



Colabor Group Inc.

Interim Consolidated Financial Statements as at September 12, 2009 and September 6, 2008 3rd Quarter

(unaudited)

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

Colabor Group Inc. Consolidated Earnings

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

	2009-09-12 (84 days) \$	2008-09-06 (84 days) \$	2009-09-12 (255 days) \$	2008-09-06 (250 days) \$
Sales	<u>276,841</u>	<u>288,446</u>	<u>817,508</u>	<u>747,196</u>
Earnings before the following items	-----10,026	-----10,014	-----27,727	-----24,797
Financial expenses	1,404	1,813	4,391	4,864
Amortization of property, plant and equipment	983	975	2,739	2,496
Amortization of intangible assets	<u>2,179</u>	<u>1,633</u>	<u>6,556</u>	<u>5,093</u>
	<u>4,566</u>	<u>4,421</u>	<u>13,686</u>	<u>12,453</u>
	5,460	5,593	14,041	12,344
Restructuring and conversion to corporation expenses (Note 3)	<u>2,125</u>	<u> </u>	<u>2,125</u>	<u> </u>
Earnings before income taxes and non-controlling interest	-----3,335	-----5,593	-----11,916	-----12,344
Income taxes				
Current	(1,642)	1,224	202	2,543
Future	<u>(1,008)</u>	<u>297</u>	<u>44</u>	<u>1,490</u>
	<u>(2,650)</u>	<u>1,521</u>	<u>246</u>	<u>4,033</u>
Earnings before non-controlling interest	5,985	4,072	11,670	8,311
Non-controlling interest	<u>1,275</u>	<u>1,761</u>	<u>4,001</u>	<u>4,262</u>
Net earnings and comprehensive income	<u>4,710</u>	<u>2,311</u>	<u>7,669</u>	<u>4,049</u>
Basic and diluted net earnings per share (Note 14)	<u>0.30 \$</u>	<u>0.16 \$</u>	<u>0.52 \$</u>	<u>0.33 \$</u>

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

Colabor Group Inc.
Consolidated Deficit
Consolidated Contributed Surplus

(unaudited and in thousands of dollars)

	2009-09-12 (84 days)	2008-09-06 (84 days)	2009-09-12 (255 days)	2008-09-06 (250 days)
	\$	\$	\$	\$
CONSOLIDATED DEFICIT				
Balance, beginning of period	(20,812)	(14,724)	(17,236)	(11,797)
Net earnings	4,710	2,311	7,669	4,049
	<u>(16,102)</u>	<u>(12,413)</u>	<u>(9,567)</u>	<u>(7,748)</u>
Adjustment in non-controlling interest resulting from the increase in the Company's interest in Colabor LP				616
Distributions declared	(3,625)	(3,921)	(10,160)	(9,202)
Decrease in the stated capital of the Company's shares without payment to the Company's shareholders	19,727		19,727	
Balance, end of period	<u><u>-</u></u>	<u><u>(16,334)</u></u>	<u><u>-</u></u>	<u><u>(16,334)</u></u>
CONSOLIDATED CONTRIBUTED SURPLUS				
Balance, beginning of period	162	127	349	189
Compensation cost from long-term incentive plan	122	96	351	258
Acquisition of shares by participants of long-term incentive plan			(416)	(224)
Balance, end of period	<u><u>284</u></u>	<u><u>223</u></u>	<u><u>284</u></u>	<u><u>223</u></u>

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Colabor Group Inc. Consolidated Cash Flows

(unaudited and in thousands of dollars)

	2009-09-12 (84 days) \$	2008-09-06 (84 days) \$	2009-09-12 (255 days) \$	2008-09-06 (255 days) \$
OPERATING ACTIVITIES				
Net earnings	4,710	2,311	7,669	4,049
Non-cash items				
Amortization of property, plant and equipment	983	975	2,739	2,496
Amortization of intangible assets	2,179	1,633	6,556	5,093
Amortization of deferred financing expenses	29	29	84	72
Non-controlling interest	1,275	1,761	4,001	4,262
Future income taxes	(1,008)	297	44	1,490
Compensation cost from long-term incentive plan	122	96	351	258
Amortization of debenture transaction costs	231	210	699	624
	<u>8,521</u>	<u>7,312</u>	<u>22,143</u>	<u>18,344</u>
Changes in operating assets and liabilities	<u>(1,757)</u>	<u>(6,429)</u>	<u>(18,887)</u>	<u>(7,066)</u>
Cash flows from operating activities	<u>6,764</u>	<u>883</u>	<u>3,256</u>	<u>11,278</u>
INVESTING ACTIVITIES				
Business acquisitions				(70,424)
Transaction with ConjuChem (Note 3)	(5,000)		(5,000)	
Payment of balances of purchase price	(2,500)		(6,515)	
Property, plant and equipment	<u>(335)</u>	<u>(428)</u>	<u>(1,202)</u>	<u>(878)</u>
Cash flows from investing activities	<u>(7,835)</u>	<u>(428)</u>	<u>(12,717)</u>	<u>(71,302)</u>
FINANCING ACTIVITIES				
Bank loan	5,652	4,607	28,591	38,591
Financing expenses				(225)
Distributions paid to unitholders	(2,614)	(3,921)	(10,456)	(8,783)
Distributions paid to holders of exchangeable Colabor LP units	(913)	(1,369)	(3,651)	(3,651)
Repayment of long-term debt	(126)	(146)	(476)	(406)
Purchase of units held by the Fund for long-term incentive plan			(789)	(575)
Issue of trust units				38,022
Unit and debenture issue expenses				(1,150)
Cash flows from financing activities	<u>1,999</u>	<u>(829)</u>	<u>13,219</u>	<u>61,823</u>
Net change in bank overdraft	<u>928</u>	<u>(374)</u>	<u>3,758</u>	<u>1,799</u>
Bank overdraft, beginning of period	<u>(4,884)</u>	<u>(7,600)</u>	<u>(7,714)</u>	<u>(9,773)</u>
Bank overdraft, end of period	<u>(3,956)</u>	<u>(7,974)</u>	<u>(3,956)</u>	<u>(7,974)</u>

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

Colabor Group Inc. Consolidated Balance Sheets

(in thousands of dollars)

	2009-09-12 (unaudited) \$	2008-12-31 \$
ASSETS		
Current assets		
Accounts receivable	94,643	80,804
Inventory	65,368	73,233
Prepaid expenses	2,317	1,664
Future income taxes (Note 3)	7,951	
	<u>170,279</u>	<u>155,701</u>
Deferred financing expenses	195	279
Share investment in a private company, at cost	6,159	6,159
Property, plant and equipment	13,492	15,029
Intangible assets	136,763	143,319
Goodwill	72,317	69,574
Future income taxes (Note 3)	7,791	
	<u>406,996</u>	<u>390,061</u>
LIABILITIES		
Current liabilities		
Bank overdraft	3,956	7,714
Accounts payable and accrued liabilities	78,317	85,945
Income taxes payable	1,413	1,855
Balances of purchase price payable	10,081	10,103
Distributions payable	1,011	1,307
Distributions payable to holders of exchangeable Colabor LP units	353	456
Rebates payable	10,622	15,166
Deferred revenue	1,469	1,115
Deferred credit (Note 3)	6,928	
Instalments on long-term debt	682	707
	<u>114,832</u>	<u>124,368</u>
Bank loans	76,092	47,501
Balance of purchase price payable		3,750
Long-term debt	491	942
Debentures	46,410	45,725
Accrued benefit liability for employee benefits	772	772
Deferred credit (Note 3)	24,031	
Future income taxes		17,414
Non-controlling interest (Note 11)		29,713
	<u>262,628</u>	<u>270,185</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 12)	143,018	135,323
Option to convert debentures	2,314	2,315
Contributed surplus	284	349
Shares held for the long-term incentive plan	(1,248)	(875)
Deficit		(17,236)
	<u>144,368</u>	<u>119,876</u>
	<u>406,996</u>	<u>390,061</u>

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

Colabor Group Inc.

Notes to Interim Consolidated Financial Statements

as at September 12, 2009 and September 6, 2008

(unaudited, amounts in the tables are in thousands of dollars, except earnings per share)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

Colabor Group Inc. (the "Company") is incorporated under the Canada Business Corporations Act. The Company has an exclusive interest in Colabor Limited Partnership ("Colabor LP"). Colabor LP distributes and markets food and food-related products in Canada.

On August 25, 2009, Colabor Income Fund (the "Fund") concluded a transaction with ConjuChem Biotechnologies Inc. ("ConjuChem") as a result of which the Fund, which was previously a publicly listed income fund, became the Company, a publicly listed corporation. Subsequent to this transaction, the Fund's unitholders became shareholders of the Company, without any other major change in operating activities.

2 - BASIS OF PRESENTATION

These unaudited interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. The Company is considered the continuation of the Fund and, accordingly, these consolidated financial statements are prepared using the continuity of interests method. Under this method, the assets, liabilities and equity of the Fund transferred to the Company on the conclusion of the ConjuChem transaction are recognized at their net carrying amount. Due to the application of the continuity of interests method, some expressions, such as shareholder and unitholder or dividend and distribution may be used interchangeably in these unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements are in accordance with Canadian generally accepted accounting principles for interim financial statements and do not include all the information required for complete financial statements. They are also consistent with the policies outlined in the Fund's audited financial statements for the year ended December 31, 2008. The interim financial statements should be read in conjunction with the previously mentioned financial statements. Where necessary, the financial statements include amounts based on informed estimates and the best judgement of management. Operating results for the interim periods presented are not necessarily indicative of the results that are expected for the year.

3 - CONVERSION TO A CORPORATION AND INCOME TAXES

On August 25, 2009, the Fund, which until that date had been a publicly listed income fund, became a publicly listed corporation as a result of a Plan of Arrangement with ConjuChem for a cash consideration of \$5,000,000. Under the transaction, the Company benefits from the equivalent of about \$130,000,000 in tax losses. The Company calculated current and future income taxes for the current year on the basis of its conversion to a corporation as of August 25, 2009, whereas it had calculated current and future income taxes for the year ended December 31, 2008 as a publicly listed income fund.

As at the transaction date, the Company is deemed to have acquired ConjuChem's tax accounts and recognized the consideration paid as follows:

	Current	Long-term	Total
	\$	\$	\$
Future income tax asset	6,363	32,483	38,846
Deferred credit	(5,544)	(28,302)	(33,846)
Cash consideration			<u>5,000</u>

The deferred credit will be amortized to future income taxes and calculated proportionally to the utilization of the future income tax asset.

Colabor Group Inc.

Notes to Interim Consolidated Financial Statements

as at September 12, 2009 and September 6, 2008

(unaudited, amounts in the tables are in thousands of dollars, except earnings per share)

3 - CONVERSION TO A CORPORATION AND INCOME TAXES (Continued)

In connection with the conversion to a Corporation, unitholders who had a non-controlling interest converted their exchangeable Colabor LP units into shares of the Company and the Company recognized the carrying amount of the non-controlling interest in capital stock. As a result of the increase of the Company's interest in Colabor LP, future income taxes in the amount of \$2,759,000 are presented in capital stock.

Total restructuring and conversion expenses of \$2,125,000 were expensed.

4 - BUSINESS ACQUISITION

On April 28, 2008, through Colabor LP, the Fund purchased all of the shares of Gestion Bertrand & Frères Inc. ("Bertrand") for an initially estimated amount of \$78,588,000. As a result of obtaining the final documents from Bertrand and completing the due diligence process on June 15, 2009, the purchase price was determined to be \$81,331,000. Accordingly, goodwill and the balance of purchase price for the Bertrand acquisition were increased by \$2,743,000.

5 - CHANGES IN ACCOUNTING POLICIES

On January 1, 2009, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants Handbook (the "CICA Handbook") Section 3064, "Goodwill and Intangible Assets" which establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. However, the section does not apply to the initial recognition of goodwill and intangible assets generated in connection with a business combination. These new recommendations do not have a significant impact on the Company's consolidated earnings, cash flows and balance sheet.

The Emerging Issues Committee issued EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", which provides guidance on how to measure financial assets and liabilities, taking into account the Company's own credit risk and the credit risk of the counterparty. These new recommendations did not have a significant impact on the Company's consolidated earnings, cash flows and balance sheet.

6 - INVENTORY

Inventory in the amount of \$728,413,000 was recorded as an expense in consolidated earnings for the 255-day period ended September 12, 2009 (\$667,799,000 in 2008)

7 - REBATES FROM SUPPLIERS

In connection with CICA Handbook EIC-144, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor", the Company is required to disclose the amount of any vendor rebate that has been recognized in income but for which the full requirements for entitlement have not yet been met. For the 255-day period ended September 12, 2009, the Company recognized \$9,355,000 (\$9,381,000 in 2008) which has been estimated on the basis of meeting certain requirements to be entitled to the rebates.

8 - LONG-TERM INCENTIVE PLAN

On February 25, 2009, under the terms of the long-term incentive plan, 37,439 shares were released (with a cost of \$416,000). On the same date, the Company granted \$789,000 under the plan and acquired 90,510 shares on the market. For the 255-day period ended September 12, 2009, the compensation cost expensed was \$351,000 (\$258,000 in 2008).

9 - EMPLOYEE FUTURE BENEFITS

For the 255-day period ended September 12, 2009, total expenses for defined benefit pension plans amounted to \$165,000 (\$197,000 in 2008).

Colabor Group Inc.

Notes to Interim Consolidated Financial Statements

as at September 12, 2009 and September 6, 2008

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10 - CONVERSION OF DEBENTURES

On July 25, 2009, debentures with a par value of \$15,000 were converted into 1,463 shares pursuant to the effective conversion rules. The \$14,000 carrying amount of these debentures and the \$1,000 related conversion option were recognized in capital stock.

11 - NON-CONTROLLING INTEREST

	2009-09-12 (255 days)
	\$
Balance, beginning of period	29,713
Non-controlling interest for the year	4,001
Distributions declared for holders of exchangeable Colabor LP units	(3,548)
In connection with the conversion to a corporation, non-controlling interests exchanged their exchangeable Colabor LP units for shares of the Company	<u>(30,166)</u>
Balance, end of period	<u><u>—</u></u>

12 - CAPITAL STOCK

	2009-09-12 (255 days)
	\$
Balance, beginning of period	135,323
Conversion of debentures (note 10)	15
In connection with the conversion to a Corporation, unitholders who had a non-controlling interest converted their exchangeable Colabor LP units into shares of the Company (note 3)	30,166
Future income taxes presented in capital stock as a result of the increase of the Company's interest in Colabor LP (note 3)	(2,759)
Decrease in the stated capital of the Company's shares without payment to the Company's shareholders	<u>(19,727)</u>
Balance, end of period	<u><u>143,018</u></u>

13 - SEGMENT DISCLOSURES

The Company has two reportable segments: distribution to food distributors (Wholesale Segment) and distribution to foodservice enterprises (Distribution Segment). Head office costs are not allocated.

The accounting policies that apply to the reportable segments are the same as those described in the Company's audited financial statements for the year ended December 31, 2008. The Company evaluates performance according to earnings before financial expenses, amortization, income taxes and non-controlling interest.

	2009-09-12 (84 days)			
	Wholesale Segment	Distribution Segment	Head office	Total
	\$	\$	\$	\$
Segment sales	116,290	182,312		298,602
Inter-segment sales	(21,761)			(21,761)
Sales	<u>94,529</u>	<u>182,312</u>	<u>—</u>	<u>276,841</u>
Earnings (loss) before financial expenses, amortization, income taxes and non-controlling interest	4,925	5,953	(852)	10,026
Total assets	(8,654)	(1,761)	15,742	5,327
Acquisitions				
Property, plant and equipment	49	286	—	335
ConjuChem transaction	—	—	5,000	5,000

Colabor Group Inc.
Notes to Interim Consolidated Financial Statements

as at September 12, 2009 and September 6, 2008

(unaudited, amounts in the tables are in thousands of dollars, except earnings per share)

13 - SEGMENT DISCLOSURES (continued)

	2008-09-06 (84 days)			
	Wholesale Segment	Distribution Segment	Head office	Total
	\$	\$	\$	\$
Segment sales	108,308	196,290		304,598
Inter-segment sales	(16,152)			(16,152)
Sales	<u>92,156</u>	<u>196,290</u>	-	<u>288,446</u>
Earnings (loss) before financial expenses, amortization, income taxes and non-controlling interest	4,978	5,719	(683)	10,014
Total assets	136,133	132,370	-	268,503
Acquisitions				
Property, plant and equipment	16	412	-	428
Goodwill	-	-	-	-
	2009-09-12 (255 days)			
	Wholesale Segment	Distribution Segment	Head office	Total
	\$	\$	\$	\$
Segment sales	342,736	540,967		883,703
Inter-segment sales	(66,195)			(66,195)
Sales	<u>276,541</u>	<u>540,967</u>	-	<u>817,508</u>
Earnings (loss) before financial expenses, amortization, income taxes and non-controlling interest	14,385	15,876	(2,534)	27,727
Total assets	128,799	262,455	15,742	406,996
Acquisitions				
Property, plant and equipment	92	1,110	-	1,202
ConjuChem transaction			5,000	5,000
	2008-09-06 (250 days)			
	Wholesale Segment	Distribution Segment	Head office	Total
	\$	\$	\$	\$
Segment sales	304,805	469,574		774,379
Inter-segment sales	(27,183)			(27,183)
Sales	<u>277,622</u>	<u>469,574</u>	-	<u>747,196</u>
Earnings (loss) before financial expenses, amortization, income taxes and non-controlling interest	13,887	12,946	(2,036)	24,797
Total assets	145,236	257,913	-	403,149
Acquisitions				
Property, plant and equipment	186	6,044	-	6,230
Goodwill	-	71,339	-	71,339

Colabor Group Inc.
Notes to Interim Consolidated Financial Statements

as at September 12, 2009 and September 6, 2008

(unaudited, amounts in the tables are in thousands of dollars, except earnings per share)

14 - NET EARNINGS PER SHARE

The following tables present basic and diluted earnings per share:

2009-09-12 (84 days)			2009-09-06 (84 days)		
Net earnings	Weighted average number of shares	Net earnings per unit	Net earnings	Weighted average number of shares	Net earnings per unit
\$		\$	\$		\$
4.710	15,588,602	0.30	2,311	14,490,072	0.16

2009-09-12 (255 days)			2009-09-06 (250 days)		
Net earnings	Weighted average number of shares	Net earnings per unit	Net earnings	Weighted average number of shares	Net earnings per unit
\$		\$	\$		\$
7.669	14,827,799	0.52	4,049	12,297,469	0.33

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

15 - NEW ACCOUNTING POLICIES PUBLISHED BUT NOT YET ADOPTED

In 2009, the CICA published three new accounting standards: Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests". These new standards will apply to fiscal years beginning on or after January 1, 2011. The Fund is currently assessing the requirements of these new standards.

Section 1582 replaces Section 1581 and establishes the standards for the recognition of business combinations. This section applies prospectively to business combinations for which the acquisition date is at the beginning of the first fiscal year beginning on or after January 1, 2011.

Together, Sections 1601 and 1602 replace former Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements prepared subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.