Colabor Income Fund

Interim Consolidated Financial Statements
March 22, 2008 and March 24, 2007

(unaudited)

Financial Statements

The interim consolidated financial statements were not reviewed by the Fund's auditor.

Colabor Income Fund
Consolidated Earnings

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

	2008-03-22 (82 days)	2007-03-24 (83 days)
	$	$
Sales	180,029	162,667
Earnings before the following items	5,355	4,647
Financial expenses	1,423	1,538
Amortization of property, plant and equipment	646	645
Amortization of intangible assets	1,633	1,525
	3,702	3,708
Earnings before income taxes and non-controlling interest	1,653	939
Income taxes		
Current	205	
Future	259	
	464	
Earnings before non-controlling interest	1,189	939
Non-controlling interest	598	393
Net earnings and comprehensive income	591	546
Basic and diluted net earnings per unit (Note 10)	0.06 $	0.06 $

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Colabor Income Fund
Consolidated Deficit
Consolidated Contributed Surplus
(unaudited and in thousands of dollars)

	2008-03-22 (82 days)	2007-03-24 (83 days)
	$	$
CONSOLIDATED DEFICIT		
Balance, beginning of period	(11,797)	(977)
Net earnings	591	546
	(11,206)	(431)
Distributions declared	1,775	1,767
Balance, end of period	(12,981)	(2,198)
CONSOLIDATED CONTRIBUTED SURPLUS		
Balance, beginning of period	189	128
Compensation cost from long-term incentive plan	66	38
Acquisition of units by participants of long-term incentive plan	(224)	(150)
	31	16

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Colabor Income Fund
Consolidated Cash Flows
(unaudited and in thousands of dollars)

	2008-03-22 (82 days)	2007-03-24 (83 days)
	$	$
OPERATING ACTIVITIES		
Net earnings	591	546
Non-cash items		
Amortization of property, plant and equipment	646	645
Amortization of intangible assets	1,633	1,525
Amortization of deferred financing expenses	19	19
Non-controlling interest	598	393
Future income taxes	259	
Compensation cost from long-term incentive plan	66	38
Amortization of debenture transaction costs	206	187
	4,018	3,353
Changes in operating assets and liabilities	9,040	1,748
Cash flows from operating activities	13,058	5,101
INVESTING ACTIVITIES		
Business acquisition (Note 2)	(12,784)	(109,048)
Property, plant and equipment	(142)	(350)
Cash flows from investing activities	(12,926)	(109,398)
FINANCING ACTIVITIES		
Bank loans	9,693	38,542
Distributions paid to unitholders	(2,663)	(2,285)
Distributions paid to holders of exchangeable Colabor LP units	(1,369)	(1,369)
Repayment of long-term debt	(117)	(117)
Purchase of units held by the Fund for long-term incentive plan	(575)	(238)
Issue of debentures		48,000
Issue of units		24,761
Unit and debenture issue expenses		(1,404)
Cash flows from financing activities	4,969	105,890
Net change in bank overdraft	5,101	1,593
Bank overdraft, beginning of period	(9,773)	(3,337)
Bank overdraft, end of period	(4,672)	(1,744)

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Colabor Income Fund
Consolidated Balance Sheets
(in thousands of dollars)

	2008-03-22 (unaudited)	2007-12-31
	$	$
ASSETS		
Current assets		
Accounts receivable	66,034	52,074
Inventory	52,549	48,404
Prepaid expenses	1,964	725
	120,547	101,203
Deferred financing expenses	145	164
Property, plant and equipment	11,419	10,892
Intangible assets	115,416	117,049
Goodwill	37,479	33,979
	285,006	263,287
LIABILITIES		
Current liabilities		
Bank overdraft	4,672	9,773
Accounts payable and accrued liabilities	69,624	52,026
Ballance of purchase price payable (Note 2)	1,386	
Income taxes payable	692	605
Distributions payable to unitholders		888
Distributions payable to holders of exchangeable Colabor LP units		456
Rebates payable	14,541	13,453
Deferred revenue	431	459
Instalments on long-term debt	468	468
	91,814	78,128
Bank loans	33,069	23,376
Long-term debt	1,092	1,209
Debentures	45,441	45,235
Accrued benefit liability for employee benefits	752	752
Future income taxes	6,549	6,290
Non-controlling interest	28,872	29,187
	207,589	184,177
UNITHOLDERS' EQUITY		
Unitholders' capital account	88,905	88,905
Option to convert debentures	2,337	2,337
Contributed surplus	31	189
Units held for the long-term incentive plan	(875)	(524)
Deficit	(12,981)	(11,797)
	77,417	79,110
	285,006	263,287

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Colabor Income Fund
Notes to Interim Consolidated Financial Statements
March 22, 2008
(unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

1 - BASIS OF PRESENTATION

These unaudited interim consolidated financial statements are in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all the information required for complete financial statements. They are also consistent with the policies outlined in the Fund's audited financial statements for the year ended December 31, 2007. The interim financial statements should be read in conjunction with the previously mentioned financial statements.

2 - BUSINESS ACQUISITION

On March 17, 2008, the Fund acquired substantially all of the net assets of Bruce Edmeades Co., a company that carries on business in the foodservices distribution sector. The results of operation are consolidated in the statement of earnings since the acquisition date.

The preliminary purchase price allocation, including estimated direct acquisition costs of $3,500,000, was determined as follows:

	$
Current assets	19,128
Property, plant and equipment	1,031
Goodwill (1)	3,500
Current liabilities	(9,489)
Preliminary purchase price	14,170
Balance of purchase price payable	1,386
Cash consideration paid	12,784

(1) Intangible assets with finite useful lives such as customer relations may be identified, measured and presented separately from goodwill once the Fund has obtained the necessary information and that the purchase price allocation will be finalized.

3 - CHANGES IN ACCOUNTING POLICIES

The Fund adopted the recommendations of the Canadian Institute of Chartered Accountants Handbook (the "CICA handbook") of Section 3031, Inventories, which replaces Section 3030 of the same title. The new section provides guidance on the basis and method for evaluating inventory and allows the reversal of any previous write-down arising from an increase in value. The Section provides new guidance on disclosure of the methods adopted, carrying amounts, expense recognized, write-downs, and any reversal of a write-down. The difference in the opening balance of inventories can be applied to opening inventories for the period with an adjustment to opening retained earnings, without restating prior periods, or prospectively with restatement of prior period financial statements.

In addition, on January 1, 2008, the Fund also adopted the CICA Handbook recommendations relating to three sections. They are Sections 3862, Financial Instruments - Disclosures, 3863, Financial Instruments - Presentation and 1535, Capital Disclosures.

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3 - CHANGES IN ACCOUNTING POLICIES (Continued)

Section 3862 describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Section 3855, Financial Instruments – Recognition and Measurement.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It complements the presentation standards of Section 3861, Financial Instruments – Disclosure and Presentation.

Section 1535 establishes standards for disclosing information about the entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.

These new recommendations do not have any impact on the Fund's consolidated earnings, consolidated cash flow and balance sheet.

4 - REBATES FROM SUPPLIERS

In connection with EIC-144, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor, the Fund is required to disclose the amount of any vendor rebate that has been recognized in income but for which the full requirements for entitlement have not yet been met. For the 82-day period ended March 22, 2008, the Fund recognized $3,342,000 ($2,782,000 in 2007) which has been estimated on the basis of meeting certain requirements to be entitled to the rebates.

5 - LONG-TERM INCENTIVE PLAN

On February 27, 2008, under the terms of the long-term incentive plan, 19,704 units were released (which cost $224,000). On February 27, 2008, the Fund granted $575,000 under the long-term incentive plan and 53,195 units were acquired on the market for this purpose. For the 82-day period ended March 22, 2008, past service compensation expense amounted to $66,000 ($38,000 in 2007).

6 - EMPLOYEE FUTURE BENEFITS

For the 82-day period ended March 22, 2008, total expenses for defined benefit pension plans amounted to $38,000 ($35,000 in 2007).

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7 - CAPITAL MANAGEMENT

The Fund's objective when managing its capital is to safeguard the Fund's assets and its ability to continue as a going concern, while maximising its growth and providing a return to unitholders. The Fund's capital is composed of unitholders' equity and debentures. In addition to its conservative approach to safeguarding the balance sheet, the Fund achieves this objective through the prudent management of internally-generated capital, by optimizing the use of capital at a lower cost and using capital to finance growth initiatives.

While the Fund is not subject to externally imposed capital requirements, its credit facilities are subject to a number of covenants, including a total interest-bearing debt (excluding the debentures) to earnings before financial expenses, amortization and income taxes ("EBITDA") and an interest coverage ratio.

The Fund's objectives with respect to its capital for the 2008 year are as follows:

	Objectives	2008-03-22	2007-12-31
Total interest bearing debt (excluding debentures)/ EBITDA (1)	Maximum of 2.50:1.00	1.17	0.89
EBITDA/financial expenses (1)	Minimum of 4.00:1.00	4.72	4.54

(1) These ratios are calculated over 12 consecutive months.

The Fund intends to maintain a flexible capital structure that is consistent with the above objectives and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Fund may acquire units for cancellation in connection with a normal course issuer bid, issue new units, raise capital through debt instruments (secured, unsecured, convertible or other) or refinance current debt through instruments with different characteristics.

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8 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies

The Fund is exposed to various financial risks resulting from both its operations and its investments activities. The Fund's management manages financial risks. The Fund does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Financial risks

The Fund's main financial risk exposure and its financial risk management policies are as follows.

Interest rate risk

The debentures bear interest at a fixed rate and the Fund is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The bank overdraft, bank loan and long-term debt bear interest at variable rates and the Fund is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations. The Fund's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest. The Fund does not use derivative financial instruments to reduce its interest rate risk exposure.

The sensitivity analysis includes items bearing interest at variable rates and indicates that a 1% fluctuation in the bank prime rate would have a $61,000 impact on net earnings for the quarter.

Credit risk

Generally, the carrying amount on the balance sheet of the Fund's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

The Fund's credit risk is primarily attributable to its trade accounts receivable. The credit risk associated with accounts receivable is generally diversified with the exception of a customer representing 13% of accounts receivable as of March 22, 2008. The Fund requires a guarantee from some of its customers. As at March 22, 2008, the Fund has guarantees for 32% of its trade accounts. The Fund's policy is to have each customer undergo a credit check.

The Fund examined its accounts receivable to detect any indications of impairment. It was determined that some accounts receivable were impaired and, accordingly, a $340,000 allowance was recognized. Customers whose accounts are impaired are experiencing financial difficulties.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Fund has financing sources such as bank loans for a sufficient authorized amount. The Fund establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations. In light of the cash sources available to the Fund, management believes that the liquidity risk is not very high.

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8 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The Fund's liabilities expire as follows

	Less than 12 months	Maturing in 1 to 5 years
Bank overdraft	4,672	
Accounts payable and accrued liabilities	69,624	
Balance of purchase price payable	1,386	
Long-term debt	468	1,092
Bank loans		33,069
Debentures (par value)		49,528
	76,150	83,689

9 - SEGMENT DISCLOSURES

The Fund has two reportable segments: distribution to food distributors (Boucherville Division) and distribution to foodservice enterprises (Summit Division).

The accounting policies that apply to the reportable segments are the same as those described in the Fund's audited financial statements for the year ended December 31, 2007. The Fund evaluates performance according to earnings before financial expenses, income taxes and non-controlling interest. Common expenses are allocated according to sales.

	2008-03-22 (82 days)		
	Boucherville Division	Summit Division	Total
	$	$	$
Sales	83,842	96,187	180,029
Earnings before financial expenses, amortization, income taxes and non-controlling interest	2,921	2,434	5,355
Total assets	132,469	152,537	285,006
Acquisition			
Property, plant and equipment	69	1,104	1,173
Goodwill		3,500	3,500

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9 - SEGMENT DISCLOSURES (Continued)

	2007-03-24 (83 days)		
	Boucherville Division	Summit Division	Total
	$	$	$
Sales	76,496	86,171	162,667
Earnings before financial expenses, amortization, income taxes and non-controlling interest	2,092	2,555	4,647
Total assets	136,319	140,428	276,747
Acquisition			
Property, plant and equipment	237	9,024	9,261
Intangible assets		57,219	57,219
Goodwill		20,520	20,520

10 - EARNINGS PER UNIT

The following table presents basic and diluted earnings per unit:

2008-03-22 (82 days)			2007-03-24 (83 days)		
Earnings	Weighted average number of units	Earnings per unit	Earnings	Weighted average number of units	Earnings per unit
$		$	$		$
591	9,839,079	0.06	546	9,447,410	0.06

The units hypothetically issued following the exchange of exchangeable Colabor LP units and the conversion of convertible debentures have not been included in the calculation of diluted earnings per unit because the impact is anti-dilutive.

The weighted average number of units does not include the units acquired by the Fund for the long-term incentive plan.

11 - SUBSEQUENT EVENT

On April 7, 2008, Colabor SC entered into a final agreement to acquire all the outstanding shares of Gestion Bertrand & Frères Inc. (“Bertrand”), a company carrying on business in the distribution to foodservices sector for approximately $85,000,000, subject to certain adjustments. The expected closing date of the acquisition is April 28, 2008.

To finance the acquisition of Bertrand, the Fund issued a prospectus on April 16, 2008. The Fund expects to issue 4,630,000 units for $48,384,000. Subsciption receipts have been issued on April 23, 2008. The Fund also renegotiated its credit facilities to a maximum authorized amount of $100,000,000 that can be increased to $150,000,000 at the Fund's request.