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NEWS RELEASE

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COLABOR DOUBLES ITS SALES AND EARNINGS BEFORE FINANCIAL EXPENSES AND AMORTIZATION

BOUCHERVILLE, QUÉBEC, April 25, 2007. – Colabor Income Fund (TSX: CLB.UN) reports its results for its first quarter of the year ending December 31, 2007.

Highlights of the first quarter ended March 24, 2007

- **Increase in sales in the order of \$89.2M or 121%;**
- **Earnings before financial expenses and amortization (EBITDA) increased by \$2.9M to \$4.7M or 170%;**
- **Distributable cash: \$4.6M; Distributed cash: \$3.6M (see *Distributable Cash*);**
- **Net earnings up from \$219,000 to reach \$546,000.**

Results of Operations

Colabor Income Fund

Consolidated Earnings

(unaudited and in thousands of dollars, except per unit amounts)

	2007-03-24 (83 days)		2006-03-24 (83 days)		Variance	
	\$		\$		\$	
Net sales	<u>162,667</u>	<u>100.00%</u>	<u>73,463</u>	<u>100.00%</u>	<u>89,204</u>	<u>121.43%</u>
Earnings before financial expenses and amortization	<u>4,647</u>	<u>2.86%</u>	<u>1,724</u>	<u>2.35%</u>	<u>2,923</u>	<u>169.55%</u>
Financial expenses	1,538	0.95%	149	0.20%	1,389	932.21%
Amortization of property, plant and equipment	645	0.40%	208	0.28%	437	210.10%
Amortization of intangible assets	<u>1,525</u>	<u>0.94%</u>	<u>744</u>	<u>1.01%</u>	<u>781</u>	<u>104.97%</u>
	<u>3,708</u>	<u>2.29%</u>	<u>1,101</u>	<u>1.49%</u>	<u>2,607</u>	<u>236.78%</u>
Earnings before non-controlling interest	939	0.57%	623	0.86%	316	50.72%
Non-controlling interest	<u>393</u>	<u>0.24%</u>	<u>296</u>	<u>0.40%</u>	<u>97</u>	<u>32.77%</u>
Net earnings	<u>546</u>	<u>0.33%</u>	<u>327</u>	<u>0.46%</u>	<u>219</u>	<u>66.97%</u>
Basic and diluted net earnings per unit	<u>\$0.06</u>		<u>\$0.06</u>			

“This growth is primarily attributable to the strategic acquisition of *Summit Food Service Distributors Inc.* (“*Summit*”), on January 8, 2007,” stated Gilles C. Lachance President and Chief Executive Officer.

Following is a brief description

On January 8, 2007, Colabor Income Fund, through Colabor Limited Partnership, acquired the assets of Summit Food Service Distributors Inc., one of the major foodservice distributors in the industry in Canada. Summit was a subsidiary of Cara Operations Limited. Cara is the largest operator of full-service restaurants in Canada and a leading caterer to the travel industry. Cara brands include Swiss Chalet, Harvey’s, Kelsey’s Neighbourhood Bar and Grill, Montana’s Cookhouse and Milestone’s Grill and Bar.

Summit's Activities

Summit distributes more than 8,000 products from warehouses in Ottawa, London and Mississauga to more than 3,000 customers, including Cara, other food service chains and independent restaurants as well as to institutions including hospitals, schools and government institutions. Summit's product line includes frozen products, current consumption dry products, dairy products, produce, meat, seafood, poultry and sanitation products. Since the acquisition, Summit is now operated as a division of Colabor Limited Partnership.

Benefits of Transaction

➤ **Long-term Contact with Cara**

Concurrently with the acquisition of Summit, Colabor concluded a ten-year distribution agreement plus a five-year option to service the Cara brands in Ontario and Québec.

It will also benefit from Cara's corporate strategy, which is increasingly focused on full-service restaurants and intends to aggressively grow the number of new operating units over the next several years.

➤ **Creation of a Leading Player in the Foodservice Industry**

With the acquisition of Summit, Colabor secures a key position in the strategically important and attractive Ontario foodservice market and thereby establishes itself as one of the leading players in the Canadian foodservice distribution industry.

➤ **Clientele Expansion**

Previously, as a subsidiary of Cara, Summit was not an alternative for foodservice chains competing with Cara. These chains will now be targeted by Summit.

➤ **Significant Increase in Purchasing Power and Cost Savings**

The combined businesses will achieve significant savings, primarily in procurement and through the pooling of certain programs. Additionally, in reviewing their business and operating practices, the two entities will be able to identify and implement the best practices for the benefit of the enterprise as a whole.

➤ **Free Cash Flow**

Summit has a long history of generating steady, growing and sustainable sales and earnings before interest, taxes, depreciation and amortization (“EBITDA”), which should contribute to increasing the Fund’s distributable cash.

➤ **Superior Combined Management**

The Fund will benefit from the combination of the Colabor and Summit management teams, both of which have significant industry experience and have successfully managed and developed two of the leading foodservice distribution companies in Canada.

➤ **Integration Risks and Synergies**

Integration risks

The Fund’s management has decided to operate Summit as a completely independent operating unit since it targets users whereas, prior to the transaction, the Fund’s sales were exclusively to distributors. Summit’s on-going operations will therefore be managed in the same manner as before the transaction, which will significantly diminish the operations integration risk. However, the Fund’s management has met with Summit’s management several times to discuss its business plan and objectives. These meetings resulted in preparation of a new operating budget for 2007 and, primarily, the organizations’ joint commitment to succeed by analyzing and applying their respective best practices.

Synergies

The Fund’s management expects that synergies from the acquisition of Summit will be about \$2.2 million. These synergies will primarily result of streamlining and negotiating new supply agreements with suppliers and combining certain programs, such as property insurance, group insurance and others.

During the first quarter, the two purchasing departments met numerous times and have completed the identification of potential synergies. Moreover, negotiations with suppliers have been initiated and management is satisfied with the progress of these discussions. *Results of operations in the first quarter do not reflect any synergies.* Synergies will be reflected once they are achieved.

Overview of Transaction

Readers should refer to Note 2 of the interim consolidated financial statements as at March 24, 2007 for additional information.

Transaction Financing

On January 8, 2007, in order to finance the transaction, the Fund made a public offering of 2,825,000 units at a price of \$8.85 per unit, issued 1,130,000 units at the same price to the shareholder of Summit and issued \$50,000,000 of 7% extendible convertible unsecured subordinated debentures. On January 28, there was a partial exercise of the over-allotment option by the underwriters of 120,000 units at \$8.85. The balance of the transaction was financed through new operating credit facilities for an authorized amount of \$70 million entered into with a banking syndicate.

Information About the Fund's Tax Position

On October 31, 2006, the Minister of Finance of Canada announced a proposal to apply a tax at the trust level on distributions of certain income from publicly traded mutual fund trusts at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to the unitholders. On October 31, 2006, the Minister of Finance of Canada announced a proposal to apply a tax at the trust level on distributions of certain income from publicly traded mutual fund trusts at rates of tax comparable to the combined federal and provincial corporate tax and to treat such distributions as dividends to the unitholders. However, these documents also provide that the application date of 2011 is subject to the possible need to foreclose inappropriate new avoidance techniques. As an example, the proposals provided that, while there is now no intention to prevent existing income trusts from normal growth prior to 2011, any undue expansion of an existing income trust could cause this to be revisited.

After the close of markets on December 15, 2006, i.e. after the underwriting agreement was signed and the preliminary prospectus was filed to arrange a portion of the financing required for the Summit asset acquisition, the Department of Finance issued a press release that provided guidance on what the Department means by "normal growth". The Department indicated that it will not recommend that an income trust will not lose the benefit of the tax deferral to 2011 if the aggregate amount of new equity (including units and debt that is convertible into units) issued by it before 2008 does not exceed \$50 million. The Department also provided other safe harbours limiting the issuance of new equity on an annual basis to a percentage of a trust's market capitalisation as of October 31, 2006.

Draft legislation was tabled on December 21, 2006 which did not provide for any “normal growth” requirement. The March 19, 2007 budget confirmed the federal government’s intention of implementing the measures announced on October 31, 2006 and, finally, Bill 52 was tabled on March 29, 2007 which includes amendments to the Income Tax Act with respect to the taxation of income trusts, including the requirement that income trusts comply with the guidance in the December 15, 2006 press release.

The Fund’s public offering of trust units and convertible debentures, concurrently with the Summit acquisition exceeds both the \$50 million threshold and the safe harbours based on market capitalisation. However, the Fund’s management believes that the Summit acquisition was sufficiently advanced that the financing arrangement preceded the Department’s guidance and that the type of financing to acquire the Summit assets could have been modified had the Fund been aware of the Department’s guidance at the time of signing the underwriting agreement with the underwriters. The Fund has initiated steps with the Department of Finance to clarify Colabor’s situation.

If the Fund is considered taxable, the Fund’s management intends to maintain its current distribution policy, which represents an annual distribution to unitholders of \$1.076 per unit because, in the opinion of the Fund’s management, the Fund’s activities will make it possible to increase distributable cash available for distributions per unit during the first full year of operation following the Summit acquisition, both on an undiluted and fully diluted basis.

Distributable Cash

The Fund declares monthly distributions to unitholders of record on the last day of each month and pays the distributions on or around the 15th of the following month. The annual distribution per unit is \$1.076.

The following table shows the changes in distributable cash for the first quarter of 2007 and 2006.

The Canadian Securities Administrators has concluded that distributable cash is in all cases a measure of cash flows for which a fair picture may only be presented if it is matched with the cash flows related to the operating activities presented in the issuer’s financial statements without adjusting variations in operating assets and liabilities.

	2007-03-24 (83 days)	2006-03-24 (83 days)
	\$	\$
Cash flows related to operating activities	5,101	5,329
Acquisition of property, plant and equipment (1)	(350)	(16)
Repayment of long-term debt	(117)	(117)
Repayment of security deposits		(468)
Distributable cash	4,634	4,728
Distributions paid on units	2,285	1,479
Distributions paid on exchangeable Colabor LP units	1,369	1,303
Distributed cash	3,654	2,782
 (1) Acquisition of property, plant and equipment:		
Maintenance assets (recurring)	244	16
Distribution software (non-recurring)	106	
	350	16

Outlook

The acquisition of Summit, makes it possible for the Fund's to consolidate its role in food distribution services in Canada for future years and can serve as a springboard for further expansion nationally.

Additional Information

The Fund's MD&A and financial statements will also be available on SEDAR (www.sedar.com) following publication of this News Release. Additional information about Colabor Income Fund may also be found on SEDAR as well as on the Income Fund's Internet site at www.colaborincomefund.com.

Colabor Overview

Colabor is a wholesaler and distributor of food and non-food products serving the retail (grocery stores, convenience stores, etc.) and food-service (cafeterias, restaurants, hotels, restaurant chains, etc.) markets.

Caution

This News Release may contain forward-looking statements reflecting the opinions or present expectations of *Colabor Income Fund* or *Colabor Limited Partnership* concerning their performance as well as their respective business activities and future events. These statements are subject to a number of risks, uncertainties and assumptions. Actual results or events may differ.

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