COLABOR INCOME FUND

MANAGEMENT'S DISCUSSION & ANALYSIS

87-DAY PERIOD (1ST QUARTER) ENDED MARCH 28, 2009
FOR THE YEAR ENDING DECEMBER 31, 2009

APRIL 29, 2009

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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 87-day period (1st quarter) ended March 28, 2009. 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, 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.

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 herein 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 the Province 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 through two divisions:

Wholesale Segment:

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 allowance and other incentives, (ii) rebates received from suppliers based on buying volumes, (iii) cash discounts on purchases based on terms of sale, and (iv) net advertising funds received in connection with promotional activities.

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*

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, current consumption dry products, 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, 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.

During 2008, Bruce Edmeades was integrated into the Summit Division. The integration is discussed in greater detail below (see 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), 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 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 Officer, Richelieu Hardware Ltd
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 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 Period Ended March 28 , 2009 Compared to the Period Ended March 22, 2008

- Sales up **42.7%**
- EBITDA up **44.2%**
- Distributable cash **after current income taxes** up **17.2%** to $0.30
- Ratio of distributed cash to distributable cash **after current income taxes** of **87.9%** compared to 97.9% in 2008
- Acquisition of property, plant and equipment: $487,000
- Actual ratios compared with lending institution requirements: Total debt (excluding the debentures) to EBITDA: 1.66:1.00 (prescribed: <3.00:1.00); EBITDA to interest expenses: 5.71:1.00 (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 without a comparison to 2008, except for activities between March 17 and March 22, 2008;
- Results subsequent to the Bertrand Distributeur en alimentation acquisition (April 28, 2008) are included for the quarter, without a comparison to 2008.
- Integration costs and synergies from these acquisitions (see Integration and Synergies);
- The 2009 period includes 87 days compared to 82 days in 2008.

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

		2009-03-28 (87 days)		2008-03-22 (82 days)		Variance	
		$		$		$	%
Sales		256,945	100.00%	180,029	100.00%	76,916	42.72%
Earnings before financial expenses, amortization and income taxes		7,724	3.01%	5,355	2.97%	2,369	44.24%
Financial expenses		1,561	0.61%	1,423	0.79%	138	9.70%
Amortization of property, plant and equipment		888	0.35%	646	0.36%	242	37.46%
Amortization of intangible assets		2,197	0.86%	1,633	0.91%	564	34.54%
		4,646	1.82%	3,702	2.06%	944	25.50%
Earnings before income taxes and non-controlling interest		3,078	1.19%	1,653	0.91%	1,425	86.21%
Income taxes	Current	90	0.04%	205	0.11%	(115)	-56.10%
	Future	693	0.27%	259	0.14%	434	167.57%
		783	0.31%	464	0.25%	319	68.75%
Earnings before non-controlling interest		2,295	0.88%	1,189	0.66%	1,106	93.02%
Non-controlling interest		1,080	0.42%	598	0.33%	482	80.60%
Net earnings and comprehensive income		1,215	0.46%	591	0.33%	624	105.58%
Basic and diluted net earnings per unit		$0.08		$0.06			

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 table presents a comparison of sales, allocated between comparable sales and sales attributable to the 2008 acquisitions, in the 2009 quarter with those of the 2008 quarter.

Additionally, sales of the 2009 quarter, which has 87 days, have been adjusted on the basis of the 2008 quarter, which has 82 days (see 2009-03-28 adjusted column), to display the actual organic growth.

Sales (in thousands of dollars, unaudited)

	2009-03-28 (87 days)			(Comparable sales)				Variance (Total sales)	
	(Comparable sales)	(Sales attributable to acquisitions)	(Total sales)	2009-03-28 (Adjusted)	2008-03-22 (82 days)	Variance			
	$	$	$	$	$	$	%	$	%
Wholesale Segment									
Retail	26,977		26,977	25,427	25,478	(51)	-0.2%	1,499	5.9%
Foodservice	74,423		74,423	70,146	58,701	11,445	19.5%	15,722	26.8%
	101,400		101,400	95,573	84,179	11,394	13.5%	17,221	20.5%
Inter-segment elimination	(8,369)	(11,573)	(19,942)	(7,888)	(337)	(7,551)	N/A	(19,605)	N/A
	93,031	(11,573)	81,458	87,685	83,842	3 843	4.6%	(2,384)	-2.8%
Distribution Segment									
Foodservice	98,322	77,165	175,487	92,671	96,187	(3,516)	-3.7%	79,300	82.4%
	191,353	65,592	256,945	180,356	180,029	327	0.2%	76,916	42.7%

Wholesale Segment

On an *82-day comparative basis* and with inter-segment sales eliminated, sales of the Wholesale Segment were up $3,843,000, which represents organic growth of 4.6%, an interesting growth rate despite the current economic situation.

Inter-segment eliminations are sales by the Wholesale Segment to the Summit division with respect to comparable sales, that is $7,888,000 on an 82-day comparative basis and to the Bertrand division for sales attributable to the acquisitions, that is $11,573,000.

Retail

Organic growth compared to the 2008 quarter was 5.9% but was nil using the same number of days as in 2008. 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

The organic growth in the Wholesale Segment is attributable to sales to foodservice affiliated distributors. The most recent statistics of the Canadian Restaurant and Foodservices Association (CRFA), published for the month of December 2008, indicated Canadian growth in this segment of 1.6%. In light of the significant deterioration of the Canadian economic situation in the first quarter 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 solely in the Summit division and include sales from the Bruce Edmeades acquisition from March 17 to March 28 only. Total sales for Bertrand are presented under Sales from acquisitions since this acquisition occurred on April 28, 2008.

Summit sales increased by $2,135,000 compared to the same quarter in 2008. However, sales in the 2009 quarter that has 87 days, adjusted on an 82-day basis for comparison with the 2008 quarter, are down 3.7% or $3,516,000. The most significant declines in sales were in the area of independent restaurants and cafeterias, primarily as a result of the very difficult economic situation in Ontario, due to the difficulties in its automobile sector and manufacturing structure, which saw extensive layoffs.

Sales attributable to acquisitions:

Bruce Edmeades	$44.2M
Bertrand	$33.0M

Bertrand continues to benefit from its significant market share in the Québec City and Saguenay region.

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.

EBITDA increased by 44.2% for the quarter, or $2,369,000 and is higher than the 42.7% improvement in sales. EBITDA as a percentage of sales was 3.01%, compared to 2.97% in 2008.

The growth is explained by:

- Organic growth 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.
- The Bertrand acquisition, which has already made it possible to generate a number of purchasing synergies.

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.

6.3 Balance Sheets

Consolidated Balance Sheets
(in thousands of dollars)

	2009-03-28 (unaudited)	2008-12-31
	$	$
ASSETS		
Current assets		
Accounts receivable	89,206	80,804
Inventory	67,505	73,233
Prepaid expenses	2,714	1,664
	159,425	155,701
Deferred financing expenses	251	279
Share investment in a private company, at cost	6,159	6,159
Property, plant and equipment	14,628	15,029
Intangible assets	141,122	143,319
Goodwill	69,574	69,574
	391,159	390,061
LIABILITIES		
Current liabilities		
Bank overdraft	4,147	7,714
Accounts payable and accrued liabilities	77,955	85,945
Income taxes payable	2,671	1,855
Balances of purchase price payable	10,103	10,103
Distributions payable to unitholders		1,307
Distributions payable to holders of exchangeable Colabor LP units		456
Rebates payable	16,025	15,166
Deferred revenue	1,427	1,115
Instalments on long-term debt	696	707
	113,024	124,368
Bank loan	61,100	47,501
Balance of purchase price payable	3,750	3,750
Long-term debt	769	942
Debentures	45,963	45,725
Accrued benefit liability for employee benefits	772	772
Future income taxes	18,107	17,414
Non-controlling interest	29,880	29,713
	273,365	270,185
UNITHOLDERS' EQUITY		
Unitholders' capital account	135,323	135,323
Option to convert debentures	2,315	2,315
Contributed surplus	39	349
Units held for the long-term incentive plan	(1,248)	(875)
Deficit	(18,635)	(17,236)
	117,794	119,876
	391,159	390,061

6.4 Cash Flow

Consolidated Cash Flows (in thousands of dollars)

	2009-03-28 (87 days) (unaudited)	2008-03-22 (82 days) (unaudited)
	$	$
OPERATING ACTIVITIES		
Net earnings	1,215	591
Non-cash items		
Amortization of property, plant and equipment	888	646
Amortization of intangible assets	2,197	1,633
Amortization of deferred financing expenses	28	19
Non-controlling interest	1,080	598
Future income taxes	693	259
Compensation cost from long-term incentive plan	106	66
Amortization of debenture transaction costs	238	206
	6,445	4,018
Changes in operating assets and liabilities		
Accounts receivable	(8,402)	(1,590)
Inventory	5,728	2 215
Prepaid expenses	(1,050)	(841)
Accounts payable and accrued liabilities	(7,990)	8,109
Income taxes payable	816	87
Rebates payable	859	1,088
Deferred revenue	312	(28)
	(9,727)	9,040
Cash flows from operating activities	(3,282)	13,058
INVESTING ACTIVITIES		
Business acquisition		(12,784)
Property, plant and equipment	(487)	(142)
Cash flows from investing activities	(487)	(12,926)
FINANCING ACTIVITIES		
Bank loan	13,599	9,693
Distributions paid to unitholders	(3,921)	(2,663)
Distributions paid to holders of exchangeable Colabor LP units	(1,369)	(1,369)
Repayment of long-term debt	(184)	(117)
Purchase of units held by the Fund for long-term incentive plan	(789)	(575)
Cash flows from financing activities	7,336	4,969
Net change in bank overdraft	3,567	5,101
Bank overdraft, beginning of period	(7,714)	(9,773)
Bank overdraft, end of period	(4,147)	(4,672)

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 1.66:1.00 and the interest coverage ratio is 5.71:1.00 times for the quarter.

During the quarter, the operating credit increased $13.7M to $61.1M, primarily to cover changes in operating assets and liabilities.

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 of the 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 is $1.076 per unit.

The following table shows the changes in standardized distributable cash and distributed cash for the first quarter of 2009 and 2008. It also provides information since the creation of the Fund, that is, June 28, 2005.

Standardized Distributable Cash (in thousands of dollars)

	2009-03-28 (87 days) (unaudited)	2008-03-22 (82 days) (unaudited)	Since the creation of the Fund on 2005-06-28
	$	$	$
Cash flows from operating activities	(3,282)	13,058	104,646
Acquisition of property, plant and equipment	(487)	(142)	(5,362)
Standardized distributable cash	**(3,769)**	**12,916**	**99,284**
Distributions paid on units	3,921	2,663	36,753
Distributions paid on exchangeable Colabor LP units	1,369	1,369	19,954
Distributed cash	**5,290**	**4,032**	**56,707**

Negative standardized distributable cash for the quarter is primarily attributable to variations in operating assets and liabilities and the main difference with 2008 results from the operating assets and liabilities of acquired. In management's view, this is a temporary situation that will adjust itself in the coming quarters and does not jeopardize subsequent monthly distributions.

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)

	2009-03-28 (87 days) (unaudited)	2008-03-22 (82 days) (unaudited)
	$	$
Earnings before financial expenses, amortization and income taxes	**7,724**	**5,355**
Financial expenses	(1,561)	(1,423)
Plus non-monetary item – Amortization of debenture transaction costs	238	206
Acquisition of property, plant and equipment	(487)	(142)
Current income taxes	(90)	(205)
Distributable cash	**5,824**	**3,791**
Weighted average number of units		
Units	14,470,552	9,839,079
Exchangeable Colabor LP units	5,087,439	5,087,439
	19,557,991	14,926,518
Distributable cash per unit	**$0.298**	**$0.254**
Variation	**17,2%**	
Distributions declared – Units	2,614	1,775
Distributions declared – Exchangeable Colabor LP units	913	913
Allowance for distributions relating to days included in the period for which no distribution was declared	1,592	1,023
Distributed cash	**5,119**	**3,711**
Excess of distributable cash over distributed cash	**705**	**80**
Ratio of distributed cash to distributable cash	**87.9%**	**97.9%**

7. Integration and Synergies

Acquisition of Bruce Edmeades and integration within Summit Division

As previously mentioned, in the MD&A for the year ended December 31, 2008, the integration plan has been completed. The final phase was a number of layoffs which took place at the end of January 2009.

Additionally, during the quarter, Summit's management reached agreement on a sale price increase with some of the division's major customers.

At the end of the quarter, the operational breakeven point had almost been achieved and would have been attained had it not been for slower sales due to the economic situation in Ontario.

Bertrand Acquisition

During the quarter, Bertrand changed its operating software and implemented a new automated warehouse management system for the Lévis operations and intends to do the same for its Saguenay operations. This should improve its operating efficiency, after a standard breaking-in period.

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. At the end of the first quarter, there is no doubt that the synergies will be achieved within the stated deadlines.

8. Summary of Past Quarters

('000)	2009-03-28	2008-12-31	2008-09-06	2008-06-14	2008-03-22	2007-12-31	2007-09-08	2007-06-16
	(87 days)	(116 days)	(84 days)	(84 days)	(82 days)	(114 days)	(84 days)	(84 days)
	$	$	$	$	$	$	$	$
Sales	256,945	398,906	288,446	278,721	180,029	279,703	195,488	200,210
EBITDA	7,724	15,472	10,014	9,428	5,355	12,776	6,798	6,327
Net earnings	1,215	4,326	2,311	1,147	591	(3,990)	1,736	1,523
Basic and diluted earnings per unit	$0.08	$0.33	$0.16	$0.09	$0.06	$(0.41)	$0.18	$0.15

Readers should consider the fact that the net loss for the 114-day period ended December 31, 2007 (4th quarter) 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.

9. 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;
- Bertrand uses a subsidiary of Investments for its IT development and support.

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)

	2009-03-28 (87 days) (unaudited)	2008-03-22 (82 days) (unaudited)
	$	$
Sales to customers controlled by trustees	3,284	3,048
Rebates	2,714	2,443
Rent	468	468
IT services	244	110

10. Off-balance Sheet Transactions

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

11. 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 a recession.

An economic study by Desjardins published during the quarter, entitled *Perspective−Economic Analysis Review,* indicates that in 2009, the GDP should show no growth in the Atlantic Provinces and Quebec and a 0.7% decline in Ontario, with 1.5% growth in the Atlantic Provinces, 1.6% in Quebec and 1.8% growth in Ontario in 2010.

Colabor's management is well aware of these financial difficulties and has prepared a budget to deal with these issues and taken the necessary measures to freeze management salaries and limit capital spending to projects that will contribute to increasing productivity.

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 interesting 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.

12. 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, 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, 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.

13. 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, 15 years for customer relationships with Cara and 10 years for relationships with other customers. Trademarks are not amortized.

14. 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 March 28, 2009.

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 and procedures and internal control over financial disclosures for a maximum of 365 days. This evaluation should be completed for Bertrand during the coming quarter.

The summary of financial information for Bertrand distributeur en alimentation for the 87-day period ended March 28, 2009 is presented below:

Sales	$33.0M
Net earnings	$0.2M
Current assets	$26.4M
Long-term assets	$8.1M
Current liabilities	$8.6M
Long-term liabilities	$4.9M

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.