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SECOND QUARTER EARNINGS ANNOUNCEMENT
CONFERENCE CALL

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OPERATOR: Good morning ladies and gentlemen. Thank you for standing by. Welcome to the Data Group 2008 Second Quarter Results Conference Call. At this time all participants are in listen-only mode. Following the presentation we will conduct a question-answer session. If anyone has any difficulties hearing the conference, please press star, zero for operator assistance at any time. I would like to remind everyone that this conference call is being recorded on Friday, August 8th, 2008 at 11 a.m. Eastern Time. I will now turn the conference over to David Odell, President and Chief Executive Officer. Please go ahead sir.

DAVID O'DELL (President, Chief Executive Officer, The Data Group Income Fund): Good morning everyone and thank you for making the time to join us to review the Data Group Income Fund's financial results for our second quarter of 2008. Paul O'Shea, our CFO, is with me and we will be discussing the Fund's performance by division for the second quarter of '08 and the year-to-date ended June 30th.

Before we begin, I will 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 differ materially. Also, in today's conference call all reference to the Data

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

During the quarter we continued to harvest the cost savings from our integration and restructuring activities commenced in 2007. In addition, we have continued the process to reviewing products and services, which generate low margins, which have contributed to lower revenues in the quarter. We've experienced our second success in our efforts to sell real estate assets we acquired through the Relizon Canada acquisition.

On June 12th '08 we completed the sale of the Medicine Hat, Alberta property, for which we received gross proceeds of \$1.8 million.

The Data Group's objective continues to be to provide unitholders with steady and dependable distribution and we will continue to monitor our cash available for distribution towards the end of insuring that the Fund is not taxable. After review of the Board, by the Board, we have determined there are no current economic benefits associated with an early conversion from a specified investment flow through entity trust to a taxable entity not subject to SIFT rules. We believe there is meaningful value in the interim period and therefore we have no intention of making significant changes to the structure during that period without compelling reasons to do so. Our current objective is to maintain our cash

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distributions to unitholders in 2011 and beyond, notwithstanding the cash taxes which may (phon) then be payable by the Fund.

Revenue for the quarter ended June 30th, 2008 was 93.7 million, a decrease of 3.6 percent compared to the same period of 2007. The decrease in revenue was due to a decrease of 2.5 million in the Data Direct Division, a decrease of 1.1 million in our Sundog segment, and 300,000 in our Multiple segment. Net income for the second quarter was \$4 million or \$0.17 per basic unit. EBITDA, earnings before interest, taxes, depreciation, amortization in the quarter, was 10.7 million or 11.4 percent of revenue compared to 7.4 million or 7.6 percent of revenue in the same period of 2007.

In our second quarter, the Fund had total cash available for distribution of 8.2 million or 0.349 per unit. Our total distribution to unitholders during the quarter was 6.8 million or 0.290 per unit for a payout ratio of 83.2 percent compared to a payout ratio of 156.2 percent for the same period in '07.

Turning now to calendar year to date: revenues were 198.4 million versus 201.2 million in '07, a decrease of 3.2 percent. Net income for the six months ended June 30th, '08 was 9.6 million or 0.41 per basic unit compared to a net loss of 4.7 million or 0.2 per basic unit for the same

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period of 2007. EBITDA was 22.9 million or 11 percent of revenues compared to 17.4 or 8.6 of revenues in '07. Cash available for distribution for the year-to-date June 30th, 2008 was 18.4 million, or 0.785 per unit. Cash distributions were 13.6 million or 0.580 per unit for a payout ratio of 73.9 percent. I'll now ask Paul to provide further details on the Fund's financial performance by division.

PAUL O'SHEA (CFO, The Data Group Income Fund): Well thanks, David. I'll start with the DATA East and West segment. Revenues at our DATA East and West segment for the three months ended June 30th, 2008 decreased 2.4 million or 2.8 percent to 85.2 million from 87.6 million for the same period last year.

Revenues for the six months decreased 4.1 million or 2.3 percent to 176.7 million from 180.9 million for the same period last year. The decrease in revenues for the three and six months ended June 30th, 2008 was due to the Data Group's determination, following a strategic review that commenced in 2007, to eliminate from our customer offering certain loan margin products and services previously manufactured and provided by the segment. In addition, there have been declines in revenues earned from traditional business forms and direct mail. Factoring the decline in traditional forms' revenues has been a decrease in revenues from small to

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medium sized customers and an increased focus on those revenues from those customers will be undertaken in the second half of 2008. This segment continues to experience increased sales of variable imaging and fulfillment warehousing services as a result of contracts signed in the fourth quarter 2007.

For the quarter ended June 2008, gross profits increased 1.2 million to 23.9 million from 22.8 million for the same period of 2007. The gross profit as a percentage of revenues for the quarter increased to 28.1 percent from 26 percent for the same period in 2007. The increase in gross profit as a percentage of revenues during the quarter was due to the integration restructuring initiative completed in 2007, which resulted in lower labour and overhead costs.

In addition, the increase in gross profits as a percentage of revenues was due to the elimination from the segment's customer offering of certain low margin products and services previously manufactured. This segment continues to be focused upon improving productivity and efficiencies in the operation of the equipment transferred between locations in connection with the restructuring. Specifically, we incurred a \$300,000 charge booked to selling, general and admin in the quarter, which will result in future savings.

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For the six months ended June 30th, 2008 gross profit increased 3 million to 50 million from 47 million in the same period 2007. The gross profit as a percentage for the six months increased to 28.3 percent from 26 percent.

Turning now to our Sundog segment – revenues at Sundog for the quarter ended June 30th, 2008 decreased 1.1 million to 5.7 million from 6.8 million in 2007.

Revenues for the six months ending June 30 decreased 1.5 million to 12.1 million from 13.6 million for the same period last year. The decrease in revenues continues to be due to stock (phon) market demand for commercial printing and increased competition in the Alberta market. In addition, economic conditions appear to be affecting demand for commercial print, primarily marketing materials.

For the quarter ended June 30th, 2008 gross profit decreased 600,000 to 1.7 million from 2.3 million for the same period in 2007. The gross profit as a percentage of revenues for the quarter decreased to 29.3 percent from 34.1 percent.

For the six months ended June 30, gross profits decreased 1.2 million to 3.6 million from 4.8 million for the same period in 2007. The gross profit as a percentage of revenues for the six months ended June

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30th, 2008 decreased to 29.6 percent from 34.9 percent for the same period in 2007. The overall decrease in gross profits was due to the revenue shortfall discussed earlier. As we said last quarter during the fourth quarter 2007, the Data Group's strength in Sundog Sales Management added new sales representatives and tightened cost control, all of which were expected to help mitigate the impact of current market conditions on Sundog's results of operations. The expected impact has not yet materialized due to continued weak market conditions.

Revenues at our multiple taxable (phon) segments for the quarter ended June 30th, 2008 decreased 200,000 or 6.7 percent, to 4 million from 4.2 million in 2007.

Revenues for the six months ended June 30, 2008 decreased 1.6 million or 16.5 percent to 8 million from 9.6 million for the same period in the prior year. Gross profit was 400,000 versus 300,000 for the quarter ended June 30, 2008 and 2007 respectively. The gross profit as a percentage of revenues for the quarter was 9 percent compared to 8 percent for the same period in 2007.

For the six months ended June 30, 2008 gross profit decreased 400,000 to 800,000 from 1.2 million for the same period 2007. As a percentage of revenues for the six months, the percentage was 9.5

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compared to 12.6 percent in the same period of 2007.

Turning now to CAPEX, in the quarter we spent \$700,000. Year-to-date we have spent 1.5 million. We will continue to fund our maintenance capital expenditures from cash flow from operations from proceeds from assets dispositions.

Some highlights from the balance sheet at June 30, 2008, cash and cash equivalents were 14.9 million, total current assets were 116.4 million, total assets were 371.1 million. Total unit holder equity was 194.5 million. Also, our trailing 12 months' debt to EBITDA bank covenants declined to 1.44 times from 1.53 last quarter. I'll now turn it back to David for some closing remarks.

DAVID ODELL: Thanks, Paul. I just wanted to clarify one thing where there seems to be a lack of clarity with some people and that is the fact that the 1.8 million cash generated from the sale of Medicine Hat is not included in our cash available for distribution number.

In closing then, I'd like to say that as we look forward and look at the business currently, we are confident that the Fund will continue to meet its objectives thanks to the support of our customers, our dedicated employees, and the continued focus upon our fundamental strategies for our management team. I would like to thank you for joining us today and

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turn it back to the operator to open up for any questions that you may have.

OPERATOR: Ladies and gentlemen we will now conduct the question-answer session. Your 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 Sophia Taylor from TD Newcrest. Please go ahead.

SOPHIA TAYLOR: Good morning. My first question is a two-part question. It had to do with economic sensitivity, specifically related to your direct mail and commercial print business areas, I am wondering if you could give us an idea of how significant these businesses are to you and, secondly, what your outlook might be over this near term, I suppose, for these business areas.

DAVID ODELL: Okay. Let me divide them in two and let's start with the Sundog and commercial printing. The commercial print category, right across the country, is very soft and not particularly healthy. The last numbers that I saw on that category says that the average operating profit percentage was under six percent as a whole. Of course, we have been doing twice that at Sundog, so it's a well-performing unit relative to the marketplace. But there's certainly been softness in the market relative to

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demand in general across the country, and specifically in Alberta, as well as a bit more competition so let me spend a moment on that.

I think, I've said to you before, Alberta has been a bit of an anomaly in the sense that things have been pretty robust there in a lot of sectors with a consequent demise in marketing spending simply because if we are in a business that is operating at peak capacity we don't have as much need to spend money on marketing. Second of all, that particular market has attracted some more competition in some measure from the Vancouver marketplace as there are a couple of commercial printers in Vancouver who historically have generated a fair amount of their revenue out of the U.S. and have had some losses there, and so they have been making forays into the Calgary market to try and fill some of the holes.

As far as direct mail goes, it is not impervious, as is most things, to softness in the economy. We have a bit of a – I would call it – a mixed bag there because we've had some wins of late in the direct mail category beyond what we might have anticipated. So, how well the economy does for the rest of the year will be an impactor of what happens in terms of direct mail in the last quarter.

SOPHIA TAYLOR: To follow up, in terms of how important these businesses areas are for Data Group, can you give us sort of a range,

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perhaps a sense of range?

DAVID ODELL: It would be less than, you know, Sundog: 25 million on our 400 million in revenue and the direct mail would be certainly less than 5 percent of our total business.

SOPHIA TAYLOR: Okay, great, thanks. That is a great perspective. And then, again just in terms of the overall business, but I guess looking also for colour sort of on the aspects of your operation budget and direct mail and Sundog as well, I am just sort of wondering what your new business pipeline looks like, I guess on a gross basis and on a net basis, if possible?

DAVID ODELL: I do not know if I can address the (inaudible), actually we have about – order of magnitude estimates – of late, about \$6 to \$8 million on an annualized basis in new business wins. Those are annualized numbers. I don't know what impact the economy will have the rest of the year. There's certainly some signs of softness as I look across a whole bunch of different businesses and see reporting from other companies and what-have-you. In terms of our business itself, I'd put it to you this way: we did some in-depth analysis of late, I'm talking on the data – the direct side of our business – and over the course of six months in amongst our top 100 clients, it is about awash. You know business up and

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business down flat. So, maybe that suggests a bit of weakness because we would have expected a little bit of growth there, but no great fall-off at this point in time. However, in the Data Division, in particularly in the East, we have had some fall-off amongst our smaller medium sized accounts and, quite frankly, in my view that has nothing to do with the economy, but has to do with a poor job on our part. Basically, in a nutshell, there was so much to do within the integration of the company and all the changes with people and what-have-you that some focus was lost amongst that group and there was a decline of about 3.8 million. Is that the right number Paul? From that source of business, but I do not see that as, I see that only in small part as being related to the economy and in large measure related to some lack of focus on the part of our sales organization.

SOPHIA TAYLOR: Okay, that is helpful, thank you. And then in terms of the ongoing strategic elimination of lower margin accounts, I assume that that is still ongoing and just wondering, I guess, what the time frame is on that from start to finish.

DAVID ODELL: Well, it's an ongoing kind of a process and you work your way down some things. There is a couple that we would like to change that are contractual obligations that we need to fulfill and we have conversations going on with those clients about what the paradigm would

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be upon renewal, so I cannot give you a specific number. It is just something that we work on all the time.

The second thing is that, and I've mentioned this before, there are some sub- (phon) fundamental things we have talked about which of course happen, you know, not in a month or a quarter but over the course of the year, and that is eliminating some of the resale items that had little margin, tied up all kinds of cash, and what-have-you. I have mentioned some examples of those before, so we're, and if some of those things exist, we'll continuing to work on eliminating them because it is not a good use of our unitholders' cash.

PAUL O'SHEA: And on a year-over-year basis it would take a year for those to flow through the system to eliminate them.

SOPHIA TAYLOR: Okay, great. And then I just – I'm sorry – one quick follow-up question. David, you mentioned the 6 to 8 million in new business once (phon) annualized, is this something that happens subsequent to the quarter end or when?

DAVID ODELL: There is about a couple million on year-to-date that is kicking-in and the other part of it has been in the last month or so.

SOPHIA TAYLOR: Okay, great. That's it for me. Thank you very much.

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DAVID ODELL: Thank you.

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

DAVID ODELL: Okay, well thank you everyone for joining us today. I guess I'd finish with this comment and going back to the economic worries that we all have. Our worries with regard to that at this point relate much more to our own ambitions and objectives and not at all relative to our ability to support our distributions. So, that is how I see it at the moment. Thank you very much for joining us today and we look forward to talking to you next quarter.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thanks for participating. You may now disconnect your line.

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