

EVENT: THE DATA GROUP INCOME FUND - Q4 RESULTS
CONFERENCE CALL & WEBCAST
TIME: 11H00 E.T.
REFERENCE: CNW GROUP - TORONTO
LENGTH: APPROXIMATELY 15 MINUTES
DATE: MARCH 7, 2006

"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. Thank you for standing by. Welcome to The DATA Group Income Fund fourth quarter results conference call. At this time, all participants are in a listen-only mode. 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 Tuesday, March 7th, 2006 at 11:00 a.m. Eastern time.

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

DAVID ODELL (President and Chief Executive Officer, The DATA Group Income Fund): Good morning, everyone, and thank you for joining us to review The DATA Group Income Fund's financial results for our fourth quarter of 05.

Paul O'Shea, our CFO, is with me and we will be discussing the Fund's performance for the fourth quarter of 05 and the year to date ended December 31st.

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 risk and uncertainties that may cause actual events or results to

"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. »

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.

We enjoyed an excellent fourth quarter with significant increases in revenue and strong adjusted EBITDA. These results reflect our team's continued focus on our key strategic initiatives.

In terms of highlights for the quarter, revenues were 56 million, an increase of 5.4 per cent from the fourth quarter last year. Revenue in Data East and West was up 4.4 million, or 10.8 per cent versus last year. Cost of revenue increased some 3.6 per cent from 38.6 million in 04 to 40 million in 05. The result was a 9.5-per-cent increase in gross profits to 16 million.

Adjusted EBITDA during the quarter was 6.5 million, or 11.7 per cent of revenue. During the quarter, the Fund generated 4.7 million in distributable cash, or \$0.317 per unit and declared distributions of 4.3 million, or \$0.29 per unit. Our payout ratio in the quarter was 91.5 per cent.

Turning to calendar year to date, revenues were 215 million versus 209 million in 04, an increase of 2.9 per cent. Cost of revenues increased from 150.4 million in 04 to 159.2 million in 05, resulting in 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. »

55.9 million, which decreased from 58.6 in 04. But this was due to the charge of 5.8 million in 05 and 900,000 in 04 relating to the inventory fair value allocation charge on the purchase of DATA business forms by the Fund. Before the allocation charge, gross profit was 28.7 per cent.

Adjusted EBITDA was 25 million, or 11.6 per cent. Adjusted EBITDA compares favourably with the previous year after adjusting for public company costs of 1.2 million.

Cash available for distribution during the period December 21st, 04 when we went public to December 31st, 05 exceeded estimated distributable cash as set forth in our prospectus by \$4 million, or \$0.27 per unit.

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

PAUL O'SHEA (Chief Financial Officer, The DATA Group Income Fund): Thanks, David. David provided highlights for the quarter and for the year for the Fund. I'll provide some highlights by division and finish up with a summary of the balance sheet.

At Data East and West, revenues for the quarter increased 10.8 per cent to 45.1 million from 40.7 million in 2004. For the 12 months ended December 31, revenue increased to 168.3 million from 162.1 million.

"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. »

The revenue increase in the quarter was due to large orders for lottery slips and increased document management services revenue.

Consistent with previous quarters, the business continues to experience growth in DMS revenue, variable imaging, labels and lottery slips.

For the quarter ended and the calendar year ended December 31, 2005, the business has experienced a 5.4 million and 11.2 million increase respectively in revenue attributable to new lottery and variable imaging business, offsetting a 1 million and \$5 million decrease on a quarter-to-date and year-to-date basis of stock tab business.

Gross profit in the quarter was 13.3 million compared to 11.4 million in 2004, an increase of 16 per cent. Year-to-date gross profits after adjusting for the inventory fair value allocation has increased from 47 million in 2004 to 49.2 million in 2005.

Revenues for the quarter at Sundog decreased 9.1 per cent to 5.9 million from 6.5 million. For the 12 months ended December 31, 2005 revenues increased 3.5 per cent to 25.5 million. The decrease in the fourth quarter revenue is due to a significant project produced in the third quarter of 2004 that did not ship until the fourth quarter of 2004.

"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. »

Otherwise, excluding revenue from that 2004 project, Sundog's revenue for the fourth quarter of 2005 was in line with the fourth quarter of 2004.

For the calendar year ended December 31, 2005 the revenue increase was attributable to strong demand in the Alberta marketplace for commercial printing and various projects for a major Alberta-based home builder.

Gross profit decreased from 2 million to 1.8 million for the quarter, an increase from 7.8 million to 8.5 million, or 8.6 per cent for the 12 months ended December 31, 2005.

At Multiple-Pakfold, revenue for the quarter decreased by 16.2 per cent from 6.9 million in 2004 to 5.8 million in 2005. Year-to-date revenues have decreased 5.9 per cent from 26.7 million in 2004 to 25.1 million in 2005.

For the quarter, gross profit margin declined to 15.9 per cent in 2005 from 16.9 per cent in 2004. The year-to-date gross profit margin declined from 17.4 per cent to 15.7 per cent.

Let me now turn to year-to-date distributable cash. For the period December 21, 2004 to December 31, 2005, the Fund generated 20.7 million, or \$1.395 per unit of distributable cash. Distributions declared

"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. »

during the same period were 17.4 million, or \$1.172 per unit. Our year-to-date payout ratio is 84 per cent.

In terms of capex, we spent 1.2 million in the quarter and we spent 2.4 million for the year. As we have said previously, we will continue to fund necessary maintenance capital expenditures with cash flow from operations.

Some highlights from the balance sheet as at December 31, 2005. Cash and cash equivalents were 8.9 million, which represents just over six months distributions. Total current assets were 58.7 million. Total assets were 212 million. Total current liabilities were 21.6 million. The term credit facility future income tax and pension obligations were 60.7 million. And total unitholder equity was 129.6 million.

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, thanks to the support of customers, the dedication of our employees and the continued focus upon our fundamental strategies by our management team.

"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. »

During 2005, we were able to increase distributions 3 per cent and delivered a very solid first year as a public company.

I'd like to thank everyone for joining us today and turn it back to the operator to open it up for any questions.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question and answer session. Your first question comes from Sophia Taylor, of TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Good morning.

PAUL O'SHEA: Good morning,

DAVID ODELL: Good morning, Sophia.

SOPHIA TAYLOR: Just a question for you on the new business front. It looks like Data East and West benefited from quite a bit of new business in the quarter.

I think our original estimates on that front were somewhere in the neighbourhood of 11 to I want to say 14 million in revenue. Could you give us an update as to where we stand right now?

DAVID ODELL: Sure. That's on an annualised... that's on an annualised basis. And it's coming along quite nicely, albeit in a number of cases, slower than we'd like to see it.

"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 think, as I'd explained before, that often when we secure new agreements, the process of finalizing those and getting them up and running, you know, can vary significantly time-wise, you know, frequently based on, you know, legals or reaching service level agreements with various users within the community, the user community.

The second part of that is then when we start up, we have some time to get everything under control. Often revenue and margins aren't what they will be at full ramp up for the simple reason that we're inheriting a current state, organizing and managing that, fleshing it through and then engineering our changes to create greater efficiencies for the clients. But that is self-produced kind of product.

And so those things... those things take some time. And so that's kind of where we're at on those issues.

SOPHIA TAYLOR: Is the target still a total of about 11 million to 14 million?

DAVID ODELL: Yes, but I wouldn't, just to be clear, Sophia, and I think we've talked about this before, I wouldn't take, you know, 14 million and put it on top of our annual revenue because, as I explained before, some of these things are, in part, to replace declines we have when we

"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. »

take a client and help them spend less money. So they're not totally incremental.

SOPHIA TAYLOR: Right. In terms of that replacement effect, are you expecting it to be, I guess, similar to what we saw in Q4 and in 05?

DAVID ODELL: Well, I'm actually loathe to make any future forward-looking statements based on the advice we've had from all of our experts. So I will say that I don't see anything different happening with those integrations than has happened historically.

SOPHIA TAYLOR: Great. And then, just in terms of, I guess, the efficiency that you hope to get out of these contracts, what is the estimated timeline in terms of being able to get to where your end goal is?

DAVID ODELL: Ah, that's a good question and it's one that is really specific to each of those things individually. And there are a variety of reasons for that.

You know, if for instance, we take over or start a relationship where it's been very poorly – and, you know, "very poorly" I guess is the emphasis – managed before then quite often they have been carrying significantly more inventory than they really ought to relative to their needs, requirements and turns.

"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. »

And therefore it takes longer to work your way through that and get to the point that you can reengineer as opposed to something that was, you know, not as dense in terms of inventory.

I'll give you one example. There's a client that we've reached an agreement with in the health services related area. It took nine months longer than expected to get things finalized within their own, you know, company, legals, what have you. We have office space in their place now. It starts off April the 1st and in the first year I think we'll probably do – this is an estimate – say 1.5 million whereas under control and set up properly on a full-year basis, our revenue is likely to be 3 million. That's because we've got to work through the, you know, what we've inherited.

SOPHIA TAYLOR: Okay, great. A question for Paul, I believe, on the pension plan side. I notice the note in your press release.

PAUL O'SHEA: Yes.

SOPHIA TAYLOR: Can you give us a idea of what that will translate into, I guess, in terms of the incrementals between 06 and 05?

PAUL O'SHEA: The cash contributions will be about the same in 2006 as they were in 2005 at \$2.3 million.

"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. »

And we have the results of our actuarial valuation and our cash contributions should stay at about that level until our next one's required, which is 2008.

SOPHIA TAYLOR: And this all incorporates, I guess, the more conservative rates?

PAUL O'SHEA: Yes.

SOPHIA TAYLOR: Perfect. Okay, and then last question, I guess, is just on the taxes. Excuse me. I'm wondering, I guess, at what point you become taxable?

PAUL O'SHEA: At this point, we're still reviewing the situation. We're monitoring it constantly. You know, as you're aware, you know, trust on corp isn't the most tax efficient structure., so we're always aware of the impact of becoming taxable and we'll be looking at our structure to become more tax efficient.

SOPHIA TAYLOR: Is there a timeline on that?

DAVID ODELL: There are a number of different issues pertaining to that, so we can't give you a definitive date at this point. But we will bring timing together so as to not jeopardize our unitholders with our being in a taxable situation.

SOPHIA TAYLOR: Okay, that's it for me. 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. »

DAVID ODELL: Thank you.

OPERATOR: Ladies and gentlemen, if you have an additional question at this time, please queue up now. One moment, please, for your next question.

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

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

Have a good day.

OPERATOR: Ladies and gentlemen, this concludes 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. »