



For Immediate Release

## THE DATA GROUP INCOME FUND ANNOUNCES SECOND QUARTER RESULTS FOR 2010

### HIGHLIGHTS

#### Q2 2010

- Second quarter 2010 ("Q2") Revenues of \$81.0 million; Q2 Gross Profit of \$19.5 million; Q2 Net Loss of \$0.1 million, includes a one time charge of \$2.3 million for the issuance of convertible debentures during Q2
- Q2 Cash Available for Distribution of \$4.7 million or \$0.201 per unit and Cash Distributions of \$6.8 million or \$0.290 per unit (see Table 4 and "Non-GAAP Measures" below)
- Q2 Payout Ratio of 144.3% (See Table 4 below); Q2 Payout Ratio (excluding one-time restructuring charges) of 139.7%
- Q2 Adjusted EBITDA of \$7.4 million (See Table 3 and "Non-GAAP Measures" below)

#### YTD 2010

- Year to Date ("YTD") 2010 Revenues of \$166.6 million, YTD Gross Profit of \$40.4 million, YTD Net Income of \$3.3 million, includes a one time charge of \$2.3 million for the issuance of convertible debentures during Q2
- YTD Cash Available for Distribution of \$10.9 million or \$0.464 per unit and Cash Distributions of \$13.6 million or \$0.580 per unit (see Table 4 and "Non-GAAP Measures" below)
- YTD Payout Ratio of 124.8% (See Table 4 below), YTD Payout Ratio (excluding one-time restructuring charges) of 121.2%
- YTD Adjusted EBITDA of \$15.7 million (See Table 3 and "Non-GAAP Measures" below)

**Brampton, Ontario – August 10, 2010** – The DATA Group Income Fund (TSX: DGI.UN) ("the Fund") today announced financial and operating results for the second quarter ended June 30, 2010, which include the results of operations for The Data Group Limited Partnership (the "Data Group").

"The second quarter of 2010 results suggest that the operating environment continues to be very inconsistent as the Data Group experienced volatile operating results during the quarter", said David Odell, President and Chief Executive Officer.

### **OUTLOOK**

The second quarter of 2010 continued to be uncertain. While the Data Group continued to benefit from new business wins achieved in 2009, many of its traditional customers continued to experience lower activity levels. As a result, the Data Group experienced a 3.9% reduction in second quarter revenues compared to the same period in 2009. The Fund's Board of Trustees will continue to closely monitor the Fund's monthly distribution levels in light of the current economy, the Fund's on-going and anticipated cash available for distribution and cash resources. The Board of Trustees anticipates making an announcement in the fourth quarter of 2010 regarding the Fund's distribution policy for 2011. The current economic environment continues to be difficult to predict. Management will continue to manage the Data Group's business on a "more of the same basis" and believes the Data Group is well positioned to benefit from an economic recovery.

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

**Consolidated Financial Information**

<b>For the periods ended June 30, 2010 and 2009</b> <i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>Apr. 1 to June 30, 2010 \$</b>	<b>Apr. 1 to June 30, 2009 \$</b>	<b>Jan. 1 to June 30, 2010 \$</b>	<b>Jan. 1 to June 30, 2009 \$</b>
Revenues	80,995	84,269	166,559	174,686
Cost of revenues	61,516	62,938	126,170	130,213
Gross profit	19,479	21,331	40,389	44,473
Selling, general and administrative expenses	13,680	15,693	27,990	31,621
Lease exit charge	-	866	-	866
Gain on cancellation of convertible debentures	-	-	-	(2)
Amortization of intangible assets	2,566	2,649	5,132	5,298
Income before interest and income taxes	3,233	2,123	7,267	6,690
Interest expense and financing costs	3,916	1,253	5,210	2,689
(Loss) income before income taxes	(683)	870	2,057	4,001
Income tax expense (recovery)				
Current	-	-	(324)	-
Future	(600)	121	(915)	455
	(600)	121	(1,239)	455
Net (loss) income for the period	(83)	749	3,296	3,546
Basic and diluted (loss) income per unit	(0.00)	0.03	0.14	0.15
Number of units outstanding	23,490,592	23,490,592	23,490,592	23,490,592

<b>Consolidated Balance Sheet Information</b> <i>(in thousands of dollars, unaudited)</i>	<b>As at June 30, 2010 \$</b>	<b>As at June 30, 2009 \$</b>
Current assets	101,810	103,446
Current liabilities	41,151	39,436
Total assets	310,249	330,536
Total long-term liabilities	119,074	129,132
Unitholders' equity	150,024	161,968

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

**Consolidated Financial Information**

<b>For the periods ended June 30, 2010 and 2009</b> <i>(in thousands of dollars, except percentage amounts, unaudited)</i>	<b>Apr. 1 to June 30, 2010 \$</b>	<b>Apr. 1 to June 30, 2009 \$</b>	<b>Jan. 1 to June 30, 2010 \$</b>	<b>Jan. 1 to June 30, 2009 \$</b>
<b>Revenues</b>				
DATA East and West	73,785	77,289	151,858	159,670
Sundog	4,333	4,699	9,171	10,030
Multiple Pakfold	3,740	3,211	7,484	6,921
Intersegment	(863)	(930)	(1,954)	(1,935)
	<b>80,995</b>	<b>84,269</b>	<b>166,559</b>	<b>174,686</b>
<b>Gross profit</b>				
DATA East and West	17,763	19,905	36,749	41,133
Sundog	1,057	1,187	2,325	2,665
Multiple Pakfold	659	239	1,315	675
	<b>19,479</b>	<b>21,331</b>	<b>40,389</b>	<b>44,473</b>
<b>Gross profit, as a percentage of revenues</b>				
DATA East and West	24.1%	25.8%	24.2%	25.8%
Sundog	24.4%	25.3%	25.4%	26.6%
Multiple Pakfold	17.6%	7.4%	17.6%	9.8%
	<b>24.0%</b>	<b>25.3%</b>	<b>24.2%</b>	<b>25.5%</b>
<b>Selling, general and administrative expenses</b>				
	13,680	15,693	27,990	31,621
As a percentage of revenues	16.9%	18.6%	16.8%	18.1%
<b>Adjusted EBITDA (see Table 3)</b>				
	7,414	7,430	15,653	16,526
Adjusted EBITDA margin, as a percentage of revenues	9.2%	8.8%	9.4%	9.5%
<b>Net (loss) income for the period</b>				
	(83)	749	3,296	3,546

**Table 3** The following table provides a reconciliation of net (loss) income to Adjusted EBITDA for the periods noted. See “Non-GAAP Measures”.

### Adjusted EBITDA Reconciliation

For the periods ended June 30, 2010 and 2009 <i>(in thousands of dollars, unaudited)</i>	Apr. 1 to June 30, 2010 \$	Apr. 1 to June 30, 2009 \$	Jan. 1 to June 30, 2010 \$	Jan. 1 to June 30, 2009 \$
Net (loss) income for the period	(83)	749	3,296	3,546
Net interest expense on long-term debt	1,650	1,253	2,944	2,689
Financing costs	2,266	-	2,266	-
Depreciation of property, plant and equipment	1,615	1,792	3,254	3,674
Amortization of intangible assets	2,566	2,649	5,132	5,298
Lease exit charge	-	866	-	866
Gain on cancellation of convertible debentures	-	-	-	(2)
Current income tax recovery	-	-	(324)	-
Future income tax (recovery) expense	(600)	121	(915)	455
Adjusted EBITDA	7,414	7,430	15,653	16,526

## RESULTS OF OPERATIONS

### THE DATA GROUP INCOME FUND

#### Overview

The Data Group is a leading provider of total document management solutions, including printed products, and operates as three segments. DATA East and West (which provided approximately 90% of total revenues for the second quarter of 2010) sells a broad range of printed products and document management services directly to end users. Sundog (which provided approximately 5% of total revenues for the second quarter of 2010) sells commercial printing products, document management services and event tickets. Multiple Pakfold (which provided approximately 5% of total revenues for the second quarter of 2010) sells business forms and labels to independent brokers and resellers.

#### Revenues

During the six months of 2010, the Data Group continued to encounter weakness in the domestic economic environment, which negatively impacted the Fund’s revenues over that period. The decline in revenues was partially offset by revenues from new business. For the quarter ended June 30, 2010, the Fund recorded revenues of \$81.0 million, a decrease of \$3.3 million or 3.9% compared with the same period in 2009. The decrease, before intersegment revenues, was primarily the result of a \$3.5 million decrease in the DATA East and West segment, a \$0.4 million decrease in the Sundog segment and offset by a \$0.5 million increase in the Multiple Pakfold segment. For the six months ended June 30, 2010, the Fund recorded revenues of \$166.6 million, a decrease of \$8.1 million or 4.7% compared with the same period in 2009. The decrease, before intersegment revenues, was primarily the result of a \$7.8 million decrease in the DATA East and West segment, a \$0.8 million decrease in the Sundog segment and offset by a \$0.6 million increase in the Multiple Pakfold segment. A more detailed discussion of the results of operations of each of the Fund’s reporting segments is set out below.

### ***Cost of Revenues and Gross Profit***

For the quarter ended June 30, 2010, cost of revenues decreased to \$61.5 million from \$62.9 million for the same period in 2009. Gross profit for the quarter ended June 30, 2010 was \$19.5 million, which represented a decrease of \$1.8 million or 8.7% from \$21.3 million for the same period in 2009. The decrease in gross profit for the quarter ended June 30, 2010 was attributable to a gross profit decrease of \$2.1 million in the DATA East and West segment, a gross profit decrease of \$0.1 million in the Sundog segment and was offset by a gross profit increase of \$0.4 million in the Multiple Pakfold segment. Gross profit as a percentage of revenues decreased to 24.0% for the quarter ended June 30, 2010 compared to 25.3% for the same period in 2009. For the six months ended June 30, 2010, cost of revenues decreased to \$126.2 million from \$130.2 million for the same period in 2009. Gross profit for the six months ended June 30, 2010 was \$40.4 million, which represented a decrease of \$4.1 million or 9.2% from \$44.5 million for the same period in 2009. The decrease in gross profit for the six months ended June 30, 2010 was attributable to a gross profit decrease of \$4.4 million in the DATA East and West segment, a gross profit decrease of \$0.3 million in the Sundog segment and was offset by a gross profit increase of \$0.6 million in the Multiple Pakfold segment. Gross profit as a percentage of revenues decreased to 24.0% for the six months ended June 30, 2010 compared to 25.3% for the same period in 2009.

### ***Selling, General and Administrative Expenses and Restructuring Expenses***

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund, for the quarter ended June 30, 2010 decreased \$2.0 million to \$13.7 million compared to \$15.7 million in the same period of 2009. The decrease in SG&A expenses was the result of the Data Group's on-going productivity improvements and cost reduction initiatives. As a percentage of revenues, these costs were 16.9% of revenues for the quarter ended June 30, 2010 compared to 18.6% of revenues for the same period in 2009. For the quarters ended June 30, 2010 and 2009, the Data Group incurred \$0.2 million and \$0.3 million of severance expenses, respectively. These costs were included in SG&A and were related to the Data Group's on-going productivity improvement initiatives. SG&A expenses for the six months ended June 30, 2010 decreased \$3.6 million to \$28.0 million compared to \$31.6 million for the same period of 2009. The decrease in SG&A expenses was the result of the Data Group's on-going productivity improvements and cost reduction initiatives. As a percentage of revenues, these costs were 16.8% of revenues for the six months ended June 30, 2010 compared to 18.1% of revenues for the same period in 2009. For the six months ended June 30, 2010 and 2009, the Data Group incurred \$0.3 million and \$0.3 million of severance expenses, respectively. These costs were included in SG&A and were related to the Data Group's on-going productivity improvement initiatives.

### ***Asset Sales***

During the six months ended June 30, 2010, the Data Group completed the sale of its Orangeville, Ontario property for gross proceeds of \$2.2 million. During the six months ended June 30, 2009, the Data Group sublet its Dorval, Québec facility for the remainder of the lease term expiring in 2021 and incurred a lease exit charge of \$0.9 million, representing the liability (at present value) for remaining lease costs under the lease agreement net of sublease income. During the six months ended June 30, 2009, the Data Group completed the sale of its Hemmingford, Québec property for gross proceeds of \$0.7 million and recorded a pre-tax gain on disposal of \$0.1 million.

### ***Adjusted EBITDA***

For the quarter ended June 30, 2010, Adjusted EBITDA was \$7.4 million, or 9.2% of revenues. Adjusted EBITDA for the quarter ended June 30, 2010 remained largely unchanged from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, increased from 8.8% of revenues in 2009 to

9.2% of revenues in 2010. For the six month ended June 30, 2010, Adjusted EBITDA was \$15.7 million, or 9.4% of revenues. Adjusted EBITDA for the six months ended June 30, 2010 decreased \$0.9 million or 5.3% from the same period in the prior year and the Adjusted EBITDA margin for the six month period, as a percentage of revenues, decreased from 9.5% of revenues in 2009 to 9.4% of revenues in 2010.

### ***Interest expense and financing costs***

Net interest expense on long-term debt outstanding under the Data Group's credit facilities, the Fund's outstanding \$34.8 million aggregate principal amount of 6.75% convertible debentures and the Fund's outstanding \$45.0 million aggregate principal amount of 6.00% convertible debentures was \$1.7 million for the quarter ended June 30, 2010 compared to \$1.3 million for the same period in 2009. Net interest expense on long-term debt was \$2.9 million for the six months ended June 30, 2010 compared to \$2.7 million for the same period in 2009. During the quarter ended June 30, 2010, the Fund incurred \$2.3 million of financing costs related to the issuance of the 6.00% convertible debentures and repaid \$45.0 million of long-term debt outstanding under the Data Group's credit facilities.

### ***Income Taxes***

The Fund reported loss before income taxes of \$0.7 million and a future income tax recovery of \$0.6 million for the quarter ended June 30, 2010. The future income tax recovery was due to a change in estimates of future reversals of temporary differences and new temporary differences that arose in the quarter. The Fund reported income before income taxes of \$0.9 million and a future income tax expense of \$0.2 million for the quarter ended June 30, 2009. The future income tax expense was due to a change in estimates of future reversals of temporary differences.

The Fund reported income before income taxes of \$2.1 million, a current income tax recovery of \$0.3 million and a future income tax recovery of \$0.9 million for the six months ended June 30, 2010. The current income tax recovery represents the final adjustment related to the amount payable by the Data Group to settle reassessments by the Canada Revenue Agency and certain provincial tax authorities that, in each case, adjust the pricing of transactions between Relizon Canada and its former parent company prior to its acquisition by the Fund. The future income tax recovery was due to a change in estimates of future reversals of temporary differences and new temporary differences that arose during the period. The Fund reported income before income taxes of \$4.0 million and a future income tax expense of \$0.4 million for the six months ended June 30, 2009. The future income tax expense was due to a change in estimates of future reversals of temporary differences and changes to substantively enacted income tax rates.

### ***Net (Loss) Income***

Net loss for the quarter ended June 30, 2010 was \$0.1 million compared to a net income of \$0.7 million for the quarter ended June 30, 2009. The decrease in comparable profitability for the quarter ended June 30, 2010 was substantially due to the one time financing costs relating to the issuance of \$45.0 million convertible debentures expensed in the quarter and lower gross profit in 2010 as a result of lower revenues due to generally uncertain economic conditions. The decrease in profitability was offset by the cost savings from on-going productivity improvement and cost reduction initiatives, reductions in SG&A and a future income tax recovery in the second quarter of 2010 compared to a future income tax expense and a lease exit charge during 2009 as discussed above.

Net income for the six months ended June 30, 2010 was \$3.3 million compared to a net income of \$3.5 million for the six months ended June 30, 2009. The decrease in comparable profitability for the six months ended June 30, 2010 was substantially due to \$2.3 million in convertible debenture issuance costs, lower gross profit as a result of lower

revenues due to generally uncertain economic conditions, offset by a future income tax recovery in 2010 compared to a future income tax expense in the same period in 2009, realized cost savings from on-going productivity improvement and cost reduction initiatives, reductions in SG&A and a lease exit charge during 2009 that did not reoccur in 2010 as discussed above.

#### **DATA EAST AND WEST**

Revenues at the Data Group's DATA East and West segment for the quarter ended June 30, 2010 decreased \$3.5 million or 4.5% to \$73.8 million from \$77.3 million for the same period in the prior year. Revenues for the six months ended June 30, 2010 decreased \$7.8 million or 4.9% to \$151.9 million from \$159.7 million for the same period in the prior year.

Revenues for the three and six months ended June 30, 2010 decreased due to lower spending from customers in the government and direct mail industries as a result of continuing generally uncertain economic conditions in Canada. During the three months ended June 30, 2010, the segment experienced strong sales in June after weaker sales in April and May. In addition, revenues from lotteries during the first quarter of 2010 were lower than the same period in 2009 and continued to be lower during the second quarter of 2010. During the first six months of 2010, the segment experienced revenue gains from new business, which partially offset declines in revenues from existing customers.

For the quarter ended June 30, 2010, gross profit decreased \$2.1 million to \$17.8 million from \$19.9 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended June 30, 2010 decreased to 24.1% from 25.8% for the same period in 2009. The decrease in gross profit as a percentage of revenues during the quarter ended June 30, 2010 was due to lower revenues as discussed above.

For the six months ending June 30, 2010, gross profit decreased \$4.4 million to \$36.7 million from \$41.1 million in the same period of 2009. Gross profit as a percentage of revenues for the six months ended June 30, 2010 decreased to 24.2% from 25.8% for the same period in 2009. The decrease in gross profit as a percentage of revenues during the six months ended June 30, 2010, was due to lower revenues and was partially offset by realized savings from on-going productivity improvements and cost reduction initiatives.

#### **SUNDOG**

Revenues at the Data Group's Sundog segment for the quarter ended June 30, 2010 decreased \$0.4 million or 7.8% to \$4.3 million from \$4.7 million for the same period in the prior year. Revenues for the six months ended June 30, 2010 decreased \$0.8 million or 8.6% to \$9.2 million from \$10.0 million for the same period in the prior year.

The decrease in revenues for the three and six months ended June 30, 2010 was due to a highly competitive printing market in Alberta and due to uncertain economic conditions in that province, which continue to negatively affect demand for commercial printing in that market, primarily marketing materials. The first quarter of 2010 revenues were also impacted by lower annual report volumes.

For the quarter ended June 30, 2010, gross profit decreased \$0.1 million to \$1.1 million from \$1.2 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended June 30, 2010 decreased to 24.4% from 25.3% for the same period in 2009. The decrease in gross profit as a percentage of revenues for the three months ended June 30, 2010 was principally due to lower revenues as noted above.

For the six months ended June 30, 2010, gross profit decreased \$0.3 million to \$2.3 million from \$2.7 million for the same period in 2009. Gross profit as a percentage of revenues for the six months ended June 30, 2010 decreased to 25.4% from 26.6% for the same period in 2009. The decrease in gross profit as a percentage of revenues for the six months ended June 30, 2010 was principally due to the revenue shortfall discussed above and was partially offset by realized savings from cost reduction initiatives.

#### **MULTIPLE PAKFOLD**

Revenues at the Data Group's Multiple Pakfold segment for the quarter ended June 30, 2010 increased \$0.5 million or 16.5% to \$3.7 million from \$3.2 million for the same period in the prior year. Revenues for the six months ended June 30, 2010 increased \$0.6 million or 8.1% to \$7.5 million from \$6.9 million for the same period in the prior year.

The increase in revenues for the three and six months ended June 30, 2010 was attributable to an increase in market share due the bankruptcy of a competitor. Economic conditions continue to adversely impact the segment, which affects quoting activity, order quantities and reorder cycles.

For the quarter ended June 30, 2010, gross profit increased \$0.4 million to \$0.6 million from \$0.2 million for the same period in 2009. Gross profit as a percentage of revenues for the quarter ended June 30, 2010 increased to 17.6% from 7.4% for the same period in 2009. For the six months ended June 30, 2010, gross profit increased \$0.6 million to \$1.3 million from \$0.7 million for the same period of 2009. Gross profit as percentage of revenues for the six months ended June 30, 2010 was 17.6% compared to 9.8% for the same period in 2009. The improvement in gross profit as a percentage of revenues for the three and six months ended June 30, 2010 was due to the increase in revenues and the cost reduction initiatives undertaken in prior periods by the segment to improve operating efficiencies.

**Table 4** The following table provides a reconciliation of cash provided by (used in) operating activities to cash available for distribution for the periods noted. See “Non-GAAP Measures”.

### Cash Available for Distribution Reconciliation

For the periods ended June 30, 2010 and 2009 <i>(in thousands of dollars, except percentages and per unit amounts, unaudited)</i>	Apr. 1 to June 30, 2010 \$	Apr. 1 to June 30, 2009 \$	Jan. 1 to June 30, 2010 \$	Jan. 1 to June 30, 2009 \$
Cash provided by (used in) operating activities	5,639	3,952	18,485	13,874
<i>Capital adjustments</i>				
Maintenance capital expenditures <sup>(1)</sup>	(485)	(167)	(735)	(1,306)
Purchase of convertible debentures	-	-	-	(6)
<i>Other adjustments including discretionary items:</i>				
Changes in non-cash working capital <sup>(2)</sup>	(589)	1,937	(8,078)	(755)
Pension plan wind-up contributions <sup>(3)</sup>	-	-	1,260	-
Other <sup>(4)</sup>	150	117	(28)	224
Cash available for distribution	4,715	5,839	10,904	12,031
Distributions to unitholders <sup>(5)</sup>	6,805	6,805	13,610	13,610
Shortfall of cash available for distribution over actual distributions	(2,090)	(966)	(2,706)	(1,579)
<i>Per unit <sup>(6)</sup></i>				
Cash available for distribution per unit <sup>(6)</sup>	0.201	0.249	0.464	0.513
Distributions to unitholders per unit <sup>(6)</sup>	0.290	0.290	0.580	0.580
Shortfall of cash available for distribution per unit over actual distributions per unit	(0.089)	(0.041)	(0.116)	(0.067)
Payout ratio <sup>(7)</sup>	144.3%	116.5%	124.8%	113.1%

Notes:

- (1) *Maintenance capital expenditures are additions, replacements or improvements to property, plant and equipment to maintain the Data Group's business operations. These expenditures involve the replacement of printing and digital equipment, computers and software, and leasehold improvements.*
- (2) *Cash provided by (used in) operating activities has been adjusted for changes in non-cash working capital and other items so as to remove the impact of timing differences in cash receipts and cash disbursements, which generally reverse themselves but can vary significantly across quarters.*
- (3) *Excludes pension plan wind-up contributions to the Data Group's Relizon Canada defined benefit pension plan. During the six months ended June 30, 2010, the Data Group made its 2010 annual contribution of \$0.6 million and an additional wind-up contribution prepayment of \$0.6 million to that pension plan. It is currently expected that the wind-up benefit obligations will be substantially settled within this fiscal year. Subsequent to the quarter ended June 30, 2010, the final outstanding wind-up deficiency of \$0.8 million was funded by the Data Group in advance of the benefit settlement, as required under applicable pension regulations.*
- (4) *Includes income tax related expenses and other amounts that do not reflect the ongoing operations of the Data Group's business.*
- (5) *Distributions are in respect of the distributions declared.*
- (6) *Per unit calculations are based upon the number of units outstanding at the end of each month consistent with the number of units upon which distributions are declared or paid and not the weighted average number of units outstanding. As at June 30, 2010 and 2009, 23,490,592 units were outstanding.*
- (7) *The payout ratio represents the distributions paid or declared to unitholders as a percentage of the cash available for distribution, in each case for the relevant period.*

## CASH AVAILABLE FOR DISTRIBUTION

See Table 4 above for a reconciliation of cash provided by (used in) operating activities to cash available for distribution for the three and six month periods ended June 30, 2010 and 2009, respectively, and the amounts discussed below. For the quarter ended June 30, 2010, the Fund generated \$4.7 million or \$0.201 per unit of cash available for distribution compared to \$5.8 million or \$0.249 per unit for the same period in 2009. Cash available for distribution for the quarter ended June 30, 2010 was calculated by deducting from cash provided by (used in) operating activities of \$5.6 million, maintenance capital expenditures of \$0.5 million and changes in non-cash working capital of \$0.6 million, respectively, and adding back other non-cash items of \$0.2 million. Cash available for distribution for the quarter ended June 30, 2009 was calculated by deducting from cash provided by (used in) operating activities of \$4.0 million, maintenance capital expenditures of \$0.2 million and adding back changes in non-cash working capital of \$1.9 million and other non-cash items of \$0.1 million, respectively.

For the six months ended June 30, 2010, the Fund generated \$10.9 million or \$0.464 per unit of cash available for distribution compared to \$12.0 million or \$0.513 per unit for the same period in 2009. Cash available for distribution for the six months ended June 30, 2010 was calculated by deducting from cash provided by operating activities of \$18.5 million, maintenance capital expenditures of \$0.7 million, changes in non-cash working capital of \$8.1 million and other non-cash items of \$0.1 million, respectively, and adding back pension plan wind-up contributions of \$1.3 million. Cash available for distribution for the six months ended June 30, 2009 was calculated by deducting from cash provided by operating activities of \$13.9 million, maintenance capital expenditures of \$1.2 million and changes in non-cash working capital of \$0.8 million, respectively, and adding back other non-cash items of \$0.2 million.

For the quarter ended June 30, 2010, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$2.1 million or \$0.089 per unit for the quarter ended June 30, 2010. During the quarter ended June 30, 2010, the Data Group made cash payments of \$0.4 million for the accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives charged to restructuring expense. These cash payments were funded by cash generated from operations and existing cash resources. The restructuring costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the quarter ended June 30, 2009, the Fund declared distributions of \$6.8 million or \$0.290 per unit. Actual distributions exceeded cash available for distribution by \$1.0 million or \$0.041 per unit for the quarter ended June 30, 2009. During the quarter ended June 30, 2009, the Data Group made cash payments of \$1.0 million for the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting primarily of severance payments and moving costs and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvements initiatives charged to restructuring expense. These cash payments were funded entirely by cash generated from operations and the net proceeds from asset dispositions. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the six months ended June 30, 2010, the Fund declared distributions of \$13.6 million or \$0.580 per unit. Actual distributions exceeded cash available for distribution by \$2.7 million or \$0.464 per unit for the six months ended June 30, 2010. During the six months ended June 30, 2010, the Data Group made cash payments of \$1.2 million for

the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting primarily of severance payments and moving costs and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvements initiatives charged to restructuring expense. These cash payments were funded by cash generated from operations, the net proceeds from the sale of the Data Group's former facility in Orangeville Ontario and existing cash resources. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the six months ended June 30, 2009, the Fund declared distributions of \$13.6 million or \$0.580 per unit. Actual distributions exceeded cash available for distribution by \$1.6 million or \$0.067 per unit for the six months ended June 30, 2009. During the six months ended June 30, 2009, the Data Group made cash payments of \$1.9 million for the restructuring costs accrued as part of the purchase price accounting for the Relizon Canada acquisition and for the related integration costs, consisting primarily of severance payments and moving costs and accrued restructuring provisions related to severance costs incurred as part of the Data Group's on-going productivity improvement initiatives charged to restructuring expense in 2008. These cash payments were funded by cash generated from operations, the net proceeds from asset dispositions and existing cash resources. The restructuring and integration costs paid during the quarter have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

## **INVESTING ACTIVITIES**

Capital expenditures for the quarter ended June 30, 2010 of \$0.5 million related primarily to maintenance capital expenditures and were financed by cash flow from operations and existing cash resources. Capital expenditures for the six months ended June 30, 2010 of \$0.7 million related primarily to maintenance capital expenditures and were financed by cash flow from operations and net proceeds from asset dispositions. During the six months ended June 30, 2010, the Data Group sold its former Orangeville, Ontario facility for gross proceeds of \$2.2 million.

## **FINANCING ACTIVITIES**

During the quarter ended June 30, 2010, the Fund issued \$45.0 million aggregate principal amount of 6.00% convertible unsecured subordinated debentures (the "6.00% Convertible Debentures"). The terms of the 6.00% Convertible Debentures are described in greater detail in the Fund's short form prospectus dated April 16, 2010 which is available on System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com). During the three months ended June 30, 2010, the net proceeds from the sale of the 6.00% Convertible Debentures of approximately \$42.7 million and a portion of cash on hand totalling \$45.0 million were used to repay a portion of the Data Group's outstanding borrowings under its credit facility. For the quarter ended June 30, 2010, the Fund paid or declared aggregate cash distributions of \$6.8 million to its unitholders. For the six months ended June 30, 2010, the Fund paid or declared aggregate cash distributions of \$13.6 million to its unitholders.

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

The Fund owns directly and indirectly all of the outstanding partnership units of The Data Group Limited Partnership (the "Data Group") and all of the outstanding shares of the Data Group's general partner, Data Business Forms Limited. The DATA Group is a leading provider of document management solutions including printed products. Founded in 1959, the Data Group operates numerous facilities in 11 regions across Canada and has a leading market share in the total document management services segment.

Additional information relating to The DATA Group Income Fund is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com) and [www.datagroupincomefund.com](http://www.datagroupincomefund.com).

-- 30 --

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

**FORWARD-LOOKING STATEMENTS**

Certain statements in this press release constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of the Fund and/or the Data Group, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this press release, 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 press release. 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 Data Group to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. The principal assumptions and risks that the Fund made or took into account in the preparation of these forward-looking statements include the impact of the weakened domestic and global economic conditions on the Data Group's businesses; the risk that the Data Group's efforts to reduce its operating costs may not become effective as quickly as the Data Group expects, thereby impacting the Data Group's profitability and cash available for distribution should the Data Group's revenues decline further than expected; the risk that, should the Data Group's revenues decline further than expected, the cost reduction measures taken by the Data Group in response to the current economic environment may not be sufficient and further reductions may be necessary; the Data Group's ability to grow its sales or even maintain historical levels of its sales of product and services including printed business documents; increases in the costs of paper and other raw materials used by the Data Group; the Data Group's ability to maintain relationships with its customers; competition from competitors supplying similar products and services; and the application of recent changes to the income tax treatment of certain income trusts, such as the Fund, which will subject the Fund to tax commencing in 2011, and the effect of those changes on the trading price of the Fund's units. Additional factors are discussed elsewhere in this press release and under the heading "Risks and Uncertainties" in the Fund's management's discussion and analysis and in the Fund's other publicly available disclosure documents, as filed by the Fund on SEDAR ([www.sedar.com](http://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 press release 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 press release includes certain non-GAAP measures as supplementary information. When used in this press release, EBITDA means earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA for the three and six months ended June 30, 2010 means EBITDA adjusted for financing costs. Adjusted EBITDA for the three months ended June 30, 2009 means EBITDA adjusted for lease exit charges. Adjusted EBITDA for the six months ended June 30, 2009 means EBITDA adjusted for gains on cancellation of convertible debentures and lease exit charges. The Fund believes that, in addition to net income (loss), EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of the Data Group and/or the Fund. Cash available for distribution for the three months ended June 30, 2010 and 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in non-cash working capital, and other non-cash items. Cash available for distribution for the six months ended June 30, 2010 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, pension plan wind-up contributions, changes in non-cash working capital, and other non-cash items. Cash available for distribution for the six months ended June 30, 2009 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, purchases of convertible debentures, changes in non-cash working capital, and other non-cash items. Specifically, the Fund views cash available for distribution as a measure generally used by Canadian income funds, investors and management as an indicator of financial performance. EBITDA, Adjusted EBITDA and cash available for distribution are not earnings or cash flow measures recognized by Canadian generally accepted accounting principles ("GAAP") and do not have any standardized meanings prescribed by GAAP. Therefore, EBITDA, Adjusted EBITDA and cash available for distribution are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with GAAP as an indicator of the Data Group's or the Fund's performance, nor is cash available for distribution an alternative to cash flows from operating, investing and financing activities determined in accordance with GAAP as measures of liquidity and cash flows. For a reconciliation of net (loss) income to Adjusted EBITDA, see Table 3 above. For a reconciliation of cash provided by (used in) operating activities to cash available for distribution, see Table 4 above.

## CONSOLIDATED BALANCE SHEETS

(in thousands of dollars, unaudited)

	June 30, 2010	December 31, 2009
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	15,684	11,736
Accounts receivable	38,064	44,930
Inventories	43,216	47,449
Prepaid expenses and other current assets	4,846	4,192
Assets held for sale	-	2,085
	101,810	110,392
Property, plant and equipment	28,060	30,672
Goodwill	141,206	141,206
Intangible assets	39,173	44,305
	310,249	326,575
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	28,238	29,663
Accrued restructuring provisions	731	1,556
Income taxes payable	109	1,059
Deferred revenue	9,804	8,971
Distributions payable	2,269	2,269
	41,151	43,518
Revolving bank facility	25,000	70,000
Convertible debentures	77,484	34,488
Future income taxes	5,103	6,018
Deferred gain	1,432	1,530
Unfavourable lease obligation	963	1,025
Deferred lease inducement	796	858
Lease exit accrual	719	793
Pension obligations	5,418	8,003
Post-employment and post-retirement benefits	2,159	2,143
	160,225	168,376
<b>Unitholders' Equity</b>		
Units	215,336	215,336
Conversion options	3,036	897
Deficit	(68,348)	(58,034)
	150,024	158,199
	310,249	326,575

## CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>For the three months ended June 30, 2010 \$</b>	<b>For the three months ended June 30, 2009 \$</b>
<b>Revenues</b>	80,995	84,269
<b>Cost of revenues</b> (including depreciation of \$1,541 and \$1,726, respectively)	61,516	62,938
<b>Gross profit</b>	19,479	21,331
<b>Expenses</b>		
Selling, commissions and expenses	7,979	8,408
General and administration expenses (including depreciation of \$74 and \$66, respectively)	5,701	7,285
Lease exit charge	-	866
Amortization of intangible assets	2,566	2,649
	16,246	19,208
<b>Income before interest and income taxes</b>	3,233	2,123
<b>Interest expense and financing costs</b> (net of interest income of \$26 and \$207, respectively)	3,916	1,253
<b>(Loss) income before income taxes</b>	(683)	870
<b>Future income tax (recovery) expense</b>	(600)	121
<b>Net (loss) income for the period</b>	(83)	749
<b>Gain on cash flow hedges</b>	-	434
<b>Comprehensive income for the period</b>	(83)	1,183
<b>Basic (loss) income per unit</b>	(0.00)	0.03
<b>Diluted (loss) income per unit</b>	(0.00)	0.03
<b>Units outstanding</b>	23,490,592	23,490,592

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

<i>(in thousands of dollars, except per unit amounts, unaudited)</i>	<b>For the six months ended June 30, 2010 \$</b>	<b>For the six months ended June 30, 2009 \$</b>
<b>Revenues</b>	166,559	174,686
<b>Cost of revenues</b> (including depreciation of \$3,103 and \$3,532, respectively)	126,170	130,213
<b>Gross profit</b>	40,389	44,473
<b>Expenses</b>		
Selling, commissions and expenses	16,291	17,209
General and administration expenses (including depreciation of \$151 and \$142, respectively)	11,699	14,412
Lease exit charge	-	866
Gain on cancellation of convertible debentures	-	(2)
Amortization of intangible assets	5,132	5,298
	33,122	37,783
<b>Income before interest and income taxes</b>	7,267	6,690
<b>Interest expense and financing costs</b> (net of interest income of \$26 and \$247, respectively)	5,210	2,689
<b>Income before income taxes</b>	2,057	4,001
<b>Income tax expense (recovery)</b>		
Current	(324)	-
Future	(915)	455
	(1,239)	455
<b>Net income for the period</b>	3,296	3,546
<b>Gain on cash flow hedges</b>	-	715
<b>Comprehensive income for the period</b>	3,296	4,261
<b>Basic income per unit</b>	0.14	0.15
<b>Diluted income per unit</b>	0.14	0.15
<b>Units outstanding</b>	23,490,592	23,490,592

## CONSOLIDATED STATEMENTS OF UNITHOLDERS' EQUITY

*(in thousands of dollars, unaudited)*

	Units \$	Conversion options \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Total Unitholders' Equity \$
<b>Balance as at December 31, 2008</b>	215,336	898	(1,059)	(43,857)	171,318
Distributions declared	-	-	-	(13,610)	(13,610)
Cancellation of convertible debentures	-	(1)	-	-	(1)
Gain on cash flow hedges	-	-	715	-	715
Net income for the period	-	-	-	3,546	3,546
<b>Balance as at June 30, 2009</b>	215,336	897	(344)	(53,921)	161,968
<b>Balance as at December 31, 2009</b>	215,336	897	-	(58,034)	158,199
Distributions declared	-	-	-	(13,610)	(13,610)
Issuance of convertible debentures	-	2,139	-	-	2,139
Net income for the period	-	-	-	3,296	3,296
<b>Balance as at June 30, 2010</b>	215,336	3,036	-	(68,348)	150,024

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars, unaudited)

	For the three months ended June 30, 2010 \$	For the three months ended June 30, 2009 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net (loss) income for the period	(83)	749
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	1,615	1,792
Amortization of intangible assets	2,566	2,649
Pension expense	367	230
Contributions made to pension plans	(1,017)	(484)
(Gain) loss on disposal of property, plant and equipment	(16)	18
Lease exit charge	-	866
Financing costs	2,266	-
Accretion of convertible debentures	94	42
Amortization of deferred gain	(49)	(49)
Unfavourable lease obligation	(31)	(29)
Amortization of lease inducement	(31)	(31)
Accretion of lease exit accrual	(39)	(8)
Post-employment and post-retirement benefits	8	23
Future income tax (recovery) expense	(600)	121
	5,050	5,889
Changes in non-cash items relating to operating activities	589	(1,937)
	5,639	3,952
<b>Investing activities</b>		
Purchase of property, plant and equipment	(485)	(167)
Proceeds on disposal of property, plant and equipment	-	588
	(485)	421
<b>Financing activities</b>		
Issuance of convertible debentures, net	42,734	-
Repayment of revolving bank facility	(45,000)	-
Distributions to unitholders	(6,805)	(6,805)
	(9,071)	(6,805)
<b>Decrease in cash and cash equivalents during the period</b>	<b>(3,917)</b>	<b>(2,432)</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>19,601</b>	<b>14,112</b>
<b>Cash and cash equivalents – end of period</b>	<b>15,684</b>	<b>11,680</b>
<b>Supplemental cash flow information</b>		
Interest paid	1,431	1,865
Income taxes paid	-	3,470

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of dollars, unaudited)

	For the six months ended June 30, 2010 \$	For the six months ended June 30, 2009 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the period	3,296	3,546
Adjustments to net income		
Depreciation of property, plant and equipment	3,254	3,674
Amortization of intangible assets	5,132	5,298
Pension expense	734	460
Contributions made to pension plans	(3,319)	(986)
Loss (gain) on disposal of property, plant and equipment	104	(87)
Gain on cancellation of convertible debentures	-	(2)
Lease exit charge	-	866
Financing costs	2,266	-
Accretion of convertible debentures	135	83
Amortization of deferred gain	(98)	(97)
Unfavourable lease obligation	(62)	(58)
Amortization of lease inducement	(62)	(61)
Accretion of lease exit accrual	(74)	(8)
Post-employment and post-retirement benefits	16	36
Future income tax (recovery) expense	(915)	455
	10,407	13,119
Changes in non-cash items relating to operating activities	8,078	755
	18,485	13,874
<b>Investing activities</b>		
Purchase of property, plant and equipment	(735)	(1,306)
Proceeds on disposal of property, plant and equipment	2,074	1,236
	1,339	(70)
<b>Financing activities</b>		
Issuance (repurchase) of convertible debentures, net	42,734	(6)
Repayment of revolving bank facility	(45,000)	-
Distributions to unitholders	(13,610)	(13,610)
	(15,876)	(13,616)
<b>Increase in cash and cash equivalents during the period</b>	3,948	188
<b>Cash and cash equivalents – beginning of period</b>	11,736	11,492
<b>Cash and cash equivalents – end of period</b>	15,684	11,680
<b>Supplemental cash flow information</b>		
Interest paid	2,009	2,541
Income taxes paid	596	3,470