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OPERATOR: Good morning, ladies and gentlemen, and thank you for standing by. Welcome to The DATA Group Income Fund Q2 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. If anyone has any difficulties hearing the conference, please press * 0 for operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Friday, August 11th, 2006 at 8:00 a.m. Eastern time.

I will now turn the conference over to David Odell, President and CEO. Please go ahead, sir.

DAVID ODELL (President and Chief Executive Officer, The DATA Group Income Fund): Good morning, everyone, and thank you for joining us this morning to review our results for the second quarter and the first half of the year.

Paul O'Shea, our CFO, is with me to discuss this with you today.

Before I begin, I'll remind you that our remarks and our answers to your questions today may contain forward-looking information 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. Also in today's conference call, all references to The

DATA Group will mean the Fund together with its various business divisions and affiliated entities.

Our team produced a stable quarter with increases in revenue and maintenance of gross profit and adjusted EBITDA levels versus the same quarter a year ago. These results reflect the implementation of new business wins and our continuing focus on our key initiatives and values.

In terms of highlights for the quarter, revenues were 53.8 million, an increase of 2.6 per cent from the second quarter last year. Gross profit declined slightly by $200,000, or 1 per cent over the same period in 05. Adjusted EBIT in the quarter was 6.4 million consistent with 05. As a percentage of revenue, adjusted EBITDA was 11.9 per cent.

For the quarter ended June 30th, 06, the Fund generated 5 million, or $0.3443 per unit of cash available for distribution compared to 5.5 million, or $0.372 per unit in the April 1 to June 30th, 05 period of the prior year.

Cash available for distribution was calculated by deducting the cash interest of 0.490 million, maintenance capex expenditures of 0.320 million and cash pension contribution in excess of expense of 0.214 million from adjusted EBITDA of 6.4 million.

For the quarter ended June 30th, the Fund declared distributions of 4.3 million, or $0.29 per unit. The cash available for distribution exceeded actually distributions by 0.8 million, or \$0.053 per unit for the quarter ended June 30th, 06 versus 1.3 million, or \$0.091 per unit for the period from April 1 to June 30th. Our payout ratio in the quarter was 84.6 per cent.

I'll now ask Paul to provide further details on the performance by division.

PAUL O'SHEA (Chief Financial Officer, The DATA Group Income Fund): Thanks, David.

At DATA East and West, for the quarter ended June 30, 2006 revenue increased 1.2 million, or 3 per cent, to 42 million from 40.8 million for the same period in the prior year. For the six months ended June 30, 2006, revenue increased to 3.8 million, or 4.6 per cent, to 85.7 million from 81.9 million in 2005.

The revenue increase in the quarter and year to date was due to higher sales of document management services combined with increases in sales of lottery slips and variable imaging, offset by a decline in labels and direct mail. The decline in labels was due to delays in the customer order cycle.

Cost of revenues increased 4.3 per cent from 28.6 million for the same period in 2005 to 29.9 million in the second quarter of 2006. As a result, gross profit was consistent with the same period in the prior year at

12.12 million. The gross profit as a percentage of revenue declined to 28.9 per cent in the second quarter of 2006 from 29.9 per cent for the same period in 2005. This decline in gross profit was due to increasing material costs from a higher percentage of lottery slip orders in the product mix.

For the six months ended June 30, 2006 after adjusting for the purchase accounting inventory fair value allocation, which was 5.8 million in the first quarter of 2005, cost of revenues increased 5.2 per cent to 60.8 million from 57.8 million in the same period of 2005. As a result, gross profit increased 3.2 per cent to 24.9 million from 24.1 million for the same period in 2005.

Gross profit as a percentage of revenue declined to 29.1 per cent from 29.5 per cent for the same period in 2005.

Revenue at Sundog Division for the quarter ended June 30, 2006 increased 17.2 per cent from 6 million in 2005 to 7.1 million in 2006. The increase in revenue was broadly based with significant increases in sales to a number of customers as activity levels in Western Canada, and primarily Alberta, remained strong.

For the six months ended June 30, 2006 revenue increased 1 million or 7.3 per cent to 14.5 million from 13.5 million in the same period of 2005.

The increase in revenue is attributable to the factors discussed above combined with increased demand for annual report production and commercial print orders, although this was offset by a major customer rebranding that took place in 2005 that did not repeat in 2006.

For the quarter ended June 30, 2006, cost of revenues increased 900,000, or 25.3 per cent from 3.7 million in 2005 to 4.6 million in 2006. The increase in cost of revenues resulted from a change in product mix which required additional outside binder services. Accordingly, gross profit increased by 100,000, or 4.6 per cent to 2.5 million in the second quarter of 2006.

Gross profit as a percentage of revenue decreased to 34.9 per cent in the quarter ended June 30, 2006 from 39.1 per cent in 2005.

For the six months ended June 30, 2006 cost of revenues increased 600,000, or 6.9 per cent from 8.7 million in the same period of 2005 to 9.3 million in 2006. This resulted in an 8-per-cent or 400,000 increase in gross profit from 4.8 million to 5.2 million for the six months ended June 30, 2006. The overall increase in gross profit was due to reduced material costs required in the product mix and lower direct labour costs.

Revenue at the Company's Multiple Pakfold division for the quarter declined 15.1 per cent to 5.5 million from 6.5 million for the same period in

2005. For the six-month period ended June 30, 2006, revenue declined 9.4 per cent to 11.7 million from 13 million in 2005. The decrease in revenue in the quarter was in part due to the loss of a significant order from a third party as we have previously noted in our first quarter 2006 MD&A. The decrease was also due to orders produced in 2005 being repatriated to direct suppliers and delays in the order cycle. The decrease for the six-month period ended June 30, 2006 is due to the same factors.

For the quarter ended June 30, 2006, cost of revenues decreased 13.8 per cent from 5.4 million to 4.7 million and gross profit decreased by 21.6 per cent from 1.1 million for the quarter ended June 30, 2005 to 900,000 for the same period in 2006. The gross profit margin was 16 per cent for the quarter compared to 17.3 per cent for the same period in 2005.

For the six months ended June 30, 2006, cost of revenues declined 10.8 per cent from 10.9 million to 9.7 million and gross profit declined slightly by 1.9 per cent to 2 million in 2006. The decline in gross profit in the current quarter was due to the loss of business and delays in the customer order cycle as previously discussed.

The division continues to focus its efforts to reduce costs and improve operating efficiencies.

Turning to our year-to-date distributable cash, cash available for distribution for the six months ended June 30 was 10.8 million, or $0.73 per unit. Distributions to unitholders year to date were 8.6 million, or $0.579 per unit. Our year-to-date payout ratio was 79.4 per cent.

Pleaser note in the quarter, our distributable cash tables shows 312,000 for cash income taxes. These are incurred in the quarter but once we effect our reorg, we do not expect this charge to continue.

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

DAVID ODELL: Thanks, Paul.

Just a couple of things on Paul's comments with respect to distributable cash. As Paul mentioned, there's the 312 for taxes and you know that we made our announcement the other day of the September 26th meeting. The other thing, of course, is that on a year-over-year basis, we increased distributions subsequent to this quarter last year; so there was a 3-per-cent increase there.

In terms of the business, I'm confident that we'll continue to meet our objective and provide monthly distributions at our current level of $0.0965 per unit. We are very excited about our acquisition of Relizon and the opportunities to grow shareholder value as discussed in the call last night.

So let me now turn it over to you, folks, for any questions you may have.

OPERATOR: Thank you. One moment, please. Ladies and gentlemen, we will now conduct the question-and-answer session. The questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speakerphone before pressing any keys.

Your first question comes from James Leung, from Mackenzie Financial. Please go ahead, sir.

JAMES LEUNG: We meet again, guys.

DAVID ODELL: Good morning, James.

JAMES LEUNG: Good morning. Just, maybe just a couple of brief questions, just on the Multi Pakfold division. Now obviously that was the division which you've sort of discussed it at great length just a couple of minutes ago. Just the efforts to reduce costs and improve operating efficiencies, that's sort of your focus.

Will there be any attempt to try to sort of recapture some of the businesses that have been sort of lost and you know, you have delays as well in the order cycle that you discussed in the press release. Can you sort of address that a little bit?

DAVID ODELL: Yes, that's a good question, James, and there has been a big focus there on reducing cost and increasing operating efficiencies and they've done pretty well on that to date. The real need there now is volume. The particular piece of business that was lost, the third-party transaction it has to be replaced through other sources.

It's a pretty segment volume wise, but they're working hard at it and we have some other plans, including but not exclusive to how this will fit into our acquisition. For example, Relizon Company had subcontracted from time to time work to that specialty division. No doubt that all of that business didn't go to Multiple.

So, within our restructure and within the context of the broader businesses being put together, we see opportunities there to generate the kind of revenue we need to achieve the profit we want.

JAMES LEUNG: On a slightly different note now, the reorg that you talked about, obviously that is ongoing and I think according to last night's call, you said that the acquisition is going to be sort of taking place, it will close at roughly, or at the same time as the reorg. Now, what's the exact timing of that? Would that be sort of, you're looking at the end of Q3, for example?

PAUL O'SHEA: Yes. Actually, we're expecting, in our press release, we're expecting to try and close the Relizon transaction by August the 31st and effect a reorg, have our meeting on September the 27th and effect the reorg on September the 30th for the end of our quarter.

JAMES LEUNG: Okay.

PAUL O'SHEA: That's our plan, at this time.

JAMES LEUNG: And obviously the taxes that you continue to pay, the 312, that sort of will probably be paid again this quarter but then after that, it'll be gone?

PAUL O'SHEA: Correct.

DAVID ODELL: Yes. James, on that subject and, you know, we talked about changing our structure some time ago, you know, a good thing to do, a happy problem to have as we exceeded expectations in our first year and what have you. But while we worked hard on that, we've also worked long and hard on this acquisition.

And so it would have been a waste of shareholders' money to effect the reorg prior to this transaction and then face having to do it again, therefore duplicating costs and wasting money.

JAMES LEUNG: I appreciate that. Just the original business of DATA Group, you do have some pension costs roughly to the tune of

$1 million a year. Now, once the acquisition is complete, will you be responsible for some pension payments for the folks at Relizon?

PAUL O'SHEA: Yes, we will. They have a defined benefit plan that's currently in a deficit. Our plan, after close of the acquisition, is to contribute $4 million to their pension plan; and by doing that, we make it neutral so the expense will equal the cash from that plan. But there'll be no impact on distributable cash.

JAMES LEUNG: Okay, thanks very much.

DAVID ODELL: Thanks, James.

OPERATOR: Your next question comes from Sophia Taylor, from TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Good morning.

DAVID ODELL: Good morning, Sophia.

SOPHIA TAYLOR: Just a couple of questions for you, I guess on the some of your operating results, that is trends in those results. In the DATA East and West segment, a few per cent revenue growth that we saw there, the comment was an increase in sales of lottery slips and variable imaging. Does this represent new customers, new business or just sort of a broadening or more in-depth focus on existing customers?

DAVID ODELL: Well, much of it comes from lottery business, which is relatively new. It's a good business but, you know, quite high in terms of material content. Then there is, you know, new client input. For example, we have a new agreement with WSIB that's just now up and running. It's one that took a long time to get closed and get started. But it has now in the quarter.

SOPHIA TAYLOR: Okay. You mentioned of the decline in labels was mainly due to delays in customer order cycle. What about direct mail?

DAVID ODELL: Direct main was fairly solid in the quarter. The label order cycle was delayed with respect to one significant customer but based upon our incoming labels in July, they were very strong; so I see pickup there.

SOPHIA TAYLOR: Okay. The only other question I have, I guess, is for Multiple Pakfold. What portion of the decline in revenue in the quarter was from delays in the order cycle?

DAVID ODELL: I'd say 5 per cent.

SOPHIA TAYLOR: Five per cent of the 15?

DAVID ODELL: Yes.

SOPHIA TAYLOR: Okay, thank you very much.

DAVID ODELL: Thank you.

OPERATOR: Ladies and gentlemen, if you have further questions, please queue in now.

Gentlemen, there are no further questions at this time. Please continue.

DAVID ODELL: Well, thank you very much, everyone. Have a good day.

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

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