For Immediate Release

DATA GROUP LTD. ANNOUNCES THIRD QUARTER FINANCIAL RESULTS FOR 2015

THIRD QUARTER HIGHLIGHTS

- Third quarter 2015 ("Q3") Adjusted Net Income of $2.5 million, an increase of $0.5 million compared to the prior comparative period and Q3 Adjusted EPS of $0.11 compared to $0.09 in the prior comparative period (See Table 3 and "Non-GAAP Measures" below)
- Q3 Net Loss of $1.8 million, including restructuring expenses of $5.8 million compared to net income of $1.8 million, including restructuring expenses of $0.3 million in the prior comparative period
- Q3 Adjusted EBITDA of $6.6 million, an increase of 7.7% year over year (See Table 2 and "Non-GAAP Measures" below)
- Q3 Revenues of $74.1 million, a decrease of 5.1% year over year
- Substantially completed operational changes announced following the Second Quarter
- Progress on refinancing senior credit facility
- Redemption of $33.5 million 6.00% convertible unsecured subordinated debentures for shares

Brampton, Ontario – November 12, 2015 – DATA Group Ltd. (TSX: DGI) ("DATA Group") announced its consolidated financial results for the third quarter and the nine months ended September 30, 2015.

"In the third quarter, we started to see the positive impact in our financial results of the substantial headcount and plant rationalizations we announced with our second quarter results in August", said Michael G. Sifton, President and Chief Executive Officer of DATA Group. "The impact of lower direct and indirect labour costs together with improved utilization rates at our key plants contributed positively to improved gross margins, despite lower levels of revenue compared to the third quarter of last year. In addition, our Adjusted EBITDA margin for the quarter benefited from headcount reduction and other savings initiatives we implemented across our selling, general and administrative functions. We expect to see additional benefits from our operational initiatives in the fourth quarter."

Mr. Sifton added “During the third quarter we substantially completed the restructuring initiatives we announced with our second quarter results. Our total headcount now stands at 1,435, a reduction of 205 employees since December 31, 2014. We are now experiencing significantly higher capacity utilization rates across our six key “centres of excellence”. While we will continue to carefully manage our operations, we are turning our efforts to stabilizing our revenue, including a renewed focus on core vertical markets where we have a strong competitive advantage and where we see opportunities for improved product margin together with growth opportunities.”

To support its efforts to stabilize and grow revenue, DATA Group has been developing a renewed strategic plan, customer value story and marketplace identity. While much of this work is expected to be more broadly revealed in the first quarter of 2016, the process has been significantly wider and deeper than in recent years and will focus the company more closely on solving the challenges that customers and prospects experience every day. DATA Group expects that this renewed strategic focus will better position the company to invest in the right products, technology and people to deliver on evolving customer needs and drive top-line revenue growth in the future.

In connection with its capital structure review, DATA Group has considered a number of proposals to refinance its senior credit facilities which mature in August 2016, and is now in advanced discussions with potential arm's length lenders regarding proposed financing arrangements which would provide sufficient funding to refinance DATA Group’s current senior credit facilities indebtedness. While DATA Group remains confident in its ability to refinance its senior credit facilities, the current proposals are subject to final commitments, final due diligence, finalization of inter-creditor agreements and other customary closing conditions. There is no assurance that any such proposal will result in any transaction being entered into or consummated with the new lenders or DATA Group’s senior indebtedness being fully retired.

In a separate press release issued today, DATA Group announced its plans to redeem approximately 75% or $33.5 million of its outstanding convertible unsecured subordinated debentures and issue common shares to satisfy the redemption price and also provided an update on its capital structure review, including senior credit facility refinancing proposals.

DATA Group recorded restructuring expenses of $5.8 million for the quarter ended September 30, 2015, and a total of $12.0 million for the nine months ended September 30, 2015 compared to an aggregate of $2.0 million for the comparable nine month period in the prior year. DATA Group presently expects to incur additional restructuring expenses of approximately $1.0 million to $2.0 million in the fourth quarter of 2015. These charges are expected to consist primarily of lease exit charges and, to a lesser extent, severance costs associated with headcount reductions.

RESULTS OF OPERATIONS

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.

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

For the periods ended September 30, 2015 and 2014	**July 1 to Sept. 30, 2015**	**July 1 to Sept. 30, 2014**	**Jan. 1 to Sept. 30, 2015**	**Jan. 1 to Sept. 30, 2014**
(in thousands of Canadian dollars, except per share amounts, unaudited)	**$**	**$**	**$**	**$**
Revenues	74,116	78,128	223,565	232,804
Cost of revenues	55,730	58,900	172,268	176,936
Gross profit	18,386	19,228	51,297	55,868
Selling, general and administrative expenses	12,952	14,272	42,136	43,359
Restructuring expenses	5,756	301	12,015	2,035
Impairment of goodwill	—	—	26,000	—
Gain on cancellation of convertible debentures	—	(60)	—	(60)
Amortization of intangible assets	487	479	1,445	1,437
(Loss) income before finance costs and income taxes	(809)	4,236	(30,299)	9,097
Finance costs				
Interest expense	1,481	1,550	4,229	4,638
Interest income	(3)	(6)	(10)	(15)
Amortization of transaction costs	135	137	305	416
	1,613	1,681	4,524	5,039
(Loss) income before income taxes	(2,422)	2,555	(34,823)	4,058
Income tax expense (recovery)				
Current	167	33	250	33
Deferred	(826)	673	(2,496)	1,126
	(659)	706	(2,246)	1,159
Net (loss) income for the period	(1,763)	1,849	(32,577)	2,899
Net (loss) income attributable to common shareholders	(1,763)	1,849	(32,577)	2,899
Basic and diluted (loss) earnings per share	(0.08)	0.08	(1.39)	0.12
Weighted average number of common shares outstanding	23,490,592	23,490,592	23,490,592	23,490,592

As at September 30, 2015 and December 31, 2014	**As at Sept. 30, 2015**	**As at Dec. 31, 2014**
(in thousands of Canadian dollars, unaudited)	**$**	**$**
Current assets	80,629	83,619
Current liabilities	94,003	46,176
Total assets	138,106	164,977
Total non-current liabilities	57,552	100,388
Shareholders' (deficiency) equity	(13,449)	18,413

Table 2 The following table provides reconciliations of net income (loss) to EBITDA and of net income (loss) to Adjusted EBITDA for the periods noted. See "Non-GAAP Measures".

EBITDA and Adjusted EBITDA Reconciliation

For the periods ended September 30, 2015 and 2014	July 1 to Sept. 30, 2015	July 1 to Sept. 30, 2014	Jan. 1 to Sept. 30, 2015	Jan. 1 to Sept. 30, 2014
(in thousands of Canadian dollars, unaudited)	$	$	$	$
Net (loss) income for the period	(1,763)	1,849	(32,577)	2,899
Interest expense	1,481	1,550	4,229	4,638
Interest income	(3)	(6)	(10)	(15)
Amortization of transaction costs	135	137	305	416
Current income tax (expense)	167	33	250	33
Deferred income tax (recovery) expense	(826)	673	(2,496)	1,126
Depreciation of property, plant and equipment	1,198	1,202	3,572	3,754
Amortization of intangible assets	487	479	1,445	1,437
EBITDA	876	5,917	(25,282)	14,288
Restructuring expenses	5,756	301	12,015	2,035
Impairment of goodwill	—	—	26,000	—
Gain on cancellation of convertible debentures	—	(60)	—	(60)
Adjusted EBITDA	6,632	6,158	12,733	16,263

Table 3 The following table provides a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share for the periods noted. See "Non-GAAP Measures".

Adjusted Net Income (Loss) Reconciliation

For the periods ended September 30, 2015 and 2014	July 1 to Sept. 30, 2015	July 1 to Sept. 30, 2014	Jan. 1 to Sept. 30, 2015	Jan. 1 to Sept. 30, 2014
(in thousands of Canadian dollars, unaudited)	$	$	$	$
Net (loss) income for the period	(1,763)	1,849	(32,577)	2,899
Restructuring expenses	5,756	301	12,015	2,035
Impairment of goodwill	—	—	26,000	—
Gain on cancellation of convertible debentures	—	(60)	—	(60)
Tax effect of the above adjustments	(1,490)	(62)	(3,111)	(507)
Adjusted net (loss) income	2,503	2,028	2,327	4,367
Adjusted net income (loss) per share, basic and diluted	0.11	0.09	0.11	0.19

Revenues

For the quarter ended September 30, 2015, DATA Group recorded revenues of $74.1 million, a decrease of $4.0 million or 5.1% compared with the same period in 2014. The decrease, before intersegment revenues, was primarily the result of a $3.8 million decrease in the DATA segment and a $0.2 million decrease in the Multiple Pakfold segment. For the nine months ended September 30, 2015, DATA Group recorded revenues of $223.6 million, a decrease of $9.2 million or 4.0% compared with the same period in 2014. The decrease, before intersegment revenues, was the result of a $9.4 million decrease in the

DATA segment and was partially offset by a $0.1 million increase in the Multiple Pakfold segment. The decrease in revenues in the DATA segment during the three and nine months ended September 30, 2015 was primarily due to a reduction in orders from existing customers for print-related products and services, price concessions associated with maintaining existing customer contracts in response to aggressive pricing by DATA Group's competitors supplying similar products and services, reduced demand for printed products generally, non-recurring projects, timing of customer orders and a change in product mix. The decrease in revenues in the Multiple Pakfold segment for the quarter ended September 30, 2015 was primarily due to lower production volumes. The increase in revenues in the Multiple Pakfold segment for the nine months ended September 30, 2015 was primarily due to new business which arose as a result of the bankruptcy of a competitor.

Cost of Revenues and Gross Profit

For the quarter ended September 30, 2015, cost of revenues decreased to $55.7 million from $58.9 million for the same period in 2014. Gross profit for the quarter ended September 30, 2015 was $18.4 million, which represented a decrease of $0.8 million or 4.4% from $19.2 million for the same period in 2014. The decrease in gross profit for the quarter ended September 30, 2015 was attributable to a gross profit decrease of $0.8 million in the DATA segment and a gross profit decrease of $0.1 million in the Multiple Pakfold segment. Gross profit as a percentage of revenues increased to 24.8% for the quarter ended September 30, 2015 compared to 24.6% for the same period in 2014. For the nine months ended September 30, 2015, cost of revenues decreased to $172.3 million from $176.9 million for the same period in 2014. Gross profit for the nine months ended September 30, 2015 was $51.3 million, which represented a decrease of $4.6 million or 8.2% from $55.9 million for the same period in 2014. The decrease in gross profit for the nine months ended September 30, 2015 was attributable to a gross profit decrease of $4.5 million in the DATA segment and a gross profit decrease of $0.1 million in the Multiple Pakfold segment. Gross profit as a percentage of revenues decreased to 22.9% for the nine months ended September 30, 2015 compared to 24.0% for the same period in 2014. The increase in gross profit as a percentage of revenues for the quarter ended September 30, 2015 was due to cost reductions, including lower direct and indirect labour costs from prior cost savings initiatives and improved utilization rates at key plants and positive changes in product mix, which were partially offset by a decrease in revenues and the impact of competitive pricing in the DATA segment. The decrease in gross profit as a percentage of revenues for the nine months ended September 30, 2015 was due to a decrease in revenues, the impact of competitive pricing and changes in product mix, which were partially offset by cost reductions realized from prior cost savings initiatives in the DATA segment. These cost savings included headcount reductions and the renegotiation of agreements for a number of raw material input costs. During the three and nine months ended September 30, 2015, the DATA segment continued its on-going productivity improvement and cost reductions initiatives, which were substantially completed by the end of September 2015 and gave rise to the additional severance costs and restructuring charges noted under “Selling, General and Administrative Expenses” below. The decrease in the gross profit and gross profit as a percentage of revenues in the Multiple Pakfold segment for the three and nine months ended September 30, 2015 was due to lower revenues and was partially offset by benefits realized from cost savings initiatives instituted in 2014 and 2015.

Selling, General and Administrative Expenses and Restructuring Expenses

Selling, general and administrative ("SG&A") expenses, excluding amortization of intangible assets, for the quarter ended September 30, 2015 decreased $1.3 million or 9.2% to $13.0 million compared to $14.3 million in the same period in 2014. As a percentage of revenues, these costs were 17.5% of revenues for the quarter ended September 30, 2015 compared to 18.3% of revenues for the same period in 2014. SG&A expenses, excluding amortization of intangible assets, for the nine months ended September 30, 2015 decreased $1.2 million or 2.8% to $42.1 million compared to $43.4 million for the same period of 2014. As a percentage of revenues, these costs were 18.8% and 18.6% of revenues for the nine month periods ended September 30, 2015 and 2014, respectively. The decrease in SG&A expenses for the three months ended September 30, 2015 was primarily attributable to continued cost savings initiatives implemented in the quarter ended September 30, 2015. The decrease in SG&A expenses for the nine months ended September 30, 2015 was primarily attributable to continued cost savings initiatives implemented in 2015, which particularly impacted SG&A expenses in the quarter ended September 30, 2015, and was partially offset by the write off of leasehold improvements at closed facilities.

For the three and nine months ended September 30, 2015, DATA Group incurred restructuring expenses of $5.8 million and $12.0 million, respectively, related to changes in senior management, headcount reductions across its operations and the closure of certain manufacturing and warehouse locations as part of its 2015 restructuring initiatives. For the three and nine and months ended September 30, 2014, DATA Group incurred restructuring expenses related to headcount reductions of $0.3 million and $2.0 million, respectively, as part of its 2014 restructuring initiatives.

Impairment of Goodwill

During the nine months ended September 30, 2015, impairment indicators, including changes in the revenue trends and profit forecasts and the failure to meet certain financial covenants under its credit facilities, indicated that DATA Group's assets may be impaired. As a result of this new information, DATA Group performed an impairment analysis at June 30, 2015 by comparing the fair value of each cash generating unit ("CGU") to the CGU's carrying value. DATA Group determined the fair value of each 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, DATA Group concluded that the fair value of its DATA CGU was less than its carrying value. Accordingly, DATA Group recorded an impairment of goodwill of $26.0 million related to the DATA CGU during the three month period ended June 30, 2015.

Adjusted EBITDA

For the quarter ended September 30, 2015, Adjusted EBITDA was $6.6 million, or 8.9% of revenues. Adjusted EBITDA for the quarter ended September 30, 2015 increased $0.5 million or 7.7% from the same period in the prior year and the Adjusted EBITDA margin for the quarter, as a percentage of revenues, increased from 7.9% of revenues in 2014 to 8.9% of revenues in 2015. For the nine months ended September 30, 2015, Adjusted EBITDA was $12.7 million, or 5.7% of revenues. Adjusted EBITDA for the nine months ended September 30, 2015 decreased $3.5 million or 21.7% from the same period in the prior year and the Adjusted EBITDA margin for the period, as a percentage of revenues, decreased from 7.0% of revenues in 2014 to 5.7% of revenues in 2015. The increase in Adjusted EBITDA for the quarter ended September 30, 2015 was primarily the result of cost savings realized as a result of prior period restructuring initiatives and positive changes in product mix and was partially offset by a decline in revenues due to the impact of lower production volumes and pricing concessions. The decrease in Adjusted EBITDA for the nine months ended September 30, 2015 was attributable to a decline in revenues primarily attributable to lower production volumes, pricing concessions and changes in product mix, and was partially offset by cost savings realized as a result of prior restructuring initiatives.

Interest Expense

Interest expense, including interest on debt outstanding under DATA Group’s credit facilities, on its outstanding 6.00% Convertible Unsecured Subordinated Debentures (the "6.00% Convertible Debentures"), on certain unfavourable lease obligations related to closed facilities and on DATA Group’s employee benefit plans, was $1.5 million for the quarter ended September 30, 2015 compared to $1.6 million for the same period in 2014, and was $4.2 million for the nine months ended September 30, 2015 compared to $4.6 million for the same period in 2014. Interest expense for the three and nine month periods ended September 30, 2015 was lower than the same periods in the prior year primarily as a result of a reduction in long-term debt outstanding under DATA Group's credit facilities.

Income Taxes

DATA Group reported a loss before income taxes of $2.4 million, a current income tax expense of $0.2 million and a deferred income tax recovery of $0.8 million for the quarter ended September 30, 2015 compared to income before income taxes of $2.6 million and a deferred income tax expense of $0.7 million for the quarter ended September 30, 2014. DATA Group reported a loss before income taxes of $34.8 million, a current income tax expense of $0.3 million and a deferred income tax recovery of $2.5 million for the nine months ended September 30, 2015 compared to income before income taxes of $4.1 million and a deferred income tax expense of $1.1 million for the nine months ended September 30, 2014. The current income tax expense was due to the taxes payable on DATA Group's estimated taxable income for the three and nine month periods ended September 30, 2015. The deferred income tax expense and deferred income tax recovery were due to changes in estimates of future reversals of temporary differences and new temporary differences that arose during the three and nine month periods ended September 30, 2015 and 2014.

Net (Loss) Income

Net loss for the three and nine months ended September 30, 2015 was $1.8 million and $32.6 million, respectively, compared to net income of $1.8 million and $2.9 million, respectively, for the same periods in 2014. The decrease in comparable profitability for the three and nine months ended September 30, 2015 was substantially due to lower gross profit as a result of lower revenues, higher restructuring expenses during the three and nine months ended September 30, 2015 and a goodwill impairment charge during the nine months ended September 30, 2015. The decrease in comparable profitability was partially offset by a deferred income tax recovery during the three and nine months ended September 30, 2015.

Adjusted Net (Loss) Income

Adjusted net income for the three and nine months ended September 30, 2015 was $2.5 million and $2.3 million, respectively, compared to Adjusted net income of $2.0 million and $4.4 million, respectively, for the same periods in 2014. The increase in comparable profitability for the quarter ended September 30, 2015 was substantially due to lower SG&A expenses as the result of cost savings realized as a result of period prior restructuring initiatives and positive changes in product mix and was partially offset by lower gross profit as a result of declines in revenues due to the impact of lower production volumes and price concessions. The decrease in comparable profitability for the nine months ended September 30, 2015 was attributable to lower gross profit as a result of declines in revenues primarily attributable to lower production volumes, pricing concessions and changes in product mix, and was partially offset by lower SG&A expenses attributable to cost savings realized as a result of prior restructuring initiatives.

INVESTING ACTIVITIES

Capital expenditures for the three and nine months ended September 30, 2015 were $0.5 million and $4.0 million, respectively. These capital expenditures, which were financed by cash flow from operations, were related primarily to maintenance capital expenditures and the consolidation of three existing manufacturing facilities into one new manufacturing facility in Calgary, Alberta. The capital expenditures related to the new manufacturing facility in Calgary, Alberta totaled approximately $3.8 million of which approximately $3.2 million was paid during the nine months ended September 30, 2015 and the balance was paid in 2014.

FINANCING ACTIVITIES

During the three and nine months ended September 30, 2015, DATA Group repaid $1.0 million and $3.0 million, respectively, of the principal amount outstanding under its credit facilities.

About DATA Group Ltd.

DATA Group Ltd. 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 1,435 employees working from 26 locations across Canada and the United States to accomplish this.

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

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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 reducing the size of its legacy print business, reducing costs, reducing or refinancing its long-term debt and growing its digital communications business; the risk that DATA Group may not be successful 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 and Adjusted net income (loss) means net income (loss) adjusted for the impact of certain non-cash items and certain items of note on an after-tax basis. Adjusted EBITDA for the three months ended September 30, 2015 means EBITDA adjusted for restructuring expenses. Adjusted EBITDA for the nine months ended September 30, 2015 means EBITDA adjusted for restructuring expenses and goodwill impairment charges. Adjusted EBITDA for the three and nine month periods ended September 30, 2014 means EBITDA adjusted for restructuring expenses and gains on the cancellation of convertible debentures purchased by DATA Group in the market. Adjusted net income (loss) for the three months ended September 30, 2015 means net income (loss) adjusted for restructuring expenses and tax effects of those expenses. Adjusted net income (loss) for the nine months ended September 30, 2015 means net income (loss) adjusted for restructuring expenses, goodwill impairment charges and tax effects of those items. Adjusted net income (loss) for the three and nine month periods ended September 30, 2014 means net income (loss) adjusted for restructuring expenses, gains on the cancellation of convertible debentures purchased by DATA Group in the market and tax effects of those items. Adjusted net income (loss) per share, basic is calculated by dividing Adjusted net income for the period by the weighted average number of shares (basic and diluted) outstanding during the period. DATA Group believes that, in addition to net income (loss), Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are useful supplemental measures in evaluating the performance of DATA Group and its predecessors. Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Adjusted net income (loss), EBITDA, Adjusted EBITDA should not be construed as alternatives 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 EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA, see Table 2 above. For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 3 above.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, unaudited)	**September 30, 2015**	**December 31, 2014**
	$	**$**
Assets		
Current assets		
Cash and cash equivalents	3,153	812
Trade receivables	32,835	37,175
Inventories	39,350	40,045
Prepaid expenses and other current assets	5,291	5,587
	80,629	83,619
Non-current assets		
Deferred income tax assets	3,928	1,508
Property, plant and equipment	15,347	15,523
Pension asset	1,018	—
Intangible assets	6,118	7,261
Goodwill	31,066	57,066
	138,106	164,977
Liabilities		
Current liabilities		
Current portion of Credit facilities	44,037	3,500
Trade payables	31,177	29,061
Provisions	6,937	2,042
Income taxes payable	198	154
Deferred revenue	11,654	11,419
	94,003	46,176
Non-current liabilities		
Provisions	1,519	1,361
Credit facilities	—	43,382
Convertible debentures	43,496	43,222
Deferred income tax liabilities	55	50
Other non-current liabilities	1,127	548
Pension obligations	8,266	8,949
Other post-employment benefit plans	3,089	2,876
	151,555	146,564
(Deficit) Equity		
Shareholders' (deficiency) equity		
Shares	215,336	215,336
Conversion options	513	513
Accumulated other comprehensive income	245	92
Deficit	(229,543)	(197,528)
	(13,449)	18,413
	138,106	164,977

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended September 30, 2015**	**For the three months ended September 30, 2014**
	$	**$**
Revenues	74,116	78,128
Cost of revenues	55,730	58,900
Gross profit	18,386	19,228
Expenses		
Selling, commissions and expenses	7,549	8,589
General and administration expenses excluding amortization of intangible assets	5,403	5,683
Restructuring expenses	5,756	301
Gain on cancellation of convertible debentures	—	(60)
Amortization of intangible assets	487	479
	19,195	14,992
(Loss) income before finance costs and income taxes	(809)	4,236
Finance costs		
Interest expense	1,481	1,550
Interest income	(3)	(6)
Amortization of transaction costs	135	137
	1,613	1,681
(Loss) income before income taxes	(2,422)	2,555
Income tax expense (recovery)		
Current	167	33
Deferred	(826)	673
	(659)	706
Net (loss) income for the period	(1,763)	1,849
Basic (loss) earnings per share	(0.08)	0.08
Diluted (loss) earnings per share	(0.08)	0.08

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the nine months ended September 30, 2015**	**For the nine months ended September 30, 2014**
	$	**$**
Revenues	223,565	232,804
Cost of revenues	172,268	176,936
Gross profit	51,297	55,868
Expenses		
Selling, commissions and expenses	25,347	26,308
General and administration expenses excluding amortization of intangible assets	16,789	17,051
Restructuring expenses	12,015	2,035
Impairment of goodwill	26,000	—
Gain on cancellation of convertible debentures	—	(60)
Amortization of intangible assets	1,445	1,437
	81,596	46,771
(Loss) income before finance costs and income taxes	(30,299)	9,097
Finance costs		
Interest expense	4,229	4,638
Interest income	(10)	(15)
Amortization of transaction costs	305	416
	4,524	5,039
(Loss) income before income taxes	(34,823)	4,058
Income tax expense (recovery)		
Current	250	33
Deferred	(2,496)	1,126
	(2,246)	1,159
Net (loss) income for the period	(32,577)	2,899
Basic (loss) earnings per share	(1.39)	0.12
Diluted (loss) earnings per share	(1.39)	0.12

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands of Canadian dollars, unaudited)	**For the three months ended September 30, 2015** **$**	**For the three months ended September 30, 2014** **$**
Net (loss) income for the period	(1,763)	1,849
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net (loss) income		
Foreign currency translation	80	32
	80	32
Items that will not be reclassified to net (loss) income		
Re-measurements of post-employment benefit obligations	(391)	(2,478)
Taxes related to post-employment adjustment above	102	636
	(289)	(1,842)
Other comprehensive loss for the period, net of tax	(209)	(1,810)
Comprehensive (loss) income for the period	(1,972)	39

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands of Canadian dollars, unaudited)	**For the nine months ended September 30, 2015** **$**	**For the nine months ended September 30, 2014** **$**
Net (loss) income for the period	(32,577)	2,899
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net (loss) income		
Foreign currency translation	153	33
	153	33
Items that will not be reclassified to net (loss) income		
Re-measurements of post-employment benefit obligations	760	(5,427)
Taxes related to post-employment adjustment above	(198)	1,393
	562	(4,034)
Other comprehensive income (loss) for the period, net of tax	715	(4,001)
Comprehensive loss for the period	(31,862)	(1,102)

CONSOLIDATED STATEMENTS OF CHANGES IN (DEFICIT) EQUITY

(in thousands of Canadian dollars, unaudited)	Shares	Conversion options	Accumulated other comprehensive income	Deficit	Total (deficit) equity
	$	$	$	$	$
Balance as at December 31, 2013	215,336	516	30	(197,807)	18,075
Net income for the period	—	—	—	2,899	2,899
Other comprehensive income (loss) for the period	—	—	33	(4,034)	(4,001)
Total comprehensive income (loss) for the period	—	—	33	(1,135)	(1,102)
Cancellation of convertible debentures	—	(2)	—	—	(2)
Balance as at September 30, 2014	215,336	514	63	(198,942)	16,971
Balance as at December 31, 2014	215,336	513	92	(197,528)	18,413
Net loss for the period	—	—	—	(32,577)	(32,577)
Other comprehensive income for the period	—	—	153	562	715
Total comprehensive income (loss) for the period	—	—	153	(32,015)	(31,862)
Balance as at September 30, 2015	215,336	513	245	(229,543)	(13,449)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	**For the three months ended September 30, 2015**	**For the three months ended September 30, 2014**
	$	**$**
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(1,763)	1,849
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	1,198	1,202
Amortization of intangible assets	487	479
Pension expense	152	156
Gain on disposal of property, plant and equipment	(5)	(139)
Gain on cancellation of convertible debentures	—	(60)
Provisions	5,756	301
Amortization of transaction costs	135	137
Accretion of convertible debentures	76	73
Other non-current liabilities	368	(33)
Other post-employment benefit plans, net	77	59
Income tax credits recognized	(181)	—
Income tax (recovery) expense	(659)	706
	5,641	4,730
Changes in working capital	(1,042)	2,479
Contributions made to pension plans	(458)	(624)
Provisions paid	(3,018)	(1,023)
Income taxes (paid) received	(10)	301
	1,113	5,863
Investing activities		
Purchase of property, plant and equipment	(526)	(990)
Purchase of intangible assets	(302)	—
Proceeds on disposal of property, plant and equipment	7	140
	(821)	(850)
Financing activities		
Repayment of credit facilities	(1,000)	(2,000)
Repurchase of convertible debentures	—	(107)
Proceeds from loan payable	341	—
Repayment of loan payable	(13)	—
Finance costs	(20)	(9)
Finance lease payments	(9)	(6)
	(701)	(2,122)
(Decrease) in cash and cash equivalents / decrease in (bank overdraft) during the period	(409)	2,891
Cash and cash equivalents (bank overdraft) – beginning of period	3,514	(4,167)
Effects of foreign exchange on cash balances	48	13
Cash and cash equivalents (bank overdraft) – end of period	3,153	(1,263)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	**For the nine months ended September 30, 2015**	**For the nine months ended September 30, 2014**
	$	**$**
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(32,577)	2,899
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	3,572	3,754
Amortization of intangible assets	1,445	1,437
Pension expense	456	397
Loss (gain) on disposal of property, plant and equipment	34	(149)
Impairment of goodwill	26,000	—
Gain on cancellation of convertible debentures	—	(60)
Provisions	12,015	2,035
Amortization of transaction costs	305	416
Accretion of convertible debentures	137	220
Other non-current liabilities	438	(194)
Other post-employment benefit plans, net	213	174
Tax credits recognized	(181)	—
Income tax (recovery) expense	(2,246)	1,159
	9,611	12,088
Changes in working capital	7,534	(1,337)
Contributions made to pension plans	(1,397)	(2,384)
Provisions paid	(6,962)	(3,255)
Income taxes (paid) received	(148)	427
	8,638	5,539
Investing activities		
Purchase of property, plant and equipment	(4,019)	(1,784)
Purchase of intangible assets	(302)	—
Proceeds on disposal of property, plant and equipment	639	161
	(3,682)	(1,623)
Financing activities		
Repayment of credit facilities	(3,000)	(5,500)
Repurchase of convertible debentures	—	(107)
Proceeds from loan payable	341	—
Repayment of loan payable	(13)	—
Finance costs	(13)	(47)
Finance lease payments	(27)	(18)
	(2,712)	(5,672)
Increase (decrease) in cash and cash equivalents during the period	2,244	(1,756)
Cash and cash equivalents – beginning of period	812	478
Effects of foreign exchange on cash balances	97	15
Cash and cash equivalents (bank overdraft) – end of period	3,153	(1,263)