COLABOR INCOME FUND

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR AND 116-DAY PERIOD (4th QUARTER)
ENDED DECEMBER 31, 2008

February 25, 2009

COLABOR INCOME FUND

MANAGEMENT'S DISCUSSION & ANALYSIS
YEAR AND 116-DAY PERIOD (4th QUARTER)
ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

February 25, 2009

1. Scope of MD&A

This Management's Discussion & Analysis ("MD&A") of Colabor Income Fund (the "Fund") discusses the operating results, financial situation and cash flows for the year and the 116-day period (4th quarter) ended December 31, 2008. These financial statements are in Canadian dollars and have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The financial statements have been published on SEDAR at www.sedar.com.

The 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.

This report also contains information that is a non-GAAP measure of performance, such as the concept of earnings before financial expenses, income taxes and amortization (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.

2. Forward-looking Statements

The MD&A is intended to assist unitholders in understanding the nature and extent of changes and trends, as well as risks and uncertainties. Consequently, actual results may differ significantly from information reported or inferred in these statements. The main factors that could result in a significant difference between the Fund's actual results and the projections or expectations set out in the forward-looking statements are described under Risks and Uncertainties.

3. General

The Fund
The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Quebec under a Declaration of Trust dated May 19, 2005. The Fund's units are traded on the Toronto Stock Exchange under the symbol CLB.UN.

The Fund owns a 74% interest in Colabor, Limited Partnership ("Colabor LP"), a limited partnership established under the laws of Quebec pursuant to a limited partnership agreement dated May 19, 2005, and amended June 28, 2005. The Fund carries out its business activities through Colabor LP.

Additional Information
Additional information on Colabor Income Fund may be found on SEDAR at www.sedar.com and on its information sites: www.colaborincomefund.com, www.colabor.com, www.summitfoods.com and www.dbertrand.ca.

4. Corporate Profile

Activities

Colabor was founded in 1962 and is a wholesaler and master food distributor serving the retail (small-sized grocery stores, convenience stores, etc.) and foodservice (cafeterias, restaurants, hotels, restaurant chains, etc.) markets.

It currently carries out its activities in two segments:

Wholesale Segment (Boucherville):

Sales of this Segment consist of food, food-related and non-food products that it purchases and supplies to wholesale distributors that, in turn, distribute these products to over 25,000 customers operating in the retail or foodservice market segments in Quebec and the Atlantic provinces. Approximately 90% of this Division's sales are covered by long-term contracts.

Products are sold either directly from its Distribution Centre ("warehouse sales") or through direct delivery from manufacturers and suppliers to the warehouses of wholesale distributors ("direct sales").

This Segment generally sells its products at the manufacturers' and suppliers' list price. Accordingly, it generates gross profit on sales as follows:

(a) From a profit on warehouse sales:
Through a mark-up of the cost price of its private brand-name products and by making purchases from manufacturers and suppliers before a price increase and subsequently selling such products at the manufacturer's new price. There is no profit margin on direct sales.

(b) Primarily 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.

This Segment operates a 371,120 square-foot distribution centre in Boucherville that employs about 150 people and could be expanded to 650,000 square feet.

Distribution Segment

This Segment includes the following operating activities:

1. *Summit Food Service Distributors*

On January 8, 2007, Colabor LP acquired substantially all of the assets of Summit Food Service Distributors Inc. ("Summit"), one of the major foodservice distributors in the industry in Canada, from Cara Operations Limited ("Cara"). Summit distributes more than 8,000 products from warehouses in Ottawa, London and Mississauga to more than 3,000 customers, including Cara (Swiss Chalet, Harvey's, Kelsey's Neighbourhood Bar and Grill, Montana's Cookhouse and Milestone's Grill and Bar), Compass, Extendicare, other foodservice chains and independent restaurants as well as to institutions including hospitals, schools and government institutions. Summit's product line includes frozen products, dry staples, dairy products, meat, seafood, poultry and sanitation products.
This Division services the Ontario market primarily, but also distributes Cara restaurant products in Quebec.

Prior to the acquisition of Bruce Edmeades Foodservice Distribution described below, this division, with about 500 employees, operated three distribution centers, including the London head office, where administrative services are located.
These warehouses cover a total of 345,016 square feet, allocated as follows:
Toronto: 127,961 square feet
London: 113,595 square feet (could be expanded)
Ottawa: 103,460 square feet (could be expanded)

On March 17, 2008, Colabor completed the acquisition of substantially all of the assets of Bruce Edmeades Foodservice Distribution ("Bruce Edmeades"), one of the leading foodservice distributors in the Canadian industry with annual revenues exceeding $230 million for the year ended December 31, 2007.

Bruce Edmeades offers about 9,000 products and operates mainly out of an approximately 130,000 square-foot HACCP-certified warehouse in Cambridge, Ontario. It distributes to customers primarily in Southern Ontario, but also across Canada servicing several large and well-known customers, including Wendy's, Mr. Sub and Zehrs and other customers operating in the restaurant, healthcare and education industries.

Bruce Edmeades is currently being integrated into the Summit Division. The integration is discussed in greater detail below, under Integration and Synergies.

2. *Bertrand Distributeur en alimentation*

On April 28, 2008, Colabor acquired all the outstanding shares of Gestion Bertrand & Frères Inc. (now called Bertrand Distributeur en alimentation) ("Bertrand"), a leading independent distributor of food in Eastern Quebec and one of Colabor's most important affiliated wholesalers.

Bertrand, whose sales totalled $159 million for the 12-month period ended December 21, 2007, is a major distributor to foodservice and retail customers in the Québec City and Saguenay regions. The Company, which employs approximately 400 people, distributes over 12,000 products from its two strategically located warehouses in Lévis and Saguenay, totalling 231,000 and 133,000 square feet, respectively. Bertrand's customers consist primarily of foodservice operators, specialty food stores, institutional accounts such as healthcare institutions, schools and universities, certain other retail customers, in all reaching approximately 4 000 customers. With a complete product offering, including frozen products, dry staples, dairy products, fresh meat, fresh fish and seafood, poultry, fresh fruits and vegetables, disposables and sanitation products as well as meat transformation and preparation services, Bertrand therefore offers a "one-stop-shop" solution to its customers.

This Segment generates gross profit on sales as follows:

a) From a profit on warehouse sales:
Generated primarily from a mark-up of the cost price of products pursuant to rates negotiated with its customers.

b) From rebates from suppliers:
These rebates consist of: (i) rebates received from suppliers based on buying volumes, (ii) cash discounts on purchases based on terms of sale, and (iii) net advertising funds received in connection with promotional activities.

Almost 50% of this Segment's sales are covered by long-term contracts.

A significant percentage of the sales activities of the Fund's <u>two segments</u> is secured by long-term agreements and manufacturers' and suppliers' cost increases which can be passed on to customers, thereby significantly reducing its risk.

5. Main Resources and Competencies

5.1 Board of Trustees

The members of the Board of Trustees are listed below:

Trustee	Role	Occupation
Jacques Landreville	Chairman	Corporate Director
Richard Lord	Trustee and Chairman, Human Resources and Corporate Governance Committee	President and Chief Executive, Quincaillerie Richelieu Ltée
Robert Panet-Raymond	Trustee and Chairman, Audit Committee	Corporate Director
Claude Gariépy	Trustee	Executive Vice-President and Chief Executive Officer, Familiprix Inc.
Donald Dubé	Trustee	President, Edfrex Inc.

5.2 Management

Gilles C. Lachance	President and Chief Executive Officer	Colabor, Limited Partnership
Michel Loignon CA	Vice-President and Chief Financial Officer	Colabor Limited Partnership
Jack Battersby	President	Colabor Limited Partnership, Summit Division
Marko Potvin	Vice-President, Purchasing and Marketing	Colabor Limited Partnership
Denis Melançon	Vice-President and General Manager	Bertrand Distributeur en alimentation, subsidiary of Colabor Limited Partnership
Louise Laforce	Vice-President Human Resources	Colabor Limited Partnership
Michel Delisle	Vice-President Information Technology	Colabor Limited Partnership

5.3 Human Resource Development During the Fiscal Year

During the 2008 fiscal year, the Board of Trustees, through the Human Resources and Corporate Governance Committee and with the assistance of an external human resources consulting firm, initiated a succession planning process.

6. Performance Analysis

6.1 Executive Summary of Performance for the Year Ended December 31, 2008

- Sales up **36.8%**
- EBITDA up **31.8%**
- Organic growth of **6.7%**
- 2008 unit value: December 31: \$8.38; High: \$11.00; Lows: \$5.90
- 2008 average annual unit trading price: \$9.41
- Annual distribution per unit: \$1.08
- Average annual return: **11.5%**
- Distribution considered as a return of capital at **100%** (2007: considered as a dividend at 49% and as return of capital at 51%)
- Standardized distributable cash **<u>after current income taxes</u>** up **8.9%**
- Ratio of distributable cash **<u>after current income taxes</u>** to distributed cash of **73.3%**
- Acquisition of property, plant and equipment: \$2.3M
- Actual ratios compared with lending institution requirements: Total debt (excluding the debentures) to EBITDA: 1.18:1.00 (prescribed: <3.00:1.00); EBITDA to interest expenses: 5.32:1.00 (prescribed:>3.50:1.00)

6.2 Results of Operations

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

- Results subsequent to the Bruce Edmeades acquisition (March 17, 2008) are included for the quarter and the year without a comparison to 2007;
- Results subsequent to the Bertrand Distributeur en alimentation acquisition (April 28, 2008) are included for the quarter and the year, 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)

		2008-12-31 (366 days)		2007-12-31 (365 days)		Variance	
		$		$		$	%
Sales		1,146,102	100.00%	838,068	100.00%	308,034	36,76%
Earnings before financial expenses and amortization and income taxes		40,269	3.51%	30,548	3.65%	9,721	31.82%
Financial expenses		7,263	0.63%	6,731	0.80%	532	7,90%
Amortization of property, plant and equipment		4,039	0.35%	3,354	0.40%	685	20.42%
Amortization of intangible assets		8,706	0.76%	6,993	0.83%	1,713	24.50%
		20,008	1.74%	17,078	2.03%	2,930	17.16%
Earnings before income taxes and non-controlling interest		20,261	1.77%	13,470	1.62%	6,791	50.42%
Income taxes	Current	4,405	0.38%	2,715	0.32%	1,690	62.25%
	Future	863	0.08%	6,290	0.75%	(5,427)	-86.28%
		5,268	0.46%	9,005	1.07%	(3,737)	-41.50%
Earnings before non-controlling interest		14,993	1.31%	4,465	0.55%	10,528	235.79%
Non-controlling interest		6,618	0.58%	4,650	0.55%	1,968	42.32%
Net earnings		**8,375**	**0.73%**	**(185)**	**0.00%**	**8,560**	**-4627.03%**
Basic and diluted earnings per unit		$0.64		$(0.02)			

		2008-12-31 (116 days) (unaudited)		2007-12-31 (114 days) (unaudited)		Variance	
		$		$		$	%
Sales		398,906	100.00%	279,703	100.00%	119,203	42.62%
Earnings before financial expenses and amortization and income taxes		15,472	3.88%	12,776	4.57%	2,696	21.10%
Financial expenses		2,399	0.60%	2,019	0.72%	380	18.82%
Amortization of property, plant and equipment		1,543	0.39%	1,053	0.38%	490	46.53%
Amortization of intangible assets		3,613	0.91%	2,179	0.78%	1,434	65.81%
		7,555	1.90%	5,251	1.88%	2,304	43.88%
Earnings before income taxes and non-controlling interest		7,917	1.98%	7,525	2.69%	392	5.21%
Income taxes	Current	1,862	0.47%	2,715	0.97%	(853)	-31.42%
	Future	(627)	-0.16%	6,290	2.25%	(6,917)	-109.97%
		1,235	0.31%	9,005	3.22%	(7,770)	-86.29%
Earnings before non-controlling interest		6,682	1.67%	(1,480)	-0.53%	8,162	-551.49%
Non-controlling interest		2,356	0.59%	2,510	0.90%	(154)	-6.14%
Net earnings		**4,326**	**1.08%**	**(3,990)**	**-1.43%**	**8,316**	**-208.42%**
Basic and diluted earnings per unit		$0.33		$(0.41)			

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.

	2008-12-31 (366 days)			2007-12-31 (365 days)	Variance		Variance	
	(Comparable sales)	(Post-acquisition sales)	(Total sales)	(Comparable sales)	(Comparable sales)		(Total sales)	
	$	$	$	$	$	%	$	%
Wholesale Segment								
Retail	138,763		138,763	130,633	8,130	6.2%	8,130	6.2%
Foodservice	346,452		346,452	297,516	48,936	16.4%	48,936	16.4%
	485,215		485,215	428,149	57,066	13.3%	57,066	13.3%
Distribution Segment								
Foodservice	424,185	301,040	725,225	411,400	12,785	3.1%	313,825	76.3%
	909,400	301,040	1,210,440	839,549	69,851	8.3%	370,891	44.2%
Inter-segment elimination	(15,281)	(49,057)	(64,338)	(1,481)	(13,800)	N/A	(62,857)	N/A
	894,119	251,983	1,146,102	838,068	56,051	6.7%	308,034	36.8%

	2008-09-06 (116 days)			2007-12-31 (114 days)	Variance		Variance	
	(Comparable sales)	(Post-acquisition sales)	(Total sales)	(Comparable sales)	(Comparable sales)		(Total sales)	
	$	$	$	$	$	%	$	%
Wholesale Segment								
Retail	52,594		52,594	48,690	3,904,	8.0%	3,904,	8.0%
Foodservice	127,816		127,816	100,424	27,392	27.3%	27,392	27.3%
	180,410		180,410	149,114	31,296	21.0%	31,296	21.0%
Distribution Segment								
Foodservice	138,724	116,927	255,651	131,711	7,013	5.3%	123,940	94.1%
	319,134	116,927	436,061	280,825	38,309	13.6%	155,236	55.3%
Inter-segment elimination	(13 227)	(23,928)	(37,155)	(1,122)	(12,105)	N/A	(36,033)	N/A
	305,907	92,999	398,906	279,703	26,204	9.4%	119,203	42.6%

Wholesale Segment

The Wholesale Segment continues to experience significant sustained organic growth 13.3% for the year and 21% for the quarter. Organic growth in 2007 was about 6.6%.

Retail

The 2008 fiscal year was marked by a significant increase in sales to the retail market, up 6.2% for the year and 8% for the quarter. The 2008 organic growth is primarily attributable to the recruitment of two new major customers by one of the affiliated wholesalers in the third quarter of 2007, the acquisition of a competitor by an affiliated-wholesaler in the Maritimes and, in the fourth quarter of 2008, conclusion of a major distribution agreement between another affiliated-wholesaler and an integrated oil company. In addition to the previous reasons, the significant growth in the fourth quarter is attributable to the delivery of seasonal products to a customer that had postponed delivery from the third quarter to the fourth.

Foodservice

Organic growth in the affiliated-wholesalers' foodservice sales of 16.4% for the year and 27.3% for the quarter is well above industry levels, which, according to the Canadian Restaurant and Foodservices Association (CRFA) stood at 4.9% in October 2008 (the most recent statistic). This 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

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 for the cumulative period, since the acquisition occurred on January 8, 2007. The 5.3% increase in sales during the fourth quarter over the prior year's sales is comparable with the CFRA's growth of 4.9%, despite the economic difficulties in Ontario. The year nevertheless posted growth of 3.1% despite a difficult first quarter attributable to the economic situation in Ontario and a severe winter.

Sales attributable to acquisitions:

	4th Quarter	Cumulative
Bruce Edmeades	$65.2M	$172.7M
Bertrand	$51.8M	120.9M
Summit (1st week of January 2008)		7.5M

Bertrand continues to benefit from its significant market share in the Québec City and Saguenay region. During the fiscal year, the festivities surrounding the 400th anniversary of the founding of Québec City contributed to increasing its sales.

Inter-segment elimination

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

Earnings Before Financial Expenses, Income Taxes and Amortization (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.

EBITDA increased by 31.82% for the year, slightly less than the 36.7% sales growth. The $9.7 million increase is attributable to:

- Significant organic growth in the Wholesale Segment which generated better agreements with suppliers.
- The Bertrand acquisition, which has already made it possible to generate a number of purchasing synergies (see Integration and Synergies).

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

- Skyrocketing fuel prices during most of the fiscal year. While the Summit division was able to recover fuel costs from its clients, additional net costs attributable to rising fuel costs were almost $228,000 for the quarter and $708,000$ for the year, compared to 2007.

- Bruce Edmeades' approximate $1.7 million operating loss since its acquisition on March 17, 2008.

- The economic situation in Ontario, which deteriorated in the last quarter, has let to intense competition among food distributors to attract customers that are not affiliated with restaurant chains.

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.

Readers should exercise caution with these analyses and consider the fact that the total amount of income taxes for the entire the year was recognized in the fourth quarter of 2007 only whereas, in 2008, the taxes were recognized in each quarter. As a result, the basis for comparison of income taxes in the fourth quarter of 2008 differs from that in the fourth quarter of 2007.

Moreover, in 2007, future income taxes included items that had to be taken into consideration since the initial public offering on June 28, 2005, as a result of the Finance Department’s decision to tax the Fund.

6.3 Balance Sheets

Consolidated Balance Sheets
December 31, 2008 and 2007
(in thousands of dollars)

	2008	2007
	$	$
ASSETS		
Current assets		
Accounts receivable	80,804	52,074
Inventory	73,233	48,404
Prepaid expenses	1,664	725
	155,701	101,203
Deferred financing expenses	279	164
Investment at cost	6,159	
Property, plant and equipment	15,029	10,892
Intangible assets	143,319	117,049
Goodwill	69,574	33,979
	390,061	263,287
LIABILITIES		
Current liabilities		
Bank overdraft	7,714	9,773
Accounts payable and accrued liabilities	85,945	52,026
Income taxes payable	1,855	605
Balances of purchase price payable	10,103	
Distributions payable to unitholders	1,307	888
Distributions payable to holders of exchangeable Colabor LP units	456	456
Rebates payable	15,166	13,453
Deferred revenue	1,115	459
Instalments on long-term debt	707	468
	124,368	78,128
Bank loan	47,501	23,376
Balance of purchase price, payable in 2010, 4.5%	3,750	
Long-term debt	942	1,209
Debentures	45,725	45,235
Accrued benefit liability for employee benefits	772	752
Future income taxes	17,474	6,290
Non-controlling interest	29,713	29,187
	270,185	184,177
UNITHOLDERS' EQUITY		
Unitholders' capital account	135,323	88,905
Option to convert debentures	2,315	2,337
Contributed surplus	349	189
Units held for the long-term incentive plan	(875)	(524)
Deficit	(17,236)	(11,797)
	119,876	79,110
	390,061	263,287

Intangible assets and goodwill from the Bruce Edmeades and Bertrand acquisitions were determined by an independent valuation firm.

The accrued benefit liability for employee benefits was recognized following the plan trustee's valuation.

6.4 Cash Flow

Consolidated Cash Flows (in thousands of dollars)

	2008-12-31 (116 days) (unaudited)	2007-12-31 (114 days) (unaudited)	2008-12-31 (366 days)	2007-12-31 (365 days)
	$	$	$	$
OPERATING ACTIVITIES				
Net earnings	4,326	(3,990)	8,375	(185)
Non-cash items				
Amortization of property, plant and equipment	1,543	1,053	4,039	3,354
Amortization of intangible assets	3,613	2,179	8,706	6,993
Amortization of deferred financing expenses	38	24	110	81
Non-controlling interest	2,356	2,510	6,618	4,650
Future income taxes	(627)	6,290	1,863	6,290
Compensation cost from long-term incentive plan	126	67	384	211
Amortization of debenture transaction costs	286	262	910	835
	11,661	8,395	30,005	22,229
Changes in operating assets and liabilities				
Accounts receivable	18,928	4,545	(1,825)	5,041
Income taxes receivable	518	1,917		1,620
Inventory	(9,844)	(4,324)	(8,492)	1,869
Prepaid expenses	2,127	1,076	20	910
Accounts receivable and accrued liabilities	(2,885)	(8,838)	14,532	(2,984)
Income taxes payable	783	605	178	605
Rebates payable	5,007	4,433	1,713	448
Deferred revenue	(786)	(806)	656	(280)
Accrued benefit liability for employee benefits	20	(53)	20	(53)
	13,668	(1,445)	6,802	7,176
Cash flows from operating activities	25,529	6,950	36,807	29,405
INVESTING ACTIVITIES				
Business acquisition	1,242		(69,182)	(109,048)
Property, plant and equipment	(1,462)	(885)	(2,340)	(1,469)
Cash flows from investing activities	(220)	(885)	(71,522)	(110,517)
FINANCING ACTIVITIES				
Bank loans	(17,239)	(6,920)	21,352	19,999
Financing costs		(245)	(225)	(245)
Distributions paid to unitholders	(5,228)	(3,550)	(14,011)	(10,265)
Distributions paid to holders of exchangeable Colabor LP units	(1,825)	(1,825)	(5,476)	(5,476)
Repayment of long-term debt	(373)	(156)	(779)	(468)
Acquisition of units by participants of long-term incentive plan			(575)	(238)
Disposal of units held by the Fund for long-term incentive plan		12		12
Issue of debentures				48,000
Issue of units			38,022	24,761
Unit and debenture issue costs	(384)		(1,534)	(1,404)
Cash flows from financing activities	(25,049)	(12,684)	36,774	74,676
Net change in bank overdraft	260	(6,619)	2,059	(6,436)
Bank overdraft, beginning of year	(7,974)	(3,154)	(9,773)	(3,337)
Bank overdraft, end of year	(7,714)	(9,773)	(7,714)	(9,773)

Credit Facilities

The Company has entered into a three-year agreement with a banking syndicate for operating credit facilities for an authorized amount of $100million 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 1.18:1.00 and the interest coverage ratio is 5.32:1.00 times for the fiscal year. These ratios were 1.56:1.00 and 5.07:1.00 respectively at the time of publication of the results for the third quarter, ended on September 6, 2008.

During the quarter, the operating credit decreased by $17 million to $47.4 million.

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.

6.5 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 Distribution Segment, as a result of purchases at the Sell-A-Rama which is 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 annual distribution per unit is $1.076.

The following table shows the changes in standardized distributable cash and distributed distributions for the fourth quarter of 2008 and 2007 and the cumulative period. It also provides information since the creation of the Fund, that is, June 28, 2005.

Standardized Distributable Cash (in thousands of dollars)

	2008-12-31 (116 days) (unaudited)	2007-12-31 (114 days) (unaudited)	2008-12-31 (366 days)	2007-12-31 (365 days)	Since the creation of the Fund on 2005-06-28
	$	$	$	$	$
Cash flows from operating activities	25 529	6 950	36 807	29 405	107 928
Acquisition of property, plant and equipment	(1 462)	(885)	(2 340)	(1 469)	(4 875)
Standardized distributable cash	**24 067**	**6 065**	**34 467**	**27 936**	**103 053**
Distributions paid on units	5 228	3 550	14 011	10 265	32 832
Distributions paid on exchangeable Colabor LP units	1 825	1 825	5 476	5 476	18 585
Distributed cash	**7 053**	**5 375**	**19 487**	**15 741**	**51 417**
Ratio of distributed cash to standardized distributable cash	**29,3%**	**88,6%**	**56,5%**	**56,3%**	**49,9%**

The precedent table demonstrates the important ability of the Fund to generate cash flows from operating activities that are much larger than its distributed cash, which is the foundation of good management of cash, the basis of an income fund.

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, income taxes and amortization (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 that the periods during which distributable cash is earned are synchronized 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 growth of distributable cash over the previous year, before and after income taxes, with the knowledge that the Fund did not recognize income taxes before the last quarter of the 2007 fiscal year.

Distributable cash (in thousands of dollars)

	2008-12-31 (116 days) (unaudited)	2007-12-31 (114 days) (unaudited)	2008-12-31 (366 days)	2007-12-31 (365 days)
	$	$	$	$
Earnings before financial expenses, amortization and income taxes	**15,472**	**12,776**	**40,269**	**30,548**
Financial expenses	(2,399)	(2,019)	(7,263)	(6,731)
Plus non-monetary item – Amortization of debenture transaction costs	286	262	910	835
Acquisition of property, plant and equipment	(1,462)	(885)	(2,340)	(1,469)
Distributable cash before current income taxes	**11,897**	**10,134**	**3,1,76**	**23,183**
Current income taxes	(1,462)	(2,715)	(3,292)	(2,715)
Distributable cash after current income taxes	**10,035**	**7,419**	**28,284**	**20,468**
Weighted average number of units				
Units	14,490,072	9,848,537	12,992,392	9,747,732
Exchangeable Colabor LP units	5,087,439	5,087,439	5,087,439	5,087,439
	19,577,511	14,935,976	18,079,831	14,835,171
Distributable cash per unit before current income taxes	**$0.61**	**$0.68**	**$1.75**	**$1.56**
Variation before current income taxes	**-10.4%**		**11.8%**	
Distributable cash per unit after current income taxes	**$0.51**	**$0.50**	**$1.50**	**$1.38**
Variation after current income taxes	**3.2%**		**8.9%**	
Distributions declared – Units	5,228	2,663	14,430	7,085
Distributions declared – Exchangeable Colabor LP units	1,825	1,825	5,476	5,476
Reversal of prior period allowance	(382)	(358)		
Distributed cash	**6,671**	**4,130**	**19,906**	**12,561**
Excess of distributable cash after current income taxes over distributed cash	**3,364**	**3,289**	**7,265**	**7,907**
Ratio of distributable cash after current income taxes to distributed cash	**66.5**	**55.7%**	**73.3%**	**61.4%**

7. Integration and Synergies

Acquisition of Bruce Edmeades and integration within Summit Division

As previously mentioned, 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 $2.5 million during the twelve-month period prior to its acquisition.

The proposed integration plan at the time of the acquisition 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.
- Introduction of an automated warehouse management system already in use in Summit's other warehouses;

(c) Laying off of excess staff in Cambridge following the relocations mentioned in (b) above;

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

(e) Optimisation of supplier agreements.

All of these steps had been completed as at December 31, 2008, with the exception of the lay-offs mentioned in (c) above and which were carried out in January 2009.

As previously mentioned, EBITDA for the fiscal year includes $1.7 million which represents the operating loss attributable to Bruce Edmeades since its acquisition on March 17, 2008.

At the start of the 2009 fiscal year, Summit's management reached agreement on a sale price increase with some of the division's major customers.

Management believes that, once the plan has been achieved, the breakeven point will be achieved during the first quarter of the 2009 fiscal year, i.e. one year after the Bruce Edmeades acquisition.

Acquisition of Bertrand

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 to manage Bertrand's activities.

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

Additionally, Bertrand will undertake a complete operating software change and implement a new automated warehouse management system by the end of February 2009, which should improve operating efficiency in 2009, after a standard breaking-in period.

8. Contractual Obligations

('000)		Payments due per period			
Contractual obligations	Total	Less than 1 year	From 1 to 3 years	From 4 to 5 years	5 years and over
	$	$	$	$	$
Long-term debt	1,649	707	942	-	-
Balance of purchase price payable	13,853	10,103	3,750		
Debentures (par value)	49,070		49,070		
Operating leases and service contracts	104,375	12,189	22,067	20,511	49,608
Total	168,947	22,999	75,829	20,511	49,608

9. Summary of Past Quarters

('000)	2008-12-31	2008-09-06	2008-06-14	2008-03-22	2007-12-31	2007-09-08	2007-06-16	2007-03-24
	(116 days)	(84 days)	(84 days)	(82 days)	(114 days)	(84 days)	(84 days)	(83 days)
	$	$	$	$	$	$	$	$
Sales	398,906	288,446	278,721	180,029	279,703	195,488	200,210	162,667
EBITDA	15,472	10,014	9,428	5,355	12,776	6,798	6,327	4,647
Net earnings	4,326	2,311	1,147	591	(3,990)	1,736	1,523	546
Basic and diluted earnings per unit	$0.33	$0.16	$0.09	$0.06	$(0.41)	$0.18	$0.15	0.06

Readers should consider the fact that the net loss for the 114-day period ended December 31, 2007 (4th quarter of 2007) was recognized after $9,005,000 was recognized in full during that quarter, consisting of current income taxes of $2,715,000 and future income taxes of $6,290,000 as a result of the Finance Department's decision that the Fund is not ???eligible to benefit from the transitional rules for existing SIFTs on October 31, 2006. Accordingly, this should be taken into account when comparing results with those of previous and subsequent quarters.

10. Related Party Transactions

Following the initial public offering on June 28, 2005, the Fund had indirectly acquired a 53.2% interest in Colabor LP, with the remaining 46.8% interest in Colabor LP being held by Colabor Investments Inc. ("Investments") as exchangeable Colabor LP units.

Subsequent to the Summit and Bertrand acquisitions, Investments now holds an undiluted 26% interest and a diluted 21% interest in Colabor LP, which enables it to exercise significant influence over the Fund.

Related party transactions include the following:

- Sales to customers controlled by trustees of the Fund, which are on the same terms and conditions as sales to other customers of the Fund;

- Rebates to affiliated and preferred wholesalers of Investments at the rate of 3% of their sales, as provided in the agreement in effect until 2015;

- Until 2022, the Fund leases the building in which its head office and the Boucherville distribution centre are located from Investments;

- Under an agreement expiring in 2015, the Fund pays fees to a subsidiary of Investments for IT services.

All of these transactions were concluded in the normal course of business and are measured at the exchange amount.

Related Party Transactions (in thousands of dollars)

	2008-12-31 (116 days) (unaudited)	2007-12-31 (114 days) (unaudited)	2008-12-31 (366 days) (unaudited)	2007-12-31 (365 days) (unaudited)
	$	$	$	$
Sales to customers controlled by trustees	6 448	5 195	17 337	22 236
Rebates	5 662	4 349	13 731	12 451
Rent	624	624	2 028	2 028
IT services	409	140	740	622

11. Off-balance Sheet Transactions

The Fund does not have any off-balance sheet transaction obligations.

12. Current Economic Situation, Development Strategies and Outlook

Current Economic Situation

Colabor's activities are in Eastern Canada, principally in Quebec and Ontario. The Canadian economy is currently undergoing and will continue to undergo a serious economic slowdown, if not a recession.

An economic study by Desjardin dated January 30, 2009 predicts that real GDP growth in 2009 will be -0.5% for Quebec and -1.6% for Ontario, with an increase of 1.9% and 2.0% respectively for 2010.

This same study predicts that the recession will continue into the summer of 2009 in Québec. Unemployment in Québec has increased by 7.3% and is forecasted to be 8.5% by the spring. It is highly likely that these rates will be revised upwardly.

The most recent figures confirm that, in Ontario, economic conditions are continuing to deteriorate and that the province has been in a recession since the fourth quarter of 2008. The automobile industry's difficulties have been exacerbated by plummeting new car sales. The scope of the Ontario manufacturing sector's difficulties will likely result in that province being the most significantly impacted by the current recession.

Colabor's management is well aware of these financial difficulties and has already prepared a budget to deal with these issues and taken the necessary measures to freeze wages, other than those governed by collective agreements, and limit capital spending only to projects that will contribute to increasing productivity. Through prudent cash management, as shown in its financial statements, it has reduced its debt and is prepared to face the economic slowdown.

Nevertheless, Colabor is able to better resist a recession since it operates in the food distribution sector, an area that should be less affected than others and management believes that 2009 could generate interest profit.

Colabor has prepared its business plan, described below, and believes that the current recession could offer business opportunities that it is prepared to analyse for their potential to contribute to sound sales growth, with the objective of providing added value for the unitholders.

Development Strategies

The Fund's management is firmly convinced that there are major channels which could be used to increase its penetration of the food services market in Canada.

Affiliated-wholesalers network in Quebec and in the Atlantic Provinces:

In light of the Boucherville Division's organic growth in sales, as described under Results of Operations, it is clear that these loyal, entrepreneurial, customer-service-driven affiliated-wholesalers will continue to grow their market share in their respective regions.

Consolidation of food distribution services:

The Summit acquisition has made it possible for the Fund to gain a foothold in Ontario, one of the most important foodservices market in Canada. The Funds could acquire other distributors operating in Ontario, and use its business model to integrate any new acquisitions. This strategy has proven beneficial, for example, with the Bruce Edmeades acquisition.

The Fund could also acquire affiliated-wholesalers' networks in Quebec and in the Atlantic Provinces, as illustrated with the Bertrand acquisition. This would allow it to complete its distribution network in Eastern Canada.

Geographic expansion:

At this time, the Fund is not present in Western Canada. Since this region was experiencing the fastest economic growth in the country, there is no doubt that expansion into this region could be beneficial, although it must be considered carefully in light of the availability-of-labour issues. Additionally, a prerequisite to expansion in this region is developing a solid customer base before investing in new infrastructure.

Related sectors:

The Fund's mission is to provide its customers with one-stop shopping in the food distribution services market.

In the future, the Fund could add a meat, fruit and vegetables and packaged goods distribution network.

Convenience stores and small-sized grocery stores:

The Fund believes that, in the medium term, there will be opportunities to acquire convenience store networks currently owned by major food chains wishing to return to their original niche, serving medium- and large-sized grocery stores.

Outlook

Despite the economic downturn, these acquisition opportunities would make it possible for the Fund to significantly increase its purchasing power and ability to generate cost savings in order to increase its distributable cash per unit through the growth of its operating revenue.

13. Risks and Uncertainties

The Fund's activities are subject to numerous risks and uncertainties that are described in detail in the Fund's Annual Information Form. In addition to those risks, the Fund wishes to emphasize the industry-related risks that could impact profitability and return on investments that are beyond management's control.

Industry-related risks that could impact profitability and that are beyond management's control:

- *Dependence on affiliated-wholesalers*

  Sales generated by affiliated-wholesalers account for a significant portion of the Fund's sales. The loss of a significant number of these wholesalers could have a negative impact on Colabor's earnings.
  This risk has been mitigated by the execution of agreements to amend the affiliate agreements to provide for an initial ten-year period, renewal provisions for two additional terms of five years and also provide for the granting of a right of first refusal by the affiliated-wholesalers to Colabor LP on their businesses and through the recent acquisition of Bertrand, one of its main customers. However, there is no assurance that Colabor LP will be able to finance the exercise of such right of first refusal. Moreover, incentives are built in the contractual relationships existing between the affiliated-wholesalers, Colabor LP and Investments to encourage the affiliated-wholesalers to increase their purchases from Colabor.

- *Absence of long-term agreements between affiliated-wholesalers and their customers*

  In accordance with general industry practice, the affiliated-wholesalers do not normally enter into long-term agreements with their customers. As a result, customers may, without notice or penalty, terminate their relationship with the affiliated-wholesalers. In addition, even if customers should decide to continue their relationship with the affiliated-wholesalers, there is no guarantee they will purchase the same volume of products as in the past or that they will pay the same price for those products as they have in the past. Any loss of customers by the affiliated-wholesalers, or decrease in the volume purchased or the price paid by them for products, could affect the Fund's sales and have an adverse effect on its financial condition and results of operations as well as on the amount of cash available for distribution to unitholders. In the past, affiliated-wholesalers, relying on their knowledge of their respective markets, have been able to differentiate themselves from their competitors by providing personalized services to their customers, in particular flexible delivery schedules and a product line tailored to their customers' needs. In management's view, there will be no change in this regard in the future.

- *Customer choices*

  Colabor's success also depends on the continuing interests of customers in its products. A change in customer choices could affect demand for Colabor’s products.

- *Dependence on Cara*

  Subsequent to the Summit acquisition, sales to Cara (including franchisees of Cara) represented a significant portion of the Fund's sales. The loss of Cara as a customer, a decrease in purchase by Cara or a decrease in Cara’s market share in the foodservice industry could have a material and adverse effect on the Fund’s financial condition, business, results of operations and liquidity. This risk has been mitigated by the execution of a ten-year distribution agreement, with a five-year renewal option with Cara and through the recent acquisition of Bruce Edmeades and Bertrand.

- *Integration of acquired companies*

  While some acquisition will be managed with little change, some could result in major streamlining. Difficulties encountered with such integrations could have an impact on the Fund’s results.

- *Product recall*

  Colabor could have to deal with product recalls due to sanitation issues encountered by certain manufacturers, such as the listeriosis problems during 2008. Such recalls can trigger a decrease in sales of certain types of products for a period of time and cause a drop in sales figures. At this time, Colabor has the necessary mechanisms in place to quickly trace contaminated products, return them to the manufacturer and recover the cost of these contaminated products from these manufacturers.

Return on Investment

A return on an investment in Colabor Income Fund is not comparable to the return on an investment in a fixed-income security. The return is based on many assumptions. Although the Fund intends to continue distributing its available cash to Unitholders, distributions may be reduced or suspended. The distributed amount depends on numerous factors, in particular, the inherent industry risks described above and other risks described in the Funds’ Annual Information Form. Additionally, the market value of the units could drop significantly if the Fund is unable to respect its cash distribution objectives, in particular, non-compliance with the financial ratio requirements under the credit agreement described under the Cash section.

Climate change

Colabor has very little climate change risk exposure.

14. Significant Accounting Measurements

Some of the amounts in the financial statements are based on estimates made by management using its knowledge of current or anticipated events. Significant estimates relate exclusively to the allowance for excess or obsolete inventory, accounting for rebates from suppliers, goodwill and intangible assets.

- *Allowance for excess or obsolete inventory*

  Inventory is valued at the lower of net realizable value or cost calculated using the first-in first-out method. The Fund records an allowance for obsolescence that is calculated on the basis of assumptions relating to future demand for its products and conditions in the markets in which its products are sold. The allowance, which reduces inventory to the net realizable value, is then applied against inventory in the balance sheet. Management has to make estimates and exercise judgement when determining these allowances. If actual market conditions are less favourable than management's assumptions, additional allowances may be required.

- *Accounting for rebates from suppliers*

  Colabor negotiates procurement contracts with its suppliers providing for the payment of rebates based on volumes purchased. The procurement contracts with suppliers are reviewed periodically and rebates adjusted according to prevailing market conditions.

- *Goodwill and intangible assets*

  Goodwill is the excess of the cost of an acquired enterprise over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. Each year, or more often if events or changes in circumstances indicate a decrease in fair value, it is tested for impairment. The impairment test involves comparing the fair value of the Fund's business with its carrying amount. If the carrying amount of the business exceeds its fair value, the Fund compares the fair value of any goodwill relating to the business to its carrying amount. An impairment loss equal to the amount of the excess is charged to earnings. The fair value of the business is calculated using discounted cash flows.

  Intangible assets include customer relationships and trademarks. Customer relationships are amortized on the straight-line basis over their estimated useful lives of 20 years for relationships with affiliated wholesalers and of 15 years for customer relationships with Cara. Trademarks are not amortized.

15. Disclosure Controls and Processes

To ensure that the consolidated financial statements and the MD&A present fairly, in all material respects, the financial position of the Fund and the results of its operations, it is the responsibility of the Fund's management to establish and maintain appropriate internal control over financial reporting. Internal control over financial reporting is a process designed by the President and Chief Executive Officer and the Chief Financial Officer, or under their supervision. It is implemented by the Board of Trustees, management and other employees to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A policy on the disclosure of information provides a framework for financial reporting process in annual and interim filings, and other reports filed or sent in accordance with securities legislation. The Disclosure Committee ensures compliance with this policy.

In light of the inherent limitations of any control system, the Fund's management acknowledges that control and reporting processes cannot prevent and detect all misstatements resulting from fraud or error. However, based on the work performed, the Fund's management is able to provide reasonable assurance that important information is provided to it on a timely basis so it is able to report complete and reliable information to investors.

Controls and Reporting Processes

The preparation of the financial statements and MD&A is based on a framework of controls and reporting processes implemented by management. The design and operation of these controls and processes were subject to an evaluation that confirmed the effectiveness of the both the design and operation of controls and reporting processes. This evaluation was consistent with the criteria in the control framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) adopted by the Fund and in accordance with the guidance of the Canadian Securities Administrators described in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings.

The financial statements and MD&A were reviewed by the Audit Committee and the Board of Trustees, who approved them prior to publication.

Internal Controls over Financial Reporting

The Fund's Audit Committee supervises the documentation, evaluation of the design and operation of internal controls over financial reporting supporting the Fund's main transaction and accounting processes. This work serves to improve the design of internal controls.

As was the case for the evaluation of controls and reporting processes, the evaluation of the design and operation of internal controls over financial reporting is carried out in accordance with the COSO control framework and the guidance in Multilateral Instrument 52-109. Based on the work carried out, management concluded that internal control over financial reporting was designed et operating effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Fund's financial statements in accordance with GAAP.

Management also determined that there were no material weaknesses in the Fund's internal control over financial disclosures as at December 31, 2008.

Significant Changes in Internal Control over Financial Reporting

The Fund completed the acquisition of Bruce Edmeades Foodservice Distribution on March 17, 2008 and operations were completely integrated with those of Summit Food Service Distributors Inc. which was evaluated, as mentioned above.

On April 28, 2008, the Fund acquired Gestion Bertrand et Frères Inc (now called Bertrand distributeur en alimentation). The Fund availed itself of the provisions of NI 52-109 3.3(1)(b), under which it could exclude the evaluation of the design of controls, policies and procedures and internal control over financial disclosures for a maximum of 365 days.

Transition to International Accounting Standards

The Fund will be required to adopt IFRS for its interim and annual financial statements as of January 1, 2011. Accordingly, the Fund, with its external auditors, is preparing a plan to convert its consolidated financial statements to IFRS. The Fund will set up IFRS teams at all organizational levels. It has provided training to its key employees and is monitoring the impact of the transition on its business practices, systems and internal control over financial reporting.

At this time, the Fund is performing a detailed analysis of the differences between IFRS and the Fund's accounting policies as well as the impact of various alternatives. It is possible that some changes in accounting polices could be contemplated and could have an impact on the Fund's consolidated financial statements.

The Fund should be able to comply with the instructions of the Autorité des marchés financiers and the Canadian Institute of Chartered Accountants on the application dates stipulated by these entities.