July 10, 2008

NEWS RELEASE **FOR IMMEDIATE RELEASE**

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STRONG GROWTH!

BOUCHERVILLE, QUEBEC, July 10, 2008. – Colabor Income Fund (TSX: CLB.UN) reports its results for the second quarter of the year ending December 31, 2008.

Highlights of the second quarter ended June 14, 2008 compared with the 2007 second quarter:

- **SALES UP 39%**
- **EBITDA UP 49%**
- **ORGANIC GROWTH OF WHOLESALE SEGMENT OF 8.9%**
- **BRUCE EDMEADES INTEGRATION AHEAD OF SCHEDULE**
- **BERTRAND CONTRIBUTION BETTER THAN ANTICIPATED**

Highlights for the 166-day period ended June 14, 2008 compared with the 167-day period ended June 16, 2007:

- **SALES UP 26%**
- **EBITDA UP 35%**
- **ORGANIC GROWTH OF WHOLESALE SEGMENT OF 9.3%**

Results of Operations

The results of operations below should be read taking the following into account:

- **Results subsequent to the Bruce Edmeades acquisition are included for the entire second quarter without a comparison to 2007;**
- **Results subsequent to the Bertrand, distributeur en alimentation acquisition are recognized, for the quarter, since April 28, 2008, also without a comparison to 2007;**
- **Integration costs and synergies from these acquisitions (see Integration and Synergies).**

Consolidated Earnings (in thousands of dollars, except per unit amounts)

		2008-06-14 (84 days) (unaudited)		2007-06-16 (84 days) (unaudited)		Variance	
		$		$		$	%
Sales		278,721	100.00%	200,210	100.00%	78,511	39.21%
Earnings before financial expenses, amortization and income taxes		9,428	3.38%	6,327	3.16%	3,101	49.01%
Financial expenses		1,628	0.58%	1,552	0.78%	76	4.90%
Amortization of property, plant and equipment		875	0.31%	798	0.40%	77	9.65%
Amortization of intangible assets		1,827	0.66%	1,655	0.83%	172	10.39%
		4,330	1.55%	4,005	2.01%	325	8.11%
Earnings before income taxes and non-controlling interest		5,098	1.83%	2,322	1.15%	2,776	119.55%
Income taxes	Current	1,114	0.40%		0.00%	1,114	N/A
	Future	934	0.34%		0.00%	934	N/A
		2,048	0.74%		0.00%	2,048	N/A
Earnings before non-controlling interest		3,050	1.09%	2,322	1.15%	728	31.35%
Non-controlling interest		1,903	0.68%	799	0.40%	1,104	138.17%
Net earnings		**1,147**	**0.41%**	**1,523**	**0.75%**	**(376)**	**(24.69)%**

		2008-06-14 (166 days) (unaudited)		2007-06-16 (167 days) (unaudited)		Variance	
		$		$		$	%
Sales		458,750	100.00%	362,877	100.00%	95,873	26.42%
Earnings before financial expenses, amortization and income taxes		14,783	3.22%	10,974	3.02%	3,809	34.71%
Financial expenses		3,051	0.67%	3,090	0.85%	(39)	(1.26)%
Amortization of property, plant and equipment		1,521	0.33%	1,443	0.40%	78	5.41%
Amortization of intangible assets		3,460	0.75%	3,180	0.88%	280	8.81%
		8,032	1.75%	7,713	2.13%	319	4.14%
Earnings before income taxes and non-controlling interest		6,751	1.47%	3,261	0.89%	3,490	107.02%
Income taxes	Current	1,319	0.29%		0.00%	1,319	N/A
	Future	1,193	0.26%		0.00%	1,193	N/A
		2,512	0.55%		0.00%	2,512	N/A
Earnings before non-controlling interest		4,239	0.92%	3,261	0.89%	978	29.99%
Non-controlling interest		2,501	0.55%	1,192	0.33%	1,309	109.82%
Net earnings		**1,738**	**0.37%**	**2,069**	**0.56%**	**(331)**	**(16.00)%**

Sales

Sales consist of:

For the Wholesale Segment: Gross sales to customers from the Boucherville warehouse and direct sales to affiliated wholesalers, less rebates of about 3% of the affiliated-wholesalers' sales, as provided in the agreement between Colabor LP and the affiliated-wholesalers.

For the Distribution Segment: Gross sales to customers from the London, Mississauga, Ottawa, Cambridge, Lévis and Saguenay warehouses less rebates, as provided in individual agreements with these customers.

Inter-segment sales are then eliminated.

Sales (in thousands of dollars, unaudited)

	2008-06-14 (84 days)			2007-06-16 (84 days)	Variance		Variance	
	(Comparable sales)	(Post-acquisition sales)	(Total sales)	(Comparable sales)	(Comparable sales)		(Total sales)	
	$	$	$	$	$	%	$	%
Wholesale Segment								
Retail	31,341		31,341	29,573	1,768	6.0%	1,768	6.0%
Foodservice	80,977		80,977	73,609	7,368	10.0%	7,368	10.0%
	112,318		112,318	103,182	9,136	8.9%	9,136	8.9%
Distribution Segment								
Foodservice	100,370	76,727	177,097	97,028	3,342	3.4%	80,069	82.5%
	212,688	76,727	289,415	200,210	12,478	6.2%	89,205	44.6%
Inter-segment elimination	(654)	(10,040)	(10,694)		(654)	N/A	(10,694)	N/A
	212,034	66,687	278,721	200,210	11,824	5.9%	78,511	39.2%

	2008-06-14 (166 days)			2007-06-16 (167 days)	Variance		Variance	
	(Comparable sales)	(Post-acquisition sales)	(Total sales)	(Comparable sales)	(Comparable sales)		(Total sales)	
	$	$	$	$	$	%	$	%
Wholesale Segment								
Retail	56,819		56,819	52,069	4,750	9.1%	4,750	9.1%
Foodservice	139,678		139,678	127,674	12,004	9.4%	12,004	9.4%
	196,497		196,497	179,743	16,754	9.3%	16,754	9.3%
Distribution Segment								
Foodservice	185,587	87,697	273,284	183,199	2,388	1.3%	90,085	49.2%
	382,084	87,697	469,781	362,942	19,142	5.3%	106,839	29.4%
Inter-segment elimination	(991)	(10 040)	(11 031)	(65)	(926)	N/A	(10 966)	N/A
	381,093	77,657	458,750	362,877	18,216	5.0%	95,873	26.4%

Wholesale Segment

The Wholesale Segment continues to experience significant sustained organic growth of 8.9% for the quarter and 9.3% for the cumulative period, at a faster pace than in the 2007 fiscal period, which was about 6.6%.

Retail

Sales of products for the retail market increased by 6% for the quarter and 9.1% for the cumulative 166-day period compared to the prior-year periods, primarily as a result of the recruitment of two new major customers by one of the affiliated-wholesalers during the third quarter of 2007 and the acquisition of a competitor by an affiliated-wholesaler in the Maritimes.

Sales in this sector are mainly to convenience stores and small-sized grocery stores, located mostly outside the greater Montréal area.
This Segment's trend is expected to continue to the end of the year since, shortly after the end of the quarter, one of the affiliated-wholesalers concluded a major distribution agreement with an integrated oil company.

Foodservice

For several quarters, organic growth in the affiliated wholesalers' foodservice sales has outpaced industry levels, anticipated to be 3.3% in 2008 according to the Canadian Restaurant and Foodservices Association (CRFA), an indication that affiliated wholesalers are continuing to increase their market share compared with their competitors. The increase was about 10% for the quarter and 9.4% for the cumulative 166-day period.
This Segment's trend is also expected to continue to the end of the year. An affiliated-wholesaler serving the Gaspé and Lower St. Lawrence region in Quebec, acquired the activities of its main competitor after the end of the second quarter.

Distribution Segment

2007 comparable sales:

Only sales in the Summit Division are comparable. Sales for the first week of January 2008, of approximately $7.5 million are not included in the comparison since the acquisition occurred on January 8, 2007. The 3.4% increase in sales during the second quarter over the prior year's sales is comparable with the CFRA's expected growth of 3.3%. For the cumulative 166-day period, sales grew by only 1.3%, primarily because of a difficult first quarter which is attributable to the economic situation in Ontario and a severe winter.

Sales attributable to acquisitions:

	2nd Quarter	Cumulative
Bruce Edmeades	$50.6M	$54.1M
Bertrand	$26.1M	$26.1M
Summit (1st week of January 2008)		$ 7.5M

Bertrand is currently experiencing strong sales growth due to the festivities surrounding the 400th anniversary of the founding of Québec City.

Inter-segment eliminations

Eliminated sales are sales by the Wholesale Segment to the Summit and Bertrand divisions of the Distribution Segment.

Earnings before Financial Expenses, Amortization and Income Taxes (EBITDA)

The Fund posted solid results in the second quarter, with an approximate 49% increase in EBITDA over the same quarter of the 2007 fiscal year and 34.7% for the 166-day period. The increase in earnings is higher than the 39.2% improvement in sales for the quarter and 26.4% for the cumulative period.

Gross Profit and Synergies

Gross profit:
Gross profit is composed of the following items:

- Wholesale Segment: Profit on *gross warehouse sales only*, which consists primarily of a profit margin on private brand-name products and profit on inventory held. No profit margin is recognized on direct sales. Income is attributed on such sales for purposes of rebates from suppliers only.
  Distribution Segment: Product acquisition cost with a percentage mark-up that is market-driven or negotiated in current agreements.

- Rebates from suppliers
  A significant portion of Colabor's gross profit is derived from rebates from suppliers. These rebates consist of: (i) agreements with suppliers relating principally to distribution agreements, central billing, truck load allowance and other incentives, (ii) rebates received from suppliers based on buying volumes, (iii) cash discounts on purchases based on terms of sale, and (iv) net advertising funds received in connection with promotional activities.

EBITDA is $9.4M in 2008, up from $6.3M in 2007, primarily as a result of:

- Significant organic growth in the Wholesale Segment which generated better agreements with suppliers. Moreover, its cost structure includes a number of fixed costs, such as rent, which represents a significant percentage of operating expenses and which contributes to improving EBITDA when sales volumes are on the increase.
- The Bertrand acquisition, which has already made it possible to generate a number of sales synergies (see Integration and Synergies).

These factors helped to offset the negative effect of the following on EBITDA:

- Bruce Edmeades' $150,000 operating loss since its acquisition (see Integration and Synergies).
- Skyrocketing fuel prices.
  While the Summit division is able to recover fuel costs from its clients, additional net costs attributable to rising fuel costs were $250,000 for the 166-day period ended June 14, 2008 compared to the same period in 2007.

Income Taxes

The acquisition of the assets of Summit Food Service Distributors Inc. was finalized and carried out on January 8, 2007. Under the new tax regime for “specified investment flowthrough” (“SIFT”) entities, also called listed income trusts and partnerships, SIFTs are now subject to a similar tax treatment as corporations. This new tax treatment is applicable as of fiscal year 2007. However, existing SIFTs on October 31, 2006 could benefit from certain transitional rules and would not be taxable under the new rules until 2011, provided they had not undergone an “undue expansion”. As indicated in its decision rendered at the end of 2007, the Department of Finance considered the Summit acquisition transaction as an undue expansion. Accordingly, the Fund does not benefit from the transitional rules and is therefore subject to the new SIFT tax regime as of the 2007 taxation year. Since the total amount of these taxes for the entire the year was recognized only in the fourth quarter of 2007, there is no comparative amount with the second quarter and cumulative period of 2007.

Integration and Synergies

Acquisition of Bruce Edmeades and integration within Summit Division

On March 17, 2008, Colabor acquired substantially all of the net assets of Bruce Edmeades, which had sustained a loss before financial expenses, amortization and income taxes of about $2.5M during the twelve-month period prior to its acquisition.

At the time of the acquisition, management had already prepared an integration plan to achieve the operational breakeven point by the end of the 2008 fiscal year and full operating integration in 2009, equivalent to about 2.5% of sales to be realized.

The plan is summarized as follows:

a) Closure of the Kitchener warehouse and transfer of the Bruce Edmeades administrative functions to the Summit head office in London;

b) Improved efficiency and productivity at the Cambridge warehouse, by, among others:
   - Relocating restaurant clientele to the London warehouse, which already specializes in this field;
   - Relocating industrial clientele to a new industrial products warehouse (acquired at the time of the Cara acquisition);
   - Concentration of main clients such as Wendy’s, Mr. Sub and Zehrs in Cambridge;

c) Review of the sales territories and improvement in delivery routes;

d) Optimisation of supplier agreements.

At the end of the second quarter, measures a) and b) have been completed and measures c) and d) are in process.

EBITDA for the quarter includes $150,000 which represents the operating loss attributable to the Bruce Edmeades acquisition, which leads management to conclude that the breakeven point will be achieved more quickly than anticipated.

Bertrand Acquisition

The integration risk is very low, since the company's management remained after its acquisition. Additionally, a new Vice-President and General Manager was hired upon the closing of the acquisition.

At the time of the acquisition, management had mentioned that estimated procurement-related synergies of $1M would be achieved during the twelve-month period following the acquisition. A number of synergies have already been achieved and are included in the quarterly results. Upon conclusion of ongoing negotiations with suppliers, management is confident it will attain the promised synergies within the expected time period.

Cash Flow

Consolidated Cash Flows (in thousands of dollars)

	2008-06-14 (84 days) (unaudited)	2007-06-16 (84 days) (unaudited)	2008-06-14 (166 days) (unaudited)	2007-06-16 (167 days) (unaudited)
	$	$	$	$
OPERATING ACTIVITIES				
Net earnings	1,147	1,523	1,738	2,069
Non-cash items				
Amortization of property, plant and equipment	875	798	1,521	1,443
Amortization of intangible assets	1,827	1,655	3,460	3,180
Amortization of deferred financing costs	24	19	43	38
Non-controlling interest	1,903	799	2,501	1,192
Future income taxes	934		1,193	
Compensation cost from long-term incentive plan	96	53	162	91
Amortization of debenture transaction costs	208	192	414	379
	7,014	5,039	11,032	8,392
Changes in operating assets and liabilities				
Accounts receivable	(14,151)	(5,372)	(15,741)	(11,766)
Withholding taxes recoverable	(868)	(122)	(868)	(247)
Inventory	(5,942)	(4,419)	(3,727)	5 140
Prepaid expenses	(330)	(266)	(1,171)	(575)
Accounts payable and accrued liabilities	10,074	9,251	18,183	6,445
Income taxes payable	(692)		(605)	
Rebates payable	1,844	1,823	2,932	3,681
Deferred revenue	388	240	360	205
	(9,677)	1,135	(637)	2,883
Cash flows from operating activities	(2,663)	6,174	10,395	11,275
INVESTING ACTIVITIES				
Business acquisition	(57,640)		(70,424)	(109,048)
Property, plant and equipment	(308)	(100)	(450)	(450)
Cash flows from investing activities	(57,948)	(100)	(70,874)	(109,498)
FINANCING ACTIVITIES				
Bank loans	24,291	(2,965)	33,984	35,577
Financing expenses	(225)		(225)	
Distributions paid to unitholders	(2,199)	(2,655)	(4,862)	(4,940)
Distributions paid on exchangeable Colabor LP units	(913)	(1,369)	(2,282)	(2,738)
Repayment of long-term debt	(143)	(117)	(260)	(234)
Purchase of units held by the Fund for long-term incentive plan			(575)	(238)
Issue of debentures				48,000
Issue of trust units	38,022		38,022	24,761
Units and debentures issue costs	(1,150)		(1,150)	(1,404)
Cash flows from financing activities	57,683	(7,106)	62,652	98,784
Net change in bank overdraft	(2,928)	(1,032)	2,173	561
Bank overdraft, beginning of period	(4,672)	(1,744)	(9,773)	(3,337)
Bank overdraft, end of period	(7,600)	(2,776)	(7,600)	(2,776)

Standardized Distributable Cash

Standardized Distributable Cash (in thousands of dollars)

	2008-06-14 (84 days) (unaudited)	2007-06-16 (84 days) (unaudited)	2008-06-14 (166 days) (unaudited)	2007-06-16 (167 days) (unaudited)	Since the creation of the Fund 2005-06-28
	$	$	$	$	$
Cash flows from operating activities	(2,663)	6,174	10,395	11,275	81,516
Acquisition of property, plant and equipment:	(308)	(100)	(450)	(450)	(2,985)
Standardized distributable cash	**(2,971)**	**6,074**	**9,945**	**10,825**	**78,531**
Distributions paid on units	2,199	2,655	4,862	4,940	23,683
Distributions paid on exchangeable Colabor LP units	913	1,369	2,282	2,738	15,391
Distributed cash	**3,112**	**4,024**	**7,144**	**7,678**	**39,074**
Weighted average number of units					
Units	12,504,722	9,862,341	11,187,959	9,672,465	8,605,479
Exchangeable Colabor LP units	5,087,439	5,087,439	5,087,439	5,087,439	5,087,439
	17,592,161	14,949,780	16,275,398	14,759,904	13,692,918
Standardized distributable cash per unit	**$(0.17)**	**$0.41**	**$0.61**	**$0.73**	**$5.74**
Cash distributed per unit	**$0.18**	**$0.27**	**$0.44**	**$0.52**	**$2,85**
Ratio of distributed cash to standardized distributable cash	**(104.7)%**	**66.2%**	**71.8%**	**70.9%**	**49.8%**

Negative standardized distributable cash for the quarter is primarily attributable to variations in operating assets and liabilities (see Cash Flow). This negative variation results essentially from the increase in accounts receivable and inventories in the wake of a significant increase in sales and payment, during the quarter, of current taxes mentioned in the December 31, 2007 financial statements. Distributable cash for the 166-day period ended June 14, 2008 is however $9.9 M, or $0.61 per unit.

Additional Information

The Fund's MD&A, financial statements and Annual Information Form 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.

About Colabor

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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For additional information

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