COLABOR

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INCREASE IN SALES AND EARNINGS, ON THE ROAD TO CONVERSION

BOUCHERVILLE, QUÉBEC, July 14, 2009. – Colabor Income Fund (TSX: CLB.UN) reports its results for its second quarter ended June 20 of the year ending December 31, 2009.

On July 8, 2009, the Fund issued a press release announcing its conversion to a corporation. This conversion is discussed in greater detail under *Subsequent Event: Conversion to a Corporation.*

It should be recalled that Colabor Income Fund is a taxed fund, accordingly its distributions to unitholders are taxed as a dividend rather than investment income. Moreover, the distributions include a significant return of capital.

Highlights of the 2009 Second Quarter Compared to 2008:

- Sales up 1.8% to $283.7M
- EBITDA up 5.8% to $10.0M
- Net earnings up 52.1% to $1.7M
- Ratio of distributed cash to distributable cash <u>after current income taxes</u> of 68.7% compared to 71% in 2008

Highlights of the First Six Months of 2009 compared to 2008:

- Sales up 17.9% to $540.7M
- EBITDA up 19.7% to $17.7M
- Net earnings up 70.3% to $3.0M
- Ratio of distributed cash to distributable cash <u>after current income taxes</u> of 77.7% compared to 80.8% in 2008

Results of Operations

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

- Results subsequent to the Bruce Edmeades acquisition are only included since March 17, 2008 for the 2008 cumulative period but are included since January 1 for the 2009 period;

- Results subsequent to the Bertrand Distributeur en alimentation acquisition are only included since April 28, 2008 for the 2008 cumulative period but are included since January 1 for the 2009 period;

- The 2009 cumulative period includes 171 days compared to 166 days in 2008.

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

		2009-06-20 (84 days)		2008-06-14 (84 days)		Variance	
		$		$		$	%
Sales		283,722	100.00%	278,721	100.00%	5,001	1.79%
Earnings before financial expenses, amortization and income taxes		9,977	3.52%	9,428	3.38%	549	5.82%
Financial expenses		1,426	0.50%	1,628	0.58%	(202)	-12.41%
Amortization of property, plant and equipment		868	0.31%	875	0.31%	(7)	-0.80%
Amortization of intangible assets		2,180	0.77%	1,827	0.66%	353	19.32%
		4,474	1.58%	4,330	1.55%	144	3.33%
Earnings before income taxes and non-controlling interest		5,503	1.94%	5,098	1.83%	405	7.94%
Income taxes	Current	1,754	0.62%	1,114	0.40%	640	57.45%
	Future	359	0.13%	934	0.34%	(575)	-61.56%
		2,113	0.75%	2,048	0.74%	65	3.17%
Earnings before non-controlling interest		3,390	1.19%	3,050	1.09%	340	11.15%
Non-controlling interest		1,646	0.58%	1,903	0.68%	(257)	-13.50%
Net earnings		**1,744**	**0.61%**	**1,147**	**0.41%**	**597**	**52.05%**
Basic and diluted net earnings per unit		$0.12		$0.09			

		2009-06-20 (171 days)		2008-06-14 (166 days)		Variance	
		$		$		$	%
Sales		540,667	100.00%	458,750	100.00%	81,917	17.86%
Earnings before financial expenses, amortization and income taxes		17,701	3.27%	14,783	3.22%	2,918	19.74%
Financial expenses		2,987	0.55%	3,051	0.67%	(64)	-2.10%
Amortization of property, plant and equipment		1,756	0.32%	1,521	0.33%	235	15.45%
Amortization of intangible assets		4,377	0.81%	3,460	0.75%	917	26.50%
		9,120	1.68%	8,032	1.75%	1,088	13.55%
Earnings before income taxes and non-controlling interest		8,581	1.59%	6,751	1.47%	1,830	27.11%
Income taxes	Current	1,844	0.34%	1,319	0.29%	525	39.80%
	Future	1,052	0.19%	1,193	0.26%	(141)	-11.82%
		2,896	0.53%	2,512	0.55%	384	15.29%
Earnings before non-controlling interest		5,685	1.06%	4,239	0.92%	1,446	34.11%
Non-controlling interest		2,726	0.50%	2,501	0.55%	225	9.00%
Net earnings		**2,959**	**0.56%**	**1,738**	**0.37%**	**1,221**	**70.25%**
Basic and diluted net earnings per unit		$0.20		$0.16			

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 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.

The following tables present a comparison of sales for the second quarter and the cumulative period, allocated between comparable sales and sales from the acquisition with the prior year's comparable periods.

Because the 2009 cumulative period comprises 171 days, whereas the 2008 cumulative period has 166 days, sales for the 2009 cumulative period have been adjusted based on the number of days in 2008, i.e. 166 (see 2009-06-20 adjusted column), to display the actual organic growth.

Sales (in thousands of dollars, unaudited)

	2009-06-20 (84 days)			Comparable sales				
	Comparable sales	Sales attributable to acquisitions	Total sales	2008-06-14 (84 days)	Variance		Variance (Total sales)	
	$	$	$	$	$	%	$	%
Wholesale Segment								
Retail	31,390		31,390	31,341	49	0.2%	49	0.2%
Foodservice	93,656		93,656	80,977	12,679	15.7%	12,679	15.7%
	125,046		125,046	112,318	12,728	11.3%	12,728	11.3%
Inter-segment elimination	(18,957)	(5,535)	(24,492)	(10,694)	(8,263)	N/A	(13,798)	N/A
	106,089	(5,535)	100,554	101,624	4,465	**4.4%**	(1,070)	-1.1%
Distribution Segment								
Foodservice	171,730	11,438	183,168	177,097	(5,367)	**-3.0%**	6,071	3.4%
	277,819	5,903	283,722	278,721	(902)	**-0.3%**	5,001	1.8%

	2009-06-20 (171 days)			Comparable sales					
	Comparable sales	Sales attributable to acquisitions	Total sales	2009-06-20 (Adjusted)	2008-06-14 (166 days)	Variance		Variance (Total sales)	
	$	$	$	$	$	$	%	$	%
Wholesale Segment									
Retail	58,367		58,367	56,660	56,819	(159)	-0.3%	1,548	2.7%
Foodservice	168,079		168,079	163,164	139,678	23,486	16.8%	28,401	20.3%
	226,446		226,446	219 824	196,497	23,327	11.9%	29,949	15.2%
Inter-segment elimination	(27,326)	(17,108)	(44,434)	(26,527)	(11,031)	(15,496)	N/A	(33,403)	N/A
	199,120	(17,108)	182,012	193,297	185,466	7 831	**4.2%**	(3,454)	-1.9%
Distribution Segment									
Foodservice	270,052	88,603	358,655	262,156	273,284	(11,128)	**-4.1%**	85,371	31.2%
	469,172	71,495	540,667	455,453	458,750	(3,297)	**-0.7%**	81,917	17.9%

Wholesale Segment

For the 84-day period, net of inter-segment eliminations and $5,535,000 in sales to Bertrand that was acquired on April 28, 2008, sales in the Wholesale Segment were up $4,465,000, which represents organic growth of 4.4%, an interesting growth rate despite the current economic situation and that is primarily attributable to the foodservice sector.

Inter-segment eliminations of $18,957,000 are sales by the Wholesale Segment to the Summit and Bertrand divisions.

In the cumulative period, the 171-day period in 2009 was reduced to 166 days, the same number of days as in the 2008 period, and shows organic growth of 4.2%.

Retail

There was essentially no organic growth in this segment, both in the quarter and in the adjusted cumulative period. Maintenance of this activity is primarily attributable to the conclusion of a major distribution agreement, in the 4th quarter of 2008, between an affiliated-wholesaler and an integrated oil company.

Foodservice

Organic growth in the Wholesale Segment is attributable to sales to foodservice affiliated distributors and was above 4% both in the quarter and the cumulative period.

In light of the significant deterioration of the Canadian economy in the first two quarters of 2009, organic growth in this segment is a clear indication that affiliated-wholesalers are continuing to increase their market share compared with their competitors.

The increase is partially attributable to the acquisition, by an affiliated-wholesaler serving the Gaspé and Lower St. Lawrence region in Quebec, of the activities of its main competitor.

Distribution Segment

2008 comparable sales:

Comparable sales are down 3% for the quarter and 4.1% for the cumulative period adjusted to 166 days.

The decline is mainly attributable to the Summit division which operates in Ontario, the Canadian province hardest hit by the recession in Canada at this time. The sharpest declines in sales were in the area of independent restaurants and cafeterias.

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

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 allowances 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.

Despite weak sales in the Distribution Segment, as described above, the Fund managed to increase its EBITDA. As a percentage of sales, EBITDA was 3.52%, compared to 3.38% for the same quarter in the previous year.

The increase is attributable to the following:

- Organic growth was maintained in the Wholesale Segment which generated better agreements with suppliers.
- Summit purchases from certain suppliers are now billed under the Wholesale Segment, which increases the profitability of supplier agreements, as such agreements, negotiated by the Wholesale Segment, tend to be more significant.
- Since the start of the year, each division has reviewed its operations, which has led to a reduction in certain types of expenses.
- The Bertrand acquisition, which has already made it possible to generate a number of purchasing synergies.
- Profitability of the Cambridge distribution center, operated by Summit and acquired from Bruce Edmeades, operated at a loss in 2008.

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 have been 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 since the 2007 taxation year.

Balance Sheets

Consolidated Balance Sheets
(in thousands of dollars)

	2009-06-20 (unaudited)	2008-12-31
	$	$
ASSETS		
Current assets		
Accounts receivable	97,317	80,804
Inventory	69,855	73,233
Prepaid expenses	2,715	1,664
	169,887	155,701
Deferred financing expenses	224	279
Share investment in a private company, at cost	6,159	6,159
Property, plant and equipment	14,140	15,029
Intangible assets	138,942	143,319
Goodwill	72,317	69,574
	401,669	390,061
LIABILITIES		
Current liabilities		
Bank overdraft	4,884	7,714
Accounts payable and accrued liabilities	77,149	85,945
Income taxes payable	4,343	1,855
Balances of purchase price payable	12,581	10,103
Distributions payable to unitholders		1,307
Distributions payable to holders of exchangeable Colabor LP units		456
Rebates payable	18,071	15,166
Deferred revenue	1,574	1,115
Instalments on long-term debt	690	707
	119,292	124,368
Bank loan	70,440	47,501
Balance of purchase price payable		3,750
Long-term debt	609	942
Debentures	46,193	45,725
Accrued benefit liability for employee benefits	772	772
Future income taxes	18,466	17,414
Non-controlling interest	30,157	29,713
	285,929	270,185
UNITHOLDERS' EQUITY		
Unitholders' capital account	135,323	135,323
Option to convert debentures	2,315	2,315
Contributed surplus	162	349
Units held for the long-term incentive plan	(1,248)	(875)
Deficit	(20,812)	(17,236)
	115,740	119,876
	401,669	390,061

Cash Flow

Consolidated Cash Flows (in thousands of dollars)

	2009-06-20 (84 days) (unaudited)	2008-06-14 (84 days) (unaudited)	2009-06-20 (171 days) (unaudited)	2008-06-14 (166 days) (unaudited)
	$	$	$	$
OPERATING ACTIVITIES				
Net earnings	1,744	1,147	2,959	1,738
Non-cash items				
Amortization of property, plant and equipment	868	875	1,756	1,521
Amortization of intangible assets	2,180	1,827	4,377	3,460
Amortization of deferred financing expenses	27	24	55	43
Non-controlling interest	1,646	1,903	2,726	2,501
Future income taxes	359	934	1,052	1,193
Compensation cost from long-term incentive plan	123	96	229	162
Amortization of debenture transaction costs	230	208	468	414
	7,177	7,014	13,622	11,032
Changes in operating assets and liabilities				
Accounts receivable	(8,111)	(14,151)	(16,513)	(15,741)
Income taxes		(868)		(868)
Inventory	(2,350)	(5,942)	3,378	(3,727)
Prepaid expenses	(1)	(330)	(1,051)	(1,171)
Accounts payable and accrued liabilities	(806)	10,074	(8,796)	18,183
Income taxes payable	1,672	(692)	2,488	(605)
Rebates payable	2,046	1,844	2,905	2,932
Deferred revenue	147	388	459	360
	(7,403)	(9,677)	(17,130)	(637)
Cash flows from operating activities	(226)	(2,663)	(3,508)	10,395
INVESTING ACTIVITIES				
Business acquisition		(57,640)		(70,424)
Payment of balances of purchase price	(4,015)		(4,015)	
Property, plant and equipment	(380)	(308)	(867)	(450)
Cash flows from investing activities	(4,395)	(57,948)	(4,882)	(70,874)
FINANCING ACTIVITIES				
Bank loan	9,340	24,291	22,939	33,984
Financing expenses		(225)		(225)
Distributions paid to unitholders	(3,921)	(2,199)	(7,842)	(4,862)
Distributions paid on exchangeable Colabor LP units	(1,369)	(913)	(2,738)	(2,282)
Repayment of long-term debt	(166)	(143)	(350)	(260)
Purchase of units held by the Fund for long-term incentive plan			(789)	(575)
Issue of trust units		38,022		38,022
Unit and debenture issue expenses		(1,150)		(1,150)
Cash flows from financing activities	3,884	57,683	11,220	62,652
Net change in bank overdraft	(737)	(2,928)	2,830	2,173
Bank overdraft, beginning of period	(4,147)	(4,672)	(7,714)	(9,773)
Bank overdraft, end of period	(4,884)	(7,600)	(4,884)	(7,600)

Credit Facilities

The Company has entered into a three-year agreement with a banking syndicate for operating credit facilities for an authorized amount of $100M secured by a first ranking hypothec on the Company's assets.

Under the terms of the credit agreement, the Fund is required to maintain (i) a prescribed ratio of total debt (excluding the debentures) to EBITDA less than 3.00:1.00 and (ii) a prescribed ratio of EBITDA to interest expenses greater than 3.50:1.00.

Based on the banking syndicate's method of calculation, the debt/EBITDA ratio is 1.79:1.00 and the interest coverage ratio is 6.00:1.00 times for the quarter.

During the quarter, the operating credit was increased by $9.3M to $70.4M, with $4M being used to repay balances of purchase price.

Distributions

In management's opinion, cash flows from operating activities and the funds from operating credits are sufficient to support planned capital expenditures, working capital requirements, monthly cash distributions of $0.0897 per unit and current income taxes and will comply with the banking syndicate's ratio requirements.

Standardized Distributable Cash

Information about standardized distributable cash has been prepared, in all material respects, in accordance with National Policy 41-201 – Income Trusts and Other Indirect Offerings published by the Canadian Securities Administrator in July 2007 and in accordance with the guidelines on disclosures in management's discussion and analysis in Standardized Distributable Cash in Income Trusts and Other Flow-through Entities, also released in July 2007 by the Canadian Institute of Chartered Accountants.

Standardized distributable cash is a non-GAAP measure and is a general indication of net cash from operations, which the enterprise may distribute to unitholders, at its discretion.

Colabor's business is subject to normal industry seasonal fluctuations due to weather conditions and holiday periods. Sales are generally lower at the beginning of the year due to lower consumer spending following the Christmas holiday season. They then increase gradually during the spring and summer months as sales of food consumed away from home increase and reach their peak in the last four months of the fiscal year, following the Colabor Exhibition at the end of September for the Wholesale Segment and, for the Summit division of the Distribution Segment, as a result of purchases at the Sell-A-Rama, also held at that time.

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 monthly distribution is $0.0897 per unit, for an annual distribution of $1.076.

The following table shows the changes in standardized distributable cash and distributed cash for the second quarter of 2009 and 2008, the 2009 and 2008 cumulative period and since the creation of the Fund, that is, June 28, 2005.

Standardized Distributable Cash (in thousands of dollars)

	2009-06-20 (84 days) (unaudited)	2008-06-14 (84 days) (unaudited)	2009-06-20 (171 days) (unaudited)	2008-06-14 (166 days) (unaudited)	Since the creation of the Fund on 2005-06-28
	$	$	$	$	$
Cash flows from operating activities	(226)	(2,663)	(3,508)	10,395	104,420
Acquisition of property, plant and equipment	(380)	(308)	(867)	(450)	(5,742)
Standardized distributable cash	**(606)**	**(2,971)**	**(4,375)**	**9,945**	**98,678**
Distributions paid on units	3,921	2,199	7,842	4,862	40,674
Distributions paid on exchangeable Colabor LP units	1,369	913	2,738	2,282	21,323
Distributed cash	**5,290**	**3,112**	**10,580**	**7,144**	**61,997**

However, subsequent to publication, in October 2008, by the Canadian Institute of Chartered Accountants of a document entitled Improved Communication with Non-GAAP Financial Measures – General Principles and Guidance for Reporting EBITDA and Free Cash Flow, the Fund's management decided to present the following table, which is in a format that is largely used by financial analysts in their evaluation of distributable cash when making recommendations to investors.

This table contains information that is a non-GAAP measure of performance, such as the concept of earnings before financial expenses, amortization and income taxes (EBITDA) and the concept of standardized distributable cash. Since these concepts are not defined in Canadian GAAP, they may not be comparable with those of other funds.

EBITDA may be defined as follows:

EBITDA represents an indication of the entity's capacity to generate income from operations before taking into account management's financing decisions and costs of consuming tangible and intangible capital assets, which vary according to their vintage, technological currency, and management's estimate of their useful life. Accordingly, EBITDA comprises revenues less operating costs before interest expense, capital asset amortization and impairment charges, and income taxes.

The information disclosed in this table is shown directly in the Fund's financial statements, either in the consolidated statement of earnings, consolidated cash flows and notes to the consolidated financial statements.

The Fund's management also believes it is more relevant to synchronize the periods during which distributable cash is earned with the same periods in which distributed cash is reported, even though such cash is not yet distributed and with the weighted average number of units issued for those periods.

Readers may also obtain information on the changes in distributable cash over the same period in the previous year.

Distributable Cash (in thousands of dollars, except per unit amounts)

	2009-06-20 (84 days) (unaudited)	2008-06-14 (84 days) (unaudited)	2009-06-20 (171 days) (unaudited)	2008-06-14 (166 days) (unaudited)
	$	$	$	$
Earnings before financial expenses, amortization and income taxes	**9,977**	**9,428**	**17,701**	**14,783**
Financial expenses	(1,426)	(1,628)	(2,987)	(3,051)
Plus non-monetary item – Amortization of debenture transaction costs	230	208	468	414
Acquisition of property, plant and equipment	(380)	(308)	(867)	(450)
Current income taxes	(1,754)	(1,114)	(1,844)	(1,319)
Distributable cash	**6,647**	**6,586**	**12,471**	**10,377**
Weighted average number of units				
Units	14,454,071	12,504,722	14,437,001	11,187,959
Exchangeable Colabor LP units	5,087,439	5,087,439	5,087,439	5,087,439
	19,541,510	17,592,161	19,524,440	16,275,398
Distributable cash per unit	**$0,340**	**$0,374**	**$0.639**	**$0.638**
Variation	**-9.1%**		**0.2%**	
Distributions declared – Units	3,921	3,506	6,535	5,281
Distributions declared – Exchangeable Colabor LP units	1,369	1,369	2,282	2,282
Allowance for distributions relating to days included in the period for which no distribution was declared	871	823	871	823
Reversal of prior period's allowance	(1,592)	(1,023)		
Distributed cash	**4,569**	**4,675**	**9,688**	**8,386**
Excess of distributable cash over distributed cash	**2,078**	**1,911**	**2,783**	**1,991**
Ratio of distributed cash to distributable cash	**68.7%**	**71.0%**	**77.7%**	**80.8%**

Subsequent Event: Conversion to a Corporation

On July 8, 2009, the Fund announced its intention to convert from an income trust structure to a corporation (the "Conversion"). In order to effect the Conversion, Colabor has entered into an arrangement agreement (the "Arrangement Agreement") with ConjuChem Biotechnologies Inc. ("ConjuChem"), the details of which are further described below.
Following the Conversion, the new Colabor corporate entity will maintain the annual amount paid out to shareholders to a level equal to Colabor's current annual distribution on its trust units and will pay a quarterly dividend of 26.91 cents per share, which is the quarterly equivalent of Colabor's current monthly distribution of 8.97 cents per unit.
The Conversion is expected to be completed in late August 2009 and is subject to the approval of the unitholders of the Fund, to be obtained at a special meeting of unitholders to be held on or around August 19, 2009 and will be completed pursuant to a statutory plan of arrangement of ConjuChem (the "Plan of Arrangement") under Section 192 of the Canada Business Corporations Act ("CBCA")

Rationale and Benefits of the Conversion

Recent amendments to the Federal income tax rules relating to specified investment flow-through trusts ("SIFTs") allow for the conversion of a trust to a corporation to be effected on a tax deferred basis if completed prior to 2012.
Key benefits of the Conversion include:

- Greater access to equity capital markets and widening of potential investor base in light of the decreasing importance of the public business income trust market;
- The Colabor corporate entity will have an estimated equivalent of more than $100 million of tax losses following the Conversion;
- The Plan of Arrangement provides for an effective and efficient method to convert from an income trust to a corporation under existing legislation; and
- The Conversion will lead to a simplified capital structure, as a result of the elimination of a remaining minority interest in Colabor LP, and more efficient corporate structure that will reduce overhead and administrative costs.

Other elements to be considered include the fact that the new Colabor corporate entity expects to be able to pay a quarterly dividend that will, on a quarterly basis, equal Colabor's current cash distribution, the absence of negative tax impact from the Conversion given Colabor's current tax status, and finally the Conversion is tax deferred such that no income tax will be payable by Colabor or its unitholders (other than those who exercise a dissent right) as a result of the Conversion.

Details of the Conversion

As a result of the implementation of the Arrangement, Colabor's unitholders will receive one common share for every trust unit of Colabor held on the effective date of the Conversion, and ConjuChem will change its name to Colabor Group Inc. ("New Colabor"). Furthermore, the Exchangeable Colabor LP Units held by Colabor Investments Inc. will be acquired pursuant to the Arrangement by New Colabor in consideration of New Colabor common shares. Colabor Investments Inc., who will hold in the aggregate 26% of New Colabor common shares following the acquisition of its Exchangeable Colabor LP Units has indicated that it will vote in favour of the Conversion. The elimination of the remaining minority interest in Colabor LP will result in a simplified capital structure and an increase of approximately $50 million of the market capitalization of New Colabor compared to the current market capitalization of the Fund.

Outstanding convertible debentures of the Fund, amounting to $49 million, will become convertible post-arrangement into common shares of New Colabor on the same terms and conditions as were applicable to their conversion into trust units of the Fund prior to the Conversion.

The number of New Colabor common shares outstanding immediately after the Conversion will be 19,658,169 (24,445,486, when taking into account the common shares that may be issuable upon the conversion of convertible debentures).

Upon the completion of the Conversion, New Colabor will indirectly own and operate the existing businesses of Colabor LP and its subsidiaries, and the existing trustees of the Fund and management of Colabor LP will become the directors and management of New Colabor. Colabor Investments Inc., whose shareholders are the affiliated wholesalers of Colabor, currently holds the right to propose a nominee for election as trustee of the Fund. Following the Conversion, a similar right will be granted by New Colabor in favour of Colabor Investments Inc.

New Colabor will not retain any of the businesses currently carried on by ConjuChem or its related assets. Pursuant to the Plan of Arrangement, ConjuChem will transfer substantially all of its assets and all of its liabilities, including the consideration of $5 million, to a new subsidiary. All of the issued shares of this new subsidiary will be distributed to ConjuChem newly formed parent corporation ("New ConjuChem") as redemption price of New ConjuChem shares held in ConjuChem. ConjuChem, which will become New Colabor, will keep its tax attributes which are equivalent to more than $100 million of tax losses. New ConjuChem has agreed to indemnify the New Colabor corporate entity for losses or damages that may have resulted from the activities of ConjuChem prior to the Conversion.

The Conversion is subject to customary commercial conditions, including the receipt of regulatory approvals from various entities such as The Toronto Stock Exchange. As result of being an arrangement with a corporation governed by the CBCA, it is also subject to the approval of the Courts, as well as the approvals of not less than 66 2/3% of the votes cast at a meeting (the "Meeting") of the Colabor unitholders to be held to consider the Conversion. The mailing to the unitholders of an information circular in respect of the Meeting is expected on or around July 24, 2009 and the Conversion, subject to receipt of all necessary approvals, is expected to be completed in late August 2009.

At the meeting, unitholders will be asked also to consider a resolution to implement a Stock Option Plan for New Colabor, which plan will be further described in the information circular in respect of the Meeting.

Distributions for the period starting on August 1st, 2009 and ending on the closing date of the Conversion will be paid, on or around September 15, 2009, and calculated on a prorata basis using the current monthly distribution of 8.97 cents. It is expected that the New Colabor corporate entity will make its first dividend payment to its shareholders in January 2010 for the period from the completion of the arrangement to December 31, 2009.

Complete details of the terms of the Plan of Arrangement are set out in the Arrangement Agreement that will be filed by Colabor on SEDAR (www.sedar.com).

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.

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

Gilles C. Lachance
President and Chief Executive Officer
Tel.: 450-449-0026, extension 265
Fax: 450-449-6180
glachance@colabor.com

Michel Loignon CA
Vice President and Chief Financial Officer
Tel.: 450-449-0026, extension 235
Fax: 450-449-6180
mloignon@colabor.com