

The DATA Group Income Fund
Quarter Three – ended September 30, 2010

Q3



**MANAGING
THE
PRESENT
POSITIONED
FOR THE
FUTURE**



WE ARE COMMITTED TO OUR VALUES

WE ARE committed to customer service and quality.

WE DO what we say we will do.

WE CONDUCT our business ethically and legally.

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

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

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

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

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

LETTER TO UNITHOLDERS

I am honoured to have been appointed The DATA Group's President and Chief Executive Officer on October 12. Before commenting on our direction going forward and our third quarter results, allow me to thank and acknowledge David Odell for the leadership he has provided to DATA during the past 10 years as our Chief Executive Officer. Under David's leadership, DATA's revenues grew from \$187.7 million in 1999 to \$349.8 million in 2009, Adjusted EBITDA grew from \$17.3 million in 1999 to \$34.3 million in 2009, DATA acquired and successfully integrated a major competitor, responded favourably to the most drastic economic downturn in years and generated a healthy stream of distributions to our unitholders since we went public in late 2004.

We have a very strong management team at DATA, which I look forward to working with to ensure our success. DATA will continue to maintain a keen focus on our profitability and cash generation. Our core values will remain, including "we do what we say we will do" and "we are committed to customer service and quality." We will continue to maximize profitability by focusing on the fundamentals of our core business, increasing our revenues in our traditional markets through new business wins and relentlessly taking advantage of cost efficiencies.

We will continue the development of new products and services which are complimentary to our existing assets, expertise and customer base. We intend to fund new product development with cash from on-going operations.

The Board of Trustees has reviewed the Fund's distribution policy and is committed to maximizing distributions to unitholders at a level which is sustainable and consistent with maintaining the long term health of the business. After considering a variety of factors, including the negative impact of the SIFT tax on the Fund's cash available for distribution as of January 1, 2011 and the continued effects of the weakened economy, the Board of Trustees has determined to reduce distributions on the Fund's units to a monthly rate of \$0.0542 per unit (\$0.65 per unit annually) effective with the first distribution of 2011. Distributions currently taxed as regular income will be taxed as dividends in 2011. For taxable investors holding their units in the Fund outside a registered plan, the dividend tax credit may reduce the impact of a reduction in distributions on an after tax basis.

The Fund's Board of Trustees will continue to closely monitor the Fund's monthly distribution levels in light of the current economic volatility and the Fund's on-going and anticipated cash available for distribution and cash resources.

Our third quarter of 2010 results were influenced by the fact that we continue to operate in a challenging economic environment. Consequently, DATA experienced volatile operating results during the quarter, just as we did earlier in 2010.

Revenues for the quarter ended September 30, 2010 were \$80.7 million, a decrease of 4.4% compared to the same period in 2009. Net loss for the third quarter of 2010 was \$1.2 million or \$0.05 per basic unit compared to a net income of \$3.3 million or \$0.14 per basic unit for the same period in 2009. Net loss for the third quarter of 2010 included a one-time loss on the settlement of a pension plan of \$2.2 million related to the wind-up of the Relizon Canada Pension Plan in August 2010.

Revenues for the nine months ended September 30, 2010 were \$247.3 million, a decrease of 4.6% compared to the same period in 2009. Net income for the nine months ended September 30, 2010 was \$2.1 million or \$0.09 per basic unit compared to a net income of \$6.8 million or \$0.29 per basic unit for the same period in 2009. Net income for the nine months ended September 30, 2010 includes one time convertible debenture issuance costs of \$2.3 million and a loss on the settlement of a pension plan of \$2.2 million related to the wind-up of the Relizon Canada Pension Plan.

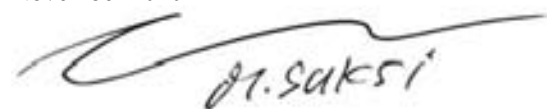
Adjusted EBITDA for the third quarter of 2010 was \$7.2 million or 8.9% of revenues compared to Adjusted EBITDA of \$8.6 million or 10.2% of revenues for the same period in 2009. Adjusted EBITDA for the nine months ended September 30, 2010 was \$22.9 million or 9.2% of revenues compared to Adjusted EBITDA of \$25.2 million or 9.7% of revenues in the same period in 2009. See “Non-GAAP Measures” in the accompanying report for a description of Adjusted EBITDA.

Selling, general and administrative expenses decreased \$1.5 million for the three months ended September 30, 2010 and \$5.2 million year to date as result of on-going productivity improvements and cost reduction initiatives compared to the same periods in 2009.

The Fund had total cash available for distribution of \$4.6 million or \$0.198 per unit for the third quarter of 2010. Our total distributions to unitholders during the quarter were \$6.8 million or \$0.290 per unit, for a payout ratio of 146.8%. In the first nine months of 2010, the Fund had total cash available for distribution of \$15.5 million or \$0.662 per unit. Our total distributions to unitholders during the first nine months of 2010 were \$20.4 million or \$0.870 per unit, for a payout ratio of 131.4%. In comparing the third quarter and first nine months of 2010 to the same periods in 2009, we had higher interest expense primarily as a result of the recently issued 6.00% convertible debentures and pension contributions primarily related to the wind-up of the Relizon Canada Pension Plan, both of which reduced cash available for distribution during those periods in 2010. All of our distributions in the third quarter and the nine months of 2010 were funded from cash generated by DATA’s operations, net proceeds from asset dispositions and from existing cash resources. Our cash and cash equivalents on hand at September 30, 2010 were \$14.9 million, an increase of \$3.1 million from December 31, 2009. See “Non-GAAP Measures” in the accompanying report for a description of cash available for distribution.

I would like to conclude by thanking our unitholders for their continued support, our customers for continuing to work with us to maximize the value we provide to them and our dedicated employees for helping us succeed during these extraordinary economic times.

November 2010

A handwritten signature in black ink, appearing to read "M. Suksi", is written over a horizontal line.

Michael Suksi
President and Chief Executive Officer

The DATA Group

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, 2010 should be read in conjunction with the MD&A of The DATA Group Income Fund (the "Fund") for the year ended December 31, 2009 and the unaudited interim financial statements of the Fund for the three and nine months ended September 30, 2010. These documents are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. External economic, industry and risk factors remain substantially unchanged from those described in the Fund's 2009 annual MD&A, unless otherwise noted.

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

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

The date of this MD&A is November 8, 2010. Additional information relating to the Fund, including the Fund's most recently filed audited consolidated financial statements, Annual Information Form and Management Proxy Circular, is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

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

tax commencing in 2011, and the effect of those changes on the level of distributions on the Fund's units and the trading price of the units. Additional factors are discussed elsewhere in this report and under the heading "Risks and Uncertainties" in the Fund's publicly available disclosure documents, as filed by the Fund on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this report as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend and does not assume any obligation to update these forward-looking statements.

NON-GAAP MEASURES

This report includes certain non-GAAP measures as supplementary information. When used in this report, EBITDA means earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA for the three months ended September 30, 2010 means EBITDA adjusted for a loss on the settlement of a pension plan. Adjusted EBITDA for the nine months ended September 30, 2010 means EBITDA adjusted for financing costs and a loss on the settlement of a pension plan. Adjusted EBITDA for the three months ended September 30, 2009 means EBITDA adjusted for lease exit charges. Adjusted EBITDA for the nine months ended September 30, 2009 means EBITDA adjusted for gains on cancellation of convertible debentures and lease exit charges. The Fund believes that, in addition to net income (loss), EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of the Data Group and/or the Fund. Cash available for distribution for the three and nine months ended September 30, 2010 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, pension plan wind-up contributions, changes in non-cash working capital, and other non-cash items. Cash available for distribution for the three months ended September 30, 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in non-cash working capital, and other non-cash items. Cash available for distribution for the nine months ended September 30, 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, purchases of convertible debentures, changes in non-cash working capital, and other non-cash items. Specifically, the Fund views cash available for distribution as a measure generally used by Canadian income funds, investors and management as an indicator of financial performance. EBITDA, Adjusted EBITDA and cash available for distribution are not earnings or cash flow measures recognized by GAAP and do not have any standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and cash available for distribution are unlikely to be comparable to similar measures presented by other issuers.

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

BUSINESS OF THE DATA GROUP

The Data Group is a leading provider of total document management solutions, including printed products, and operates as three segments. DATA East and West (which provided approximately 91% of total revenue for the third quarter of 2010) sells a broad range of printed products and document management services directly to end users. Sundog (which provided approximately 5% of total revenue for the third quarter of 2010) sells commercial printing products, document management services and event tickets. Multiple Pakfold (which provided approximately 4% of total revenue for the third quarter of 2010) sells business forms and labels to independent brokers and resellers.

Sources of Revenue and Revenue Recognition Policy

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

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

Costs of Revenues and Expenses

The Data Group's costs of revenues consist of raw materials, manufacturing salaries and benefits, occupancy and depreciation. The Data Group's raw material costs consist primarily of paper, carbon and ink. Manufacturing salaries and benefit costs consist of employee salaries and health benefits at the Data Group's printing and warehousing facilities. Occupancy costs consist primarily of lease payments at the Data Group's facilities, and utilities, insurance and building maintenance. The Data Group's expenses consist of selling, depreciation and amortization, and general and administration expenses. Selling expenses consist primarily of employee salaries, health benefits and commissions, and include related travel, corporate communications costs, trade shows, and marketing programs. Depreciation and amortization represent the allocation to income of the cost of property, plant and equipment, and intangible assets over their estimated useful lives. General and administration expenses consist primarily of employee salaries, health benefits, and other related expenses for executive, financial and administrative personnel, as well as facility, telecommunications, pension plan expenses and professional service fees.

Restructuring Costs

Following the completion of the Fund's acquisition of Relizon Canada Inc. ("Relizon Canada") on August 31, 2006, the Data Group undertook a series of initiatives to integrate the former Data Business Forms Limited and Relizon Canada businesses in order to achieve operational and corporate synergies and other benefits from the combination of those businesses. The Fund's 2007 restructuring plans resulted in the closure of four plants, the elimination of jobs and the transfer of jobs to other facilities. As a result of these initiatives, the Data Group has recognized restructuring costs and provisions relating to the termination of certain employees of the acquired business, and for other costs to exit or terminate specific leases and contracts which the Data Group intends to modify or terminate. During 2008, the Data Group recorded a \$0.5 million reduction in the accrued restructuring provisions and a corresponding reduction in goodwill as a result of the settlement of an outstanding legal proceeding. At September 30, 2010, the amount of the remaining accrued restructuring provisions was \$0.2 million. The Data Group incurred additional restructuring expenses (recoveries) during 2008, 2009 and the first nine months of 2010 in the form of severances as a result of on-going productivity improvement initiatives. The amount of the remaining accrued restructuring provision at September 30, 2010 was approximately \$0.2 million.

GENERAL INFORMATION AND RESULTS OF OPERATIONS

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

Consolidated Financial Information

For the periods ended September 30, 2010 and 2009 <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	July 1 to Sept. 30, 2010 \$	July 1 to Sept. 30, 2009 \$	Jan. 1 to Sept. 30, 2010 \$	Jan. 1 to Sept. 30, 2009 \$
Revenues	80,734	84,443	247,293	259,129
Cost of revenues	61,504	62,411	187,674	192,624
Gross profit	19,230	22,032	59,619	66,505
Selling, general and administrative expenses	13,593	15,130	41,583	46,751
Loss on settlement of pension plan	2,222	-	2,222	-
Lease exit charge	-	-	-	866
Gain on cancellation of convertible debentures	-	-	-	(2)
Amortization of intangible assets	2,566	2,649	7,698	7,947
Income before interest and income taxes	849	4,253	8,116	10,943
Interest expense and financing costs	1,723	1,292	6,933	3,981
(Loss) income before income taxes	(874)	2,961	1,183	6,962
Income tax expense (recovery)				
Current	-	-	(324)	-
Future	300	(300)	(615)	155
	300	(300)	(939)	155
Net (loss) income for the period	(1,174)	3,261	2,122	6,807
Basic and diluted (loss) income per unit	(0.05)	0.14	0.09	0.29
Number of units outstanding	23,490,592	23,490,592	23,490,592	23,490,592

	As at Sept. 30, 2010 \$	As at Sept. 30, 2009 \$
Consolidated Balance Sheet Information		
<i>(in thousands of dollars, unaudited)</i>		
Current assets	98,399	106,731
Current liabilities	40,861	42,631
Total assets	303,328	329,887
Total long-term liabilities	120,422	128,488
Unitholders' equity	142,045	158,768

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, 2010 and 2009 <i>(in thousands of dollars, except percentage amounts, unaudited)</i>	July 1 to Sept. 30, 2010 \$	July 1 to Sept. 30, 2009 \$	Jan. 1 to Sept. 30, 2010 \$	Jan. 1 to Sept. 30, 2009 \$
Revenues				
DATA East and West	74,185	77,727	226,043	237,397
Sundog	4,528	4,829	13,699	14,859
Multiple Pakfold	3,657	3,488	11,141	10,409
Intersegment	(1,636)	(1,601)	(3,590)	(3,536)
	80,734	84,443	247,293	259,129
Gross profit				
DATA East and West	17,729	20,125	54,478	61,258
Sundog	965	1,450	3,290	4,115
Multiple Pakfold	536	457	1,851	1,132
	19,230	22,032	59,619	66,505
Gross profit, as a percentage of revenues				
DATA East and West	23.9%	25.9%	24.1%	25.8%
Sundog	21.3%	30.0%	24.0%	27.7%
Multiple Pakfold	14.7%	13.1%	16.6%	10.9%
	23.8%	26.1%	24.1%	25.7%
Selling, general and administrative expenses				
	13,593	15,130	41,583	46,751
As a percentage of revenues	16.8%	17.9%	16.8%	18.0%
Adjusted EBITDA (see Table 3)				
	7,198	8,648	22,851	25,174
Adjusted EBITDA margin, as a percentage of revenues	8.9%	10.2%	9.2%	9.7%
Net (loss) income for the period				
	(1,174)	3,261	2,122	6,807

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

Adjusted EBITDA Reconciliation

For the periods ended September 30, 2010 and 2009 <i>(in thousands of dollars, unaudited)</i>	July 1 to Sept. 30, 2010 \$	July 1 to Sept. 30, 2009 \$	Jan. 1 to Sept. 30, 2010 \$	Jan. 1 to Sept. 30, 2009 \$
Net (loss) income for the period	(1,174)	3,261	2,122	6,807
Net interest expense on long-term debt	1,723	1,292	4,667	3,981
Financing costs	-	-	2,266	-
Depreciation of property, plant and equipment	1,561	1,746	4,815	5,420
Amortization of intangible assets	2,566	2,649	7,698	7,947
Loss on settlement of pension plan	2,222	-	2,222	-
Lease exit charge	-	-	-	866
Gain on cancellation of convertible debentures	-	-	-	(2)
Current income tax recovery	-	-	(324)	-
Future income tax expense (recovery)	300	(300)	(615)	155
Adjusted EBITDA	7,198	8,648	22,851	25,174

RESULTS OF OPERATIONS

THE DATA GROUP INCOME FUND

Revenues

During the first nine months of 2010, the Data Group continued to encounter weakness in the domestic economic environment, which negatively impacted the Fund's revenues over that period. The decline in revenues was partially offset by revenues from new business. For the quarter ended September 30, 2010, the Fund recorded revenues of \$80.7 million, a decrease of \$3.7 million or 4.4% compared with the same period in 2009. The decrease, before intersegment revenues, was the result of a \$3.5 million decrease in the DATA East and West segment and a \$0.3 million decrease in the Sundog segment, offset by a \$0.1 million increase in the Multiple Pakfold segment. For the nine months ended September 30, 2010, the Fund recorded revenues of \$247.3 million, a decrease of \$11.8 million or 4.6% compared with the same period in 2009. The decrease, before intersegment revenues, was the result of a \$11.4 million decrease in the DATA East and West segment and a \$1.2 million decrease in the Sundog segment, offset by a \$0.7 million increase 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, 2010, cost of revenues decreased to \$61.5 million from \$62.4 million for the same period in 2009. Gross profit for the quarter ended September 30, 2010 was \$19.2 million, which represented a decrease of \$2.8 million or 12.7% from \$22.0 million for the same period in 2009. The decrease in gross profit for the quarter ended September 30, 2010 was attributable to a gross profit decrease of \$2.4 million in the DATA East and West segment and a gross profit decrease of \$0.5 million in the Sundog segment, offset by a gross profit increase of \$0.1 million in the Multiple Pakfold segment. Gross profit as a percentage of revenues decreased to 23.8% for the quarter ended September 30, 2010 compared to 26.1% for the same period in 2009. For the nine months ended

September 30, 2010, cost of revenues decreased to \$187.7 million from \$192.6 million for the same period in 2009. Gross profit for the nine months ended September 30, 2010 was \$59.6 million, which represented a decrease of \$6.9 million or 10.4% from \$66.5 million for the same period in 2009. The decrease in gross profit for the nine months ended September 30, 2010 was attributable to a gross profit decrease of \$6.8 million in the DATA East and West segment and a gross profit decrease of \$0.8 million in the Sundog segment, offset by a gross profit increase of \$0.7 million in the Multiple Pakfold segment. Gross profit as a percentage of revenues decreased to 24.1% for the nine months ended September 30, 2010 compared to 25.7% for the same period in 2009.

Selling, General and Administrative Expenses and Restructuring Expenses

Selling, general and administrative (“SG&A”) expenses, including administrative expenses of the Fund, for the quarter ended September 30, 2010 decreased \$1.5 million to \$13.6 million compared to \$15.1 million in the same period of 2009. As a percentage of revenues, these costs were 16.8% of revenues for the quarter ended September 30, 2010 compared to 17.9% of revenues for the same period in 2009. For the quarter ended September 30, 2009, the Data Group incurred \$0.9 million of severance expenses. SG&A expenses for the nine months ended September 30, 2010 decreased \$5.2 million to \$41.6 million compared to \$46.8 million for the same period of 2009. As a percentage of revenues, these costs were 16.8% of revenues for the nine months ended September 30, 2010 compared to 18.0% of revenues for the same period in 2009. For the nine months ended September 30, 2010 and 2009, the Data Group incurred \$0.3 million and \$1.3 million of severance expenses, respectively. The decrease in SG&A expenses for the three months and nine months ended September 30, 2010 was the result of the Data Group’s on-going productivity improvements and cost reduction initiatives. Severance expenses incurred by the Data Group during those periods and the three months ended September 30, 2009 were included in SG&A and were related to those initiatives.

Pension Plan Wind-up, Asset Sales and Other

During the three months ended September 30, 2010, the Data Group recorded a loss on settlement of pension plan of \$2.2 million related to the wind-up of the Relizon Canada Pension Plan. During the nine months ended September 30, 2010, the Data Group completed the sale of its Orangeville, Ontario property for gross proceeds of \$2.2 million. During the nine months ended September 30, 2009, the Data Group sublet its Dorval, Québec facility for the remainder of the lease term expiring in 2021 and incurred a lease exit charge of \$0.9 million, representing the liability (at present value) for remaining lease costs under the lease agreement net of sublease income. During the nine months ended September 30, 2009, the Data Group completed the sale of its Hemmingford, Québec property for gross proceeds of \$0.7 million and recorded a pre-tax gain on disposal of \$0.1 million.

Adjusted EBITDA

For the quarter ended September 30, 2010, Adjusted EBITDA was \$7.2 million, or 8.9% of revenues. Adjusted EBITDA for the quarter ended September 30, 2010 decreased \$1.4 million or 16.8% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, decreased from 10.2% of revenues in 2009 to 8.9% of revenues in 2010. For the nine months ended September 30, 2010, Adjusted EBITDA was \$22.9 million, or 9.2% of revenues. Adjusted EBITDA for the nine months ended September 30, 2010 decreased \$2.3 million or 9.2% from the same period in the prior year and the Adjusted EBITDA margin for the nine month period, as a percentage of revenues, decreased from 9.7% of revenues in 2009 to 9.2% of revenues in 2010.

Interest expense and financing costs

Net interest expense on long-term debt outstanding under the Data Group's credit facilities, the Fund's outstanding \$34.8 million aggregate principal amount of 6.75% Extendible Convertible Unsecured Subordinated Debentures (the "6.75% Convertible Debentures") and the Fund's outstanding \$45.0 million aggregate principal amount of 6.00% Convertible Unsecured Subordinated Debentures (the "6.00% Convertible Debentures") was \$1.7 million for the quarter ended September 30, 2010 compared to \$1.3 million for the same period in 2009. Net interest expense on long-term debt was \$6.9 million for the nine months ended September 30, 2010 compared to \$4.0 million for the same period in 2009. The increase in net interest expense during the three and nine months ended September 30, 2010 was primarily related to the interest paid on the 6.00% Convertible Debentures, which were issued on April 27, 2010. During the nine months ended September 30, 2010, the Fund incurred \$2.3 million of financing costs related to the issuance of the 6.00% convertible debentures and repaid \$45.0 million of long-term debt outstanding under the Data Group's credit facilities. The Fund will redeem all of the outstanding 6.75% Convertible Debentures on December 31, 2010. See "Liquidity and Capital Resources".

Income Taxes

The Fund reported a loss before income taxes of \$0.9 million and a future income tax expense of \$0.3 million for the quarter ended September 30, 2010. The future income tax recovery was due to a change in estimates of future reversals of temporary differences. The Fund reported income before income taxes of \$3.0 million and a future income tax recovery of \$0.3 million for the quarter ended September 30, 2009. 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 \$1.2 million, a current income tax recovery of \$0.3 million and a future income tax recovery of \$0.6 million for the nine months ended September 30, 2010. The current income tax recovery represents the final adjustment related to the amount payable by the Data Group to settle reassessments by the Canada Revenue Agency and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company prior to its acquisition by the Fund. The future income tax recovery was due to a change in estimates of future reversals of temporary differences and new temporary differences that arose during the period. The Fund reported income before income taxes of \$7.0 million and a future income tax expense of \$0.2 million for the nine months ended September 30, 2009. The future income tax expense was due to a change in estimates of future reversals of temporary differences and changes to substantively enacted income tax rates.

Net (Loss) Income

Net loss for the quarter ended September 30, 2010 was \$1.2 million compared to a net income of \$3.3 million for the quarter ended September 30, 2009. The decrease in comparable profitability for the quarter ended September 30, 2010 was substantially due to the one-time loss on the settlement of a pension plan of \$2.2 million related to the wind-up of the Relizon Canada Pension Plan, which was expensed in the quarter, lower gross profit in 2010 as a result of lower revenues due to generally uncertain economic conditions and a future income tax expense in the third quarter of 2010 compared to a future income tax recovery in the same period of 2009. The decrease in profitability was offset by cost savings realized from on-going productivity improvement and cost reduction initiatives and a lease exit charge incurred during 2009 as discussed above.

Net income for the nine months ended September 30, 2010 was \$2.1 million compared to a net income of \$6.8 million for the nine months ended September 30, 2009. The decrease in comparable profitability for the nine months ended September 30, 2010 was substantially due the loss on the settlement of a pension plan of \$2.2 million related to the wind-up of the Relizon Canada Pension Plan, \$2.3 million in convertible debenture issuance costs, lower gross profit as a result of lower revenues due to generally uncertain economic conditions, offset by a future income tax recovery in 2010 compared to a future income tax expense in the same period in 2009, cost savings realized from on-going productivity improvement and cost reduction initiatives and a lease exit charge incurred during 2009 that did not reoccur in 2010.

DATA EAST AND WEST

Revenues at the Data Group's DATA East and West segment for the quarter ended September 30, 2010 decreased \$3.5 million or 4.6% to \$74.2 million from \$77.7 million for the same period in the prior year. Revenues for the nine months ended September 30, 2010 decreased \$11.4 million or 4.8% to \$226.0 million from \$237.4 million for the same period in the prior year.

Revenues for the three and nine months ended September 30, 2010 decreased due to lower spending from customers in the government and direct mail industries as a result of continuing generally uncertain economic conditions in Canada. During the three months ended September 30, 2010, the segment experienced strong sales in September after weaker sales in July and August. In addition, revenues from lotteries during the first half of 2010 were lower than the same period in 2009 and continued to be lower on a comparative basis during the third quarter of 2010. During the first nine months of 2010, the segment experienced revenue gains from new business, which partially offset declines in revenues from existing customers.

For the quarter ended September 30, 2010, gross profit decreased \$2.4 million to \$17.7 million from \$20.1 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended September 30, 2010 decreased to 23.9% from 25.9% for the same period in 2009. The decrease in gross profit as a percentage of revenues during the quarter ended September 30, 2010 was due to lower revenues as discussed above and lower capacity utilization as a result of lower revenues.

For the nine months ending September 30, 2010, gross profit decreased \$6.8 million to \$54.5 million from \$61.3 million in the same period of 2009. Gross profit as a percentage of revenues for the nine months ended September 30, 2010 decreased to 24.1% from 25.8% for the same period in 2009. The decrease in gross profit as a percentage of revenues during the nine months ended September 30, 2010, was due to lower revenues and capacity utilization and was partially offset by realized savings from on-going productivity improvements and cost reduction initiatives.

SUNDOG

Revenues at the Data Group's Sundog segment for the quarter ended September 30, 2010 decreased \$0.3 million or 6.2% to \$4.5 million from \$4.8 million for the same period in the prior year. Revenues for the nine months ended September 30, 2010 decreased \$1.2 million or 7.8% to \$13.7 million from \$14.9 million for the same period in the prior year.

The decrease in revenues for the three and nine months ended September 30, 2010 was due to a highly competitive printing market in Alberta and to uncertain economic conditions in that province, which continue to negatively affect demand for commercial printing in that market, primarily marketing materials. The first quarter of 2010 revenues were also impacted by lower annual report volumes.

For the quarter ended September 30, 2010, gross profit decreased \$0.5 million to \$1.0 million from \$1.5 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended September 30, 2010 decreased to 21.3% from 30.0% for the same period in 2009. The decrease in gross profit as a percentage of revenues for the three months ended September 30, 2010 was principally due to lower revenues as noted above.

For the nine months ended September 30, 2010, gross profit decreased \$0.8 million to \$3.3 million from \$4.1 million for the same period in 2009. Gross profit as a percentage of revenues for the nine months ended September 30, 2010 decreased to 24.0% from 27.7% for the same period in 2009. The decrease in gross profit as a percentage of revenues for the nine months ended September 30, 2010 was principally due to the revenue shortfall discussed above and was partially offset by savings realized from cost reduction initiatives.

MULTIPLE PAKFOLD

Revenues at the Data Group's Multiple Pakfold segment for the quarter ended September 30, 2010 increased \$0.2 million or 4.8% to \$3.7 million from \$3.5 million for the same period in the prior year. Revenues for the nine months ended September 30, 2010 increased \$0.7 million or 7.0% to \$11.1 million from \$10.4 million for the same period in the prior year.

The increase in revenues for the three and nine months ended September 30, 2010 was attributable to an increase in market share due the bankruptcy of competitors. Economic conditions continue to adversely impact the segment, which affects quoting activity, order quantities and reorder cycles.

For the quarter ended September 30, 2010, gross profit remained largely unchanged from the same period in the prior year at \$0.5 million. Gross profit as a percentage of revenues for the quarter ended September 30, 2010 increased to 14.7% from 13.1% for the same period in 2009. For the nine months ended September 30, 2010, gross profit increased \$0.8 million to \$1.9 million from \$1.1 million for the same period of 2009. Gross profit as a percentage of revenues for the nine months ended September 30, 2010 was 16.6% compared to 10.9% for the same period in 2009. The improvement in gross profit as a percentage of revenues for the three and nine months ended September 30, 2010 was due to the increase in revenues and savings realized from cost reduction initiatives undertaken in prior periods by the segment to improve operating efficiencies.

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

Cash Available for Distribution Reconciliation

For the periods ended September 30, 2010 and 2009 <i>(in thousands of dollars, except percentages and per unit amounts, unaudited)</i>	July 1 to Sept. 30, 2010 \$	July 1 to Sept. 30, 2009 \$	Jan. 1 to Sept. 30, 2010 \$	Jan. 1 to Sept. 30, 2009 \$
Cash provided by (used in) operating activities	6,614	6,390	25,099	20,264
<i>Capital adjustments</i>				
Maintenance capital expenditures ⁽¹⁾	(617)	(547)	(1,352)	(1,853)
Purchase of convertible debentures	-	-	-	(6)
<i>Other adjustments including discretionary items:</i>				
Changes in non-cash working capital ⁽²⁾	(2,313)	708	(10,391)	(47)
Pension plan wind-up contributions ⁽³⁾	805	-	2,065	-
Other ⁽⁴⁾	148	139	120	363
Cash available for distribution	4,637	6,690	15,541	18,721
Distributions to unitholders ⁽⁵⁾	6,805	6,805	20,415	20,415
Shortfall of cash available for distribution over actual distributions	(2,168)	(115)	(4,874)	(1,694)
 Per unit ⁽⁶⁾				
Cash available for distribution per unit ⁽⁶⁾	0.198	0.285	0.662	0.798
Distributions to unitholders per unit ⁽⁶⁾	0.290	0.290	0.870	0.870
Shortfall of cash available for distribution per unit over actual distributions per unit	(0.092)	(0.005)	(0.208)	(0.072)
Payout ratio ⁽⁷⁾	146.8%	101.7%	131.4%	109.0%

Notes:

- (1) *Maintenance capital expenditures are additions, replacements or improvements to property, plant and equipment to maintain the Data Group's business operations. These expenditures involve the replacement of printing and digital equipment, computers and software, and leasehold improvements.*
- (2) *Cash provided by (used in) operating activities has been adjusted for changes in non-cash working capital and other items so as to remove the impact of timing differences in cash receipts and cash disbursements, which generally reverse themselves but can vary significantly across quarters.*
- (3) *Excludes pension plan wind-up contributions to the Data Group's Relizon Canada defined benefit pension plan. During the nine months ended September 30, 2010, the Data Group made its 2010 annual contribution of \$0.6 million and an additional wind-up contribution prepayment of \$0.6 million to that pension plan. In addition, during the quarter ended September 30, 2010, the final outstanding wind-up deficiency of \$0.8 million was funded by the Data Group in advance of the benefit settlement, as required under applicable pension regulations. It is currently expected that the wind-up will be substantially completed within 2010.*
- (4) *Includes other amounts that do not reflect the ongoing operations of the Data Group's business.*
- (5) *Distributions are in respect of the distributions declared.*
- (6) *Per unit calculations are based upon the number of units outstanding at the end of each month consistent with the number of units upon which distributions are declared or paid and not the weighted average number of units outstanding. As at September 30, 2010 and 2009, 23,490,592 units were outstanding.*
- (7) *The payout ratio represents the distributions paid or declared to unitholders as a percentage of the cash available for distribution, in each case for the relevant period.*

CASH AVAILABLE FOR DISTRIBUTION

See Table 4 above for a reconciliation of cash provided by (used in) operating activities to cash available for distribution for the three and nine month periods ended September 30, 2010 and 2009, respectively, and the amounts discussed below. For the quarter ended September 30, 2010, the Fund generated \$4.6 million or \$0.198 per unit of cash available for distribution compared to \$6.7 million or \$0.285 per unit for the same period in 2009. Cash available for distribution for the quarter ended September 30, 2010 was calculated by deducting from cash provided by (used in) operating activities of \$6.6 million, maintenance capital expenditures of \$0.6 million and changes in non-cash working capital of \$2.3 million, respectively, and adding back other non-cash items of \$0.1 million and pension plan wind-up contributions of \$0.8 million respectively. Cash available for distribution for the quarter ended September 30, 2009 was calculated by deducting from cash provided by (used in) operating activities of \$6.4 million, maintenance capital expenditures of \$0.5 million and adding back changes in non-cash working capital of \$0.7 million and other non-cash items of \$0.1 million, respectively.

For the nine months ended September 30, 2010, the Fund generated \$15.5 million or \$0.662 per unit of cash available for distribution compared to \$18.7 million or \$0.798 per unit for the same period in 2009. Cash available for distribution for the nine months ended September 30, 2010 was calculated by deducting from cash provided by operating activities of \$25.1 million, maintenance capital expenditures of \$1.4 million and changes in non-cash working capital of \$10.4 million, respectively, and adding back other non-cash items of \$0.1 million and pension plan wind-up contributions of \$2.1 million, respectively. Cash available for distribution for the nine months ended September 30, 2009 was calculated by deducting from cash provided by operating activities of \$20.3 million, maintenance capital expenditures of \$1.9 million and changes in non-cash working capital of \$0.1 million, respectively, and adding back other non-cash items of \$0.4 million.

For the quarter ended September 30, 2010, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$2.2 million or \$0.092 per unit for the quarter ended September 30, 2010. During the quarter ended September 30, 2010, the Data Group made cash payments of \$0.3 million for the accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives charged to restructuring expense. These cash payments were funded by cash generated from operations and existing cash resources. The restructuring costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the quarter ended September 30, 2009, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$0.1 million or \$0.005 per unit for the quarter ended September 30, 2009. During the quarter ended September 30, 2009, the Data Group made cash payments of \$0.6 million for the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting primarily of severance payments and moving costs and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvements initiatives charged to restructuring expense. These cash payments were funded entirely by cash generated from operations and the net proceeds from asset dispositions. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the nine months ended September 30, 2010, the Fund declared distributions of \$20.4 million or \$0.870 per unit. Actual distributions exceeded cash available for distribution by \$4.9 million or \$0.208 per unit for the nine months ended September 30, 2010. During the nine months ended September 30, 2010, the Data Group made cash payments of \$1.4 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 primarily of severance payments and moving costs and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvements initiatives charged to restructuring expense. These cash payments were funded by cash generated from operations, the net proceeds from the sale of the Data Group's former facility in Orangeville Ontario and existing cash resources. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the nine months ended September 30, 2009, the Fund declared distributions of \$20.4 million or \$0.870 per unit. Actual distributions exceeded cash available for distribution by \$1.7 million or \$0.072 per unit for the nine months ended September 30, 2009. During the nine months ended September 30, 2009, the Data Group made cash payments of \$2.5 million for the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting primarily of severance payments and moving costs and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives charged to restructuring expense in 2008. These cash payments were funded by cash generated from operations, the net proceeds from asset dispositions and existing cash resources. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

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

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

For the periods ended September 30, 2010 and 2009 <i>(in thousands of dollars, unaudited)</i>	July 1 to Sept. 30, 2010 \$	July 1 to Sept. 30, 2009 \$	Jan. 1 to Sept. 30, 2010 \$	Jan. 1 to Sept. 30, 2009 \$
Cash provided by (used in) operating activities	6,614	6,390	25,099	20,264
Net (loss) income for the period	(1,174)	3,261	2,122	6,807
Actual cash distributions paid or declared relating to the period	6,805	6,805	20,415	20,415
(Shortfall) excess of cash provided by (used in) operating activities over cash distributions paid or declared	(191)	(415)	4,684	(151)
Shortfall of net (loss) income over cash distributions paid or declared	(7,979)	(3,544)	(18,293)	(13,608)

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

See Table 5 above for a calculation of the difference between cash provided by (used in) operating activities to cash distributions paid or declared for the three and nine month periods ended September 30, 2010 and 2009, respectively. Cash provided by (used in) operating activities includes changes in working capital, including liabilities assumed on the acquisition of Relizon Canada, and accrued restructuring and integration provisions recorded as part of the purchase price accounting for the Relizon Canada acquisition, various accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives and charged to restructuring expense and pension plan wind-up contributions. The pension plan wind-up contributions and payments against those accrued restructuring and integration provisions will reduce cash from operating activities but are not considered in the Fund's calculation of cash available for distribution and determining distributions.

Distributions paid by the Fund on its outstanding units during the quarter ended September 30, 2010 were funded entirely from cash generated by the Data Group's operations and existing cash resources. The shortfall of cash provided by (used in) operating activities over cash distributions paid or declared for the quarter ended September 30, 2010 was principally due to the revenue declines experienced by the Data Group during that period, which were partially offset by revenues from new business generated and realized cost savings from cost reduction initiatives implemented during 2009.

Distributions paid by the Fund on its outstanding units during the quarter ended September 30, 2009 were funded entirely from cash generated by the Data Group's operations and existing cash resources. The shortfall of cash provided by (used in) operating activities over cash distributions paid or declared for the quarter ended September 30, 2009 was principally due to the revenue declines and lower gross profit in each of the Data Group's operating segments, which were partially offset by the realized cost savings from the Data Group's restructuring and integration activities in 2007 and 2008.

Distributions paid by the Fund on its outstanding units during the nine months ended September 30, 2010 were funded entirely from cash generated by the Data Group's operations, net proceeds from the sale of the Data Group's former facility in Orangeville, Ontario and existing cash resources. The excess of cash provided by (used in) operating activities over cash distributions paid or declared for the nine months ended September 30, 2010 was principally due to revenues from new business generated and realized cost savings from cost reduction initiatives implemented during 2009, which were partially offset by revenue declines experienced by the Data Group during that period.

Distributions paid by the Fund on its outstanding units during the nine months ended September 30, 2009 were funded entirely from cash generated by the Data Group's operations and existing cash resources. The shortfall of cash provided by (used in) operating activities over cash distributions paid or declared for the quarter ended September 30, 2009 was principally due to the revenue declines and lower gross profit in each of the Data Group's operating segments, which were partially offset by the realized cost savings from the Data Group's restructuring and integration activities in 2007 and 2008.

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

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

In calculating cash available for distribution and determining cash distributions, the Fund excludes non-cash expenses that are charged to earnings and deducts capital expenditures which are capitalized in its consolidated financial statements. The non-cash expenses for the three and nine months ended September 30, 2010 and 2009, respectively, which were not included in calculating cash available for distribution and determining cash distributions, consisted of depreciation of property, plant and equipment, amortization of intangible assets, loss on the settlement of a pension plan, a lease exit charge and the provision for or the recovery of current and future income taxes.

For the quarter ended September 30, 2010, the Fund's cash distributions paid on its outstanding units exceeded its net loss by \$8.0 million. Net loss for the quarter ended September 30, 2010 included \$2.6 million in non-cash amortization of intangible assets, \$1.6 million in non-cash amortization of depreciation of property, plant and equipment, a loss on the settlement of a pension plan of \$2.2 million and a non-cash future income tax expense of \$0.3 million.

For the quarter ended September 30, 2009, the Fund's cash distributions paid on to its outstanding units exceeded its net income by \$3.5 million. Net income for the quarter ended September 30, 2009 included \$2.6 million in non-cash amortization of intangible assets, \$1.7 million in non-cash depreciation of property, plant and equipment, and a non-cash future income tax recovery of \$0.3 million.

For the nine months ended September 30, 2010, the Fund's cash distributions paid on its outstanding units exceeded its net income by \$18.3 million. Net income for the nine months ended September 30, 2010 included \$7.7 million in non-cash amortization of intangible assets, \$4.8 million in non-cash amortization of depreciation of property, plant and equipment, a loss on the settlement of a pension plan of \$2.2 million, a non-cash current income tax recovery of \$0.3 million and a non-cash future income tax recovery of \$0.6 million.

For the nine months ended September 30, 2009, the Fund's cash distributions paid on to its outstanding units exceeded its net income by \$13.6 million. Net income for the nine months ended September 30, 2009 included \$7.9 million in non-cash amortization of intangible assets, \$5.4 million in non-cash depreciation of property, plant and equipment, a lease exist charge of \$0.9 million and a non-cash future income tax expense of \$0.2 million.

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

Eight Quarter Consolidated Statement of Cash Available for Distribution – Summary

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

	2010			2009			2008	
	Q3 ⁽¹⁾	Q2 ⁽¹⁾	Q1 ⁽¹⁾	Q4 ⁽²⁾	Q3 ⁽²⁾	Q2 ⁽²⁾	Q1 ⁽²⁾	Q4 ⁽³⁾
	\$	\$	\$	\$	\$	\$	\$	\$
Adjusted EBITDA ⁽⁴⁾	7,198	7,414	8,239	9,143	8,648	7,430	9,096	8,053
Cash available for distribution ⁽⁵⁾	4,637	4,715	6,189	7,158	6,690	5,839	6,192	5,722
Distributions to unitholders	6,805	6,805	6,805	6,805	6,805	6,805	6,805	6,805
(Shortfall) excess of cash available for distribution over actual distributions	(2,168)	(2,090)	(616)	353	(115)	(966)	(613)	(1,083)
Per unit								
Cash available for distribution per unit ⁽⁵⁾	0.198	0.201	0.263	0.305	0.285	0.249	0.264	0.244
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	(0.092)	(0.089)	(0.027)	0.015	(0.005)	(0.041)	(0.026)	(0.046)

Notes:

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

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Data Group maintains an amended credit facility with two Canadian chartered banks in the maximum amount of up to \$90.0 million. As at September 30, 2010, the Data Group had outstanding borrowings of \$25.0 million against this credit facility and was in compliance with its credit facility covenants. At September 30, 2010, all of the Data Group's indebtedness outstanding under the credit facility was subject to floating interest rates of 4.27%. Subsequent to the quarter ended September 30, 2010, the Data Group completed an agreement to extend the maturity date of its existing credit facilities to August 31, 2013. 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. The Fund will redeem all of the outstanding 6.75% Convertible Debentures on December 31, 2010 at a redemption price of par plus accrued and unpaid interest thereon to, but excluding the redemption date. On September 30, 2010, the Fund had outstanding \$34.8 million aggregate principal amount of 6.75% Convertible Debentures. The Fund currently intends to fund the redemption price with available borrowings under the Data Group's existing credit facilities, existing cash resources or a combination of both. The terms of the 6.75% Convertible Debentures are described in greater detail in the Fund's short form prospectus dated August 24, 2006, which is available on SEDAR at www.sedar.com.

On April 27, 2010, the Fund issued \$45.0 million aggregate principal amount of 6.00% Convertible Debentures, all of which were outstanding at September 30, 2010. The terms of the 6.00% Convertible Debentures are described in greater detail in the Fund's short form prospectus dated April 16, 2010, which is available on SEDAR at www.sedar.com. During the three months ended June 30, 2010, the net proceeds from the sale of the 6.00% Convertible Debentures of approximately \$42.7 million and a portion of cash on hand were used to repay \$45.0 million of the Data Group's outstanding borrowings under its credit facility. Principal amounts repaid by the Data Group under its credit facility may be redrawn in accordance with the terms of the credit facility.

At September 30, 2010, the Data Group had cash and cash equivalents of \$14.9 million compared to \$11.7 million at December 31, 2009. The cash equivalents consist mainly of short-term investments, such as money market deposits. None of the cash equivalents are in asset-backed commercial paper products. The Data Group has deposited the cash equivalents with reputable Canadian financial institutions, from which the Data Group believes the risk of loss to be remote. In addition, under the terms of the Data Group's credit facility, the Data Group had access to \$65.0 million of available credit less letters of credit granted of \$3.1 million at September 30, 2010.

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

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

The Fund announced a reduction in cash distributions per unit to unitholders from \$1.1587 to \$0.65 annually, effective with the Fund's first monthly distribution in January 2011. The Fund believes that the decision to reduce the level of distributions is necessary and prudent in light of the pending SIFT tax, which will reduce the Fund's cash available for distribution, and current economic conditions.

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

Cash Flow from Operations

Changes in non-cash working capital increased cash by \$2.3 million during the quarter ended September 30, 2010. Inventory levels decreased by \$2.2 million as a result of the timing of shipments of products to customers of the DATA East and West segment. Accounts payable and accrued liabilities increased by \$2.1 million as a result of the timing of payments to suppliers for purchases during the third quarter of 2010. Deferred revenues decreased by \$2.1 million due to the timing of shipments during the third quarter of 2010.

Pension Funding Obligations

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

The Data Group is required under applicable pension legislation to make monthly, annual and/or one-time cash contributions to the DBFL Plan to fund current or future funding deficiencies which may emerge. Applicable pension legislation requires that the funded status of the defined benefit provisions of the Data Group's ongoing pension plans be determined periodically on both a going concern basis (i.e. essentially assuming indefinite plan continuation) and a solvency basis (i.e. essentially assuming immediate plan termination). The funded status of the Data Group's pension plans are impacted by actuarial assumptions, the plan's investment performance, changes in economic conditions and debt and equity markets, changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administrative expenses, among others. Where an actuarial valuation reveals a solvency deficit, current pension regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation. Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which applicable pension regulations allow the valuations to be completed every three years. Based on these valuations, the annual cash contributions to this plan will be determined annually and will depend on the plan's investment performance and changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administration expenses, among others. Under applicable pension regulations, the plan's solvency deficiency can be funded over a maximum period of five years.

During the nine months ended September 30, 2009, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that, as at January 1, 2010, the DBFL Plan had a significant solvency deficit. Based upon the January 1, 2010 actuarial valuation report, the Data Group was required to increase its annual cash contributions to the DBFL Plan from \$1.5 million to approximately \$2.2 million effective from January 1, 2010, a reduction from the \$3.5 million previously disclosed. During the nine months ended September 30, 2010, the Data Group made all the required payments related to its funding requirements for the DBFL Plan for 2010.

The Data Group issued a notice to wind-up the Relizon Canada Plan effective December 31, 2008, such that no benefits will accrue under the Relizon Canada Plan after December 31, 2008. A Relizon Canada Plan amendment to this effect has been adopted by the Data Group. It is expected that the wind-up of the Relizon Canada Plan will be substantially completed within 2010 as requisite approvals from applicable pension regulatory authorities have been received.

During the year ended December 31, 2009, the Data Group engaged actuaries to prepare the wind-up actuarial report for the Relizon Canada Plan as at December 31, 2008. Based upon this wind-up report, the Relizon Canada Plan has an estimated wind-up deficiency of \$2.9 million and a 5 year annual funding obligation of \$0.6 million, assuming that the solvency deficit is fully funded and the benefits are settled by the end of 2013. During the nine months ended September 30, 2010, the Data Group made its 2010 annual contribution of \$0.6 million and an additional wind-up contribution prepayment of \$0.6 million to the Relizon Canada Plan. During the quarter ended September 30, 2010, substantially all of the outstanding pension obligations were settled through the purchase of annuity contracts or lump-sum payments pursuant to participant elections, a final wind-up deficiency was calculated as \$0.8 million and the Data Group funded this amount in advance of the benefit settlement, as required under applicable pension regulations. As a result of the wind-up during the quarter ended September 30, 2010, the Data Group recorded a one-time loss on settlement of pension plan of \$2.2 million.

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

The SRDF is a defined benefit, multi-employer pension plan which provides retirement benefits to unionized employees in the printing industry jointly-trusted by representatives of the employers of SRDF members and the unions which represent SRDF members in collective bargaining. The Data Group makes contributions to the SRDF based on a percentage of the wages of unionized employees covered by the respective negotiated collective bargaining agreements.

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

Working Capital – Accounts Receivable

The Data Group has accounts receivable from clients engaged in various industries, none of which are concentrated in any specific geographic area. These clients include financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies. The specific industries in which these clients operate may be

affected by the current economic conditions impacting the domestic and global economies, which could adversely impact the Data Group's accounts receivable. Management of the Data Group does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at September 30, 2010, \$0.9 million or 2.3% (September 30, 2009 - \$1.8 million or 4.3%) of the Data Group's accounts receivable were more than 90 days old, which is an improvement from historical aging profiles.

Investing Activities

Capital expenditures for the quarter ended September 30, 2010 of \$0.6 million related primarily to maintenance capital expenditures and were financed by cash flow from operations and existing cash resources. Capital expenditures for the nine months ended September 30, 2010 of \$1.4 million related primarily to maintenance capital expenditures and were financed by cash flow from operations and net proceeds from asset dispositions. During the nine months ended September 30, 2010, the Data Group sold its former Orangeville, Ontario facility for gross proceeds of \$2.2 million.

Financing Activities

For the quarter ended September 30, 2010, the Fund paid or declared aggregate cash distributions of \$6.8 million to its unitholders. For the nine months ended September 30, 2010, the Fund paid or declared aggregate cash distributions of \$20.4 million to its unitholders. As described above, during the nine months ended September 30, 2010, the Fund issued \$45.0 million aggregate principal amount of 6.00% Convertible Debentures. During the nine months ended September 30, 2010, the net proceeds from the sale of the 6.00% Convertible Debentures of approximately \$42.7 million and a portion of cash on hand totalling \$45.0 million were used to repay a portion of the Data Group's outstanding borrowings under its credit facility.

OUTSTANDING UNIT DATA

At September 30, 2010, there were outstanding 23,490,592 units, \$34.8 million aggregate principal amount of 6.75% Convertible Debentures and \$45 million aggregate principal amount of 6.00% Convertible Debentures. At December 31, 2009, there were outstanding 23,490,592 units and \$34.8 million aggregate principal amount of 6.75% Convertible Debentures. Each of the 6.00% Convertible Debentures and 6.75% Convertible Debentures are convertible into Units. See "Liquidity and Capital Resources – Liquidity" above.

DISTRIBUTIONS

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

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

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

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

Record Date	Payment Date	Per Unit	Amount
January 29, 2010	February 12, 2010	\$0.09656	\$2.268 million
February 26, 2010	March 15, 2010	\$0.09656	\$2.268 million
March 31, 2010	April 15, 2010	\$0.09656	\$2.269 million
April 30, 2010	May 14, 2010	\$0.09656	\$2.268 million
May 31, 2010	June 15, 2010	\$0.09656	\$2.268 million
June 30, 2010	July 15, 2010	\$0.09656	\$2.269 million
July 30, 2010	August 13, 2010	\$0.09656	\$2.268 million
August 31, 2010	September 15, 2010	\$0.09656	\$2.268 million
September 30, 2010	October 15, 2010	\$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, 2010. See "Liquidity and Capital Resources – Liquidity" for a description of the Fund's 6.75% Convertible Debentures and 6.00% Convertible Debentures, respectively.

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

Eight Quarter Results of Operations - Summary

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

	2010			2009				2008
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	80,734	80,995	85,564	90,698	84,443	84,269	90,417	96,508
Net income (loss)	(1,174)	(83)	3,379	6,236	3,261	749	2,797	(10,046)
Basic income (loss) per unit	(0.05)	(0.00)	0.14	0.27	0.14	0.03	0.12	(0.43)
Diluted income (loss) per unit	(0.05)	(0.00)	0.14	0.27	0.14	0.03	0.12	(0.43)

The variations in the Fund's quarterly revenues and net income (loss) over the eight quarters ended September 30, 2010 can be attributed to five principal factors: general uncertain economic conditions in Canada, goodwill impairment charges, restructuring expenses related to the Data Group's on-going productivity improvement initiatives, the Data Group's cost reduction initiatives and one-time financing costs related to the issuance of the 6.00% Convertible Debentures.

The Fund's results of operations throughout 2010 and 2009 were negatively affected by generally uncertain economic conditions in Canada, which resulted in volatile operating results, lower revenues and profitability during these periods. The Fund's net income for the third quarter of 2009 includes a one-time loss on the settlement of a pension plan. The Fund's net income for the second quarter of 2010 includes one time financing costs of \$2.3 million related to the issuance of the 6.00% Convertible Debentures. The Fund's net income for second quarter of 2009

includes a non-recurring lease exit charge of \$0.9 million. The Fund's net income for the third quarter of 2009 improved as a result of costs savings from on-going productivity improvements and cost reduction initiatives and revenues from new business, which increased capacity utilization and contributed a strong product mix with higher value added and margin.

During 2010, the Data Group incurred restructuring costs of \$0.3 million as part of its on-going productivity improvement initiatives to reduce its cost of operations. Included in the Fund's quarterly net income for 2010 are restructuring expenses of \$0.1 million and \$0.2 million incurred during the first and second quarters of 2010, respectively.

During 2009, the Data Group incurred restructuring costs of \$2.0 million as part of its on-going productivity improvement initiatives to reduce its cost of operations. Included in the Fund's quarterly net income for 2009 are restructuring expenses of \$0.1 million, \$0.3 million, \$0.9 million and \$0.7 million incurred during the first, second, third and fourth quarters of 2009, respectively.

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

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

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the effectiveness of disclosure controls and procedures (as defined in National Instrument 52-109) of the Fund and the Data Group as of September 30, 2010. Based on that evaluation, those officers have concluded that, as of September 30, 2010, such disclosure controls and procedures were sufficiently effective to provide reasonable assurance that (i) material information relating to the Fund and the Data Group was made known to management, and (ii) information required to be disclosed by the Fund in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation.

With the supervision and participation of the Data Group's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Data Group have evaluated the design of the internal controls over financial reporting (as defined in National Instrument 52-109) of the Fund and the Data Group as of September 30, 2010. In making this evaluation, the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control – Integrated Framework was used to design the internal controls over financial reporting. Based on that evaluation, those officers have concluded that, as of September 30, 2010, such internal controls over financial reporting were sufficiently effective to provide reasonable assurance regarding the reliability of

the Fund's financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

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

OUTLOOK

The third quarter of 2010 continued to be uncertain as the Data Group experienced volatile operating results during the quarter. While the Data Group continued to benefit from new business wins achieved in 2009, many of its traditional customers continued to experience lower activity levels. As a result, the Data Group experienced a 4.4% reduction in third quarter revenues compared to the same period in 2009. The current economic environment continues to be difficult to predict. Management will continue to manage the Data Group's business on a "more of the same basis" and believes the Data Group is well positioned to benefit from a sustained economic recovery.

The Board of Trustees has reviewed the Fund's distribution policy and is committed to maximizing distributions to unitholders at a level which is sustainable and consistent with maintaining the long term health of the business. After considering a variety of factors, including the negative impact of the SIFT tax on the Fund's cash available for distribution as of January 1, 2011 and the continued effects of the weakened economy, the Board of Trustees has determined to reduce distributions on the Fund's units to a monthly rate of \$0.0542 per unit (\$0.65 per unit annually) effective with the first distribution of 2011. Distributions currently taxed as regular income will be taxed as dividends in 2011. For taxable investors holding their units in the Fund outside a registered plan, the dividend tax credit may reduce the impact of a reduction in distributions on an after tax basis.

The Fund's Board of Trustees will continue to closely monitor the Fund's monthly distribution levels in light of the current economy, the Fund's on-going and anticipated cash available for distribution and cash resources.

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 SIFT rules will result in a reduction of cash available for distribution from the Fund commencing in 2011. 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. Tax laws permit public income trusts to "convert" into public corporations before 2013 without triggering adverse tax consequences to the income trust and its unitholders.

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

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

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

NEW ACCOUNTING POLICIES

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

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

INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

SCOPING AND DIAGNOSTIC PHASE

This phase involves performing a detailed diagnostic comparing GAAP to IFRS and identifying key areas that may be impacted by the transition to IFRS. The Data Group completed the scoping and diagnostic phase in the fourth quarter of 2008.

IMPACT ANALYSIS AND DESIGN PHASE

In this phase, each area identified from the scoping and diagnostic phase will be addressed. This phase involves determining which changes are required to existing accounting policies, information systems and business processes, together with an analysis of accounting policy alternatives allowed under IFRS and development of draft IFRS financial statement content. The Data Group is assessing the impact of the conversion on business activities, including the effect on internal controls over financial reporting and disclosure controls. The Data Group has concluded that its current information technology infrastructure, data systems and reporting capability are sufficient to support the Fund and its subsidiaries during and after transition to IFRS. While IFRS may also affect internal controls over financial reporting, the Fund does not expect such changes to be significant to the Fund and its subsidiaries. The Data Group will assess its key controls and their effectiveness in light of these changes, with the objective to ensure that proper internal controls are in place and operating effectively in order to facilitate the evaluation of the effectiveness of disclosure controls and procedures and the evaluation of the effectiveness of the internal controls over financial reporting (as defined in National Instrument 52-109) of the Fund and the Data Group. The Data Group completed the impact analysis and design phase in the second quarter of 2010.

IMPLEMENTATION AND REVIEW PHASE

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

The Data Group is currently working on the implementation and review phase of the project. IFRS component evaluations for each key IFRS standard have been prepared by the IFRS team and are been reviewed by Fund's external auditors. The Data Group's analysis of IFRS in comparison to GAAP has identified a number of differences that are likely to impact the Fund and the Data Group. They include but are not limited to:

IFRS 1 – This standard provides entities with a number of optional and mandatory exemptions upon initial adoption of the IFRS standards. The IFRS implementation team has completed the analysis of the exemption choices and has made the following optional exemptions the Fund intends to adopt:

Optional exemption	Application of exemption
Business combinations	Under this exemption, the Fund expects to elect not to apply IFRS 3 retrospectively and will not restate any business combinations that occurred prior to January 1, 2011.
Employee benefits	This exemption allows the Data Group to elect to reset the cumulative actuarial gains and losses to zero by recognizing the full amount in the retained earnings of the opening IFRS balance sheet related to its defined benefit pensions and other future employee benefits.
Lease accounting	This exemption allows the Data Group to determine whether an arrangement contains a lease based on facts and circumstances at transition date to IFRS rather than at the inception of the lease.
Fair value or revaluation as deemed cost.	This exemption allows the Data Group to initially measure Property, Plant and Equipment at the historical cost basis under a previous GAAP as the deemed cost upon transition to IFRS.

Property, plant and equipment – International Accounting Standards ("IAS") 16 requires an entity to componentize assets into its significant parts upon initial measurement and depreciate assets based on the useful life of the significant individual components as opposed to the assets as a whole. This could have an impact on the way significant parts of printing presses are tracked and depreciated. Substantial work has been completed in this area, which includes a comprehensive review of the Data Group's property, plant and equipment by its corporate engineering department. Accounting policy choices have been finalized and the Data Group does not expect to record any adjustments on transition to IFRS. The Data Group has concluded that it does not need to componentize its assets further given the nature of the assets. The adoption of IFRS will have minimal impact on the Fund's current accounting for property, plant and equipment and will not have a significant material impact on the depreciation charged to its consolidated statement of income.

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

Recognition of leases – Unlike GAAP, IAS 17 does not provide prescriptive measurements on lease contracts. As a result, all lease contracts will need to be reviewed to determine if they are operating or capital leases based on whether or not management is of the view that substantially all the risks and rewards incidental to ownership have been transferred. IAS 17 also requires that in a sale-leaseback transaction where the leaseback is classified as an operating lease, any gain on sale is recognized immediately in income. This differs from the Fund's current accounting policy, where, in accordance with GAAP, any gain on sale is deferred and recognized in income over the term of the operating lease. When the Fund transitions to IFRS effective January 1, 2010, it expects to record reductions in the deferred gain of approximately \$1.5 million and in future income taxes of approximately \$0.1 million, respectively, and a resulting decrease in the retained earnings of approximately \$1.4 million. The Data Group has reviewed its material lease commitments and will finalize the accounting for its lease commitments once the IFRS standard applicable for 2011 has been finalized. The IASB is proposing to effectively eliminate off balance sheet accounting for most leases. All assets currently leased under operating leases would be recorded on to the balance sheet with a corresponding lease obligation as the standard is expected to remove the distinction between capital and operating leases. The Data Group is monitoring developments related to the proposed changes to standard and the implications to its debt covenants, and other performance measures.

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

When the Fund transitions to IFRS effective January 1, 2010, it expects to make the available election to immediately recognize its unamortized actuarial gains and losses and record the impact of the IFRIC 14 with respect to Data Group's past service minimum funding requirements through a decrease in opening retained earnings. The Fund continues to work with its actuaries to assess the accounting and disclosure impacts of IFRS on its employee future benefit liabilities, including the Data Group's participation in a multi-employer pension plan.

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

Accounting for convertible debentures and transaction costs – IAS 39 Financial instruments: recognition and measurement provides guidance on the measurement of financial assets and liabilities, as well as on the separation of embedded derivatives from the host contract in hybrid financial instruments. IAS 32 Financial instruments: presentation provides guidance on the balance sheet classification of financial instruments as a financial liability or equity by the issuer. The Fund is currently evaluating the accounting for the 6.00% Convertible Debenture outstanding at January 1, 2010 and the 6.75% Convertible Debentures issued on April 27, 2010 under IFRS as it may differ from its accounting under GAAP.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument. Under GAAP, the Fund adopted a policy to expense all these financing costs when they are incurred. Under IFR, transaction costs related to financial liabilities classified and recorded at fair value through profit and loss are expensed as incurred. However, transaction costs related to financial liabilities classified and recorded at amortized costs are netted against financial liability. The Fund is currently evaluating the treatment of the transaction costs related to its Revolving Bank Facility and its convertible debentures outstanding under IFRS.

Impairment of assets – GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairments exist, and then measuring impairment by comparing asset carrying values to their fair value (which is calculated using discounted future cash flows). IAS 36 uses a one step approach for both testing and measurement of impairment, with assets’ carrying values compared directly with the higher of fair value less costs to sell or value in use (which uses discounted cash flows). Under GAAP, impairment is based on discounted cash flows only if an asset’s undiscounted cash flows are below its carrying value. Previously recognized impairment losses must be reversed when a change in circumstances indicates that the impairment has been reduced, other than for goodwill and indefinite-lived intangible assets. The Data Group has completed its impairment test for property, plant and equipment and intangible assets as at January 1, 2010 under IFRS and no impairments have been identified. Therefore, the Data Group does not expect to record any IFRS transition adjustments.

Impairment of goodwill – IAS 36 requires a one-step approach to testing for and measurement impairment of all assets including goodwill at the cash generating unit (“CGU”) level. A CGU is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment is determined by comparing asset carrying values directly to the higher of fair value less costs to sell and value in use. Any impairment is first applied to goodwill and then prorated to other assets in the CGU. Under GAAP, goodwill impairment testing was done at the reporting unit level. The Data Group has concluded that

its CGU under IFRS are the equivalent to its reporting units. The Data Group has also completed its goodwill impairment testing under IFRS as at January 1, 2010 and no impairment of goodwill has been identified. Therefore, the Data Group does not expect to record any IFRS transition adjustments. The IFRS standard also requires the Data Group to perform its goodwill impairment testing at least annually and at the same time each year. The Data Group intends complete its goodwill impairment annually corresponding with its financial year end of December 31.

The IFRS team has prepared a preliminary opening IFRS balance sheet and the IFRS transition adjusting journal entries that will be reviewed and approved by Fund's audit committee. In addition, the team has begun drafting IFRS disclosure requirements and the 2010 IFRS adjusting journal entries. There are generally more extensive presentation and disclosure requirements under IFRS compared to GAAP.

RISKS AND UNCERTAINTIES

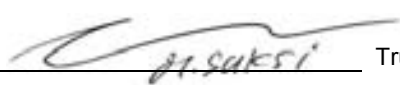
An investment in the units of the Fund involves risks. In addition to the information set out below and the other information contained in this report, investors should carefully consider the risks described in the Fund's MD&A for the year ended December 31, 2009 before investing in the Fund's units. The risks described in the Fund's MD&A for the year ended December 31, 2009 and this report are not the only ones facing the Fund and/or the Data Group. Additional risks not currently known to the Fund and/or the Data Group, or that the Fund and/or the Data Group currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of the Data Group, and the ability of the Fund to make distributions on its units.

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

	September 30,	December 31,
	2010	2009
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	14,876	11,736
Accounts receivable	37,957	44,930
Inventories (note 4)	40,983	47,449
Prepaid expenses and other current assets	4,583	4,192
Assets held for sale (note 18)	-	2,085
	<u>98,399</u>	<u>110,392</u>
Property, plant and equipment	27,116	30,672
Goodwill	141,206	141,206
Intangible assets	36,607	44,305
	<u>303,328</u>	<u>326,575</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	30,358	29,663
Accrued restructuring provisions (note 6)	431	1,556
Income taxes payable	109	1,059
Deferred revenue	7,694	8,971
Distributions payable	2,269	2,269
	<u>40,861</u>	<u>43,518</u>
Revolving bank facility (note 8)	25,000	70,000
Convertible debentures (note 9)	77,601	34,488
Future income taxes (note 7)	5,403	6,018
Deferred gain	1,383	1,530
Unfavourable lease obligation	932	1,025
Deferred lease inducement	766	858
Lease exit accrual	681	793
Pension obligations (note 5)	6,483	8,003
Post-employment and post-retirement benefits	2,173	2,143
	<u>161,283</u>	<u>168,376</u>
Unitholders' Equity		
Units (note 12)	215,336	215,336
Conversion options (note 9)	3,036	897
Deficit	(76,327)	(58,034)
	<u>142,045</u>	<u>158,199</u>
	<u>303,328</u>	<u>326,575</u>

APPROVED BY THE BOARD OF TRUSTEES

 Trustee

 Trustee

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

**CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND
COMPREHENSIVE INCOME (LOSS)**

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	For the three months ended September 30, 2010 \$	For the three months ended September 30, 2009 \$
Revenues	80,734	84,443
Cost of revenues (including depreciation of \$1,496 and \$1,689, respectively)	61,504	62,411
Gross profit	19,230	22,032
Expenses		
Selling, commissions and expenses	7,833	8,138
General and administration expenses (including depreciation of \$65 and \$57, respectively)	5,760	6,992
Loss on settlement of pension plan (note 5)	2,222	-
Amortization of intangible assets	2,566	2,649
	18,381	17,779
Income before interest and income taxes	849	4,253
Interest expense (net of interest income of \$33 and \$15, respectively)	1,723	1,292
(Loss) income before income taxes	(874)	2,961
Future income tax expense (recovery) (note 7)	300	(300)
Net (loss) income for the period	(1,174)	3,261
Gain on cash flow hedges	-	344
Comprehensive (loss) income for the period	(1,174)	3,605
Basic (loss) income per unit	(0.05)	0.14
Diluted (loss) income per unit (note 13)	(0.05)	0.14
Units outstanding	23,490,592	23,490,592

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, 2010 \$	For the nine months ended September 30, 2009 \$
Revenues	247,293	259,129
Cost of revenues (including depreciation of \$4,599 and \$5,221, respectively)	187,674	192,624
Gross profit	59,619	66,505
Expenses		
Selling, commissions and expenses	24,124	25,347
General and administration expenses (including depreciation of \$216 and \$199, respectively)	17,459	21,404
Loss on settlement of pension plan (note 5)	2,222	-
Lease exit charge	-	866
Gain on cancellation of convertible debentures	-	(2)
Amortization of intangible assets	7,698	7,947
	51,503	55,562
Income before interest and income taxes	8,116	10,943
Interest expense and financing costs (net of interest income of \$59 and \$262, respectively)	6,933	3,981
Income before income taxes	1,183	6,962
Income tax expense (recovery) (note 7)		
Current	(324)	-
Future	(615)	155
	(939)	155
Net income for the period	2,122	6,807
Gain on cash flow hedges	-	1,059
Comprehensive income for the period	2,122	7,866
Basic income per unit	0.09	0.29
Diluted income per unit (note 13)	0.09	0.29
Units outstanding	23,490,592	23,490,592

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

CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

(in thousands of dollars, unaudited)

	Units \$	Conversion options \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Unitholders' Equity \$
Balance as at December 31, 2008	215,336	898	(1,059)	(43,857)	171,318
Distributions declared	-	-	-	(20,415)	(20,415)
Cancellation of convertible debentures (note 9)	-	(1)	-	-	(1)
Gain on cash flow hedges	-	-	1,059	-	1,059
Net income for the period	-	-	-	6,807	6,807
Balance as at September 30, 2009	215,336	897	-	(57,465)	158,768
Balance as at December 31, 2009	215,336	897	-	(58,034)	158,199
Distributions declared	-	-	-	(20,415)	(20,415)
Issuance of convertible debentures (note 9)	-	2,139	-	-	2,139
Net income for the period	-	-	-	2,122	2,122
Balance as at September 30, 2010	215,336	3,036	-	(76,327)	142,045

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of dollars, unaudited)</i>	For the three months ended September 30, 2010 \$	For the three months ended September 30, 2009 \$
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(1,174)	3,261
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	1,561	1,746
Amortization of intangible assets	2,566	2,649
Pension expense	295	237
Contributions made to pension plans	(1,452)	(502)
Loss on disposal of property, plant and equipment	-	86
Loss on settlement of pension plan (note 5)	2,222	-
Accretion of convertible debentures	117	42
Amortization of deferred gain	(49)	(48)
Unfavourable lease obligation	(31)	(30)
Amortization of lease inducement	(30)	(31)
Accretion of lease exit accrual	(38)	(30)
Post-employment and post-retirement benefits	14	18
Future income tax expense (recovery)	300	(300)
	4,301	7,098
Changes in non-cash items relating to operating activities (note 11)	2,313	(708)
	6,614	6,390
Investing activities		
Purchase of property, plant and equipment	(617)	(547)
	(617)	(547)
Financing activities		
Distributions to unitholders (note 14)	(6,805)	(6,805)
	(6,805)	(6,805)
Decrease in cash and cash equivalents during the period	(808)	(962)
Cash and cash equivalents – beginning of period	15,684	11,680
Cash and cash equivalents – end of period	14,876	10,718
Supplemental cash flow information		
Interest paid	271	870
Income taxes paid	-	(772)

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, 2010 \$	For the nine months ended September 30, 2009 \$
Cash provided by (used in)		
Operating activities		
Net income for the period	2,122	6,807
Adjustments to net income		
Depreciation of property, plant and equipment	4,815	5,420
Amortization of intangible assets	7,698	7,947
Pension expense	1,029	697
Contributions made to pension plans	(4,771)	(1,488)
Loss (gain) on disposal of property, plant and equipment	104	(1)
Financing costs	2,266	-
Loss on settlement of pension plan (note 5)	2,222	-
Gain on cancellation of convertible debentures	-	(2)
Lease exit charge	-	866
Accretion of convertible debentures	252	125
Amortization of deferred gain	(147)	(145)
Unfavourable lease obligation	(93)	(88)
Amortization of lease inducement	(92)	(92)
Accretion of lease exit accrual	(112)	(38)
Post-employment and post-retirement benefits	30	54
Future income tax (recovery) expense	(615)	155
	14,708	20,217
Changes in non-cash items relating to operating activities (note 11)	10,391	47
	25,099	20,264
Investing activities		
Purchase of property, plant and equipment	(1,352)	(1,853)
Proceeds on disposal of property, plant and equipment	2,074	1,236
	722	(617)
Financing activities		
Issuance (repurchase) of convertible debentures, net (note 9)	42,734	(6)
Repayment of revolving bank facility (note 8)	(45,000)	-
Distributions to unitholders (note 13)	(20,415)	(20,415)
	(22,681)	(20,421)
Increase (decrease) in cash and cash equivalents during the period	3,140	(774)
Cash and cash equivalents – beginning of period	11,736	11,492
Cash and cash equivalents – end of period	14,876	10,718
Supplemental cash flow information		
Interest paid	2,280	3,411
Income taxes paid	596	2,698

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

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(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 – sells commercial printing products, document management services and event tickets; and
- c. Multiple Pakfold - sells businesses forms and labels to independent brokers/resellers in the Canadian market.

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 as well as the buying patterns of certain major customers of the Data Group generate higher revenues and profit in the fourth quarter than the other three quarters.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fund prepares its financial statements in accordance with Canadian generally accepted accounting principles (“GAAP”). The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the Fund’s 2009 audited consolidated financial statements and notes thereto. The accounting policies used in preparing these interim consolidated financial statements are consistent with those followed in the Fund’s 2009 audited consolidated financial statements.

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(in thousands of dollars, except per unit amounts, unaudited)

3. NEW ACCOUNTING POLICIES

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

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

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

4. INVENTORIES

	September 30,	December 31,
	2010	2009
	\$	\$
Paper, carbon and ink	6,009	6,570
Work-in-progress	3,624	4,096
Forms, computer paper and labels	31,350	36,783
	40,983	47,449

The cost of inventories recognized as an expense within cost of revenues for the three months ended September 30, 2010 was \$58,535 (2009 – \$59,392) and for the nine months ended September 30, 2010 was \$177,028 (2009 – \$181,968).

5. PENSION OBLIGATIONS AND EXPENSES

The Data Group maintains defined benefit and defined contribution pension plans for certain of its employees, which were previously maintained by Data Business Forms Limited (the “DBFL Plan”) and Relizon Canada (the “Relizon Canada Plan”), respectively. Pension benefits are primarily based on years of service, compensation and accrued contributions with interest. The Data Group’s funding policy is to fund the annual amount required to meet or exceed the minimum statutory requirements. The Data Group also contributes to the Graphics Communications Supplemental Retirement and Disability Fund of Canada (“SRDF”) for certain employees at its Granby and Drummondville, Québec plants. The SRDF is a defined benefit, multi-employer pension plan which provides retirement benefits to unionized employees in the printing industry jointly-trusted by representatives of the employers of SRDF members and the unions which represent SRDF members in collective bargaining. The Data Group makes contributions to the SRDF based on a percentage of the wages of unionized employees covered by the respective negotiated collective bargaining agreements. Certain former senior executives of Relizon Canada participated in a Supplementary Executive Retirement Plan (“SERP”), which provides for pension benefits payable as a single life annuity with a five year guarantee. The SERP is unfunded and its pension benefits will be paid out of the general revenues of the Data Group.

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(in thousands of dollars, except number of units and per unit amounts, unaudited)

Annual actuarial valuations are required on the DBFL Plan until the solvency deficiency is reduced to a level under which applicable pension regulations allow the valuations to be completed every three years. Based on these valuations, the annual cash contributions to this plan will be determined annually and will depend on the plan's investment performance and changes in long-term interest rates, estimates of the price of annuities, and other elements of pension plan experience such as demographic changes and administration expenses, among others. Under applicable pension regulations, the plan's solvency deficiency can be funded over a maximum period of five years. During the nine months ended September 30, 2009, the Data Group engaged actuaries to complete an updated actuarial valuation of the DBFL Plan, which determined that, as at January 1, 2010, the DBFL Plan had a significant solvency deficit. Based upon the January 1, 2010 actuarial valuation report, the Data Group was required to increase its annual cash contributions to the DBFL Plan from \$1,500 to approximately \$2,208 effective from January 1, 2010, a reduction from the \$3,500 previously disclosed. During the nine months ended September 30, 2010, the Data Group made all the required payments related to its funding requirements for the DBFL Plan for 2010.

The Data Group issued a notice to wind-up the Relizon Canada Plan effective December 31, 2008, such that no benefits will accrue under the Relizon Canada Plan after December 31, 2008. A Relizon Canada Plan amendment to this effect has been adopted by the Data Group. It is expected that the wind-up of the Relizon Canada Plan will be substantially completed within 2010 as requisite approvals from applicable pension regulatory authorities have been received. During the year ended December 31, 2009, the Data Group engaged actuaries to prepare the wind-up actuarial report for the Relizon Canada Plan as at December 31, 2008. Based upon this wind-up report, the Relizon Canada Plan had an estimated wind-up deficiency of \$2,931 and a 5 year annual funding obligation of \$630, assuming that the solvency deficit is fully funded and the benefits are settled by the end of 2013. During the nine months ended September 30, 2010, the Data Group made its 2010 annual contribution of \$630 and an additional wind-up contribution prepayment of \$630 to the Relizon Canada Plan. During the quarter ended September 30, 2010, substantially all of the outstanding pension obligations were settled through the purchase of annuity contracts or lump-sum payments pursuant to participant elections, a final wind-up deficiency was calculated as \$805 and the Data Group funded this amount in advance of the benefit settlement, as required under applicable pension regulations. As a result of the wind-up during the quarter ended September 30, 2010, the Data Group recorded a one-time loss on settlement of pension plan of \$2,222.

The annual pension expense for the Data Group's defined contribution pension plan, (the "DC Plan") is based on the amounts earned by eligible employees. During the quarter ended September 30, 2009, the Data Group began the reduction to its contributions to the DC Plan (as previously announced) in an effort to reduce its costs.

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

	For the three months ended September 30, 2010	For the three months ended September 30, 2009	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
	\$	\$	\$	\$
Defined benefit plans	295	237	1,029	697
Defined contribution plan	478	480	1,444	2,517

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(in thousands of dollars, except per unit amounts, unaudited)

6. ACCRUED RESTRUCTURING PROVISIONS

a. Restructuring Provision – 2008 to 2010

During the nine months ended September 30, 2010, the Data Group continued its restructuring and on-going productivity improvement initiatives to reduce its cost of operations. These initiatives resulted in a \$nil (2009 - \$945) charge and a recovery of \$22 (2009 - \$nil) to restructuring expense during the three months ended September 30, 2010 and in a \$308 (2009 - \$1,268) charge to restructuring expense during the nine months ended September 30, 2010. For the three months ended September 30, 2010, cash payments of \$259 (2009 - \$353) and for the nine months ended September 30, 2010 cash payments of \$958 (2009 - \$708) were made to former employees for severance and a significant amount of the remaining severance accrual of \$216 at September 30, 2010 will be paid during the fourth quarter of 2010 and the first six months of 2011.

b. Restructuring and Integration Provisions - 2007

In connection with the acquisition of Relizon Canada on August 31, 2006, the Fund adopted a plan to integrate and restructure the acquired business. The Data Group completed the restructuring activities under this plan during 2007 and expects a significant portion of the remaining severance accrual of \$215 at September 30, 2010 to be paid during the fourth quarter of 2010. The liabilities relating to these costs were included in the allocation of the purchase price of Relizon Canada. For the three months ended September 30, 2010, cash payments of \$19 (2009 - \$571) and for the nine months ended September 30, 2010, cash payments of \$475 (2009 - \$2,489) were made to former employees for severance and a retiring allowance related to this restructuring.

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

	For the three months ended September 30, 2010 \$	For the three months ended September 30, 2009 \$	For the nine months ended September 30, 2010 \$	For the nine months ended September 30, 2009 \$
Balance - Beginning of period	731	2,007	1,556	3,957
Restructuring costs (recoveries) charged to expense	(22)	945	308	1,268
Cash payments	(278)	(924)	(1,433)	(3,197)
Balance - End of period	431	2,028	431	2,028

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(in thousands of dollars, except number of units and per unit amounts, unaudited)

7. FUTURE INCOME TAXES

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

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

For periods prior to January 1, 2011, the Fund has not recognized any current income taxes or future income tax assets or liabilities on temporary differences expected to reverse prior to 2011 as the Fund has adopted a policy that the Fund will annually distribute to its unitholders all or virtually all of its taxable income that would otherwise be taxable in the Fund and the Fund intends to continue to meet the requirements of the Income Tax Act (Canada) applicable to the Fund. The legislation imposes the same federal/provincial combined income tax rate applicable to corporations for 2011 and subsequent years. The legislation also changed the manner in which distributions from publicly traded income trusts are taxed. Beginning in 2011, distributions of the trust’s taxable income received by unitholders will be taxable in the same manner as dividends received from a Canadian corporation. The future income tax recovery for the three and nine months ended September 30, 2010 was due to a change in estimates of future reversals of temporary differences after December 31, 2010.

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
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Significant components of the Fund's future tax liabilities and assets with respect to its investments in its partnership and corporate subsidiaries as of September 30, 2010 and December 31, 2009, respectively, are as follows:

	September 30,	December 31,
	2010	2009
	\$	\$
Future income tax assets:		
Pension obligations, post-employment and post-retirement benefits	2,202	2,747
Deferred finance fees	573	123
Unfavourable lease obligation	211	201
Lease exit accrual	167	179
Lease escalation	219	201
Benefit of income tax loss and other carry-forwards	725	705
Deferred gain on sale leaseback	173	173
Other	310	330
Total future tax assets	4,580	4,659
Future income tax liabilities:		
Property, plant and equipment greater than tax values	905	1,552
Intangible assets greater than tax values	8,933	8,962
Other	145	163
Total future tax liabilities	9,983	10,677
Net future income tax liabilities	5,403	6,018

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

The Fund previously recorded the estimated amount payable by the Data Group of \$4,400 representing tax, interest and penalties to settle the anticipated reassessments by the Canada Revenue Agency ("CRA") and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company during the period from 2001 to 2006 and prior to the Fund's acquisition of Relizon Canada from The Relizon Company ("Relizon US"). An adjustment to the estimated amount payable by the Data Group related to this matter was recorded during the year ended December 31, 2009. During 2009, the Data Group paid \$3,470 to the CRA, and subsequently received refunds totalling \$772 from CRA in respect of this matter. During 2009, the Data Group also made payments totalling \$508 to certain provincial tax authorities in respect of this matter. During the nine months ended September 30, 2010, the Data Group made the remaining payments totalling \$596 to certain provincial tax authorities and recorded a current income tax recovery of \$324 to finalize this matter.

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(in thousands of dollars, except number of units and per unit amounts, unaudited)

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

8. REVOLVING BANK FACILITY

	September 30, 2010 \$	December 31, 2009 \$
3.93% banker's acceptances, maturing February 26, 2010	-	50,000
2.13% banker's acceptances, maturing March 22, 2010	-	10,000
2.13% banker's acceptances, maturing March 15, 2010	-	10,000
4.18% banker's acceptances, maturing October 28, 2010	8,300	-
4.54% banker's acceptances, maturing October 28, 2010	8,400	-
4.07% banker's acceptances, maturing November 27, 2010	8,300	-
Revolving bank facility	25,000	70,000

The Data Group's amended and restated credit agreement (the "Amended Credit Agreement") with two Canadian chartered banks, provides for the establishment of credit facilities (the "Revolving Bank Facility") consisting of a committed revolving credit facility in the maximum principal amount of \$90,000 maturing on August 31, 2013 (see note 19). During the quarter ended June 30, 2010, the net proceeds received from the issuance of \$45,000 6.00% convertible debentures (see note 9) and a portion of cash on hand were used to repay \$45,000 of the Data Group's outstanding borrowings under its Revolving Bank Facility. Principal amounts repaid by the Data Group under its Revolving Bank Facility may be redrawn in accordance with the terms of the Amended Credit Agreement.

During the quarter ended June 30, 2010, the Amended Credit Agreement was amended to permit the Fund to redeem its outstanding 6.75% Extendible Convertible Unsecured Subordinated Debentures (the "6.75% Convertible Debentures") prior to their maturity without the prior consent of the lenders, provided that no event of default under the Amended Credit Agreement has occurred and is continuing and subject to certain other conditions. The amendment permits the Data Group to use advances under the Amended Credit Agreement to fund the redemption price payable for 6.75% Convertible Debentures redeemed. In addition, under the terms of the amendment, the Data Group has agreed that the 6.75% Convertible Debentures will be redeemed on or before March 31, 2011. See note 19 for more information regarding the redemption of the 6.75% Convertible Debentures.

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(in thousands of dollars, except per unit amounts, unaudited)

9. CONVERTIBLE DEBENTURES

	September 30,	December 31,
	2010	2009
	\$	\$
6.75% convertible debentures, maturing December 31, 2011, interest payable in June and December, convertible at 88.889 units per \$1,000 of debenture, net of a conversion option of \$897 (2009 - \$897)	34,613	34,488
6.00% convertible debentures, maturing June 30, 2017, interest payable in June and December, convertible at 81.967 units per \$1,000 of debenture, net of a conversion option of \$2,139	42,988	-
	77,601	34,488

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

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

On redemption or at maturity, the Fund may, at its option, subject to regulatory approval and certain other conditions, elect to satisfy its obligation to pay the applicable redemption price for the principal amount of the 6.00% Convertible Debentures by issuing and delivering that number of Units obtained by dividing the aggregate redemption price of the debentures to be redeemed, or the principal amount of outstanding debentures which have matured, by 95% of the current market price of the Units on the date fixed for redemption or the maturity date.

In connection with the offering of the 6.00% Convertible Debentures, the Fund granted to a syndicate of underwriters an option, exercisable in whole or in part at any time until May 27, 2010, to purchase up to \$5,000 aggregate principal amount of additional 6.00% Convertible Debentures upon the same terms and conditions as the 6.00% Convertible Debentures issued on April 27, 2010. This option expired and was not exercised by the underwriters. The net proceeds from the sale of the 6.00% Convertible Debentures were approximately \$42,734 and were used to repay a portion of the Data Group's outstanding borrowings under its credit facility.

The Fund will redeem all of the outstanding 6.75% Convertible Debentures on December 31, 2010. See note 19 for more information related to this redemption.

Notes to Consolidated Financial Statements
The Periods Ended September 30, 2010 & 2009
(in thousands of dollars, except number of units and per unit amounts, unaudited)

Normal Course Issuer Bid

Pursuant to a Notice of Intention to Make a Normal Court Issuer Bid (the "Notice") dated February 12, 2009, the Fund commenced a normal course issuer bid ("NCIB") to purchase up to a maximum of \$2,833 aggregate principal amount of its outstanding 6.75% Convertible Debentures, representing 10% of the public float of 6.75% Convertible Debentures outstanding as of February 3, 2009.

As of September 30, 2009, the Fund had \$34,824 aggregate principal amount of the 6.75% Convertible Debentures outstanding. Purchases under the NCIB were permitted to commence on the Toronto Stock Exchange (the "TSX") on February 18, 2009 and terminated on February 7, 2010. 6.75% Convertible Debentures purchased under the NCIB were cancelled. Purchase and payment for the 6.75% Convertible Debentures were made by the Fund in accordance with the rules and policies of the TSX and the price that the Fund paid for any 6.75% Convertible Debentures acquired by it was at the market price of the 6.75% Convertible Debentures at the time of acquisition.

\$8 aggregate principal amount of 6.75% Convertible Debentures were purchased under the NCIB.

10. FINANCIAL INSTRUMENTS

The Fund's financial instruments consist of cash and cash equivalents, accounts receivable, other receivables within other current assets, accounts payable and accrued liabilities, restructuring provisions, distributions payable, Revolving Bank Facility, and convertible debentures, as indicated in the Fund's balance sheets as at September 30, 2010 and at December 31, 2009, respectively.

Presentation

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

The Fund has classified its cash and cash equivalents as held for trading financial assets; accounts receivable, other receivables within other current assets as loans and receivables; accounts payable and accrued liabilities, accrued restructuring provisions, distributions payable, Revolving Bank Facility and convertible debentures as other financial liabilities and interest rate swaps (if any) as derivatives.

The Data Group's Revolving Bank Facility and the Fund's outstanding convertible debentures are accounted for at amortized cost using the effective interest rate method.

The Fund's interest rate swaps are derivative financial instruments and, accordingly, are recorded at fair value. During the year ended December 31, 2009, the Fund's interest rate swaps matured and none are currently outstanding. The interest rate swaps were included in other current assets and accounts payable and accrued liabilities as appropriate. The interest rate swaps are designated as cash flow hedges and, therefore, are accounted for in accordance with CICA Handbook Section 3865, Hedges. Under hedge accounting, interest expense is recognized as if the cash flow hedge and the hedged item were a single instrument. Realized and unrealized gains or losses which are associated with the derivative instruments and, which have been terminated or cease to be effective prior to maturity, are deferred in other comprehensive income and recognized in income in the period in which the underlying hedge transaction is recognized.

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Fair value

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

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

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

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

Categories of financial assets and liabilities

The carrying values and the fair values of the Fund's financial instruments are classified into the following categories as at September 30, 2010 and as at December 31, 2009, respectively:

	September 30, 2010	
	Carrying Value	Fair Value
	\$	\$
Held for trading ⁽¹⁾	14,876	14,876
Loans and receivables ⁽²⁾	37,957	37,957
Other financial liabilities ⁽³⁾	134,222	135,153

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

Notes:

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

Notes to Consolidated Financial Statements
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Fair value hierarchy

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

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

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

Level 3 – valuation techniques with significant unobservable market inputs.

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

The following table presents the financial instruments recorded at fair value in the consolidated balance sheet as at September 30, 2010 and as at December 31, 2009, respectively, classified using the fair value hierarchy described above:

	Level 1	Level 2	Level 3	Total
September 30, 2010	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	14,876	-	-	14,876
December 31, 2009				
	Level 1	Level 2	Level 3	Total
December 31, 2009	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	11,736	-	-	11,736

Risks arising from financial instruments

The Fund is exposed to various risks as it relates to financial instruments. These risks and the processes for managing the risk are set out below. There have not been any significant changes in the nature of the risk or the process of managing the risk from the year ended December 31, 2009.

Credit risk

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

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

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The Data Group has accounts receivable from clients engaged in various industries none of which are concentrated in any specific geographic area. These clients include financial institutions, insurance companies, oil and gas companies, retailers, and governmental agencies. The specific industries in which these clients operate may be affected by the current economic conditions impacting domestic and global economies which could adversely impact the Data Group's accounts receivable. Management of the Data Group does not believe that any single industry or geographic region represents significant credit risk. Credit risk concentration with respect to trade receivables is mitigated by the Data Group's large client base. As at September 30, 2010, \$888 or 2.3% (September 30, 2009 - \$1,803 or 4.3%) of the Data Group's accounts receivable were more than 90 days old, which is an improvement from historical aging profiles. The movements in the Data Group's allowance for doubtful accounts for the three and nine month periods of 2010 and 2009, respectively, are as follows:

	For the three months ended September 30, 2010	For the three months ended September 30, 2009	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
	\$	\$	\$	\$
Balance - Beginning of period	663	894	809	1,034
Provisions and revisions	(10)	(43)	(156)	(183)
Balance - End of period	653	851	653	851

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, 2010, the Data Group was holding cash and cash equivalents of \$14,876 and had access to \$65,000 of available credit less letters of credit granted of \$3,125 under its credit facilities.

The contractual maturities of the Fund's significant financial liabilities as at September 30, 2010, are as follows:

	Less than a year	1 to 3 years	4 years and greater	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	30,358	-	-	30,358
Accrued restructuring provisions	317	114	-	431
Distributions payable	2,269	-	-	2,269
Long-term debt ⁽¹⁾	-	25,000	-	25,000
Convertible debentures ⁽²⁾	-	34,824	45,000	79,824
Total	32,944	59,938	45,000	137,882

Notes:

(1) Bank revolving credit facility, expiring on August 31, 2013 (see note 19).

(2) 6.75% convertible debentures, maturing on December 31, 2011, convertible at 88.889 units per \$1,000 of debenture and 6.00% convertible debentures, maturing June 30, 2017, convertible at 81.697 units per \$1,000 of debenture.

The Fund believes that the currently projected cash flow from the operations of the Data Group, net proceeds from any asset dispositions and borrowings under available credit facilities, if necessary, as well as cash on hand will be sufficient to fund the Data Group's currently projected operating requirements, payments associated with accrued restructuring

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provisions as the result of on-going productivity improvement initiatives, payment of income tax liabilities, contributions to the Data Group's pension plans, maintenance capital expenditures and distributions to the Fund's unitholders in 2010.

Market risk

Interest rate risk

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

At September 30, 2010, \$25,000 of the Data Group's indebtedness outstanding was subject to floating interest rates of 4.27%, a 1% increase/decrease in interest rates would have resulted in an increase/decrease in net income and comprehensive income by \$63 for the three month period ended September 30, 2010, respectively (\$354 for the nine months ended September 30, 2010, respectively). The Fund's remaining outstanding convertible debentures are subject to fixed interest rates of 6.00% and 6.75%, respectively.

Foreign exchange risk

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

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

	For the three months ended September 30, 2010	For the three months ended September 30, 2009
	\$	\$
Accounts receivable	107	(4,796)
Inventories	2,233	(705)
Prepaid expenses and other current assets	263	1,254
Income taxes payable	-	772
Accounts payable and accrued liabilities	2,120	1,306
Accrued restructuring provisions	(300)	21
Deferred revenue	(2,110)	1,440
	2,313	(708)

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	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
	\$	\$
Accounts receivable	6,973	5,644
Inventories	6,466	(1,151)
Prepaid expenses and other current assets	(391)	1,867
Income taxes payable	(950)	(1,865)
Accounts payable and accrued liabilities	695	(2,788)
Accrued restructuring provisions	(1,125)	(1,929)
Deferred revenue	(1,277)	269
	10,391	47

12. 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, 2010	
	Number of units	Amount \$
Balance – Beginning and end of period	23,490,592	215,336

13. DILUTED INCOME PER UNIT

Convertible debentures in the amount of \$34,824 and \$45,000 and their related interest expense 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 6,783,986 units higher.

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14. DISTRIBUTIONS

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

The Fund makes regular monthly distributions to unitholders of record as of the last business day of each month. Distributions to unitholders are calculated and recorded when declared. Distributions by the Fund for the nine months ended September 30, 2010 are as follows:

Period	Record date	Payment date	Per unit \$	Amount \$
January 2010	January 29, 2010	February 12, 2010	0.09656	2,268
February 2010	February 26, 2010	March 15, 2010	0.09656	2,268
March 2010	March 31, 2010	April 15, 2010	0.09656	2,269
April 2010	April 30, 2010	May 14, 2010	0.09656	2,268
May 2010	May 31, 2010	June 15, 2010	0.09656	2,268
June 2010	June 30, 2010	July 15, 2010	0.09656	2,269
July 2010	July 30, 2010	August 13, 2010	0.09656	2,268
August 2010	August 31, 2010	September 15, 2010	0.09656	2,268
September 2010	September 30, 2010	October 15, 2010	0.09656	2,269
				20,415

15. CAPITAL STRUCTURE

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

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

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

The Data Group'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, 2010, this ratio was calculated at 1.77. Management also uses this ratio as a key indicator in managing the Fund's capital.

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

16. CONTINGENCIES

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

17. SEGMENTED INFORMATION

The Data Group has three reportable segments organized on the basis of geography, channels and specialties as follows: DATA East and West; Sundog; and Multiple Pakfold. These segments follow the same accounting policies as described in the summary of significant accounting policies, and all intersegment revenues are recorded at the exchange amount. Management evaluates the performance of each segment based on income before interest and income taxes. Corporate expenses, certain non-recurring expenses, interest expense, financing costs 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, 2010				
	DATA East and West	Sundog	Multiple Pakfold	Intersegment	Total
	\$	\$	\$	\$	\$
Revenues	74,185	4,528	3,657	(1,636)	80,734
Gross profit	17,729	965	536	-	19,230
Income before under noted items	6,929	173	50	-	7,152
Loss on settlement of pension plan					2,222
Unallocated corporate and Fund expenses					4,081
Income before interest and income taxes					849
Interest expense					1,723
Future income tax expense					300
Net loss for the period					(1,174)

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For the three months ended September 30, 2009

	DATA East		Multiple		Total
	and West	Sundog	Pakfold	Intersegment	
	\$	\$	\$	\$	
Revenues	77,727	4,829	3,488	(1,601)	84,443
Gross profit	20,125	1,450	457	-	22,032
Income (loss) before under noted items	7,611	559	(30)	-	8,140
Unallocated corporate and Fund expenses					3,887
Income before interest and income taxes					4,253
Interest expense on long-term debt – net					1,292
Future income tax recovery					(300)
Net income for the period					3,261

For the nine months ended September 30, 2010

	DATA East		Multiple		Total
	and West	Sundog	Pakfold	Intersegment	
	\$	\$	\$	\$	
Revenues	226,043	13,699	11,141	(3,590)	247,293
Gross profit	54,478	3,290	1,851	-	59,619
Income before under noted items	21,113	952	315	-	22,380
Loss on settlement of pension plan					2,222
Unallocated corporate and Fund expenses					12,042
Income before interest and income taxes					8,116
Interest expense and financing costs					6,933
Current income tax recovery					(324)
Future income tax recovery					(615)
Net income for the period					2,122

For the nine months ended September 30, 2009

	DATA East		Multiple		Total
	and West	Sundog	Pakfold	Intersegment	
	\$	\$	\$	\$	
Revenues	237,397	14,859	10,409	(3,536)	259,129
Gross profit	61,258	4,115	1,132	-	66,505
Income (loss) before under noted items	23,077	1,501	(414)	-	24,164
Lease exit charge					866
Unallocated corporate and Fund expenses					12,355
Income before interest and income taxes					10,943
Interest expense on long-term debt – net					3,981
Future income tax expense					155
Net income for the period					6,807

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Warehousing revenues are approximately 8% of total consolidated revenues for the three and nine months ended September 30, 2010, respectively. Warehousing revenues are approximately 7% of total consolidated revenues for the three and nine months ended September 30 2009, respectively.

18. ASSETS HELD FOR SALE

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

19. SUBSEQUENT EVENTS

Subsequent to the quarter ended September 30, 2010, the Data Group completed an agreement to extend the maturity date of its existing credit facilities to August 31, 2013.

In addition, the Fund announced that it will redeem all of the outstanding 6.75% Convertible Debentures on December 31, 2010 at a redemption price equal to \$1,000 plus accrued and unpaid interest thereon to, but excluding the redemption date for each \$1,000 principal amount of debenture. See note 9.

20. COMPARATIVE FIGURES

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

Corporate information

Directors, Trustees and Officers

Derek Ridout^{2,3}
Chairman, Director and Trustee

Ronald A. Fotheringham^{1,2,3}
Director and Trustee

John H. Greenhough¹
Director and Trustee

Thomas R. Spencer^{1,2,3}
Director and Trustee

David M. Odell
Director, Trustee and Officer
Executive Chairman

Michael Suksi
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
Executive Chairman

Michael Suksi
President and Chief Executive Officer

Paul O'Shea
Chief Financial Officer

Elaine Deramo
Vice-President, Human Resources

Steve Galarneau
President, DATA West

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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Website

www.datagroupincomefund.com

Toronto Stock Exchange Symbols

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