

EVENT: THE DATA GROUP INCOME FUND –
THIRD QUARTER RESULTS CONFERENCE CALL
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OPERATOR: Good afternoon ladies and gentlemen and welcome to The DATA Group Income Fund Third Quarter Results conference call. At this time all participants are in a listen-only mode. Following today's presentation, instructions will be given for the question and answer session. If anyone needs assistance at any time during the conference please press the star followed by the zero. As a reminder, this conference is being recorded Wednesday, November 9th, 2005.

I would now like to turn the conference over to Mr. David Odell, President and Chief Executive Officer. Please go ahead, sir.

DAVID ODELL (President and Chief Executive Officer, The DATA Group Income Fund): Good morning. Welcome and thank you for joining us to review the DATA Group Income Fund's financial results for our third quarter of '05. Paul O'Shea, our CFO, is with me and we will be discussing the Fund's performance for the three month's ended September 30th, '05.

Before we 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

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

Overall, our performance during the third quarter was strong with significant increases in revenue, gross profit and adjusted EBITDA versus the same quarter year ago. These results reflect our team's continued focus on our key strategic initiatives and the implementation of new business agreements secured earlier in the year in the healthcare, gaming, financial services and transportation sectors.

In terms of highlights for the quarter, revenues were 52.4 million, an increase of 4.7 percent from the third quarter last year. Revenue in Data East and West and Sundog was up \$1.5 million and \$1.2 million respectively. Cost of revenues increased 4.4 percent from 36.2 million in '04 to 37.8 million in '05. The result was a 5.3 increase in gross profits to 14.7 million. Adjusted EBITDA during the quarter was 5.7 million, an increase of 4.5 percent over '04. As a percentage of revenue, adjusted EBITDA was 10.9 percent. During the quarter, the Fund generated 4.5 million in distributable cash or \$0.302 per unit and declared distributions of 4.3 million or \$0.287 cents per unit. Our payout ratio in the quarter was 94.9 percent and year-to-date it is 81.9 percent.

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I'll now ask Paul to provide further details on the Fund's financial performance.

PAUL O'SHEA (Chief Financial Officer, The DATA Group Income Fund): Thanks David. David provided some highlights for the quarter; I will provide some year-to-date highlights for the Fund and by each division.

For the first nine months of 2005, our revenue has increased 2 percent to 159 million from 156 million. Cost of revenues increased from 110.8 million in 2004 to 118.8 million in 2005 resulting in a gross profit of 40.2 million which decreased from 45.1 million. This was due to 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 allocation charge, gross profit margins were 28.9 percent year-to-date. Year-to-date selling, general and administrative expenses were 29.9 million compared to 29.4 million in 2004. Adjusted EBITDA for the nine months ended September 30, 2005 was 18.6 million compared to 18.7 million in 2004. Year-to-date results compare favourably as in 2005 we have incurred \$1 million in public company costs that were not incurred in 2004.

I'll now highlight results by division. At DATA East and West, revenues for the quarter increased 3.7 percent to 41.3 million from 39.8 million in 2004. For the nine month's ended September 30, 2005 revenue

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increased to 123.2 million from 121.4 million. The revenue increase in the quarter was due to continued focus on high value-added document management services contracts and agreements. We continued to experience growth in DMS revenue, variable imaging, labels and lottery slips. Gross profit in the quarter was 11.8 million compared to 11.3 million in 2004, an increase of 4.1 percent. Year-to-date gross profits after adjusting for the fair value allocation, has increased from 35.7 million in 2004 to 36.3 million in 2005.

Revenues for the quarter at Sundog increased 23.5 percent to 6.1 million from 4.9 million. For the nine month's ended September 30, 2005 revenues increased 8 percent to 19.6 million. The increase in revenues is due to a number of factors including orders such as two major specialty book projects, production of programs for a major Western exhibition and various projects for an Alberta based homebuilder. Gross profit has increased from 1.6 million to 2 million for the quarter; an increase from 5.9 million to 6.7 million for the nine month's ended September 30, 2005.

At Multiple-Pakfold, revenue for the quarter decreased by 2.6 percent from 6.6 million in 2004 to 6.4 million in 2005. Year-to-date revenues have decreased 2.4 percent and 19.8 million in 2004 to 19.4 million in 2005. For the quarter, gross profit margin declined to 15 percent

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in 2005 from 15.6 percent in 2004. The year-to-date gross profit margin declined from 17.5 percent to 15.6 percent.

Let me now turn to year-to-date distributable cash. For the period December 21, 2004 to September 30, 2005 the Fund generated \$16 million or \$1.078 per unit of distributable cash. Distributions declared from December 21, 2004 to September 30, 2005 were 13.1 million or \$0.883 per unit. Our year-to-date payout ratio is 81.9 percent. In terms of CAPEX, we spent \$722,000 in the quarter and we have spent 1.2 million year-to-date. We'll continue to fund necessary maintenance capital expenditures with cash flow from operations. Management believes that the Fund will continue to meet its objectives through the balance of the year.

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

DAVID ODELL: Thanks, Paul. In closing, I'd like to say that as we look at the business currently we are confident that the Fund will continue to meet its objectives providing monthly distributions at our new level of \$0.09656 per unit. I'd also like to urge each of you to contact your local Member of Parliament by visits, phone calls, letters or all of the above and express your viewpoints with respect to the government's position on income trust as a general matter.

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

OPERATOR: Thank you, sir. Ladies and gentlemen at this time we will begin the question and answer session. If you have a question, please press the star followed by the one on your push button phone. If you'd like to decline from the polling process, please press the star followed by the two. You will hear a three-toned prompt acknowledging your selection and the questions will be polled in the order they are received. If you are using speaker equipment you will need to lift the handset before pressing the numbers. One moment for our first question. And our first question comes from Sophia Taylor with TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Good morning.

DAVID ODELL: Good morning, Sophia.

SOPHIA TAYLOR: Last quarter think I got numbers from you in terms of expected new revenue or new business in the range of 11 to 14 million. I'm trying to get a sense I guess, is that still the range expected and sort of how far have we gone to completing that target?

DAVID ODELL: Right, you're right about the number. It's really just started Sophia and in actuality when we looked at the quarter, July and August were a little bit softer than same quarter year ago and then we had

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an exceptionally strong September which is a reflection of the start-up of a number of the new pieces of business coming on board, so they're just beginning to work their way into the system.

SOPHIA TAYLOR: Okay and I'm wondering is it possible to get a sense for how much business that that is replacing or how much of this is incremental revenue?

DAVID ODELL: Hmm-hmm. Well, it's impossible to be explicit about that because, of course, it depends upon, you know, client's activity or lack thereof. But as an order of magnitude, we've talked about replacing some low value-added business with higher value-added business and Paul...

PAUL O'SHEA: In the quarter, we've talked about our Stock Forms Business before. In the quarter we've replaced 1.3 million worth of stock cap, and year-to-date it's close to \$4 million.

SOPHIA TAYLOR: Okay. On the margin front, the gross margin front, we are seeing a bit of an improvement. I'm seeing the 27.8 to an increase to 28 percent this quarter. I'm gathering that that's reflecting some of this new business. How much more do you expect that to increase, I guess going in hand with this incremental business that we're talking about?

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DAVID ODELL: I can't really give you a definitive answer on that. There is with any piece of new business that comes on in transition period and some higher start-up costs before you get it organized, managed and under control and begin to improve the margins. You know secondly, I'll also add that we had some declines in margin at Multiple which, you know, are not a part of the new business that we talked about, that new business comes across the DATA East and West divisions.

SOPHIA TAYLOR: Okay. Are you seeing any pressures on the cost input side, namely paper, carbon particularly ink?

DAVID ODELL: Yes, you know, ink is not a terrifically big factor for us in terms of its overall cost and the agreements that we have on ink go out to the middle of '06 as I recall. With respect to the more important input costs in terms of paper and what have you, you know, paper is at the same percentage of cost of revenue in this quarter as it was in the first two quarters. So that's a reflection, basically, of two things; one, our ability by virtue of agreements to make adjustments for the most part, and two, continued improvements in productivity on things like waste control.

SOPHIA TAYLOR: Okay so paper, if I'm not mistaken, is about 25 percent of revenue?

PAUL O'SHEA: On average.

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SOPHIA TAYLOR: On average. And ink, are you disclosing what percentage that is of revenue?

PAUL O'SHEA: No.

SOPHIA TAYLOR: Okay. That's it for me thank you.

PAUL O'SHEA: Thank you.

DAVID ODELL: Thank you.

OPERATOR: Ladies and gentlemen, if you have an additional question please press the star followed by the one, and if you're using speaker equipment you will need to lift the handset before pressing the numbers.

And at this time I show no further questions.

DAVID ODELL: All right, thanks again for joining us. We look forward to reporting our progress to you after our next quarter.

OPERATOR: Thank you. Ladies and gentlemen, this concludes The DATA Group Income Fund third quarter results conference call. Thank you for participating in today's conference and at this time you may now disconnect.

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