



For Immediate Release

## THE DATA GROUP INCOME FUND ANNOUNCES THIRD QUARTER RESULTS FOR 2008

### HIGHLIGHTS

- Q3 Revenues of \$89.2 million, Q3 Gross Profit of \$23.0 million and Q3 Net Income of \$1.1 million
- Q3 Cash Available for Distribution of \$6.1 million or \$0.260 per unit, an increase of 12.5% over Q3 2007 and Cash Distributions of \$6.8 million or \$0.290 per unit (see Table 4 and “Non-GAAP Measures” below)
- Q3 Payout Ratio of 111.2% (See Table 4 below)
- Q3 Adjusted EBITDA of \$8.2 million (see Table 3 and “Non-GAAP Measures” below)
- YTD Revenues of \$284.0 million, YTD Gross Profit of \$77.3 million and YTD Net Income of \$10.7 million
- YTD Cash Available for Distribution of \$24.5 million or \$1.045 per unit, an increase of 43.1% over YTD 2007 and Cash Distributions of \$20.4 million or \$0.870 per unit (see Table 4 and “Non-GAAP Measures” below)
- YTD Payout Ratio of 83.2% (See Table 4 below)
- YTD Adjusted EBITDA of \$31.1 million (see Table 3 and “Non-GAAP Measures” below)

**Brampton, Ontario – November 6, 2008** – The DATA Group Income Fund (TSX: DGI.UN) (“the Fund”) today announced financial and operating results for the third quarter ended September 30, 2008.

“Cash available for distribution during the nine month period of 2008 improved 43.1% to \$24.5 million or \$1.045 per unit with a payout ratio of 83.2%. Cash available for distribution during the nine month period of 2007 was \$17.2 million or \$0.730 per unit with a payout ratio of 118.9%. 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”, said David Odell, President and Chief Executive Officer.

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

The Data Group is a leading provider of total document management solutions, including printed products, and operates as three segments. DATA East and West (which provided approximately 90% of total revenue 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.

## **FORWARD-LOOKING STATEMENTS**

Certain statements in this press release constitute “forward-looking” statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Fund and/or the Data Group, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this press release, words such as “may”, “would”, “could”, “will”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “plan”, and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund’s current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance or achievements of the Fund and the Data Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The principal assumptions and risks that the Fund made or took into account in the preparation of these forward-looking statements include the 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 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. (“Relizon Canada”) businesses; the risk that any savings, growth prospects or other synergies from the combination of those businesses will not be fully realized or will take longer to realize than expected; competition from competitors supplying similar products and services; the application of recent changes to the income tax treatment of certain income trusts, such as the Fund, which will, subject the Fund to tax commencing in 2011 (assuming the Fund complies with the “normal growth guidelines” contained in such changes), and the effect of those proposed changes on the trading price of the Fund’s units. Additional factors are discussed elsewhere in this press release and under the heading “Risks and Uncertainties” in the Fund’s management’s discussion and analysis (“MD&A”) and in the Fund’s other publicly available disclosure documents, as filed by the Fund on SEDAR ([www.sedar.com](http://www.sedar.com)). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend and does not assume any obligation to update these forward-looking statements.

## **NON-GAAP MEASURES**

This press release includes certain non-GAAP measures as supplementary information. When used in this press release, EBITDA means earnings before interest, taxes, depreciation and amortization, 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.

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

**Consolidated Financial Information**

<b>For the periods ended September 30, 2008 and 2007</b> <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>Jul. 1 to Sept. 30, 2008</b>	<b>Jul. 1 to Sept. 30, 2007</b>	<b>Jan. 1 to Sept. 30, 2008</b>	<b>Jan. 1 to Sept. 30, 2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
<b>Consolidated Balance Sheet Information</b>				
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 \$
<b>Revenues</b>				
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
<b>Gross profit</b>				
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
<b>Gross profit, as a percentage of revenues</b>				
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%
<b>Selling, general and administrative expenses</b>				
	16,749	16,930	52,333	53,505
<b>As a percentage of revenues</b>				
	18.8%	18.8%	18.4%	18.4%
<b>Adjusted EBITDA (Table 3)</b>				
	8,219	8,106	31,091	25,474
<b>Adjusted EBITDA margin, as a percentage of revenues</b>				
	9.2%	9.0%	10.9%	8.7%
<b>Net income (loss)</b>				
	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**

<b>For the periods ended September 30, 2008 and 2007</b> <i>(in thousands of dollars, unaudited)</i>	<b>Jul. 1 to Sept. 30, 2008</b>	<b>Jul. 1 to Sept. 30, 2007</b>	<b>Jan. 1 to Sept. 30, 2008</b>	<b>Jan. 1 to Sept. 30, 2007</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
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
<b>Adjusted EBITDA</b>	<b>8,219</b>	<b>8,106</b>	<b>31,091</b>	<b>25,474</b>

## 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 <sup>(1)</sup>	(692)	(1,404)	(2,159)	(4,156)
<i>Other adjustments including discretionary items:</i>				
Changes in non-cash working capital and other <sup>(2)</sup>	470	5,487	(2,629)	7,323
Cash available for distribution	6,119	5,441	24,544	17,157
Distributions to unitholders <sup>(3)</sup>	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 <sup>(4)</sup></i>				
Cash available for distribution per unit <sup>(4)</sup>	0.260	0.232	1.045	0.731
Distributions to unitholders per unit <sup>(4)</sup>	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 <sup>(5)</sup>	111.2%	125.1%	83.2%	118.9%

**Notes:**

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

<sup>(2)</sup> Cash provided by operating activities has been adjusted for changes in non-cash working capital 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.

<sup>(3)</sup> Distributions are in respect of the distributions declared.

<sup>(4)</sup> 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.

<sup>(5)</sup> 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.

## **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.

## **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.

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

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

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

-- 30 --

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## CONSOLIDATED BALANCE SHEETS

(in thousands of dollars, unaudited)

	September 30, 2008	December 31, 2007
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	13,715	5,315
Accounts receivable	44,079	57,417
Inventories	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	150,706	151,206
Intangible assets	57,534	65,766
	360,674	373,984
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	31,877	40,014
Accrued restructuring and integration provisions	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	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	9,670	9,668
Post-employment and post-retirement benefits	2,175	2,153
	171,932	181,323
<b>Unitholders' Equity</b>		
Units	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

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

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

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

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>For the nine months ended September 30, 2008</b>	<b>For the nine months ended September 30, 2007</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>	283,964	291,418
<b>Cost of revenues</b> (including depreciation of \$5,763 and \$5,934, respectively)	206,644	214,885
<b>Gross profit</b>	77,320	76,533
<b>Expenses</b>		
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	927	-
Integration costs	-	3,997
Amortization of intangible assets	8,232	7,233
	61,492	64,735
<b>Income before interest and income taxes</b>	15,828	11,798
<b>Interest expense on long-term debt</b> (net of interest income of \$331 and \$220, respectively)	4,569	4,733
<b>Income before income taxes</b>	11,259	7,065
<b>Future income tax expense</b>	518	10,312
<b>Net income (loss) for the period</b>	10,741	(3,247)
<b>(Loss) gain on cash flow hedges</b>	(420)	273
<b>Comprehensive income (loss) for the period</b>	10,321	(2,974)
<b>Basic income (loss) per unit</b>	0.46	(0.14)
<b>Diluted income (loss) per unit</b>	0.46	(0.14)
<b>Weighted average units outstanding</b>	23,490,592	23,479,417

## CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(in thousands of dollars, unaudited)

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars, unaudited)

	<b>For the three months ended September 30, 2008</b>	<b>For the three months ended September 30, 2007</b>
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss) 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	494	1,015
Contributions made to pension plans	(498)	(697)
Write down of assets held for sale	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
	6,704	6,723
Changes in non-cash items relating to operating activities	(363)	(5,365)
	6,341	1,358
<b>Investing activities</b>		
Purchase of property, plant and equipment	(692)	(1,404)
Proceeds on disposal of property, plant and equipment	7	706
	(685)	(698)
<b>Financing activities</b>		
Bank overdraft	-	4,017
Distributions to unitholders	(6,805)	(6,804)
	(6,805)	(2,787)
<b>Decrease in cash and cash equivalents during the period</b>	<b>(1,149)</b>	<b>(2,127)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>14,864</b>	<b>2,127</b>
<b>Cash and cash equivalents - end of period</b>	<b>13,715</b>	<b>-</b>
 <b>Supplemental cash flow information</b>		
Interest paid	940	2,211

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars, unaudited)

	<b>For the nine months ended September 30, 2008</b>	<b>For the nine months ended September 30, 2007</b>
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
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	1,481	2,507
Contributions made to pension plans	(1,479)	(2,129)
Write down of assets held for sale	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	2,949	(7,100)
	29,332	13,990
<b>Investing activities</b>		
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)
<b>Financing activities</b>		
Bank overdraft	-	4,017
Distributions to unitholders	(20,415)	(20,406)
	(20,415)	(16,389)
<b>Increase (decrease) in cash and cash equivalents during the period</b>	8,400	(4,767)
<b>Cash and cash equivalents - beginning of period</b>	5,315	4,767
<b>Cash and cash equivalents - end of period</b>	13,715	-
<b>Supplemental cash flow information</b>		
Interest paid	3,791	5,134
Non-cash lease inducement	-	766