited)</i>	Jul. 1 to Sept. 30, 2008	Jul. 1 to Sept. 30, 2007	Jan. 1 to Sept. 30, 2008	Jan. 1 to Sept. 30, 2007
	\$	\$	\$	\$
Cash provided by operating activities	6,341	1,358	29,332	13,990
Net income (loss) for the period	1,147	1,438	10,741	(3,247)
Actual cash distributions paid or declared relating to the period	6,805	6,804	20,415	20,406
<hr/>				
(Shortfall) excess of cash provided by operating activities over cash distributions paid or declared	(464)	(5,446)	8,917	(6,416)
Shortfall of net income (loss) over cash distributions paid or declared	(5,658)	(5,366)	(9,674)	(23,653)

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

See Table 5 above for a reconciliation of cash provided by operating activities to cash available for distribution for the three and the nine month periods ended September 30, 2008 and 2007, respectively. Cash provided by operating activities includes changes in working capital, including liabilities assumed on the acquisition of the Relizon Canada business, and accrued restructuring and integration provisions recorded as part of the purchase price accounting for the Relizon Canada acquisition.

Distributions paid by the Fund on its outstanding units during the quarter ended September 30, 2008 were funded from cash generated by the Data Group's operations and from existing cash resources. The shortfall of cash provided by operating activities over cash distributions paid or declared for the quarter ended September 30, 2008 was principally due to slower than expected revenues from the Data Group's Sundog and Multiple Pakfold segments and lower gross profit in each of the Data Group's operating segments discussed above under the heading "RESULTS OF OPERATIONS". The shortfall of cash provided by operating activities over cash distributions paid or declared for the quarter ended September 30, 2007 was due to severance payments made during the quarter to former employees of the Data Group in connection with the March 1, 2007 restructuring, and payments of other restructuring and integration costs of \$2.6 million incurred in connection with the combination of the former Data Business Forms Limited and Relizon Canada businesses.

Distributions paid by the Fund on its outstanding units during the nine months ended September 30, 2008 were funded from cash generated by the Data Group's operations. The excess of cash provided by operating activities over cash distributions paid or declared for the nine months ended September 30, 2008 was principally

due to the realized cost savings from the Data Group's restructuring and integration activities in 2007 and the increase in gross profit discussed above under the heading "RESULTS OF OPERATIONS". The shortfall of cash provided by operating activities over cash distributions paid or declared for the nine months ended September 30, 2007 was principally due to severance payments made during the nine month period to former employees of the Data Group in connection with the March 1, 2007 restructuring, and payments of other restructuring and integration costs of \$6.7 million incurred in connection with the combination of the former Data Business Forms Limited and Relizon Canada businesses.

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

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

In calculating cash available for distribution and determining distributions, the Fund excludes non-cash expenses that are charged to earnings and deducts capital expenditures which are capitalized in its consolidated financial statements. The non-cash expenses in the three and nine months ended September 30, 2008 and September 30, 2007, respectively, which were not included in determining cash distributions, consisted of depreciation of property, plant and equipment, amortization of intangible assets, write down of assets held for sale, and future income tax expenses or recoveries.

For the quarter ended September 30, 2008, the Fund's cash distributions paid or declared to its unitholders exceeded net income by \$5.7 million. Net income for the quarter ended September 30, 2008 included \$2.7 million in non-cash amortization of intangible assets, \$2.0 million in non-cash amortization of depreciation of property, plant and equipment, a \$0.9 million non-cash write down of assets held for sale and a \$0.1 million non-cash future income tax recovery.

For the quarter ended September 30, 2007, the Fund's cash distributions paid or declared to its unitholders exceeded net income by \$5.4 million. Net income for the quarter ended September 30, 2007 included \$2.4 million in non-cash amortization of intangible assets, and \$2.1 million in non-cash depreciation of property, plant and equipment and a \$0.6 million non-cash future income tax expense.

For the nine months ended September 30, 2008, the Fund's cash distributions paid or declared to its unitholders exceeded net income by \$9.7 million. Net income for the nine months ended September 30, 2008 included \$8.2 million in non-cash amortization of intangible assets, \$6.1 million in non-cash amortization of depreciation of property, plant and equipment, a \$0.9 million non-cash write down of assets held for sale and a \$0.5 million non-cash future income tax expense.

For the nine months ended September 30, 2007, the Fund's cash distributions paid or declared to its unitholders exceeded net loss by \$23.7 million. The net loss for the nine months ended September 30, 2007 included \$7.2 million in non-cash amortization of intangible assets, and \$6.4 million in non-cash depreciation of property, plant and equipment and a \$10.3 million non-cash future income tax expense.

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

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).

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

Eight Quarter Consolidated Statement of Cash Available for Distribution – Summary

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

	2008				2007			2006
	Q3	Q2	Q1	Q4 ⁽¹⁾	Q3 ⁽¹⁾	Q2 ⁽¹⁾	Q1 ⁽¹⁾	Q4 ⁽¹⁾
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted EBITDA	8,219	10,668	12,204	15,330	8,106	7,396	9,972	13,213
Cash available for distribution	6,119	8,181	10,244	12,788	5,386	4,355	7,361	8,300
Distributions to unitholders	6,805	6,805	6,805	6,805	6,804	6,801	6,801	6,801
(Shortfall) excess of cash for distribution over actual distributions	(686)	1,376	3,439	5,983	(1,418)	(2,446)	560	1,499
Per unit								
Cash available for distribution per unit	0.260	0.349	0.436	0.544	0.229	0.186	0.314	0.354
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	(0.030)	0.059	0.146	0.254	(0.061)	(0.104)	0.024	0.064

Notes:

(1) Includes integration expenses related to the combination of the former Data Business Forms Limited and Relizon Canada businesses of \$0.2 million in the fourth quarter of 2006, of \$1.1 million, \$2.4 million \$0.6 million and \$0.3 million for the first, second, third and fourth quarters of 2007, respectively, and integration related capital expenditures of \$1.0 million for both the second and third quarters of 2007, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Data Group maintains an amended credit facility with two Canadian chartered banks in the maximum amount of up to \$90.0 million expiring on August 31, 2010. As at September 30, 2008, the Data Group had outstanding borrowings of \$70.0 million against this credit facility and was in compliance with its amended credit facility covenants. The Data Group is exposed to financial market risk resulting from changes in interest rates, and recent developments in the financial markets have increased the Data Group's exposure to the possible liquidity and credit risks of its counterparties. The Data Group has entered into interest rate swap contracts with the lenders under its credit facilities in order to protect itself against the risk of fluctuations in interest rates and to maintain an appropriate mix between floating and fixed rate borrowings. Interest rate swap contracts involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount for a specified period of time. As a result of these contracts, the borrowing rate on \$30.0 million of the Data Group's

outstanding indebtedness is effectively fixed at an interest rate of 4.16% plus stamping fees until August 28, 2009. The borrowing rate on an additional \$20.0 million of the Data Group's outstanding indebtedness is effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009. The remaining \$20.0 million of the Data Group's outstanding indebtedness is subject to floating interest rates. The Data Group's credit facility expires on August 31, 2010 and market conditions could affect certain terms of the replacement facility along with the terms of other debt instruments that the Data Group enters into from time to time.

At September 30, 2008, the Fund had outstanding \$34.8 million aggregate principal amount of Convertible Debentures. The Convertible Debentures mature on December 31, 2011, bear interest at 6.75% per annum and are convertible into units of the Fund at any time at the option of the holder at a conversion price of \$11.25 per unit.

At September 30, 2008, the Data Group had cash and cash equivalents of \$13.7 million compared to \$5.3 million at December 31, 2007 and a bank overdraft of \$4.0 million at September 30, 2007, respectively. 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 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 at September 30, 2008.

At September 30, 2008, the Data Group's accrued restructuring and integration provisions totalled \$2.6 million and a significant portion of the remaining severance cost are expected to be paid during the remainder of 2008 and during 2009. During the three months ended September 30, 2008, the Fund, the Data Group, Data Business Forms Limited, Workflow Management, Inc., The Relizon Company and a former executive of Relizon Canada settled an outstanding legal proceeding commenced in January 2008 by that former executive. Under the terms of the settlement, the Data Group will pay to the former executive as a retiring allowance an amount equal to approximately \$1.3 million payable in biweekly instalments ending in May 2010. In addition, the Data Group's aggregate annual payment to the former executive under Relizon Canada's supplemental executive retirement plan has been fixed at \$0.2 million for the life of the executive, subject to certain adjustments in the event of the executive's death. The Data Group expects to fund cash payments for these costs from currently projected cash generated from operations and net proceeds from potential asset dispositions.

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 adverse economic conditions, or by increased costs associated with manufacturing and distribution of products or the provision of services. The Data Group's ability to conduct its operations could be negatively impacted should these or other adverse conditions affect its primary sources of liquidity. The Fund expects that continued cash flows from operations in 2008, together with cash and cash equivalents on hand and currently available credit facilities, will be sufficient to fund its requirements for investments in working capital, maintenance capital expenditures, pension contributions and distributions to its unitholders in 2008.

Cash Flow from Operations

Changes in non-cash working capital decreased cash by \$0.4 million during the quarter ended September 30, 2008. The accounts receivable balance decreased by \$3.0 million as a result of the timing of payments by

customers of the DATA East and West segment. Inventory levels decreased by \$0.8 million as a result of the timing of shipments of products to customers of the DATA East and West segment. The accounts payable and accrued liabilities decreased by \$2.6 million as a result of the timing of payments to suppliers for purchases during the third quarter of 2008. Accrued restructuring and integration provisions decreased by \$0.4 million, due to payments made to former employees in the form of severances and excludes the \$0.5 million reduction due to the settlement of an outstanding legal proceeding. Deferred revenues decreased by \$1.1 million due to the timing of shipments at the end of the third quarter.

Changes in non-cash working capital increased cash by \$2.9 million for the nine months ended September 30, 2008. Accounts receivable decreased by \$13.3 million as a result of collections from the first and second quarter activity of 2008. Inventory levels increased by \$6.5 million. However excluding the impact of the adopting CICA Section 3031, inventories decreased by \$0.3 million as a result of the timing of inventory purchased for specific production requirements for customers of the DATA East and West segment. Accounts payable and accrued liabilities decreased by \$8.6 million as a result of the timing of payments to suppliers from the first and second quarter 2008 activity. Accrued restructuring and integration provisions decreased by \$2.2 million due to payments made to former employees in the form of severances and excludes the \$0.5 million reduction due to the settlement of an outstanding legal proceeding. Deferred revenues increased by \$1.1 million due to the timing of shipments at the end of the third quarter.

The Data Group maintains defined benefit and defined contribution pension plans for certain of its employees, which were previously maintained by Data Business Forms (the "DBFL Plan") and Relizon Canada (the "Relizon Canada Plan"), respectively. During the quarter ended September 30, 2008, the Data Group engaged consultants to complete an updated actuarial valuation of the DBFL Plan. As a result of this updated actuarial valuation, the Data Group has increased its annual cash contribution to the DBFL Plan from \$0.8 million to \$1.5 million effective January 1, 2008 to cover the plan's solvency deficiency. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which the applicable pension regulations allow the valuations to be completed every three years. 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 the long-term interest rates and membership information used to value the plan liabilities. Under applicable pension regulations, the plan's solvency deficiency can be funded over a maximum period of five years from the date of the valuation. For the nine months ended September 30, 2008, actual returns for the Data Group's defined benefit pension plans were below the expected rate of return due to adverse conditions in the equity and debt markets. Continued actual returns below the expected rate of return would impact the amount and timing of the Data Group's future contributions to these plans.

The Data Group has accounts receivable from clients engaged in various industries including financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies that are not concentrated in any specific geographic area. These specific industries may be affected by economic factors that may impact accounts receivable. Management does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at September 30, 2008, \$3.9 million, or 8.6% of accounts receivable, were more than 90 days old, which is consistent with historical aging profiles.

Investing Activities

Capital expenditures for the quarter ended September 30, 2008 of \$0.7 million related primarily to maintenance capital expenditures which were financed by cash flow from operations. Capital expenditures for the nine months ended September 30, 2008 of \$2.2 million related primarily to maintenance capital expenditures. During the nine months ended September 30, 2008, the Data Group sold its Medicine Hat, Alberta facility for gross proceeds of \$1.8 million.

Financing Activities

For the quarter ended September 30, 2008, the Fund paid or declared aggregate cash distributions of \$6.8 million to its unitholders. For the nine months ended September 30, 2008, the Fund paid or declared aggregate cash distributions of \$20.4 million to its unitholders.

OUTSTANDING UNIT DATA

At September 30, 2008, there were 23,490,592 units outstanding and \$34.8 million aggregate principal amount of Convertible Debentures outstanding. At December 31, 2007, there were 23,490,592 units outstanding and \$34.8 million aggregate principal amount of Convertible Debentures outstanding. The Convertible Debentures are convertible into units of the Fund at the option of the holder at any time prior to December 31, 2011 (or, if called for redemption prior to that date, on the business day immediately preceding the date specified by the Fund for redemption of the Convertible Debentures) at a conversion price of \$11.25 per unit, being a conversion rate of approximately 88.889 units per \$1,000 principal amount of Convertible Debentures, subject to adjustment in certain events.

DISTRIBUTIONS

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

The Data Group has adopted a policy that the Data Group will distribute all of its available cash, subject to applicable law, by way of monthly distributions on its partnership interests (all of which are held directly or indirectly by the Fund), after satisfaction of its debt service obligations and other expense obligations (including pension liabilities and expenses associated with the March 2007 restructuring), retaining amounts for capital expenditures, reasonable and appropriate working capital, and satisfaction of its obligations under the Data Group's long-term incentive plan. It is expected that the approximately \$2.6 million of restructuring and integration costs that were payable as at September 30, 2008 will be financed by operations and net proceeds from potential asset dispositions in order that these non-recurring costs do not impact distributions to its unitholders.

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

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

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

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

CONTRACTUAL OBLIGATIONS

There were no significant new contractual obligations for operating leases during the three and nine months ended September 30, 2008.

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

Eight Quarter Results of Operations - Summary

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

	2008				2007		2006	
	Q3 ⁽¹⁾	Q2 ⁽¹⁾	Q1 ⁽¹⁾	Q4 ⁽¹⁾⁽²⁾	Q3 ⁽¹⁾	Q2 ⁽¹⁾	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	89,205	93,733	101,026	107,235	90,221	97,201	103,996	108,846
Net income (loss)	1,147	4,003	5,591	10,672	1,438	(8,495)	3,810	4,336
Basic income per unit	0.05	0.17	0.24	0.45	0.06	(0.36)	0.16	0.19
Diluted income per unit	0.05	0.17	0.24	0.45	0.06	(0.36)	0.16	0.18

Notes:

- (1) As a result of the implementation of the SIFT rules regarding the taxation of income trusts, net income (loss) includes \$0.2 million, \$0.4 million, \$9.7 million and a \$0.6 million future income tax expenses for the first and second quarters of 2008 and for the second and third quarters of 2007, respectively. Net income includes \$0.1 million and \$2.8 million future income tax recoveries for the third quarter of 2008 and fourth quarter of 2007, respectively.
- (2) Net income includes a curtailment gain of \$1.5 million related to the Data Group's decision to terminate the Relizon Canada Defined Benefit Pension Plan on December 31, 2008, and an impairment of goodwill charge of \$1.9 million related to the Multiple Pakfold segment.

The variations in the Fund's quarterly revenue and net (loss) income over the eight quarters ended September 30, 2008 can be attributed to three principal factors: the acquisition of the Relizon Canada business on August 31, 2006, the expenses incurred in integrating the former Data Business Forms Limited and Relizon Canada businesses, and the changes to the federal income tax laws applicable to income trusts, which came into effect on June 22, 2007.

The Data Group issued a notice to wind-up the Relizon Canada Defined Benefit Plan effective December 31, 2008, such that no benefits will accrue under that plan after December 31, 2008. As a result, the Data Group

recorded a curtailment gain of \$1.5 million, including the recognition of unamortized actuarial gains of \$0.3 million in the fourth quarter of 2007.

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

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

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

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group, as of September 30, 2008. Based on that evaluation, those officers have concluded that such disclosure controls and procedures are sufficiently effective to provide reasonable assurance that material information relating to the Fund and the Data Group is made known to management and disclosed in accordance with the applicable securities laws.

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the design of the internal controls over financial reporting (as defined in Multilateral Instrument 52-109) of the Fund and the Data Group, as of September 30, 2008. Based on that evaluation, those officers have concluded that such internal controls over financial reporting are sufficiently effective to provide reasonable assurance regarding the reliability of the Fund's financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

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

OUTLOOK

Management believes that the Fund will continue to meet its objectives, continuing to meet its monthly per unit distributions to unitholders of \$0.09656 for the foreseeable future. The Fund's Board of Trustees will continue to monitor the Fund's cash available for distribution, its payout ratio and the need to pay distributions to ensure the Fund is not taxable.

The Fund believes that substantially all of the restructuring charges related to the integration of the former Data Business Forms Limited and Relizon Canada businesses have been accrued in the twelve months ended December 31, 2007.

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

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

The Fund's Board of Trustees has determined that there are no current economic benefits associated with an early conversion from a SIFT trust to a taxable entity not subject to the SIFT rules. There is meaningful value in the interim period and the Fund therefore has no current intention to make significant changes to its structure during this period without compelling reasons to do otherwise. The Minister of Finance has released draft legislation that purports to permit the conversion from a SIFT trust to a taxable entity not subject to the SIFT rules without any adverse material consequences for the SIFT trust and its investors. The Fund, with input from external legal and financial advisors, will continue to closely monitor developments in this area and expects to make further decisions over time with a view to maximizing value for the Fund's unitholders, including what the Fund's Board of Trustees determines will be the optimal structure post-2010. The Fund will also continue to closely monitor its payout ratio over the 2008 to 2010 period, continuing to take into account the current and anticipated performance of the Data Group and its business and the Fund's cash available for distribution during this period. The Fund's current objective is to maintain its existing level of cash distributions to unitholders in 2011, notwithstanding the cash taxes which may then be payable by the Fund.

Many of the Data Group's customers are being affected by economic conditions affecting the broader market. Current and future conditions in the domestic and global economies remain uncertain. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy, including the many different markets in which the Data Group participates. Because all components of the Data Group's budgeting and forecasting are dependent upon estimates of growth or contraction in the markets it serves and demand for its products and services, the prevailing economic uncertainties render estimates of future income and expenditures very difficult

to make. Adverse changes may occur as a result of soft economic conditions, wavering consumer confidence, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, or other factors affecting economic conditions generally. These changes may negatively affect the sales of the Data Group's products and services, increase exposure to losses from bad debts, increase the cost and decrease the availability of financing, or increase costs associated with manufacturing and distributing products or delivering services to the Data Group's customers.

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

The Data Group will continue to fund necessary maintenance capital expenditures by utilizing cash flow from operations. It is anticipated that maintenance capital expenditures in 2008 will be approximately \$3.5 million.

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

NEW ACCOUNTING POLICIES

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

CAPITAL DISCLOSURES

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

FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION

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

INVENTORIES

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

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

GOODWILL AND INTANGIBLE ASSETS

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board will be required effective January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Fund is currently assessing the impact IFRS will have on its consolidated financial statements. A detailed analysis of the differences between IFRS and the Funds' accounting policies as well as an assessment of the impact of various alternatives are in progress. Changes in accounting policies are likely and may materially impact the Fund's consolidated financial statements.

RISKS AND UNCERTAINTIES

An investment in the units of the Fund involves risks. The principal risks facing the Fund and the Data Group are described in detail in the Fund's MD&A for the year ended December 31, 2007. In addition to the other information contained in this report, investors should carefully consider those risks before investing in the Fund's units. The risks described in the Fund's MD&A for the year ended December 31, 2007 and this MD&A are not the only ones facing the Fund and/or the Data Group. Additional risks not currently known to the Fund and/or the Data Group, or that the Fund and/or the Data Group currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of the Data Group, and the ability of the Fund to make distributions on its units.

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. Canada Revenue Agency ("CRA") is currently reviewing the tax treatment of certain transactions relating to a predecessor company for the periods 2001 to 2006. The outcome of this review has not been finally determined. The Fund has the ability to seek indemnification for tax matters under the purchase and sale agreement relating to this predecessor entity and has commenced legal proceedings to protect those rights should the Data Group ultimately incur liabilities in connection with this matter. There can be no assurance that the Fund will be successful in recovering all or any of those liabilities pursuant to those legal proceedings or otherwise. 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.

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

	September 30, 2008	December 31, 2007
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	13,715	5,315
Accounts receivable	44,079	57,417
Inventories (note 3)	48,798	42,266
Prepaid expenses and other current assets	4,482	3,649
Income taxes recoverable	377	837
	111,451	109,484
Property, plant and equipment	40,983	47,528
Goodwill (note 5)	150,706	151,206
Intangible assets	57,534	65,766
	360,674	373,984
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	31,877	40,014
Accrued restructuring and integration provisions (note 5)	2,592	5,245
Deferred revenue	7,937	6,886
Distributions payable	2,269	2,269
	44,675	54,414
Revolving bank facility	70,000	70,000
Convertible debentures	34,285	34,159
Future income taxes (note 6)	7,173	6,655
Deferred gain	1,773	1,920
Unfavourable lease obligation	1,170	1,251
Deferred lease inducement	1,011	1,103
Pension obligation (note 4)	9,670	9,668
Post-employment and post-retirement benefits	2,175	2,153
	171,932	181,323
Unitholders' Equity		
Units (note 9)	215,336	215,336
Conversion option	898	898
Accumulated other comprehensive loss	(486)	(66)
Deficit	(27,006)	(23,507)
	188,742	192,661
	360,674	373,984

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 September 30, 2008	For the three months ended September 30, 2007
	\$	\$
Revenues	89,205	90,221
Cost of revenues (including depreciation of \$1,892 and \$1,909, respectively)	66,220	66,672
Gross profit	22,985	23,549
Expenses		
Selling, commissions and expenses	8,955	9,689
General and administration expenses (including depreciation of \$91 and \$156, respectively)	7,794	7,241
Write down of assets held for sale (note 14)	927	-
Integration costs (note 5)	-	578
Amortization of intangible assets	2,744	2,411
	20,420	19,919
Income before interest and income taxes	2,565	3,630
Interest expense on long-term debt (net of interest income of \$121 and \$67, respectively)	1,500	1,626
Income before income taxes	1,065	2,004
Future income tax (recovery) expense (note 6)	(82)	566
Net income for the period	1,147	1,438
Loss on cash flow hedges	(45)	(412)
Comprehensive income for the period	1,102	1,026
Basic income per unit	0.05	0.06
Diluted income per unit (note 10)	0.05	0.06
Weighted average units outstanding	23,490,592	23,486,891

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 nine months ended September 30, 2008	For the nine months ended September 30, 2007
	\$	\$
Revenues	283,964	291,418
Cost of revenues (including depreciation of \$5,763 and \$5,934, respectively)	206,644	214,885
Gross profit	77,320	76,533
Expenses		
Selling, commissions and expenses	28,619	31,322
General and administration expenses (including depreciation of \$341 and \$509, respectively)	23,714	22,183
Write down of assets held for sale (note 14)	927	-
Integration costs (note 5)	-	3,997
Amortization of intangible assets	8,232	7,233
	61,492	64,735
Income before interest and income taxes	15,828	11,798
Interest expense on long-term debt (net of interest income of \$331 and \$220, respectively)	4,569	4,733
Income before income taxes	11,259	7,065
Future income tax expense (note 6)	518	10,312
Net income (loss) for the period	10,741	(3,247)
(Loss) gain on cash flow hedges	(420)	273
Comprehensive income (loss) for the period	10,321	(2,974)
Basic income (loss) per unit	0.46	(0.14)
Diluted income (loss) per unit (note 10)	0.46	(0.14)
Weighted average units outstanding	23,490,592	23,479,417

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

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

	Units \$	Conversion option \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Unitholders' Equity \$
Balance as at December 31, 2006	215,164	902	-	(1,409)	214,657
Accounting policy change	-	-	58	(2,312)	(2,254)
Balance as at January 1, 2007	215,164	902	58	(3,721)	212,403
Distributions declared	-	-	-	(20,406)	(20,406)
Gain on cash flow hedges	-	-	273	-	273
Conversion of convertible debentures	172	(4)	-	-	168
Net loss for the period	-	-	-	(3,247)	(3,247)
Balance as at September 30, 2007	215,336	898	331	(27,374)	189,191
Balance as at December 31, 2007	215,336	898	(66)	(23,507)	192,661
Accounting policy change (note 3)	-	-	-	6,175	6,175
Balance as at January 1, 2008	215,336	898	(66)	(17,332)	198,836
Distributions declared	-	-	-	(20,415)	(20,415)
Loss on cash flow hedges	-	-	(420)	-	(420)
Net income for the period	-	-	-	10,741	10,741
Balance as at September 30, 2008	215,336	898	(486)	(27,006)	188,742

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 September 30, 2008	For the three months ended September 30, 2007
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income for the period	1,147	1,438
Items not involving cash		
Depreciation of property, plant and equipment	1,983	2,065
Amortization of intangible assets	2,744	2,411
Pension expense (note 4)	494	1,015
Contributions made to pension plans	(498)	(697)
Write down of assets held for sale (note 14)	927	-
Loss (gain) on disposal of property, plant and equipment	46	(5)
Accretion of convertible debentures	42	42
Amortization of deferred gain	(50)	-
Unfavourable lease obligation	(27)	(26)
Amortization of lease inducement	(30)	(31)
Post-employment and post-retirement benefits	8	(55)
Future income tax (recovery) expense	(82)	566
	<u>6,704</u>	<u>6,723</u>
Changes in non-cash items relating to operating activities (note 8)	(363)	(5,365)
	<u>6,341</u>	<u>1,358</u>
Investing activities		
Purchase of property, plant and equipment	(692)	(1,404)
Proceeds on disposal of property, plant and equipment	7	706
	<u>(685)</u>	<u>(698)</u>
Financing activities		
Bank overdraft	-	4,017
Distributions to unitholders (note 11)	(6,805)	(6,804)
	<u>(6,805)</u>	<u>(2,787)</u>
Decrease in cash and cash equivalents during the period	<u>(1,149)</u>	<u>(2,127)</u>
Cash and cash equivalents – beginning of period	<u>14,864</u>	<u>2,127</u>
Cash and cash equivalents – end of period	<u>13,715</u>	<u>-</u>
Supplemental cash flow information		
Interest paid	940	2,211

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

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

	For the nine months ended September 30, 2008	For the nine months ended September 30, 2007
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the period	10,741	(3,247)
Items not involving cash		
Depreciation of property, plant and equipment	6,104	6,443
Amortization of intangible assets	8,232	7,233
Pension expense (note 4)	1,481	2,507
Contributions made to pension plans	(1,479)	(2,129)
Write down of assets held for sale (note 14)	927	-
Loss on disposal of property, plant and equipment	31	56
Accretion of convertible debentures	126	128
Amortization of deferred gain	(147)	-
Unfavourable lease obligation	(81)	(77)
Amortization of lease inducement	(92)	(92)
Post-employment and post-retirement benefits	22	(44)
Future income tax expense	518	10,312
	26,383	21,090
Changes in non-cash items relating to operating activities (note 8)	2,949	(7,100)
	29,332	13,990
Investing activities		
Purchase of property, plant and equipment	(2,159)	(4,156)
Proceeds on disposal of property, plant and equipment	1,642	788
Acquisition of business	-	1,000
	(517)	(2,368)
Financing activities		
Bank overdraft	-	4,017
Distributions to unitholders (note 11)	(20,415)	(20,406)
	(20,415)	(16,389)
Increase (decrease) in cash and cash equivalents		
during the period	8,400	(4,767)
Cash and cash equivalents – beginning of period	5,315	4,767
Cash and cash equivalents – end of period	13,715	-
Supplemental cash flow information		
Interest paid	3,791	5,134
Non-cash lease inducement	-	766

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

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2008 & 2007
(in thousands of dollars, except number of units and per unit amounts, unaudited)

1. THE FUND

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

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

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

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

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2008 & 2007
(in thousands of dollars, except per unit amounts, unaudited)

3. NEW ACCOUNTING POLICIES

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

CAPITAL DISCLOSURES

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

FINANCIAL INSTRUMENTS – DISCLOSURES AND PRESENTATION

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

INVENTORIES

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

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

The CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs, establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2008 & 2007
(in thousands of dollars, except number of units and per unit amounts, unaudited)

and initial recognition of intangible assets are equivalent to the corresponding provisions of International Financial Reporting Standard IAS 38, Intangible Assets. The new standard also provides guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008 with earlier adoption encouraged.

International Financial Reporting Standards - In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board will be required effective January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Fund is currently assessing the impact IFRS will have on its consolidated financial statements. A detailed analysis of the differences between IFRS and the Funds' accounting policies as well as an assessment of the impact of various alternatives are in progress. Changes in accounting policies are likely and may materially impact the Fund's consolidated financial statements.

4. PENSION OBLIGATION AND EXPENSE

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

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

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

During the nine months ended September 30, 2008, the Data Group engaged consultants to complete an updated actuarial valuation of the DBFL Plan. As a result of this updated actuarial valuation, the Data Group has increased its annual cash contribution to the DBFL Plan from \$752 to \$1,491 effective January 1, 2008 to cover the plan's solvency deficiency. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which the applicable pension regulations allow the valuations to be completed every three years. 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 the long-term interest

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2008 & 2007
(in thousands of dollars, except per unit amounts, unaudited)

rates and membership information used to value the plan liabilities. Under applicable pension regulations, the plan's solvency deficiency can be funded over a maximum period of five years from the date of the valuation.

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

	For the three months ended September 30, 2008	For the three months ended September 30, 2007	For the nine months ended September 30, 2008	For the nine months ended September 30, 2007
	\$	\$	\$	\$
Defined benefit plans	494	1,015	1,481	2,507
Defined contribution plan	667	119	2,164	316

5. ACCRUED RESTRUCTURING AND INTEGRATION PROVISIONS

In connection with the acquisition of Relizon Canada on August 31, 2006, the Fund adopted a plan to integrate and restructure the acquired business. As a result, the Fund recognized accrued restructuring and integration provisions of \$10,057 for severance and integration costs relating to certain employees and facilities of the acquired business. The Fund completed the relocation activities during 2007 and expects a significant portion of the remaining severance costs of \$2,592 at September 30, 2008 to be paid during the remainder of 2008 and during 2009. The liabilities relating to these costs were included in the allocation of the purchase price of Relizon Canada.

During the three months ended September 30, 2008, the Fund, the Data Group, Data Business Forms Limited, Workflow Management, Inc., The Relizon Company and a former executive of Relizon Canada settled an outstanding legal proceeding commenced in January 2008 by that former executive. Under the terms of the settlement, the Data Group will pay to the former executive as a retiring allowance an amount equal to approximately \$1,300 payable in biweekly instalments ending in May 2010. In addition, the Data Group's aggregate annual payment to the former executive under Relizon Canada's supplemental executive retirement plan has been fixed at \$163 for the life of the executive, subject to certain adjustments in the event of the executive's death. As a result of this settlement, the Data Group recorded a \$500 reduction in the accrued restructuring provisions and a corresponding reduction in goodwill during quarter ended September 30, 2008. During the quarter ended September 30, 2008, cash payments of \$443 were made to former employees for severances. For the nine months ended September 30, 2008, cash payments of \$2,153 were made to former employees for severances.

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

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

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

	For the three months ended September 30, 2008 \$	For the three months ended September 30, 2007 \$	For the nine months ended September 30, 2008 \$	For the nine months ended September 30, 2007 \$
Balance - Beginning of period	3,535	9,465	5,245	10,473
Integration costs charged to expense	-	578	-	3,997
Adjustment to reduce goodwill	(500)	(355)	(500)	(355)
Cash payments	(443)	(2,615)	(2,153)	(6,687)
Balance - End of period	2,592	7,073	2,592	7,073

6. FUTURE INCOME TAXES

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

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

For periods prior to January 1, 2011, the Fund has not recognized any current income taxes or future income tax assets or liabilities on temporary differences expected to reverse prior to 2011 as the Fund is committed to annually distribute to its unitholders all or virtually all of its taxable income that would otherwise be taxable in the Fund and the Fund intends to continue to meet the requirements of the Income Tax Act (Canada) applicable to the Fund. Initially, the legislation imposed an income tax rate of 31.5% on Canadian public income trusts. The income tax rate was subsequently lowered in December 2007 to 29.5% for 2011 and 28% for 2012 and subsequent years. The future income tax provision for the three and nine months ended September 30, 2008 were due to a change in estimates of future reversals of temporary differences after December 31, 2010.

Notes to Consolidated Financial Statements
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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 September 30, 2008 and December 31, 2007 are as follows:

	September 30, 2008 \$	December 31, 2007 \$
Future income tax assets:		
Pension obligations, post-employment and post-retirement benefits	3,851	3,845
Deferred finance fees	253	459
Unfavourable lease obligation	285	208
Lease escalation	114	102
Benefit of income tax loss carry-forwards	487	315
Deferred gain on sale leaseback	188	188
Other	300	319
Total future tax assets	5,478	5,436
Future income tax liabilities:		
Property, plant and equipment greater than tax values	2,604	1,966
Intangible assets greater than tax values	9,639	9,639
Other	408	486
Total future tax liabilities	12,651	12,091
Net future income tax liabilities	7,173	6,655

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. Canada Revenue Agency ("CRA") is currently reviewing the tax treatment of certain transactions relating to a predecessor company for the periods 2001 to 2006. The outcome of this review has not been finally determined. The Fund has the ability to seek indemnification for tax matters under the purchase and sale agreement relating to this predecessor entity and has commenced legal proceedings to protect those rights should the Data Group ultimately incur liabilities in connection with this matter. There can be no assurance that the Fund will be successful in recovering all or any of those liabilities pursuant to those legal proceedings or otherwise. These uncertainties require management to make estimates of the ultimate tax liabilities and, accordingly, the provision for income taxes. Since there are inherent uncertainties, additional tax liabilities may result if tax matters are ultimately resolved or settled at amounts different from those estimates.

7. FINANCIAL INSTRUMENTS

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, restructuring and integration provisions, distributions payable, revolving bank facility, convertible debentures, and interest rate swaps, as indicated in the Fund's balance sheet as at September 30, 2008.

Notes to Consolidated Financial Statements
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Presentation

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

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

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

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

Fair value

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

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

The fair value of the derivative financial instruments generally reflects the estimates of the amounts the Fund would receive by way of settlement of favourable contracts or that it would pay to terminate unfavourable contracts at the balance sheet date. The fair value of the interest rate swaps are calculated using the quotes obtained from major financial institutions. Interest rate swaps designated as cash flow hedges are unfavourable and have a fair value and carrying value of \$486 based on market values obtained from financial institutions.

Changes in the fair value of the interest rate swap are recognized in accumulated other comprehensive income to the extent that the hedge is effective. The ineffective portion, if any, is expensed in the consolidated statement of income. The Data Group recorded an unrealized loss on the revaluation of the interest rates swaps of \$45 and an unrealized loss on the revaluation of the interest rate swaps of \$420 in other comprehensive income for the three months and nine months ended September 30, 2008, respectively. A related liability of \$486 is included in accounts payable and accrued liabilities at September 30, 2008. The amount that is expected to be reclassified and reduce interest expense over the next 12 months is \$420.

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2008 & 2007
(in thousands of dollars, except per unit amounts, unaudited)

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 September 30, 2008 and as at December 31, 2007:

	September 30, 2008	
	Carrying Value	Fair Value
	\$	\$
Held for trading ⁽¹⁾	13,715	13,715
Loans and receivables ⁽²⁾	44,079	44,079
Other financial liabilities ⁽³⁾	140,537	140,732
Derivatives designated as effective hedge ⁽⁴⁾	486	486

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

Notes:

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

Risks arising from financial instruments

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

Credit risk

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

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

The Data Group has accounts receivable from clients engaged in various industries including financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies that are not concentrated in any specific geographic area. These specific industries may be affected by economic factors

Notes to Consolidated Financial Statements
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that may impact accounts receivable. Management does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at September 30, 2008, \$3,870 or 8.6% of accounts receivable were more than 90 days old, which is consistent with historical aging profiles. The movement in the Data Group's allowance for doubtful accounts for the third quarter of 2008 was as follows:

	For the three months ended September 30, 2008	For the nine months ended September 30, 2008
	\$	\$
Balance - Beginning of period	1,142	1,220
Provisions and revisions	(181)	(259)
Balance - End of period	961	961

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

Liquidity risk

Liquidity risk is the risk that the Data Group and Fund may encounter difficulties in meeting obligations associated with financial liabilities as they become due. As at September 30, 2008, the Data Group was holding cash and cash equivalents of \$13,715 and had access to \$20,000 of available credit less letters of credit granted under its credit facilities.

The contractual maturities of the Fund's significant financial liabilities as at September 30, 2008, are as follows:

	Less than a year	1 to 3 years	Total
	\$	\$	\$
Accounts payable and accrued liabilities ⁽¹⁾	31,391	-	31,391
Accrued restructuring and integration provisions	2,320	272	2,592
Interest rate swaps ⁽²⁾	483	-	483
Distributions payable	2,269	-	2,269
Long-term debt ⁽³⁾	-	70,000	70,000
Convertible debentures ⁽⁴⁾	-	34,832	34,832
Total	36,463	105,104	141,567

Notes:

- (1) Excludes the financial liability related to the interest rate swaps of \$486.
- (2) Based on the fixed interest payments, partially offset by floating interest received.
- (3) Bank revolving credit facility, expiring on August 31, 2010.
- (4) 6.75% convertible debentures, maturing on December 31, 2011, convertible at 88.889 units per \$1,000 of debenture.

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

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Market risk**Interest rate risk**

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

The Data Group has entered into interest rate swap contracts with the lenders under its credit facilities in order to protect itself against the risk of fluctuations in interest rates and to maintain an appropriate mix between floating and fixed rate borrowings. Interest rate swap contracts involve the exchange of fixed and floating interest payment obligations based on a predetermined notional amount for a specified period of time. As a result of these contracts, the borrowing rate on \$30,000 of the Data Group's outstanding indebtedness is effectively fixed at an interest rate of 4.16% plus stamping fees until August 28, 2009. The borrowing rate on an additional \$20,000 of the Data Group's outstanding indebtedness is effectively fixed at an interest rate of 4.22% plus stamping fees until August 28, 2009. On the remaining \$20,000 of the Data Group's outstanding indebtedness subject to floating interest rates, a 1% increase/decrease in interest rates would have resulted in an increase/decrease in net income and comprehensive income by \$50 for the three month period ended September 30, 2008, respectively. (\$150 for the nine month period ended September 30, 2008)

Foreign exchange risk

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

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

	For the three months ended September 30, 2008	For the three months ended September 30, 2007
	\$	\$
Accounts receivable	2,981	(939)
Inventories	811	(59)
Prepaid expenses and other current assets	(233)	417
Income taxes recoverable	233	178
Accounts payable and accrued liabilities	(2,564)	(2,534)
Accrued restructuring and integration provisions ⁽¹⁾	(443)	(2,037)
Deferred revenue	(1,148)	(391)
	(363)	(5,365)

Note:

1. *The three months ended September 30, 2008 excludes the impact of the reduction in the accrued restructuring provisions and goodwill. See note 5.*

Notes to Consolidated Financial Statements
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	For the nine months ended September 30, 2008	For the nine months ended September 30, 2007
	\$	\$
Accounts receivable	13,338	3,690
Inventories ⁽¹⁾	(357)	3,638
Prepaid expenses and other current assets	(833)	(604)
Income taxes recoverable	460	1,039
Accounts payable and accrued liabilities	(8,557)	(9,502)
Accrued restructuring and integration provisions ⁽²⁾	(2,153)	(3,045)
Deferred revenue	1,051	(2,316)
	2,949	(7,100)

Note:

1. *The nine months ended September 30, 2008 excludes the impact of the adoption of CICA Section 3031, Inventories. See note 3.*
2. *The nine months ended September 30, 2008 excludes the impact of the reduction in the accrued restructuring provisions and goodwill. See note 5.*

9. UNITS

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

The following summarizes the changes in units during the period:

	September 30, 2008	
	Number of units	Amount \$
Balance – Beginning and end of period	23,490,592	215,336

10. DILUTED (LOSS) INCOME PER UNIT

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

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11. DISTRIBUTIONS

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

The Fund makes regular monthly distributions to unitholders of record as of the last business day of each month. Distributions to unitholders are calculated and recorded when declared. Distributions by the Fund for the nine months ended September 30, 2008 are as follows:

Period	Record date	Payment date	Per unit	Amount
			\$	\$
January 2008	January 31, 2008	February 15, 2008	0.09656	2,268
February 2008	February 29, 2008	March 14, 2008	0.09656	2,268
March 2008	March 31, 2008	April 15, 2008	0.09656	2,269
April 2008	April 30, 2008	May 15, 2008	0.09656	2,268
May 2008	May 30, 2008	June 13, 2008	0.09656	2,268
June 2008	June 30, 2008	July 15, 2008	0.09656	2,269
July 2008	July 31, 2008	August 15, 2008	0.09656	2,268
August 2008	August 29, 2008	September 15, 2008	0.09656	2,268
September 2008	September 30, 2008	October 15, 2008	0.09656	2,269
				20,415

12. CAPITAL STRUCTURE

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

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

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

The Fund's revolving bank facility is subject to a number of covenants and restrictions including the requirement to meet certain financial ratios and financial condition tests at a subsidiary level. One such ratio is the Total Debt / EBITDA Ratio as defined in the Amended Credit Agreement. EBITDA is a non-GAAP measure and is calculated as Earnings before Interest, Taxes, Depreciation and Amortization. The maximum ratio allowed for a 12-month trailing period is 2.50. As at September 30, 2008, this ratio was calculated at 1.44. Management also uses this ratio as a key indicator in managing the Fund's capital.

With respect to its equity, the current level of capital is considered adequate in the context of current operations and the present strategic plan of the Fund. The equity component of capital increases primarily based upon the income of the business less the distribution paid. Any major acquisition would be financed in part with additional equity. The Fund expects to review its level of equity in the context of the change in taxation impacting the Fund commencing in 2011.

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13. CONTINGENCIES

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

14. WRITE DOWN OF ASSETS HELD FOR SALE

During the quarter ended September 30, 2008, the Data Group determined that the carrying value of a property held for sale required a write down and therefore recorded a charge of \$927 before income tax recovery of \$252.

15. SEGMENTED INFORMATION

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

	For the three months ended September 30, 2008				
	DATA East and West	Sundog	Multiple Pakfold	Intersegment	Total
	\$	\$	\$	\$	\$
Revenues	81,973	5,063	3,931	(1,762)	89,205
Gross profit	21,373	1,167	445	-	22,985
Income (loss) before under noted items	8,342	182	(115)	-	8,409
Write down of assets held for sale (note 14)					927
Unallocated corporate and Fund expenses					4,917
Income before interest and income taxes					2,565
Interest expense on long-term debt – net					1,500
Future income tax recovery					(82)
Net income for the period					1,147

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For the three months ended September 30, 2007

	DATA East and West	Sundog	Multiple Pakfold	Intersegment	Total
	\$	\$	\$	\$	\$
Revenues	81,698	5,939	4,279	(1,695)	90,221
Gross profit	21,462	1,765	322	-	23,549
Income (loss) before under noted items	8,210	624	(285)	-	8,549
Integration costs					578
Unallocated corporate and Fund expenses					4,341
Income before interest and income taxes					3,630
Interest expense on long-term debt – net					1,626
Future income tax expense					566
Net income for the period					1,438

For the nine months ended September 30, 2008

	DATA East and West	Sundog	Multiple Pakfold	Intersegment	Total
	\$	\$	\$	\$	\$
Revenues	258,712	17,191	11,938	(3,877)	283,964
Gross profit	71,360	4,752	1,208	-	77,320
Income (loss) before under noted items	30,205	1,527	(355)	-	31,377
Write down of assets held for sale (note 14)					927
Unallocated corporate and Fund expenses					14,622
Income before interest and income taxes					15,828
Interest expense on long-term debt – net					4,569
Future income tax expense					518
Net income for the period					10,741

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For the nine months ended September 30, 2007

	DATA East		Multiple		Total
	and West		Sundog	Pakfold	
	\$	\$	\$	\$	\$
Revenues	262,576	19,584	13,866	(4,608)	291,418
Gross profit	68,477	6,529	1,527	-	76,533
Income (loss) before under noted items	26,037	2,881	(556)	-	28,362
Integration costs					3,997
Unallocated corporate and Fund expenses					12,567
Income before interest and income taxes					11,798
Interest expense on long-term debt – net					4,733
Future income tax expense					10,312
Net loss for the period					(3,247)

Warehousing revenues are approximately 7% of total consolidated revenues for the quarter ended September 30, 2008.

16. COMPARATIVE FIGURES

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

Corporate Information

Directors, Trustees and Officers

Derek Ridout ⁽²⁾⁽³⁾
Chairman, Director and Trustee

Ronald A. Fotheringham ⁽¹⁾⁽²⁾⁽³⁾
Director and Trustee

John H. Greenhough ⁽¹⁾
Director and Trustee

Thomas R. Spencer ⁽¹⁾⁽²⁾⁽³⁾
Director and Trustee

David M. Odell
Director, Trustee and Officer
President and Chief Executive Officer

Paul O'Shea
Officer
Chief Financial Officer and
Corporate Secretary

(1) Member, Audit Committee

(Chairperson is Thomas R. Spencer)

(2) Member, Compensation Committee

(Chairperson is Ronald A. Fotheringham)

(3) Member, Corporate Governance Committee

(Chairperson is Derek Ridout)

Executive Team

David M. Odell
President and Chief Executive Officer

Paul O'Shea
Chief Financial Officer

Elaine Deramo
Vice-President, Human Resources

Steve Galarneau
President, DATA West

Michael Suksi
President, DATA East

Rick Barron
Vice-President, Sales and Marketing,
DATA West

Diane Schwind
Vice-President, Operations,
DATA East

Ross Van Patter
Vice-President and General Manager,
Calgary Operations

Corporate Information

Auditors

PricewaterhouseCoopers LLP

Transfer Agent

Computershare Investor Services Inc.

Corporate Counsel

McCarthy Tétrault LLP

Corporate Office

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Toronto Stock Exchange Symbols

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