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NEWS RELEASE

FOR IMMEDIATE RELEASE

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**BOUCHERVILLE, QUÉBEC, October 3, 2006.** — Colabor Income Fund (TSX: CLB.UN) reports its results for the third quarter 2006 ended September 8, 2006.

Colabor Income Fund continued its growth in earnings before financial expenses and amortization (EBITDA), posting earnings of \$8,262,000 for the 251-day period ended September 8, 2006, a \$593,000, or 7.7% increase, over the adjusted period of last year (252 days), despite a slight decline in the third quarter compared to the adjusted quarter of last year.

### **2006 Q3 Highlights**

(84-day period ended September 8, 2006)

- **Monthly distributions up 5%, from \$0.854 (\$1.0248 annually) to \$0.0897 (\$1.076 annually);**
- 3.2% increase in gross sales;
- Slight decline in earnings before financial expenses and amortization (EBITDA) of \$71,000 compared to the adjusted period of last year;
- Distributable cash: \$5,937,000; cash distributed: \$1,998,000 (see *Distributable Cash*)
- Net earnings down slightly by \$73,000 compared to the adjusted period of last year.

### **2006 Q1, Q2 and Q3 Highlights**

(251-day period ended September 8, 2006)

- Increase in gross sales of about 3.4% and earnings before financial expenses and amortization (EBITDA) of \$593,000, or 7.7% compared to the adjusted period of last year (252 days);
- Distributable cash: \$10,846,000; cash distributed : \$7,564,000 (see *Distributable Cash*)
- Net earnings up \$251,000, or 10.9%, compared to the adjusted period of last year (252 days).

Colabor Income Fund's fiscal year comprises thirteen 28-day periods. Three quarters comprise three 28-day periods each, and the fourth quarter includes four 28-day periods. The Fund's year-end is December 31. The first and second quarters of the fiscal year reflect the seasonal nature of the business.

Since the Fund does not have comparative financial statements for the period prior to the creation of the Fund on June 28, 2005, to help readers compare, the Fund's results have been compared with the results of the Vendor for periods prior to June 28, 2006 by correcting such periods to reflect special aspects of the Fund, in particular, customer rebates, the costs of a listed company, and amortization of intangible assets. Accordingly, the financial information differ from those information shown on the financial statements as of September 8, 2006.

**Colabor Income Fund  
Consolidated Earnings**  
(000)

	Quarter ended					Period ended				
	September 8, 2006 (84 days)		September 9, 2005 (84 days)		Change %	September 8, 2006 (251 days)		September 9, 2005 (252 days)		Change %
<b>Sales</b>	94,073	100.0%	91,139	100.0%	3.2%	271,313	100.0%	262,439	100.0%	3.4%
Rebates	2,788	3.0%	2,684	2.9%	3.9%	8,034	3.0%	7,735	2.9%	3.9%
Net sales	<u>91,285</u>	<u>97.0%</u>	<u>88,455</u>	<u>97.1%</u>	<u>3.2%</u>	<u>263,279</u>	<u>97.0%</u>	<u>254,704</u>	<u>97.1%</u>	<u>3.4%</u>
Cost of sales	91,839	97.6%	88,983	97.6%	3.2%	265,279	97.8%	256,914	97.9%	3.3%
Rebates from suppliers	6,613	7.0%	6,350	7.0%	4.1%	18,945	7.0%	17,932	6.8%	5.6%
	<u>85,226</u>	<u>90.6%</u>	<u>82,633</u>	<u>90.6%</u>	<u>3.1%</u>	<u>246,334</u>	<u>90.8%</u>	<u>238,982</u>	<u>91.1%</u>	<u>3.1%</u>
<b>Gross profit</b>	6,059	6.4%	5,822	6.5%	4.1%	16,945	6.2%	15,722	6.0%	7.8%
Selling, distribution and administration expenses	2,844	3.0%	2,536	2.8%	12.1%	8,683	3.2%	8,053	3.1%	7.8%
Earnings before financial expenses and amortization	<u>3,215</u>	<u>3.4%</u>	<u>3,286</u>	<u>3.7%</u>	<u>-2.2%</u>	<u>8,262</u>	<u>3.0%</u>	<u>7,669</u>	<u>2.9%</u>	<u>7.7%</u>
Financial expenses	259	0.3%	174	0.2%	48.9%	574	0.2%	400	0.2%	43.5%
Amortization of property, plant and equipment	215	0.2%	226	0.2%	-4.9%	636	0.2%	682	0.3%	-6.7%
Amortization of intangible assets	744	0.8%	744	0.8%	0.0%	2,232	0.8%	2,232	0.9%	0.0%
	<u>1,218</u>	<u>1.3%</u>	<u>1,144</u>	<u>1.2%</u>	<u>2.4%</u>	<u>3,442</u>	<u>1.2%</u>	<u>3,314</u>	<u>1.4%</u>	<u>2.4%</u>
Earnings before non-controlling interest	1,997	2.1%	2,142	2.5%	-6.8%	4,820	1.8%	4,355	1.5%	10.7%
Non-controlling interest	935	1.0%	1,007	1.1%	-7.1%	2,266	0.8%	2,052	0.8%	10.4%
<b>Net earnings</b>	<u>1,062</u>	<u>1.1%</u>	<u>1,135</u>	<u>1.4%</u>	<u>-6.4%</u>	<u>2,554</u>	<u>1.0%</u>	<u>2,303</u>	<u>0.7%</u>	<u>10.9%</u>
Basic and diluted net earnings per unit	<u>0.18 \$</u>		<u>0.20 \$</u>			<u>0.44 \$</u>		<u>0.40 \$</u>		

**Distributable Cash**

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 before the year-end and following Colabor's yearly trade show in September.

Variable costs are managed to mitigate the impact of seasonality. However, a significant portion of Colabor's costs, including rent and energy costs related to the operation of its Distribution Centre, are fixed and cannot be adjusted for seasonality. 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 of \$1.0248 per unit was increased by about

5% to \$1.076 per unit in July 2006.

The following table illustrates the changes in distributable cash for the third quarter of 2006 ended September 8, 2006 and for the 251- and 364-day periods then ended. For the 364-day period, refer to the financial results in Appendix 1 of *Management's Discussion & Analysis* published on SEDAR.

*Review, in August 2006, by the Canadian Securities Administrators of Notice 52-306 relating to non-GAAP financial measures.*

Previously, issuers could view distributable cash as a measure of an entity's operating performance and therefore reconcile it to net income.

Canadian Securities Administrators have now concluded that distributable cash is, in all circumstances, a cash flow measure and that distributable cash is fairly presented only when reconciled to cash flows from operating activities as presented in the issuer's financial statements.

*Distributable cash pursuant to revised Notice 52-306, with a reconciliation to cash flows from operating activities*

	2006-09-08 (84 days)	2006-09-08 (251 days)	2006-09-08 (364 days)
	\$	\$	\$
<b>Cash flows from operating activities</b>	<b>6,264</b>	<b>12,089</b>	<b>19,884</b>
Acquisition of property, plant and equipment	(249)	(463)	(699)
Repayment of long-term debt	(78)	(312)	(468)
Repayment of security deposits		(468)	(468)
<b>Distributable cash</b>	<b><u>5,937</u></b>	<b><u>10,846</u></b>	<b><u>18,249</u></b>
<b>Cash distributed (distributions paid)</b>	<b><u>1,998</u></b>	<b><u>7,564</u></b>	<b><u>11,274</u></b>

The excess of distributable cash over cash distributed for the three periods results from the way of making rebate payments, which the Fund is required to make to affiliated wholesalers under the terms of the 3% agreement negotiated with them.

## **Outlook**

“Although third-quarter results for 2006 are down slightly compared to the same period last year, we are confident that results for the fourth quarter, which is historically the most profitable, will offset the slight decline, particularly since Colabor's trade show held at the end of September provided an opportunity to conclude higher sales than in the previous year. These sales will be delivered in the last quarter,” stated Gilles C. Lachance, President and Chief Executive Officer of Colabor Limited Partnership.

## **Additional Information**

*The Fund's MD&A* and financial statements will also be available on SEDAR ([www.sedar.com](http://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](http://www.colaborincomefund.com).

## **Colabor Overview**

Colabor is a wholesaler of food and non-food products that it purchases and supplies to wholesale distributors who, in turn, sell them to their retail (grocery stores, convenience stores, etc.) and food-service customers (cafeterias, restaurants, hotels, restaurant chains, etc.). Colabor is one of the largest wholesalers in Canada and the largest in Québec, with sales of \$411.4 million for the 12-month period ended September 8, 2006.

## **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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