



For Immediate Release

DATA GROUP INC. ANNOUNCES FULL YEAR AND FOURTH QUARTER RESULTS FOR 2012

HIGHLIGHTS

Full Year 2012

- Revenues of \$336.3 million, Gross Profit of \$87.2 million, and Net Loss of \$37.1 million (**DUE TO A NON-CASH GOODWILL IMPAIRMENT CHARGE OF \$44.0 MILLION**)
- Full Year Dividends declared of \$15.3 million or \$0.65 per share
- Full Year Adjusted EBITDA of \$28.7 million (See Table 2 and “Non-GAAP Measures” below)

Q4 2012

- Revenues of \$86.9 million, Gross Profit of \$23.2 million, and Net Loss of \$41.6 million (**DUE TO A NON-CASH GOODWILL IMPAIRMENT CHARGE OF \$44.0 MILLION**)
- Q4 Dividends declared of \$3.8 million or \$0.162 per share
- Q4 Adjusted EBITDA of \$9.1 million (See Table 2 and “Non-GAAP Measures” below)

Brampton, Ontario – March 6, 2013 – DATA Group Inc. (TSX: DGI) (“DATA Group”) announced its financial and operating results for the fourth quarter (“Q4”) and the year ended December 31, 2012, which include the operating results of its subsidiaries DATA Group Ltd., The Fulfillment Solutions Advantage Inc. (“FSA”) and FSA Datalytics Canada Inc. (“Datalytics”).

“DATA Group made strong progress on our growth strategy in the fourth quarter. Our Q4 2012 Adjusted EBITDA was ahead of the fourth quarter 2011 by 5.1% as we signed significant new client agreements, launched two important new products and initiated a new program to accelerate our rate of cost saving reductions in 2013 and beyond. We incurred a net loss during the quarter and year to date due to a change in the valuation of our goodwill in Q4. This was a non-cash adjustment which does not impact current or future cash flows and more closely aligns our book value per share with our current market value per share” said Michael Suksi, President and Chief Executive Officer. “During the fourth quarter, we announced a change in our dividend policy effective January 1, 2013, which improves the allocation of our available cash among dividends on our common shares, our debt reduction plans and investment in our growth initiatives. Consistent with that announcement, in a separate press release issued this morning we confirmed a quarterly dividend of \$0.075 per share (\$0.30 annualized) payable on April 15, 2013 to holders of record on March 28, 2013. As evidence of the sustainability of our dividend, if we had paid the \$0.075 per share in Q4 of 2012, we would have had a 30.5% payout of free cash flow. Based on our current business outlook, we expect to continue with this dividend per share rate for the balance of 2013, while also continuing to reduce our debt and invest in new revenue generating activities. We believe this strategy will position DATA Group for sustainable profit growth, enterprise value appreciation and a consistent dividend payout to our shareholders over the longer term.”

DATA Group continues to expand its capabilities with new electronic communications oriented solutions, in order to position the company for sustainable, long term growth. The company's growth strategy is to meet its client's evolving requirements by bundling its new e-communication services with its traditional print services into a single, holistic communications management solution. Clients will enter into multi-year outsourcing contracts with DATA Group for this bundled solution. DATA Group refers to this set of services as Managed Business Communications Services. This growth strategy also includes selectively expanding into the United States with its existing clients who have U.S. operations and making acquisitions that accelerate our expansion into new products and services. DATA Group is also focused on continuously reducing costs in its traditional business in order to offset investment in its growth strategy and to improve profitability. DATA Group believes this strategy provides it with substantial opportunities to offset revenue declines in traditional print services due to technological change, resulting in revenue and profitability growth through expanded market share in its traditional business and from new revenue streams. DATA Group remains focused on the successful, ongoing execution of this plan in a prudent, well managed fashion, balancing its investment in the growth plan with its financial strategy.

During the fourth quarter and throughout 2012, DATA Group made material progress on this strategy. Revenues and gross profit both grew during the year. Adjusted EBITDA for the year was down due to our investment in our growth strategy but increased in the fourth quarter by 5.1%. The growth in revenues and gross profit was due to increased new business wins and the acquisition of FSA and Datalytics late in 2011. DATA Group also won a number of new customer agreements that will take material effect in 2013, in which its bundled Managed Business Communications Services ("MBCS") played a key role. More specifically, DATA Group recently signed a letter of intent for one of the largest single source, multi-year, customer agreements in its history. This is an expansion of a current agreement with a significant client, and includes management and provision of administrative documents as well as marketing print and communications services in Canada and the U.S. The new agreement took effect in December of 2012 and has required DATA Group to make modest investments in people and technology throughout the fourth quarter, including the establishment of operations in Niles, Illinois. Two additional significant new agreements, based on the MBCS approach will begin in the first half of 2013. Partially offsetting this, DATA Group experienced some losses of business during the fourth quarter due to technological change and competitive activity, which will take effect in 2013. DATA Group expects the net impact of these wins and losses will be positive to revenues and Adjusted EBITDA in the future.

DATA Group launched two new technology-oriented services in the fourth quarter of 2012. Marketing Campaign Management, a software-based service enhances the effectiveness of our client's marketing departments by creating collaborative, automated workflows between the clients' marketing staff, their agencies and fulfillment of the campaign by DATA Group. This results in faster and more effective marketing campaign planning, creative design, execution and reporting on results. DATA Group also launched Document Process Management ("DPM") services. Rather than just managing the supply of "blank" (or uncompleted) documents which the DATA Group currently does, DPM enables DATA Group to provide services associated with completing and using documents, such as workflow consulting and process automation, scanning and archiving of documents and related data extraction.

In the fourth quarter of 2012, DATA Group achieved approximately \$2.0 million in cost saving efficiencies. In 2012, DATA Group generated approximately \$5.3 million in cost savings, which is similar to what we have achieved in the previous two years. DATA Group is now initiating a new program that it believes will increase our rate of cost savings in the future.

As previously announced, DATA Group made a change to its dividend policy in November of 2012, which took effect in January of 2013. Our annualized dividend is now \$0.30 per share and will be paid on a quarterly basis. In 2013, we expect to maintain a consistent common share dividend through a 40%-60% payout of free cash flow. We believe this change is a prudent decision that will help us achieve sustainable growth and value for our investors by enabling us to achieve an improved balance between our dividend policy, our debt reduction goals and investment in our growth initiatives.

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

Consolidated Financial Information

For the periods ended December 31, 2012 and 2011 <i>(in thousands of Canadian dollars, except per share/unit amounts, unaudited)</i>	Oct. 1 to Dec. 31, 2012	Oct. 1 to Dec. 31, 2011	Jan. 1 to Dec. 31, 2012	Jan. 1 to Dec. 31, 2011
	\$	\$	\$	\$
Revenues	86,915	89,798	336,315	332,043
Cost of revenues	63,743	67,285	249,143	248,633
Gross profit	23,172	22,513	87,172	83,410
Selling, general and administrative expenses	15,528	15,474	64,225	58,780
Gain on settlement of pension plan	(243)	-	(243)	-
Impairment of goodwill	44,000	-	44,000	-
Corporate conversion costs	-	148	84	585
Acquisition costs	-	410	-	410
Amortization of intangible assets	2,310	2,578	9,242	10,275
(Loss) income before finance costs and income taxes	(38,423)	3,903	(30,136)	13,360
Finance costs				
Interest expense	1,464	1,486	5,882	5,662
Interest income	-	(8)	(15)	(74)
Change in fair value of conversion options	-	442	-	(738)
Amortization of transaction costs	157	133	617	526
	1,621	2,053	6,484	5,376
(Loss) income before income taxes	(40,044)	1,850	(36,620)	7,984
Income tax expense (recovery)				
Current	1,452	465	4,220	1,836
Deferred	119	157	(3,712)	765
	1,571	622	508	2,601
Net (loss) income for the period	(41,615)	1,228	(37,128)	5,383
Net (loss) income attributable to shareholders/unitholders	(41,609)	1,265	(37,072)	5,420
Basic and diluted (loss) income per share/unit	(1.77)	0.05	(1.58)	0.23
Number of common shares/units outstanding	23,490,592	23,490,592	23,490,592	23,490,592

Consolidated Statements of Financial Position Information <i>(in thousands of Canadian dollars, unaudited)</i>	As at Dec. 31, 2012	As at Dec. 31, 2011
	\$	\$
Current assets	84,069	93,170
Current liabilities	40,316	44,874
Total assets	224,629	289,773
Total non-current liabilities	122,199	127,223
Shareholders' equity	61,978	-
Unitholders' equity	-	117,363
Non-controlling interest	136	313
Total equity	62,114	117,676

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 December 31, 2012 and 2011 <i>(in thousands of Canadian dollars, unaudited)</i>	Oct. 1 to Dec. 31, 2012 \$	Oct. 1 to Dec. 31, 2011 \$	Jan. 1 to Dec. 31, 2012 \$	Jan. 1 to Dec. 31, 2011 \$
Net (loss) income for the period	(41,615)	1,228	(37,128)	5,383
Interest expense	1,464	1,486	5,882	5,662
Interest income	-	(8)	(15)	(74)
Change in fair value of conversion options	-	442	-	(738)
Amortization of transaction costs	157	133	617	526
Depreciation of property, plant and equipment	1,407	1,570	5,727	5,752
Amortization of intangible assets	2,310	2,578	9,242	10,275
Gain on settlement of pension plan	(243)	-	(243)	-
Impairment of goodwill	44,000	-	44,000	-
Corporate conversion costs	-	148	84	585
Acquisition costs	-	410	-	410
Current income tax expense	1,452	465	4,220	1,836
Deferred income tax (recovery) expense	119	157	(3,712)	765
Adjusted EBITDA	9,051	8,609	28,674	30,382

RESULTS OF OPERATIONS

Revenues

For the quarter ended December 31, 2012, DATA Group recorded revenues of \$86.9 million, a decrease of \$2.9 million or 3.2% compared with the same period in 2011. The net decrease, before intersegment revenues, was the result of a \$3.2 million decrease in the DATA East and West segment and was offset by a \$0.3 million increase in the Multiple Pakfold segment. The decrease in revenues in the DATA East and West segment was due to declines in revenues from existing customers and partially offset by revenue gains from new business wins. During the fourth quarter of 2012, the segment began operations and shipping from its Niles, Illinois facility servicing a large financial institution. The increase in revenues in the Multiple Pakfold segment was attributable to market share growth as a result of implementing a targeted accounts program and an improvement in successful quoting activity. For the year ended December 31, 2012, DATA Group recorded revenues of \$336.3 million, an increase of \$4.3 million or 1.3% compared with the same period in 2011. The increase, before intersegment revenues, was the result of a \$4.1 million increase in the DATA East and West segment and a \$0.1 million increase in the Multiple Pakfold segment. The increase in revenues in the DATA East and West segment was due to the inclusion of the results of operations of FSA and Datalytics for the full year and revenue gains from new business wins. The increase in revenues was partially offset by declines in revenues from commercial printing in Western Canada, revenues from business documents in Ontario were lower due to several large projects for major customers in the prior year which did not repeat and declines in revenues from existing customers due to technological changes.

Cost of Revenues and Gross Profit

For the quarter ended December 31, 2012, cost of revenues decreased to \$63.7 million from \$67.3 million for the same period in 2011. Gross profit for the quarter ended December 31, 2012 was \$23.2 million, which represented an increase of \$0.7 million or 2.9% from \$22.5 million for the same period in 2011. The increase in gross profit for the quarter ended December 31, 2012 was attributable to an increase in gross profit of \$0.5 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 26.7% for the quarter ended December 31, 2012 compared to 25.1% for the same period in 2011. For the year ended December 31, 2012, cost of revenues increased to \$249.1 million from \$248.6 million for the same period in 2011. Gross profit for the year ended December 31, 2012 was \$87.2 million, which represented an increase of \$3.8 million or 4.5% from \$83.4 million for the same period in 2011. The increase in gross profit for the year ended December 31, 2012 was attributable to an increase in gross profit of \$3.7 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 25.9% for the year ended December 31, 2012 compared to 25.1% for the same period in 2011.

Selling, General and Administrative Expenses

Selling, general and administrative (“SG&A”) expenses, including administrative expenses of DATA Group Inc. (the “Corporation”) but excluding amortization of intangible assets, for the quarter ended December 31, 2012 remained unchanged at \$15.5 million compared to the same period in 2011. As a percentage of revenues, these costs were 17.9% of revenues for the quarter ended December 31, 2012 compared to 17.2% of revenues for the same period in 2011. For the quarter ended December 31, 2011, DATA Group incurred \$0.3 million of severance expenses. SG&A expenses for the year ended December 31, 2012 increased \$5.4 million to \$64.2 million compared to \$58.8 million for the same period of 2011. The increase in SG&A expenses for the year ended December 31, 2012 was attributable to the inclusion of FSA and Datalytics in DATA Group’s results of operations and investments to launch new products and services initiatives. As a percentage of revenues, these costs were 19.1% of revenues for the year ended December 31, 2012 compared to 17.7% of revenues for the same period in 2011. For each of the years ended December 31, 2012 and 2011, DATA Group incurred \$0.7 million and \$0.6 million of severance expenses, respectively. Those severance costs were included in SG&A and were related productivity improvements and cost reduction initiatives.

Gain On Settlement of Pension Plan, Corporate Conversion Costs and Other

During the quarter ended December 31, 2012, DATA Group recorded a gain of \$0.2 million on the settlement of a pension plan related to the over contribution to the benefit settlement upon finalizing the wind-up of a pension plan. During the quarter ended December 31, 2011, DATA Group incurred total professional fees of \$0.4 million related to the acquisitions of FSA and Datalytics and \$0.1 million related to the conversion to a corporation on January 1, 2012, respectively.

During the year ended December 31, 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 and recorded a gain of \$0.2 million on the settlement of a pension plan related to the over contribution to the benefit settlement upon finalizing the wind-up of a pension plan. During the year ended December 31, 2011, DATA Group incurred total professional fees of \$0.4 million related to the acquisitions of FSA and Datalytics and \$0.6 million related to the conversion to the corporation on January 1, 2012, respectively.

Impairment of Goodwill

During the fourth quarter of 2012, DATA Group performed its annual review for impairment of goodwill by comparing the fair value of each of its reporting segments to the segment’s carrying value on DATA Group’s books. DATA Group determined the fair value of each cash generating unit (“CGU”) by discounting expected future cash flows in accordance with recognized valuation methods. The process of determining those fair values required DATA Group to make a number of estimates and assumptions such as projected future revenues, costs of revenues, operating margins, market conditions well into the future, and discount rates. As a result of that review and market indicators, including the trading price of DATA Group’s common shares, DATA Group concluded that, the fair value of its DATA East and West CGU was less than its carrying value. Accordingly, DATA Group recognized an impairment of goodwill charge of \$44.0 million related to the DATA East and West CGU in 2012.

Adjusted EBITDA

For the quarter ended December 31, 2012, Adjusted EBITDA was \$9.1 million, or 10.4% of revenues. Adjusted EBITDA for the quarter ended December 31, 2012 increased \$0.4 million or 5.1% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, increased from 9.6% of revenues in 2011 to 10.4% of revenues in 2012. The increase was attributable to realized costs savings from the on-going productivity improvement and cost reduction initiatives and higher profit margins related to revenues from FSA and new business wins in each of the DATA Group's reporting segments. Adjusted EBITDA for the year ended December 31, 2012 was \$28.7 million, or 8.5% of revenues. Adjusted EBITDA for the year ended December 31, 2012 decreased \$1.7 million or 5.6% from the same period in the prior year and the Adjusted EBITDA margin for the year ended December 31, 2012, as a percentage of revenues, decreased from 9.2% of revenues in 2011 to 8.5% of revenues in 2012. The decrease was attributable to the cost of DATA Group's investment in its growth strategy in 2012. These costs included SG&A expenses, were related to investments to launch new products and services.

Interest Expense and Finance Costs

Interest expense on long-term debt outstanding under DATA Group's credit facilities and DATA Group's outstanding \$45.0 million aggregate principal amount of 6.00% Convertible Unsecured Subordinated Debentures (the 6.00% Convertible Debentures") was \$1.5 million for the quarters ended December 31, 2012 and 2011 respectively, and was \$5.8 million for the year ended December 31, 2012 compared to \$5.7 million for the same period in 2011. The increase in interest expense during the year ended December 31, 2012 was the result of higher outstanding balances under DATA Group's credit facilities and higher rates of interest charged on those balances during 2012.

Finance costs for the quarter and year ended December 31, 2011 included a charge of \$0.4 million and a recovery \$0.7 million, respectively, related to the change in the fair value of The DATA Group Income Fund's (the "Fund") conversion options. The conversion options were the conversion feature in each of the Fund's outstanding convertible debentures, which was measured at fair value at each reporting date. The Fund's obligations under those convertible debentures were assumed by the Corporation in connection with a plan of arrangement. As a result of the Fund's conversion to a corporation on January 1, 2012, those conversion option liabilities were classified as equity on the financial statements of the Corporation due to the change in the nature of the underlying security to shares from units and are no longer re-measured at fair value at each reporting date.

Income Taxes

DATA Group reported a loss before income taxes of \$40.0 million, a current income tax expense of \$1.5 million and a deferred income tax expense of \$0.1 million for the quarter ended December 31, 2012 compared to income before income taxes of \$1.9 million, a current income tax expense of \$0.5 million and a deferred income tax expense of \$0.2 million for the quarter ended December 31, 2011. DATA Group reported a loss before income taxes of \$36.6 million, a current income tax expense of \$4.2 million and a deferred income tax recovery of \$3.7 million for the year ended December 31, 2012 compared to income before income taxes of \$8.0 million, a current income tax expense of \$1.8 million and a deferred income tax expense of \$0.8 million for the year ended December 31, 2011. The current tax expense for the quarter and year ended December 31, 2012 were higher than the same periods in 2011 due to the Fund's conversion to a corporation, which resulted in higher taxable income for the quarter and year ended December 31, 2012, respectively. The deferred income tax expense was due to a change in estimates of future reversals of temporary differences and new temporary differences that arose during the quarter ended December 31, 2012. The deferred income tax recovery was due to the conversion, a change in estimates of future reversals of temporary differences and new temporary differences that arose during the year ended December 31, 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 asset was reversed. As a result of these changes, DATA Group recorded a deferred income tax recovery \$1.4 million during the first quarter of 2012.

Net (Loss) Income

Net loss for the quarter ended December 31, 2012 was \$41.6 million compared to a net income of \$1.2 million for the quarter ended December 31, 2011. The decrease in comparable profitability for the quarter ended December 31, 2012 was substantially due to a goodwill impairment charge and higher current income tax expense. The decrease in profitability was partially offset by higher gross profit in 2012, a gain on the settlement of a pension plan, lower corporate conversion costs and acquisition costs that did not re-occur in 2012.

Net loss for the year ended December 31, 2012 was \$37.1 million compared to a net income of \$5.4 million for the year ended December 31, 2011. The decrease in comparable profitability for the year ended December 31, 2012 was substantially due to a goodwill impairment charge, higher SG&A expenses, a large recovery related to the change in the fair value of the conversion options in the Fund's outstanding convertible debentures in 2011, and a higher current income tax expense as discussed above. The decrease in comparable profitability was partially offset by higher gross profit, the acquisition of FSA and Datalytics, a gain on the settlement of a pension plan, acquisition costs during 2011 and the deferred income tax recovery due to the change in estimate of future reversals of temporary differences, new temporary differences that arose during the period and the conversion of the Fund to a corporation.

INVESTING ACTIVITIES

Capital expenditures for the quarter ended December 31, 2012 of \$0.4 million related primarily to maintenance capital expenditures. For the year ended December 31, 2012, DATA Group incurred capital expenditures of \$2.0 million related primarily to maintenance capital expenditures and an investment in intangible assets of \$0.4 million related to the software licences. These capital expenditures were financed by cash flow from operations and existing cash resources.

FINANCING ACTIVITIES

At December 31, 2012, DATA Group had a bank overdraft of \$1.2 million, which consisted of outstanding cheques of \$2.5 million offset by cash and cash equivalents of \$1.3 million. During the year ended December 31, 2012, DATA Group repaid \$2.5 million of its Revolving Bank Facility outstanding. For the quarter and year ended December 31, 2012, DATA Group paid aggregate cash dividends of \$3.8 million and \$14.0 million, respectively, to its shareholders. For the year ended December 31, 2012, DATA Group paid aggregate cash distributions of \$1.3 million to holders of the common shares of DATA Group (formerly unitholders of the Fund).

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 process. 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 over 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.

-- 30 --

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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 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 months ended December 31, 2012 means EBITDA adjusted for a gain on the settlement of a pension plan and a goodwill impairment charge. Adjusted EBITDA for the three months ended December 31, 2011 means EBITDA adjusted for acquisition and corporate conversion costs. Adjusted EBITDA for the year ended December 31, 2012 means EBITDA adjusted for corporate conversion costs, a gain on the settlement of a pension plan and a goodwill impairment charge. Adjusted EBITDA for the year ended December 31, 2011 means EBITDA adjusted for acquisition and 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)

	December 31, 2012	December 31, 2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	-	4,046
Trade receivables	41,580	43,647
Inventories	38,085	40,786
Prepaid expenses and other current assets	4,404	4,691
	84,069	93,170
Non-current assets		
Deferred income tax assets	1,534	887
Property, plant and equipment	20,420	24,149
Intangible assets	17,540	26,367
Goodwill	101,066	145,200
	224,629	289,773
Liabilities		
Current liabilities		
Bank overdraft	1,161	-
Trade payables	28,289	32,280
Provisions	308	349
Income taxes payable	1,699	1,933
Deferred revenue	7,586	9,039
Dividends/distributions payable	1,273	1,273
	40,316	44,874
Non-current liabilities		
Provisions	867	1,069
Revolving bank facility	57,553	60,123
Convertible debentures	42,311	42,229
Deferred income tax liabilities	766	5,686
Other non-current liabilities	1,137	1,548
Pension obligations	16,839	14,043
Other post-employment benefit plans	2,726	2,525
	162,515	172,097
Equity		
Shareholders' equity		
Shares	215,336	-
Units	-	215,336
Conversion options	516	-
Foreign currency translation reserve	1	-
Deficit	(153,875)	(97,973)
	61,978	117,363
Non-controlling interest		
	136	313
	62,114	117,676
	224,629	289,773

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

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

	For the three months ended December 31, 2012 \$	For the three months ended December 31, 2011 \$
Revenues	86,915	89,798
Cost of revenues	63,743	67,285
Gross profit	23,172	22,513
Expenses		
Selling, commissions and expenses	9,332	9,182
General and administration expenses excluding amortization of intangible assets	6,196	6,292
Gain on settlement of pension plan	(243)	-
Impairment of goodwill	44,000	-
Acquisition costs	-	410
Corporate conversion costs	-	148
Amortization of intangible assets	2,310	2,578
	61,595	18,610
(Loss) income before finance costs and income taxes	(38,423)	3,903
Finance costs		
Interest expense	1,464	1,486
Interest income	-	(8)
Change in fair value of conversion options	-	442
Amortization of transaction costs	157	133
	1,621	2,053
(Loss) income before income taxes	(40,044)	1,850
Income tax expense (recovery)		
Current	1,452	465
Deferred	119	157
	1,571	622
Net (loss) income for the period	(41,615)	1,228
Other comprehensive income		
Actuarial gains on post-employment benefit obligations	1,076	2,039
Taxes related to post-employment adjustment above	(282)	(913)
Foreign currency translation	1	-
	795	1,126
Comprehensive (loss) income for the period	(40,820)	2,354
<i>ATTRIBUTABLE TO</i>		
SHAREHOLDERS' or UNITHOLDERS'		
Net (loss) income	(41,609)	1,265
Other comprehensive income (loss)	795	1,126
<i>Comprehensive income (loss) for the period</i>	(40,814)	2,391
NON-CONTROLLING INTEREST		
Net loss	(6)	(37)
Other comprehensive income (loss)	-	-
<i>Comprehensive loss for the period</i>	(6)	(37)
Basic (loss) income per share/unit	(1.77)	0.05
Diluted (loss) income per share/unit	(1.77)	0.05

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

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

	For the year ended December 31, 2012	For the year ended December 31, 2011
	\$	\$
Revenues	336,315	332,043
Cost of revenues	249,143	248,633
Gross profit	87,172	83,410
Expenses		
Selling, commissions and expenses	37,317	34,861
General and administration expenses excluding amortization of intangible assets	26,908	23,919
Gain on settlement of pension plan	(243)	-
Impairment of goodwill	44,000	-
Corporate conversion costs	84	585
Acquisition costs	-	410
Amortization of intangible assets	9,242	10,275
	117,308	70,050
(Loss) income before finance costs and income taxes	(30,136)	13,360
Finance costs		
Interest expense	5,882	5,662
Interest income	(15)	(74)
Change in fair value of conversion options	-	(738)
Amortization of transaction costs	617	526
	6,484	5,376
(Loss) income before income taxes	(36,620)	7,984
Income tax expense (recovery)		
Current	4,220	1,836
Deferred	(3,712)	765
	508	2,601
Net (loss) income for the year	(37,128)	5,383
Other comprehensive (loss) income		
Deferred income tax recovery on conversion to a corporation	406	-
Actuarial losses on post-employment benefit obligations	(5,528)	(1,597)
Taxes related to post-employment adjustment above	1,449	716
Foreign currency translation	1	-
	(3,672)	(881)
Comprehensive (loss) income for the year	(40,800)	4,502
<i>ATTRIBUTABLE TO</i> SHAREHOLDERS' or UNITHOLDERS'		
Net (loss) income	(37,072)	5,420
Other comprehensive loss	(3,672)	(881)
<i>Comprehensive (loss) income for the year</i>	(40,744)	4,539
NON-CONTROLLING INTERESTS		
Net loss	(56)	(37)
Other comprehensive income (loss)	-	-
<i>Comprehensive loss for the year</i>	(56)	(37)
Basic (loss) income per share/unit	(1.58)	0.23
Diluted (loss) income per share/unit	(1.58)	0.23

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(in thousands of Canadian dollars, unaudited)</i>	Attributable to Shareholders'							
	Shares	Units	Conversion options	Foreign currency translation reserve	Deficit	Total Shareholders' Equity	Non- controlling interest	Total Equity
Balance as at December 31, 2010	-	215,336	-	-	(87,234)	128,102	-	128,102
Net income (loss) for the year	-	-	-	-	5,420	5,420	(37)	5,383
Other comprehensive loss for the year	-	-	-	-	(881)	(881)	-	(881)
Total comprehensive income (loss) for the year	-	-	-	-	4,539	4,539	(37)	4,502
Acquisition of business	-	-	-	-	-	-	350	350
Distributions declared	-	-	-	-	(15,278)	(15,278)	-	(15,278)
Balance as at December 31, 2011	-	215,336	-	-	(97,973)	117,363	313	117,676
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 loss for the year	-	-	-	-	(37,072)	(37,072)	(56)	(37,128)
Other comprehensive (loss) income for the year	-	-	-	1	(3,673)	(3,672)	-	(3,672)
Total comprehensive (loss) income for the year	-	-	-	1	(40,745)	(40,744)	(56)	(40,800)
Acquisition of non-controlling interest	-	-	-	-	121	121	(121)	-
Dividends declared	-	-	-	-	(15,278)	(15,278)	-	(15,278)
Balance as at December 31, 2012	215,336	-	516	1	(153,875)	61,978	136	62,114

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)

	For the three months ended December 31, 2012	For the three months ended December 31, 2011
	\$	\$
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(41,615)	1,228
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	1,407	1,570
Amortization of intangible assets	2,310	2,578
Pension expense and gain on settlement of pension plan	(159)	42
Gain on disposal of property, plant and equipment	(9)	(31)
Change in provisions	(191)	(188)
Impairment of goodwill	44,000	-
Change in fair value of conversion options	-	442
Amortization of transaction costs	157	133
Accretion of convertible debentures	75	75
Other non-current liabilities	(215)	(27)
Other post-employment benefit plans, net	(136)	(113)
Income tax expense	1,571	622
	7,195	6,331
Changes in working capital	(843)	3,141
Contributions made to pension plans, net	(468)	(897)
Income taxes paid	(537)	(13)
	5,347	8,562
Investing activities		
Purchase of property, plant and equipment	(416)	(841)
Proceeds on disposal of property, plant and equipment	12	53
Acquisition of businesses, net of cash acquired of \$58	-	(12,181)
	(404)	(12,969)
Financing activities		
Proceeds from revolving bank facility	-	5,500
Finance costs	(240)	(5)
Dividends or distributions paid	(3,819)	(3,819)
	(4,059)	1,676
Increase (decrease) in (bank overdraft) cash and cash equivalents		
during the period	884	(2,731)
(Bank overdraft) cash and cash equivalents – beginning of period	(2,045)	6,777
(Bank overdraft) cash and cash equivalents – end of period	(1,161)	4,046

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)

	For the year ended December 31, 2012	For the year ended December 31, 2011
	\$	\$
Cash provided by (used in)		
Operating activities		
Net (loss) income for the year	(37,128)	5,383
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	5,727	5,752
Amortization of intangible assets	9,242	10,275
Pension expense and gain on settlement of pension plan	165	413
Loss on disposal of property, plant and equipment	6	4
Impairment of goodwill	44,000	-
Change in provisions	(243)	(561)
Change in fair value of conversion options	-	(738)
Amortization of transaction costs	617	526
Accretion of convertible debentures	299	298
Other non-current liabilities	(411)	(87)
Other post-employment benefit plans, net	63	(2)
Income tax expense	508	2,601
	22,845	23,864
Changes in working capital	(254)	(662)
Contributions made to pension plans, net	(2,759)	(3,051)
Income taxes paid	(4,454)	(13)
	15,378	20,138
Investing activities		
Purchase of property, plant and equipment	(2,028)	(2,167)
Purchase of intangible assets	(415)	-
Proceeds on disposal of property, plant and equipment	24	53
Acquisition of businesses, net of cash acquired of \$58	-	(12,181)
	(2,419)	(14,295)
Financing activities		
(Repayment of) proceeds from revolving bank facility	(2,500)	5,500
Financing costs	(388)	(14)
Dividends or distributions paid	(15,278)	(15,278)
	(18,166)	(9,792)
Decrease in cash and cash equivalents during the year	(5,207)	(3,949)
Cash and cash equivalents – beginning of year	4,046	7,995
(Bank overdraft) cash and cash equivalents – end of year	(1,161)	4,046