



For Immediate Release

DATA GROUP INC. ANNOUNCES SECOND QUARTER RESULTS FOR 2013

HIGHLIGHTS

Q2 2013

- Second quarter 2013 (“Q2”) Revenues of \$77.8 million, Q2 Gross Profit of \$19.8 million and Q2 Net Loss of \$3.7 million (includes a Q2 restructuring charge of \$5.2 million)
- Q2 Dividends declared of \$1.8 million or \$0.075 per share
- Q2 Adjusted EBITDA of \$5.8 million (See Table 2 and “Non-GAAP Measures” below)

YTD 2013

- Year to Date 2013 (“YTD”) Revenues of \$160.7 million, YTD Gross Profit of \$41.5 million and YTD Net Loss of \$2.8 million (includes a YTD restructuring charge of \$6.0 million)
- YTD Dividends declared of \$3.5 million or \$0.15 per share
- YTD Adjusted EBITDA of \$13.1 million (See Table 2 and “Non-GAAP Measures” below)

Brampton, Ontario – August 8, 2013 – DATA Group Inc. (TSX: DGI) (“DATA Group”) announced its financial and operating results for the second quarter ended June 30, 2013, which include the operating results of its subsidiaries DATA Group Ltd., DATA Group (US) Corp., The Fulfillment Solutions Advantage Inc. (“FSA”) and FSA Datalytics Canada Inc. (“Datalytics”).

DATA Group continues its profound transformation, as we focus on dramatic cost reduction, new revenue growth and aggressively reducing our debt.

- **Cost reduction;** Our multi-year transformational cost reduction program is intended to reduce our annual costs by approximately \$28.0 million by the end of 2015. We succeeded in reducing our costs by \$12.1 million, on an annualized basis, in the first half of 2013. We have recorded \$6.0 million in associated restructuring charges in the first half of 2013 as a result.
- **New revenue growth;** We have launched new digital products and services to transform DATA Group into a Business Process Outsourcing provider and to offset declines in our legacy print business. As a result, we have won several large new outsourcing contracts and have recorded approximately \$5.0 million in new revenue from these categories in the first half of 2013. We will be launching additional new products and services in the second half of 2013.
- **Debt reduction;** We expect to accelerate the pace of debt reduction as our cost reduction initiatives gain momentum. In the first half of 2013, we have reduced our debt by \$2.5 million.

Our net loss in the second quarter and year-to-date is primarily due to restructuring expenses associated with our successful cost reduction initiatives. Secondary reasons for our net loss are a reduction in revenues in our legacy business, investment in our growth strategy and a smaller deferred income tax recovery, all of which have been partially offset by our cost reductions.

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

Consolidated Statements of (Loss) Income Information

For the periods ended June 30, 2013 and 2012 <i>(in thousands of Canadian dollars, except per share amounts, unaudited)</i>	Apr. 1 to June 30, 2013	Apr. 1 to June 30, 2012 ⁽¹⁾	Jan. 1 to June 30, 2013	Jan. 1 to June 30, 2012 ⁽¹⁾
	\$	\$	\$	\$
Revenues	77,822	82,608	160,685	169,256
Cost of revenues	58,066	61,549	119,191	124,970
Gross profit	19,756	21,059	41,494	44,286
Selling, general and administrative expenses	15,315	16,300	31,001	33,224
Restructuring expenses	5,247	-	6,014	-
Corporate conversion costs	-	-	-	84
Amortization of intangible assets	2,311	2,311	4,621	4,622
(Loss) income before finance costs and income taxes	(3,117)	2,448	(142)	6,356
Finance costs				
Interest expense	1,635	1,667	3,273	3,344
Interest income	(6)	(5)	(8)	(14)
Amortization of transaction costs	147	154	290	306
	1,776	1,816	3,555	3,636
(Loss) income before income taxes	(4,893)	632	(3,697)	2,720
Income tax expense (recovery)				
Current	281	804	1,553	2,052
Deferred	(1,512)	(648)	(2,437)	(3,366)
	(1,231)	156	(884)	(1,314)
Net (loss) income for the period	(3,662)	476	(2,813)	4,034
Net (loss) income attributable to common shareholders	(3,652)	496	(2,799)	4,062
Basic and diluted (loss) earnings per share	(0.16)	0.02	(0.12)	0.17
Number of common shares outstanding	23,490,592	23,490,592	23,490,592	23,490,592

Consolidated Statements of Financial Position Information

As at June 30, 2013 and December 31, 2012 <i>(in thousands of Canadian dollars, unaudited)</i>	As at June 30, 2013	As at Dec. 31, 2012
	\$	\$
Current assets	81,560	84,069
Current liabilities	40,383	40,316
Total assets	216,803	224,629
Total non-current liabilities	117,441	122,199
Shareholders' equity	58,857	61,978
Non-controlling interest	122	136
Total equity	58,979	62,114

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.

Table 2 The following table provides a reconciliation of net income (loss) to Adjusted EBITDA for the periods noted. See “Non-GAAP Measures”.

Adjusted EBITDA Reconciliation

For the periods ended June 30, 2013 and 2012 <i>(in thousands of Canadian dollars, unaudited)</i>	Apr. 1 to June 30, 2013 \$	Apr. 1 to June 30, 2012 ⁽¹⁾ \$	Jan. 1 to June 30, 2013 \$	Jan. 1 to June 30, 2012 ⁽¹⁾ \$
Net (loss) income for the period	(3,662)	476	(2,813)	4,034
Interest expense	1,635	1,667	3,273	3,344
Interest income	(6)	(5)	(8)	(14)
Amortization of transaction costs	147	154	290	306
Depreciation of property, plant and equipment	1,323	1,447	2,651	2,870
Amortization of intangible assets	2,311	2,311	4,621	4,622
Restructuring expenses	5,247	-	6,014	-
Corporate conversion costs	-	-	-	84
Current income tax expense	281	804	1,553	2,052
Deferred income tax recovery	(1,512)	(648)	(2,437)	(3,366)
Adjusted EBITDA	5,764	6,206	13,144	13,932

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.

RESULTS OF OPERATIONS

Revenues

For the quarter ended June 30, 2013, DATA Group recorded revenues of \$77.8 million, a decrease of \$4.8 million or 5.8% compared with the same period in 2012. The decrease, before intersegment revenues, was the result of a \$4.6 million decrease in the DATA East and West segment and a \$0.2 million decrease in the Multiple Pakfold segment, respectively. For the six months ended June 30, 2013, DATA Group recorded revenues of \$160.7 million, a decrease of \$8.6 million or 5.1% compared with the same period in 2012. The decrease, before intersegment revenues, was the result of an \$8.0 million decrease in the DATA East and West segment and a \$0.6 million decrease in the Multiple Pakfold segment, respectively.

Cost of Revenues and Gross Profit

For the quarter ended June 30, 2013, cost of revenues decreased to \$58.1 million from \$61.5 million for the same period in 2012. Gross profit for the quarter ended June 30, 2013 was \$19.8 million, which represented a decrease of \$1.3 million or 6.2% from \$21.1 million for the same period in 2012. The decrease in gross profit for the quarter ended June 30, 2013 was attributable to a gross profit decrease of \$1.2 million in the DATA East and West segment and a gross profit decrease of \$0.1 million in the Multiple Pakfold segment, respectively. Gross profit as a percentage of revenues decreased to 25.4% for the quarter ended June 30, 2013 compared to 25.5% for the same period in 2012. For the six months ended June 30, 2013, cost of revenues decreased to \$119.2 million from \$125.0 million for the same period in 2012. Gross profit for the six months ended June 30, 2013 was \$41.5 million, which represented a decrease of \$2.8 million or 6.3% from \$44.3 million for the same period in 2012. The decrease in gross profit for the six months ended June 30, 2013 was attributable to a gross profit decrease of \$2.6 million in the DATA East and West segment and a gross profit decrease of \$0.2 million in the Multiple Pakfold segment, respectively. Gross profit as a percentage of revenues decreased to 25.8% for the six months ended June 30, 2013 compared to 26.2% for the same period in 2012.

Selling, General and Administrative Expenses and Restructuring Expenses

Selling, general and administrative (“SG&A”) expenses, excluding amortization of intangible assets, for the quarter ended June 30, 2013 decreased \$1.0 million to \$15.3 million compared to \$16.3 million in the same period in 2012. As a percentage of revenues, these costs were 19.7% of revenues for the quarter ended June 30, 2013 compared to 19.7% of revenues for the same period in 2012. For the quarter ended June 30, 2012, DATA Group incurred \$0.3 million of severance expenses. Severance costs for the three months ended June 30, 2012 were included in SG&A and were related to DATA Group’s on-going productivity improvements and cost reduction initiatives. SG&A expenses for the six months ended June 30, 2013 decreased \$2.2 million to \$31.0 million compared to \$33.2 million for the same period of 2012. As a percentage of revenues, these costs were 19.3% of revenues for the six months ended June 30, 2013 compared to 19.6% of revenues for the same period in 2012. The decrease in SG&A expenses for the three and six months ended June 30, 2013 was attributable to realizing the benefit of cost saving initiatives implemented in 2012. For the three and six months ended June 30, 2013, DATA Group incurred restructuring expenses related to headcount reductions and lease exit charges of \$5.2 million and \$6.0 million, respectively, as part of its 2013 restructuring initiatives. The restructuring initiatives included closing facilities in Brockville, Ontario and Anjou, Québec and transferring the operations of FSA from Markham, Ontario to DATA Group’s existing facility in Mississauga, Ontario.

Corporate Conversion Costs

During the six months ended June 30, 2012, DATA Group incurred total professional fees of \$0.1 million related to the conversion of the Fund to a corporation on January 1, 2012.

Adjusted EBITDA

For the quarter ended June 30, 2013, Adjusted EBITDA was \$5.8 million, or 7.4% of revenues. Adjusted EBITDA for the quarter ended June 30, 2013 decreased \$0.4 million or 7.1% from the same period in the prior year due to the continued investment in DATA Group’s growth strategy and a decline in revenues, and was partially offset by cost savings realized as a result of its restructuring initiatives. These costs included SG&A expense related to investments to launch new products and services. The Adjusted EBITDA margin for the quarter, as a percentage of revenues, decreased from 7.5% of revenues in 2012 to 7.4% of revenues in 2013. Adjusted EBITDA for the six months ended June 30, 2013 was \$13.1 million, or 8.2% of revenues. Adjusted EBITDA for the six months ended June 30, 2013 decreased \$0.8 million or 5.7% from the same period in the prior year and the Adjusted EBITDA margin for the six month period, as a percentage of revenues, remained unchanged at 8.2% of revenues in 2013 and in the same period in 2012.

Interest Expense and Finance Costs

Interest expense on long-term debt outstanding under DATA Group’s credit facilities, DATA Group’s outstanding \$45.0 million aggregate principal amount of 6.00% Convertible Unsecured Subordinated Debentures (the “6.00% Convertible Debentures”) and DATA Group’s employee benefit plans was \$1.6 million for the three months ended June 30, 2013 compared to \$1.7 million for the same period in 2012, and was \$3.3 million for the six months ended June 30, 2013 compared to \$3.3 million for the same period in 2012. The decrease in interest expense during the three months ended June 30, 2013 was the result of lower outstanding balances under DATA Group’s credit facilities.

Income Taxes

DATA Group reported a loss before income taxes of \$4.9 million, a current income tax expense of \$0.3 million and a deferred income tax recovery of \$1.5 million for the three months ended June 30, 2013 compared to income before income taxes of \$0.6 million, current income tax expense of \$0.8 million and a deferred income tax recovery of \$0.6 million for the three months ended June 30, 2012. DATA Group reported a loss before income taxes of \$3.7 million, a current income tax expense of \$1.6 million and a deferred income tax recovery of \$2.4 million for the six months ended June 30, 2013 compared to income

before income taxes of \$2.7 million, a current income tax expense of \$2.1 million and a deferred income tax recovery of \$3.4 million for the six months ended June 30, 2012. As a result of the conversion, DATA Group re-measured its deferred tax assets and liabilities at the corporate tax rates applicable to corporations, which are lower than the top marginal tax rate for individuals used by the Fund. In addition, the Fund's conversion option liabilities were reclassified as equity on January 1, 2012 and the associated deferred tax liability was reversed. As a result of these changes, DATA Group recorded a deferred income tax recovery \$2.0 million during the first quarter of 2012.

Net (Loss) Income

Net loss for the quarter ended June 30, 2013 was \$3.7 million compared to a net income of \$0.5 million for the quarter ended June 30, 2012. The decrease in comparable profitability for the quarter ended June 30, 2013 was due to lower gross profit as a result of lower revenues and restructuring expenses. The decrease in comparable profitability was partially offset by lower SG&A expense, lower current income tax expense and a larger deferred income tax recovery.

Net loss for the six months ended June 30, 2013 was \$2.8 million compared to a net income of \$4.0 million for the six months ended June 30, 2012. The decrease in comparable profitability for the six months ended June 30, 2013 was substantially due to lower gross profit as result of lower revenues, restructuring expenses and a larger deferred income tax recovery in 2012. The decrease in comparable profitability during the first half of 2013 was partially offset by lower SG&A expenses and current income tax expense as discussed above.

INVESTING ACTIVITIES

Capital expenditures for the three months ended June 30, 2013 of \$0.3 million related primarily to maintenance capital expenditures. For the six months ended June 30, 2013, DATA Group incurred capital expenditures of \$0.8 million related primarily to maintenance capital expenditures. These capital expenditures were financed by cash flow from operations.

FINANCING ACTIVITIES

During the three and six months ended June 30, 2013, DATA Group repaid \$0.5 million and \$2.5 million, respectively, of its Revolving Bank Facility outstanding. For the three and six months ended June 30, 2013, DATA Group paid aggregate cash dividends of \$1.8 million and \$3.0 million, respectively, on its common shares.

About DATA Group Inc.

DATA Group Inc. is a managed business communications services company specializing in customized document management and marketing solutions. DATA Group develops, manufactures, markets and supports integrated web and print-based communications, information management and direct marketing products and services that help its customers reduce costs, increase revenues, maintain brand consistency and simplify their business processes. DATA Group's expertise and resources enable it to address any document requirement of its customers, from a simple mail-out to an enterprise-wide document management or direct marketing initiative. We have approximately 1,800 employees working from 35 locations across Canada and the United States to accomplish this.

Additional information relating to DATA Group Inc. is available on www.datagroup.ca, and in the disclosure documents filed by DATA Group Inc. on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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All financial information in this press release is presented in Canadian dollars and in accordance with generally accepted accounting principles ("GAAP") measured under International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") for publicly accountable entities, unless otherwise noted. Financial figures presented prior to January 1, 2012 are those of The DATA Group Income Fund, the predecessor to DATA Group Inc.

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 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 DATA Group's current views regarding future events and operating performance, are based on information currently available to DATA Group, 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 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 DATA Group made or took into account in the preparation of these forward-looking statements include the risk that DATA Group may not be successful in growing its business or in managing its organic growth; DATA Group's ability to invest in, develop and successfully market new products and services; competition from competitors supplying similar products and services; DATA Group's ability to grow its sales or even maintain historical levels of its sales of printed business documents; the impact of economic conditions on DATA Group's businesses; risks associated with acquisitions by DATA Group; increases in the costs of paper and other raw materials used by DATA Group; and DATA Group's ability to maintain relationships with its customers. Additional factors are discussed elsewhere in this press release and under the heading "Risks and Uncertainties" in DATA Group's management's discussion and analysis and in DATA Group's other publicly available disclosure documents, as filed by DATA Group on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, DATA Group 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, 2013 means EBITDA adjusted for restructuring expenses. Adjusted EBITDA for the three and six months ended June 30, 2012 means EBITDA adjusted for corporate conversion costs. DATA Group believes that, in addition to net income (loss), EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of DATA Group and its predecessors. EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that neither EBITDA nor Adjusted EBITDA should be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of DATA Group's performance. For a reconciliation of net income (loss) to Adjusted EBITDA, see Table 2 above.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, unaudited)

	June 30, 2013	December 31, 2012
	\$	\$
Assets		
Current assets		
Trade receivables	36,326	41,580
Inventories	39,905	38,085
Prepaid expenses and other current assets	4,695	4,404
Income taxes receivable	634	-
	81,560	84,069
Non-current assets		
Deferred income tax assets	2,788	1,534
Property, plant and equipment	18,470	20,420
Intangible assets	12,919	17,540
Goodwill	101,066	101,066
	216,803	224,629
Liabilities		
Current liabilities		
Bank overdraft	354	1,161
Trade payables	26,662	28,289
Provisions	2,513	308
Income taxes payable	-	1,699
Deferred revenue	9,092	7,586
Dividends payable	1,762	1,273
	40,383	40,316
Non-current liabilities		
Provisions	3,639	867
Revolving bank facility	55,181	57,553
Convertible debentures	42,608	42,311
Deferred income tax liabilities	720	766
Other non-current liabilities	1,039	1,137
Pension obligations	11,433	16,839
Other post-employment benefit plans	2,821	2,726
	157,824	162,515
Equity		
Shareholders' equity		
Shares	215,336	215,336
Conversion options	516	516
Accumulated other comprehensive income	3	1
Deficit	(156,998)	(153,875)
	58,857	61,978
Non-controlling interest		
	122	136
	58,979	62,114
	216,803	224,629

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(in thousands of Canadian dollars, except per share amounts,
unaudited)

	For the three months ended June 30, 2013	For the three months ended June 30, 2012 ⁽¹⁾
	\$	\$
Revenues	77,822	82,608
Cost of revenues	58,066	61,549
Gross profit	19,756	21,059
Expenses		
Selling, commissions and expenses	9,073	9,373
General and administration expenses excluding amortization of intangible assets	6,242	6,927
Restructuring expenses	5,247	-
Amortization of intangible assets	2,311	2,311
	22,873	18,611
(Loss) income before finance costs and income taxes	(3,117)	2,448
Finance costs		
Interest expense	1,635	1,667
Interest income	(6)	(5)
Amortization of transaction costs	147	154
	1,776	1,816
(Loss) income before income taxes	(4,893)	632
Income tax expense (recovery)		
Current	281	804
Deferred	(1,512)	(648)
	(1,231)	156
Net (loss) income for the period	(3,662)	476
Net (loss) income attributable to:		
Common shareholders	(3,652)	496
Non-controlling interest	(10)	(20)
	(3,662)	476
Basic (loss) earnings per share	(0.16)	0.02
Diluted (loss) earnings per share	(0.16)	0.02

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19
Employee Benefits.

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(in thousands of Canadian dollars, except per share amounts, unaudited)

	For the six months ended June 30, 2013	For the six months ended June 30, 2012 ⁽¹⁾
	\$	\$
Revenues	160,685	169,256
Cost of revenues	119,191	124,970
Gross profit	41,494	44,286
Expenses		
Selling, commissions and expenses	18,441	19,159
General and administration expenses excluding amortization of intangible assets	12,560	14,065
Restructuring expenses	6,014	-
Corporate conversion costs	-	84
Amortization of intangible assets	4,621	4,622
	41,636	37,930
(Loss) income before finance costs and income taxes	(142)	6,356
Finance costs		
Interest expense	3,273	3,344
Interest income	(8)	(14)
Amortization of transaction costs	290	306
	3,555	3,636
(Loss) income before income taxes	(3,697)	2,720
Income tax expense (recovery)		
Current	1,553	2,052
Deferred	(2,437)	(3,366)
	(884)	(1,314)
Net (loss) income for the period	(2,813)	4,034
Net (loss) income attributable to:		
Common shareholders	(2,799)	4,062
Non-controlling interest	(14)	(28)
	(2,813)	4,034
Basic (loss) earnings per share	(0.12)	0.17
Diluted (loss) earnings per share	(0.12)	0.17

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands of Canadian dollars, unaudited)

	For the three months ended June 30, 2013	For the three months ended June 30, 2012 ⁽¹⁾
	\$	\$
Net (loss) income for the period	(3,662)	476
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net (loss) income		
Foreign currency translation	1	-
	1	-
Items that will not be reclassified to net (loss) income		
Actuarial gains (losses) on post-employment benefit obligations	3,005	(2,188)
Taxes related to post-employment adjustment above	(788)	578
	2,217	(1,610)
Other comprehensive income (loss) for the period, net of tax	2,218	(1,610)
Comprehensive loss for the period	(1,444)	(1,134)
Comprehensive loss attributable to:		
Common shareholders	(1,434)	(1,114)
Non-controlling interest	(10)	(20)
	(1,444)	(1,134)

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian dollars, unaudited)

	For the six months ended June 30, 2013	For the six months ended June 30, 2012 ⁽¹⁾
	\$	\$
Net (loss) income for the period	(2,813)	4,034
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net (loss) income		
Foreign currency translation	2	-
	2	-
Items that will not be reclassified to net (loss) income		
Deferred income tax recovery on conversion to a corporation	-	406
Actuarial gains (losses) on post-employment benefit obligations	4,337	(2,784)
Taxes related to post-employment adjustment above	(1,137)	730
	3,200	(1,648)
Other comprehensive income (loss) for the period, net of tax	3,202	(1,648)
Comprehensive income for the period	389	2,386
Comprehensive income (loss) attributable to:		
Common shareholders	403	2,414
Non-controlling interest	(14)	(28)
	389	2,386

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars, unaudited)

	Attributable to Shareholders'							Total Equity \$
	Shares \$	Units \$	Conversion options \$	Accumulated other	Deficit \$	Total Shareholders' Equity \$	Non- controlling interest \$	
				comprehensive income \$				
Balance as at December 31, 2011	-	215,336	-	-	(97,973)	117,363	313	117,676
Effect of conversion to a corporation	215,336	(215,336)	516	-	-	516	-	516
	215,336	-	516	-	(97,973)	117,879	313	118,192
Net income (loss) for the period ⁽¹⁾	-	-	-	-	4,062	4,062	(28)	4,034
Other comprehensive loss for the period ⁽¹⁾	-	-	-	-	(1,648)	(1,648)	-	(1,648)
Total comprehensive income (loss) for the period	-	-	-	-	2,414	2,414	(28)	2,386
Acquisition of non-controlling interest	-	-	-	-	121	121	(121)	-
Dividends declared	-	-	-	-	(7,640)	(7,640)	-	(7,640)
Balance as at June 30, 2012	215,336	-	516	-	(103,078)	112,774	164	112,938
Balance as at December 31, 2012	215,336	-	516	1	(153,875)	61,978	136	62,114
Net loss for the period	-	-	-	-	(2,799)	(2,799)	(14)	(2,813)
Other comprehensive income for the period	-	-	-	2	3,200	3,202	-	3,202
Total comprehensive income (loss) for the period	-	-	-	2	401	403	(14)	389
Dividends declared	-	-	-	-	(3,524)	(3,524)	-	(3,524)
Balance as at June 30, 2013	215,336	-	516	3	(156,998)	58,857	122	58,979

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)

	For the three months ended June 30, 2013 \$	For the three months ended June 30, 2012 ⁽¹⁾ \$
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(3,662)	476
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	1,323	1,447
Amortization of intangible assets	2,311	2,311
Pension expense	236	234
Loss (gain) on disposal of property, plant and equipment	65	(2)
Provisions	5,247	291
Amortization of transaction costs	147	154
Accretion of convertible debentures	74	75
Other non-current liabilities	(95)	(76)
Other post-employment benefit plans, net	45	65
Income tax (recovery) expense	(1,231)	156
	4,460	5,131
Changes in working capital	882	2,635
Contributions made to pension plans	(782)	(770)
Provisions paid	(716)	(289)
Income taxes paid	(1,073)	(1,350)
	2,771	5,357
Investing activities		
Purchase of property, plant and equipment	(343)	(667)
Proceeds on disposal of property, plant and equipment	75	7
	(268)	(660)
Financing activities		
Repayment of revolving bank facility	(500)	(1,500)
Finance costs	(11)	(10)
Finance lease payments	(3)	-
Dividends or distributions paid	(1,762)	(3,820)
	(2,276)	(5,330)
Increase (decrease) in (bank overdraft) cash and cash equivalents during the period	227	(633)
(Bank overdraft) cash and cash equivalents – beginning of period	(583)	223
Effects of foreign exchange on cash balances	2	-
Bank overdraft – end of period	(354)	(410)

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)

	For the six months ended June 30, 2013 \$	For the six months ended June 30, 2012 ⁽¹⁾ \$
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(2,813)	4,034
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	2,651	2,870
Amortization of intangible assets	4,621	4,622
Pension expense	472	468
Loss (gain) on disposal of property, plant and equipment	122	(1)
Provisions	6,014	436
Amortization of transaction costs	290	306
Accretion of convertible debentures	147	149
Other non-current liabilities	(175)	(123)
Other post-employment benefit plans, net	95	132
Income tax recovery	(884)	(1,314)
	10,540	11,579
Changes in working capital	2,982	916
Contributions made to pension plans	(1,541)	(1,545)
Provisions paid	(1,037)	(498)
Income taxes paid	(3,886)	(3,254)
	7,058	7,198
Investing activities		
Purchase of property, plant and equipment	(807)	(959)
Purchase of intangible assets	-	(415)
Proceeds on disposal of property, plant and equipment	101	7
	(706)	(1,367)
Financing activities		
Repayment of revolving bank facility	(2,500)	(2,500)
Finance costs	(12)	(148)
Finance lease payments	(3)	-
Dividends or distributions paid	(3,035)	(7,639)
	(5,550)	(10,287)
Increase (decrease) in (bank overdraft) cash and cash equivalents during the period	802	(4,456)
(Bank overdraft) cash and cash equivalents – beginning of period	(1,161)	4,046
Effects of foreign exchange on cash balances	5	-
Bank overdraft – end of period	(354)	(410)

(1) Prior-period amounts have been revised to reflect the retrospective application of amendments to IAS 19 *Employee Benefits*.