COLABOR GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FIRST QUARTER OF THE 2015 FISCAL YEAR

84-DAY PERIOD ENDED MARCH 21, 2015

APRIL 29, 2015

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MD&A AS AT APRIL 29, 2015

1. Scope of MD&A and Notice to Investors

This Management's Discussion & Analysis ("MD&A") of Colabor Group Inc. ("GCL", the "Company" or "Colabor"), formerly Colabor Income Fund (the "Fund"), discusses the comprehensive income, financial situation and cash flows for the first quarter of the fiscal year ending December 26, 2015. These financial statements are in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS").The financial statements have been published on the following sites: www.sedar.com and www.colabor.com.

Colabor's fiscal year comprises thirteen periods. The first three quarters comprise three periods each and the fourth quarter includes four periods. The Company's year-end is the last Saturday of December. As a result, the Company's sales and earnings are proportionately lower in the first quarter and higher in the fourth quarter because the fourth quarter generally has 33% more operating days than the other quarters of the year. In addition, it is noted that sales of the Company are seasonal. Thus, sales for the first quarter are lower compared to others quarters.

This report also contains information that is a non-IFRS measure of performance, such as the concept of earnings before financial expenses, depreciation and amortization and income taxes (EBITDA), presented in the financial statements under "Operating earnings before costs not relating to current operations, depreciation and amortization". Since these concepts are not defined in IFRS, they may not be comparable with those of other companies.

2. Forward-looking Statements

We have used, throughout this MD&A, different statements that could, within the context of regulations issued by the Canadian Securities Administrators, be construed as being forward-looking information. In general, any statement contained in this MD&A that does not constitute a historical fact may be deemed a forward-looking statement. Expressions such as "continue", "expect" and other similar expressions are generally indicative of forward-looking statements. The MD&A is intended to assist shareholders 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 in or implied by these statements. These forward-looking statements do not provide any guarantees as to the future performance of the Company and are subject to potential risks, known and unknown, as well as uncertainties that could cause the outcome to differ significantly. The main factors that could result in a significant difference between Colabor's actual results and the projections or expectations set out in the forward-looking statements are described herein under *Risks and Uncertainties*. The Company does not intend to update any forward-looking statement contained herein, except as required by applicable law.

3. General

Corporate arrangement resulting in the creation of Colabor Group Inc.

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

On July 8, 2009, the Fund had announced its intention to convert from an income trust structure to a corporation (the "Conversion"). In order to effect the Conversion, on that date, Colabor had entered into an arrangement agreement (the "Arrangement Agreement"). with ConjuChem Biotechnologies Inc. ("ConjuChem"), in order to conclude the Conversion pursuant to a statutory plan of arrangement of ConjuChem (the "Plan of Arrangement") under Section 192 of the *Canada Business Corporations Act* ("CBCA"). The Conversion was completed on August 25, 2009, further to the approval of the unitholders of the Fund, which was obtained at a special shareholders' meeting held on August 19, 2009.

Additional information

The shares of Colabor Group Inc. are traded on the Toronto Stock Exchange under the symbol *GCL-T*, while its convertible debentures are traded under the symbol *GCL.DB.A*.

Additional information on GCL, and previously the Fund, may be found on SEDAR at www.sedar.com and on Colabor's information site www.colabor.com.

4. Corporate Profile

Activities

Colabor was founded in 1962 and is a distributor and master food wholesaler serving the foodservice (restaurants, restaurant chains, hotels and cafeterias) and retail markets (small-sized grocery stores, convenience stores, etc.). It currently carries out its activities through two segments and three geographic regions: Ontario, Central Quebec, and Eastern Quebec and Maritimes.

A- ***Distribution Segment***

This Segment includes the following operating activities:

1. *Summit Foodservice ("Summit") – Ontario Division:*

Summit distributes more than 8,000 products from warehouses in Ottawa, London, Mississauga and Vaughan to more than 3,000 customers, including (i) Cara Operations Limited (hereafter "Cara"), which operates, among others, Swiss Chalet, Harvey's, Kelsey's, East Side Mario's, Casey's, Montana's BBQ & Bar et Milestone's Grill and Bar); (ii) Country Style; (iii) Mr Sub; (iv) Wild Wing; (v) other foodservice chains; (vi) independent restaurants; (vii) as well as to institutions, including hospitals, schools and government institutions. Summit's product line includes frozen products, dry staples, dairy products, meat, seafood, fruits and vegetables and sanitation products.

This division, with about 500 employees, operates four distribution centres, including the London head office, where administrative services are located. These warehouses cover about 541,000 square feet, allocated as follows:

Mississauga:	127,961 square feet
London:	113,595 square feet (could be expanded)
Ottawa:	103,460 square feet (could be expanded)
Vaughan:	196,598 square feet

Except for the Vaughan warehouse, these warehouses are HACCP-certified.

2. *Skor Cash & Carry Division – Ontario Division:*

This division operates five "Cash & Carry" locations in southern Ontario and offers over 12,000 retail and food service products to convenience stores, small grocery stores, cafeterias and restaurants.

3. *Colabor Food Distributor ("CFD"),* formerly Eastern Quebec and Maritimes Division*:*

CFD is a major distributor to foodservice and retail customers in the Quebec City, Saguenay, eastern Quebec and New Brunswick regions and part of the North Shore and the Lower North Shore regions. CFD employs approximately 500 people, distributes over 12,000 products from its two strategically located warehouses in Levis and Rimouski, totalling approximately 341,000 square feet. CFD's almost 4,000 customers consist primarily of restaurants, foodservice operators, specialty food stores, institutional accounts such as healthcare institutions, schools and universities, certain other retail customers. CFD has a complete product offering, including frozen products, dry staples, dairy products, fresh meat, fish and seafood, fruits and vegetables, disposables and sanitation products. It therefore offers its customers a "one-stop-shop" solution.

4. *Les Pêcheries Norref Québec Inc. ("Norref") – Central Quebec Division:*

Norref is a fresh fish and seafood products importer and distributor in the province of Quebec and is recognized as the leading distributor of this type in Quebec.

Norref operates from a 40,000 square-foot distribution centre in Montreal and is (i) HACCP-certified and (ii) federally-approved, which allows it to sell its products nationwide. Norref distributes a full range of fresh and frozen fish and seafood. It has a diversified client base comprised of supermarkets, restaurants, hotels, caterers and fish stores. Norref has approximately 210 employees.

5. *Lauzon Meats ("Lauzon") – Central Quebec Division:*

Lauzon is a major distributor of Cargill beef brands (Premium Signature Angus, Sterling Silver) and prepares and processes superior quality meat products for the provinces of Quebec and Ontario. Lauzon is known, among other, for its products and employees and for providing effective and flexible service to the restaurant and hotel industries. Lauzon operates from a recently renovated plant of approximately 68,000 square feet located in Montreal that is HACCP-certified and federally approved, which allows it to sell its products nationwide. This division has approximately 100 employees.

B. Wholesale Segment:

1. *Boucherville Distribution Centre ("Boucherville") – Central Quebec Division:*

Boucherville sales consist of food and non-food products supplied to wholesalers that, in turn, redistribute these products to over 25,000 customers operating in the foodservice and retail market segments in Quebec and the Atlantic provinces. Products are sold either directly from its distribution centre ("warehouse sales") or through direct delivery from manufacturers and suppliers to the warehouses of distributors ("direct sales").

Boucherville operates a distribution centre of approximately 371,120 square feet located in Boucherville and has about 90 employees.

2. *Viandes Décarie ("Décarie") – Central Quebec Division:*

Décarie is a wholesaler and distributor in the meat and meat products market. Décarie has a distribution centre of about 27,000 square feet located in Montreal and about 70 employees. As a wholesaler, this division distributes a wide range of fresh and frozen meat including beef, veal, lamb, pork and poultry. It has a diversified customer base of distributors, food retailers and specialty butchers. Décarie's facilities are HACCP-certified and Décarie holds a federal permit giving it the opportunity to sell its products across Canada.

5. Main Resources and Competencies:

5.1 Board of Directors

Name	Role	Occupation
Robert Panet-Raymond, MBA, IAS.A, ICD.D	Chairman	Corporate Director
Richard Lord, FCPA, FCMA	Chairman, Audit Committee	President and Chief Executive Officer, Quincaillerie Richelieu Ltée
Stéphane Gonthier, LL.B., MBA(1)	Director	President and Chief Executive Officer, 99¢ Only Stores
Alain Brisebois	Director	Senior Vice-President and Chief Commercial Officer, Rona Inc.
Robert Cloutier	Chairman, Human Resources and Corporate Governance Committee	Corporate Director
Joane Demers, FCPA, FCA	Director	Corporate Director
Gaétan Brunelle (2)	Director	Vice-President of Dubé & Loiselle Inc.

Note (1) Mr. Gonthier has been appointed to the Board by the Caisse de dépôt et Placement du Québec
Note (2): Mr. Brunelle has been appointed to the Board by Colabor Investment Inc.

5.2 Management

Name	Role	Occupation
Claude Gariépy	President and Chief Executive Office	Colabor Group Inc.
Jean-Francois Neault, CPA, CMA, MBA	Vice-President and Chief Financial Officer	Colabor Group Inc.
Michel Delisle	Vice-President Information Technology	Colabor Group Inc.
Marko Potvin	Vice-President, Centralized Purchasing	Colabor Group Inc.
Denis Desaulniers, CRHA	Vice-President, Human Resources and Communications	Colabor Group Inc.
Jack Battersby	President	Summit, Ontario Division
Paul Webb	Vice-President and General Manager	CFD, Eastern Quebec and Maritimes

6. Performance Analysis

6.1 Earnings

The net loss for the quarter is $6.3M compared with $5.6M for the previous year's same quarter. In 2015, this loss is primarily attributable to costs not relating to current operations of $0.8M and to impairment loss on equity investment of $1.7M, costs that did not occur in 2014, partially offset by the fact that the 2015 quarter has three more days of activities than the 2014 quarter, which improves the Company's profitability. Were it not for these costs, the operating loss would have been $3.0M, a $1.1M improvement over the 2014 first quarter. The loss per share was $0.23, compared with $0.21.

The following table describes the consolidated statements of earnings:

Consolidated Statements of Earnings

(unaudited, in thousand of dollars, except data per share)

	2015-03-21 (84 days)		2014-03-22 (81 days)		Variance	
	$		$		$	
Sales of goods	**304,662**	**100.00%**	**279,318**	**100.00%**	**25,344**	**9.07%**
Operating expenses, excludind costs not relating to current operations, depreciation and amortization	304,198	99.85%	279,170	99.95%	25,028	8.97%
Operating earnings before costs not relating to current operations, depreciation and amortization	464	0.15%	148	0.05%	316	213.51%
Costs not relating to current operations	838	0.28%		0.00%	838	N/A
Impairment loss on equity investment	1,731	0.57%		0.00%	1,731	N/A
Depreciation of property, plant and equipment	959	0.31%	975	0.35%	(16)	-1.64%
Amortization of intangible assets	2,457	0.81%	3,279	1.17%	(822)	-25.07%
	5,985	1.97%	4,254	1.52%	1,731	40.69%
Operating earnings	(5,521)	-1.82%	(4,106)	-1.47%	(1,415)	-34.46%
Finance costs	3,099	1.02%	3,391	1.21%	(292)	-8.61%
Earnings before tax	(8,620)	-2.84%	(7,497)	-2.68%	(1,123)	14.98%
Income taxes						
Deferred	(2,305)	-0.76%	(1,931)	-0.69%	(374)	19.37%
	(2,305)	-0.76%	(1,931)	-0.69%	(374)	19.37%
Earnings	(6,315)	-2.08%	(5,566)	-1.99%	(749)	13.46%
Basic and diluted earnings per share	(0.23 $)		(0.21 $)			

The following table presents comparable sales:

Comparable sales (unaudited, in thousands of dollars)

	Distribution Segment				Wholesale Segment				Consolidated			
	2015-03-21 (84 days)	2014-03-22 (81 days)	Variance		2015-03-21 (84 days)	2014-03-22 (81 days)	Variance		2015-03-21 (84 days)	2014-03-22 (81 days)	Variance	
	$	$	$	%	$	$	$	%	$	$	$	%
Total sales	205,633	187,639	17,994	9.6%	99,029	91,679	7,350	8.0%	304,662	279,318	25,344	9.1%
Acquisitions	(9,755)		(9,755)		4,827		4,827		(4,928)		(4,928)	
Specific items												
Adjustment for three day		7,630	(7,630)			4,279	(4,279)			11,909	(11,909)	
Comparable sales	195,878	195,269	609	0.3%	103,856	95,958	7,898	8.2%	299,734	291,227	8,507	2.9%

Adjustments for comparison

<u>*Acquisitions*</u>

Adjustments related to acquisitions in the Distribution Segment are attributable to the acquisition of Poissonnerie Marcotte (1980) Inc. on September 10, 2014.

Adjustments in the Wholesale Segment are due to the fact that certain divisions sold products to this entity which were not eliminated in the past.

<u>*Three-day adjustment*</u>

Considering that the periods being compared do not contain the same number of days as the current periods, adjustments are needed.

The following table presents segment sales:

Segment sales of goods (unaudited, in thousands of dollars)

	2015-03-21 (84 days)	2014-03-22 (81 days)	Variance	
	$	$	$	%
Sales before elimination				
Distribution Segment	210,250	193,289	16,961	8.8%
Wholesale Segment	138,250	123,642	14,608	11.8%
	348,500	316,931	31,569	10.0%
Inter-Segment Sales				
Distribution Segment	4,617	5,650	(1,033)	-18.3%
Wholesale Segment	39,221	31,963	7,258	22.7%
	43,838	37,613	6,225	16.6%
Consolidated sales				
Distribution Segment	205,633	187,639	17,994	9.6%
Wholesale Segment	99,029	91,679	7,350	8.0%
	304,662	279,318	25,344	9.1%

Sales in the first quarter were $304.7M, up $25.4M, or 9.1%, from $279.3M in the same quarter in 2014. The sales growth is due to both the wholesale segment and the distribution segment. First quarter sales in 2015 are not comparable with those in 2014 due to the acquisition of Poissonnerie Marcotte (1980) Inc. and a higher number of days compared to 2014.

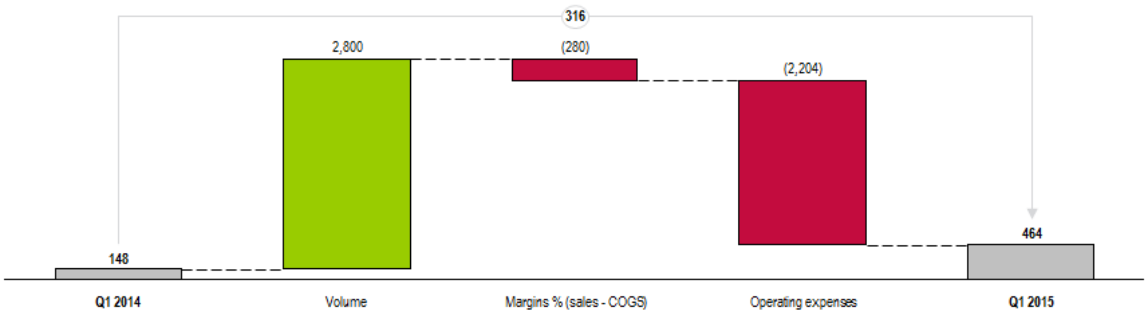
The 8.2% growth in the wholesale segment's comparable sales is primarily attributable to this segment's meat sales, explained by the combined effect of increased market shares and inflation in the price of meat.

Comparable sales of the distribution segment remained stable compared with the first quarter of 2014.

Operating earnings before costs not relating to current operations, depreciation and amortization (EBITDA)

Analysis of variances in operating earnings before costs not relating to current operations and quarterly amortization

(Unaudited, in thousands of dollars)



In the first quarter of 2015, EBITDA is \$0.5M or 0.15% of sales, compared with \$0.1M or 0.05% in the same period in 2014.

The increase in sales is primarily due to the acquisition of Poissonnerie Marcotte (1980) Inc. on September 10, 2014, the fact that the 2015 quarter has three more days than the 2014 quarter and a comparable sales growth.

The decrease in profit margins as a % of sales is partly due to new contracts signed with a lower margin.

The increase in operating costs is primarily due to the acquisition of Poissonnerie Marcotte (1980) Inc.

Costs not relating to current operations

Note 6 to the financial statements provide a summary of costs not relating to current operations. This item in the statement of earnings includes aspects that are not recurring with the Company's current operations.

When presenting its earnings for the first quarter of 2014, the Company prepared an action plan aiming to increase revenues, reduce operating costs and improve capital management. Certain initiatives identified by management will include costs not relating to operations which could spread out over a period of 18 months and provide benefits spreading out over a period of 36 months.

These costs include:

1. Severance pay and restructuring costs:	\$830,000
(i) During the first quarter of 2015, the Company incurred restructuring costs related, in large part, to severance pay aiming to further integrate Poissonnerie Marcotte (1980) Inc. operations.	
2. Direct costs related to business acquisitions:	\$8,000
Total	\$838,000

Depreciation and amortization

The depreciation expense for property, plant and equipment for the first quarter of 2015 is stable at $1.0M compared with 2014. The amortization expense for intangible assets is $2.6M, compared with $3.3M, a decrease that is attributable to the impairment of intangible assets recognized in the fourth quarter of 2014.

Financial expenses

Financial expenses in the first quarter of 2015 are $3.1M, down from $3.4M in the same quarter in 2014. The decrease is mainly due to the write-off of expenses and penalties in 2014 with respect to refinancing.

Deferred tax expense

The fourth quarter deferred tax recovery of $2.3M is due to the quarterly loss adjusted for non-tax deductible expenses.

As described in Note 13 to the 2014 audited annual financial statements, on October 2, 2014 the Company announced that it had reached an agreement with the Canada Revenue Agency ("CRA") regarding the CRA's objection to the tax consequences of the conversion of its income trust structure into a business corporation in August 2009. The agreement will not give rise to any cash outlay by the Company for taxation years 2009 to 2013. However, a $15,149,000 non-cash expense related to the write-off of certain deferred tax assets was recognized in the consolidated statement of earnings for the year ended December 27, 2014. This expense takes into account a similar agreement to be reached with Revenu Quebec. At this time, the Company is still discussing this matter with Revenu Quebec and there is no indication that it will not reach an agreement similar to that reached with Revenue Canada.

Earnings per share

The net loss per share in the first quarter of 2015 is $0.23 per share, compared with $0.21 in the first quarter of 2014, a $0.02 increase in the loss per share.

6.2 Financial Position

The following table presents the Company's consolidated statements of financial position:

Consolidated Statements of Financial Position
(in thousands of Canadian dollars)

	2015-03-21 (Unaudited)	2014-03-22 (Unaudited)	2014-12-27 (Audited)
ASSETS	**$**	**$**	**$**
Current			
Trade and other receivables	106,180	100,795	124,729
Recoverable tax assets	1,815	2,960	1,500
Inventory	89,093	73,421	92,693
Prepaid expenses	4,086	2,380	3,069
Current assets	201,174	179,556	221,991
Non-current			
Equity investment in Colabor Investments Inc.	1,072	4,748	2,803
Property, plant and equipment	15,679	16,844	16,419
Intangible assets	91,565	128,752	93,675
Goodwill	94,945	115,065	94,569
Non-current assets	203,261	265,409	207,466
Total assets	404,435	444,965	429,457
LIABILITIES AND EQUITY			
LIABILITIES			
Current			
Bank overdraft	7,081	3,911	8,782
Trade and other payables	98,258	77,431	110,193
Rebates payable	10,436	7,409	10,481
Balances of purchase price payable	907	761	869
Bank borrowing	5,500	6,000	6,000
Obligations under leases	366	178	445
Deferred revenue	280	409	14
Provisions	1,593	974	1,655
Current liabilities	124,421	97,073	138,439
Non-current			
Bank borrowing	85,810	81,448	88,076
Long-term debt	42,208	42,101	42,181
Convertible debentures	48,264	47,533	48,086
Obligations under leases	800	753	864
Pension obligation	1,840	1,004	1,406
Provisions	3,238	4,142	3,500
Deferred income tax liabilities	3,654	3,307	6,083
Non-current liabilities	185,814	180,288	190,196
Total liabilities	310,235	277,361	328,635
EQUITY			
Share capital	209,972	208,622	209,972
Deficit	(118,741)	(43,412)	(112,074)
Other components of equity	2,969	2,394	2,924
Total equity	94,200	167,604	100,822
Total liabilities and equity	404,435	444,965	429,457

Credit facilities

Under certain circumstances, the Company is required to satisfy a fixed charge coverage ratio. As at March 21, 2015, this ratio has been respected.

Average indebtedness

In reviewing the statement of cash flows, investors should consider that it is more relevant to assess fluctuations in indebtedness using the average daily indebtedness for the period, rather than the balance at period-end which is subject to greater volatility.

Also, considering management's focus on reducing debt, this method is more suited to assessing progress made in this regard.

First, for the first quarter, average daily indebtedness was $97M compared to an average of $94M in the fourth quarter. The variance is due primarily to the seasonal nature of cash flows generated internally during the quarter before changes in working capital.

Second, average indebtedness for the first quarter of 2015 compared with the same period in 2014 is, respectively, $97M and $96M and is relatively stable, mostly due to the change in the Company's financing structure in the first quarter of 2014. The Company increased its long-term debt in favour of its short-term debt.

Share capital

Colabor's share capital consists of an unlimited number of common and preferred shares issuable in series that are all without par value. The rights, privileges, restrictions and terms of Colabor's common and preferred shares are summarized in Colabor's Annual Information Form dated March 11, 2015, which may be viewed on the SEDAR website at www.sedar.com.

As at March 21, 2015, there were 27,480,966 issued and outstanding common shares and, as at March 22, 2014, there were 27,089,321 issued and outstanding common shares. The variance is attributable to the Company's issuance of shares in connection with its acquisition of Poissonnerie Marcotte (1980) Inc.

Convertible debentures

On April 27, 2010, Colabor announced an unsecured convertible debentures ("debentures") placement for total gross proceeds of $50M. The debentures mature on April 30, 2017 and bear interest at 5.7% per annum, payable semi-annually. The effective rate of the debentures is 7.54%. The debentures are convertible at the holder's option into shares at a conversion rate of 59.347 shares per $1,000 principal amount of debentures, that is a conversion price of $16.85 per share. Under certain circumstances, after April 30, 2015, the Company can redeem the debentures in whole or in part, prior to maturity. At the date of this MD&A, no conversions had occurred.

Stock options (at the date of the MD&A)

Exercise price	Expiration date	Number of options outstanding	Number of options exercisable
$12.10	April 30, 2017	61,500	61,500
$7.59	May 2, 2019	131,100	65,550
$7.75	March 23, 2020	206,800	51,700
$4.43	July 29, 2020	40,000	10,000
$3.70	May 8, 2021	460,000	
		899,400	188,750

6.3 Cash Flows

The following table presents the consolidated cash flows:

Consolidated cash flows (Unaudited, in thousands of dollars)	2015-03-21 (84 days)	2014-03-22 (81 days)
	$	$
Operating activities		
Loss before income taxes	(8,620)	(7,497)
Impairment of goodwill and intangible assets		
Depreciation of property, plant and equipment	959	975
Amortization of intangible assets	2,457	3,279
Gain on disposal of property, plant and equipment	(209)	
Change in provisions	(381)	(360)
Impairment of equity investment in Colabor Investments Inc.	1,731	
Finance costs	3,099	3,391
Stock-based compensation plan expenses	45	25
	(919)	(187)
Income tax withholdings	(315)	(107)
Net changes in working capital	9,089	12,241
Cash flows from operating activities	7,855	11,947
Investing activities		
Business acquisitions, net of cash acquired	100	
Purchase of property, plant and equipment	(519)	(273)
Disposal of property, plant and equipment	280	8
Purchase of intangible assets	(307)	(919)
Cash flows from investing activities	(446)	(1,184)
Financing activities		
Bank borrowing	(2,883)	(21,455)
Lease payments	(143)	(8)
Payment of balances of purchase price		(10,735)
Repayment of long-term debt		(15,000)
Issuance of long-term debt, net of related expenses		42,087
Finance costs paid	(2,682)	(2,735)
Cash flows from financing activities	(5,708)	(7,846)
Net change in bank overdraft	1,701	2,917
Bank overdraft, beginning of period	(8,782)	(6,828)
Bank overdraft, end of period	(7,081)	(3,911)

Operating activities

Cash flows from operating activities in the first quarter are a positive amount of $7.9M, compared with $11.9M in the same period in 2014. The $4.0M variance is essentially attributable to a less favourable change in working capital in 2015, due to a lower drop in inventories combined with a higher decrease in trade and other payables. Trade and other payables were at a high level as at December 27, 2014 compared to the same period in the previous year.

Investing activities

Cash flows used for investing activities in the first quarter amounted to $0.4M, compared with $1.2M for the same period in 2014. The decrease can be explained by the signing of long-term procurement agreements in the first quarter of 2014 which generated cash outflows related to signing bonuses.

Financing activities

Cash flows from financing activities in the first quarter are a negative amount of $5.7M, compared with a negative amount of $7.8M for the same period in 2014. For the most part, the variance is due to changes in the bank borrowing following the change in the Company's debt structure in January 2014.

7. Summary of Past Quarters

('000)	2015-03-21 (84 days)	2014-12-27 (112 days)	2014-09-06 (84 days)	2014-06-14 (84 days)	2014-03-22 (81 days)	2013-12-31 (115 days)	2013-09-07 (84 days)	2013-06-15 (84 days)
	$	$	$	$	$	$	$	$
Sales	304,662	460,043	345,164	347,200	279,318	456,489	343,584	345,817
EBITDA	464	10,332	10,162	9,504	148	11,761	10,228	9,728
Earnings	(6,315)	(48,312)	(15,042)	1,630	(5,566)	(1,978)	(3,883)	2,390
Basic net earning per share	(0.23 $)	(1.76 $)	(0.56 $)	0.06 $	(0.21 $)	(0.07 $)	(0.14 $)	0.09 $

8. Related Party Transactions

Following the initial public offering on June 28, 2005, the Fund had indirectly acquired a 53.2% interest in Colabor Limited Partnership (hereafter "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 conversion to a corporation, the conversion of debentures and subsequent issuance of shares, Investments now holds an undiluted 18.5% in Colabor Group Inc.

However, following the acquisition of Gestion Bertrand et Frères Inc., RTD Distributions ltée and Edfrex, the Company now holds 18.12% of Investments, which has a 5,087,349 equity investment in the Company.

Related party transactions include rebates to affiliated and preferred wholesalers of Investments at the rate of 3% of their sales (hereafter the "rebates"), as provided in the agreement in effect until the start of the second quarter of 2015. In light of the upcoming expiration of affiliation agreements in 2015, during 2014, Colabor initiated discussions with the vast majority of its affiliated distributors (hereafter the "members") to renew their respective affiliation agreements and, at the date hereof, Colabor LP has reached long-term affiliation agreements representing about 80% of the Boucherville's sales volume and discussions are ongoing for the renewal of additional agreements. Under the terms of the renewed affiliation agreements, rebates are paid directly to the members rather than to Investments. This payment to members will be treated as an unrelated party transaction in the future.

The transactions between the Company and Investments were concluded in the normal course of business and are measured at the exchange amount.

The following table presents transactions between the Company and Investments:

Related Party Transactions (Unaudited, in thousands of dollars)	2015-03-21 (81 days)	2014-03-22 (84 days)
	$	$
Rebates	2,473	2,360

9. Off-balance Sheet Transactions

The Company does not have any off-balance sheet transaction obligations, other than about $1,014,000 in bank letters of guarantee supporting the leasing of one of the Company's distribution centres.

10. Current Economic Situation, Development Strategies and Outlook

Current Economic Situation

Colabor's activities are in Eastern Canada, in Quebec and Ontario. The economic situation in these regions has slowed down, particularly in Quebec, which is primarily due to fairly anaemic consumption, curbed by tax and tariff increases, household debt and a stagnating job situation in Quebec. All of these aspects hinder discretionary household consumer spending.

Despite the preceding, Colabor has prepared its business plan, described below, and believes that the current situation could offer more business opportunities that it is prepared to analyse for their potential to provide added value for shareholders.

Development Strategies

The Company's management is firmly convinced that there are major channels which could be used to increase, when circumstances permits, its entry into the food services market in Canada.

Consolidation of food distribution services

Food distribution services are still very fragmented in Eastern Canada, a situation that provides Colabor with opportunities to significantly increase its market share in regions where it is already present by undertaking highly synergetic acquisitions.

The Company could also acquire other affiliated distributors in Quebec and Ontario. These acquisitions would make it possible to increase the density of its distribution network in Eastern Canada, thereby increasing operating profitability.

Outlook

Despite the economic downturn, in light of the Company's small market share in certain major metropolitan areas in Canada, such as Toronto and Montréal, these acquisition opportunities would make it possible for the Company to significantly increase its sales, purchasing power and ability to generate cost savings in order to increase its net income. Moreover, operating profit for the 2015 year should remain relatively stable compared with 2014.

11. Corporate Developments

Changes in the Board of Directors

On March 2, 2015, Colabor announced the appointment of Joane Demers to the Board of Directors. This appointment takes effect immediately and fills a vacant position.

In addition, on March 12, 2015, Colabor announced the appointment of Gaétan Brunelle to the Board of Director of the Company. His appointment is effective immediately and fills a vacancy on Colabor's Board of Directors following the departure of Paul Webb who joined the ranks of the Company as Vice-President and General Manager of CFD, Eastern Quebec and Maritimes division.

Quarterly dividend not declared to support growth initiatives.

On March 12, 2015, Colabor announced that Board of Directors deemed it appropriate not to declare a quarterly dividend.

Advance Notice By-Law

On March 19, 2015, the Company's Board of Directors adopted an advance notice by-law (the "Advance Notice By-Law"). The purpose of the Advance Notice By-Law is to establish the conditions and framework under which the shareholders may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form. For more information, refer to the Company's March 19, 2015 press release which may be viewed on the SEDAR website at www.sedar.com or the Company's website at www.colabor.com.

Shareholder Rights Plan

On March 19, 2015, Colabor announced it had entered into a shareholder rights plan agreement (the "Shareholder Rights Plan") to encourage a fair treatment of shareholders, should a take-over bid be made for Colabor. The Shareholder Rights Plan will provide the Board of Directors and the shareholders, more time to consider any unsolicited take-over bid for Colabor. For more information, refer to the Company's March 19, 2015 press release which may be viewed on the SEDAR website at www.sedar.com or the Company's website at www.colabor.com.

12. Subsequent event

Agreement with Cara Operations Limited

On April 13, 2015, Colabor announced the early renewal and extension of its long-term distribution and supply agreement (the "Agreement") with Cara Operations Limited ("Cara"), Canada's largest full-service restaurant company and the third largest restaurant operator in the country, based on 2013 sales. The Agreement, which calls for the Company to supply Cara brands in Ontario and Quebec, extends the long-standing relationship through the end of 2022 and provides the Company with the opportunity to supply restaurants operating under any new brands which may be acquired or developed by Cara, or any of its affiliates, in Ontario and Quebec.

13. Risks and Uncertainties

The Company's activities are subject to numerous risks and uncertainties that are described in detail in its March 11, 2015 Annual Information Form (the "AIF") which may be viewed on the SEDAR website at www.sedar.com. In addition to the risks described in the AIF and which are incorporated by reference in this MD&A, the Company wishes to emphasize the industry-related risks that could impact profitability and return on investments and that are beyond management's control.

Industry-related risks that could impact profitability and that are not fully under management's control:

- *Dependence on affiliated-wholesalers*

  Sales generated by affiliated distributors account for a significant portion (about 20%) of the Company's sales. The loss of a significant number of these distributors could have a negative impact on Colabor's earnings.

  To date, Colabor has signed several agreements with affiliated distributors prior to the expiration of the previous contracts, including the most significant distributors. Extending these agreements on a long-term basis as procurement agreements represents about 80% of sales to affiliated distributors and other negotiations are ongoing.

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

  In accordance with general industry practice, affiliated distributors 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 distributors. In addition, even if customers should decide to continue their relationship with the affiliated distributors, 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 Company's sales and have an adverse effect on its financial condition and results of operations.

- *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 and other chains*

  Subsequent to the Summit acquisition, sales to Cara (including franchisees of Cara) represented a significant portion of the Company's sales. The loss of Cara as a customer, a decrease in purchases by Cara or a decrease in Cara's market share in the foodservice industry could have a material and adverse effect on the Company's financial condition, operating results and liquidity. This risk has been offset following renewal and extension of the Agreement (see the Subsequent events section of this MD&A).

- *Market price sensitivity of some commodities*

  Colabor may be faced with sudden inflationary changes in the commodity price index of some commodities such as beef, pork, fuel and others. In the short term, these fluctuations could create pressure on margins.

- *Product recall*

  Colabor could have to deal with product recalls due to sanitation issues encountered by certain manufacturers or its own divisions. Such recalls can trigger a decrease in sales of certain types of products for a period of time and cause a slump 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 the contaminated products from these manufacturers.

- *Intensification of the competition in an economically challenging situation*

  To retain their market share, competitors have the tendency to lower their profit margins.

Return on investment

The return on an investment in Colabor Group Inc. is not comparable to the return on an investment in a fixed-income security. The return is based on many assumptions.

Climate change

Colabor has very little world climate change risk exposure. However, the daily temperature affects the Company's quarterly economic performance.

14. Significant Accounting Estimates

Some of the amounts in the financial statements are based on estimates made by management using its knowledge of current or anticipated events and current economic conditions.

Impairment of trade and other receivables

The amount recognized as impairment of trade and other receivables is based on management's assessment of the risks associated with each trade and other receivable with reference to losses incurred in prior periods, collection experience and the impact of the current and expected economic conditions.

Supplier rebates

Supplier rebates recognized are estimated on the basis that the necessary conditions for obtaining the rebates are satisfied.

Impairment of available-for-sale financial assets

Management assesses whether there are any indications of impairment of the available-for-sale financial asset at each reporting date. When management determines that the asset is impaired, the cumulative loss recognized in other comprehensive income is reclassified to earnings.

Inventory valuation

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable value, management takes into account the most reliable evidence available at the time the estimates are made. The quantity, age and condition of inventory are measured and evaluated regularly during the year.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the Company's assets. Actual results, however, may vary due to technical obsolescence, particularly for distribution software and hardware.

Impairment of trademarks and goodwill

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial years.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax losses. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statement of financial position at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as an adjustment in the measurement period. Any other change would be recognized in the income statement in the subsequent period.

Pension obligations

Management estimates the pension obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its pension obligations is based on rates of inflation and mortality that management considers to be reasonable. It also takes into account the Company's specific anticipation of future salary increases, retirement ages of employees and other actuarial factors. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist, which may vary significantly in future appraisals of the Company's defined benefit obligations.

15. Disclosure Controls and Procedures and Internal Control Over Financial Reporting

Management has designed and assessed disclosure controls and procedures (DC&P) and internal controls over financial reporting (ICFR) to provide reasonable assurance that the financial information presented by the Company is reliable and that its financial statements are prepared in accordance with IFRS. The President and CEO and the Vice-President and CFO assessed, in accordance with Regulation 52-109 respecting Certification of Disclosure in Issuers' Annual and Interim Filings, the design and operation of ICFR and DC&P as at December 27, 2014, and, on the basis of this assessment, they have concluded that the design and operation of ICFR and DC&P are efficient.