COLABOR GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOURTH QUARTER OF THE 2015 FISCAL YEAR

112-DAY PERIOD ENDED DECEMBER 26, 2015

MARCH 17, 2016

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MD&A AS AT MARCH 17, 2016

1. Scope of MD&A and Notice to Investors

This Management's Discussion & Analysis ("MD&A") of Colabor Group Inc. (the "Company" or "Colabor"), discusses the comprehensive income, financial situation and cash flows for the fourth quarter of the fiscal year ended 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. It should also be noted that the Company's sales are seasonal, accordingly, sales in the first quarter are comparatively lower than sales in other quarters.

2. Non-IFRS Performance Measures

This MD&A also contains information that is a non-IFRS measure of performance. Such measures should not be considered in isolation or as a substitute for other IFRS performance measures, but rather as supplementary information.

For example, the Company uses the concept of earnings before financial expenses, depreciation and amortization, costs not related to current operations and income taxes (adjusted EBITDA), presented in the financial statements under "Operating earnings before costs not relating to current operations, depreciation and amortization". Adjusted EBITDA is derived from EBITDA defined by the financial community as earnings before interest, taxes, depreciation and amortization, as shown in the following table. There is no EBITDA equivalent in the Company's financial statements. Such measures are widely used in financial circles to measure operational profitability. They reflect the inclusion or exclusion of certain amounts that are not considered to be representative of the Company's recurring financial performance. Since these concepts are not defined by IFRS, they may not be comparable to those of other companies.

Reconciliation of net income to adjusted EBITDA

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

	2015-12-26 (112 days)	2014-12-27 (112 days)	Variance	2015-12-26 (364 days)	2014-12-27 (361 days)	Variance
	$	$	$	$	$	$
Earnings	**(29,314)**	**(48,312)**	**18,998**	**(33,764)**	**(67,290)**	**33,526**
Income taxes	(6,309)	(12,146)	5,837	(7,961)	1,682	(9,643)
Finance costs	3,739	4,039	(300)	12,968	13,013	(45)
Amortization of intangible assets	3,724	4,642	(918)	11,456	14,695	(3,239)
Depreciation of property, plant and equipment	1,263	1,521	(258)	3,995	4,570	(575)
EBITDA	**(26,897)**	**(50,256)**	**23,359**	**(13,306)**	**(33,330)**	**20,024**
Impairment loss on equity investment		2,310	(2,310)	1,731	2,310	(579)
Impairment loss on goodwill and intangible assets	33,756	55,740	(21,984)	33,756	55,740	(21,984)
Costs not relating to current operations	2,442	2,538	(96)	4,123	5,426	(1,303)
Adjusted EBITDA	**9,301**	**10,332**	**(1,031)**	**26,304**	**30,146**	**(3,842)**

3. 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.

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, Quebec and the 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, Montana's BBQ & Bar and 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, fish, seafood, fruits and vegetables, disposables and sanitation products.

This division, with about 490 employees, operates four distribution centres, including the London administrative head office. 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")*:

CFD is a major distributor to foodservice and retail customers in the regions of Québec, Saguenay, Lower St. Lawrence and Gaspé Peninsula, New Brunswick regions and part of the North Shore and the Lower North Shore regions. CFD employs approximately 460 people, distributes over 12,000 products from its two strategically located warehouses in Lévis and Rimouski, totalling approximately 303,000 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, 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 200 employees.

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

Lauzon prepares and processes superior quality meat products for the provinces of Quebec and Ontario and is a major distributor of Cargill beef brands (Premium Signature Angus, Sterling Silver). Lauzon is known, among other, for its products and employees and for providing effective and flexible service to the restaurant and hotel industries and the institutional sector. 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 85 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 371,000 square feet located in Boucherville and has about 75 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 55 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 which allows it to sell its products across Canada.

Additional information

The shares of Colabor Group Inc. are traded on the Toronto Stock Exchange under the symbol GCL, 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. The *information on the Company's website is not included by reference into this MD&A.*

5. Performance Analysis

5.1 Earnings

The net loss for the quarter totaled $29.3M, compared with a net loss of $48.3M in the prior year's same quarter, that is, a profitability increase of $19.0M. The variance is primarily attributable to an impairment loss on goodwill and intangible assets that is $22.0M less than in the same quarter in 2014 and an impairment loss on an equity investment that is $2.3M lower, partially offset by a drop in adjusted EBITDA adjusted for a lower gross margin on new contracts and lower income tax income. The loss per share was $1.07, compared with $1.76.

The following table presents the fourth quarter consolidated statements of earnings:

Consolidated Statements of Earnings

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

	2015-12-26 (112 days)		2014-12-27 (112 days)		Variance	
	$		$		$	
Sales of goods	**468,052**	**100.00%**	**460,043**	**100.00%**	**8,009**	**1.74%**
Operating expenses, excludind costs not relating to current operations, depreciation and amortization	458,751	98.01%	449,711	97.75%	9,040	2.01%
Operating earnings before costs not relating to current operations, depreciation and amortization	9,301	1.99%	10,332	2.25%	(1,031)	-9.98%
Costs not relating to current operations	2,442	0.52%	2,538	0.55%	(96)	-3.78%
Impairment loss on equity investment		0.00%	2,310	0.50%	(2,310)	-100.00%
Impairment loss on goodwill and intangible assets	33,756	7.21%	55,740	12.12%	(21,984)	-39.44%
Depreciation of property, plant and equipment	1,263	0.27%	1,521	0.33%	(258)	-16.96%
Amortization of intangible assets	3,724	0.80%	4,642	1.01%	(918)	-19.78%
	41,185	8.80%	66,751	14.51%	(25,566)	-38.30%
Operating earnings	(31,884)	-6.81%	(56,419)	-12.26%	24,535	-43.49%
Finance costs	3,739	0.80%	4,039	0.88%	(300)	-7.43%
Earnings before tax	(35,623)	-7.61%	(60,458)	-13.14%	24,835	-41.08%
Income taxes						
Current	(752)	-0.16%	1,166	0.25%	(1,918)	-164.49%
Deferred	(5,557)	-1.19%	(13,312)	-2.89%	7,755	-58.26%
	(6,309)	-1.35%	(12,146)	-2.64%	5,837	-48.06%
Earnings	(29,314)	-6.26%	(48,312)	-10.50%	18,998	-39.32%
Basic and diluted earnings per share	$(1.07)		$(1.76)			

The cumulative net loss for the period is $33.8M, a positive improvement of $33.5M compared with $67.3M in the prior year's same period. The main positive variances are attributable to lower impairment losses on goodwill and intangible assets than in 2014, a lower amortization expense for intangible assets following the 2014 asset write-off, lower expenses not related to current operations than in 2014 and income tax income in 2015, compared with an income tax expense in 2014. The favourable variances were partly reduced by the decrease in the profitability of adjusted EBITDA, which was primarily due to new contracts. The loss per share was $1.23, compared with $2.48.

The following table presents the cumulative consolidated statements of earnings:

Consolidated Statements of Earnings

audited, in thousand of dollars, except data per share)

	2015-12-26 (364 days)		2014-12-27 (361 days)		Variance	
	$		$		$	
Sales of goods	**1,506,280**	**100.00%**	**1,431,725**	**100.00%**	**74,555**	**5.21%**
Operating expenses, excludind costs not relating to current operations, depreciation and amortization	1,479,976	98.25%	1,401,579	97.89%	78,397	5.59%
Operating earnings before costs not relating to current operations, depreciation and amortization	26,304	1.75%	30,146	2.11%	(3,842)	-12.74%
Costs not relating to current operations	4,123	0.27%	5,426	0.38%	(1,303)	-24.01%
Impairment loss on equity investment	1,731	0.11%	2,310	0.16%	(579)	-25.06%
Impairment loss on goodw ill and intangible assets	33,756	2.24%	55,740	3.89%	(21,984)	-39.44%
Depreciation of property, plant and equipment	3,995	0.27%	4,570	0.32%	(575)	-12.58%
Amortization of intangible assets	11,456	0.76%	14,695	1.03%	(3,239)	-22.04%
	55,061	3.66%	82,741	5.78%	(27,680)	-33.45%
Operating earnings (loss)	(28,757)	-1.91%	(52,595)	-3.67%	23,838	-45.32%
Finance costs	12,968	0.86%	13,013	0.91%	(45)	-0.35%
Loss before tax	(41,725)	-2.77%	(65,608)	-4.58%	23,883	-36.40%
Income taxes						
Current	(357)	-0.02%	1,166	0.08%	(1,523)	-130.62%
Deferred	(7,604)	-0.50%	516	0.04%	(8,120)	-1573.64%
	(7,961)	-0.53%	1,682	0.12%	(9,643)	-573.31%
Loss	(33,764)	-2.24%	(67,290)	-4.70%	33,526	-49.82%
Basic and diluted loss per share	$(1.23)		$(2.48)			

The following table presents fourth quarter comparable sales:

Comparable sales (unaudited, in thousands of dollars)

	Distribution Segment				Wholesale Segment				Consolidated			
	2015-12-26 (112 days)	2014-12-27 (112 days)	Variance		2015-12-26 (112 days)	2014-12-27 (112 days)	Variance		2015-12-26 (112 days)	2014-12-27 (112 days)	Variance	
	$	$	$	%	$	$	$	%	$	$	$	%
Total sales	311,744	294,247	17,497	5.9%	156,308	165,796	(9,488)	-5.7%	468,052	460,043	8,009	1.7%
Comparable sales	311,744	294,247	17,497	5.9%	156,308	165,796	(9,488)	-5.7%	468,052	460,043	8,009	1.7%

No adjustment for comparison purposes is required for the fourth quarter.

The following table presents fourth quarter segment sales:

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

	2015-12-26 (112 days)	2014-12-27 (112 days)	Variance	
	$	$	$	%
Sales before elimination				
Distribution Segment	319,056	302,793	16,263	5.4%
Wholesale Segment	220,822	229,285	(8,463)	-3.7%
	539,878	532,078	7,800	1.5%
Inter-Segment Sales				
Distribution Segment	7,312	8,546	(1,234)	-14.4%
Wholesale Segment	64,514	63,489	1,025	1.6%
	71,826	72,035	(209)	-0.3%
Consolidated sales				
Distribution Segment	311,744	294,247	17,497	5.9%
Wholesale Segment	156,308	165,796	(9,488)	-5.7%
	468,052	460,043	8,009	1.7%

Sales in the fourth quarter were $468.1M, up $8.1M, or 1.7%, from $460.0M in the same quarter in 2014. The sales growth is attributable to the distribution segment, offset by a slight decrease in the wholesale segment. Fourth quarter sales for 2015 are comparable.

The 5.9% sales growth in the distribution segment is mainly from the Ontario division, due to growth in Cara and the new Popeye contract and, to a lesser extent, the Lauzon division as a result of new contracts. The 5.7% decline in sales of the wholesale division is essentially from the Boucherville division, where a significant portion of the variance is due to non-renewal of a distributor contract that expired on April 15, 2015.

The following tables present cumulative comparable sales:

Comparable sales (audited, in thousands of dollars)

	Distribution Segment				Wholesale Segment				Consolidated			
	2015-12-26 (364 days)	2014-12-27 (361 days)	Variance		2015-12-26 (364 days)	2014-12-27 (361 days)	Variance		2015-12-26 (364 days)	2014-12-27 (361 days)	Variance	
	$	$	$	%	$	$	$	%	$	$	$	%
Total sales	1,015,021	935,136	79,885	8.5%	491,259	496,589	(5,330)	-1.1%	1,506,280	1,431,725	74,555	5.2%
Acquisitions	(33,954)		(33,954)		18,722		18,722		(15,232)		(15,232)	
Adjustment for three days		7,630	(7,630)			4,279	(4,279)			11,909	(11,909)	
Comparable sales	981,067	942,766	38,301	4.1%	509,981	500,868	9,113	1.8%	1,491,048	1,443,634	47,414	3.3%

Adjustments for comparison

Acquisitions

The adjustment related to acquisitions in the distribution segment is attributable to the acquisition of Poissonnerie Marcotte (1980) Inc. on September 10, 2014.

The adjustment in the wholesale segment is due to the fact that certain divisions sold products to this entity which were not eliminated in the past.

Three-day adjustment

Adjustments are required because the periods being compared do not contain the same number of days as the current periods.

The following table presents cumulative segment sales:

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

	2015-12-26 (364 days)	2014-12-27 (361 days)	Variance	
	$	$	$	%
Sales before elimination				
Distribution Segment	1,038,768	964,143	74,625	7.7%
Wholesale Segment	706,772	677,286	29,486	4.4%
	1,745,540	1,641,429	104,111	6.3%
Inter-Segment Sales				
Distribution Segment	23,747	29,007	(5,260)	-18.1%
Wholesale Segment	215,513	180,697	34,816	19.3%
	239,260	209,704	29,556	14.1%
Consolidated sales				
Distribution Segment	1,015,021	935,136	79,885	8.5%
Wholesale Segment	491,259	496,589	(5,330)	-1.1%
	1,506,280	1,431,725	74,555	5.2%

Cumulative sales totalled $1,506.3M, compared with $1,431.7M in 2014, a $74.6M or 5.2% increase. The sales growth is mainly due to the distribution segment. Sales for 2015 are not comparable with those for 2014 due to the acquisition of Poissonnerie Marcotte (1980) Inc. and a higher number of days compared to 2014.

Cumulative comparable sales are up 3.3% over last year. The increase is mainly attributable to the distribution segment, but the wholesale segment is also growing.

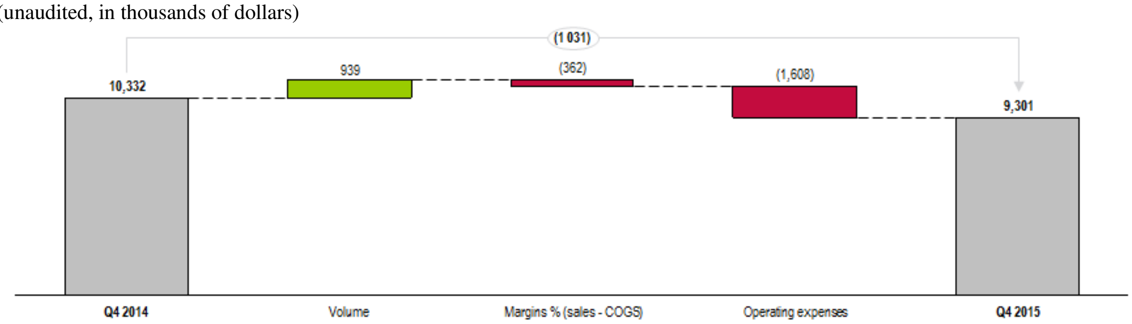
The 4.1% increase in comparable sales of the distribution segment is due mostly to the Ontario division as a result of Cara's growth, the procurement contract with Popeye and, to a lesser extent, the Norref division.

The wholesale segment's meat sales have increased the segment's comparable sales by1.8%. Such an increase is attributable to the combined effect of increased market sales and the inflation of the price of meat; the Boucherville division's comparable sales are down from last year.

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

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

(unaudited, in thousands of dollars)

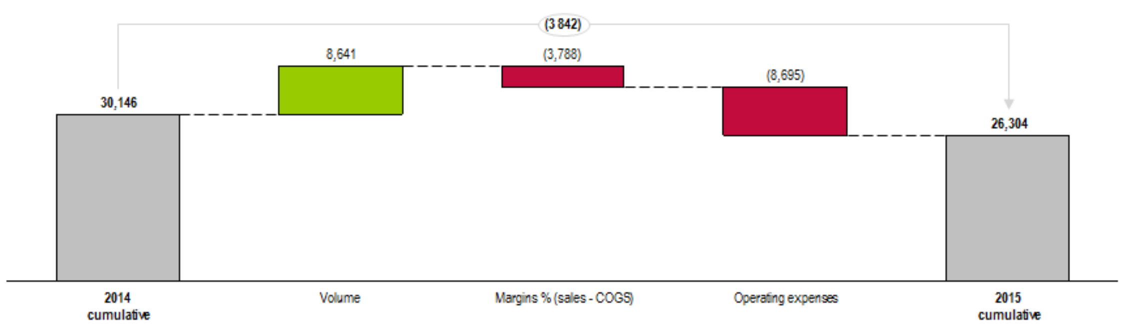


In the fourth quarter of 2015, EBITDA totalled $9.3M or 2.00% of sales, compared with $10.3M or 2.25% in the same period in 2014. The following factors explain the variance:

- The sales increase, mostly from the Ontario division as a result of Cara's growth and the procurement contract with Popeye.
- The decrease in profit margins as a % of sales, partly due to contract renewals and new contracts signed with a lower margin.
- Higher operating costs, primarily due to changes in warehouse management and working conditions for the Ontario division as a result of the new Cara contract.

Analysis of variances in operating earnings before costs not relating to current operations and cumulative amortization (adjusted EBITDA)

(unaudited, in thousands of dollars)



Adjusted EBITDA for the year totalled $26.3M or 1.75% of sales, compared with $30.1M or 2.11% for the previous year. The following factors explain the variance:

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

- The decrease in profit margins as a % of sales, partly due to contract renewals and new contracts signed with a lower margin.
- The increase in operating expenses from the acquisition of Poissonnerie Marcotte (1980) Inc. and costs relating to changes in warehouse management and working conditions for the Ontario division as a result of the new Cara contract.

Costs not relating to current operations

Note 8 to the financial statements provides a summary of costs not relating to current operations. This item in earnings includes non-recurring items in the Company's current operations.

These costs include:

		2015-12-26 (112 days)	**2015-12-26** (364 days)
1.	Severance pay and restructuring costs: (i) During the third and fourth quarters of 2015, costs incurred primarily relate to the operational reorganization undertaken in Ontario to generate the anticipated synergies in the new Cara contract and prepare for the additional volume to be received as of November 2015. (ii) On a cumulative basis in 2015, the Company incurred restructuring costs relating to the integration of Poissonnerie Marcotte (1980) Inc. in the CFD division.	$536,000	$2,174,000
2.	Adjustment of accounting provisions for the leases of two inoperative warehouses	$1,138,000	$1,138,000
3.	Direct costs related to realized, unrealized and potential business acquisitions	$757,000	$780,000
4.	Other	$11,000	$31,000
	Total	$2,442,000	$4,123,000

Impairment loss on goodwill and intangible assets

During the fourth quarter of 2015, a $33.8M impairment loss was recognized as a result of the Company's year-end impairment tests of goodwill and trademarks. The Company concluded that the recoverable amount, based on the value in use, of certain cash generating units (CGUs) was below their carrying amount. Therefore, an impairment loss was recorded and is detailed as follows:

- Impairment loss on goodwill, trademarks and client relationships of $10,525,000, $11,268,000 and $11,173,000, respectively, for the CFD division.

  The brand name associated with Bertrand's reputation is no longer used in the Quebec region as the division now operates under the Colabor Food Distributor name.

  On the other hand, the impairment loss on goodwill and client relationships in the CFD division is explained by the following: 1) the Company adjusted its growth assumptions in light of the decline in the restaurant sector in Quebec in 2015; 2) competition and the arrival of customer groups to improve negotiating power have put pressure on prices and the division's profitability; and 3) the high employee turnover slowed down the previously anticipated progress in the action plan.

- The Boucherville division's $500,000 impairment loss on a trademark that is essentially never used.
- The Décarie division's $290,000 impairment loss on goodwill due essentially to the expected decrease in the inflation of meat prices.

Depreciation and amortization of property, plant and equipment

The depreciation expense for property, plant and equipment for the fourth quarter of 2015 is relatively stable at $1.3M compared with $1.5M in 2014. The amortization expense for intangible assets is $3.7M, compared with $4.6M, a decrease that is attributable to the impairment loss on intangible assets recognized in the fourth quarter of 2014.

The cumulative depreciation expense for property, plant and equipment for 2015 is relatively stable at $4.0M compared with $4.6M in 2014. The amortization expense for intangible assets is $11.5M, compared with $14.7M, a decrease that is attributable to the impairment loss on intangible assets recognized in the fourth quarter of 2014.

Financial expenses

Financial expenses of $3.7M in the fourth quarter of 2015 are lower compared with $4.0M in the corresponding quarter in 2014 despite higher average debt during the fourth quarter of 2015 compared with the same quarter of 2014. This decrease is attributable to a decline in the accretion expense on the purchase price paid at the start of the fourth quarter and lower financial amortization expenses in 2015 compared with 2014.

Cumulative financial expenses of $13.0M in 2015 are comparable with those of $13.0M in 2014, despite higher average debt in 2015 compared with 2014. This is primarily due to the write-off of expenses and penalties in 2014 in connection with refinancing, and lower average interest rates.

Tax expense (revenue)

Fourth quarter tax revenue of $6.3M is due to the quarterly loss adjusted for non-tax deductible expenses. The 2015 tax revenue of almost $8.0M is due to the 2015 loss adjusted for non-tax deductible expenses.

As described in Note 13 to the 2015 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 took into account a similar agreement which has now been reached with Revenu Québec. This specific item from 2014 makes it difficult to compare the income tax expense (revenue) between 2015 and 2014.

Loss per share

The net loss per share in the fourth quarter of 2015 is $1.07 per share, compared with a loss of $1.76 in the fourth quarter of 2014 that is a $0.69 decrease in loss per share. The cumulative net loss for 2015 is $1.23 per share, compared with a cumulative loss in 2014 of $2.48 per share, or a $1.25 decrease in the loss per share.

5.2 Financial Position

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

Consolidated Statements of Financial Position
(in thousands of dollars)

	2015-12-26 (audited)	2014-12-27 (audited)
ASSETS	$	$
Current		
Trade and other receivables	104,351	124,729
Recoverable tax assets	1,568	1,500
Inventory	87,282	92,693
Prepaid expenses	2,936	3,069
Loans receivable	131	
Current assets	196,268	221,991
Non-current		
Equity investment in Colabor Investments Inc.	926	2,803
Loans receivable	576	
Property, plant and equipment	15,835	16,419
Intangible assets	62,844	93,675
Goodwill	84,130	94,569
Deferred income tax assets	2,089	
Non-current assets	166,400	207,466
Total assets	362,668	429,457
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Bank overdraft	4,106	8,782
Trade and other payables	93,530	110,193
Rebates payable	8,301	10,481
Balances of purchase price payable		869
Bank borrowing	1,000	6,000
Obligations under leases	497	445
Deferred revenue	515	14
Provisions	1,174	1,655
Current liabilities	109,123	138,439
Non-current		
Bank borrowing	87,038	88,076
Long-term debt	42,295	42,181
Convertible debentures	48,859	48,086
Obligations under leases	2,376	864
Pension obligation	1,271	1,406
Provisions	3,816	3,500
Deferred income tax liabilities	573	6,083
Non-current liabilities	186,228	190,196
Total liabilities	295,351	328,635
EQUITY		
Share capital	209,972	209,972
Deficit	(145,770)	(112,074)
Other components of equity	3,115	2,924
Total equity	67,317	100,822
Total liabilities and equity	362,668	429,457

Accounts receivable

Trade and other receivables are down by $20.4M compared with 2014. This significant decrease mainly results from collection efforts to improve working capital management.

Inventories

Inventories are down $5.4M compared with 2014. This significant decrease mainly results from efforts to reduce inventory levels to improve working capital management and from the closure of the Trois-Rivières warehouse in the fourth quarter of 2015.

Intangible assets

Intangible assets amounted to $62.8M in 2015, compared with $93.7M in 2014. The $30.9M decrease mainly results from the write-off of intangible assets in the fourth quarter of 2015.

Goodwill

Goodwill amounted to $84.1M in 2015, compared with $94.6M in 2014. The $10.5M decrease results from the write-off of goodwill in the fourth quarter of 2015.

Trade and other payables

The trade and other payables balance decreased by $16.7M compared with 2014. This reduction is mainly the result of one-off cyclical adjustments.

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.

For the fourth quarter of 2015, average daily indebtedness was $96M, compared with average indebtedness of $105M in the third quarter of 2015. The decrease is primarily attributable to positive working capital generated during the fourth quarter of 2015.

Average indebtedness for the fourth quarter of 2015 compared with the same period in 2014 was $96M compared to $94M, a slight increase resulting mainly from the reduction in the bank overdraft.

Credit Facilities

Under certain circumstances, the Company is required to satisfy a fixed charge coverage ratio. As at December 26, 2015, the Company was in compliance with this ratio.

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 17, 2016, which may be viewed on the SEDAR website at www.sedar.com.

As at December 26, 2015 and March 16, 2016, there were 27,480,966 issued and outstanding common shares.

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 could redeem the debentures in whole or in part, prior to maturity. There were no advance redemptions during the year ended December 26, 2015. 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	98,325
$7.75	March 23, 2020	206,800	103,400
$4.43	July 29, 2020	40,000	20,000
$3.70	May 8, 2021	460,000	115,000
$1.04	June 2, 2022	915,000	
		1,814,400	398,225

5.3 Cash Flows

The following table presents the consolidated cash flows:

Consolidated cash flows (unaudited, in thousands of dollars)	2015-12-26 (112 days)	2014-12-27 (112 days)	2015-12-26 (364 days)	2014-12-27 (361 days)
	$	$	$	$
Operating activities				
Loss before income taxes	(35,623)	(60,458)	(41,725)	(65,608)
Impairment loss on goodwill and intangible assets	33,756	55,740	33,756	55,740
Depreciation of property, plant and equipment	1,263	1,521	3,995	4,570
Amortization of intangible assets	3,724	4,642	11,456	14,695
Gain on disposal of property, plant and equipment	(68)	(88)	(278)	(197)
Change in provisions	682	324	(400)	(568)
Impairment of equity investment in Colabor Investments Inc.		2,310	1,731	2,310
Finance costs	3,739	4,039	12,968	13,013
Stock-based compensation plan expenses	121	98	317	237
	7,594	8,128	21,820	24,192
Income tax withholdings	1,629	1,924	290	187
Net changes in working capital	4,427	(345)	6,064	8,049
Cash flows from operating activities	13,650	9,707	28,174	32,428
Investing activities				
Business acquisitions, net of cash acquired		(11,984)	100	(11,984)
Change in loans receivable	21		38	
Purchase of property, plant and equipment	(429)	(460)	(1,608)	(1,504)
Disposal of property, plant and equipment	148	89	435	243
Purchase of intangible assets	(213)	(1,165)	(3,132)	(3,481)
Cash flows from operating activities	(473)	(13,520)	(4,167)	(16,726)
Financing activities				
Bank borrowing	(7,238)	8,598	(6,544)	(15,203)
Lease payments	(202)	(250)	(578)	(632)
Share issuance		(8)		(8)
Dividends paid		(1,649)		(6,525)
Payment of balances of purchase price	(1,000)		(1,000)	(11,318)
Repayment of long-term debt				(15,000)
Issuance of long-term debt, net of related expenses				42,087
Finance costs paid	(3,240)	(3,512)	(11,209)	(11,057)
Cash flows from financing activities	(11,680)	3,179	(19,331)	(17,656)
Net change in bank overdraft	1,497	(634)	4,676	(1,954)
Bank overdraft, beginning of period	(5,603)	(8,148)	(8,782)	(6,828)
Bank overdraft, end of period	(4,106)	(8,782)	(4,106)	(8,782)

Operating activities

Cash flows from operating activities in the fourth quarter are a positive amount of $13.7M, compared with $9.7M in the same period in 2014. The $4.0M variance is essentially attributable to a less favourable change in working capital in 2015, due in part to a greater decrease in accounts receivable and inventories partially offset by a decrease in trade and other payables.

For the 2015 year, cash flows from operating activities are a positive amount of $28.2M compared with $32.4M for the same period in 2014. The $4.2M decrease is attributable to a less favourable change in working capital, due among others, to a decline in trade and other payables and rebates payable, partly offset by lower inventories and trade and other receivables as well as to lower operating income than in 2014.

Investing activities

Cash flows used for investing activities in the fourth quarter amounted to $0.5M, compared with $13.5M for the same period in 2014. This decrease is mostly due to the acquisition of Poissonnerie Marcotte (1980) Inc. in the fourth quarter of 2014.

Cash flows used for investing activities in 2015 amounted to $4.2M, compared with $16.7M for 2014. This decrease is mostly due to the acquisition of Poissonnerie Marcotte (1980) Inc. in the fourth quarter of 2014.

Financing activities

Cash flows from financing activities in the fourth quarter are a negative amount of $11.7M, compared with a positive amount of $3.2M for the same period in 2014. For the most part, the variance is due to changes in bank borrowing.

Cash flows from financing activities in 2015 are a negative amount of $19.3M, compared with a negative amount of $17.7M for 2014. The variance is primarily due to changes in bank borrowing following the change in the Company's debt structure in January 2014 and the absence of paid dividends in 2015.

Payments due in the next five years are as follows:

('000)	Payments due per period				
Contractual obligations	Total	Less than 1 year	From 1 to 3 years	From 4 to 5 years	5 years and over
Bank borrowing	$88,583	$1,000	$87,583	$ -	$ -
Balances of purchase price payable	$0	$ -	$ -	$ -	$ -
Obligations under leases	$3,249	$603	$1,260	$775	$611
Long-term debt (par value)	$42,500	$21,250	$21,250	$ -	$ -
Convertible debentures (par value)	$50,000	$ -	$50,000	$ -	$ -
Provision	$5,421	$1,190	$1,774	$1,516	$941
Operating leases	$73,404	$14,986	$23,176	$19,574	$15,668
Total	$263,157	$39,029	$185,043	$21,865	$17,220

6. Summary of Past Quarters

('000)	2015-12-26 (112 days)	2015-09-05 (84 days)	2015-06-13 (84 days)	2015-03-21 (112 days)	2014-12-27 (84 days)	2014-09-06 (84 days)	2014-06-14 (81 days)	2014-03-22 (115 days)
	$	$	$	$	$	$	$	$
Sales	468,052	366,931	366,635	304,662	460,043	345,164	347,200	279,318
Ajusted EBITDA	9,301	8,027	8,512	637	10,332	10,162	9,504	148
Earnings	(29,314)	863	1,002	(6,188)	(48,312)	(15,042)	1,630	(5,566)
Basic and diluted net earning per share	$(1.07)	$0.03	$0.04	$(0.23)	$(1.76)	$(0.56)	$0.06	$(0.21)

7. Related Party Transactions

Following the initial public offering on June 28, 2005, the Colabor Income 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 of Colabor Income Fund 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 18.4% of Investments, which has a 5,087,349 equity investment in the Company.

Related party transactions included rebates to affiliated and preferred distributors of Investments at the rate of 3% of their sales, as provided in the agreement in effect until the start of the second quarter of 2015. In light of the expiration of affiliation agreements in April 2015, during 2014 and 2015, Colabor initiated discussions with its affiliated distributors to renew their respective affiliation agreements and, at the date hereof, Colabor LP has reached long-term affiliation agreements representing about 90% of the Boucherville division's sales volume. Under the terms of the renewed affiliation agreements, rebates are paid directly to the distributors rather than to Investments. These payments to distributors are treated as an unrelated party transaction.

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 Transaction (undaudited, in thousands of dollars)	2015-12-26 (112 days)	2014-12-27 (112 days)	2015-12-26 (364 days)	2014-12-27 (361 days)
	$	$	$	$
Rebates	-	4,401	3,295	13,157

8. Subsequent Events

Rationalization plan

On January 26, 2016, the Company announced a plan to rationalize and optimize its operations. The plan, approved by the Board of Directors, is intended to further improve Colabor's operating efficiency and profitability despite difficult business conditions in the foodservice distribution industry, and to complete the integration of its acquisitions of recent years. This plan follows up the Board of Director's decision, announced on March 12, 2015, to suspend the declaration of a dividend in order to deploy more financial resources to its operations, while applying excess funds to debt repayment.

The plan encompasses most of Colabor's divisions and consists mainly of centralizing and consolidating certain operations at the head office of the Company or of its divisions. It will entail the elimination of approximately 120 jobs, or 8% of the Company's headcount. In addition to a reduction of current personnel, some vacant positions will be eliminated. Essentially reflecting these layoffs, Colabor will record a charge not related to current operations of approximately $3.0 million, before taxes, in its results for the first quarter of fiscal 2016.

The rationalization measures are expected to result in cost reductions estimated at more than $6.0 million annually, before taxes. These savings will be progressively realized during fiscal 2016 and will take full effect during fiscal 2017.

Long-term debt

In connection with its bank refinancing in 2014, the Company entered into a loan agreement for a total capital amount of $42,500,000. The loan agreement was signed with the banking syndicate made up of several creditors. As at December 26, 2015, a $12,500,000 portion is secured by a second-ranking hypothec on the Company's present and future assets. One of the lenders had an option to become a secured creditor under certain conditions and exercised this option on March 16, 2016.

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. Quebec's economic situation is in downturn. This 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

Company 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.

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.

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. Additionally, on March 12, 2015, Colabor announced the appointment of Gaétan Brunelle to the Board of Directors. His appointment takes effect immediately and also 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"), which was approved at the shareholders' meeting on April 29, 2015. 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, and the plan was approved at the shareholders' meeting on April 29, 2015. 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.

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, 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 at the same time allows Colabor to supply additional brands as of November 1st, 2015. Additionally, the agreement 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.

Creation of a committee of independent directors

A committee of independent directors was formed in 2015 to, notably, further extend the analysis of the Company's debt structure and present additional recommendations to the Board of Directors. Colabor is examining its debt structure in order to have the required financial flexibility to achieve its business objectives in light of the maturity of convertible debentures in April 2017 and the renewal of its operating credit facilities in January 2017.

12. Risks and Uncertainties

The Company's activities are subject to numerous risks and uncertainties that are described in detail in its March 17, 2016 Annual Information Form (the "AIF") which may be viewed on the SEDAR website at www.sedar.com. The risks described in the AIF are incorporated by reference in this MD&A.

13. 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 statement of earnings in the subsequent period.

Pension obligation

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.

14. 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 26, 2015, and, on the basis of this assessment, they have concluded that the design and operation of ICFR and DC&P are efficient.