

EVENT: THE DATA GROUP INCOME FUND –  
CONFERENCE CALL  
TIME: 10H00 E.T.  
REFERENCE: 21121984  
LENGTH: APPROXIMATELY 16 MINUTES  
DATE: MAY 11, 2005

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

OPERATOR: Good morning, ladies and gentlemen, and thank you for standing by. Welcome to The DATA Group Income Fund First Quarter Results Conference Call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up. If anyone has any difficulties hearing the conference, please press the \* key followed by 0 for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded today, Wednesday, May 11, 2005, at 10:00 a.m. Eastern time.

I will now turn the conference over to Mr. David Odell, President and Chief Executive Officer. Mr. Odell, please go ahead.

DAVID ODELL (President and Chief Executive Officer): Good morning, everyone. Welcome, and thank you for joining us on our first quarterly conference call as a public company.

Paul O'Shea, our CFO, is with me, to review the financial results and performance during our first quarter, which includes the period of January 1, 2005, to March 31, 2005, as well as results for the stub period of December 21, 2004 to December 31, 2004.

Before we begin, let me remind you that our remarks and our answers to your questions today may contain forward-looking information

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

about future events on the Fund's performance. This information, by its nature, is subject to risks and uncertainties that may cause actual events or results to differ materially.

Let me begin with some highlights for our first quarter. Revenue for the quarter increased 2.7 percent, to 54.2 million. Adjusted EBITDA during the quarter was 6.4 million. We declared distributions of 4.7 million, or 0.315 cents per unit, during the quarter.

The DATA Group Income Fund began business operations on December 21, '04, when it completed an Initial Public Offering, and purchased all of the outstanding common shares of Data Business Forms Ltd, or The DATA Group. The DATA Group is a wholly owned subsidiary of the Fund, and in today's conference call, all references to The DATA Group will mean the Fund together with its various business divisions and affiliated entities.

We've been in business for nearly 50 years, and we were once a division of Maclean Hunter. Today, we are the leading Canadian provider of document management solutions and printed products, with 25 facilities in 11 regions across the country, which includes plants, warehouses, and sales offices.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

We have more than 9,000 established customers, such as the Bank of Montreal, TD Bank, Banque Laurentien, Shell, PetroCan, Husky, Shoppers Drug Mart, Grand & Toy, Canadian Tire, and the Government of Ontario. No single customer is responsible for more than 9 percent of our revenue. We're very proud to say that the majority of our top 25 customers have been with us for more than 10 years, and that we haven't lost a major customer in more than 15 years. In addition to offering excellent customer service, the secret to our success is that we help companies save millions of dollars by outsourcing to us the huge cost of organizing, managing their documents.

Our clients are also able to eliminate significant capital expenditure that were required to support in-house printing, warehousing, and specialized head-count, prior to outsourcing.

For these reasons, The DATA Group is a multi-award-winning, \$210-million business that operations in 3 divisions, and let me touch on those.

DATA East and West, through which we sell a broad range of printed products and document management services directly to end users, DATA East and West provide approximately 75 percent of our total revenue.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Sundog is our specialist commercial printer, located in Calgary, and specialized in the production of high-quality annual reports, marketing materials, and is a significant contributor to our event ticket business. Sundog provides approximately 13 percent of our total revenue.

Our third division, Multiple-Pakfold, in that division, we sell forms and labels to the independent broker and reseller channel. Multiple provides approximately 12 percent of our total revenue.

Our goal is to continue being the leading document management service provider in Canada, and build value for our unitholders. To achieve this, we are focusing on providing high-value-added products and services to meet our annual growth targets.

I'll now ask Paul, our CFO, to walk us through the financial results.

PAUL O'SHEA (Chief Financial Officer): Thank you, David. In our first quarter as a public company, which was the period of January 1, 2005, to March 31, 2005, the Fund had revenue of \$54.2 million, an increase of 2.7 percent compared with the same period in 2004. This was due primarily to increased revenue at our Sundog division, which contributed to overall stronger annual revenues than the same period a year ago.

Cost of revenues in the first quarter increased by 18.8 percent, from 37.3 million in 2004, to 44.3 million in 2005, resulting in a gross profit of

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

9.9 million, compared to 15.4 million for the same period in 2004. This decline is due to a one-time charge of 5.8 million relating to the fair-value allocation of company inventory resulting from the purchase price accounting on the acquisition of the company by the Fund.

As a result of the one-time purchase price accounting and amortization of intangibles, net loss for the period ended March 31, 2005 was 0.329 million, compared with a profit of 3.5 million for the same period in 2004.

For the period January 1, 2005 to March 31, 2005, adjusted EBITDA was 6.4 million, or 11.9 percent of revenue, essentially the same as last year. It should be noted that Q1 2005 includes 0.3 million of public company costs, which did not exist in the prior year.

Let me now turn to the results for the 3 operating divisions.

Revenues for DATA East and West for the period of January 1, 2005 to March 31, 2005 were 41.1 million, compared to 40.9 million in the same period last year. While revenues were essentially flat, sales declines and very low value-added stock computer paper, approximately 1.3 million in 2004, were replaced with higher-value-added document management services contracts and agreements. This reflects the company's continued strategic focus on higher-value-added products and services.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Revenues for Sundog for the period of January 1, 2005 to March 31, 2005 increased approximately 23.7 percent to 7.5 million, from 6.1 million in the same period a year ago. This was primarily due to increased annual report production, driven in part by changes in annual report filing requirements.

For Multiple-Pakfold, revenues for the period of January 1, 2005 to March 31, 2005 decreased by approximately 6.3 percent, to 6.4 million, from 6.9 million.

Let me now turn to distributable cash. The Fund generated \$6 million, or \$0.404 per unit, of cash available for distribution for the period of December 21, 2004 to March 31, 2005. Cash payments to the Fund were sufficient to declare cash distributions of 4.7 million, or \$0.315 per unit, for the period December 21, 2004 to March 31, 2005.

Excess of cash available for distribution, over actual distributions, was \$0.089 cents per unit. The payout ratio was 78 percent.

Management believes that the company will continue to meet its objectives for the remainder of 2005, and can continue to provide unitholders with monthly distributions of \$0.09375 per unit.

I'm pleased to report that the Fund is meeting its targets, and is in a solid financial position to move forward with its objectives.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

I'll now turn it back to David for some closing remarks.

DAVID ODELL: Thanks, Paul. In closing, I'd like to reiterate what Paul said, in the sense that we are confident that the Fund will continue to meet its objectives for the balance of the year, and continue, at minimum, to provide monthly distributions to unitholders of \$0.09375 per unit.

The sales pipeline has been robust over the past 4 months. For example, during this period, we renewed agreements with clients such as Banque Laurentien, Shoppers Drug Mart, the Ottawa Hospital, and various government ministries, to mention a few, amounting to approximately \$10 million in total on a per item basis.

Additionally, we have secured new agreements with various companies, totaling approximately \$5 million on an annual basis.

The company will continue to fund necessary maintenance capex expenditures by utilizing cash flow from operations. Based on our first quarter, and what we currently see for the balance of the year, we expect our maintenance capex expenditures to be considerably less than the conservative 3.7 million we forecast in the prospectus.

We'll continue our strategic focus on being the leading document management service provider in Canada, concentrating on high-value-added products and services to achieve our target annual organic growth

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

rate of 2.5 to 3 percent. In addition, we are actively pursuing acquisition opportunities, which must meet our strategic criteria and be accretive to distributable cash before synergies.

On behalf of the entire team, I'd like to thank you for joining us today, and turn it back to the Operator to open it up for questions.

OPERATOR: Thank you. One moment, please, for your first question.

Your first question comes from James Lung of McKenzie Financial. Please go ahead with your question.

JAMES LUNG: Good job, guys -- first quarter as a company, as a Trust -- correct me. Just on the maintenance capex, you will refer to the 3.7 million which you said was going to be... which was very conservative, now is going to be lower. Now, is that just for--... applies to this year, or just for a number of years?

DAVID ODELL: No, I'd say that, at this point in time, we'd say it applies for this year. But I'd also remind everyone that, as you said, we are a Trust. We do attempt to be conservative, and if you look at the 3 or 4 years going back, and take an average, it was 3.1, after accounting for the one-time cost of the new plant we did in Ontario.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

JAMES LUNG: What was your maintenance capex for the first quarter this year?

[overlapping speakers]

DAVID ODELL: 270,000.

JAMES LUNG: 270 -- okay. Just for the sake of sort of consistency, what would be your distributable cash, if you exclude the 11 days in December, do you have that number?

PAUL O'SHEA: No, we don't. I'm sorry.

JAMES LUNG: Okay.

PAUL O'SHEA: But--

DAVID ODELL: But we... in our complete package, we have breakouts of that period, and the first quarter period.

[overlapping speakers]

JAMES LUNG: Okay, we'll look forward to that. And can you sort of just comment on the sort of seasonality of the business, if any?

DAVID ODELL: We have very little seasonality in this business, historically.

JAMES LUNG: Okay. Okay, thank you.

DAVID ODELL: Thank you.

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

OPERATOR: Your next question comes from Sophia Taylor of TD Newcrest. Please go ahead with your question.

SOPHIA TAYLOR: Good morning.

DAVID ODELL: Good morning, Sophia.

SOPHIA TAYLOR: A question for you on the Sundog division, up 23.7 percent year over year -- that's revenues. Trying to get at the change in filing requirements. How much of that is a change in timing versus content? I'm just trying to get at sustainability versus these seasonalities.

DAVID ODELL: Right. The filing requirements for companies have been compressed, and as a consequence, it has an effect of moving some of that demand forward.

SOPHIA TAYLOR: Okay. Great. On the Multiple-Pakfold division, wondering if you could provide, perhaps, a little more color on the soft demand in that channel, and as well, on the two pieces of business that had higher material content than the previous quarter, I guess, a year ago. What does that mean, exactly?

DAVID ODELL: Okay. There's two questions there. First of all, demand in general has been soft in the broker reseller channel. You know, my hypothesis, Sophia, is that, you know, as companies have continued to engage in outsourcing kinds of opportunities, it's not something that the

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

resellers, you know, really have the capabilities of participating in. So that would be one reason. So, in other words, the directs, on a total basis -- the directs being the DATA side of the business -- have higher share than that channel.

There were a couple of specific large pieces of business that they had this year, they didn't have last year, that had higher paper content, and I think you and I have talked -- and for everyone else -- talked about value-added. The important revenue line in these businesses is the value-added line, not the revenue line, value-added being defined as sales less materials and outside costs. And so, in their case, they have, in their mix, a couple of things that resulted in paper being higher, say, as a percent of revenue.

We've made some changes there, in the sense that we have reduced our head-count. We have a new VP General Manager, and we've also, under his guidance, increased some of our maintenance and repairs spending, to improve efficiency on a couple of pieces of equipment there. So, overall, I expect to see improved results from them, later this year.

SOPHIA TAYLOR: Okay, great. Just on the maintenance capex, to follow up on James's question...

DAVID ODELL: Yes?

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

SOPHIA TAYLOR: What was the, I guess, the main reason, or driver, behind the Q1 expenditure number being as low as it was?

DAVID ODELL: Uh-huh. We... we have never not spent capital money that was requested, and made sense, relative to our standards for payout and what-have-you. The field in the first quarter had little by way of requirement. It's a hard thing to judge, on the whole year. But I will say that my expectation, at this point in time, is we'll be at or under about 2 million for the year, in this particular fiscal.

SOPHIA TAYLOR: Great. Thanks very much.

DAVID ODELL: Thank you.

OPERATOR: Mr. Odell, there are no further questions at this time. Please continue.

DAVID ODELL: Great. Well, thank you very much, everyone, for joining us. We look forward to speaking with you at the end of our next quarter.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

\*\*\*\*

---

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Groupe CNW ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. Groupe CNW ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »