Colabor Income Fund

Consolidated Financial Statements
December 31, 2007 and 2006

Raymond Chabot Grant Thornton LLP
Chartered Accountants

Auditors' Report

To the Unitholders of
Colabor Income Fund

We have audited the consolidated balance sheet of Colabor Income Fund as at December 31, 2007 and 2006 and the consolidated statements of earnings, deficit, contributed surplus and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

/S/ Raymond Chabot Grant Thornton LLP

Chartered Accountants

Montréal
February 12, 2008

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Colabor Income Fund
Consolidated Earnings

Years ended December 31, 2007 and 2006
(in thousands of dollars, except earnings (loss) per unit)

	2007	2006
	$	$
Sales	838,068	400,398
Earnings before following items	30,548	14,061
Financial expenses	6,731	843
Amortization of property, plant and equipment	3,354	927
Amortization of intangible assets	6,993	3,225
	17,078	4,995
Earnings before income taxes and non-controlling interest	13,470	9,066
Income taxes (Note 6)		
Current	2,715	
Future	6,290	
	9,005	–
Earnings before non-controlling interest	4,465	9,066
Non-controlling interest (Note 14)	4,650	4,255
Net earnings (loss)	(185)	4,811
Basic and diluted net earnings (loss) per unit (Note 23)	(0.02)	0.83

The accompanying notes are an integral part of the consolidated financial statements and Note 5 provides additional information on earnings.

Colabor Income Fund
Consolidated Deficit
Consolidated Contributed Surplus

Years ended December 31, 2007 and 2006

(in thousands of dollars)

	2007	2006
	$	$
CONSOLIDATED DEFICIT		
Retained earnings (deficit), beginning of year	(977)	279
Net earnings (loss)	(185)	4,811
	(1,162)	5,090
Distributions declared	10,635	6,067
Balance, end of year	(11,797)	(977)
CONSOLIDATED CONTRIBUTED SURPLUS		
Balance, beginning of year	128	
Compensation cost from long-term incentive plan (Note 15)	211	128
Acquisition of units by participants of long-term incentive plan (Note 15)	(150)	
Balance, end of year	189	128

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

Colabor Income Fund
Consolidated Cash Flows

Years ended December 31, 2007 and 2006
(in thousands of dollars)

	2007	2006
	$	$
OPERATING ACTIVITIES		
Net earnings (loss)	(185)	4,811
Non-cash items		
Amortization of property, plant and equipment	3,354	927
Amortization of intangible assets	6,993	3,225
Amortization of deferred financing expenses	81	
Non-controlling interest	4,650	4,255
Future income taxes	6,290	
Compensation cost from long-term incentive plan	211	128
Amortization of debenture transaction costs	835	
	22,229	13,346
Changes in operating assets and liabilities (Note 7)	7,176	7,976
Cash flows from operating activities	29,405	21,322
INVESTING ACTIVITIES		
Business acquisition (Note 2)	(109,048)	
Property, plant and equipment	(1,469)	(744)
Cash flows from investing activities	(110,517)	(744)
FINANCING ACTIVITIES		
Bank loan	19,999	(4,623)
Financing expenses	(245)	
Distributions paid to unitholders	(10,265)	(6,042)
Distributions paid to holders of exchangeable Colabor LP units	(5,476)	(5,419)
Repayment of notes payable		(6,195)
Repayment of long-term debt	(468)	(468)
Repayment of security deposits		(468)
Purchase of units held by the Fund for long-term incentive plan (Note 15)	(238)	(448)
Disposal of units held by the Fund for long-term incentive plan (Note 15)	12	
Issue of debentures (Note 2)	48,000	
Issue of units (Note 2)	24,761	
Unit and debenture issue expenses	(1,404)	
Cash flows from financing activities	74,676	(23,663)
Net change in bank overdraft	(6,436)	(3,085)
Bank overdraft, beginning of year	(3,337)	(252)
Bank overdraft, end of year	(9,773)	(3,337)

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

Colabor Income Fund
Consolidated Balance Sheets

December 31, 2007 and 2006

(in thousands of dollars)

	2007	2006
	$	$
ASSETS		
Current assets		
Accounts receivable (Note 8)	52,074	24,501
Withholding taxes recoverable		1,620
Inventory	48,404	24,049
Prepaid expenses	725	494
	101,203	50,664
Deferred financing expenses	164	
Property, plant and equipment (Note 9)	10,892	3,866
Intangible assets (Note 10)	117,049	66,823
Goodwill	33,979	13,459
	263,287	134,812
LIABILITIES		
Current liabilities		
Bank overdraft	9,773	3,337
Bank loan (Note 11)		3,377
Accounts payable and accrued liabilities	52,026	28,234
Income taxes	605	
Distributions payable to unitholders	888	518
Distributions payable to holders of exchangeable Colabor LP units	456	456
Rebates payable	13,453	13,005
Deferred revenue	459	739
Instalments on long-term debt	468	468
	78,128	50,134
Bank loan (Note 11)	23,376	
Long-term debt (Note 12)	1,209	1,677
Debentures (Note 13)	45,235	
Accrued benefit liability for employee benefits (Note 20)	752	
Future income taxes (Note 6)	6,290	
Non-controlling interest (Note 14)	29,187	30,013
	184,177	81,824
UNITHOLDERS' EQUITY		
Unitholders' capital account (Note 15)	88,905	54,285
Option to convert debentures	2,337	
Contributed surplus	189	128
Units held for the long-term incentive plan (Note 15)	(524)	(448)
Deficit	(11,797)	(977)
	79,110	52,988
	263,287	134,812

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

On behalf of the Board,

/S/ Robert Panet-Raymond
Trustee

/S/ Jacques Landreville
Trustee

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2007 and 2006
(Amounts in the tables are in thousands of dollars, except earnings (loss) per unit)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

Colabor Income Fund (the "Fund") is a limited purpose, open-ended capital and unincorporated trust established under the laws of the Province of Québec on May 19, 2005. The Fund holds a 66% (53% before the transaction described in Note 2) interest in Colabor, Limited Partnership ("Colabor LP") with the remaining interest being held by Colabor Investments Inc. ("Investments"). Colabor LP distributes and markets food, food-related and non-food products.

2 - PUBLIC SHARE OFFERING AND BUSINESS ACQUISITION

On January 4, 2007, the Fund issued 2,825,000 subscription receipts at $8.85 each ("subscription receipts") for a total of $25,001,000 to purchase a Fund unit, and 7% extendible unsecured subordinate debentures totalling $50,000,000 ("debentures").

On January 8, 2007, the Fund, through Colabor LP, acquired substantially all of the net assets of Summit, a company carrying on business in the distribution to foodservices sector. The results of operations are consolidated in the earnings statement since the acquisition date. Since the Fund financed Colabor LP to carry out the acquisition of Summit, the Fund's interest increased from 53% to 66%. This increase in the interest was recognized using the purchase method and did not have a significant impact on the value of the Fund's assets and liabilities.

At that date, the subscription receipts were exchanged for units. Moreover, the Fund issued 1,130,000 units at $8.85 to the shareholder of Summit for a total of $10,000,000. On January 28, 2007, there was a partial exercise of the over-allotment option by the underwriters of 120,000 units at $8.85 per unit for a total of $1,062,000.

After compensation of $3,303,000 paid to underwriters and other expenses of $1,404,000, the Fund's net proceeds were $34,171,000 for units and $47,186,000 for debentures.

Including direct acquisition costs of $1,145,000, the purchase price allocation is determined as follows:

	$
Current assets	59,979
Property, plant and equipment	8,911
Customer relationships	47,832
Trademarks	9,387
Goodwill	20,520
Current liabilities	(26,776)
Accrued social benefit liability	(805)
Purchase price	119,048
Units issued to Summit shareholder	10,000
Consideration paid in cash	109,048

Colabor Income Fund
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2 - PUBLIC SHARE OFFERING AND BUSINESS ACQUISITION (Continued)

The acquisition is financed as follows:

	$
Purchase price	119,048
Unit and debenture issue expenses	1,404
Financing costs	245
	120,697
Issue of units (a)	24,761
Issue of units to Summit's shareholder (a)	10,000
Issue of debentures (a) (b)	48,000
New credit facility (c)	37,936
	120,697

(a) Issue expenses of $1,404,000 and the underwriters' compensation are applied against the units and debentures.

	$
(b) Liability component of debentures	44,827
Equity component of debentures	2,359
	47,186

(c) The Fund negotiated a new operating credit facility with a banking syndicate for an amount of $70,000,000, for three years (Note 11).

The Fund expects that goodwill in the amount of $10,725,000 will be deductible for tax purposes.

3 - CHANGES IN ACCOUNTING POLICIES

On January 1, 2007, the Fund adopted recommendations of the *Canadian Institute of Chartered Accountants' (CICA) Handbook,* Section 1530, Comprehensive Income; Section 3855, Financial Instruments - Recognition and Measurement; Section 3861, Financial Instruments - Disclosure and Presentation; and Section 3251, Equity. These sections apply to fiscal years beginning on or after October 1, 2006.

Comprehensive income

Section 1530 establishes standards for reporting and display of comprehensive income, which is the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with generally accepted accounting principles, are recognized in comprehensive income, but excluded from net income. Adoption of this Section did not have any impact on the Fund's financial statements.

3 - CHANGES IN ACCOUNTING POLICIES (Continued)

Financial instruments

Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial assets and liabilities and non-financial derivatives in the financial statements. According to these new standards, all financial assets are classified as held for trading, held-to-maturity investments, loans and receivables or available for sale. Also, all financial liabilities must be classified as held for trading or other financial liabilities. All financial instruments are initially recorded in the balance sheet at their fair value. After their initial valuation, financial instruments must be measured at their fair value except for held-to-maturity investments or loans and receivables and other financial liabilities which must be recognized at amortized cost. The effective interest rate for financial liabilities and the gains and losses resulting from a change in the fair value of a financial asset or liability held for trading, are included in net earnings in the period in which they arise. If a financial asset is classified as available for sale, the gain or loss should be recognized in comprehensive income until the financial asset is derecognized, at which time the gain or loss will be recognized in net earnings.

The Fund classified accounts receivable as loans and receivables. The bank overdraft, accounts payable and accrued liabilities, distributions payable to unitholders, rebates payable, bank loans and long-term debt were classified as other financial liabilities. Transaction costs associated with financial liabilities classified as other financial liabilities, other than financing expenses relating to the credit facility, are applied against these liabilities and amortized to net earnings in the financial expenses.

These new recommendations had no impact on the Fund's consolidated earnings and balance sheet.

Equity

Section 3251 establishes standards for the presentation of equity and changes in equity during the fiscal years. Adoption of this new Section did not have any impact on the Fund's consolidated financial statements.

Accounting changes

On January 1, 2007, in accordance with the applicable transitional provisions, the Fund applied the recommendations of new Section 1506, Accounting Changes, of the CICA Handbook. This new Section prescribes the criteria for changing accounting policies, together with the accounting treatment of disclosures. Furthermore, the new standard requires the communication of the new primary sources of generally accepted accounting principles that are issued but not yet effective or not yet adopted by the Fund (Note 24).

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4 - ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Fund may undertake in the future. Actual results may differ from these estimates.

Principles of consolidation

These financial statements include the accounts of the Fund and its two subsidiaries, Colabor Operating Trust and Colabor Limited Partnership.

Revenue recognition

The Fund recognizes revenue on delivery of products, when the sale is accepted by the customer and when recovery is reasonably assured.

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method.

Rebates from suppliers

The Fund recognizes the cash consideration received from supplies as a reduction of the price of suppliers' goods and reduces the cost of goods sold and the related inventory in the consolidated statements of earnings and the consolidated balance sheets.

Amortization

Property, plant and equipment are amortized over their estimated useful lives according to the following methods, annual rate and periods:

	Methods	Rate and periods
Building	Straight-line	20 years
Furniture and fixtures, warehouse equipment and vehicles	Diminishing balance	20%
Road vehicles	Straight-line	7 years
Computer hardware and software	Straight-line	4 years
Distribution software	Straight-line	5 and 7 years
Leasehold improvements	Straight-line	Lease terms of 10 to 20 years

Customer relationships are amortized on a straight-line basis over their expected lives of 10, 15 or 20 years.

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4 - ACCOUNTING POLICIES (Continued)

Deferred financing charges

Deferred financing charges relate to the credit facility and are amortized according to the straight-line method over the financing term of three years.

Impairment of long-lived assets

The Fund tests property, plant and equipment and customer relationships for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of assets. In such a case, an impairment loss is recognized and is measured as the amount by which the carrying amount of the long-lived assets exceeds their fair value.

Trademarks

Trademarks are not amortized. They are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they are impaired. This impairment test consists of a comparison of the fair value of the trademark with its carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

Goodwill

Goodwill is the excess of the cost of acquired enterprises over the net of the amounts assigned to assets acquired and liabilities assumed. Goodwill is not amortized. It is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it is impaired. Goodwill is allocated to reporting units and any potential goodwill impairment is identified by comparing the carrying amount of a reporting unit with its fair value. If any potential impairment is identified, it is quantified by comparing the carrying amount of goodwill to its fair value. The fair value of a reporting unit is calculated using discounted cash flows.

Income taxes

The Fund uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of assets and liabilities. They are measured by applying enacted or substantively enacted tax rates and laws at the date of the financial statements for the years in which the temporary differences are expected to reverse.

Employee future benefits

The Fund accrues its obligations under employee defined benefit plans and related costs, net of the fair value of plan assets. In order to do so, the Company has adopted the following policies:

– The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service. This determination incorporates management's best estimate of future salary levels, retirement ages of employees and other actuarial factors;

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4 - ACCOUNTING POLICIES (Continued)

– For the purpose of calculating the expected return on plan assets, those assets are valued at fair value;

– Past service costs arising from plan amendments are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment;

– Actuarial gain (loss) arises from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligations. The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligations and the fair value of plan assets is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is 21 years.

Earnings per unit and information on number of units

Earnings per unit are determined using the weighted average number of Fund units outstanding during the year. Diluted earnings per unit are calculated giving effect to the potential dilution that could occur if the units bought under the long-term incentive plan were acquired at the beginning of the period or at the time they were purchased. The treasury stock method is used to determine the dilutive effect of these bought units. This method assumes the compensation cost not yet recognized is used to redeem units at the average market price during the year.

Stock-based compensation

The Fund, through its subsidiary Colabor LP, offers a long-term stock-based compensation plan (the "Plan") to some employees. During the rights vesting period, the Fund recognizes a compensation expense based on the fair value of the units on the award date.

Under the terms of the Plan, units purchased on the open market on behalf of plan members are recognized at cost and applied against unitholders' equity. If the fair market value of the units on the award date is greater than the acquisition price paid by the Fund, the difference is recognized as contributed surplus. If the fair market value of the units on the award date is less than the acquisition price paid by the Fund, the difference is applied against retained earnings.

5 - INFORMATION ON CONSOLIDATED EARNINGS

	2007	2006
	$	$
Interest on bank loan	2,186	636
Interest on long-term debt	126	149
Interest on debentures	3,452	–
Amortization of deferred financing costs	81	–
Amortization of debenture transaction costs	835	–

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6 - INCOME TAXES

The difference between the Fund's effective income tax rate and the regulatory income tax rates in Canada is attributable to the following (in 2006, the Fund was not subject to income tax):

	%
Federal regulatory income tax rate (a)	34.00
Income tax expense resulting from changes in the Act (b)	44.35
Non-controlling interest	(11.74)
Items not deductible for tax purposes	0.24
	66.85

(a) This rate includes a provincial tax factor of 13%.

(b) On October 31, 2006 the Minister of Finance of Canada announced a new tax regime for “specified investment flow through” (“SIFT”) entities, also called listed income trusts and partnerships. Under this regime, SIFTs are subject to a similar tax treatment as corporations as of the 2011 taxation year and as of the 2007 taxation year for SIFTs like the Fund that cannot benefit from the transitional rules.

The Fund considered these changes in the Act as a change in its taxation rate and recognized the impacts of these changes in earnings.

The long-term future income tax liability results from the difference between the tax basis and the carrying amount of the following items:

	$
Property, plant and equipment	222
Intangible assets	5,652
Goodwill	2,102
Unit and debenture issue expenses	(1,585)
Other	(101)
	6,290

Colabor Income Fund
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(Amounts in the tables are in thousands of dollars, except earnings (loss) per unit)

7 - ADDITIONAL CONSOLIDATED CASH FLOW DISCLOSURES

Change in operating assets and liabilities

	2007	2006
	$	$
Accounts receivable	5,041	(2,585)
Withholding taxes recoverable	1,620	(1,620)
Inventory	1,869	(1,545)
Prepaid expenses	910	(311)
Accounts payable and accrued liabilities	(2,984)	6,872
Income taxes payable	605	
Rebates payable	448	6,689
Deferred revenue	(280)	476
Accrued employee benefit liability	(53)	
	7,176	7,976

Cash flows relating to interest paid amount to $4,040,000 ($760,000 in 2006).

8 - ACCOUNTS RECEIVABLE

	2007	2006
	$	$
Trade accounts (a)		
Customers controlled by trustees	649	1,431
Other	42,871	16,509
Rebates from suppliers receivable	8,383	6,495
Other	171	66
	52,074	24,501

(a) One customer accounts for 21% of total trade accounts receivable, another customer accounted for 15% in 2006.

9 - PROPERTY, PLANT AND EQUIPMENT

		2007	
	Cost	Accumulated amortization	Net
	$	$	$
Land	63		63
Building	92	21	71
Furniture and fixtures	495	163	332
Warehouse equipment and vehicles	5,874	2,019	3,855
Road vehicles	1,689	614	1,075
Computer hardware and software	1,429	694	735
Distribution software	3,067	987	2,080
Leasehold improvements	2,996	315	2,681
	15,705	4,813	10,892

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9 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	2006		
	Cost	Accumulated amortization	Net
	$	$	$
Furniture and fixtures	311	81	230
Warehouse equipment and vehicles	2,737	756	1,981
Computer hardware and software	435	266	169
Distribution software	971	349	622
Leasehold improvements	96	7	89
Software under development	775		775
	5,325	1,459	3,866

10 - INTANGIBLE ASSETS

	2007		
	Cost	Accumulated amortization	Net
	$	$	$
Customer relationships	112,332	11,870	100,462
Trademarks	16,587		16,587
	128,919	11,870	117,049

	2006		
	Cost	Accumulated amortization	Net
	$	$	$
Customer relationships	64,500	4,877	59,623
Trademarks	7,200		7,200
	71,700	4,877	66,823

11 - CREDIT FACILITIES

As at December 31, 2007, the credit facility is about $70,000,000. This credit facility matures in 2010 and is secured by a first ranking hypothec on the Fund's assets.

As at December 31, 2006, credit facilities were for a maximum authorized amount of $32,030,000 and included a $30,000,000 operating credit and a $2,030,000 credit for the use of a letter of guarantee. These credit facilities were secured by the accounts receivable and inventory.

As at December 31, 2007 and 2006, a letter of guarantee in the amount of $2,028,000 is used for one of the commitments described in Note 21.

The credit facility bears interest at the prime rate (6% as at December 31, 2007 and 2006). The Fund is required to comply with certain financial ratios and as at December 31, 2007 and 2006, the Fund is in compliance with these requirements.

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12 - LONG-TERM DEBT

	2007	2006
	$	$
Bank loan, secured by furniture and fixtures, warehouse equipment and vehicles and distribution software having an amortized cost of $2,152,000 in 2007, bank's base rate less 1.5% (6.5% as at December 31, 2007 and 2006), payable in monthly instalments of $39,000, maturing in July 2011	1,677	2,145
Instalments due within one year	468	468
	1,209	1,677

Under the terms of the credit agreement, the Fund is required to comply with a financial ratio, which it does as at December 31, 2007 and 2006.

The instalments on long-term debt for the next four years are $468,000 from 2008 to 2010 and $273,000 in 2011.

13 - DEBENTURES

The par value of the debentures, which mature on December 31, 2011, is $49,528,000. Interest, at the nominal rate of 7%, is payable half-yearly. The effective rate of the debentures is 9.69%. The Fund can redeem the debentures between December 31, 2009 and December 31, 2010, by giving advance notice, at a price equal to the capital plus accrued and unpaid interest, provided the market rate is at least 125% of the conversion price. After December 31, 2010, the Fund can redeem the debentures, by giving advance notice, at a price equal to the capital plus accrued and unpaid interest. The debentures are convertible into units at the holder's option, at any time but no later than the close of business on the day immediately preceding the date specified by the Fund for the redemption of the debentures, at a conversion price of $10.25 per unit, which is a conversion rate of about 97,561 units for $1,000,000 of debenture capital. Holders who convert their debentures will receive the accrued and unpaid interest thereon to the conversion date.

On May 25, 2007 and July 9, 2007, debentures with a par value of $426,000 and $10,000 respectively were converted into 46,048 units in accordance with the conversion rules in effect. The $427,000 carrying amount of these debentures and the $22,000 related conversion option were recognized in the unitholders' capital account.

14 - NON-CONTROLLING INTEREST

The non-controlling interest represents the exchangeable units of Colabor LP issued to Investments in 2005 in connection with the Fund's initial public offering. Each exchangeable Colabor LP unit entitles the holder to a special voting unit and all or a portion can be exchanged for units on a one-for-one basis (the "Exchange Rights").

Subject to the lock-up provisions described below, these Exchange Rights may be exercised by Investments.

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14 - NON-CONTROLLING INTEREST (Continued)

Investments has agreed not to transfer, pledge, exchange for units or otherwise dispose of any exchangeable Colabor LP units for a period of ten years following closing (the "Lock-Up"). Notwithstanding the Lock-Up, Investments will be entitled, starting on the second anniversary of closing and on each subsequent anniversary of closing (collectively, the "Release Dates"), to exchange or dispose of a number of exchangeable Colabor LP units based on the increase in value of the units from closing to such Release Date. On each Release Date, Investments will have the right to exchange or dispose of a number of exchangeable Colabor LP units having a value equal to 75% of the increase in value of the underlying units and a number of exchangeable Colabor LP units having a value equal to 25% of such increase will be set aside and released as described below (the "Remaining Units"). The increase in value for determining the number of exchangeable Colabor LP units which may be exchanged or disposed of as of each Release Date, if any, will be equal to the number of Investments' exchangeable Colabor LP units still subject to the Lock-Up at such date (excluding the Remaining Units) multiplied by the difference between the market price of the units on the Release Date and the greater of (i) $10 or (ii) the highest market price on each of the previous Release Dates. At the end of the Lock-Up period, Investments will be entitled to exchange or dispose of all of its exchangeable Colabor LP units with the exception of the Remaining Units which will be released over a five-year period starting on the eleventh anniversary of closing.

	2007	2006
	$	$
5,087,439 exchangeable Colabor LP units issued during the Fund's initial public offering	30,013	31,199
Earnings before income taxes and non-controlling interest	13,470	9,066
Other consolidating items	105	18
	13,575	9,084
Investments' holding in Colabor LP	34.3 %	46.8 %
Non-controlling interest during the year	4,650	4,255
Distributions declared to holders of exchangeable Colabor LP units	(5,476)	(5,441)
Balance, end of year	29,187	30,013

15 - UNITHOLDERS' CAPITAL ACCOUNT

Units

Unlimited number of units with one vote each. Each unit is redeemable at the lesser of 90% of the weighted average price of the trust unit during the last ten trading days of the units on an open market and the closing market price on the redemption date. All redemptions are subject to a $50,000 maximum cash per month. Redemptions in excess of this amount will be settled through the distribution of notes issued by a subsidiary of the Fund.

Special voting units

Unlimited number of special voting units, each entitling the holder to one vote and attached to the exchangeable Colabor LP unit with which it is issued.

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15 - UNITHOLDERS' CAPITAL ACCOUNT (Continued)

	2007	2006
	$	$
Issued and fully paid		
9,896,048 units (5,775,000 units as at December 31, 2006)	88,905	54,285
5,087,439 special voting units		
	88,905	54,285

In 2007, 4,075,000 units were issued in connection with the transaction described in Note 2 and 46,048 units were issued on the conversion of debentures into units described in Note 13.

Long-term incentive plan

Under the terms of the Fund's long-term incentive plan (the "Plan") established on June 28, 2005, units may be issued to certain Fund employees based on the Fund's financial return based on certain distributable cash targets. The Fund or a trustee appointed to administer the Plan will purchase units in the market and will hold the units until such time as ownership vests to each participant. Generally, one-third of these units will vest equally over the three years following the grant of the awards. Plan participants will be entitled to receive distributions on all units held for their account prior to the applicable vesting date. Unvested units held by the trustee for a plan participant will be forfeited if the participant resigns for a reason other than his retirement or is terminated for cause prior to the applicable vesting date, and those units will be sold and the proceeds returned to the Fund. Distributions on these units will also be remitted to the Fund.

On February 21, 2007, under the terms of the long-term incentive plan, 11,946 units were released (with a cost of $150,000). On February 27, 2007, the Fund granted $238,000 under the plan and acquired 24,500 units on the market. For the year ended December 31, 2007, the compensation cost expensed was $211,000. Moreover, during the year, the Fund disposed of 1,225 units for $12,000 following the withdrawal of a participant.

On February 21, 2006, the Fund granted, for the first time, $448,000 under the plan and acquired 35,840 units on the market. For the year ended December 31, 2006, the compensation cost expensed was $128,000.

16 - ECONOMIC DEPENDENCE

The Fund signed supply contracts with customers expiring in 2012 and 2017. Sales to these customers amounted to 80% in 2007 (89% in 2006) of Fund sales. One customer accounts for 27% of Fund sales in 2007 and another customer accounted for 14% in 2006 .

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17 - RELATED PARTY TRANSACTIONS

	2007	2006
	$	$
Transactions with customers controlled by trustees		
Net sales (a)	22,236	41,955
Transactions with Investments		
Earnings (a)		
Rebates (b)	12,451	11,641
Selling, distribution and administration expenses		
Rent	2,028	2,028
Computer services	513	404
Balance sheets		
Rebates payable	13,159	12,699
Software (software under development in 2006)	109	466

(a) These transactions, concluded in the normal course of operations, are measured at the exchange amount.

(b) Rebates are 3% of sales to preferred customers or shareholders of Investments in accordance with various contracts governing relationships between the Fund and Investments since the Fund's initial public offering in 2005.

18 - FINANCIAL INSTRUMENTS

The fair value of accounts receivable, accounts payable and accrued liabilities, distributions payable and rebates payable is comparable to their carrying amount given that they will mature shortly.

The fair value of the bank overdraft, bank loans and long-term debt is equivalent to its carrying amount because they bear interest at variable rates based on market rates.

The fair value of the liability component of the debentures is $45,032,000. It was determined by discounting future cash flows at 10%, the rate which the Fund could currently use for debentures with similar terms and conditions and maturities.

19 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS

Financial risk management objectives and policies

The Fund is exposed to various financial risks resulting from both its operations and its investments activities. The Fund's management manages financial risks. The Fund does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

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19 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS (Continued)

Financial risks

The Fund's main financial risk exposure and its financial risk management policies are as follows.

Interest rate risk

The debentures bear interest at a fixed rate and the Fund is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The bank overdraft, bank loan and long-term debt bear interest at variable rates and the Fund is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations. The Fund's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest. The Fund does not use derivative financial instruments to reduce its interest rate risk exposure.

Credit risk

Generally, the carrying amount on the balance sheet of the Company's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

The Fund's credit risk is primarily attributable to its trade accounts receivable. The Fund requires a guarantee from some of its customers. As at December 31, 2007, the Fund has guarantees for 38% of its trade accounts. The Fund's policy is to have each customer undergo a credit check. Moreover, trade account receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Fund's exposure to bad debts is not significant.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as bank loans for a sufficient authorized amount. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

20 - EMPLOYEE FUTURE BENEFITS

As at December 31, 2007, the Fund has a defined benefit pension plan which it assumed at the time of the business acquisition described in Note 2.

Total cash payments for employee future benefits for 2007, comprised of the Fund's contributions to the defined benefit pension plan, were $273,000.

The Fund evaluates its accrued benefit obligations and the fair value of the plan assets for accounting purposes at December 31 each year. There is an actuarial valuation of the defined benefit pension plan for funding purposes every three years. The plan will be re-evaluated on December 31, 2009.

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20 - EMPLOYEE FUTURE BENEFITS (Continued)

Information regarding the defined benefit pension plan is presented below:

	$
Accrued benefit obligation	
Acquisition (Note 2)	3,736
Current service costs	342
Interest receivable	198
Benefits paid	(67)
Balance, end of year	4,209
Plan assets	
Acquisition (Note 2)	2,931
Actual return	174
Employer contributions	273
Employee contributions	138
Benefits paid	(67)
Fair value, end of year	3,449
Funded status - Deficit	(760)
Unamortized net actuarial loss	8
Accrued benefit liability for employee benefits	(752)

	%
Components of plan assets	
Equity securities	55
Debt securities	41
Real estate	4
	100

The net pension expense of the defined benefit pension plan is as follows:

	$
Current service costs	204
Interest receivable	198
Actual return on plan assets	(174)
Components of the cost of employee future benefits before adjustment to reflect the long-term nature of this cost	228
Adjustments to reflect the long-term nature of the cost of employee future benefits - difference between expected return and actual return on plan assets	(8)
Defined benefit costs recognized	220

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20 - EMPLOYEE FUTURE BENEFITS (Continued)

The significant assumptions used by the Fund are as follows (weighted average):

	%
Accrued benefit obligation as of December 31	
Discount rate	5.0
Rate of compensation increase	3.2
Benefit costs for the year	
Discount rate	5.0
Expected long-term rate of return on plan assets	6.0
Rate of compensation increase	3.2

21 - COMMITMENTS

The Fund has entered into various long-term leases and service contracts expiring until August 2022, which call for minimum lease payments of $59,211,000, including $35,113,000 to Investments. The Fund's commitment under one of the leases is secured by a $2,028,000 bank letter of credit.

Minimum payments under the various leases and service contracts over the next five years are $6,559,000 in 2008, $6,067,000 in 2009, $5,558,000 in 2010, $5,120,000 in 2011 and $5,142,000 in 2012; these annual payments include $2,546,000 to Investments.

22 - SEGMENT DISCLOSURES

Since the acquisition of Summit, the Fund has two reportable segments: distribution to food distributors (Boucherville Division) and distribution to foodservice enterprises (Summit Division).

The accounting policies that apply to the reportable segments are the same as those described in accounting policies. The Fund evaluates performance according to earnings before financial costs, income taxes and non-controlling interest.

	2007		
	Boucherville Division	Summit Division	Total
	$	$	$
Sales	426,668	411,400	838,068
Earnings before financial costs, amortization, income taxes and non-controlling interest	16,740	13,808	30,548
Total assets	124,857	138,430	263,287
Acquisition			
Property, plant and equipment	528	9,852	10,380
Intangible assets	–	57,219	57,219
Goodwill	–	20,520	20,520

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23 - EARNINGS (LOSS) PER UNIT

The following table presents the basic and diluted earnings (loss) per unit:

		2007			2006
Net loss	Weighted average number of units	Basic and diluted net loss per unit	Net earnings	Weighted average number of units	Basic and diluted net earnings per unit
$		$	$		$
(185)	9,747,732	(0.02)	4,811	5,775,000	0.83

Units that were hypothetically issued after the exchange of exchangeable Colabor LP units and the conversion of convertible debentures were not included in the calculation of diluted net earnings (loss) per unit because they had an antidilutive effect.

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

24 - NEW ACCOUNTING POLICIES PUBLISHED BUT NOT YET ADOPTED

In June 2007, the CICA published Section 3031, Inventories, which replaces Section 3030 of the same title. The new section provides guidance basis and method for evaluating inventory and allows the reversal of any previous write-down arising from an increase in value. The Section provides new guidance on disclosure of the methods adopted, carrying amounts, expense recognized, write-downs, and any reversal of a write-down. This new standard applied to fiscal years commencing on or after January 1, 2008. The difference in the opening balance of inventories can be applied to opening inventories for the period with an adjustment to opening retained earnings, without restating prior periods, or prospectively with restatement of prior period financial statements. The Fund will apply this new standard as of its first quarter of the 2008 fiscal year and is currently determining the impact of adopting this standard on its consolidated financial statements.

In December 2006, the CICA published three sections that will apply for fiscal years commencing on or after October 1, 2007. They are Sections 3862, Financial Instruments - Disclosures, 3863, Financial Instruments - Presentation and 1535, Capital Disclosures. The Fund is currently determining the impact of adopting these standards on its consolidated financial statement disclosures.

Section 3862 describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising for financial instruments to which the entity is exposed and how the entity manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Section 3855, Financial Instruments – Recognition and Measurement.

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24 - NEW ACCOUNTING POLICIES PUBLISHED BUT NOT YET ADOPTED (Continued)

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It complements the presentation standards of Section 3861, Financial Instruments – Disclosure and Presentation.

Section 1535 establishes standards for disclosing information about the entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital.