Interim Consolidated Financial Statements
As at March 21, 2015 and March 22, 2014
(1st Quarter)
(Unaudited)

Consolidated Financial Statements

Colabor Group Inc.
Consolidated Statements of Earnings
(Unaudited, in thousands of Canadian dollars, except data per share)

	Notes	2015-03-21 (84 days) $	2014-03-22 (81 days) $
Sales of goods		304,662	279,318
Operating expenses, excluding costs not relating to current operations, depreciation and amortization		304,198	279,170
Operating earnings before costs not relating to current operations, depreciation and amortization		464	148
Costs not relating to current operations	6	838	
Impairment loss on equity investment		1,731	
Depreciation of property, plant and equipment		959	975
Amortization of intangible assets		2,457	3,279
		5,985	4,254
Operating loss		(5,521)	(4,106)
Finance costs	7	3,099	3,391
Loss before income taxes		(8,620)	(7,497)
Deferred tax expense (recovery)		(2,305)	(1,931)
Loss		(6,315)	(5,566)
Basic and diluted loss per share	8	(0.23 $)	(0.21 $)

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

Colabor Group Inc.
Consolidated Statements of Comprehensive Income
(Unaudited, in thousands of Canadian dollars)

	2015-03-21 (84 days)	2014-03-22 (81 days)
	$	$
Loss	(6,315)	(5,566)
Other comprehensive income that will be subsequently reclassified to earnings		
Available-for-sale financial asset		
Loss for the period	(1,731)	(365)
Reclassification to earnings	1,731	
Cash flow hedges		
Loss for the period		(190)
Reclassification to earnings		268
Taxes on other comprehensive income that will be subsequently reclassified to earnings		26
	–	(261)
Other comprehensive income that will not be reclassified to earnings		
Remeasurement of pension obligation	(476)	(550)
Taxes on other comprehensive income that will not be reclassified to earnings	124	143
	(352)	(407)
Total other comprehensive income	(352)	(668)
Total comprehensive income	(6,667)	(6,234)

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

Colabor Group Inc.
Consolidated Statements of Changes in Equity
(Unaudited, in thousands of Canadian dollars)

	Share capital	Convertible debenture conversion options	Contributed surplus	Shares held under stock-based compensation plans	Available-for-sale financial asset	Cash flow hedges	Deficit	Total equity
	$	$	$	$	$	$	$	$
Balance as at December 28, 2014	**209,972**	**1,742**	**1,563**	**(381)**	**–**	**–**	**(112,074)**	**100,822**
Loss for the year							(6,315)	(6,315)
Other comprehensive income								
Loss on available-for-sale financial asset					1,731			1,731
Reclassification to earnings					(1,731)			(1,731)
Remeasurement of pension obligation							(476)	(476)
Taxes on other comprehensive income							124	124
Total comprehensive income	–	–	–	–	–	–	(6,667)	(6,667)
Stock-based compensation plan expenses			45					45
Transactions with owners	–	–	45	–	–	–	–	45
Balance as at March 21, 2015	**209,972**	**1,742**	**1,608**	**(381)**	**–**	**–**	**(118,741)**	**94,200**
Balance as at January 1, 2014	**208,622**	**1,742**	**1,326**	**(381)**	**–**	**(57)**	**(37,439)**	**173,813**
Loss for the year							(5,566)	(5,566)
Other comprehensive income								
Loss on available-for-sale financial asset					(365)			(365)
Reclassification to earnings						268		268
Gain on cash flow hedge						(190)		(190)
Remeasurement of pension obligation							(550)	(550)
Taxes on other comprehensive income					47	(21)	143	169
Total comprehensive income	–	–	–	–	(318)	57	(5,973)	(6,234)
Stock-based compensation plan expenses			25					25
Transactions with owners	–	–	25	–	–	–	–	25
Balance as at March 22, 2014	**208,622**	**1,742**	**1,351**	**(381)**	**(318)**	**–**	**(43,412)**	**167,604**

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

Colabor Group Inc.
Consolidated Statements of Cash Flows
(Unaudited, in thousands of Canadian dollars)

	Notes	2015-03-21 (84 days)	2014-03-22 (81 days)
		$	$
Operating activities			
Loss before income taxes		(8,620)	(7,497)
Depreciation of property, plant and equipment		959	975
Amortization of intangible assets		2,457	3,279
Gain on disposal of property, plant and equipment		(209)	
Change in provisions		(381)	(360)
Impairment of equity investment in Colabor Investments Inc.		1,731	
Finance costs	7	3,099	3,391
Stock-based compensation plan expenses		45	25
		(919)	(187)
Income tax withholdings		(315)	(107)
Net changes in working capital	9	9,089	12,241
Cash flows from operating activities		7,855	11,947
Investing activities			
Business acquisitions, net of cash acquired	4	100	
Purchase of property, plant and equipment		(519)	(273)
Disposal of property, plant and equipment		280	8
Purchase of intangible assets		(307)	(919)
Cash flows from investing activities		(446)	(1,184)
Financing activities			
Bank borrowing	10	(2,883)	(21,455)
Lease payments		(143)	(8)
Payment of balances of purchase price			(10,735)
Repayment of long-term debt			(15,000)
Issuance of long-term debt, net of related expenses			42,087
Finance costs paid	7	(2,682)	(2,735)
Cash flows from financing activities		(5,708)	(7,846)
Net change in bank overdraft		1,701	2,917
Bank overdraft, beginning of period		(8,782)	(6,828)
Bank overdraft, end of period		(7,081)	(3,911)

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

Colabor Group Inc.
Consolidated Statements of Financial Position
(Unaudited, in thousands of Canadian dollars)

	Note	2015-03-21	2014-12-27
		$	$
ASSETS			
Current			
Trade and other receivables		106,180	124,729
Recoverable tax assets		1,815	1,500
Inventory		89,093	92,693
Prepaid expenses		4,086	3,069
Current assets		201,174	221,991
Non-current			
Equity investment in Colabor Investments Inc.		1,072	2,803
Property, plant and equipment		15,679	16,419
Intangible assets		91,565	93,675
Goodwill		94,945	94,569
Non-current assets		203,261	207,466
Total assets		404,435	429,457
LIABILITIES AND EQUITY			
LIABILITIES			
Current			
Bank overdraft		7,081	8,782
Trade and other payables		98,258	110,193
Rebates payable		10,436	10,481
Balances of purchase price payable		907	869
Bank borrowing	10	5,500	6,000
Obligations under leases		366	445
Deferred revenue		280	14
Provisions		1,593	1,655
Current liabilities		124,421	138,439
Non-current			
Bank borrowing	10	85,810	88,076
Long-term debt	11	42,208	42,181
Convertible debentures		48,264	48,086
Obligations under leases		800	864
Pension obligation		1,840	1,406
Provisions		3,238	3,500
Deferred income tax liabilities		3,654	6,083
Non-current liabilities		185,814	190,196
Total liabilities		310,235	328,635
EQUITY			
Share capital		209,972	209,972
Deficit		(118,741)	(112,074)
Other components of equity		2,969	2,924
Total equity		94,200	100,822
Total liabilities and equity		404,435	429,457

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

The Board of Directors approved and authorized the publication of the interim consolidated financial statements on April 29, 2015.

On behalf of the Board,

/s/ Richard Lord
Director

/s/ Robert Panet-Raymond
Director

1. *NATURE OF OPERATIONS*

Colabor Group Inc. (hereafter the "Colabor") and its wholly-owned subsidiaries (hereafter the "subsidiaries", together Colabor and the subsidiaries are referred to as the "Company") distribute and market food and food-related products in Canada.

Sales of goods and operating profits are proportionately at their lowest in the first quarter and at their highest in the fourth quarter. Indeed, the fourth quarter has 33% more operating days than other quarters. In addition, the sales of the Company are seasonal. Thus, sales for the first quarter are lower compared to other quarters. However, costs incurred are distributed more evenly than sales throughout the year given the Company's fixed cost structure. The Company's operating margins generally increase as the year progresses. Accordingly, it would be more meaningful to compare earnings for an entire year or with the prior year's corresponding quarter than to compare two consecutive quarters.

Colabor, the parent company, is incorporated under the Canada Business Corporations Act. It is a Canadian company headquartered at 1620 De Montarville Boulevard, Boucherville, Quebec, J4B 8P4. The shares and convertible debentures of Colabor Group Inc. are listed on the Toronto Stock Exchange (TSX: GCL and TSX: GCL.DB.A).

2. *GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IFRS*

These interim consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") and prepared in accordance with IAS 34 Interim Financial Reporting, taking into account the accounting policies that the Company adopted for its consolidated financial statements for the year ended December 27, 2014. The accounting policies have been similarly applied throughout all periods presented in the financial statements. They do not include all the information and disclosure required by IFRS applicable for annual financial statements and, therefore, they should be read in conjunction with the annual audited consolidated financial statements for the year ended December 27, 2014

3. *SIGNIFICANT ACCOUNTING POLICIES*

Current standards, amendments and interpretations that are not yet effective

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company. Management anticipates that the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but management does not expect them to have a material impact on the Company's consolidated financial statements.

IFRS 9 *Financial Instruments*

In July 2014, the IASB published IFRS 9 to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The improvements introduced by IFRS 9 include a logical model for financial asset classification and measurement, a single, forward-looking "expected loss" impairment model based on expected credit losses, and a substantially reformed approach to hedge accounting. This standard applies to fiscal years beginning on or after January 1, 2018; early adoption is permitted. The Company has not yet determined the effect of the adoption of this standard on its consolidated financial statements.

(Unaudited, amounts in the tables are in thousands of Canadian dollars, except data per share)

3. *SIGNIFICANT ACCOUNTING POLICIES (Continued)*

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, the IASB published IFRS 15, which replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017; early adoption is permitted. The Company has not yet determined the effect of the adoption of this standard on its consolidated financial statements.

4. *BUSINESS COMBINATION*

Acquisition of La Poissonnerie Marcotte (1980) Inc. assets

During the quarter ended March 21, 2015, the Company remeasured the allocation of the purchase price of La Poissonnerie Marcotte (1980) Inc. (hereafter ("Marcotte"), acquired on September 10, 2014. The preliminary allocation of the purchase price as at December 27, 2014 was changed as follows:

	Change in balances
	$
Working capital	(226)
Property, plant and equipment	(250)
Goodwill	376
Change in acquisition cost and fair value of the consideration received	(100)
Net cash flows on acquisition and fair value of portion received in cash	(100)

5. *SEGMENT REPORTING*

The Company has two reportable segments: distribution to food service enterprises (Distribution Segment) and distribution to food distributors (Wholesale Segment). These operating segments are monitored and strategic decisions are made on the basis of segment operating results. Management does not take assets and liabilities into account in the analysis of the various segments.

Segment information can be analyzed as follows:

			2015-03-21
	Distribution Segment	Wholesale Segment	Total
	$	$	$
Segment sales of goods	210,250	138,250	348,500
Segment operating expenses			
Cost of goods sold	183,864	131,225	315,089
Employee remuneration	17,635	2,353	19,988
Other expenses	10,041	1,329	11,370
	211,540	134,907	346,447
Segment earnings	(1,290)	3,343	2,053

(Unaudited, amounts in the tables are in thousands of Canadian dollars, except data per share)

5. *SEGMENT REPORTING (Continued)*

	2014-03-22		
	Distribution Segment	Wholesale Segment	Total
	$	$	$
Segment sales of goods	193,289	123,642	316,931
Segment operating expenses			
Cost of goods sold	168,637	117,434	286,071
Employee remuneration	15,780	2,363	18,143
Other expenses	9,597	1,449	11,046
	194,014	121,246	315,260
Segment earnings	(725)	2,396	1,671

The following table presents a reconciliation of the Company's total operating segment earnings and key financial data as presented in its interim consolidated financial statements:

	2015-03-21 (84 days)	2014-03-22 (81 days)
	$	$
Sales of goods		
Total segment earnings	348,500	316,931
Elimination of intersegment earnings	(43,838)	(37,613)
Company sales of goods	304,662	279,318
Earnings		
Total segment earnings	2,053	1,671
Employee remuneration not allocated	(1,255)	(1,118)
Other expenses not allocated	(334)	(405)
Costs not relating to current operations	(838)	
Impairment loss on equity investment	(1,731)	
Depreciation of property, plant and equipment	(959)	(975)
Amortization of intangible assets	(2,457)	(3,279)
Company operating earnings	(5,521)	(4,106)
Finance costs	(3,099)	(3,391)
Company earnings before taxes	(8,620)	(7,497)

6. *COSTS NOT RELATING TO CURRENT OPERATIONS*

	2015-03-21 (84 days)	2014-03-22 (81 days)
	$	$
Costs of internal restructuring of operations		
Disbursed costs	830	
Direct costs relating to realized, unrealized and potential business acquisitions	8	
	838	–

(Unaudited, amounts in the tables are in thousands of Canadian dollars, except data per share)

7. *FINANCE COSTS AND FINANCE COSTS PAID*

	2015-03-21 (84 days)	2014-03-22 (81 days)
	$	$
Interest on bank borrowings	1,021	1,648
Interest on long-term debt	986	935
Effective interest on debentures	834	792
Accretion expense on onerous contracts provision	57	
Accretion expense on balance of purchase price	38	
Other	163	16
Finance costs	3,099	3,391
Non-cash portion of effective interest on long-term debt and debentures included in finance costs	(205)	(437)
Credit facility renewal costs or change in credit facilities		16
Amortization of prepaid finance costs included in finance costs	(117)	(235)
Accretion expense on onerous contracts provision	(57)	
Accretion expense on balance of purchase price	(38)	
Finance costs paid	2,682	2,735

8. *DATA PER SHARE*

Loss per share

The following table presents the basic and diluted loss per share:

	2015-03-21 (84 days)	2014-03-22 (81 days)
	$	$
Loss	(6,315)	(5,566)
Weighted average number of outstanding shares used to calculate basic and diluted loss per share	27,453,960	27,062,315
Basic and diluted loss per share	(0.23 $)	(0.21 $)

Shares that were hypothetically issued after the conversion of convertible debentures, the exercise of stock options and the release of the shares regarding the PSU plan were not included in the calculation of diluted net loss per share because they had an antidilutive effect.

Dividends

During the period ended March 22, 2014, the Company declared dividends of $0.06 per share on March 13, 2014 for a total amount of $1,625,000.

(Unaudited, amounts in the tables are in thousands of Canadian dollars, except data per share)

9. *NET CHANGE IN WORKING CAPITAL*

Net change in working capital between the two period-ends taking into account the working capital assumed on the business combinations and disposal of a wholly-owned subsidiary:

	2015-03-21 (84 days)	2014-03-22 (81 days)
	$	$
Trade and other receivables	18,205	14,008
Inventory	3,564	6,822
Prepaid expenses	(1,039)	(384)
Trade and other payables	(11,820)	(7,253)
Rebates payable	(45)	(1,254)
Deferred revenue	266	368
Pension obligation	(42)	(66)
	9,089	12,241

10. *BANK BORROWING*

Average bank borrowing

The Company, based on the nature of its business agreements, is subject to significant fluctuations on its daily bank borrowing. The daily average bank borrowing was a measure used in the past to respect certain ratios and conditions. For the periods ended March 21, 2015 and March 22, 2014, the average bank borrowing was respectively $97,077,000 and $96,212,000.

11. *LONG-TERM DEBT*

Under the terms of the agreement, the average rate of long-term debt was increased in January 2015 for the remaining duration of the debt, from 9.1% in January 2014 to 9.8% in January 2015.

	2015-03-21	
	Par value	Book value
Debt, 9.8%, maturing on February 1, 2018, issued on January 31, 2014	$	$
Balance, beginning of period	42,500	42,181
Non-cash portion of effective interest on long-term debt		27
Balance, end of period	42,500	42,208

	2014-12-27	
	Par value	Book value
Debt, 9.1%, maturing on February 1, 2018, issued on January 31, 2014	$	$
Balance, beginning of period	42,500	42,087
Non-cash portion of effective interest on long-term debt		94
Balance, end of period	42,500	42,181

12. *SUBSEQUENT EVENT*

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