



For Immediate Release

## THE DATA GROUP INCOME FUND ANNOUNCES SECOND QUARTER RESULTS FOR 2011

### **HIGHLIGHTS**

#### Q2 2011

- Second quarter 2011 ("Q2") Revenues of \$80.0 million, Q2 Gross Profit of \$20.2 million, and Q2 Net Income of \$1.8 million
- Q2 Cash Available for Distribution of \$4.3 million or \$0.183 per unit and Cash Distributions of \$3.8 million or \$0.163 per unit (see Table 4 and "Non-GAAP Measures" below)
- Q2 Payout Ratio of 88.7% (See Table 4 below)
- Q2 Adjusted EBITDA of \$6.9 million (See Table 3 and "Non-GAAP Measures" below)

#### YTD 2011

- Year to Date 2011 ("YTD") Revenues of \$164.3 million, YTD Gross Profit of \$41.6 million, and YTD Net Income of \$3.2 million
- YTD Cash Available for Distribution of \$9.3 million or \$0.397 per unit and Cash Distributions of \$7.6 million or \$0.326 per unit (see Table 4 and "Non-GAAP Measures" below)
- YTD Payout Ratio of 81.9% (See Table 4 below)
- YTD Adjusted EBITDA of \$14.9 million (See Table 3 and "Non-GAAP Measures" below)

**Brampton, Ontario – August 9, 2011** – The DATA Group Income Fund (TSX: DGI.UN) ("the Fund") today announced financial and operating results for the second quarter ended June 30, 2011, which include the results of operations for The Data Group Limited Partnership (the "Data Group") and the Data Group's general partner, Data Business Forms Limited ("DBFL").

"In the second quarter of 2011, the Data Group continued to 'do what we said we would do'. We are continuing to execute on our plan to position the Data Group for long term growth while maintaining a healthy balance sheet, stabilizing our financial results in 2011 and most importantly, maintaining our annual distributions to unitholders of \$0.65 per unit.", said Michael Suksi, President and Chief Executive Officer.

### **OUTLOOK**

The Fund believes that the Data Group's business will stabilize in 2011 and is optimistic about the Data Group's opportunities for growth in 2012. This view is based on the Data Group's ongoing and proven success in winning new business, the Data Group's plans to introduce new products and services and to complete new cost savings programs.

As previously described, the Data Group will focus its strategic priorities on three key initiatives:

- a continued aggressive sales effort in our core markets of document management services and marketing related print to generate new business
- accelerated development of new products and services to provide enhanced value to customers and new revenues streams for the Data Group
- incremental available cost savings initiatives

In connection with these initiatives, in the second quarter of 2011, the Data Group won a number of large new accounts in relatively high margin categories without any material client losses, expanded its capabilities in growing areas of short run, on demand marketing print and retail gift and loyalty card production, hired new sales personnel and continued its new sales training program. In the third quarter of 2011, the Data Group intends to commence direct marketing to existing and potential clients in order to increase awareness of its products and services.

In the area of new product development, the Data Group is now entering the digital photo book market, which is experiencing double digit annual growth rates, with the launch of an innovative new product offering. In the third quarter of 2011, the Data Group intends to launch another new offering in a rapidly growing market; electronic direct marketing solutions that will augment the Data Group's existing printed direct mail services with marketing related e-mail, mobile messaging, promotional web pages, and associated professional consulting services. The Data Group is also actively researching additional new product and services for future launch.

Cost savings in the second quarter of 2011 contributed to the Data Group's improved gross profit, met management's planned expectations and were consistent with the previous year, as the Data Group realized incremental savings from equipment and real estate leases and process improvements. In the second quarter of 2011, the Data Group created a strategic sourcing department to initiate additional savings programs which will benefit the Data Group in the future. Offsetting these costs savings, the Data Group had planned increases in costs associated with new business and new product development.

The Data Group will continue to review its operations and undertake restructuring initiatives to maintain a competitive cost structure. These initiatives may result in the further consolidation of facilities, and the Data Group may incur additional severance costs, accelerated further depreciation expense, impairment charges related to property, plant and equipment, goodwill, and costs attributable to the termination of contracts for leases, supplier arrangements and other contractual obligations.

Although the Fund believes that its current level of distributions to its unitholders is sustainable and consistent with maintaining the long-term health of its business, the Fund's Board of Trustees will continue to closely monitor the Fund's monthly distribution levels in light of the Fund's on-going and anticipated cash available for distribution and cash resources.

The Data Group will continue its strategic focus on being the leading document management service provider in Canada, while expanding in direct marketing, concentrating on providing high value-added products and services. The Data Group will also selectively pursue acquisition opportunities that are consistent with its plans for new products and services development and within its existing business segments.

**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, 2011 and 2010</b> <i>(in thousands of Canadian dollars, except per unit amounts, unaudited)</i>	<b>Apr. 1 to June 30, 2011</b>	<b>Apr. 1 to June 30, 2010</b>	<b>Jan. 1 to June 30, 2011</b>	<b>Jan. 1 to June 30, 2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	79,992	80,995	164,280	166,559
Cost of revenues	59,806	61,516	122,679	126,170
Gross profit	20,186	19,479	41,601	40,389
Selling, general and administrative expenses	14,698	13,742	29,565	28,112
Amortization of identifiable intangible assets	2,565	2,566	5,131	5,132
Corporate conversion costs	253	-	414	-
Income before finance costs and income taxes	2,670	3,171	6,491	7,145
Finance costs				
Interest expense	1,388	1,676	2,744	2,970
Interest income	(19)	(26)	(45)	(26)
Change in fair value of conversion options	(848)	(2,553)	(995)	(1,439)
Amortization of transaction costs	132	298	262	430
	653	(605)	1,966	1,935
Income before income taxes	2,017	3,776	4,525	5,210
Income tax expense (recovery)				
Current	440	-	1,027	(324)
Deferred	171	1,490	338	(104)
	611	1,490	1,365	(428)
Net income for the period	1,406	2,286	3,160	5,638
Basic and diluted income per unit	0.06	0.10	0.13	0.24
Number of units outstanding	23,490,592	23,490,592	23,490,592	23,490,592

<b>Consolidated Statements of Financial Position Information</b> <i>(in thousands of Canadian dollars, unaudited)</i>	<b>As at June 30, 2011</b>	<b>As at June 30, 2010</b>
	<b>\$</b>	<b>\$</b>
Current assets	90,746	101,810
Current liabilities	37,993	41,151
Total assets	281,466	311,005
Non-current liabilities	119,851	129,517
Unitholders' equity	123,622	140,337

**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, 2011 and 2010</b> <i>(in thousands of Canadian dollars, except percentage amounts, unaudited)</i>	<b>Apr. 1 to June 30, 2011 \$</b>	<b>Apr. 1 to June 30, 2010 \$</b>	<b>Jan. 1 to June 30, 2011 \$</b>	<b>Jan. 1 to June 30, 2010 \$</b>
<b>Revenues</b>				
DATA East and West	77,078	78,118	158,710	161,029
Multiple Pakfold	3,782	3,740	7,285	7,484
Intersegment	(868)	(863)	(1,715)	(1,954)
	79,992	80,995	164,280	166,559
<b>Gross profit</b>				
DATA East and West	19,400	18,820	40,160	39,074
Multiple Pakfold	786	659	1,441	1,315
	20,186	19,479	41,601	40,389
<b>Gross profit, as a percentage of revenues</b>				
DATA East and West	25.2%	24.1%	25.3%	24.3%
Multiple Pakfold	20.8%	17.6%	19.8%	17.6%
	25.2%	24.0%	25.3%	24.2%
<b>Selling, general and administrative expenses</b>				
	14,698	13,742	29,565	28,112
As a percentage of revenues	18.4%	17.0%	18.0%	16.9%
<b>Adjusted EBITDA (see Table 3)</b>				
	6,900	7,352	14,870	15,531
Adjusted EBITDA margin, as a percentage of revenues	8.6%	9.1%	9.1%	9.3%
<b>Net income for the period</b>				
	1,406	2,286	3,160	5,638

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

### Adjusted EBITDA Reconciliation

<b>For the periods ended June 30, 2011 and 2010</b> <i>(in thousands of Canadian dollars, unaudited)</i>	<b>Apr. 1 to June 30, 2011 \$</b>	<b>Apr. 1 to June 30, 2010 \$</b>	<b>Jan. 1 to June 30, 2011 \$</b>	<b>Jan. 1 to June 30, 2010 \$</b>
Net income for the period	1,406	2,286	3,160	5,638
Interest expense	1,388	1,676	2,744	2,970
Interest income	(19)	(26)	(45)	(26)
Change in fair value of conversion options	(848)	(2,553)	(995)	(1,439)
Amortization of transaction costs	132	298	262	430
Depreciation of property, plant and equipment	1,412	1,615	2,834	3,254
Amortization of identifiable intangible assets	2,565	2,566	5,131	5,132
Corporate conversion costs	253	-	414	-
Current income tax expense (recovery)	440	-	1,027	(324)
Deferred income tax expense (recovery)	171	1,490	338	(104)
<b>Adjusted EBITDA</b>	<b>6,900</b>	<b>7,352</b>	<b>14,870</b>	<b>15,531</b>

## RESULTS OF OPERATIONS

### THE DATA GROUP INCOME FUND

#### Overview

The Data Group is a leading provider of total document management solutions, with growing capabilities in direct marketing and specialized print products, and operates as two reportable segments. DATA East and West (which provided approximately 95% of total revenues for the second quarter of 2011) sells a broad range of printed products, commercial printing products, event tickets and document management services directly to end users. Multiple Pakfold (which provided approximately 5% of total revenues for the second quarter of 2011) sells business forms and labels to independent brokers and resellers. Sales of some of the Data Group's products are subject to seasonal fluctuations in demand. Certain elements of the Data Group's gift card and direct mail businesses and the buying pattern of certain major customers of the Data Group have historically generated higher revenues and profit in the fourth quarter than the other three quarters. The Data Group previously had three reportable segments: DATA East and West, Sundog and Multiple Pakfold. The Sundog segment's operations have become more integrated with the DATA East and West segment to better serve customers and maximize operational efficiencies. Beginning January 1, 2011, the operations of Sundog are included in the DATA East and West segment. The results of operations for Sundog for the three and six months ended June 30, 2011 and 2010 are included in the results of operations of the DATA East and West segment.

## **Revenues**

For the quarter ended June 30, 2011, the Fund recorded revenues of \$80.0 million, a decrease of \$1.0 million or 1.2% compared with the same period in 2010. The decrease, before intersegment revenues, was the result of a \$1.0 million decrease in the DATA East and West segment. For the six months ended June 30, 2011, the Fund recorded revenues of \$164.3 million, a decrease of \$2.3 million or 1.4% compared with the same period in 2010. The decrease, before intersegment revenues, was primarily the result of a \$2.3 million decrease in the DATA East and West segment and a \$0.2 million decrease 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, 2011, cost of revenues decreased to \$59.8 million from \$61.5 million for the same period in 2010. Gross profit for the quarter ended June 30, 2011 was \$20.2 million, which represented an increase of \$0.7 million or 3.6% from \$19.5 million for the same period in 2010. The increase in gross profit for the quarter ended June 30, 2011 was attributable to gross profit increases of \$0.6 million in the DATA East and West segment and of \$0.1 million in the Multiple Pakfold segment, respectively. Gross profit as a percentage of revenues increased to 25.2% for the quarter ended June 30, 2011 compared to 24.0% for the same period in 2010. For the six months ended June 30, 2011, cost of revenues decreased to \$122.7 million from \$126.2 million for the same period in 2010. Gross profit for the six months ended June 30, 2011 was \$41.6 million, which represented an increase of \$1.2 million or 3.0% from \$40.4 million for the same period in 2010. The increase in gross profit for the six months ended June 30, 2011 was attributable to gross profit increases of \$1.1 million in the DATA East and West segment and of \$0.1 million in the Multiple Pakfold segment, respectively. Gross profit as a percentage of revenues increased to 25.3% for the six months ended June 30, 2011 compared to 24.2% for the same period in 2010.

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

Selling, general and administrative ("SG&A") expenses, including administrative expenses of the Fund but excluding amortization of identifiable intangible assets, for the quarter ended June 30, 2011 increased \$1.0 million to \$14.7 million compared to \$13.7 million in the same period of 2010. As a percentage of revenues, these costs were 18.4% of revenues for the quarter ended June 30, 2011 compared to 17.0% of revenues for the same period in 2010. The increase in SG&A expenses for the three months ended June 30, 2011 was the result of the Data Group's investments to launch its new products and services initiatives of approximately \$0.2 million and higher sales costs to generate new business of approximately \$0.2 million. For the quarters ended June 30, 2011 and 2010, the Data Group incurred \$0.3 million and \$0.2 million of severance expenses, respectively. SG&A expenses for the six months ended June 30, 2011 increased \$1.5 million to \$29.6 million compared to \$28.1 million for the same period of 2010. The increase in SG&A expenses was the result of the Data Group's investments to launch its new products and services initiatives of approximately \$0.6 million, higher sales costs to generate new business of approximately \$0.3 million and an increase in information technology costs. As a percentage of revenues, these costs were 18.0% of revenues for the six months ended June 30, 2011 compared to 16.9% of revenues for the same period in 2010. For the six months ended June 30, 2011 and 2010, the Data Group incurred \$0.5 million and \$0.3 million of severance expenses, respectively. Severances costs for the three and six months ended June 30, 2011 and 2010 were included in SG&A and were related to the Data Group's on-going productivity improvements and cost reduction initiatives.

### ***Adjusted EBITDA***

For the quarter ended June 30, 2011, Adjusted EBITDA was \$6.9 million, or 8.6% of revenues. Adjusted EBITDA for the quarter ended June 30, 2011 decreased \$0.5 million or 6.1% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, decreased from 9.1% of revenues in 2010 to 8.6% of revenues in 2011. Adjusted EBITDA for the six months ended June 30, 2011 was \$14.9 million, or 9.1% of revenues. Adjusted EBITDA for the six months ended June 30, 2011 decreased \$0.7 million or 4.3% 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 9.3% of revenues in 2010 to 9.1% of revenues in 2011.

### ***Interest Expense and Finance Costs***

Interest expense on long-term debt outstanding under the Data Group's credit facilities and the Fund's outstanding \$45.0 million aggregate principal amount of 6.00% Convertible Unsecured Subordinated Debentures (the "6.00% Convertible Debentures") was \$1.4 million for the three months ended June 30, 2011 compared to \$1.7 million for the same period in 2010. On April 27, 2010, the Fund issued the 6.00% Convertible Debentures and, on December 31, 2010, the Fund redeemed all of its 6.75% Extendible Convertible Unsecured Subordinated Debentures (the "6.75% Convertible Debentures"), which were outstanding at June 30, 2010. Interest expense on long-term debt outstanding under the Data Group's credit facilities and the Fund's outstanding convertible debentures was \$2.7 million for the six months ended June 30, 2011 compared to \$3.0 million for the same period in 2010.

Finance costs for the three month periods ended June 30, 2011 and 2010 included a \$0.8 million and a \$2.6 million, respectively, recovery related to the change in the fair value of the Fund's conversion options. Finance costs for the six month periods ended June 30, 2011 and 2010 included a \$1.0 million and a \$1.4 million, respectively, recovery related to the change in the fair value of the Fund's conversion options. The conversion option is the conversion feature in each of the Fund's outstanding convertible debentures, which is measured at fair value at each reporting date.

### ***Income Taxes***

The Fund reported income before income taxes of \$2.0 million, a current income tax expense of \$0.4 million and a deferred income tax expense of \$0.2 million for the three months ended June 30, 2011 compared to income before income taxes of \$3.8 million and a deferred income tax expense of \$1.5 million for the three months ended June 30, 2010. The Fund reported income before income taxes of \$4.5 million, a current income tax expense of \$1.0 million and a deferred income tax expense of \$0.3 million for the six months ended June 30, 2011 compared to income before income taxes of \$5.2 million, a current income tax recovery of \$0.3 million and a deferred income tax recovery of \$0.1 million for the six months ended June 30, 2010. The current income tax expense was related to the income tax payable on the Fund's estimated taxable income for the three and six month periods ended June 30, 2011. Beginning January 1, 2011, the Fund is subject to income tax at a rate similar to the combined federal and provincial corporate rate applicable to a taxable Canadian corporation. The deferred income tax expense was due to a change in estimates of future reversals of temporary differences for the three and six month periods ended June 30, 2011. The current income tax recovery for the six months ended June 30, 2010 represents the final adjustment related to the amount payable by the Data Group to settle reassessments by Canada Revenue Agency and certain provincial tax authorities that, in each case, adjust the pricing between Relizon Canada Inc. ("Relizon Canada") and its former parent company prior to its acquisition by the Fund. The deferred income tax recovery was due to a change in estimates of future reversals of temporary differences and new temporary differences that arose during the three and six month periods ended June 30, 2010.

### **Net Income**

Net income for the quarter ended June 30, 2011 was \$1.4 million compared to a net income of \$2.3 million for the quarter ended June 30, 2010. The decrease in comparable profitability for the quarter ended June 30, 2011 was substantially due to higher SG&A expenses, corporate conversion costs which were expensed in the quarter, a larger recovery related to the change in the fair value of the conversion options in the Fund's outstanding convertible debentures in 2010, and current income tax expense in the second quarter of 2011. The decrease in comparable profitability was partially offset by higher gross profit in 2011 as a result of cost savings realized from the on-going productivity improvement and cost reduction initiatives, and a lower deferred income tax charged compared to the same period in 2010 as discussed above.

Net income for the six months ended June 30, 2011 was \$3.2 million compared to a net income of \$5.6 million for the six months ended June 30, 2010. The decrease in comparable profitability for the six months ended June 30, 2011 was substantially due to higher SG&A expenses, corporate conversion costs, a larger recovery related to the change in the fair value of the conversion options in the Fund's outstanding convertible debentures in 2010, and higher current and deferred income tax expense as discussed above.

### **DATA EAST AND WEST**

Revenues at the Data Group's DATA East and West segment for the quarter ended June 30, 2011 decreased \$1.0 million or 1.3% to \$77.1 million from \$78.1 million for the same period in the prior year. Revenues for the six months ended June 30, 2010 decreased \$2.3 million or 1.4% to \$158.7 million from \$161.0 million for the same period in the prior year.

Revenues for the three months ended June 30, 2011 decreased at a slower rate than experienced in previous quarters. During the three months ended June 30, 2011, the segment experienced strong sales in May and June after weaker sales in April. In addition, revenues from the sale of lottery rolls during the second quarter of 2011 were consistent with the same period in 2010 and during the first six months of 2011 sale of lottery rolls were higher than the same period in 2010, respectively. During the second quarter of 2011 and the first six months of 2011, the segment experienced revenue gains from new business, which partially offset declines in revenues from existing customers. During the first quarter of 2011, revenues from commercial printing in Alberta were higher due to the completion of several large projects for major customers.

For the quarter ended June 30, 2011, gross profit increased \$0.6 million to \$19.4 million from \$18.8 million for the same period in 2010. Gross profit as a percentage of revenues for the quarter ended June 30, 2011 increased to 25.2% from 24.1% for the same period in 2010. For the six months ended June 30, 2011, gross profit increased \$1.1 million to \$40.2 million from \$39.1 million in the same period of 2010. Gross profit as a percentage of revenues for the six months ended June 30, 2011 increased to 25.3% from 24.3% for the same period in 2010. The increase in gross profit as a percentage of revenues during the three and six months ended June 30, 2011 was due to cost savings realized from on-going productivity improvement and cost reduction initiatives and better capacity utilization as a result of those measures. Revenues from new business also increased gross profit as most of the new business was in relatively high margin categories. In addition, the segment continued development on its new products and services initiatives, which is expected to positively impact revenues and gross margins in late 2011 and in 2012.

## **MULTIPLE PAKFOLD**

Revenues at the Data Group's Multiple Pakfold segment for the quarter ended June 30, 2011 increased \$0.1 million or 1.1% to \$3.8 million from \$3.7 million for the same period in the prior year. Revenues for the six months ended June 30, 2011 decreased \$0.2 million or 2.7% to \$7.3 million from \$7.5 million for the same period in the prior year.

The slight increase in revenues for the three months ended June 30, 2011 was due to higher quoting activity. The decrease in revenues for the six months ended June 30, 2011 was attributable to aggressive pricing by competitors, a change in reorder cycles and was partially offset by higher quoting activity.

For the quarter ended June 30, 2011, gross profit increased \$0.1 million to \$0.8 million from \$0.7 million for the same period in the prior year. Gross profit as a percentage of revenues for the quarter ended June 30, 2011 increased to 20.8% from 17.6% for the same period in 2010. For the six months ended June 30, 2011, gross profit increased \$0.1 million to \$1.4 million from \$1.3 million for the same period of 2010. Gross profit as percentage of revenues for the six months ended June 30, 2011 increased to 19.8% from 17.6% for the same period in 2010. The improvement in gross profit as a percentage of revenues for the three and six months ended June 30, 2011 was due to cost savings realized from 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

<b>For the periods ended June 30, 2011 and 2010</b> <i>(in thousands of Canadian dollars, except percentages and per unit amounts, unaudited)</i>	<b>Apr. 1 to June 30, 2011</b>	<b>Apr. 1 to June 30, 2010</b>	<b>Jan. 1 to June 30, 2011</b>	<b>Jan. 1 to June 30, 2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash provided by (used in) operating activities	4,230	5,639	5,787	18,485
<i>Capital adjustments:</i>				
Maintenance capital expenditures <sup>(1)</sup>	(312)	(485)	(873)	(735)
<i>Other adjustments including discretionary items:</i>				
Changes in working capital <sup>(2)</sup>	23	(589)	3,788	(8,078)
Pension plan wind-up contributions <sup>(3)</sup>	-	-	-	1,260
Other <sup>(4)</sup>	103	101	204	(126)
Corporate conversion costs	253	-	414	-
Financing costs	9	-	9	-
Cash available for distribution	4,306	4,666	9,329	10,806
Distributions to unitholders <sup>(5)</sup>	3,820	6,805	7,640	13,610
Excess (shortfall) of cash available for distribution over actual distributions	486	(2,139)	1,689	(2,804)
<i>Per unit <sup>(6)</sup></i>				
Cash available for distribution per unit <sup>(6)</sup>	0.183	0.199	0.397	0.460
Distributions to unitholders per unit <sup>(6)</sup>	0.163	0.290	0.326	0.580
Excess (shortfall) of cash available for distribution per unit over actual distributions per unit	0.020	(0.091)	0.071	(0.120)
Payout ratio <sup>(7)</sup>	88.7%	145.8%	81.9%	125.9%

**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 working capital 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. In addition, during the year ended December 31, 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. The wind-up of the Relizon Canada defined benefit plan was substantially completed in 2010.*
- (4) *Includes 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, 2011 and 2010, 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, 2011 and 2010, respectively, and the amounts discussed below.

For the three months ended June 30, 2011, the Fund generated \$4.3 million or \$0.183 per unit of cash available for distribution compared to \$4.7 million or \$0.199 per unit for the same period in 2010. Cash available for distribution for the three months ended June 30, 2011 was calculated by deducting from cash provided by (used in) operating activities of \$4.2 million, maintenance capital expenditures of \$0.3 million, and adding back other non-cash items of \$0.1 million and corporate conversion costs of \$0.3 million, respectively. Cash available for distribution for the three months 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 working capital of \$0.6 million, respectively, and adding back other non-cash items of \$0.1 million.

For the six months ended June 30, 2011, the Fund generated \$9.3 million or \$0.397 per unit of cash available for distribution compared to \$10.8 million or \$0.460 per unit for the same period in 2010. Cash available for distribution for the six months ended June 30, 2011 was calculated by deducting from cash provided by operating activities of \$5.8 million, maintenance capital expenditures of \$0.9 million, and adding back changes in non-cash working capital of \$3.8 million, other non-cash items of \$0.2 million and corporate conversion costs of \$0.4 million, respectively. 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.

For the three months ended June 30, 2011, the Fund declared distributions of \$3.8 million or \$0.163 per unit. Cash available for distribution exceeded actual distributions by \$0.5 million or \$0.020 per unit for the three months ended June 30, 2011. For the six months ended June 30, 2011, the Fund declared distributions of \$7.6 million or \$0.326 per unit. Cash available for distribution exceeded actual distributions by \$1.7 million or \$0.071 per unit for the six months ended June 30, 2011. During the three and six months ended June 30, 2011, the Data Group made cash payments of \$0.2 million and \$0.6 million, respectively, 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 three and six month periods have been deducted in determining cash available for distribution as these payments are included in cash provided by (used in) operating activities.

For the three months 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 \$0.091 per unit for the three months 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 entirely by cash generated from operations and the net proceeds from the sale of the Data Group's former facility in Orangeville Ontario. 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 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 \$2.8 million or \$0.120 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 period 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, 2011 of \$0.3 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, 2011 of \$0.9 million related primarily to maintenance capital expenditures and were financed by cash flow from operations and existing cash resources.

## **FINANCING ACTIVITIES**

For the three and six months ended June 30, 2011, the Fund paid or declared aggregate cash distributions of \$3.8 million and \$7.6 million, respectively, 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 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, with growing capabilities in direct marketing and specialized print 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).

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#### **For further information, contact:**

Mr. Michael Suksi  
President and Chief Executive Officer  
The Data Group Limited Partnership  
Tel: (905) 791-3151

Mr. Paul O'Shea  
Chief Financial Officer  
The Data Group Limited Partnership  
Tel: (905) 791-3151

All financial information in this press release is presented in Canadian dollars and in accordance with generally accepted accounting principles measured under International Financial Reporting Standards ("IFRS") for publicly accountable entities effective January 1, 2011, unless otherwise noted.

## **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, objectives or achievements of the Fund and the Data Group to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that the Fund made or took into account in the preparation of these forward-looking statements include the impact of economic conditions on the Data Group’s businesses; the risk that the Data Group may not be successful in growing its business or in managing its organic growth; 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, as of January 1, 2011, subject the Fund to tax. 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 and finance costs, taxes, depreciation and amortization. Adjusted EBITDA for the three and six months ended June 30, 2011 means EBITDA adjusted for corporate conversion costs. Adjusted EBITDA for the three and six months ended June 30, 2010 means EBITDA with no adjustments. 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 and six months ended June 30, 2011 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in working capital, corporate conversion costs, financing costs, and other non-cash items. Cash available for distribution for the three months ended June 30, 2010 means cash provided by (used in) operating activities increased by, or reduced for, maintenance capital expenditures, changes in 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. Specifically, the

Fund views cash available for distribution as a measure generally used by Canadian income funds and other issuers, 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 IFRS and do not have any standardized meanings prescribed by IFRS. 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 IFRS 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 IFRS as measures of liquidity and cash flows. For a reconciliation of net income (loss) 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.

The IFRS-related values in this press release have been prepared using the standards and interpretations currently issued and expected to be effective at the end of the Fund's first annual IFRS reporting period of December 31, 2011. Certain accounting policies expected to be adopted under IFRS may not be adopted and the application of such policies to certain transactions or circumstances may be modified and as a result the June 30, 2011 and December 31, 2011 underlying values prepared on a basis consistent with IFRS are subject to change. The amounts expressed in this press release have not been audited by the Fund's external auditor.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>June 30, 2011</b>	<b>December 31, 2010</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	5,269	7,995
Trade receivables	39,261	36,451
Inventories	40,998	40,108
Prepaid expenses and other current assets	5,218	4,819
	90,746	89,373
Non-current assets		
Deferred income tax assets	838	842
Property, plant and equipment	24,024	26,020
Identifiable intangible assets	28,911	34,042
Goodwill	136,947	136,947
	281,466	287,224
<b>Liabilities</b>		
Current liabilities		
Trade payables	29,350	28,689
Provisions	310	437
Income taxes payable	1,136	109
Deferred revenue	5,923	6,178
Distributions payable	1,274	2,269
Current portion of revolving bank facility	-	54,411
	37,993	92,093
Non-current liabilities		
Revolving bank facility	54,514	-
Convertible debentures	41,672	42,369
Deferred income tax liabilities	5,106	4,772
Other non-current liabilities	2,073	2,277
Pension obligations	14,112	15,317
Post-employment and post-retirement benefits	2,374	2,294
	157,844	159,122
<b>Unitholders' Equity</b>		
Units	215,336	215,336
Accumulated other comprehensive loss	(564)	(564)
Deficit	(91,150)	(86,670)
	123,622	128,102
	281,466	287,224

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

<i>(in thousands of Canadian dollars, except per unit amounts, unaudited)</i>	<b>For the three months ended June 30, 2011 \$</b>	<b>For the three months ended June 30, 2010 \$</b>
<b>Revenues</b>	79,992	80,995
<b>Cost of revenues</b>	59,806	61,516
<b>Gross profit</b>	20,186	19,479
<b>Expenses</b>		
Selling, commissions and expenses	8,657	7,979
General and administration expenses excluding amortization of identifiable intangible assets	6,041	5,763
Amortization of identifiable intangible assets	2,565	2,566
Corporate conversion costs	253	-
	17,516	16,308
<b>Income before finance costs and income taxes</b>	2,670	3,171
<b>Finance costs</b>		
Interest expense	1,388	1,676
Interest income	(19)	(26)
Change in fair value of conversion options	(848)	(2,553)
Amortization of transaction costs	132	298
	653	(605)
<b>Income before income taxes</b>	2,017	3,776
<b>Income tax expense</b>		
Current	440	-
Deferred	171	1,490
	611	1,490
<b>Net income for the period</b>	1,406	2,286
<b>Comprehensive income for the period</b>	1,406	2,286
<b>Basic income per unit</b>	0.06	0.10
<b>Diluted income per unit</b>	0.06	0.10

## CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

<i>(in thousands of Canadian dollars, except per unit amounts, unaudited)</i>	<b>For the six months ended June 30, 2011 \$</b>	<b>For the six months ended June 30, 2010 \$</b>
<b>Revenues</b>	164,280	166,559
<b>Cost of revenues</b>	122,679	126,170
<b>Gross profit</b>	41,601	40,389
<b>Expenses</b>		
Selling, commissions and expenses	17,516	16,291
General and administration expenses excluding amortization of identifiable intangible assets	12,049	11,821
Amortization of identifiable intangible assets	5,131	5,132
Corporate conversion costs	414	-
	35,110	33,244
<b>Income before finance costs and income taxes</b>	6,491	7,145
<b>Finance costs</b>		
Interest expense	2,744	2,970
Interest income	(45)	(26)
Change in fair value of conversion options	(995)	(1,439)
Amortization of transaction costs	262	430
	1,966	1,935
<b>Income before income taxes</b>	4,525	5,210
<b>Income tax expense (recovery)</b>		
Current	1,027	(324)
Deferred	338	(104)
	1,365	(428)
<b>Net income for the period</b>	3,160	5,638
<b>Comprehensive income for the period</b>	3,160	5,638
<b>Basic income per unit</b>	0.13	0.24
<b>Diluted income per unit</b>	0.13	0.24

## CONSOLIDATED STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>Units</b>	<b>Accumulated other comprehensive loss</b>	<b>Deficit</b>	<b>Total Unitholders' Equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance as at January 1, 2010</b>	215,336	-	(67,027)	148,309
Distributions declared	-	-	(13,610)	(13,610)
Net income for the period	-	-	5,638	5,638
<b>Balance as at June 30, 2010</b>	<b>215,336</b>	<b>-</b>	<b>(74,999)</b>	<b>140,337</b>
<b>Balance as at December 31, 2010</b>	215,336	(564)	(86,670)	128,102
Distributions declared	-	-	(7,640)	(7,640)
Net income for the period	-	-	3,160	3,160
<b>Balance as at June 30, 2011</b>	<b>215,336</b>	<b>(564)</b>	<b>(91,150)</b>	<b>123,622</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of Canadian dollars, unaudited)</i>	<b>For the three months ended June 30, 2011 \$</b>	<b>For the three months ended June 30, 2010 \$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the period	1,406	2,286
Adjustments to net income		
Depreciation of property, plant and equipment	1,412	1,615
Amortization of identifiable intangible assets	2,565	2,566
Pension expense	124	367
Contributions made to pension plans	(726)	(1,017)
Loss (gain) on disposal of property, plant and equipment	16	(16)
Financing costs	(9)	108
Change in fair value of conversion options	(848)	(2,553)
Amortization of transaction costs	132	191
Accretion of convertible debentures	74	94
Unfavourable lease obligation	(32)	(31)
Amortization of lease inducement	(31)	(31)
Accretion of lease exit accrual	(40)	(39)
Post-employment and post-retirement benefits	39	20
Deferred income tax expense	171	1,490
	4,253	5,050
Changes in working capital	(23)	589
	4,230	5,639
<b>Investing activities</b>		
Purchase of property, plant and equipment	(312)	(485)
	(312)	(485)
<b>Financing activities</b>		
Issuance of convertible debentures, net	-	42,734
Repayment of revolving bank facility	-	(45,000)
Distributions to unitholders	(3,820)	(6,805)
	(3,820)	(9,071)
<b>Increase (decrease) in cash and cash equivalents during the period</b>	98	(3,917)
<b>Cash and cash equivalents – beginning of period</b>	5,171	19,601
<b>Cash and cash equivalents – end of period</b>	5,269	15,684
<b>Supplemental cash flow information</b>		
Interest paid	1,737	1,431

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)

	For the six months ended June 30, 2011 \$	For the six months ended June 30, 2010 \$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income for the period	3,160	5,638
Adjustments to net income		
Depreciation of property, plant and equipment	2,834	3,254
Amortization of identifiable intangible assets	5,131	5,132
Pension expense	247	734
Contributions made to pension plans	(1,452)	(3,319)
Loss on disposal of property, plant and equipment	35	104
Financing costs	(9)	108
Change in fair value of conversion options	(995)	(1,439)
Amortization of transaction costs	262	323
Accretion of convertible debentures	148	135
Unfavourable lease obligation	(64)	(62)
Amortization of lease inducement	(61)	(62)
Accretion of lease exit accrual	(79)	(74)
Post-employment and post-retirement benefits	80	39
Deferred income tax expense (recovery)	338	(104)
	9,575	10,407
Changes in working capital	(3,788)	8,078
	5,787	18,485
<b>Investing activities</b>		
Purchase of property, plant and equipment	(873)	(735)
Proceeds on disposal of property, plant and equipment	-	2,074
	(873)	1,339
<b>Financing activities</b>		
Issuance of convertible debentures, net	-	42,734
Repayment of revolving bank facility	-	(45,000)
Distributions to unitholders	(7,640)	(13,610)
	(7,640)	(15,876)
<b>(Decrease) increase in cash and cash equivalents</b>		
during the period	(2,726)	3,948
<b>Cash and cash equivalents – beginning of period</b>	7,995	11,736
<b>Cash and cash equivalents – end of period</b>	5,269	15,684
<b>Supplemental cash flow information</b>		
Interest paid	2,274	2,009
Income taxes paid	-	596