



For Immediate Release

**THE DATA GROUP INCOME FUND ANNOUNCES  
SECOND QUARTER RESULTS FOR FISCAL 2005  
INCREASES DISTRIBUTIONS BY THREE PERCENT**

**HIGHLIGHTS**

- A 3% increase in distributions effective to unitholders of record August 31, 2005
- Q2 Revenues of \$52.4 million, Adjusted EBITDA of \$6.4 million
- Q2 Distributable cash of \$5.5 million or \$0.370 per unit
- Q2 Cash distributions of \$4.2 million or \$0.281 per unit
- December 21, 2004 (date of issue) to June 30, 2005 Revenues of \$112.3 million, Adjusted EBITDA of \$13.5 million
- Distributable cash of \$11.5 million or \$0.773 per unit, and Cash distributions of \$8.9 million or \$0.596 per unit (December 21, 2004 – June 30, 2005)

**Brampton, Ontario – August 10, 2005** – The DATA Group Income Fund (TSX: DGI.UN) (“the Fund”) today announced financial and operating results for the second quarter ended June 30, 2005.

The DATA Group is a leading provider of total document management solutions including printed products and operates in three divisions. DATA East and West (which provides approximately 75% of total revenue) sells a broad range of printed products and document management services directly to end users. Sundog (which provides approximately 13% of total revenue) is a commercial printer specializing in the production of high quality annual reports, marketing materials and event tickets. Multiple•Pakfold (which provides approximately 12% of revenue) sells forms and labels to independent brokers and resellers.

“Our performance during the second quarter and year to date has been solid, and reflects both the underlying stability of our business and the conservatism of our model. As a result, we are pleased to announce a 3% increase in our distributions per unit, which will take effect with our August 31, 2005 distribution,” said David Odell, President and Chief Executive Officer. “We continue to maintain strategic focus on our key initiatives and on increasing our delivery of higher value added products and services. Based upon our quarter and year to date results and our current outlook, we are confident that we will meet our objectives for the remainder of the year.”

For the second quarter ended June 30, 2005, the Fund recorded revenues of \$52.4 million, a decrease of 1.2% compared with the same period in 2004. This was due primarily to decreased revenue at Sundog, representing a shift in annual report revenue to the first quarter.

Cost of revenues for the second quarter ended June 30, 2005 decreased 1.6% to \$37.3 million in 2004 to \$36.8 million in 2005. This, combined with the above noted decrease in revenue, resulted in a gross profit of \$15.7 million in the second quarter, consistent with the same period in 2004. For the six months ended June 30, 2005, cost of revenues increased from \$74.6 million in 2004 to \$81.0 million in 2005. This resulted in a gross profit of \$25.6 million which decreased from \$31.1 million in 2004. This decline resulted from a charge of \$5.8 million relating to the inventory fair value allocation on the purchase of Data Business Forms Limited by the Fund. Before the fair value inventory allocation charge, gross profit margins were 29.4% year to date in 2005.

For the quarter ended June 30, 2005, adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA<sup>1</sup>) was \$6.4 million, or 12.2% of revenue. As compared to the same period in 2004, Adjusted EBITDA was lower by \$0.6 million and the Adjusted EBITDA<sup>1</sup> margin, as a percentage of revenue, was down from 13.2% of revenue.

The Fund generated \$5.5 million or \$0.370 per unit of distributable cash for the period April 1, 2005 to June 30, 2005. For the period December 21, 2004 to June 30, 2005, the Fund generated \$11.5 million or \$0.773 per unit of distributable cash.

Distributions declared totaled \$4.2 million or \$0.281 per unit for the quarter.

#### **DATA East and West**

Revenues for the quarter ended June 30, 2005 increased nominally to \$40.8 million from \$40.7 million in 2004. For the six months ended June 30, 2005, revenue also increased nominally to \$81.9 million from \$81.6 million in the prior year.

While revenues in the quarter were essentially flat versus the prior year, sales declines in very low value added stock tab continued to be replaced with higher value added Document Management Services contracts and agreements. During the quarter we experienced growth in our labels, lottery slips, and variable imaging businesses.

#### **Sundog**

Revenues for the quarter ended June 30, 2005 decreased 16% to \$6.0 million from \$7.2 million in the same period in 2004. For the six months ended June 30, 2005, revenue increased 2.2% to \$13.5 million from \$13.2 million.

This decline in sales for the quarter was due to decreased annual report production driven in part by changes in annual report filing requirements that shifted demand from the second quarter to the first quarter. Year to date sales increased due to continued strong demand in the Alberta marketplace.

#### **Multiple•Pakfold**

Revenues for the quarter ended June 30, 2005 increased by 2.1% to \$6.5 million from \$6.4 million, due to higher order levels from two significant customers. For the six months ended June 30, 2005, revenue decreased 2.3% to \$13.0 million from \$13.3 million.

The Company has made several management changes at Multiple•Pakfold, including appointing a new Vice President and General Manager; implementing supervisory changes in Toronto and Montreal; reducing overall head count; and increasing maintenance expenses to

improve efficiencies on certain pieces of equipment. The result is a gross margin increase to 17.3% in the second quarter from 14.5% in the first quarter.

### **Outlook**

Management believes that the Fund will continue to meet its objectives for the balance of the year, continuing at minimum to meet its monthly per unit distributions to unitholders which will increase by 3% to \$0.09656, effective to unitholders of record August 31, 2005.

The Company will continue to fund necessary maintenance capital expenditures by utilizing cash flow from operations. Based on year to date and what is anticipated for the rest of the year, maintenance capital expenditures are expected to be considerably less than the conservative \$3.7 million forecast in the prospectus.

“We will continue to pursue acquisition opportunities which fit strategically and are accretive to distributable cash before synergies,” said Mr. Odell.

### **Forward-Looking Statements**

Certain statements in this document are “forward-looking statements”, which reflect management’s current beliefs and expectations regarding the Fund and The DATA Group’s future growth, results of operations, performance, and business prospects and opportunities. Forward-looking statements involve risks and uncertainties related to factors that could cause actual results to differ materially from anticipated results.

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

The DATA Group Income Fund owns a 100% interest in Data Business Forms Limited (“The DATA Group”). The DATA Group is a leading provider of document management solutions including printed products. Founded in 1959, the Company operates 25 facilities in 11 cities across Canada and has a leading market share in the total document management services segment.

The DATA Group Income Fund will make its second quarter report to unitholders available before markets open at [www.datagroupincomefund.com](http://www.datagroupincomefund.com).

Additional information relating to The DATA Group Income Fund, including its second quarter report to unitholders and the audited balance sheet as at June 30, 2005 is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and [www.datagroupincomefund.com](http://www.datagroupincomefund.com).

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Interim Consolidated Balance Sheet  
(Unaudited)  
(in thousands of dollars)

	<b>June 30, 2005</b>	<b>December 31, 2004</b>
	\$	\$
	(Unaudited)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	8,949	5,125
Accounts receivable	23,403	25,065
Inventories	21,670	27,966
Prepaid expenses	2,127	1,528
Income taxes recoverable	439	666
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	56,588	60,350
<b>Property and equipment</b>	14,742	16,036
<b>Goodwill</b>	88,194	88,194
<b>Intangible assets</b>	53,101	56,405
<b>Deferred finance fees</b>	753	906
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	213,378	221,891
	<hr/>	<hr/>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	19,343	20,908
Distribution payable	1,393	-
Future income taxes	-	1,931
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	20,736	22,839
<b>Term bank loan</b>	40,000	40,000
<b>Convertible note</b>	-	13,970
<b>Future income taxes</b>	16,176	16,305
<b>Pension obligation</b>	5,119	5,693
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	82,031	98,807
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<b>Unitholders' Equity</b>		
<b>Units</b>	137,519	123,549
<b>Accumulated income (loss)</b>	2,681	(465)
<b>Cumulative distributions</b>	(8,853)	-
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	131,347	123,084
	<hr/>	<hr/>
	213,378	221,891
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Unaudited Interim Consolidated Financial Information  
For the Periods Ended June 30, 2005 and 2004  
*(in thousands of dollars, unaudited)*

	Dec. 21 to Dec. 31, 2004	Apr. 1 to Jun. 30, 2005	Jan. 1 to Jun. 30, 2005	Dec. 21, 2004 to Jun. 30, 2005	Apr. 1 to Jun. 30, 2004	Jan. 1 to Jun. 30, 2004
	\$	\$	\$	\$	\$	\$
Revenues	5,715	52,425	106,598	112,313	53,051	105,791
Cost of revenues	4,972	36,753	81,030	86,002	37,340	74,647
Gross profit	743	15,672	25,568	26,311	15,711	31,144
Selling, general and administrative expenses	1,141	10,060	20,182	21,323	9,751	19,740
	(398)	5,612	5,386	4,988	5,960	11,404
Amortization	185	1,652	3,314	3,499	(87)	(174) *
Income (loss) before interest and income taxes	(583)	3,960	2,072	1,489	6,047	11,578
Interest expense (income)						
Long-term debt	82	505	981	1,063	948	948
Other	-	-	-	-	-	(52)
	82	505	981	1,063	948	896
Income (loss) before income taxes	(665)	3,455	1,091	426	5,099	10,682
Provision for (recovery of) income taxes						
Current					756	2,782
Future	(200)	(20)	(2,055)	(2,255)	-	-
	(200)	(20)	(2,055)	(2,255)	756	2,782
Net income (loss) for the period	(465)	3,475	3,146	2,681	4,343	7,900

\* Amortization of deferred gains in 2004.

Unaudited Interim Consolidated Financial Information  
For the periods from January 1 to June 30, 2005 and 2004  
*(in thousands of dollars, unaudited)*

	<b>Apr. 1 to Jun. 30, 2005 \$</b>	<b>Jan. 1 to Jun. 30, 2005 \$</b>	<b>Apr. 1 to Jun. 30, 2004 \$</b>	<b>Jan. 1 to Jun. 30, 2004 \$</b>
<u>Revenues</u>				
DATA East and West	40,796	81,889	40,674	81,575
Multiple•Pakfold	6,534	12,964	6,399	13,263
Sundog	6,031	13,545	7,175	13,247
Intersegment	(936)	(1,800)	(1,197)	(2,294)
	<u>52,425</u>	<u>106,598</u>	<u>53,051</u>	<u>105,791</u>
<u>Gross profit</u>				
DATA East and West	12,182	18,711	12,153	24,439
Multiple•Pakfold	1,129	2,061	1,113	2,450
Sundog	2,361	4,796	2,445	4,255
	<u>15,672</u>	<u>25,568</u>	<u>15,711</u>	<u>31,144</u>
<u>Gross profit, as a percentage of revenue</u>				
DATA East and West	29.9%	22.8%	29.9%	30.0%
Multiple•Pakfold	17.3%	15.9%	17.4%	18.5%
Sundog	39.1%	35.4%	34.1%	32.1%
	<u>29.9%</u>	<u>24.0%</u>	<u>29.6%</u>	<u>29.4%</u>
<u>Selling, general and administrative expenses</u>				
	10,060	20,182	9,751	19,740
As a percentage of revenue	19.2%	18.9%	18.4%	18.7%
Adjusted EBITDA <sup>1</sup>	6,409	12,844	6,980	13,490
Adjusted EBITDA <sup>1</sup> margin, as a percentage of revenue	12.2%	12.0%	13.2%	12.8%
Net income	<u>3,475</u>	<u>3,146</u>	<u>4,343</u>	<u>7,900</u>

Cash Available for Distribution<sup>2</sup> and Adjusted EBITDA<sup>1</sup>

For the periods ended June 30, 2005

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

Period ended	Apr. 1 to June 30, 2005 \$	Dec. 21, 2004 to June 30, 2005 \$
Net Income	3,475	2,681
Add:		
Recovery of income taxes	(20)	(2,255)
Interest expense	505	1,063
Depreciation	798	1,814
Amortization	1,652	3,499
Non-cash inventory step-up charges	-	6,668
Adjusted EBITDA <sup>1</sup>	6,410	13,470
Less:		
Cash interest expense †	428	901
Maintenance capital expenditures ††	201	472
Pension Contributions in excess of expense **	286	605
Cash income taxes (recovery) †††	-	-
Cash available for distribution <sup>2</sup>	5,495	11,492
Distributions to unitholders *	4,179	8,853
Excess of cash for distribution <sup>2</sup> over actual distributions	1,316	2,639
Per unit (14,861,333 units)		
Cash available for distribution <sup>2</sup> ***	0.370	0.773
Distributions to unitholders ***	0.281	0.596
Excess of cash for distribution <sup>2</sup> over actual distributions	0.089	0.178
Payout ratio	76.0%	77.0%

\* Distributions are in respect of the quarterly distribution declared, not what was paid in the quarter.

† Cash interest expense is interest expense calculated in accordance with GAAP, less amortization of deferred finance fees.

†† Maintenance capital expenditures are additions, replacements or improvements to property and equipment to maintain the Company's business operations. These expenditures involve the replacement of printing and digital equipment, computers and software and leasehold improvements.

††† Cash income taxes are current income taxes calculated in accordance with GAAP.

\*\* Excludes special pension contribution of \$5 million funded from IPO proceeds.

\*\*\* Per Unit calculations are based on the total number of units outstanding as of the first distribution and not the weighted average number of units.

1. While Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization adjusted for the non-cash inventory charges) is not a recognized measure under Canadian generally accepted accounting principles (GAAP), management believes it to be a useful supplemental measure.
2. Cash available for distribution, or distributable cash, is not intended to be representative of cash flow or results of operations determined in accordance with GAAP and does not have a standardized meaning prescribed by GAAP.