

Q2
2006



The DATA Group Income Fund
Quarter 2 – Ended June 30, 2006

Our values.

The DATA Group of Companies has evolved a deeply rooted, widely recognized way of doing business. Our success owes much to a set of corporate values, which have helped to define our culture.

We are committed to customer service and quality.

We do what we say we will do.

We conduct our business ethically and legally.

We are a people-oriented company committed to safety and the environment.

We will develop, adapt, and use technology for our customers' benefit.

We strive for market leadership and take pride in our products and services.

We encourage decision-making and initiative at all levels of our Company.

Letter to Unitholders

I am pleased to provide our Unitholders with our 2006 Second Quarter report on the results of our operations and related distributions.

The DATA Group's objective continues to be to provide Unitholders with steady, dependable and growing distributions. In our second quarter of 2006, the Fund had total cash available for distribution of \$5.1 million or \$0.343 per unit. Our total distributions to Unitholders during the quarter were \$4.3 million or \$0.290 per unit for a payout ratio of 84.6%. Revenue for the quarter ended June 30, 2006 was \$53.8 million, an increase of 2.6% compared with the same period in 2005. Net Income for the second quarter of 2006 was \$4.3 million or \$0.29 per unit.

Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization) in the quarter was \$6.4 million or 11.9% of revenue compared to \$6.4 million or 12.2% of revenue in the same period of 2005.

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

On August 10, 2006, the Fund entered into a share purchase agreement with The Relizon Company pursuant to which the Fund has agreed to indirectly acquire all of the shares of Relizon Canada Inc. for a purchase price of \$141.0 million, subject to a working capital adjustment. Relizon Canada provides document outsourcing solutions to customers in Canada. The purchase price consists of a cash payment of \$112.0 million and 2,964,328 trust units of the Fund. The purchase price will be adjusted up or down (to the extent that the working capital of Relizon Canada is not \$31.3 million) at the time of closing the acquisition. This transaction is expected to be completed in the third quarter of 2006. Additional information regarding the proposed acquisition of Relizon Canada is contained in our 2006 Second Quarter Report.

In closing, I would like to extend to you, our valued Unitholders, our appreciation for your faith in us. In addition, we are most thankful for the continuing support of our customers and the pride and dedication of our employees.

August 2006
The DATA Group Income Fund



David M. Odell
President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three and six months ended June 30, 2006 should be read in conjunction with the MD&A of The DATA Group Income Fund (the "Fund") for the year ended December 31, 2005 and the interim unaudited financial statements for the three and six months ended June 30, 2006. These documents are available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. External economic and industry factors remain substantially unchanged from those described in the Fund's 2005 annual MD&A, unless otherwise stated.

Pursuant to an order of Canadian securities regulatory authorities, the Fund was required to include in its consolidated results of operations for the period ended December 31, 2005, its consolidated results of operations for the period from December 21, 2004 to December 31, 2004.

All financial information in this MD&A is presented in Canadian dollars and in accordance with Canadian generally accepted accounting principles ("GAAP"), unless specified otherwise.

The date of this MD&A is August 10, 2006. Additional information relating to the Fund, including the Fund's most recently filed Annual Information Form and Management Proxy Circular, is available on SEDAR.

Forward-Looking Statements

Certain statements in this MD&A constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, the Company or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, the words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund's current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this MD&A. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance or achievements of the Fund and the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, the ability of the Fund to raise sufficient

financing to complete the Relizon Canada Acquisition (see “Recent Developments – Relizon Canada” below); the ability of the Fund to obtain applicable regulatory approvals of the Relizon Canada Acquisition; approximately \$7 million per annum in pre-tax operating and other synergies and cost savings, and other benefits expected to be realized, and the timing and net present value thereof, based on the achievement of operational efficiencies from restructuring, integration and other initiatives relating to the combination of The DATA Group and Relizon Canada; the accuracy of estimated synergies in respect of expected cash flows, cost savings and profitability; the risk that the businesses of DATA Group and Relizon Canada will not be integrated successfully; the risk that any savings, growth prospects or other synergies from the combination of those businesses will not be fully realized or will take longer to realize than expected; the risk that Unitholders of the Fund do not approve the proposed reorganization of the Fund or other approvals are not obtained; competition from competitors supplying similar products and services; the Company’s ability to grow its sales or even maintain historical levels of its sales of printed business documents; increases in the costs of paper and other raw materials used by the Company; the Company’s ability to maintain relationships with its customers, and the other factors which are discussed under the heading “Risks and Uncertainties” in this MD&A and in the Fund’s Annual Information Form, as filed by the Fund on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend, and does not assume any obligation, to update these forward-looking statements.

Non-GAAP Measures

This MD&A includes certain non-GAAP measures as supplementary information. When used in this MD&A, “EBITDA” means earnings before interest, taxes, depreciation and amortization, and “Adjusted EBITDA” means EBITDA adjusted for non-cash inventory fair value allocation charges. Management believes that EBITDA, Adjusted EBITDA and cash available for distribution (or distributable cash) are useful measures in evaluating the performance of the Company and/or the Fund. Specifically, management views cash available for distribution as an operating performance measure, as it is a measure generally used by Canadian income funds as an indicator of financial performance. EBITDA, Adjusted EBITDA and cash available for distribution are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and cash available for distribution may not be comparable to similarly titled measures presented by other issuers.

Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net income or loss determined in accordance with GAAP, as indicators of the Company’s or the Fund’s

performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. For a reconciliation of net income to Adjusted EBITDA, see Table 3 below, and for a reconciliation of cash flow from operations to cash available for distribution, see Table 4 below. If the calculation of cash available for distribution for the period from December 21, 2004 to June 30, 2005 had included pension contributions funded from the initial public offering, the Fund's cash available for distribution for that period would have decreased by approximately \$5.0 million or \$0.336 per unit.

Overview

The Fund owns all of the outstanding shares of Data Business Forms Limited ("the Company" or "DATA Group"). The Company is a leading provider of total document management solutions, including printed products, and operates as three divisions. DATA East and West (which provides approximately 76% of total revenue) sells a broad range of printed products and document management services directly to end users. Sundog (which provides approximately 12% 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 total revenue) sells forms and labels to independent brokers and resellers.

Recent Developments

Relizon Canada Acquisition

On August 10, 2006, the Fund entered into a share purchase agreement (the "Relizon Canada Purchase Agreement") with The Relizon Company pursuant to which the Fund agreed to indirectly acquire (the "Relizon Canada Acquisition") all of the shares of Relizon Canada Inc. ("Relizon Canada") for a purchase price (the "Purchase Price") of \$141.0 million, subject to a working capital adjustment. The Purchase Price consists of a cash payment of \$112.0 million and 2,964,328 trust units of the Fund. The Purchase Price will be adjusted up or down (to the extent that the working capital of Relizon Canada is not \$31.3 million) at the time of closing the Relizon Canada Acquisition.

Relizon Canada helps organizations improve the efficiency and effectiveness of their printed and electronic communications, both internally with employees, and externally with customers, vendors and prospects. Headquartered in Boucherville, Quebec, Relizon Canada has approximately 1,000 employees and operates five manufacturing facilities, four business service centres, one warehouse and distribution centre and 27 sales offices across Canada.

The cash portion of the Purchase Price will be funded with a combination of funds raised pursuant to a public offering of securities of the Fund, additional borrowings under the Company's credit facilities, and

cash on hand. The Fund has entered into an agreement with a syndicate of underwriters for a public offering of 5,650,000 subscription receipts at a cost of \$9.50 per subscription receipt (Subscription Receipts”), each representing the right to receive one unit of the Fund for no additional consideration, for gross proceeds of approximately \$53.7 million, and \$35.0 million aggregate principal amount of 6.75% extendible convertible unsecured subordinated debentures (the “Convertible Debentures”). The remainder of the cash portion of the purchase price will be funded by the Fund through existing cash balances and committed credit facilities provided by two Canadian chartered banks and a syndicate of lenders to be determined.

The gross proceeds from the offering of the Subscription Receipts will be placed in escrow and invested in short-term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada (and other approved investments) pending completion of the Relizon Canada Acquisition. If the Relizon Canada Acquisition is not completed on or before October 31, 2006 or if the Relizon Canada Purchase Agreement is terminated at an earlier time (in either case, the “Termination Date”), each holder of Subscription Receipts will receive, on the third business day following the Termination Date, an amount equal to the issue price therefore plus a pro rata share of the interest actually earned on that amount. The Convertible Debentures initially mature on October 31, 2006. If the Relizon Canada Acquisition occurs on or before the Termination Date, the maturity date of the Convertible Debentures will automatically be extended to December 31, 2011. If the Convertible Debentures mature on October 31, 2006, holders of Convertible Debentures will receive an amount equal to the issue price of the Convertible Debentures, plus accrued and unpaid interest. The Convertible Debentures will be convertible at the holder’s option into units of the Fund at any time prior to the maturity of the Convertible Debentures (including any redemption of the Convertible Debentures) at a conversion price of \$11.25 per unit, subject to adjustment in certain events. The Convertible Debentures may not be redeemed by the Fund prior to December 31, 2009. Between December 31, 2009 and December 31, 2010, the Convertible Debentures may be redeemed by the Fund at its option, in whole or in part, at a price equal to the principal amount of the Convertible Debentures so redeemed plus accrued and unpaid interest, provided that the volume weighted average trading price of the units of the Fund on the Toronto Stock Exchange during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price. On or after December 31, 2010 and prior to the maturity date of the Convertible Debentures, the Convertible Debentures may be redeemed by the Fund at its option, in whole or in part, at a price equal to the principal amount of the Convertible Debentures so redeemed plus accrued and unpaid interest. Subject to any required regulatory approval and provided no event of default has occurred and is continuing, the Fund may, at its option, elect to satisfy its obligations to repay, in whole or in part, the principal amount of, and any premium on, the Convertible Debentures which are to be redeemed or which have matured by delivering

units of the Fund to holders of Convertible Debentures. Any accrued and unpaid interest will be paid in cash. In such event, payment will be satisfied by delivering for each \$100 due, that number of units of the Fund obtained by dividing \$100 by 95% of the volume weighted average trading price of the units of the Fund on the Toronto Stock Exchange for the 20 consecutive trading days ending five trading days prior to the date fixed for redemption or maturity. In certain circumstances, the Fund may also elect to satisfy all or part of its interest payment obligations by delivering units of the Fund to a trustee for sale, in which event holders of Convertible Debentures will be entitled to receive a cash payment equal to the interest owed from the proceeds of the sale of those units. Upon the acquisition of voting control or direction over 66-2/3% or more of the units of the Fund (on a fully diluted basis), each holder of Convertible Debentures may require the Fund to purchase the whole or any part of such holder's Convertible Debentures at a price equal to 101% of the principal amount of the Convertible Debentures plus accrued and unpaid interest.

The Relizon Canada Purchase Agreement contains a number of customary closing conditions, including compliance with the Competition Act (Canada), receipt of applicable regulatory and third party approvals, and the Fund arranging financing on satisfactory terms and conditions. The Relizon Canada Acquisition is expected to close in the third quarter of this year.

Amended Credit Facilities

In connection with the completion of the Relizon Canada Acquisition, the Data Group will enter into a commitment letter with a group of financial institutions (collectively, the "Lenders"), providing for the establishment of increased credit facilities (the "Amended Credit Facilities") consisting of a committed revolving credit facility in the maximum principal amount of \$90.0 million maturing on the third anniversary of the closing of the Offering, the proceeds of which are to be used for ongoing operating and working requirements, for general corporate purposes, for funding existing revolving loans of approximately \$40.0 million, and for funding part of the cash portion of the Purchase Price for the Relizon Canada Acquisition. The Amended Credit Facilities will be subject to customary terms, conditions and covenants, including negative covenants with respect to incurring additional indebtedness and/or granting security or encumbrances over assets without the prior written consent of the Lenders.

The following is a summary of the material terms and conditions to be contained in an amended and restated credit agreement (the "Amended and Restated Credit Agreement") to be entered into with the Data Group and affiliates of the Data Group (collectively, the "Borrowers") and the Lenders on closing of the Relizon Canada Acquisition. The summary is qualified in its entirety by the provisions of the Amended and Restated Credit Agreement, which will contain a complete statement of the terms and conditions. The Amended Credit Facilities will replace the existing credit facilities of the Data Group,

which were established immediately prior to the Fund's initial public offering in December 2004 to fund ongoing operating requirements, working capital requirements, general corporate purposes and for certain acquisitions and investments (the "Existing Credit Facilities"). As at August 10, 2006, \$40.0 million was outstanding under the Existing Credit Facilities.

The Amended Credit Facilities will continue the present restrictive covenants contained in the Existing Credit Facilities which limit the discretion of management with respect to certain business matters. These covenants will place restrictions on, among other things, the ability of the Borrowers to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with the obligations in the Amended and Restated Credit Agreement in respect of the Amended Credit Facilities could result in an event of default which, if not cured or waived, could permit acceleration of the indebtedness. The Amended and Restated Credit Agreement will contain usual reporting requirements. The Amended Credit Facilities will be secured by conventional security charging all the property and assets of each of the Borrowers. Conditions to drawdown contain standard provisions.

Other financial covenants include a maximum ratio of total debt to EBITDA and a minimum ratio of EBITDA to fixed charges. The Borrowers will be required to make certain mandatory repayments, including prepayment of 100% of the net cash proceeds from the sale of assets of the Borrowers in excess of an aggregate of \$2.0 million per annum (other than inventory sales in the normal course of business) unless reinvested in like assets within an agreed upon period.

Proposed Reorganization

The Fund currently owns all of the outstanding securities of the Company, which carries on the business of the Data Group. Subject to receipt by the Fund of an advance income tax ruling of the Canada Revenue Agency and approval by the Fund's Unitholders, the Fund intends to reorganize its structure to carry on in a limited partnership the business currently carried on by the Data Group (the "Reorganization"). The purpose of the proposed Reorganization is to establish an organizational structure which will enable the Fund to maximize cash available for distribution and provide a more flexible legal and operating structure, including future expansion opportunities. As part of the Reorganization, certain consequential amendments will be made to the Declaration of Trust. The Fund intends to call a special meeting of Unitholders in the third quarter of 2006 for the purpose of approving the Reorganization. Pursuant to the Relizon Canada Purchase Agreement, The Relizon Company has agreed to vote the Units received as partial consideration for the indirect sale of Relizon Canada in favour of the Reorganization provided such special meeting is held within twelve months of the closing of the Relizon Canada Acquisition.

The Reorganization, which has been adopted by a number of other income trusts, will provide the Fund with a "flow through" structure that should maximize the cash available for distribution. In addition to receipt of an advance income tax ruling and Unitholder approval, the Reorganization is subject to certain regulatory and third-party approvals. For Unitholders, the Reorganization will not result in a change to the number, type or ownership of the outstanding units of the Fund. In addition, there will be no impact on the daily operations of the Fund.

If the Reorganization is completed, the Fund will no longer be liable for income taxes and accordingly will no longer recognize future income tax assets and liabilities on temporary differences or recognize unused income tax losses or credits. As a result, net future income tax liabilities (amounting to \$14,705 as of June 30, 2006) will be eliminated through an adjustment to earnings of the Fund. This adjustment will be recognized at the date of approval of the Reorganization and will increase net income, but will not affect cash or the cash flows of the Fund.

A detailed description of the Reorganization will be contained in a notice of meeting and management information circular of the Fund that will be mailed to Unitholders and filed on SEDAR in August, 2006 in connection with the special meeting.

General Information and Results of Operations

Table 1 The following table sets out selected historical financial information for the periods noted.

Consolidated Financial Information
For the periods ended June 30, 2006 and 2005
(in thousands of dollars, unaudited)

	Apr. 1 to Jun. 30, 2006 \$	Apr. 1 to Jun. 30, 2005 \$	Jan. 1 to Jun. 30, 2006 \$	Jan. 1 to Jun. 30, 2005 \$(¹)	Dec. 21, 2004 to Jun. 30, 2005 \$(¹)
Revenues	53,802	52,425	109,966	106,598	112,313
Cost of revenues	<u>38,292</u>	<u>36,753</u>	<u>77,875</u>	<u>81,381</u>	<u>86,394</u>
Gross profit	15,510	15,672	32,091	25,217	25,919
Selling, general and administrative expenses	9,886	10,060	20,377	19,841	20,931
Amortization	<u>1,652</u>	<u>1,652</u>	<u>3,304</u>	<u>3,304</u>	<u>3,499</u>
Income before interest and income taxes	<u>3,972</u>	<u>3,960</u>	<u>8,410</u>	<u>2,072</u>	<u>1,489</u>
Interest expense on long- term debt	<u>567</u>	<u>505</u>	<u>1,110</u>	<u>981</u>	<u>1,063</u>
Income before income taxes	3,405	3,455	7,300	1,091	426
Income tax expense (recovery):					
Current	312	-	312	-	-
Future	<u>(1,219)</u>	<u>(20)</u>	<u>(1,327)</u>	<u>(2,055)</u>	<u>(2,255)</u>
	(907)	(20)	(1,015)	(2,055)	(2,255)
Net income for the period	<u>4,312</u>	<u>3,475</u>	<u>8,315</u>	<u>3,146</u>	<u>2,681</u>

Note:

⁽¹⁾ Certain costs have been reclassified as cost of sales, consistent with the current period presentation.

Table 2 The following table sets out selected historical financial information by business segment for the periods noted.

Consolidated Financial Information
For the periods ended June 30, 2006 and 2005
(in thousands of dollars, except percentage amounts, unaudited)

	Apr. 1 to Jun. 30, 2006 \$	Apr. 1 to Jun. 30, 2005 \$	Jan. 1 to Jun. 30, 2006 \$	Jan. 1 to Jun. 30, 2005 \$(¹)
Revenues				
DATA East and West	42,007	40,796	85,662	81,889
Sundog	7,068	6,031	14,528	13,545
Multiple Pakfold	5,545	6,534	11,747	12,964
Intersegment	(818)	(936)	(1,971)	(1,800)
	<u>53,802</u>	<u>52,425</u>	<u>109,966</u>	<u>106,598</u>
Gross Profit				
DATA East and West	12,155	12,182	24,891	18,360
Sundog	2,470	2,361	5,179	4,796
Multiple Pakfold	885	1,129	2,021	2,061
	<u>15,510</u>	<u>15,672</u>	<u>32,091</u>	<u>25,217</u>
Gross Profit, as a percentage of revenue				
DATA East and West	28.9%	29.9%	29.1%	22.4%
Sundog	34.9%	39.1%	35.6%	35.4%
Multiple Pakfold	16.0%	17.3%	17.2%	15.9%
	<u>28.8%</u>	<u>29.9%</u>	<u>29.2%</u>	<u>23.7%</u>
Selling, general and administrative expenses				
	<u>9,886</u>	<u>10,060</u>	<u>20,377</u>	<u>19,841</u>
As a percentage of revenue	<u>18.4%</u>	<u>19.2%</u>	<u>18.5%</u>	<u>18.6%</u>
Adjusted EBITDA	<u>6,424</u>	<u>6,410</u>	<u>13,287</u>	<u>12,844</u>
Adjusted EBITDA margin, as a percentage of revenue	<u>11.9%</u>	<u>12.2%</u>	<u>12.1%</u>	<u>12.0%</u>
Net income	<u>4,312</u>	<u>3,475</u>	<u>8,315</u>	<u>3,146</u>

Note:

⁽¹⁾ Certain costs have been reclassified as cost of sales, consistent with the current period presentation.

Results of Operations

The DATA Group Income Fund

For the quarter ended June 30, 2006, the Fund recorded revenues of \$53.8 million, an increase of 2.6% or \$1.4 million compared with the same period in 2005. The overall increase, before intersegment revenues, was due to an increase in DATA East and West and Sundog revenues of \$1.2 million and \$1.0 million respectively, offset by a decrease in Multiple Pakfold revenues of \$1.0 million. A more detailed discussion of the results of operations of each of the Fund's reporting segments is set out below. For the six months ended June 30, 2006, the Fund recorded revenues of \$110.0 million, an increase of \$3.4 million or 3.2% compared with the same period in 2005.

For the quarter ended June 30, 2006, cost of revenues increased from \$36.8 million for the same period in 2005 to \$38.3 million in 2006. This resulted in a gross profit in the second quarter of 2006 of \$15.5 million, which decreased \$0.2 million or 1.0% from \$15.7 million in the second quarter of 2005. For the six months ended June 30, 2006, cost of revenues decreased from \$81.4 million for the same period in 2005 to \$77.9 million in 2006. This resulted in a gross profit for the six months ended June 30, 2006 of \$32.1 million, which increased \$6.9 million or 27.3% from \$25.2 million in the same period of 2005. The increase in gross profit for the six months ended June 30, 2006 resulted from a charge of \$5.8 million in 2005 relating to a purchase accounting inventory fair value allocation, and a \$1.1 million increase in gross profit in the DATA East and West and Sundog segments. At the date of acquisition of the Company by the Fund, \$6.7 million of the purchase price was allocated to inventory in order to increase the value to estimated fair market value, less the cost of selling. This inventory was substantially sold during the first quarter of 2005 and, accordingly, the Fund recorded an additional cost of sales charge of \$5.8 million relating to the inventory sold. As a percentage of revenue, before the 2005 purchase accounting inventory fair value allocation, gross profit increased for the six months ended June 30, 2006 to 29.2% from 29.1% for the same period in 2005 as gross profit, as a percentage of revenue, increased in the Sundog and Multiple Pakfold segments.

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund, for the quarter ended June 30, 2006, were \$9.9 million as compared to \$10.1 million in the same period of 2005. For the six months ended June 30, 2006, SG&A expenses increased \$0.5 million from \$19.8 million to \$20.4 million in the current period. The year to date increase is substantially due to the increased selling expense and management incentive compensation paid in the first quarter of 2006.

For the quarter ended June 30, 2006, Adjusted EBITDA was \$6.4 million, or 11.9% of revenue. As compared to the same period in 2005, Adjusted EBITDA increased nominally and the Adjusted EBITDA margin, as a percentage of revenue, decreased slightly from 12.2% of revenue. For the six months ended June 30, 2006, Adjusted EBITDA was \$13.3 million or 12.1% of revenue. As compared to the same period in 2005, Adjusted EBITDA increased by \$0.4 million and the Adjusted EBITDA margin, as a percentage of revenue, increased slightly from 12.0% of revenue.

Interest expense on long-term debt relating to the Company's revolving bank facility was \$0.567 million for the quarter ended June 30, 2006 compared to \$0.505 million for the same period in 2005. Interest expense increased due to the general rise in interest rates during 2005 and the first six months of 2006 offset by the Company's decision to fix the interest rate on \$30.0 million of its long-term debt in the fourth quarter of 2005. For the six months ended June 30, 2006, interest expense increased from \$0.981 to \$1.110 million due to the reasons outlined above.

Interest income of \$0.088 million was earned during the quarter ended June 30, 2006, compared to \$0.045 million for the same period in 2005. For the six months ended June 30, 2006, interest income of \$0.195 million was earned, compared to \$0.082 million in the comparable period of 2005. This interest income was substantially related to the cash and cash equivalents held by the Fund.

The Fund reported pre-tax income of \$3.4 million and a recovery of future income tax of \$1.2 million for the quarter ended June 30, 2006. The recovery of future taxes arose due to trust income, paid by the Company to the Fund that is non-taxable to the Fund and a reduction in substantively enacted income tax rates for corporations in future years which received Royal Assent on June 22, 2006. For the six months ended June 30, 2006 the Fund reported pre-tax income of \$7.3 million and a recovery of future income tax of \$1.3 million. For the quarter and year to date period ended June 30, 2006 the Fund reported a current tax expense of \$0.3 million. The expense has arisen due to the full utilization of previously existing loss carry forwards.

Net income for the quarter ended June 30, 2006 was \$4.3 million compared to net income of \$3.5 million for the quarter ended June 30, 2005. For the six months ended June 30, 2006 net income was \$8.3 million compared to \$3.1 million for the same period of 2005. The increase in comparable profitability was due to the factors discussed above.

DATA East and West

For the quarter ended June 30, 2006, revenue at the Company's DATA East and West segment increased \$1.2 million or 3.0% to \$42.0 million from \$40.8 million for the same period in the prior year.

For the six months ended June 30, 2006, revenue increased \$3.8 million or 4.6% 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% 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 \$12.2 million. The gross profit, as a percentage of revenue, declined to 28.9% in the second quarter of 2006 from 29.9% 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 (\$5.8 million in the first quarter of 2005), cost of revenues increased 5.2% to \$60.8 million from \$57.8 million in the same period of 2005. As a result, gross profit increased 3.2% to \$24.9 million from \$24.1 million for the same period in 2005. The gross profit, as a percentage of revenue, declined to 29.1% from 29.5% for the same period in 2005.

Sundog

Revenues at the Company's Sundog division for the quarter ended June 30, 2006 increased 17.2% from \$6.0 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 remain strong. For the six months ended June 30, 2006, revenue increased \$1.0 million or 7.3% to \$14.5 million from \$13.5 million in the same period of 2005. The increase in revenue is attributable to those factors discussed above for the three months ended June 30, 2006 combined with increased demand for annual report production and commercial print orders, offset by a major customer rebranding that took place in the prior year and did not repeat in 2006.

For the quarter ended June 30, 2006, cost of revenues increased \$0.9 million or 25.3% from \$3.7 million in the first quarter of 2005 to \$4.6 million for the same period in 2006. The increase in costs of revenues resulted from a change in product mix which required additional outside bindery services. Accordingly, gross profit increased by \$0.1 million or 4.6% to \$2.5 million in the second quarter of 2006 from \$2.4 million for the same period in 2005. Gross profit as a percentage of revenue decreased to 34.9% in the quarter ended June 30, 2006 from 39.1% in the comparable period of 2005. For the six months ended June 30, 2006, cost of revenues increased \$0.6 million or 6.9% from \$8.7 million in the same

period of 2005 to \$9.3 million in 2006. This resulted in an 8.0% or \$0.4 million 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.

Multiple Pakfold

Revenue at the Company's Multiple Pakfold division for the quarter ended June 30, 2006 declined 15.1% 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% to \$11.7 million from \$13.0 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 previously noted in the 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 noted above.

For the quarter ended June 30, 2006, cost of revenues decreased 13.8% from \$5.4 million to \$4.7 million and gross profit decreased by 21.6% from \$1.1 million for the quarter ended June 30, 2005 to \$0.9 million for the same period in 2006. The gross profit margin was 16.0% for the quarter ended June 30, 2006 compared to 17.3% for the same period in 2005. For the six months ended June 30, 2006, cost of revenues declined 10.8% from \$10.9 million to \$9.7 million and gross profit declined slightly by 1.9% to \$2.0 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 outlined above. The division continues to focus its efforts to reduce costs and improve operating efficiencies.

Cash Available for Distribution

For the quarter ended June 30, 2006, the Fund generated \$5.1 million or \$0.343 per unit of cash available for distribution compared to \$5.5 million or \$0.372 per unit in the same period of 2005. Cash available for distribution was calculated by deducting the cash interest of \$0.490 million, maintenance capital expenditures of \$0.320 million, cash pension contributions in excess of expense of \$0.214 million and cash income taxes of \$0.312 million from Adjusted EBITDA of \$6.4 million. For the six months ended June 30, 2006, the Fund generated \$10.8 million or \$0.730 per unit of cash available for distribution compared to \$11.5 million or \$0.775 per unit in the December 21, 2004 to June 30, 2005 period of the prior year. See Table 3 for a breakdown of these figures for the periods from January 1, 2006 to June 30, 2006 and December 21, 2004 to June 30, 2005, respectively.

For the quarter ended June 30, 2006, the Fund declared distributions of \$4.3 million or \$0.290 per unit. The calculation of cash available for distribution exceeded actual distributions by \$0.8 million or

\$0.053 per unit for the quarter ended June 30, 2006 versus \$1.3 million or \$0.091 per unit for the same period in 2005. For the six months ended June 30, 2006, the Fund declared distributions of \$8.6 million or \$0.579 per unit. The calculation of cash available for distribution exceeded actual distributions by \$2.2 million or \$0.151 per unit versus \$2.7 million or \$0.180 per unit for the December 21, 2004 to June 30, 2005 period of the prior year.

Distributions paid by the Fund on its outstanding trust units during the quarter ended June 30, 2006 were funded entirely from cash generated by the Company's operations.

Table 3

Cash Available for Distribution and Adjusted EBITDA
For the periods ended June 30, 2006 and 2005
(in thousands of dollars, except per unit amounts, unaudited)

Period ended	Apr. 1 to Jun. 30, 2006 \$	Apr. 1 to Jun. 30, 2005 \$	Jan. 1 to Jun. 30, 2006 \$	Dec. 21, 2004 to Jun. 30, 2005 \$
Net Income	4,312	3,475	8,315	2,681
Add:				
Net recovery of income taxes	(907)	(20)	(1,015)	(2,255)
Interest expense	567	505	1,110	1,063
Depreciation	800	798	1,573	1,814
Amortization	1,652	1,652	3,304	3,499
Non-cash inventory fair value allocation charges	-	-	-	6,668
Adjusted EBITDA	<u>6,424</u>	<u>6,410</u>	<u>13,287</u>	<u>13,470</u>
Add:				
Loss (gain) on disposal of fixed assets	2	33	(2)	32
Less:				
Cash interest expense ⁽¹⁾	490	428	957	901
Maintenance capital expenditures ⁽²⁾	320	201	746	472
Pension contributions in excess of expense ⁽³⁾	214	286	424	605
Cash income taxes ⁽⁴⁾	312	-	312	-
Cash available for distribution	<u>5,090</u>	<u>5,528</u>	<u>10,846</u>	<u>11,524</u>
Distributions to Unitholders ⁽⁵⁾	<u>4,305</u>	<u>4,179</u>	<u>8,610</u>	<u>8,853</u>
Excess of cash available for distribution over actual distributions	<u>785</u>	<u>1,349</u>	<u>2,236</u>	<u>2,671</u>
Per unit (14,861,333 units)				
Cash available for distribution per unit ⁽⁶⁾	<u>0.343</u>	<u>0.372</u>	<u>0.730</u>	<u>0.775</u>
Distributions to Unitholders per unit ⁽⁶⁾	<u>0.290</u>	<u>0.281</u>	<u>0.579</u>	<u>0.596</u>
Excess of cash available for distribution per unit over actual distributions per unit	<u>0.053</u>	<u>0.091</u>	<u>0.151</u>	<u>0.180</u>
Payout ratio	<u>84.6%</u>	<u>75.6%</u>	<u>79.4%</u>	<u>76.8%</u>

Notes:

- ⁽¹⁾ Cash interest expense is interest expense calculated in accordance with GAAP, less amortization of deferred finance fees.
- ⁽²⁾ 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.
- ⁽³⁾ Excludes a special contribution of \$5.0 million to the Company's defined benefit pension plan in 2004, which was funded from the proceeds invested by the Fund in the Company in connection with the Fund's initial public offering.
- ⁽⁴⁾ Cash income taxes are current income taxes calculated in accordance with GAAP.
- ⁽⁵⁾ Distributions are in respect of the distributions declared.
- ⁽⁶⁾ 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.

Table 4

Reconciliation of Cash Flow from Operations to Cash Available for Distribution
For the periods ended June 30, 2006 and 2005
(in thousands of dollars, unaudited)

	Apr. 1 to Jun. 30, 2006 \$	Apr. 1 to Jun. 30, 2005 \$	Jan. 1 to Jun. 30, 2006 \$	Dec. 21, 2004 to Jun. 30, 2005 \$
Cash flow from operations ⁽¹⁾	5,410	5,729	11,592	328
Pension contributions ⁽²⁾	-	-	-	5,000
Maintenance capital expenditures	(320)	(201)	(746)	(472)
Other	-	-	-	-
Inventory fair value allocation charge	-	-	-	6,668
Cash available for distribution	<u>5,090</u>	<u>5,528</u>	<u>10,846</u>	<u>11,524</u>

Notes:

⁽¹⁾ Prior to changes in non-cash items relating to operating activities.

⁽²⁾ Represents a special contribution of \$5.0 million to the Company's defined benefit pension plan in 2004, which was funded from the proceeds invested by the Fund in the Company in connection with the Fund's initial public offering.

Five Quarter Consolidated Statement of Distributable Cash – Summary
(in thousands of dollars, except per unit amounts, unaudited)

	2006		For the Period from December 21, 2004 to December 31, 2005			
	Q2	Q1	Q4	Q3	Q2	Q1 ⁽¹⁾
		\$	\$	\$	\$	\$
Adjusted EBITDA	6,424	6,863	6,469	5,712	6,410	7,061
Cash available for distribution	5,090	5,756	4,706	4,493	5,528	5,997
Distributions to Unitholders	4,305	4,305	4,305	4,263	4,179	4,674
Excess of cash for distribution over actual distributions	785	1,451	401	230	1,349	1,323
Per unit (14,861,333 units)						
Cash available for distribution per unit	0.343	0.387	0.317	0.302	0.372	0.404
Distributions per unit	0.290	0.290	0.290	0.287	0.281	0.314
Excess of cash available for distribution per unit over actual distributions per unit	0.053	0.098	0.027	0.015	0.091	0.090

Note:

⁽¹⁾ Represents the period from December 21, 2004 to March 31, 2005.

Cash Flow from Operations

As cash flow from operations has been determined in accordance with GAAP, management believes that the reconciliation of this measure to cash available for distribution provides useful supplemental information for investors, as illustrated in Table 4 above.

Changes in non-cash working capital increased cash by \$2.3 million in the quarter ended June 30, 2006. Accounts receivable decreased by \$1.8 million which was substantially the result of collections in the Sundog segment. Inventory levels decreased by \$0.7 million as a result of inventory purchased for specific production requirements in the first quarter being produced and sold to customers of the DATA East and West segment. Changes in non-cash working capital increased cash by \$0.2 million in the six months ended June 30, 2006.

Investing Activities

Capital expenditures for the quarter ending June 30, 2006 of \$0.320 million related primarily to maintenance capital expenditures, which were financed by operating cash flows. For the six months ended June 30, 2006 capital expenditures totaled \$0.746 million. Also, the final payment of \$0.374 million was made in the first quarter of 2006 in connection with the acquisition of the Company by the Fund.

Financing Activities

For the quarter ended June 30, 2006, the Fund paid cash distributions of \$4.3 million to its Unitholders. For the six months ended June 30, 2006 the Fund paid cash distributions of \$8.6 million.

Five Quarter Results of Operations - Summary *(in thousands of dollars, except per unit amounts, unaudited)*

	2006		For the period from December 21, 2004 to December 31, 2005			
	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 ⁽¹⁾ \$
Revenue	53,802	56,164	55,980	52,447	52,425	59,888
Net Income (loss)	4,312	4,003	3,616	3,204	3,475	(794)
Basic Income (loss) per unit	0.29	0.27	0.24	0.22	0.23	(0.05)

Note:

⁽¹⁾ Represents the period from December 21, 2004 to March 31, 2005.

Additional Information

Additional information relating to the Fund, including the Fund's most recently filed Annual Information Form, is available on SEDAR at www.sedar.com.

New Accounting Policies

Accounting By a Vendor for Consideration Given to a Customer (Including a Reseller of the Vendor's Products)

In September 2005, the CICA issued EIC-156 regarding "Accounting By a Vendor For Consideration Given to a Customer (Including a Reseller of the Vendor's Products)". This abstract applies to fiscal years beginning on or after January 1, 2006 and is to be adopted retroactively. The abstract addresses if a vendor provides a customer a sales incentive or other consideration whether that consideration is an

adjustment to the selling prices of the vendor's products and therefore a reduction of revenue or a cost incurred by the vendor and therefore classified as cost or expense. The adoption of this abstract did not have an impact on the Fund.

Disclosure Controls

With the supervision and participation of the Company's senior management team, the Chief Executive Officer and the Chief Financial Officer of the Company have evaluated the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Multilateral Instrument 52-109) of the Fund and the Company, as of June 30, 2006. Based on that evaluation, those officers have concluded that such disclosure controls and procedures are sufficiently effective to provide reasonable assurance that material information relating to the Fund and the Company is made known to management and disclosed in accordance with the applicable securities laws.

Outlook

Management believes that the Fund will continue to meet its objectives, continuing to meet its monthly per unit distributions to Unitholders of \$0.09656. The Fund's Board of Trustees does not currently anticipate increasing distributions to Unitholders based on the contribution of the Relizon Canada Acquisition but will continue to monitor the Fund's cash available for distributions and its payout ratio.

The Company will continue to fund necessary maintenance capital expenditures by utilizing cash flow from operations.

The Company has determined that in 2006 it may be subject to a current tax liability as a result of incurring lower than forecasted interest costs on third party debt and lower capital cost allowance due to reduced capital expenditures. Management estimates that, based upon the Fund's existing corporate structure, current tax liabilities could result in a reduction of cash available for distribution in 2006, the amount of which will depend upon the Company's future operating results. Management believes that any potential tax liabilities will not impact distributions on the Fund's trust units in 2006 based upon a distribution of \$0.09656 per unit per month.

As noted above, the Fund proposes to reorganize its structure such that the existing business of the Fund, which is currently carried on through a corporation, is to be carried on through a limited partnership owned directly by the Fund, with distributions from the partnership effectively taxed at the Unitholder level.

The Company will continue its strategic focus on being the leading document management service provider in Canada, concentrating on providing high value-added products and services. The Company will also pursue acquisition opportunities.

Distributions

The Fund has adopted a policy that the Fund will distribute all of its cash available for distribution to the maximum extent possible to Unitholders by monthly cash distributions of its net monthly cash receipts, less estimated amounts required for the payment of expense obligations, taxes and cash redemptions of units.

The board of directors of the Company has adopted a policy that the Company will distribute all of its available cash, subject to applicable law, by way of monthly dividends on its common shares or other distributions on its securities, after satisfaction of its debt service obligations (including interest on the unsecured, subordinated note to the Fund, the "DATA note") and other expense obligations (including tax and pension liabilities), making any principal repayments in respect of the DATA note considered advisable by its board of directors, with the consent of the Fund, retaining amounts for capital expenditures, reasonable and appropriate working capital, and satisfaction of its obligations under the Company's long-term incentive plan.

The Fund's Board of Trustees does not currently anticipate increasing distributions to Unitholders based on the contribution of the Relizon Canada Acquisition but will continue to monitor the Fund's cash available for distributions and its payout ratio.

The following is a summary of the declared distributions, record dates and payment date in respect of the units since the Fund's inception:

Record Date	Payment Date	Per Unit	Amount
January 31, 2005	February 15, 2005	\$0.12702	\$1.887 million
February 28, 2005	March 15, 2005	\$0.09375	\$1.393 million
March 31, 2005	April 15, 2005	\$0.09375	\$1.393 million
April 29, 2005	May 13, 2005	\$0.09375	\$1.393 million
May 31, 2005	June 15, 2005	\$0.09375	\$1.393 million
June 30, 2005	July 15, 2005	\$0.09375	\$1.393 million
July 29, 2005	August 15, 2005	\$0.09375	\$1.393 million
August 31, 2005	September 15, 2005	\$0.09656	\$1.435 million
September 30, 2005	October 14, 2005	\$0.09656	\$1.435 million
October 31, 2005	November 15, 2005	\$0.09656	\$1.435 million

Record Date	Payment Date	Per Unit	Amount
November 30, 2005	December 15, 2005	\$0.09656	\$1.435 million
December 31, 2005	January 13, 2006	\$0.09656	\$1.435 million
January 31, 2006	February 15, 2006	\$0.09656	\$1.435 million
February 28, 2006	March 15, 2006	\$0.09656	\$1.435 million
March 31, 2006	April 13, 2006	\$0.09656	\$1.435 million
April 28, 2006	May 15, 2006	\$0.09656	\$1.435 million
May 31, 2006	June 15, 2006	\$0.09656	\$1.435 million
June 30, 2006	July 14, 2006	\$0.09656	\$1.435 million
July 31, 2006	August 15, 2006	\$0.09656	\$1.435 million

Risks and Uncertainties

An investment in the units involves risks. In addition to the other information contained in this report, investors should carefully consider the risks described below before investing in units. The risks described below are not the only ones facing the Fund and/or the Company. Additional risks not currently known to the Fund and/or the Company, or that the Fund and/or the Company currently believe are immaterial may also impair the business, results of operations, financial condition and liquidity of the Company, and the ability of the Fund to make distributions on the units.

For a description of certain risks related to the proposed combined business of the DATA Group and Relizon Canada, see “Forward-Looking Statements” above.

Risks Related to The Business

Expansion Through Acquisitions

The acquisition and development of existing businesses to be operated by the DATA Group will be dependent on the ability of the DATA Group to identify, acquire and develop suitable acquisition targets in both new and existing markets. While the DATA Group is careful in selecting businesses to acquire, acquisitions, including, without limitation, the Relizon Canada Acquisition, involve a number of risks, including the possibility that the DATA Group pays more than the acquired company or assets are worth; the additional expense associated with completing an acquisition and amortizing any acquired intangible assets; the difficulty of assimilating the operations and personnel of the acquired business; the challenge of implementing uniform standards, controls procedures and policies throughout the acquired business; the inability to integrate, train, retain and motivate key personnel of the acquired business; the potential disruption of the DATA Group’s ongoing business and the distraction of management from its day-to-day

operations; the inability to incorporate acquired businesses successfully into the DATA Group's operations; and the potential impairment of relationships with the DATA Group's employees, customers and strategic partners. Such risks, if they materialize, could have a material adverse effect on the DATA Group's business, financial condition, liquidity and results of operations.

In addition, the DATA Group may not be able to maintain the levels of operating efficiency that any acquired companies had achieved or might have achieved separately. Successful integration of each of the acquired company's operations would depend upon the DATA Group's ability to manage those operations and to eliminate redundant and excess costs. As a result of difficulties associated with combining operations, the DATA Group may not be able to achieve the cost savings and other benefits that it would hope to achieve with these acquisitions. Any difficulties in this process could disrupt the DATA Group's ongoing business, distract its management, result in the loss of key personnel or customers, increase its expenses and otherwise materially adversely affect its business, financial condition, liquidity and results of operations.

In the event of any future acquisitions, the Fund could issue additional units, which would dilute its existing Unitholders' interests, incur debt or assume liabilities. The Fund cannot assure investors that this will not have a material adverse effect on the DATA Group's business, financial condition, liquidity and operating results. Additional indebtedness would make the DATA Group more vulnerable to economic downturns and may limit its ability to withstand competitive pressures. The terms of any additional indebtedness may include restrictive financial and operating covenants, which would limit the DATA Group's ability to compete and expand.

Competition from Competitors Supplying Similar Products and Services

Some of the DATA Group's competitors have economic resources greater than those of the Company and are well-established suppliers. If consolidation in the document management or printing industry occurs, some competitors may become larger and pose an additional competitive threat to the business of the Company. A competitor may reduce the price of its products or services in an attempt to gain increased sales, and the corresponding pricing pressure placed on the Company may result in reduced profit margins or cash flow. A loss of business may occur if the DATA Group does not meet competitive prices that fall below its profitability targets. Several of the Company's products and services are sold into select market segments and there can be no assurance that these segments will not attract additional competitors that could have greater financial, technological, manufacturing and marketing resources than the DATA Group.

Limited Growth in the Printing of Traditional Business Forms

The overall printing industry is highly competitive and has not grown over the last several years and, accordingly, it may be difficult for the DATA Group to grow its sales or even maintain historical levels of its sales of printed business documents. The Company has depended heavily on sales of printed business forms, which accounted for approximately 30% of the DATA Group's revenues in fiscal 2005. However, the overall printed forms industry has not grown in the last few years due to technological advancements resulting in the decline in the use of traditional paper-based forms. In addition, the printed document industry historically has been affected by general economic and industry cycles that have materially and adversely affected print distributors and print manufacturers. Accordingly, for the DATA Group to continue to experience growth in printed document sales, the Company must increase its market share and individual customer share and respond to changes in demand in this segment of the industry. The DATA Group also faces competition from alternative sources of communication and information transfer, such as facsimile machines, electronic mail, and the Internet. These sources of communication and advertising may adversely impact printed product sales in the future.

Increases in the Cost of Paper or Other Raw Materials

In fiscal 2005, the cost of paper, carbon and other raw materials represented approximately 35.3% of the Company's related revenues. Increases in paper costs could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. The DATA Group cannot be certain that the Company will be able to pass on future increases in the cost of paper to its customers consistent with industry practice. Moreover, rising paper costs and their consequent impact on the Company's pricing could lead to a decrease in the volume of products sold. The overall paper market is beyond the Company's control, and as a result, the DATA Group cannot be certain that future paper price increases will not result in decreased volumes and decreased cash flow and profitability.

Due to the significance of paper in the manufacture of most of the Company's products, the DATA Group is dependent upon the availability of paper. During periods of tight paper supply, many paper producers allocate shipments of paper based on the historical purchase levels of customers. Unforeseen developments in world paper markets coupled with shortages of raw paper could result in a decrease in supply, which would cause a decrease in the volume of product the Company could produce and sell, and could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Additionally, the DATA Group utilizes a number of raw materials, including carbon, ink, film, offset plates, chemicals and solvents, glue, wire and subcontracted components, that are subject to price fluctuations beyond its control. There has generally been a lag time before those increases could be passed on to

the Company's customers. There can be no assurance that the price of the Company's raw materials will not increase in the future or that the Company will be able to pass on those increases to its customers consistent with industry practice. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations. The Company cannot be certain that a shortage of any of these raw materials will not occur in the future or what effect, if any, such a shortage would have on the Company's cash flow and profitability.

Customer Relationships

The Company typically does not enter into long-term, written agreements with customers. As a result, there is a risk that customers may, without notice or penalty, terminate their relationship with the Company at any time. In addition, even if customers should decide to continue their relationship with the DATA Group, there can be no guarantee that customers will purchase the same amount as in the past, or that purchases will be on similar terms. A loss of several customers, a substantial decrease in order volumes from several customers, a loss of a significant customer or a change in the terms of the relationship with a significant customer could have an adverse impact on the Company's financial performance.

Failure to Develop Product and Service Options

The DATA Group's ability to continue to generate comparable net income is based, in part, on the addition of new products and services which could be sold to existing and prospective customers. There can be no assurance that the Company will develop new products or services that will receive market acceptance or that those new products or services will yield favourable margins. The failure to develop and successfully market new products and services at favourable margins could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Negotiation of Collective Agreement

Current union agreements are typically three years in duration and are subject to expiration at various times in the future. A collective agreement covering unionized employees of the DATA Group at its facility in Granby, Québec was renewed until April 30, 2009. If the DATA Group is unable to renew union agreements as they become subject to renegotiation from time to time, it could result in work stoppages and other labour disturbances that could have a material adverse effect on the DATA Group's business, financial condition, liquidity and results of operations.

An Adverse Change in Labour Relations

As of June 30, 2006, the Company had approximately 1,224 employees, of whom approximately 12% were members of various local labour unions. If unionized employees were to engage in a concerted strike or other work stoppage, or if other employees were to become unionized, the DATA Group could experience a disruption of operations, higher labour costs or both. A lengthy strike could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Pension Liabilities

Applicable pension legislation requires that the funded status of the Company's defined benefit registered pension plan be determined periodically on both a going concern basis (i.e., essentially assuming indefinite plan continuation) and a solvency basis (i.e., essentially assuming immediate plan termination).

Where an actuarial valuation reveals a solvency deficit, current regulations require it to be funded by equal payments over a maximum period of five years from the date of valuation. The solvency liability is influenced primarily by long-term interest rates and by the investment return on plan assets and also by certain statutory benefit enhancements that may apply on a plan termination. The interest rate used to calculate benefit obligations for solvency purposes is a prescribed rate derived from the interest rates on long-term Government of Canada bonds. In the current low interest rate environment, the calculation results in a higher present value of the pension obligations, leading to a larger unfunded solvency position.

On the closing of the Fund's initial public offering, the Company used a portion of the proceeds of the initial public offering to make a \$5.0 million payment in respect of certain underfunded pension liabilities. Even with such payment and the five year amortization period for solvency funding, the Company will have to make substantial annual cash contributions, and the level of those contributions would increase in the event of poor pension fund investment performance and/or further declines in long-term Government of Canada bond rates.

On closing the Relizon Canada Acquisition, the Company intends to use a portion of the proceeds from the sale of subscription receipts and convertible debentures and/or borrowings under the Amended Credit Facilities to make a \$4.0 million payment in respect of certain underfunded pension liabilities of the Relizon Canada defined benefit pension plan. Even with such payment and the five year amortization period for solvency funding, the Company may have to make substantial annual cash contributions, and the level of those contributions would increase in the event of poor pension fund investment performance and/or further declines in long-term Government of Canada bond rates.

Proprietary Rights May Not be Adequately Protected

The DATA Group's success and ability to compete depends in part upon its proprietary technology, trademarks and copyrights. The Company regards the software underlying its DDM/INFORMA® system as proprietary, and relies primarily on trade secrets, copyright and trademark law to protect these proprietary rights. The Company has registered some of its trademarks and patents. Existing trade secrets and copyright laws afford only limited protection. Unauthorized parties may attempt to copy aspects of the DATA Group's software or to obtain and use information that the Company regards as proprietary. Policing unauthorized use of the Company's software is difficult. The DATA Group generally enters into confidentiality and assignment agreements with the Company's employees and generally controls access to and distribution of the Company's software, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's services or technology without authorization, or to develop similar services or technology independently. The DATA Group is not aware that any of its software, trademarks or other proprietary rights infringe the proprietary rights of third parties. However, there can be no assurance that third parties will not assert infringement claims against the Company in the future. Any such claims, with or without merit, can be time-consuming and expensive to defend and may require the Company to enter into royalty or licensing agreements or cease the alleged infringing activities.

Uninsured and Underinsured Losses

The Company will use its discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance coverage on its assets at a commercially reasonable cost and on suitable terms. This may result in insurance coverage that, in the event of a substantial loss, would not be sufficient to pay the full current market value or current replacement cost of its assets. A substantial loss without adequate insurance coverage could have a material adverse effect on the Company's business, financial condition, liquidity and results of operation.

Environment, Health and Safety Requirements

The Company's operations are subject to a complex and onerous legislative regime, including laws, statutes, regulations, by-laws, the common law guidelines and policies as well as permits and other approvals relating to the protection of the environment and workers' health and safety, governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), the storage, handling, transportation and distribution of dangerous goods and hazardous materials, remediation of releases and the presence of hazardous materials, land use and zoning and employee health and safety (the "Environment, Health and Safety Requirements"). As a result of the DATA Group's operations, it is or may be subject from time to time to orders, fines, penalties, civil

claims, administrative and judicial proceedings and inquiries relating to Environment, Health and Safety Requirements. Any such incident could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

In addition, changes to existing Environment, Health and Safety Requirements or the adoption of new Environment, Health and Safety Requirements in the future, changes to the enforcement of Environment, Health and Safety Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the DATA Group, could require expenditures which might materially affect the business, financial condition, liquidity and results of operations, to the extent not covered by indemnity, insurance or a covenant not to sue.

Dependence on Key Personnel

The success of the Company depends upon the personal efforts of a small group of senior management. Although the Company believes it will be able to replace its key employees within a reasonable time should the need arise, the loss of key personnel could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Credit Facility is Subject to Floating Interest Rates

The Credit Facility is subject to floating interest rates and, therefore, is subject to fluctuations in interest rates. Interest rate fluctuations are beyond the Company's control and there can be no assurance that interest rate fluctuations will not have a significant adverse effect on the Company's financial performance.

Risk of Future Legal Proceedings

The Company is threatened from time to time with, or is named as a defendant in, various legal proceedings, including lawsuits based upon product liability, personal injury, breach of contract and lost profits or other consequential damages claims, in the ordinary course of conducting its business. A significant judgment against the Company, or the imposition of a significant fine or penalty, as a result of a finding that the Company has failed to comply with laws or regulations could have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Risks Related to the Structure of The Fund

Dependence of the Fund on the Company

The cash distributions to the Unitholders are entirely dependent on the ability of the Company to pay its interest obligations under the DATA Note, and dividends or other distributions on its common shares. Distributions to the Unitholders are entirely dependent on the ability of the Fund to pay its operating expenses and to pay distributions. In the conduct of the business of the Company, it pays expenses and incurs debt and obligations to third parties. These expenses, debts and obligations could impact the ability of the Company to produce positive operating results. The Fund's ability to pay distributions is also subject to the risks encountered by the Company in the operation of its business and the results of operations and financial condition of the Company.

Credit Facility and Restrictive Covenants

The Company has third party debt service obligations under the Credit Facility. The degree to which the Company is leveraged could have important consequences to the holders of the units, including: (i) a portion of the Company's cash flow from operations is dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for distribution to the Fund; (ii) certain of the Company's borrowings are at variable rates of interest, which exposes the Company to the risk of increased interest rates. The Company's ability to make scheduled payments of principal and interest on, or to refinance, its indebtedness depends on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Credit Facility contains numerous restrictive covenants that limit the Company with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company to incur additional indebtedness, to create liens or other encumbrances, to pay distributions or make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. A failure to comply with the obligations in the agreements in respect of the Credit Facility could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Facility were to be accelerated, there can be no assurance that the Company's assets would be sufficient to repay in full that indebtedness.

Cash Distributions are Not Guaranteed and Will Fluctuate with the Company's Performance

Although the Fund intends to distribute the income earned by the Fund less expenses of the Fund and amounts, if any, paid by the Fund in connection with the redemption of units, there can be no assurance regarding the amounts of income to be generated by the Fund or the Company. The actual amount distributed in respect of the units depends upon numerous factors, including profitability, fluctuations in working capital, obligations under applicable credit facilities, the sustainability of margins, capital expenditures and payment of distributions by the Company. The market value of the units may deteriorate if the Fund is unable to meet its distribution targets in the future and that deterioration may be material. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Nature of Units

Securities such as the units share certain attributes common to both equity securities and debt instruments. The units do not represent a direct investment in the Company and should not be viewed by investors as units in the Company. As holders of units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The units represent a fractional interest in the Fund. The Fund's only assets will be securities of the Company. The price per unit is a function of anticipated distributable cash of the Fund. The units are not "deposits" within the meaning of the Canadian Deposit Insurance Act and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on the business of a trust company.

Restrictions on Potential Growth

The payout by the Company of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of such funds could limit the future growth of the Company and the related cash flow to the Fund.

Structural Subordination of the Units

In the event of a bankruptcy, liquidation or reorganization of the Company, holders of certain of their indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of the Company before any assets are made available for distribution to the Fund. The units will be effectively subordinated to most of the indebtedness and other liabilities of the Company. Except for the restrictions under the Company's credit facility, the Company is not limited in its ability to incur secured or unsecured indebtedness.

Unitholder Liability

The Declaration of Trust provides that no Unitholder shall be subject to any liability whatsoever to any person in connection with a holding of units. Unitholders have the benefit of the Trust Beneficiaries' Liability Act, 2004 (Ontario), which came into force in December 2004. That statute in effect provides that Unitholders of the Fund are not, as beneficiaries, liable for any act, default, obligation or liability of the Fund or the Trustees, arising after December 16, 2004. The Trust Beneficiaries' Liability Act, 2004 (Ontario) has not yet been considered by any court to date and there remains a risk, which is considered by the Fund to be remote in the circumstances, that a Unitholder could be held personally liable for the obligations of the Fund to the extent that claims are not satisfied out of the assets of the Fund. The affairs of the Fund are conducted to seek to minimize such risk.

Distribution of Securities on Redemption or Termination of the Fund

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investments. Upon a redemption of units or termination of the Fund, Trustees may distribute securities of the Company directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the securities of the Company. In addition, securities and Notes of the Company are not freely tradable and are not currently listed on any stock exchange and no established market is expected to develop in such securities or Notes. See "Description of the Fund — Redemption Right". Securities of the Company so distributed may not be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, depending upon the circumstances at the time.

The Fund May Issue Additional Units Diluting Existing Unitholders' Interests

The Declaration of Trust authorizes the Fund to issue an unlimited number of units for such consideration and on such terms and conditions as shall be established by Trustees without the approval of any Unitholders. The Unitholders will have no pre-emptive rights in connection with such further issues.

Income Tax Matters

Although the Fund and the Company are of the view that all expenses to be claimed by them in the determination of their respective incomes under the Income Tax Act (Canada) (the "Tax Act") will be reasonable and deductible in accordance with the applicable provisions of the Tax Act and that the allocations of income and losses to be made for purposes of the Tax Act will be reasonable, there can be no assurance that the Tax Act or the interpretation of the Tax Act will not change, or that the Canada Revenue Agency (the "CRA") will agree with the expenses claimed. If the CRA successfully challenges

the deductibility of expenses or the allocation of income and losses, the Company's allocation of taxable income and losses to the Company, and indirectly the Fund and the Unitholders, will increase or change.

There can be no assurance that Canadian federal income tax law or the interpretation thereof, respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects the holders of units. If the Fund ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax consequences of holding units could change materially and adversely in certain respects.

Further, interest on the Notes accrues at the Fund level for Canadian federal income tax purposes whether or not actually paid. The Declaration of Trust provides that an amount equal to the taxable income of the Fund will be payable each year to Unitholders in order to reduce the Fund's taxable income to zero. Where in a particular year, the Fund does not have sufficient distributable cash to distribute such an amount to Unitholders, the Declaration of Trust provides that additional units must be distributed to Unitholders in lieu of cash payments. Unitholders will generally be required to include an amount equal to the fair market value of those units in their taxable income, notwithstanding that they do not directly receive a cash payment.

On October 31, 2003 the Department of Finance released, for public comment, proposed amendments to the Tax Act that relate to the deductibility of interest and other expenses for income tax purposes for taxation years commencing after 2004. In general, the proposed amendments may deny the realization of losses in respect of a business if there is no reasonable expectation that the business will produce a cumulative profit over the period that the business can reasonably be expected to be carried on. Management believes that it is reasonable to expect the business of the Company to produce a cumulative profit over the expected period that the business will be carried on by the Company. In the February 23, 2005 Federal Budget, (the "2005 Budget") the Minister of Finance indicated that a revised legislative proposal will be released at an early opportunity for public comment.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act (the "September 16 Proposals"), under which a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-resident persons or partnerships that are not Canadian partnerships (or any combination thereof) is more than 50% of the aggregate fair market value of all the units issued by the trust, where more than 10% (based on fair market value) of the trust's property is taxable Canadian property or certain other types of property. If the September 16 Proposals are

enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of units of the Trust were held by non-residents and partnerships other than Canadian partnerships (or any combination thereof), the Trust would thereafter cease to be a mutual fund trust. The September 16 Proposals do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance indicated that the September 16 Proposals are being further considered.

Investment Eligibility and Foreign Property

There can be no assurance that the units will continue to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified or ineligible investments.

Effect of Market Interest Rates on Price of Units

One of the factors that may influence the price of the units in public trading markets will be the annual cash-on-cash return from distributions by the Fund on the units as compared to cash-on-cash returns on other financial instruments. Thus, an increase in market interest rates will result in higher cash-on-cash returns on other financial instruments, which could adversely affect the market price of the units.

Consolidated Balance Sheets

(in thousands of dollars)

	June 30, 2006 \$ (unaudited)	December 31, 2005 \$
Assets		
Current assets		
Cash and cash equivalents	11,004	8,903
Accounts receivable	25,167	26,363
Inventories	22,205	20,890
Prepaid expenses and other current assets	2,413	2,470
Income taxes recoverable	-	66
	<u>60,789</u>	<u>58,692</u>
Deferred acquisition costs (note 13)	328	-
Property and equipment	14,117	14,946
Goodwill	87,973	87,973
Intangible assets	46,493	49,797
Deferred finance fees	448	601
	<u>210,148</u>	<u>212,009</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	20,081	20,208
Income taxes payable	312	-
Distribution payable	1,435	1,435
	<u>21,828</u>	<u>21,643</u>
Revolving bank facility (note 7)	40,000	40,000
Future income taxes (note 6)	14,705	16,032
Pension obligation	4,311	4,735
	<u>80,844</u>	<u>82,410</u>
Unitholders' Equity		
Units	137,519	137,519
Accumulated income	17,816	9,501
Cumulative distributions (note 9)	(26,031)	(17,421)
	<u>129,304</u>	<u>129,599</u>
	<u>210,148</u>	<u>212,009</u>

Approved by Board of Trustees



Trustee



Trustee

Consolidated Statements of Income and Accumulated Income (Loss)

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

	For the three months ended June 30, 2006 \$	For the three months ended June 30, 2005 \$
Revenue	53,802	52,425
Cost of revenues (including depreciation of \$703 and \$731, respectively) (note 5)	38,292	36,753
Gross profit	15,510	15,672
Expenses		
Selling, commissions and expenses	5,752	5,812
General and administration (including depreciation of \$97 and \$67, respectively)	4,134	4,248
Amortization of intangible assets	1,652	1,652
	11,538	11,712
Income before interest and income taxes	3,972	3,960
Interest expense on long-term debt (net of interest income of \$88 and \$45, respectively)	567	505
Income before income taxes	3,405	3,455
Income tax expense (recovery)		
Current	312	-
Future	(1,219)	(20)
	(907)	(20)
Net Income for the period	4,312	3,475
Accumulated income (loss) – beginning of period	13,504	(794)
Accumulated income – end of period	17,816	2,681
Basic income per unit	0.29	0.23
Weighted average number of units	14,861,333	14,861,333

Consolidated Statements of Income and Accumulated Income

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

	For the six months ended June 30, 2006 \$	For the period from December 21, 2004 to June 30, 2005 \$
Revenue	109,966	112,313
Cost of revenues (including depreciation of \$1,407 and \$1,662, respectively) (note 5)	77,875	86,394
Gross profit	32,091	25,919
Expenses		
Selling, commissions and expenses	12,018	12,311
General and administration (including depreciation of \$166 and \$152, respectively)	8,359	8,620
Amortization of intangible assets	3,304	3,499
	23,681	24,430
Income before interest and income taxes	8,410	1,489
Interest expense on long-term debt (net of interest income of \$195 and \$82, respectively)	1,110	1,063
Income before income taxes	7,300	426
Income tax expense (recovery)		
Current	312	-
Future	(1,327)	(2,255)
	(1,015)	(2,255)
Net income for the period	8,315	2,681
Accumulated income – beginning of period	9,501	-
Accumulated income – end of period	17,816	2,681
Basic income per unit	0.56	0.18
Weighted average number of units	14,861,333	14,651,251

Consolidated Statement of Cash Flows

(in thousands of dollars, unaudited)

Cash provided by (used in)	For the three months ended June 30, 2006 \$	For the three months ended June 30, 2005 \$
Operating activities		
Net income for the period	4,312	3,475
Items not involving cash		
Depreciation of property and equipment	800	798
Amortization of intangible assets	1,652	1,652
Pension expense (note 8)	344	314
Contributions made to pension plans	(558)	(600)
Amortization of deferred financing fees	77	77
Loss on disposal of property and equipment	2	33
Future income taxes	(1,219)	(20)
	<u>5,410</u>	<u>5,729</u>
Changes in non-cash items relating to operating activities (note 10)	<u>2,293</u>	<u>559</u>
	<u>7,703</u>	<u>6,288</u>
Investing activities		
Purchase of property and equipment	<u>(320)</u>	<u>(201)</u>
	<u>(320)</u>	<u>(201)</u>
Financing activities		
Distributions to Unitholders	<u>(4,305)</u>	<u>(4,179)</u>
	<u>(4,305)</u>	<u>(4,179)</u>
Increase in cash and cash equivalents during the period	3,078	1,908
Cash and cash equivalents - beginning of period	7,926	7,041
Cash and cash equivalents - end of period	11,004	8,949
Supplemental cash flow information		
Interest paid	605	370

Consolidated Statement of Cash Flows

(in thousands of dollars, unaudited)

Cash provided by (used in)	For the six months ended June 30, 2006 \$	For the period from December 21, 2004 to June 30, 2005 \$
Operating activities		
Net income for the period	8,315	2,681
Items not involving cash		
Depreciation of property and equipment	1,573	1,814
Amortization of intangible assets	3,304	3,499
Pension expense (note 8)	688	673
Contributions made to pension plans	(1,112)	(6,278)
Amortization of deferred financing fees	153	162
(Gain) loss on disposal of property and equipment	(2)	32
Future income taxes	(1,327)	(2,255)
	11,592	328
Changes in non-cash items relating to operating activities (note 10)	235	8,666
	11,827	8,994
Investing activities		
Purchase of property and equipment	(746)	(472)
Proceeds on disposal of property and equipment	4	3
Acquisition of business - net of cash acquired of \$323 (note 4)	(374)	(114,807)
	(1,116)	(115,276)
Financing activities		
Repayment of acquired Data Business Forms' long-term debt	-	(53,913)
Proceeds from long-term debt	-	40,000
Payment of bank financing fees	-	(915)
Distributions to Unitholders	(8,610)	(7,460)
Issuance of units - net of expenses (note 4)	-	137,519
	(8,610)	115,231
Increase in cash and cash equivalents during the period	2,101	8,949
Cash and cash equivalents - beginning of period	8,903	-
Cash and cash equivalents - end of period	11,004	8,949
Supplemental cash flow information		
Interest paid	1,199	936
Non-cash investing and financing activities		
Acquisition of certain assets and settlement for non-cash consideration	-	14,388

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

1 The Fund

The Data Group Income Fund (the "Fund") is a trust established under the Laws of the province of Ontario pursuant to a Declaration of Trust dated November 15, 2004. The Fund was created to invest in common shares and \$117,140 of 14% unsecured subordinated notes of Data Business Forms Limited (the "company" or "Data Business Forms"). The Fund commenced operations on December 21, 2004.

Data Business Forms offers a wide variety of print and electronic products and related services, which include traditional business forms, labels, direct mail products, security documents, commercial print, and facility and print management. The company operates in the following business segments:

- a. Data East and West - sells a broad range of printed products and document management services directly to customers in the Canadian market;
- b. Sundog - commercial printing division and total document management and event ticket production; and
- c. Multiple Pakfold - sells forms and labels to independent brokers/resellers in the Canadian market

The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the 2005 audited consolidated financial statements and notes thereto.

2 Basis of presentation and summary of significant accounting policies

Pursuant to an order of Canadian securities regulatory authorities, the Fund is required to include in its consolidated results of operations for the period ended June 30, 2005, its consolidated results of operations for the period from December 21, 2004 to December 31, 2004. Accordingly, the comparative figures are for the period from December 21, 2004 to June 30, 2005.

The Fund prepares its financial statements in accordance with Canadian generally accepted accounting principles. The accounting policies used in preparing these interim consolidated financial statements are consistent with those followed in the annual 2005 audited consolidated financial statements.

3 New accounting policies

Accounting By a Vendor for Consideration Given to a Customer (Including a Reseller of the Vendor's Products)

In September 2005, the CICA issued EIC-156 regarding "Accounting By a Vendor For Consideration Given to a Customer (Including a Reseller of the Vendor's Products)". This abstract applies to fiscal

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

years beginning on or after January 1, 2006 and is to be adopted retroactively. The abstract addresses if a vendor provides a customer a sales incentive or other consideration whether that consideration is an adjustment to the selling prices of the vendor's products and therefore a reduction of revenue or a cost incurred by the vendor and therefore classified as cost or expense. The adoption of this abstract did not have an impact on the consolidated financial statements of the Fund.

4 Acquisition of business

On December 14, 2004, the Fund filed a final prospectus for the sale of 13,327,377 units at the price of \$10.00 per unit, for aggregate gross proceeds of \$133,274. The cost related to the issuance of the units was \$10,203, resulting in net proceeds of \$123,071. The Fund also issued 47,823 units to certain executives for proceeds of \$478. On December 21, 2004, in conjunction with the closing of the public offering, the Fund acquired all of the outstanding shares of Data Business Forms. Concurrent with the acquisition, Data Business Forms reorganized, which included the statutory amalgamation with a subsidiary of the Fund. The amalgamated company continued as Data Business Forms Limited.

The acquisition has been accounted for by the purchase method and results of operations have been included in the statement of income from the date of acquisition. The purchase price allocation is as follows:

	\$
Cash and cash equivalents	323
Accounts receivable	24,809
Inventories	29,398
Prepaid expenses and other assets	2,000
Income taxes recoverable	671
Property and equipment	16,119
Due from parent	14,388
Goodwill	87,973
Intangible assets	56,600
Accounts payable and accrued liabilities	(18,975)
Pension obligation	(10,724)
Long-term debt	(53,913)
Future income tax liabilities - net	(18,777)
	<u>129,892</u>
Consideration	
Cash	101,160
Convertible note (over-allotment note)	13,970
Note payable	14,388
Accrued consideration payable	374
	<u>129,892</u>

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

The Fund paid the accrued consideration payable of \$374 during the six months ended June 30, 2006.

Immediately following the acquisition, the note payable of \$14,388 was settled by offsetting this note with the amount due from parent of \$14,388. On January 17, 2005, the Fund repaid the \$13,970 convertible note with proceeds from the issuance of an additional 1,486,133 units.

5 Cost of revenues

For the period from December 21, 2004 to June 30, 2005, the Fund incurred a \$6,668 charge as a result of increasing the value of inventory to estimated fair market value at the date of acquisition.

6 Income taxes

The difference between the future income tax recovery and the expected provision obtained by applying the statutory rate of 34% is as follows:

	For the three months ended June 30, 2006 \$	For the three months ended June 30, 2005 \$	For the six months ended June 30, 2006 \$	For the period from December 21, 2004 to June 30, 2005 \$
Expected income tax provision (recovery) at 34%	1,155	1,175	2,475	144
Trust income not taxable	(1,370)	(1,385)	(2,741)	(2,773)
Impact of change in substantively enacted future tax rates	(688)	-	(688)	-
Non-deductible expenses and other items	(4)	190	(61)	374
Income tax recovery	<u>(907)</u>	<u>(20)</u>	<u>(1,015)</u>	<u>(2,255)</u>

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

The composition of the future income tax liabilities:

	June 30, 2006	December 31, 2005
	\$	\$
Property and equipment	1,190	1,347
Intangible assets	15,010	16,819
Pension obligation	(1,160)	(1,605)
Deferred finance fees	(564)	(615)
Benefit of income tax loss carry-forwards	-	(337)
Other	229	423
	<u>14,705</u>	<u>16,032</u>
Long-term future tax liability	<u>14,705</u>	<u>16,032</u>

7 Revolving bank facility

	June 30, 2006	December 31, 2005
	\$	\$
5.27% banker's acceptances, maturing March 21, 2006	-	30,000
5.09% banker's acceptances, maturing February 13, 2006	-	5,000
5.26% banker's acceptances, maturing March 20, 2006	-	2,500
5.09% banker's acceptances, maturing January 23, 2006	-	2,500
6.24% banker's acceptances, maturing September 21, 2006	30,000	-
6.10% banker's acceptances, maturing July 25, 2006	3,800	-
6.23% banker's acceptances, maturing September 21, 2006	3,700	-
6.06% banker's acceptances, maturing July 6, 2006	2,500	-
Revolving bank facility	<u>40,000</u>	<u>40,000</u>

The company has entered into interest-rate swap contracts with its lenders, such that the borrowing rates on \$30.0 million or 75.0% of its outstanding indebtedness is effectively fixed at an interest rate of 5.66% until December 21, 2007.

Notes to Consolidated Financial Statements
The Periods Ended June 30, 2006 & 2005
 (in thousands of dollars, except per unit amounts, unaudited)

8 Pension expense

The Fund's pension expense related to the defined benefit and defined contribution plans are as follows:

	For the three months ended June 30, 2006 \$	For the three months ended June 30, 2005 \$	For the six months ended June 30, 2006 \$	For the period from December 21, 2004 to June 30, 2005 \$
Defined benefit plan	344	314	688	673
Defined contribution plan	110	113	222	262

9 Cumulative distributions

The Fund makes regular monthly distributions to Unitholders of record as of the last business day of each month. Distributions to Unitholders are calculated and recorded when declared. Distributions by the Fund for the six months ended June 30, 2006 are as follows:

Period	Record date	Payment date	Per unit \$	Amount \$
January 2006	January 31, 2006	February 15, 2006	0.097	1,435
February 2006	February 28, 2006	March 15, 2006	0.097	1,435
March 2006	March 31, 2006	April 13, 2006	0.097	1,435
April 2006	April 28, 2006	May 15, 2006	0.097	1,435
May 2006	May 31, 2006	June 15, 2006	0.097	1,435
June 2006	June 30, 2006	July 14, 2006	0.097	1,435
				8,610
			During the year ended December 31, 2005	17,421
			Cumulative distributions	26,031

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

10 Changes in non-cash items relating to operating activities

	For the three months ended June 30, 2006 \$	For the three months ended June 30, 2005 \$
Accounts receivable	1,769	2,441
Inventories (note 5)	690	240
Prepaid expenses	(9)	(583)
Income taxes recoverable	-	(124)
Accounts payable and accrued liabilities	(157)	(1,415)
	<u>2,293</u>	<u>559</u>
	For the six months ended June 30, 2006 \$	For the period from December 21, 2004 to June 30, 2005 \$
Accounts receivable	1,196	2,017
Inventories (note 5)	(1,315)	7,452
Prepaid expenses	(57)	(127)
Income taxes recoverable	66	232
Accounts payable and accrued liabilities	231	(908)
	<u>235</u>	<u>8,666</u>

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

11 Segmented information

The company has three reportable segments organized on the basis of geography, channels and specialties as follows: Data East and West; Sundog; and Multiple Pakfold. These segments follow the same accounting policies as described in the summary of significant accounting policies, and all intersegment revenues are recorded at the exchange amount. Management evaluates the performance of each segment based on earnings before interest and taxes (EBIT). Corporate expenses, interest expense and income taxes are not taken into account in the evaluation of the performance of the business segments. All significant external sales are to customers located in Canada.

For the three months ended June 30, 2006

	Data East and West \$	Sundog \$	Multiple Pakfold \$	Intersegment \$	Total \$
Revenue	42,007	7,068	5,545	(818)	53,802
Gross profit	12,155	2,470	885	-	15,510
Earnings before under noted items	5,093	1,235	102	-	6,430
Unallocated corporate and Fund expenses					2,458
Income before interest and income taxes					3,972
Interest expense on long-term debt - net					567
Net tax recovery					(907)
Earnings for the period					4,312

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

For the three months ended June 30, 2005

	Data East and West \$	Sundog \$	Multiple Pakfold \$	Intersegment \$	Total \$
Revenue	40,796	6,031	6,534	(936)	52,425
Gross profit	12,182	2,361	1,129	-	15,672
Earnings before under noted items	5,047	1,062	314	-	6,423
Unallocated corporate and Fund expenses					2,463
Income before interest and income taxes					3,960
Interest expense on long-term debt - net					505
Recovery of future income taxes					(20)
Earnings for the period					3,475

For the six months ended June 30, 2006

	Data East and West \$	Sundog \$	Multiple Pakfold \$	Intersegment \$	Total \$
Revenue	85,662	14,528	11,747	(1,971)	109,966
Gross profit	24,891	5,179	2,021	-	32,091
Earnings before under noted items	10,249	2,633	415	-	13,297
Unallocated corporate and Fund expenses					4,887
Income before interest and income taxes					8,410
Interest expense on long-term debt - net					1,110
Net tax recovery					(1,015)
Earnings for the period					8,315

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

	Period from December 21, 2004 to June 30, 2005				
	Data East and West \$	Sundog \$	Multiple Pakfold \$	Intersegment \$	Total \$
Revenue	86,516	13,907	13,763	(1,873)	112,313
Gross profit	18,853	4,860	2,206	-	25,919
Earnings before under noted items	3,818	2,150	456	-	6,424
Unallocated corporate and Fund expenses					4,935
Income before interest and income taxes					1,489
Interest expense on long-term debt - net					1,063
Recovery of future income taxes					(2,255)
Earnings for the period					2,681

12 Comparative figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

13 Subsequent events

On August 10, 2006, the Fund announced that it has agreed to indirectly acquire Relizon Canada Inc. (Relizon). Relizon is a Canadian company providing document outsourcing solutions to customers.

The estimated purchase price of the acquisition is approximately \$141,000, subject to a working capital adjustment. The purchase price is comprised of a cash payment of \$112,000 and the issuance of 2,964,326 units of the Fund. The cash portion of the purchase price is expected to be funded with a combination of funds raised pursuant to a public offering of securities of the Fund, additional borrowings under the Company's credit facilities and the Fund's cash resources. The Fund has entered into an agreement with a syndicate of underwriters pursuant to which the underwriters have agreed to purchase 5,650,000 Subscription Receipts at a price of \$9.50 per unit, each representing the right to receive one unit of the Fund for no additional consideration, for gross proceeds of approximately \$53,700 and \$35,000 aggregate principal amount of 6.75% extendible, convertible, unsecured subordinated debentures.

Notes to Consolidated Financial Statements

The Periods Ended June 30, 2006 & 2005

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

In connection with the Relizon Canada Inc. acquisition, the Fund has arranged for the establishment of increased credit facilities (the “Amended Credit Facilities”) consisting of a committed revolving credit facility in the maximum principal amount of \$90,000 maturing in three years. The facility will be available for ongoing operating and working requirements, for general corporate purposes, for funding existing revolving loans of approximately \$40,000 and for funding part of the cash portion of the purchase price for the Relizon Canada Inc. acquisition.

The Relizon Canada Purchase Agreement contains a number of customary closing conditions, including compliance with the Competition Act (Canada), receipt of applicable regulatory and third party approvals, and the Fund arranging financing on satisfactory terms and conditions.

On August 1, 2006, the Fund announced that it has proposed to its Unitholders, a reorganization that would result in the business of the Fund, which is currently conducted through its wholly-owned subsidiary company, Data Business Forms Limited, being carried on through a limited partnership owned directly by the Fund. The result of this reorganization is that taxable income from the partnership is effectively taxed at the Unitholder level.

If the reorganization is completed, the Fund will no longer recognize future income tax assets and liabilities on temporary differences or recognize unused income tax losses or credits. Accordingly, as a result, the Fund's net future income tax liabilities (amounting to approximately \$14,705 as of June 30, 2006) will be credited into income as the Fund will no longer be liable for income taxes.



Directors, Trustees and Officers

Derek Ridout ⁽²⁾ ⁽³⁾

Chairman, Director and Trustee

Ron Fotheringham ⁽¹⁾ ⁽²⁾ ⁽³⁾

Director and Trustee

John H. Greenhough ⁽¹⁾

Director and Trustee

Thomas R. Spencer ⁽¹⁾ ⁽²⁾ ⁽³⁾

Director and Trustee

David M. Odell

Director, Trustee and Officer
President and Chief Executive Officer

Paul O'Shea

Officer
Chief Financial Officer and
Corporate Secretary

Executive Team

David M. Odell

President and Chief Executive Officer

Paul O'Shea

Chief Financial Officer

Elaine Deramo

Vice President, Human Resources

Steve Galarneau

President,
The DATA Group of Companies
Western Canada

Rick Barron

Vice President, Sales
DATA West

Ross Van Patter

Vice President and General Manager
Sundog

Brad Hains

Vice President, Sales and Marketing
Ontario Region

Diane Schwind

Vice President, Operations
DATA East

Tom Cochrane

Vice President and General Manager
Multiple Pakfold

Corporate Information

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Toronto Stock Exchange Symbol

DGI.UN

(1) Member, Audit Committee (Chairperson is Thomas R. Spencer)

(2) Member, Compensation Committee (Chairperson is Ron Fotheringham)

(3) Member, Corporate Governance Committee (Chairperson is Derek Ridout)



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