*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes an offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws. Accordingly, these securities may not be offered or sold or delivered within the United States of America except in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America. See "Plan of Distribution".* ***Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada.*** *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Colabor Management Inc. at 1620 de Montarville Boulevard, Boucherville, Quebec, J4B 8P4, telephone (450) 449-4911 and are also available electronically at www.sedar.com.*

**SHORT FORM PROSPECTUS**

*New Issue* April 16, 2008

COLABOR

# COLABOR INCOME FUND

## $40,023,500

## 3,830,000 Subscription Receipts, each representing the right to receive one Unit

This short form prospectus qualifies the distribution (the "Offering") of 3,830,000 subscription receipts (the "Subscription Receipts") of Colabor Income Fund (the "Fund"). The Fund holds an indirect interest in Colabor Limited Partnership ("Colabor"), which is a wholesaler and distributor of food, food-related and non-food products servicing the retail and food-service markets. See "Colabor Income Fund". Pursuant to a share purchase agreement (the "Share Purchase Agreement") dated as of April 7, 2008, the Fund has agreed to indirectly purchase all of the issued and outstanding shares of Gestion Bertrand & Frères Inc. ("Bertrand"), subject to customary closing conditions (the "Bertrand Acquisition"). The closing of the Bertrand Acquisition is expected to occur on or about April 28, 2008. See "Bertrand Acquisition". Bertrand, one of Colabor's most important affiliated wholesalers, is a leading distributor to food-service and retail customers of food, food related and non-food products which include frozen products, dry staples, dairy products, fresh meat, fresh fish and seafood, poultry, fresh fruits and vegetables, disposables and sanitation products in the greater Quebec City and Saguenay regions in the Province of Quebec, with net sales, net earnings and Adjusted EBITDA of $158.8 million, $5.9 million and $11.3 million, respectively, for the 12-month period ended December 21, 2007. See "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

**Subscription Receipts**

Each Subscription Receipt will entitle the holder thereof to receive, without any further action on the part of the holder thereof and without payment of additional consideration, one trust unit (a "Unit") of the Fund upon the closing of the Bertrand Acquisition. This short form prospectus also qualifies the right to exchange the Subscription Receipts into Units issuable pursuant to the Subscription Receipts. The proceeds from the sale of the Subscription Receipts (the "Escrowed Funds") will be held by Computershare Trust Company of Canada, as escrow agent (the "Escrow Agent"), and invested in short-term obligations of, or guaranteed by, the Government of Canada, a Province of Canada or a Canadian chartered bank pending completion of the Bertrand Acquisition or the occurrence of a Termination Event (as defined below). Upon the completion of the Bertrand Acquisition and satisfaction of the other conditions to the exchange of the Subscription Receipts, the Escrowed Funds less the amount, if any, required to pay holders of Subscription Receipts an amount per Subscription Receipt equal to the amount per Unit paid by the Fund on the Units from the date of closing of the Offering (the "Closing Date") until the closing of the Bertrand Acquisition (the "Distribution Equivalent") will be released to the Fund and one Unit will be issued for each Subscription Receipt and the Distribution Equivalent, if any.

If the closing of the Bertrand Acquisition does not take place, or the other conditions to the exchange of the Subscription Receipts are not satisfied by 5:00 p.m. (Montreal time) on June 23, 2008 or such later date as agreed upon by the Fund and National Bank Financial Inc. (acting on behalf of the Underwriters (as defined below)), provided such date shall be no later than July 24, 2008, or if the Share Purchase Agreement is terminated at any earlier time or if the Fund has advised the Underwriters or announced to the public that it does not intend to proceed with the Bertrand Acquisition (in each case, a "Termination Event" and the date on which a Termination Event occurs, the "Termination Date"), the Escrow Agent will return to holders of Subscription Receipts, commencing on the third business day following the Termination Date, an amount equal to the full subscription price therefore and their pro rata entitlements to interest earned on the Escrowed Funds, calculated from the Closing Date to, but excluding the Termination Date (less applicable withholding tax, if any). The Escrowed Funds, plus the interest earned thereon, will be applied toward the payment of such amount. If National Bank Financial Inc. (acting on behalf of the Underwriters) agrees to extend the Termination Date to a new termination date on or before July 24**,** 2008 (the "Extension Date") but the Bertrand Acquisition fails to close on or before 5:00 p.m. (Montreal time) on the Extension Date, the holders of Subscription Receipts will receive, on the third business day following the Extension Date, in addition to the full subscription price of the Subscription Receipts and their pro rata entitlements to interest earned on the Escrowed Funds calculated from the Closing Date to, but excluding the Extension Date (less applicable withholding tax, if any), an amount per Subscription Receipt equal to the per Unit distribution payable to holders of Units (the "Unitholders") relating to any record date occurring on or after June 23, 2008 and up to but excluding the Extension Date. The Escrowed Funds, plus the interest earned thereon, will be applied toward the payment of such amount.

If the closing of the Bertrand Acquisition takes place prior to the Termination Date and holders of Subscription Receipts become entitled to receive Units pursuant to the Subscription Receipt Agreement (as defined herein), such holders will be entitled to receive a Distribution Equivalent. The Distribution Equivalent will be paid to the holders of Units issued pursuant to the Subscription Receipts on the later of (i) the date the Units are issued and (ii) the date such distributions are paid to Unitholders. For greater certainty, if the closing of the Bertrand Acquisition takes place on a date that is a distribution record date, holders of Subscription Receipts on such date shall not be entitled as such to receive a payment in respect of the cash distribution for such record date but shall instead be deemed to be holders of record of Units on such date and will be entitled as Unitholders to receive such monthly distribution. If the Bertrand Acquisition closes on or before April 28, 2008 as currently contemplated, holders of Subscription Receipts will become holders of Units on or before April 30, 2008 and will be entitled, provided they remain holders of record of Units received pursuant to the Subscription Receipts on April 30, 2008, to receive the monthly distribution expected to be paid on May 15, 2008 to Unitholders of record on April 30, 2008. If the closing of the Bertrand Acquisition takes place on or prior to the closing of the Offering, the Fund will deliver Units instead of Subscription Receipts to investors in the Offering and the distribution of such Units is qualified by this short form prospectus. See "Description of the Subscription Receipts – Terms of Subscription Receipts".

**There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell securities purchased under this short form prospectus. This may affect the pricing of the Subscription Receipts in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See "Risk Factors". The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Subscription Receipts and the Units issuable pursuant to the terms of the Subscription Receipts on the TSX. Listing is subject to the Fund fulfilling all of the listing requirements of the TSX on or before July 6, 2008**. The outstanding Units are listed and posted for trading on the TSX under the symbol CLB.UN. On April 4, 2008, the last trading day prior to the announcement of the Offering, the closing price of a Unit on the TSX was $10.75.

## Price: $10.45 per Subscription Receipt

| | Price to the Public(1) | Underwriters' Fee(2) | Net Proceeds to the Fund(3) |
|---|---|---|---|
| Per Subscription Receipt | $ 10.45 | $ 0.5225 | $ 9.9275 |
| Total Subscription Receipts | $ 40,023,500 | $ 2,001,175 | $ 38,022,325 |

Notes:

(1) The price of the Subscription Receipts has been determined by negotiation between Colabor, on behalf of the Fund, and the Underwriters.

(2) The Underwriters' fee with respect to the Subscription Receipts is payable as to 50% upon closing of the Offering and 50% on release of the Escrowed Funds to the Fund. If the Bertrand Acquisition is not completed, the Underwriters' fee with respect to the Subscription Receipts will be reduced to the amount payable upon closing of the Offering.

(3) After deducting the Underwriters' fee but before deducting the expenses of the Offering, which are estimated to be approximately $1.15 million, and excluding interest, if any, on the Escrowed Funds.

Concurrently with the closing of the Bertrand Acquisition, certain shareholders of Bertrand will subscribe for 800,000 Units at the Offering price for aggregate proceeds of $8,360,000, the whole as described under "Bertrand Acquisition - Share Purchase Agreement". Such Units will be issued on a private placement basis pursuant to exemptions from prospectus requirements in accordance with applicable Canadian securities laws and will be subject to regulatory and contractual restrictions on resale for a period of four months following their issuance.

A return on an investment in the Fund is not comparable to the return on an investment in a fixed-income security. The recovery of an initial investment in the Fund is at risk and the anticipated return on such an investment is based on many performance assumptions. **Although the Fund intends to continue to make monthly distributions of its available cash to Unitholders, those distributions may be reduced or suspended**. The ability of the Fund to make distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the Combined Business (as hereinafter defined) and will be subject to numerous factors disclosed in this short form prospectus and the Fund's continuous disclosure documents including but not limited to, the financial performance of the Combined Business following the Bertrand Acquisition, the ability of the Fund to raise sufficient financing to complete the Bertrand Acquisition; the ability to obtain applicable regulatory approvals for the Bertrand Acquisition; the accuracy of estimated synergies, cost savings and profitability; the risk that any savings, growth prospects or other synergies from the Combined Business will not be fully realized or will take longer to realize than expected; business and economic conditions generally; competition from competitors; the ability of the Combined Business to grow its sales or even maintain historical levels of its sales; the Combined Business' ability to maintain relationships with its customers; debt covenants and obligations, interest rates, working capital requirements, future capital expenditure requirements and the deductibility for tax purposes of interest. In addition, the market value of the Units and Subscription Receipts may decline if the Fund is unable to meet its cash distribution targets in the future, and that decline may be material. **It is important for an investor to consider the particular risk factors that may affect the Fund, its affiliates and the industry in which the Fund's affiliates operate and that may therefore affect the stability of the cash distributions on the Units. See "Risk Factors".** This section and the section under the heading "Risk Factors" in the Annual Information Form (as hereinafter defined) incorporated herein by reference also describe the Fund's assessment of those risk factors, as well as the potential consequences to an investor if a risk should materialize.

The after-tax return from an investment in Units (including Units issuable pursuant to the Subscription Receipts) to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be taxable to Unitholders as a taxable dividend from a taxable Canadian corporation or as a non-taxable return of capital). The adjusted cost base of Units held by a Unitholder will be reduced by the non-taxable portion of distributions made to such Unitholder (other than the portion thereof attributable to the non-taxable portion of certain capital gains). Depending on the nature of distributions received indirectly from Colabor Group, the Fund anticipates being in a position to make distributions composed entirely of dividends, non-taxable returns of capital or a combination thereof. The composition of Fund's distributions may change over time, thus affecting the after-tax return to Unitholders. See "Forward-Looking Statements", "Certain Canadian Federal Income Tax Considerations" and "Risk Factors".

National Bank Financial Inc., TD Securities Inc., Canaccord Capital Corporation, Cormark Securities Inc., Raymond James Ltd. and Desjardins Securities Inc. (collectively, the "Underwriters"), as principals, conditionally offer the Subscription Receipts, subject to prior sale, if, as and when issued, sold and delivered by the Fund to, and accepted by, the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters by McCarthy Tétrault LLP and Bélanger Sauvé LLP, as counsel to the Fund, and Fasken Martineau DuMoulin LLP, as counsel to the Underwriters.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market price of the Subscription Receipts and the Units at levels other than those which might otherwise prevail in the open market. **Furthermore, the Underwriters may offer the Subscription Receipts to the public at lower prices than the Offering price referred to above.** See "Plan of Distribution".

The Fund is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on the business of a trust company. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

**National Bank Financial Inc. is an affiliate of a Canadian financial institution that will be a lender to affiliates of the Fund under the new credit facilities to be entered into upon the closing of the Bertrand Acquisition (see "Bertrand Acquisition – New Credit Facilities"). Canadian financial institutions which are affiliates of National Bank Financial Inc. and Desjardins Securities Inc. are currently lenders to the Fund under certain existing credit facilities which will be replaced with these new credit facilities. A portion of the credit facilities to be entered into upon closing of the Offering will be used to partially finance the Bertrand Acquisition and to pay related expenses. Consequently, the Fund may be considered a connected issuer of National Bank Financial Inc. and Desjardins Securities Inc. under applicable securities laws in certain Canadian provinces. See "Plan of Distribution".**

Subscriptions for Subscription Receipts will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Subscription Receipts will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS") or its nominee as registered global securities and will be deposited with CDS on the Closing Date, which is expected to occur on or about April 23, 2008 or such later date as the Fund and the Underwriters may agree, but in any event no later than May 15, 2008. Holders of Subscription Receipts will not be entitled to receive physical certificates representing their ownership. See “Plan of Distribution”, “Description of the Subscription Receipts – Book-Entry System”.

Prospective investors should rely only on the information contained or incorporated by reference in this short form prospectus. The Fund has not authorized anyone to provide different information. If an investor is provided with different or inconsistent information, he or she should not rely on it. The Fund is not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Prospective investors should assume that the information appearing in this short form prospectus is accurate as of the date on the front cover of this short form prospectus only, regardless of the time of delivery of this short form prospectus or of any sale of the Subscription Receipts. Certain information contained in this short form prospectus concerning companies other than the Fund, its subsidiaries or Bertrand has been derived from publicly available sources. No representation is made with respect to the accuracy of this information.

The principal and head office of the Fund and Colabor is located at 1620 de Montarville Boulevard, Boucherville, Quebec, J4B 8P4.

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## FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Fund, Colabor, Bertrand, the Combined Business or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this prospectus, the words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect the Fund's current views regarding future events and operating performance, are based on information currently available to the Fund, and speak only as of the date of this prospectus. These forward-looking statements involve a number of risks, uncertainties and assumptions. **Many factors could cause the actual results, performance or achievements of the Combined Business to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, but not limited to, the factors which are discussed in the section of this prospectus entitled "Risk Factors" and under the heading "Risks Factors" in the Annual Information Form (as hereinafter defined).** Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this prospectus as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, the Fund does not intend, and does not assume any obligation, to update or revise these forward-looking statements.

## DEFINITIONS OF EBITDA, ADJUSTED EBITDA AND DISTRIBUTABLE CASH

References in this short form prospectus to "EBITDA" are to earnings before interest, income taxes, depreciation and amortization. Management believes that, in addition to net earnings, EBITDA is a useful supplemental measure as it provides investors with an indication of cash available for distribution prior to debt service, capital expenditures and income taxes. Investors should be cautioned, however, that EBITDA should not be construed as an alternative to net earnings determined in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") as an indicator of the performance of the Fund or Bertrand or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP, and the method used by Colabor to calculate EBITDA may differ from the method used by other issuers. Accordingly, EBITDA may not be comparable to similar measures used by other issuers. A reconciliation of EBITDA to net earnings, based on the financial statements of the Fund and Bertrand, respectively, has been provided under the heading "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

"Adjusted EBITDA" is determined by making adjustments to EBITDA to arrive at what is, in management's view, an appropriate basis on which to measure the results of the Combined Business going forward. When used in reference to Bertrand, Adjusted EBITDA is EBITDA adjusted for the elimination of expenses contractually excluded from the Bertrand Acquisition. Adjusted EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP, and the qualifications outlined above with respect to EBITDA apply equally to Adjusted EBITDA. Accordingly, Adjusted EBITDA may not be comparable to similar measures used by other issuers. A reconciliation of Adjusted EBITDA to net earnings, based on the financial statements of Bertrand, has been provided under the heading "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

References in this prospectus to "distributable cash" are to cash available for distribution in accordance with the distribution policies described in the Annual Information Form (as defined below), which is incorporated by reference in this short form prospectus. Distributable cash does not have a standardized meaning prescribed by Canadian GAAP and the Fund's method of calculating distributable cash may differ from other issuers. Accordingly, distributable cash may not be comparable to similar measures used by other issuers.

## FINANCIAL INFORMATION AND CURRENCY

The financial statements of the Fund and of Bertrand incorporated by reference or included in this short form prospectus are reported in Canadian dollars and have been prepared in accordance with Canadian GAAP. Except as otherwise indicated, all dollar amounts in this prospectus are expressed in Canadian dollars and references to $ are to Canadian dollars.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Fund, which have been filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this short form prospectus:

1. the annual information form of the Fund dated February 27, 2008 for the year ended December 31, 2007 ("Annual Information Form");
2. the audited consolidated annual financial statements of the Fund as at December 31, 2007 and December 31, 2006, together with the notes thereto and the auditors' report thereon;
3. the management's discussion and analysis of the financial condition and operations of the Fund for the (4th quarter) 114-day period and year ended December 31, 2007;
4. the material change report dated March 7, 2008 announcing the proposed acquisition of the assets of Bruce Edmeades Co.;
5. the management information circular of the Fund dated March 20, 2008 issued in connection with the meeting of Unitholders to be held on April 24, 2008; and
6. the material change report dated April 8, 2008 announcing the Offering and the execution of the Share Purchase Agreement in connection with the proposed Bertrand Acquisition.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of Colabor, 1620 de Montarville Boulevard, Boucherville, Quebec, J4B 8P4.

All annual information forms, material change reports (excluding confidential reports), business acquisition reports, unaudited consolidated interim financial statements, audited annual consolidated financial statements, interim and annual management's discussion and analysis and information circulars which are filed by the Fund with a securities commission or similar authority in any of the provinces or territories of Canada after the date of this short form prospectus and prior to the termination of the Offering, shall be deemed to be incorporated by reference into this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this short form prospectus, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed in its unmodified or superseded form to constitute part of this short form prospectus.**

## ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the Fund, and Fasken Martineau DuMoulin LLP, counsel to the Underwriters, the Subscription Receipts and the Units, if issued on the date hereof, would be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plan, each as defined in the *Income Tax Act* (Canada) (the "Tax Act") (the "Plans"), provided that, in the case of the Subscription Receipts (if the Subscription Receipts are not listed on the TSX), each person who is an annuitant, a beneficiary, an employer or subscriber under the particular Plan deals at arm's length with the Fund. This opinion is based on the assumption that the Fund is a mutual fund trust under the Tax Act. If the Fund ceases to qualify as a mutual fund trust, the Subscription Receipts will cease to be qualified investments for those Plans.

Notes issued by Colabor Operating Trust (the "Trust") and received by Unitholders as a result of a redemption of Units may not be qualified investments for a Plan, and this could give rise to adverse consequences to the Plan or the annuitant under the Plan.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained in this short form prospectus.*

### The Fund

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Quebec pursuant to a declaration of trust dated May 19, 2005, as amended and restated on June 28, 2005 (the "Declaration of Trust").

### Business of Colabor

First organized in 1962 as a buying group, Colabor is a wholesaler and distributor of food, food-related and non-food products servicing the retail (grocery stores, convenience stores, etc.) and food-service (cafeterias, restaurant chains, etc.) markets, with total net sales of $838.1 million for the financial year ended December 31, 2007.

Colabor is operated via two distinct divisions: (i) the Boucherville division (the "Boucherville Division"); and (ii) the Summit division (the "Summit Division"), which was previously the business of Summit Food Services Distributors Inc. and was acquired in January 2007 by Colabor.

The Boucherville Division distributes approximately 35,000 products sourced from 550 suppliers and manufacturers to over 25,000 points of sale, serviced by 68 small to medium-size wholesale distributors operating in the Province of Quebec and in the Atlantic Provinces, of which 31 are currently shareholders (the "Affiliated-Wholesalers") of Colabor Investments Inc. ("Colabor Investments"). As at April 16, 2008, Colabor Investments held 5,087,439 Exchangeable LP Units representing a 34.0% interest in the Fund. The Boucherville Division receives and distributes products to wholesale distributors either directly from its warehouse and distribution center in Boucherville or through direct shipment from manufacturers and suppliers to Affiliated-Wholesalers and Colabor's other customers.

The Summit Division is a leading distributor of brand name products to the food-service industry in the Provinces of Ontario and Quebec. The Summit Division distributes in excess of 8,000 products from warehouses located in Ottawa, London and Mississauga to over 3,000 customers, including Cara Operations Limited ("Cara"), other chain and street restaurants, and institutional locations such as hospitals, schools, and government institutions. The Summit Division's product range includes frozen products, dry staples, dairy products, meat, seafood, poultry, disposables and sanitation products. With an experienced management team, the Summit Division has enjoyed strong sales growth by providing customers with a wide selection of products, superior service and competitive pricing and by benefiting from its long-term relationship with Cara.

### Recent Developments

*Acquisition of Bruce Edmeades Co.*

On March 17, 2008, the Fund announced it had completed the acquisition from Martin-Brower of Canada Co. of substantially all of the assets of Bruce Edmeades Co. ("Bruce Edmeades"), a leading distributor to the food-service industry serving customers in the Province of Ontario and with annual revenues exceeding $230 million for the year ended December 28, 2007 for a purchase price of approximately $10 million (the "Bruce Edmeades Acquisition"). Bruce Edmeades will be integrated within the Summit Division. Although the operations of Bruce Edmeades generated a loss over the past 12 months (with an EBITDA margin of approximately -1.0%), management has identified certain steps to be taken immediately which should result in the operations of Bruce Edmeades being profitable within six months of the Bruce Edmeades Acquisition. Furthermore, management expects to realize synergies arising from the integration of Bruce Edmeades within the Summit Division which will bring Bruce Edmeades' operating margins in line with industry standards within 12 to 18 months of the Bruce Edmeades Acquisition. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

*Taxation Regime*

On January 8, 2007, Colabor completed the acquisition of substantially all the assets of Summit Food Service Distributors Inc. from Cara (the "Summit Acquisition"). The Summit Acquisition was announced, financed and completed after the Minister of Finance of Canada announced, on October 31, 2006, a new taxation regime for specified investment flow-through entities ("SIFTs"), commonly known as income trusts and publicity traded partnerships, which imposes a tax on SIFTs in much the same manner as on corporations, beginning with the 2007 taxation year. However, existing SIFTs would benefit from certain transitional rules and would only become taxable under the new SIFTs' rules starting in 2011, provided they do not implement "undue expansion". On June 12, 2007, the new taxation regime announced on October 31, 2006 was enacted. The Fund had many exchanges with the Department of Finance's representatives with the objective of having the financing implemented in connection with the Summit Acquisition not to be interpreted as "undue expansion" and determined to be a "prescribed transaction". The Department of Finance informed the Fund, at the end of December 2007, that "after much deliberation, it has been decided not to prescribe" the financing. Consequently, the Fund will not benefit from the transitional rules which would have allowed the Fund to only become taxable starting in 2011. Therefore, the Fund will be taxable starting January 1, 2007.

As a consequence of the Fund being subject to tax, all of its distributions made since January 1, 2007 which would otherwise have been taxable as ordinary income will be taxed as dividends eligible to the enhanced dividend tax credit. This will represent a significant effective tax rate reduction for Unitholders of the Fund that are subject to tax. The financial statements of the Fund for the year ended December 31, 2007 reflect this new tax status and provide for an amount of approximately $2.7 million of taxes in 2007, the payment of which will be funded from cash resulting from ongoing operations.

*Reorganization*

On March 28, 2008, the subordinated debentures of the Trust were exchanged by the Fund for additional Trust Units, the Series 1 Notes issued by the Trust were exchanged by the Fund for Series 4 Notes, the debentures issued by Colabor were exchanged by the Trust for Units of the Fund and, finally, the Units held by the Trust were transferred to its wholly-owned subsidiary, Colabor Group. Following the closing of the Bertrand Acquisition and of its concurrent financing, depending on the nature of the distributions to be received indirectly by the Fund from its entities, the Fund anticipates being in a position to make distributions composed entirely of dividends, non-taxable returns of capital, or a combination thereof.

*Recent Financial Information*

The Fund intends to disclose its results for the first quarter ended March 22, 2008 on April 24, 2008, concurrent with its annual general meeting. The seasonal nature of the food-service industry results in the first quarter of the Fund being historically lower than those of its three other quarters. Nevertheless, management expects that its first quarter results, driven by organic growth, will be in-line with its expectations and above the corresponding quarter for the 2007 financial year.

**Business of Bertrand**

*Overview*

Bertrand's business was first established over 40 years ago. Today, Bertrand is a leading independent distributor of food, food-related and non-food products to food-service markets and retail customers in Eastern Quebec. Bertrand, which employs approximately 400 people, distributes over 12,000 products from its strategically located 231,000 sq. ft. warehouse in St-Nicolas (Lévis), Quebec, and its 133,000 sq. ft. warehouse in Chicoutimi (City of Saguenay), Quebec. Bertrand's customers consist primarily of food-service operators but also include specialty food stores, institutional accounts such as healthcare institutions, schools, universities and certain other retail customers in-all reaching approximately 4,000 customers. With a complete product offering, including frozen products, dry staples, dairy products, fresh meat, fresh fish and seafood, poultry, fresh fruits and vegetables, disposables and sanitation products as well as meat transformation and preparation services, Bertrand offers a "one-stop-shop" solution to its customers.

With an experienced management team, Bertrand has enjoyed growing sales by providing customers with a wide selection of products, competitive pricing and superior service. Bertrand had net sales, net earnings and Adjusted EBITDA of $158.8 million, $5.9 million and $11.3 million, respectively, for the 12-month period ended December 21, 2007. Historically, Bertrand's operations have grown continually, all-the-while maintaining a high degree of profitability. For the 12-month period ended December 21, 2007, Bertrand has enjoyed Adjusted EBITDA margins and Net earnings margins of 7.1% and 3.7%, respectively. See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

Over the past four years, Bertrand has consolidated its operations for the greater Quebec City region into a new 231,000 sq. ft. warehouse and distribution center in St-Nicolas (Lévis), Quebec (the "St-Nicolas Distribution Facility"), and has invested in its distribution infrastructure. Combined with its 133,000 sq. ft. warehouse in Chicoutimi (City of Saguenay), Quebec (the "Chicoutimi Warehouse"), Bertrand currently has a total of 364,000 sq. ft. of warehouse capacity.

See "Business of Bertrand".

**Bertrand Acquisition**

Pursuant to the Share Purchase Agreement dated as of April 7, 2008 between Colabor and André Bertrand, Daniel Bertrand, Hervé Bertrand, Réjean Bertrand, Gestion André Bertrand Inc., Gestion D. Bertrand Inc., Gestion Hervé Bertrand Inc., Gestion R. Bertrand Inc., Fiducie André Bertrand, Fiducie Daniel Bertrand, Fiducie Hervé Bertrand, Fiducie Réjean Bertrand and 6939360 Canada Inc. (collectively, the "Sellers"), Colabor agreed to acquire all of the issued and outstanding shares of Bertrand for a purchase price of $84.8 million, including certain payments and adjustments described below under "Bertrand Acquisition – Share Purchase Agreement". Colabor will also assume outstanding indebtedness of Bertrand of $4.5 million. The cash portion of the Purchase Price of $75 million payable at closing will be paid from the net proceeds of the Offering and advances under the New Credit Facilities. See "Bertrand Acquisition – Share Purchase Agreement" and "Bertrand Acquisition - New Credit Facilities".

**Rationale for the Bertrand Acquisition**

Management believes that the Bertrand Acquisition constitutes a highly strategic acquisition for the Fund and is consistent with the Fund's objective of generating sustainable, predictable and growing distributable cash for the following reasons:

*Another Step in Colabor's Continuing Growth Strategy*

Following the Summit Acquisition last year and the recently announced Bruce Edmeades Acquisition in Ontario, the Bertrand Acquisition constitutes another key step in the Fund's plan to increase its presence in the Eastern Canadian food-service distribution market.

*Acquisition of a Leading Player in the Quebec Food Distribution Industry*

With the Bertrand Acquisition, the Fund adds a highly strategic asset to its organization and depth to its presence in the Quebec food distribution market. Bertrand distributes more than 12,000 products to over approximately 4,000 customers, and will add over $100 million of third-party business to Colabor's network. Furthermore, the addition of Bertrand's value added meat transformation operations will complement Colabor's current distribution activities.

*Strong and Growing Free Cash Flow Generation*

Bertrand's operations have enjoyed growing sales by providing customers with a wide selection of products, competitive pricing and superior service. Bertrand had net sales, net earnings and Adjusted EBITDA of $158.8 million, $5.9 million and $11.3 million, respectively, for the 12-month period ended December 21, 2007. Historically, Bertrand's operations have grown continually, all-the-while maintaining a high degree of profitability. For the 12-month period ended December 21, 2007, Bertrand has enjoyed Adjusted EBITDA margins and Net earnings margins of 7.1% and 3.7%, respectively. Management believes that Bertrand's margins compare favourably to those of its competitors and of its industry generally. Recent growth has been largely driven by operational efficiencies achieved through the consolidation of Bertrand's activities in the greater Quebec City region into the new St-Nicolas Distribution Facility built in 2004. Additionally, Bertrand's maintenance capital expenditure requirements are relatively low, allowing Colabor to generate important cash flows.

*Expansion of Colabor's Distribution Footprint*

Bertrand operates strategically located warehouse and distribution facilities in the greater Quebec City region (231,000 sq. ft.) and in Chicoutimi (City of Saguenay) (133,000 sq. ft.). Both the St-Nicolas Distribution Facility and the Chicoutimi Warehouse are scalable and have excess capacity, providing Bertrand with the flexibility to add additional volume. With the Bertrand Acquisition, Colabor's distribution footprint will expand to seven warehouses, providing the Fund with total warehouse space of over 1,000,000 sq. ft.

*Decreased Purchasing Cost and Other Cost Savings*

Management believes that Colabor will be able to realize important procurement savings. Management expects that annual recurring synergies from procurement savings and other initiatives will amount to approximately $1,000,000. These synergies are expected to be realized within 12 months following the Bertrand Acquisition. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

*Immediately Accretive to Distributable Cash per Unit*

Management believes that, on a *pro forma* basis, the Bertrand Acquisition will increase the Fund's fully diluted distributable cash per Unit from $1.15 to $1.20 (4.3% accretive) for the 12-month period ending December 31, 2007, before taking into account the expected synergies from the Bertrand Acquisition, and to $1.23 including these synergies (7.0% accretive). Taking into account the full effect of the Bertrand Acquisition and the Bruce Edmeades Acquisition, including all expected synergies, management estimates that the accretion to the Fund's fully diluted distributable cash per Unit for the

12-month period ending December 31, 2007 would have been over 20%. See “Forward-Looking Statements” and “Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies”.

See “Business of Bertrand - Rationale for the Bertrand Acquisition” and “Business of Bertrand - Competitive Strengths”.

## THE OFFERING

| | |
|---|---|
| **The Offering** | 3,830,000 Subscription Receipts. See "Description of the Subscription Receipts" and "Plan of Distribution". |
| **Total Amount of Offering:** | $40,023,500. |
| **Price:** | $10.45 per Subscription Receipt. See "Plan of Distribution". |
| **Expected Closing Date of the Offering:** | On or about April 23, 2008. |
| **Use of Proceeds:** | The estimated net proceeds of the Offering, after deducting fees payable to the Underwriters and the expenses of the Offering payable by the Fund, will be approximately $37 million. Concurrently with the closing of the Bertrand Acquisition, certain shareholders of Bertrand will subscribe, on a private placement basis, for 800,000 Units at the Offering price of $10.45 per Unit for aggregate proceeds of $8,360,000, the whole as described under "Bertrand Acquisition - Share Purchase Agreement" (the "Private Placement").<br><br>The net proceeds of the Offering (following the release of the Escrowed Funds by the Escrow Agent), together with the proceeds of the Private Placement, will be used by the Fund to finance part of the purchase price (the "Purchase Price") of the Bertrand Acquisition. The acquisition cost to the Fund to acquire Bertrand is $84.8 million (plus the assumption of $4.5 million of indebtedness), plus acquisition costs of approximately $1,000,000. The Fund will indirectly finance the remainder of the cash acquisition costs through the New Credit Facilities. See "Use of Proceeds", "Bertrand Acquisition" and "Plan of Distribution". |
| **Distribution Policy:** | The Fund has adopted a policy to distribute all or substantially all of its distributable cash to Unitholders by equal monthly cash distributions. For the year ended December 31, 2007, the Fund declared aggregate cash distributions of $1.0764 per Unit. The Fund's Board of Trustees does not currently anticipate increasing distributions to Unitholders based on the contribution of the Bertrand Acquisition but will continue to monitor the Fund's cash available for distributions and its payout ratio. |

### The Subscription Receipts

| | |
|---|---|
| **The Escrowed Funds:** | The Escrowed Funds will be held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada, a Province of Canada or a Canadian chartered bank, as directed by the Fund, pending completion of the Bertrand Acquisition. |
| **Completion of the Bertrand Acquisition:** | Upon the completion of the Bertrand Acquisition, the Escrowed Funds less the amount, if any, required to pay holders of the Subscription Receipts an amount per Subscription Receipt equal to the amount per Unit paid by the Fund on the Units from the Closing Date until the closing of the Bertrand Acquisition (the "Distribution Equivalent"), will be released to the Fund and the Units will be issued to the holders of Subscription Receipts who will receive, without payment of additional consideration or further action, one Unit for each Subscription Receipt held and the Distribution Equivalent, if any. It is currently expected that the closing of the Bertrand Acquisition will occur on or about April 28, 2008.<br><br>If the closing of the Bertrand Acquisition does not take place or the other conditions to the exchange of the Subscription Receipts are not satisfied by the Termination Date, the Escrow Agent will return to holders of Subscription Receipts, commencing on the third business day following the Termination Date, an amount equal to the full subscription price therefor and their pro rata entitlements to interest actually earned on the Escrowed Funds, calculated from the Closing Date to, but excluding the Termination Date (less applicable withholding tax, if any). The Escrowed Funds, plus the interest thereon, will be applied toward the payment of such amount. If the Fund and National Bank Financial Inc. (acting on behalf of the Underwriters) agree to extend the Termination Date to a new termination |

date to occur at the latest on July 24, 2008 (the "Extension Date") but the Bertrand Acquisition fails to close on or before 5:00 p.m. (Montreal time) on the Extension Date, the holders of Subscription Receipts will receive, on the third business day following the Extension Date, in addition to the full subscription price of the Subscription Receipts and their pro rata entitlements to interest earned on the Escrowed Funds, calculated from the Closing Date to, but excluding the Extension Date (less applicable withholding tax, if any), an amount per Subscription Receipt equal to the per Unit distribution payable to Unitholders relating to any record date occurring on or after June 23, 2008 and up to but excluding the Extension Date. The Escrowed Funds plus the interest earned thereon will be applied toward the payment of such amount.

**Distributions:** If the closing of the Bertrand Acquisition takes place prior to the Termination Date and holders of Subscription Receipts become entitled to receive Units, such holders will be entitled to receive a Distribution Equivalent. The Distribution Equivalent will be paid to the holders of Units issued pursuant to the Subscription Receipts on the later of (i) the date the Units are issued and (ii) the date such distributions are paid to Unitholders. For greater certainty, if the closing of the Bertrand Acquisition takes place on a date that is a distribution record date, holders of Subscription Receipts on such date will not be entitled as such to receive a payment in respect of the cash distribution for such record date but will instead be deemed to be holders of record of Units on such date and will be entitled as Unitholders to receive such monthly distribution. If the Bertrand Acquisition closes on or before April 28, 2008, as currently contemplated, holders of Subscription Receipts will become holders of Units on or before April 28, 2008 and will be entitled, provided they remain holders of record of Units received pursuant to the Subscription Receipts on April 30, 2008, to receive the distribution expected to be paid on May 15, 2008 to Unitholders of record on April 30, 2008. See "Description of the Subscription Receipts".

The Distribution Equivalent will be satisfied by the payment by the Escrow Agent to holders of Subscription Receipts of interest earned on the Escrowed Funds. If the former holder of Subscription Receipts' share of interest earned on the Escrowed Funds is less than the amount to which such holder is entitled in respect of such Distribution Equivalent, the Fund will pay the amount of any such shortfall to the former Subscription Receiptholder, provided however that in no event shall the aggregate amount paid to a former Subscription Receiptholder in respect of a Subscription Receipt exceed the amount of such Distribution Equivalent. The Fund will treat such shortfall as a purchase price adjustment.

### Canadian Federal Income Tax Considerations

**Subscription Receipts:** No gain or loss will be realized by a holder of Subscription Receipts on receipt of a Unit issuable pursuant to a Subscription Receipt. Each Canadian resident Unitholder will be required to include in computing income for tax purposes for a particular taxation year the Unitholder's pro rata share of the Fund's income, including taxable capital gains, that was paid or payable in that year by the Fund to the Unitholder. A Unitholder's share of the Fund's "non-deductible distributions amount" will be deemed to be a taxable dividend received from a taxable Canadian corporation. Generally, all other amounts received by the Unitholders (other than the non-taxable portion of certain realized capital gains) will not be included in a Unitholder's income for income tax purposes, but will reduce the adjusted cost base of the Unitholder's Units. Depending on the nature of distributions received indirectly from Colabor Group, the Fund anticipates being in a position to make distributions composed entirely of dividends, non-taxable returns of capital or a combination thereof. See "Certain Canadian Federal Income Tax Considerations".

**Non-Residents:** Non-resident holders of Subscription Receipts and Units should consult their tax advisors regarding the tax implications of an investment in Subscription Receipts or Units, including the application of withholding tax to distributions and payments of interest.

All prospective investors should consult their tax advisors regarding the tax implications of an investment in Subscription Receipts or Units. See "Certain Canadian Federal Income Tax Considerations".

## Risk Factors

Investment in the Subscription Receipts and Units is subject to a number of risks that investors should carefully consider. Those risks include risks related to Colabor, Bertrand, the Combined Business and the Bertrand Acquisition. See “Forward-Looking Statements” and “Risk Factors”.

## SELECTED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the Fund and Bertrand, respectively, for the periods indicated. This information should be read in conjunction with the audited consolidated financial statements of the Fund for the years ended December 31, 2007 and December 31, 2006 and the related notes and management's discussion and analysis of the financial condition and results of operations, the audited financial statements of Bertrand for the years ended September 29, 2007 and September 30, 2006 and the related notes, the unaudited financial statements of Bertrand for the 12-week periods ended December 21, 2007 and December 22, 2006 and the related notes, all as included elsewhere or incorporated by reference in this short form prospectus. Financial years of the Fund end on December 31 and are composed of thirteen periods of 28 days each; three quarterly periods of the Fund are composed of three periods of 28 days each and the last quarterly period is composed of four periods of 28 days each. Since October 2005, financial years of Bertrand end 52 weeks after the end of the previous financial year end. There are 52 weeks in the financial statements for the years ended September 29, 2007 and September 30, 2006. Historical results are not necessarily indicative of the results that may be expected for any further period or for a full year.

| **Twelve Months Ended December 31, 2007**[(1)] | **The Fund** | **Bertrand** | **Pro Forma Adjustments** | **Consolidated Pro Forma** |
|---|---|---|---|---|
| | | (in thousands of dollars) (unaudited) | | |
| Net Sales[(2)] | $838,068 | $158,786 | $(56,865) | $939,989 |
| Net earnings | (185)[(3)] | 5,915 | (1,575) | 4,155 |
| Adjusted EBITDA[(4)] | 30,548 | 10,468 | 837 | 41,853 |
| **As at December 31, 2007** | | | | |
| Current assets | $101,203 | $25,995 | --- | $127,198 |
| Property, plant and equipment | 10,892 | 4,662 | --- | 15,554 |
| Total assets | 263,287 | 34,030 | 65,639 | 362,956 |
| Current liabilities | 78,128 | 26,000 | (16,175) | 87,953 |
| Long-term debt | 1,209 | 446 | --- | 1,655 |
| Debentures | 45,235 | --- | --- | 45,235 |
| Future income taxes | 6,290 | 756 | (161) | 6,885 |
| Non-Controlling Interest | 29,187 | --- | (900) | 28,287 |
| Total liabilities | 184,177 | 27,341 | 26,035 | 237,553 |
| Equity | 79,110 | 6,689 | 39,604 | 125,403 |
| Total liabilities and equity | 263,287 | 34,030 | 65,639 | 362,956 |

Note:

(1) With respect to Bertrand, the information is derived from the unaudited financial statements of Bertrand for the 12-month period ended December 21, 2007. Excludes financial information related to the Bruce Edmeades Acquisition. See "Forward-Looking Statements", "Business of Colabor - Recent Developments - Acquisition of Bruce Edmeades Co." and "Risk Factors -Integration of Bertrand and Bruce Edmeades and Expected Synergies".

(2) Consolidated *pro forma* net sales are net of Colabor's sales to Bertrand for the period.

(3) Net earnings of the Fund, for the 114-day period ended December 31, 2007 (4th quarter), were reduced by $9,005,000, recognized in full during that quarter and consisting of current income taxes of $2,715,000 and future income taxes of $6,290,000 as a result of the Department of Finance's decision that the Fund is not eligible to benefit from transition rules for existing SIFTs. See "Business of Colabor - Recent Developments -Taxation Regime" and "Certain Canadian Federal Income Tax Considerations".

(4) Adjusted EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP. Therefore Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

## SUMMARY OF DISTRIBUTABLE CASH

The following analysis has been prepared by management on the basis of the information contained in this short form prospectus and management's estimate of the amount of expenses and expenditures to be incurred by the Combined Business.

**This analysis is not a forecast or a projection of future results. The actual results of operations of the Combined Business for any period, whether before or after the completion of the Bertrand Acquisition, will likely vary from the amounts set forth in the following analysis, and such variation may be material.**

**Investors are urged to consider such assumptions and the risks that such assumptions may prove incorrect. See "Risk Factors" for risks that could cause actual results to vary. Although the Fund intends to make distributions of its available cash to the maximum extent possible to Unitholders, these cash distributions may be reduced or suspended.** Further information related to the underlying assumptions is provided in the footnotes to the table for each reconciling item.

The Fund's primary source of cash for distribution is cash flow from operating activities of the Combined Business. Information about distributable cash has been prepared, in all material respects, in accordance with *National Policy 41-201 - Income Trusts and Other Indirect Offerings* published by the Canadian Securities Administrators in July 2007. The following table reconciles cash flows from operating activities to standardized distributable cash (as defined by the Canadian Institute of Chartered Accountants in the release "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities" issued in July 2007) and distributable cash, as defined by the Fund.

Management believes that, upon completion of the Bertrand Acquisition, the Combined Business will incur interest expenses and will require sustaining capital expenditures which will differ from those contained in the historical financial statements or in the unaudited *pro forma* consolidated financial statements that are incorporated by reference or included elsewhere in this short form prospectus. Although management does not have firm commitments for all of those expenses and, accordingly, the complete financial effects of all of those expenses and expenditures are not objectively determinable, management believes that, based on the assumptions described above and in the notes to the table below, the following represents a reasonable estimate of what distributable cash would have been for the period from January 1, 2007 to December 31, 2007, had the Fund owned Bertrand during such period, but without giving effect to the Bruce Edmeades Acquisition:

| **Twelve Months Ended December 31, 2007**[(1)] | **The Fund** | **Bertrand** | **Pro Forma Adjustments** | **Consolidated Pro Forma** |
|---|---|---|---|---|
| | (in thousands of dollars except per Unit amounts and percentages) (unaudited) | | | |
| **Cash from operating activities** | **$29,405** | **$4,116** | | **$33,521** |
| Acquisition of property, plant and equipment | (1,469) | (350) | | (1,819) |
| **Standardized distributable cash** | **27,936** | **3,766** | | **31,702** |
| Change in non-cash operating working capital | (7,176) | 3,272 | | (3,904) |
| Taxes | 31[(2)] | | $677[(3)] | 699 |
| Interest expense[(4)] | (138) | 184 | (2,092) | (2,046) |
| Elimination of expenses that will be contractually excluded | | 837 | | 837 |
| **Adjusted Standardized Distributable Cash** | **$20,653** | **$8,059** | | **$27,288** |
| **Distributable cash** | | | | |
| Cash available for distribution, fully diluted | $22,900[(6)] | | | $29,479 |
| Units outstanding, fully diluted[(5)] | 19,862 | | 4,630 | 24,492 |
| Cash available for distribution per Unit, fully diluted[(5)] | $1.15 | | | $1.20 |
| Payout ratio, fully diluted[(5)] | 94% | | | 90% |
| **Including $1 million of expected annual synergies**[(7)] | | | | |
| Cash available for distribution per Unit, fully diluted[(5)] | | | | $1.23 |
| Payout ratio, fully diluted[(5)] | | | | 88% |

Giving effect to the Bertrand Acquisition and to the Bruce Edmeades Acquisition and including the synergies anticipated to result from both transactions[(7)(8)], management estimates that cash available for distribution per Unit on a fully diluted basis of $1.15 would have increased by over 20% for the 12-month period ended December 31, 2007. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

Notes:

(1) With respect to Bertrand, the information is derived from the unaudited financial statements of Bertrand for the 12-month period ended December 21, 2007. Excludes financial information related to the Bruce Edmeades Acquisition. See "Business of Colabor - Recent Developments - Acquisition of Bruce Edmeades Co.", "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

(2) Adjustment to income tax expense to reflect the interest payable on the additional debt incurred in relation to the payment of $2.7 million of income tax for the 12 months ended December 31, 2007 (see Note 4 below).

(3) Adjustment to income tax expense to reflect the estimated tax effects of the Bertrand Acquisition. See "Business of Colabor - Recent Developments–Taxation Regime" and "Certain Canadian Federal Income Tax Considerations".

(4) The Fund's interest expense has been adjusted to reflect the additional debt to be incurred in relation to the payment of $2.7 million of taxes for the 12 months ended December 31, 2007. See "Business of Colabor - Recent Developments–Taxation Regime" and "Certain Canadian Federal Income Tax Considerations".

(5) The *pro forma* fully diluted Units outstanding, cash available for distribution per Unit and payout ratio have been adjusted by 3,830,000 Units issuable pursuant to the Subscription Receipts, 800,000 Units issuable pursuant to the Private Placement, and 4,835,512 Units issuable pursuant to the conversion of the Debentures.

(6) Corresponds to the adjusted standardized distributable cash adjusted to give effect to the conversion of the outstanding Debentures and to exclude the interest expense in relation to such Debentures, net of tax.

(7) Management estimates the synergies coming from procurement savings attributable to Colabor's increase in purchases from suppliers resulting from the Bertrand Acquisition and other cost savings initiatives to be approximately $1,000,000 on an annual basis. Management's estimate is based on past experience with suppliers and current purchasing alliances, amongst other factors. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

(8) Management estimates Bruce Edmeades' EBITDA margin (being the ratio of EBITDA over total revenues), once the full effect of the integration with the Summit Division is realized, should reach approximately 2.5%. The increase in margin is expected to arise from cost savings and efficiency gains as well as procurement savings attributable to Colabor's increase in purchases from suppliers resulting from the Bruce Edmeades Acquisition. Management's estimate of procurement savings is based on past experience with suppliers and current purchasing alliances, amongst other factors. See "Recent Developments - Acquisition of Bruce Edmeades Co.", "Risk Factors" and "Forward-Looking Statements".

Distributable cash will represent, in general, all of Colabor's available cash for the particular monthly period less any estimated cash amounts required for debt service obligations, other expense obligations, capital expenditures, taxes, reserves (including amounts for capital expenditures) and such other amounts as may be considered appropriate by Colabor. Capital and other expenditures, including amounts required to enable Colabor to pay equal monthly distributions based on expected monthly cash distributions, may also be financed with drawings under Colabor's operating credit facilities, other borrowings or additional issuances of securities.

## COLABOR INCOME FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Quebec pursuant to a Declaration of Trust dated May 19, 2005, as amended and restated on June 28, 2005. The Fund currently indirectly owns Ordinary LP Units of Colabor. Colabor Investments Inc. ("Colabor Investments") holds 5,087,439 Exchangeable LP Units of Colabor exchangeable into 5,087,439 Units of the Fund, representing a 34.0% interest in the Fund (25.88% after giving effect to the issuance of Units pursuant to the Subscription Receipts, the Private Placement, the transactions described under "Bertrand Acquisition - Closing Transactions" and assuming the conversion of the Debentures into Units).

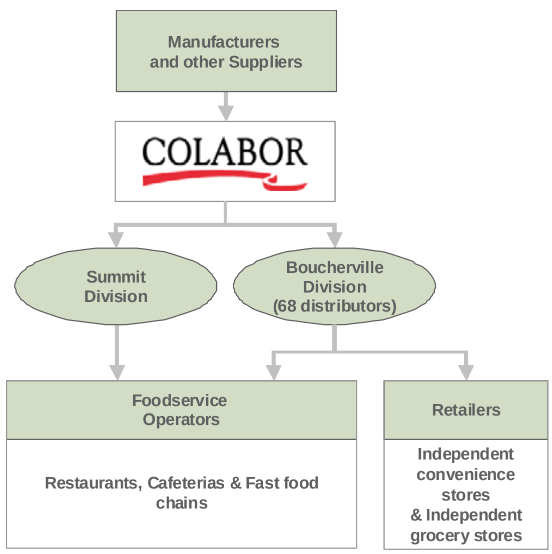
The principal and head office of the Fund and Colabor is located at 1620 de Montarville Boulevard, Boucherville, Quebec, J4B 8P4.

## BUSINESS OF COLABOR

### Overview

First organized in 1962 as a buying group, Colabor is a wholesaler and distributor of food, food-related and non-food products servicing the retail (grocery stores, convenience stores, etc.) and food-service (cafeterias, restaurant chains, etc.) markets, with total net sales of $838.1 million for the financial year ended December 31, 2007.

The following chart illustrates the structure of Colabor's business:




Colabor is operated via two distinct divisions: (i) the Boucherville division (the "Boucherville Division"); and (ii) the Summit division (the "Summit Division"), which was previously the business of Summit Food Services Distributors Inc. and was acquired in January 2007 by Colabor.

The Boucherville Division distributes approximately 35,000 products sourced from 550 suppliers and manufacturers to over 25,000 points of sale, serviced by 68 small to medium-size wholesale distributors operating in the Province of Quebec and in the Atlantic Provinces, of which 31 are currently shareholders (the "Affiliated-Wholesalers") of Colabor Investments. As at April 16, 2008, Colabor Investments held 5,087,439 Exchangeable LP Units representing a 34.0% interest in the Fund. The Boucherville Division receives and distributes products to wholesale distributors either directly from its warehouse and distribution center in Boucherville or through direct shipment from manufacturers and suppliers to Affiliated-Wholesalers and Colabor's other customers.

The Summit Division is a leading distributor of brand name products to the food-service industry in the Provinces of Ontario and Quebec. The Summit Division distributes in excess of 8,000 products from warehouses located in Ottawa, London and Mississauga to over 3,000 customers, including Cara Operations Limited ("Cara"), other chain and street restaurants, and institutional locations such as hospitals, schools, and government institutions. The Summit Division's product range includes frozen products, dry staples, dairy products, meat, seafood, poultry, disposables and sanitation products. With an experienced management team, the Summit Division has enjoyed strong sales growth by providing customers with a wide selection of products, superior service and competitive pricing and by benefiting from its long-term relationship with Cara.

**Recent Developments**

*Acquisition of Bruce Edmeades Co.*

On March 17, 2008, the Fund announced it had completed the acquisition from Martin-Brower of Canada Co. of substantially all of the assets of Bruce Edmeades Co. (“Bruce Edmeades”), a leading distributor to the food-service industry serving customers in the Province of Ontario and with annual revenues exceeding $230 million for the year ended December 28, 2007 for a purchase price of approximately $10 million (the “Bruce Edmeades Acquisition”). Bruce Edmeades will be integrated within the Summit Division. Although the operations of Bruce Edmeades generated a loss over the past 12 months (with an EBITDA margin of approximately -1.0%), management has identified certain steps to be taken immediately which should result in the operations of Bruce Edmeades being profitable within six months of the Bruce Edmeades Acquisition. Furthermore, management expects to realize synergies arising from the integration of Bruce Edmeades within the Summit Division which will bring Bruce Edmeades’ operating margins in line with industry standards within 12 to 18 months of the Bruce Edmeades Acquisition. See “Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies” and “Forward-Looking Statements”.

*Taxation Regime*

On January 8, 2007, Colabor completed the acquisition of substantially all the assets of Summit Food Service Distributors Inc. from Cara (the “Summit Acquisition”). The Summit Acquisition was announced, financed and completed after the Minister of Finance of Canada announced, on October 31, 2006, a new taxation regime for specified investment flow-through entities (“SIFTs”), commonly known as income trusts and publicity traded partnerships, which imposes a tax on SIFTs in much the same manner as on corporations beginning with the 2007 taxation year. However, existing SIFTs would benefit from certain transitional rules and would only become taxable under the new SIFTs’ rules starting in 2011, provided they do not implement “undue expansion”. On June 12, 2007, the new taxation regime announced on October 31, 2006 was enacted. The Fund had many exchanges with the Department of Finance’s representatives with the objective of having the financing implemented in connection with the Summit Acquisition not to be interpreted as “undue expansion” and determined to be a “prescribed transaction”. The Department of Finance informed the Fund, at the end of December 2007, that “after much deliberation, it has been decided not to prescribe” the financing. Consequently, the Fund will not benefit from the transitional rules which would have allowed the Fund to only become taxable starting in 2011. Therefore, the Fund will be taxable starting January 1, 2007.

As a consequence of the Fund being subject to tax, all of its distributions made since January 1, 2007 which would otherwise have been taxable as ordinary income will be taxed as dividends eligible to the enhanced dividend tax credit. This will represent a significant effective tax rate reduction for Unitholders of the Fund that are subject to tax. The financial statements of the Fund for the year ended December 31, 2007 reflect this new tax status and provide for an amount of approximately $2.7 million of taxes in 2007, the payment of which will be funded from cash resulting from ongoing operations.

*Reorganization*

On March 28, 2008, the subordinated debentures of the Trust were exchanged by the Fund for additional Trust Units, the Series 1 Notes issued by the Trust were exchanged by the Fund for Series 4 Notes, the debentures issued by Colabor were exchanged by the Trust for Units of the Fund and, finally, the Units held by the Trust were transferred to its wholly-owned subsidiary, Colabor Group. Following the closing of the Bertrand Acquisition and of its concurrent financing, depending on the nature of the distributions to be received indirectly by the Fund from its entities, the Fund anticipates being in a position to make distributions composed entirely of dividends, non-taxable returns of capital, or a combination thereof.

*Recent Financial Information*

The Fund intends to disclose its results for the first quarter ended March 22, 2008 on April 24, 2008, concurrent with its annual general meeting. The seasonal nature of the food-service industry results in the first quarter of the Fund being historically lower than those of its three other quarters. Nevertheless, management expects that its first quarter results, driven by organic growth, will be in-line with its expectations and above the corresponding quarter for the 2007 financial year.

## BUSINESS OF BERTRAND

### Overview

Bertrand's business was first established over 40 years ago. Today, Bertrand is a leading independent distributor of food, food-related and non-food products to food-service markets and retail customers in Eastern Quebec. Bertrand, which employs approximately 400 people, distributes over 12,000 products from its strategically located 231,000 sq. ft. warehouse in St-Nicolas (Lévis), Quebec, and its 133,000 sq. ft. warehouse in Chicoutimi (City of Saguenay), Quebec. Bertrand's customers consist primarily of food-service operators but also include specialty food stores, institutional accounts such as healthcare institutions, schools, universities and certain other retail customers in-all reaching approximately 4,000 customers. With a complete product offering, including frozen products, dry staples, dairy products, fresh meat, fresh fish and seafood, poultry, fresh fruits and vegetables, disposables and sanitation products as well as meat transformation and preparation services, Bertrand offers a "one-stop-shop" solution to its customers.

With an experienced management team, Bertrand has enjoyed growing sales by providing customers with a wide selection of products, competitive pricing and superior service. Bertrand had net sales, net earnings and an Adjusted EBITDA of $158.8 million, $5.9 million and $11.3 million, respectively, for the 12-month period ended December 21, 2007. Historically, Bertrand's operations have grown continually, all-the-while maintaining a high degree of profitability. For the 12-month period ended December 21, 2007, Bertrand has enjoyed Adjusted EBITDA margins and Net earnings margins of 7.1% and 3.7%, respectively. See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

Over the past four years, Bertrand has consolidated its operations for the greater Quebec City region into a new 231,000 sq. ft. warehouse and distribution center in St-Nicolas (Lévis), Quebec (the "St-Nicolas Distribution Facility"), and has invested in its distribution infrastructure. Combined with its 133,000 sq. ft. warehouse in Chicoutimi (City of Saguenay), Quebec (the "Chicoutimi Warehouse"), Bertrand currently has a total of 364,000 sq. ft. of warehouse capacity.

### Competitive Strengths

*Superior Product Offering*

Bertrand is a leading distributor to food-service markets and retail customers in the greater Quebec City and Saguenay regions. With an offering of over 12,000 products, Bertrand offers a "one-stop-shop" solution to its customers. Bertrand's product offering includes frozen products, dry staples, dairy products, fresh meat, fresh fish and seafood, poultry, fresh fruits and vegetables, disposables and sanitation products. Through its transformation facilities at the St-Nicolas Distribution Facility, Bertrand also offers and prepares a wide selection of fresh and prepared meat products to its customers in the greater Quebec and Saguenay regions. To increase its purchasing power, Bertrand has been an Affiliated-Wholesaler for over 20 years and is currently one of the biggest customers of the Boucherville Division. This relationship will be maintained following closing of the Bertrand Acquisition as Bertrand will be operated as a separate division benefiting from Colabor's product offering and relationships with its suppliers.

*Superior Service Delivery through Strategically Located Facilities*

Through the St-Nicolas Distribution Facility, which is strategically located on the outskirts of Quebec City, one of Quebec's largest cities renowned for its domestic and international tourism, and through the Chicoutimi Warehouse located in Chicoutimi (City of Saguenay), a strategic location for servicing the Saguenay region, Bertrand makes its products available to its customers in quantities required at competitive prices and in a timely fashion. In addition, the expertise developed over the years as one of Colabor's most important Affiliated-Wholesalers and through the servicing of customers such as specialty food stores and institutional accounts has allowed Bertrand to develop the organizational skills and efficiency required to reach the high level of service demanded by large and small food-service customers and large national supermarket chains and position it to capture new business.

*Experienced Management Team*

Bertrand's senior management team has an average of 19 years of experience in the food-service and retail industry and a successful track record in the food distribution industry. Over the past 10 years, Bertrand's management team has grown Bertrand's net sales from approximately $50 million to $158.8 million for the 12-month period ended December 21, 2007 and has successfully integrated several significant acquisitions. This management team has also guided Bertrand through facility expansions, efficiency initiatives, significant investments in infrastructure and systems and several customer gains. Furthermore, in 2004, management implemented and successfully completed a major project which consisted of the consolidation of

Bertrand's operations for the greater Quebec City region into the St-Nicolas Distribution Facility. See "Operations of Bertrand - Strategically Located Warehousing and Distribution Facilities". Following closing of the Bertrand Acquisition, Bertrand will be operated as a separate division within Colabor. It is expected that Bertrand's senior management team will, except for those who are current shareholders of Bertrand, remain with Bertrand following closing of the Bertrand Acquisition.

**Operations of Bertrand**

*Strategically Located Warehousing and Distribution Facilities*

Bertrand operates the St-Nicolas Distribution Facility and the Chicoutimi Warehouse, which have an aggregate warehouse space of 364,000 sq. ft. The St-Nicolas Distribution Facility was completed in 2004 to consolidate Bertrand's operations for the greater Quebec City region and offers 231,000 sq. ft of warehousing capacity. The St-Nicolas Distribution Facility is equipped with modern equipment for receiving, storing and shipping large quantities of merchandise. The design of the St-Nicolas Distribution Facility allows for a 104,000 sq. ft increase of its warehousing capacity, thereby facilitating further expansion. Bertrand also occupies the 133,000 sq. ft. Chicoutimi Warehouse for the distribution of its products in the Saguenay region and which also has space available for a 30,000 sq. ft. increase of its warehouse capacity. Bertrand serves its customers from its St-Nicolas Distribution Facility and Chicoutimi Warehouse with a fleet consisting of 83 owned and leased vehicles. Recent significant investments in infrastructure made by Bertrand, along with consistent maintenance of Bertrand's trucks, tractors and trailers should minimize Bertrand's capital expenditure requirements going forward. Furthermore, as an Affiliated-Wholesaler, Bertrand's order management systems are integrated with Colabor's order management system which enables Bertrand to access products purchased from Colabor in an efficient and timely fashion. It is a condition to the closing of the Bertrand Acquisition that long-term leases be entered into with respect to the St-Nicolas Distribution Facility and the Chicoutimi Warehouse.

*Customers*

Bertrand distributes to over 4,000 customers in the Quebec and Saguenay regions. Customers consist primarily of food-service operators but also of other customers, including specialty food stores, institutional accounts such as healthcare institutions, schools and universities, and certain other retail customers such as large national supermarket chains. During the 12-month period ended December 21, 2007, although Metro Inc., Sobeys Inc. and Loblaws represented approximately 17% of Bertrand's sales, no other single customer of Bertrand accounted for more than 10% of Bertrand's sales and Bertrand's 10 largest customers accounted for approximately 26% of Bertrand's sales. See "Risk Factors - Dependence on Important Customers". Through its strategically located warehouse and distribution facilities and modern infrastructure, Bertrand is well positioned to respond to the needs of important customers.

*Employees*

As at April 16, 2008, Bertrand employed a workforce of approximately 400 persons, of which 230 are unionized employees. Bertrand's employees are governed by four collective bargaining agreements expiring between August 2009 and December 31, 2011. Bertrand has no history of labour unrest, and it believes that its relationship with its employees is good. It is expected that Bertrand's senior management will, except for those who are current shareholders of Bertrand, remain with Bertrand following closing of the Bertrand Acquisition.

*Competition*

In the food-service market, competition comes from large international corporations such as Gordon Food Service (operating under the name "Distal Inc." in the Province of Quebec) and Sysco Corporation as well as other regional and specialized distributors in the greater Quebec City and Saguenay regions, which include certain of Colabor's distributors and Affiliated-Wholesalers. Management believes that the principal key success factors in the food distribution business to food-service and retail customers include price, breadth of products and services offered, distribution service level, and efficiency of inventory management system. Management believes that Bertrand competes effectively on each of these fronts and is well positioned to continue growing its business.

## BERTRAND ACQUISITION

Pursuant to the Share Purchase Agreement dated as of April 7, 2008 between Colabor and André Bertrand, Daniel Bertrand, Hervé Bertrand, Réjean Bertrand, Gestion André Bertrand Inc., Gestion D. Bertrand Inc., Gestion Hervé Bertrand Inc., Gestion R. Bertrand Inc., Fiducie André Bertrand, Fiducie Daniel Bertrand, Fiducie Hervé Bertrand, Fiducie Réjean Bertrand and 6939360 Canada Inc. (collectively, the "Sellers"), Colabor agreed to acquire all of the issued and outstanding shares of Bertrand for a purchase price of $84.8 million, including certain payments and adjustments described below under "Bertrand Acquisition –

Share Purchase Agreement". Colabor will also assume outstanding indebtedness of Bertrand of $4.5 million. The cash portion of the Purchase Price of $75 million payable at closing will be paid from the net proceeds of the Offering and advances under the New Credit Facilities. See "Bertrand Acquisition – Share Purchase Agreement" and "Bertrand Acquisition - New Credit Facilities".

**Rationale for the Bertrand Acquisition**

Management believes that the Bertrand Acquisition constitutes a highly strategic acquisition for the Fund and is consistent with the Fund's objective of generating sustainable, predictable and growing distributable cash for the following reasons:

*Another Step in Colabor's Continuing Growth Strategy*

Following the Summit Acquisition last year and the recently announced Bruce Edmeades Acquisition in Ontario, the Bertrand Acquisition constitutes another key step in the Fund's plan to increase its presence in the Eastern Canadian food-service distribution market.

*Acquisition of a Leading Player in the Quebec Food Distribution Industry*

With the Bertrand Acquisition, the Fund adds a highly strategic asset to its organization and depth to its presence in the Quebec food distribution market. Bertrand distributes more than 12,000 products to over approximately 4,000 customers, and will add over $100 million of third-party business to Colabor's network. Furthermore, the addition of Bertrand's value added meat transformation operations will complement Colabor's current distribution activities.

*Strong and Growing Free Cash Flow Generation*

Bertrand's operations have enjoyed growing sales by providing customers with a wide selection of products, competitive pricing and superior service. Bertrand had net sales, net earnings and Adjusted EBITDA of $158.8 million, $5.9 million and $11.3 million, respectively, for the 12-month period ended December 21, 2007. Historically, Bertrand's operations have grown continually, all-the-while maintaining a high degree of profitability. For the 12-month period ended December 21, 2007, Bertrand has enjoyed Adjusted EBITDA margins and Net earnings margins of 7.1% and 3.7%, respectively. Management believes that Bertrand's margins compare favourably to those of its competitors and of its industry generally. Recent growth has been largely driven by operational efficiencies achieved through the consolidation of Bertrand's activities in the greater Quebec City region into the new St-Nicolas Distribution Facility built in 2004. Additionally, Bertrand's maintenance capital expenditure requirements are relatively low, allowing Colabor to generate important cash flows.

*Expansion of Colabor's Distribution Footprint*

Bertrand operates strategically located warehouse and distribution facilities in the greater Quebec City region (231,000 sq. ft.) and in Chicoutimi (City of Saguenay) (133,000 sq. ft.). Both the St-Nicolas Distribution Facility and the Chicoutimi Warehouse are scalable and have excess capacity, providing Bertrand with the flexibility to add additional volume. With the Bertrand Acquisition, Colabor's distribution footprint will expand to seven warehouses, providing the Fund with total warehouse space of over 1,000,000 sq. ft.

*Decreased Purchasing Cost and Other Cost Savings*

Management believes that Colabor will be able to realize important procurement savings. Management expects that annual recurring synergies from procurement savings and other initiatives will amount to approximately $1,000,000. These synergies are expected to be realized within 12 months following the Bertrand Acquisition. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

*Immediately Accretive to Distributable Cash per Unit*

Management believes that, on a *pro forma* basis, the Bertrand Acquisition will increase the Fund's fully diluted distributable cash per Unit from $1.15 to $1.20 (4.3% accretive) for the 12-month period ending December 31, 2007, before taking into account the expected synergies from the Bertrand Acquisition, and to $1.23 including these synergies (7.0% accretive). Taking into account the full effect of the Bertrand Acquisition and the Bruce Edmeades Acquisition, including all expected synergies, management estimates that the accretion of the Fund's fully diluted distributable cash per Unit for the 12-month period ending December 31, 2007 would have been over 20%. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

***Pro Forma* Financial Information**

The Combined Business would have generated net sales, net earnings and Adjusted EBITDA of $940.0 million, $4.2 million and $41.9 million, respectively, for the 12-month period ended December 31, 2007.

| (in thousands of dollars) | **Colabor** | **Bertrand** | **Combined Businesses**(1) |
|---|---|---|---|
| Net Sales(2) | $838,068 | $158,786 | $939,989 |
| Net Earnings | (185)(3) | 5,915 | 4,155 |
| Adjusted EBITDA(4) | 30,548 | 11,305 | 41,853 |
| Adjusted EBITDA Margin | 3.6% | 7.1% | 4.5% |
| Net Earnings Margin | - 0.02%(3) | 3.7% | 0.44%(3) |
| Fully Diluted Distributable Cash per Unit | $1.15 | $0.08 | $1.23(5) |
| Employees | 617 | 400 | 1,017 |
| Warehouse Capacity (square feet) | 716,136 | 364,000 | 1,080,136 |

(1) Results exclude the impact of the Bruce Edmeades Acquisition. See “Business of Colabor - Recent Developments- Acquisition of Bruce Edmeades Co.” and “Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies”.

(2) Consolidated *pro forma* net sales are net of Colabor’s sales to Bertrand for the period.

(3) Net earnings of the Fund, for the 114-day period ended December 21, 2007 (4th quarter), were reduced by $9,005,000, recognized in full during that quarter and consisting of current income taxes of $2,715,000 and future income taxes of $6,290,000 as a result of the Department of Finance’s decision that the Fund is not eligible to benefit from transition rules for existing SIFTs. See “Business of Colabor - Recent Developments - Taxation Regime” and “Certain Canadian Federal Income Tax Considerations”.

(4) See “Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings”.

(5) Includes $1,000,000 in synergies resulting from the integration of Bertrand’s business. See “Forward-Looking Statements” and “Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies”.

**Integration Plan**

Following closing of the Bertrand Acquisition, Bertrand will be operated as a distinct division within Colabor. It is expected that Bertrand’s senior management will, except for those who are current shareholders of Bertrand, remain with Bertrand following closing of the Bertrand Acquisition. As such, Colabor intends to hire a general manager who will be responsible for Bertrand’s operations following closing of the Bertrand Acquisition. Management believes that there will be cost-saving opportunities and other synergies arising from the sharing of best practices and the integration of certain programs and benefits and an increase in purchasing power. Benefiting from its increased purchasing power, management expects annual recurring synergies coming from procurement savings and other initiatives will be realized within a 12-month period following the Bertrand Acquisition and will amount to approximately $1,000,000. See “Forward-Looking Statements” and “Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies”.

**Share Purchase Agreement**

The Share Purchase Agreement contains various representations, warranties and conditions. The material terms of the Share Purchase Agreement are summarized below. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the provisions of the Share Purchase Agreement, a copy of which has been filed with the securities regulatory authorities in Canada.

*Purchase Price*

Colabor has agreed to acquire all of the issued and outstanding shares of Bertrand from the Sellers for an aggregate cash purchase price of $75 million consisting of: (i) a $65 million cash payment payable on the closing date; (ii) a $2.5 million cash payment payable on the 5th day following the day on which the normalized consolidated EBITDA, the closing net working capital and the average net working capital of Bertrand as at the closing date will have been established for the purposes of the price adjustments described below; (iii) a $7.5 million cash payment payable by Colabor in two annual instalments of $3.75 million, the first instalment to be made on the first anniversary of the closing date of the Bertrand Acquisition; and (iv) the adjustments described below. After the foregoing purchase price adjustments, management expects the Purchase Price for the Bertrand Acquisition will be $84.8 million. In addition, Colabor has agreed to effectively assume $4.5 million of Bertrand's debt in connection with the Bertrand Acquisition.

The Purchase Price has been determined on the basis that Bertrand will have normalized consolidated EBITDA of $10 million as at the closing date of the Bertrand Acquisition and on the assumption that the working capital of Bertrand as at March 15, 2008 will be the same as the average working capital of Bertrand for the 12-month period ending March 15, 2008. The Purchase Price will be adjusted in favour of Colabor if the normalized consolidated EBITDA is less than $10 million and in favour of the Sellers if it exceeds $10 million. This adjustment will be equal to 7.5 times the difference between $10 million and the actual normalized consolidated EBITDA of Bertrand as at the closing date of the Bertrand Acquisition. The Purchase Price will also be adjusted on a dollar per dollar basis in favour of the Sellers if the working capital of Bertrand, as at March 15, 2008, is greater than its average working capital for the 12-month period ending March 15, 2008 and in favour of Colabor if the working capital of Bertrand, as at March 15, 2008, is lower than its working capital for the 12-month period ending March 15, 2008. In addition, the Purchase Price will also be adjusted to account for the net earnings or losses of Bertrand for the period from the execution of Share Purchase Agreement to the closing of the Bertrand Acquisition. Any balance of the Purchase Price payable to the Sellers after the closing of the Bertrand Acquisition will bear interest at a rate of 4.5% per annum for the period from the closing date until its payment.

Concurrently with the Bertrand Acquisition, Gestion D. Bertrand Inc., Gestion André Bertrand Inc. and Gestion R. Bertrand Inc. have agreed to subscribe, on a private placement basis, for an aggregate of 800,000 Units at the Offering price of $10.45 per Unit for aggregate proceeds of $8,360,000 (the "Private Placement"). Such Units will be issued on a private placement basis pursuant to exemptions from prospectus requirements in accordance with applicable Canadian securities laws and will be subject to regulatory and contractual restrictions on resale for a period of four months following their issuance.

Substantially all of the proceeds of the Offering and the Private Placement will be used to pay the cash portion of the Purchase Price.

*Representations and Warranties*

The Share Purchase Agreement includes representations and warranties of the Sellers in favour of Colabor which are customary for a transaction of this nature, including with respect to corporate matters, financial matters, absence of changes to the business and activities of Bertrand, condition and sufficiency of assets, contracts and commitments, intellectual property, employees, benefit plans, taxes, real property, environmental matters, compliance with personal information, litigation, conduct of business and insurance. Such warranties have been given by the Sellers on a solidary basis. The Share Purchase Agreement also contains representations and warranties of Colabor in favour of the Sellers on corporate matters.

*Covenants*

The Share Purchase Agreement includes customary covenants of the Sellers and Colabor, including with respect to prohibition of disclosure of confidential information. In particular, the Sellers have agreed to cause Bertrand, from the date of the Share Purchase Agreement to the time of closing of the Bertrand Acquisition, to complete a corporate reorganization to dispose of certain assets which are ancillary and unrelated to the business of Bertrand.

*Indemnities*

The Sellers have agreed to indemnify Colabor from all claims resulting from any non-fulfilment or breach of covenant of the Sellers in the Share Purchase Agreement, from any incorrectness, misrepresentation or breach in any representation or warranty of the Sellers in the Share Purchase Agreement or from the corporate reorganization of Bertrand to be completed prior to the closing of the Bertrand Acquisition, or the ownership by Bertrand of any immovable owned by Bertrand prior to the closing date. The representations and warranties will survive for a period of 2 years following closing of the Bertrand Acquisition, except for representations and warranties relating to (i) tax matters which will survive 90 days after the expiration of the period during which an assessment or reassessment by any applicable taxing authority in respect of any taxation year to which those representations and warranties extend could be issued to Bertrand, and (ii) to title matters and certain corporate matters which will survive without limitation of time.

The aggregate maximum liability of the Sellers for any inaccuracy or misrepresentation in any of its representations and warranties is limited to the Purchase Price. No such claim may be made by Colabor against the Sellers until the aggregate of all claims exceeds $150,000, in which case, the Sellers' indemnification obligations will commence from the first dollar of such claims. Other than the balance of the purchase price payable to the Sellers, the Share Purchase Agreement does not require the Sellers to provide any security for its indemnification obligations under the Share Purchase Agreement or to otherwise take any steps to ensure that it will be in a position to satisfy such obligations. Accordingly, there can be no assurance of recovery by Colabor from the Sellers for breaches of its representations and warranties.

Colabor has agreed to indemnify the Sellers from all claims incurred by the Sellers resulting from any non-fulfilment or breach of any covenant of Colabor contained in the Share Purchase Agreement or from any incorrectness, misrepresentation or breach in any representation or warranty of Colabor in the Share Purchase Agreement. The aggregate maximum liability of Colabor for any incorrectness or misrepresentation in any of its representations and warranties has not been limited.

**Non-Competition and Non-Solicitation Agreement**

The following is a summary of the material terms and conditions to be contained in a non-competition and non-solicitation agreement (the "Non-Competition Agreement") to be entered into between Colabor, Bertrand, its affiliates and the Sellers on the closing of the Bertrand Acquisition. The summary is qualified in its entirety by the provisions of the Non-Competition Agreement. Pursuant to the terms of the Non-Competition Agreement, the Sellers agree not to, during a period of 3 years, directly or indirectly, carry on or be interested in any business, subject to certain exclusions, similar to or competitive with the business of Colabor and Bertrand (or any component thereof) within the Province of Quebec. In addition, the Sellers will agree not to solicit employees or customers of Colabor or Bertrand for a period of 3 years.

**Closing Conditions**

The obligation of the parties to complete the Bertrand Acquisition is subject to customary closing conditions, including: (i) the representations and warranties made by the parties being true and correct in all material respects as of the closing date of the Bertrand Acquisition; (ii) compliance by the parties with all of their obligations under the Share Purchase Agreement in all material respects; (iii) receipt of consents and approvals of certain third parties, including any authorization required under the *Competition Act*; (iv) the entering into of leases for the St-Nicolas Distribution Facility and the Chicoutimi Warehouse and of the Non-Competition Agreement; (v) the absence of any action or proceeding, pending or threatened by any person or governmental authority to enjoin or prevent the completion of the Bertrand Acquisition; (vi) the absence of any encumbrances by the Sellers over the shares of Bertrand; (vii) the absence of any guarantees by Bertrand or any of its affiliates of any liabilities or obligations in respect of Bertrand or its affiliates (viii) the completion of the New Credit Facilities and (ix) the completion of the Private Placement.

**Closing Transactions**

The description of the transaction steps below is the Fund's current expectation of the steps that will occur to consummate the Bertrand Acquisition which is expected by management to occur on or about April 28, 2008. The contributed and/or loaned amounts set forth below are based on a series of other assumptions and are affected by a number of factors including, without limitation, the amount of transaction expenses, the amount of cash on hand on the closing date of the Bertrand Acquisition, the amount available for borrowing under the New Credit Facilities and the gross proceeds realized in this Offering.

- The Fund will issue to the public the Subscription Receipts, raising net proceeds $38,022,325.
- The Fund will issue 800,000 Units pursuant to the Private Placement, raising gross proceeds of $8,360,000.
- Effective on closing of the Bertrand Acquisition, the Subscription Receipts will be exchanged for Units.
- The Fund will use the net proceeds of the Offering and the proceeds of the Private Placement to acquire additional Trust Units.
- The Trust will subscribe for shares of Colabor Group, a wholly-owned subsidiary of the Trust which holds the Fund's indirect participation in Colabor.
- The Trust will make a drawing of an amount estimated to be approximately $20 million under the New Credit Facilities and shall lend, at interest, such amount to Colabor Group.
- Colabor Group will subscribe for Ordinary LP Units for an aggregate subscription price of $66,382,325.
- Colabor will make such drawings under the New Credit Facilities as are necessary to complete the Bertrand Acquisition, which drawings are expected to be approximately $1,616,500.

- Colabor will use the cash received pursuant to the issuance of the Ordinary LP Units to Colabor Group and the drawings on the New Credit Facilities to pay the cash portion of the Purchase Price payable at closing of the Bertrand Acquisition and the remaining transactions costs.

- Following closing of the Bertrand Acquisition, Colabor will make such drawings under the New Credit Facilities at such times as are necessary to pay the remaining instalments and adjustments payable under the Share Purchase Agreement which are estimated to be $19.2 million.

**New Credit Facilities**

On April 7, 2008, Colabor entered into a commitment letter with a Schedule I Canadian Bank, as underwriter (the "Credit Facilities Underwriter") and administrative agent, and National Bank Financial Inc., as lead arranger and sole bookrunner, pursuant to which the Credit Facilities Underwriter has agreed to provide for the establishment for Colabor and its related entities of a $100 million operating credit facility (the "Operating Facility") and a $40 million bridge to equity facility (the "Bridge Facility") (collectively, the "New Credit Facilities"). The Operating Facility will be made available by the Credit Facilities Underwriter and a syndicate of lenders (collectively the "Lenders") and the Bridge Facility will be made available by the Credit Facilities Underwriter. The New Credit Facilities' proceeds are to be used for general corporate purposes, to repay and cancel certain existing credit facilities and in order to finance the Bertrand Acquisition.

The following is a summary of the material terms and conditions to be contained in a credit agreement (the "Credit Agreement") to be entered into with Colabor and its related entities and the Lenders on or prior to closing of the Bertrand Acquisition. The summary is qualified in its entirety by the provisions of the Credit Agreement. The New Credit Facilities will replace certain existing credit facilities of Colabor, which were established to fund ongoing operating requirements, working capital requirements, general corporate purposes and for certain acquisitions and investments (the "Existing Credit Facilities"). As at April 15, 2008, $38,765,083 was outstanding under the Existing Credit Facilities.

*Operating New Credit Facilities*

Operating Facility: The Operating Facility will consist of a senior secured revolving credit facility for a maximum authorized amount of $100 million and borrowing thereunder may be drawn, prepaid and re-borrowed until maturity. The Operating Facility has a three-year term and is repayable in full upon maturity. In addition, the Operating Facility may be increased at the request of Colabor by an additional amount of $50 million provided that no event of default has occurred and is continuing. This Operating Facility may be drawn in Canadian dollars by way of prime rate loans, bankers' acceptances or letters of credit. The Operating Facility will bear interest at rates based on the prime rate, plus a spread which will vary depending on the form of advances used by Colabor and Colabor's debt to EBITDA. Standby fees payable by Colabor to the Lenders will also vary depending on the unused portion of the Operating Facility. The obligations of Colabor under the Operating Facility will be secured by first ranking security over all the movable and personal, real and immoveable property of Colabor and its related entities.

Bridge Facility: Colabor has also obtained a commitment for a $40 million Bridge Facility consisting of a senior unsecured non-revolving credit facility. The Bridge Facility has a nine-month term and is payable in full at maturity, with no scheduled repayments prior to maturity. The Bridge Facility will be available in one single drawdown and any unused portion of the commitment under the Bridge Facility after the initial drawdown of the New Credit Facilities will cease to be available. If this Offering is completed, Colabor does not expect to draw down any amounts under the Bridge Facility. The Bridge Facility will bear interest at rates based on the prime rate plus a spread which will vary depending on the number of months remaining to maturity. The obligations of Colabor under the Bridge Facility will be unsecured.

*Covenants*

The Credit Agreement will contain customary affirmative, reporting and negative covenants. The Fund will be required to maintain (i) a prescribed ratio of total debt (excluding the Debentures and the Bridge) to EBITDA of 4.0 times until the repayment and cancellation of the Bridge Facility and at all times thereafter, 3.0 times, and (ii) a prescribed ratio of EBITDA to interest expenses at all times. In addition, the Credit Agreement will impose restrictions on the ability of Colabor and related entities to incur additional debt, create liens, dispose of assets, consolidate, merge or acquire other businesses, make distributions, investments and capital expenditures and create subsidiaries. These covenants will also restrict the Fund from owning any other assets, from incurring additional debt and from carrying on business and will provide that any debt or equity issuance by the Fund will be reinvested in the Trust and will include similar restrictions with respect to other Trust entities. These covenants may restrict numerous aspects of the business of Colabor.

The New Credit Facilities will, in certain circumstances, restrict the ability of the Fund and other Fund entities to make payments in respect of their securities, including the Units, unless sufficient funds are available for the repayment of indebtedness and the payment of interest, expenses and taxes. The New Credit Facilities also provide for mandatory prepayment under the Operating Facility and the Bridge Facility which will also reduce the commitments thereunder upon the occurrence of certain prescribed events, including the issuance of securities, the incurring of debt and the disposal or sale/lease back transactions above certain amounts.

*Events of Default*

The Credit Agreement will also contain customary events of default. Failure to comply with the terms of the New Credit Facilities would entitle the Lenders to accelerate all amounts outstanding under the New Credit Facilities, and upon such acceleration, the Lenders would be entitled to begin enforcement of security granted by Colabor to recover assets of Colabor, including accounts receivable, inventory, equipment and material contracts. The Lenders would then be repaid from the proceeds of such security, using all available assets. Only after such repayment and the payment of any other secured and unsecured creditors would the Unitholders receive any proceeds from the liquidation of Colabor's assets.

## SELECTED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the Fund and Bertrand, respectively, for the periods indicated. This information should be read in conjunction with the audited consolidated financial statements of the Fund for the years ended December 31, 2007 and December 31, 2006 and the related notes and management's discussion and analysis of the financial condition and results of operations, the audited financial statements of Bertrand for the years ended September 29, 2007 and September 30, 2006 and the related notes, the unaudited financial statements of Bertrand for the 12-week period ended December 21, 2007 and December 22, 2006 and the related notes, all as included elsewhere or incorporated by reference in this short form prospectus. Financial years of the Fund end on December 31 and are composed of thirteen periods of 28 days each; three quarterly periods of the Fund are composed of three periods of 28 days each and the last quarterly period is composed of four periods of 28 days each. Since October 2005, financial years of Bertrand end 52 weeks after the end of the previous financial year end. There are 52 weeks in the financial statements for the years ended September 29, 2007 and September 30, 2006. Historical results are not necessarily indicative of the results that may be expected for any further period or for a full year.

| **Twelve Months Ended December 31, 2007**[(1)] | **The Fund** | **Bertrand** | **Pro Forma Adjustments** | **Consolidated Pro Forma** |
|---|---|---|---|---|
| | (in thousands of dollars) (unaudited) | | | |
| Net Sales[(2)] | $838,068 | $158,786 | $(56,865) | $939,989 |
| Net earnings | (185)[(3)] | 5,915 | (1,575) | 4,155 |
| Adjusted EBITDA[(4)] | 30,548 | 10,468 | 837 | 41,853 |
| **As at December 31, 2007** | | | | |
| Current assets | $101,203 | $25,995 | --- | $127,198 |
| Property, plant and equipment | 10,892 | 4,662 | --- | 15,554 |
| Total assets | 263,287 | 34,030 | 65,639 | 362,956 |
| Current liabilities | 78,128 | 26,000 | (16,175) | 87,953 |
| Long-term debt | 1,209 | 446 | --- | 1,655 |
| Debentures | 45,235 | --- | --- | 45,235 |
| Future income taxes | 6,290 | 756 | (161) | 6,885 |
| Non-Controlling Interest | 29,187 | --- | (900) | 28,287 |
| Total liabilities | 184,177 | 27,341 | 26,035 | 237,553 |
| Equity | 79,110 | 6,689 | 39,604 | 125,403 |
| Total liabilities and equity | 263,287 | 34,030 | 65,639 | 362,956 |

Note:

(1) With respect to Bertrand, the information is derived from the unaudited financial statements of Bertrand for the 12-month period ended December 21, 2007. Excludes financial information related to the Bruce Edmeades Acquisition. See "Business of Colabor - Recent Developments - Acquisition of Bruce Edmeades Co.", "Forward-Looking Statements" and "Risk Factors -Integration of Bertrand and Bruce Edmeades and Expected Synergies".

(2) Consolidated *pro forma* net sales are net of Colabor's sales to Bertrand for the period.

(3) Net earnings of the Fund, for the 114-day period ended December 31, 2007 (4th quarter), were reduced by $9,005,000, recognized in full during that quarter and consisting of current income taxes of $2,715,000 and future income taxes of $6,290,000 as a result of the Department of Finance's decision that the Fund is not eligible to benefit from transition rules for existing SIFTs. See "Business of Colabor - Recent Developments -Taxation Regime" and "Certain Canadian Federal Income Tax Considerations".

(4) Adjusted EBITDA is not a recognized measure under Canadian GAAP and does not have a standardized meaning prescribed by Canadian GAAP. Therefore Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash" and "Reconciliation of EBITDA and Adjusted EBITDA to Net Earnings".

## RECONCILIATION OF EBITDA AND ADJUSTED EBITDA TO NET EARNINGS

Management believes that EBITDA and Adjusted EBITDA are important measures in evaluating the performance of the Fund and Bertrand and in determining whether to invest in the Units. However, EBITDA and Adjusted EBITDA are not recognized earnings measures under Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Prospective investors are cautioned that EBITDA and Adjusted EBITDA should not be construed as an alternative to net earnings or loss determined in accordance with Canadian GAAP as indicators of the Combined Business' performance or cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. The Fund defines and has computed EBITDA and Adjusted EBITDA as described under "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash". The following table reconciles EBITDA and Adjusted EBITDA to Net Earnings based on the historical consolidated financial statements of the Fund and Bertrand incorporated by reference or contained elsewhere in this short form prospectus:

| Twelve Months Ended December 31, 2007(1) | The Fund | Bertrand | Consolidated Pro Forma |
|---|---|---|---|
| | (in thousands of dollars) (unaudited) | | |
| Net earnings | ($185)(2) | $5,915 | |
| Income taxes | 9,005 | 2,905 | |
| Non-controlling interest | 4,650 | --- | |
| Financial expenses | 6,731 | 373 | |
| Amortization of property, plant and equipment | 3,354 | 1,275 | |
| Amortization of intangible assets | 6,993 | -------- | |
| **EBITDA(3)** | $30,548 | $10,468 | |
| Elimination of expenses contractually excluded | --- | 837 | |
| **Adjusted EBITDA(3)** | $30,548 | $11,305 | $41,853 |

Notes:

(1) With respect to Bertrand, the information is derived from the unaudited financial statements of Bertrand for the 12-month period ended December 21, 2007. Excludes financial information related to the Bruce Edmeades Acquisition. See "Business of Colabor - Recent Developments", "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

(2) Net earnings of the Fund, for the 114-day period ended December 31, 2007 (4th quarter), were reduced by $9,005,000, recognized in full during that quarter and consisting of current income taxes of $2,715,000 and future income taxes of $6,290,000 as a result of the Department of Finance's decision that the Fund is not eligible to benefit from transition rules for existing SIFTs. See "Business of Colabor - Recent Developments -Taxation Regime" and "Certain Canadian Federal Income Tax Considerations"

(3) See "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash". EBITDA and Adjusted EBITDA are not recognized measures under Canadian GAAP and do not have standardized meanings prescribed by Canadian GAAP. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similar measures presented by other issuers.

## SUMMARY OF DISTRIBUTABLE CASH

The following analysis has been prepared by management on the basis of the information contained in this short form prospectus and management's estimate of the amount of expenses and expenditures to be incurred by the Combined Business.

**This analysis is not a forecast or a projection of future results. The actual results of operations of the Combined Business for any period, whether before or after the completion of the Bertrand Acquisition, will likely vary from the amounts set forth in the following analysis, and such variation may be material.**

**Investors are urged to consider such assumptions and the risks that such assumptions may prove incorrect. See "Risk Factors" for risks that could cause actual results to vary. Although the Fund intends to make distributions of its available cash to the maximum extent possible to Unitholders, these cash distributions may be reduced or suspended.** Further information related to the underlying assumptions is provided in the footnotes to the table for each reconciling item.

The Fund's primary source of cash for distribution is cash flow from operating activities of the Combined Business. Information about distributable cash has been prepared, in all material respects, in accordance with *National Policy 41-201*

*Income Trusts and Other Indirect Offerings* published by the Canadian Securities Administrators in July 2007. The following table reconciles cash flows from operating activities to standardized distributable cash (as defined by the Canadian Institute of Chartered Accountants in the release "Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities" issued in July 2007) and distributable cash, as defined by the Fund.

Management believes that, upon completion of the Bertrand Acquisition, the Combined Business will incur interest expenses and will require sustaining capital expenditures which will differ from those contained in the historical financial statements or in the unaudited *pro forma* consolidated financial statements that are incorporated by reference or included elsewhere in this short form prospectus. Although management does not have firm commitments for all of those expenses and, accordingly, the complete financial effects of all of those expenses and expenditures are not objectively determinable, management believes that, based on the assumptions described above and in the notes to the table below, the following represents a reasonable estimate of what distributable cash would have been for the period from January 1, 2007 to December 31, 2007, had the Fund owned Bertrand during such period, but without giving effect to the Bruce Edmeades Acquisition:

| **Twelve Months Ended December 31, 2007**[(1)] | **The Fund** | **Bertrand** | **Pro Forma Adjustments** | **Consolidated Pro Forma** |
|---|---|---|---|---|
| | (in thousands of dollars except per Unit amounts and percentages) (unaudited) | | | |
| **Cash from operating activities** | **$29,405** | **$4,116** | | **$33,521** |
| Acquisition of property, plant and equipment | (1,469) | (350) | | (1,819) |
| **Standardized distributable cash** | **27,936** | **3,766** | | **31,702** |
| Change in non-cash operating working capital | (7,176) | 3,272 | | (3,904) |
| Taxes | 31[(2)] | | $677[(3)] | 699 |
| Interest expense[(4)] | (138) | 184 | (2,092) | (2,046) |
| Elimination of expenses that will be contractually excluded | | 837 | | 837 |
| **Adjusted Standardized Distributable Cash** | **$20,653** | **$8,059** | | **$27,288** |
| **Distributable cash** | | | | |
| Cash available for distribution, fully diluted | $22,900[(6)] | | | $29,479 |
| Units outstanding, fully diluted[(5)] | 19,862 | | 4,630 | 24,492 |
| Cash available for distribution per Unit, fully diluted[(5)] | $1.15 | | | $1.20 |
| Payout ratio, fully diluted[(5)] | 94% | | | 90% |
| **Including $1 million of expected annual synergies**[(7)] | | | | |
| Cash available for distribution per Unit, fully diluted[(5)] | | | | $1.23 |
| Payout ratio, fully diluted[(5)] | | | | 88% |

Giving effect to the Bertrand Acquisition and to the Bruce Edmeades Acquisition and including the synergies anticipated to result from both transactions[(7)(8)], management estimates that cash available for distribution per Unit on a fully diluted basis of $1.15 would have increased by over 20% for the 12-month period ended December 31, 2007. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

Notes:

(1) With respect to Bertrand, the information is derived from the unaudited financial statements of Bertrand for the 12-month period ended December 21, 2007. Excludes financial information related to the Bruce Edmeades Acquisition. See "Business of Colabor - Recent Developments - Acquisition of Bruce Edmeades Co.", "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

(2) Adjustment to income tax expense to reflect the interest payable on the additional debt incurred in relation to the payment of $2.7 million of income tax for the 12 months ended December 31, 2007 (see Note 4 below).

(3) Adjustment to income tax expense to reflect the estimated tax effects of the Bertrand Acquisition. See "Business of Colabor - Recent Developments–Taxation Regime" and "Certain Canadian Federal Income Tax Considerations".

(4) The Fund's interest expense has been adjusted to reflect the additional debt to be incurred in relation to the payment of $2.7 million of taxes for the 12 months ended December 31, 2007. See "Business of Colabor - Recent Developments–Taxation Regime" and "Certain Canadian Federal Income Tax Considerations".

(5) The *pro forma* fully diluted Units outstanding, cash available for distribution per Unit and payout ratio have been adjusted by 3,830,000 Units issuable pursuant to the Subscription Receipts, 800,000 Units issuable pursuant to the Private Placement, and 4,835,512 Units issuable pursuant to the conversion of the Debentures.

(6) Corresponds to the adjusted standardized distributable cash adjusted to give effect to the conversion of the outstanding Debentures and to exclude the interest expense in relation to such Debentures, net of tax.

(7) Management estimates the synergies coming from procurement savings attributable to Colabor's increase in purchases from suppliers resulting from the Bertrand Acquisition and other cost savings initiatives to be approximately $1,000,000 on an annual basis. Management's estimate is based on past experience

with suppliers and current purchasing alliances, amongst other factors. See "Forward-Looking Statements" and "Risk Factors - Integration of Bertrand and Bruce Edmeades and Expected Synergies".

(8) Management estimates Bruce Edmeades' EBITDA margin (being the ratio of EBITDA over total revenues), once the full effect of the integration with the Summit Division is realized, should reach approximately 2.5%. The increase in margin is expected to arise from cost savings and efficiency gains as well as procurement savings attributable to Colabor's increase in purchases from suppliers resulting from the Bruce Edmeades Acquisition. Management's estimate of procurement savings is based on past experience with suppliers and current purchasing alliances, amongst other factors. See "Recent Developments - Acquisition of Bruce Edmeades Co.", "Risk Factors" and "Forward-Looking Statements".

Distributable cash will represent, in general, all of Colabor's available cash for the particular monthly period less any estimated cash amounts required for debt service obligations, other expense obligations, capital expenditures, taxes, reserves (including amounts for capital expenditures) and such other amounts as may be considered appropriate by Colabor. Capital and other expenditures, including amounts required to enable Colabor to pay equal monthly distributions based on expected monthly cash distributions, may also be financed with drawings under Colabor's operating credit facilities, other borrowings or additional issuances of securities.

## USE OF PROCEEDS

The estimated net proceeds from the Offering, after deducting fees payable to the Underwriters and the expenses of the Offering payable by the Fund will be approximately $37 million. As described above, the net proceeds of the Offering (following the release of the proceeds from the sale of the Subscription Receipts (the "Escrow Funds") (see "Description of the Subscription Receipts") by Computershare Trust Company of Canada (the "Escrow Agent")), together with the proceeds of the Private Placement will be used by the Fund to indirectly acquire Ordinary LP Units. In turn, Colabor will use such proceeds to finance a portion of the Bertrand Acquisition. The aggregate acquisition cost to Colabor to acquire Bertrand is $84.8 million (plus the assumption of $4.5 million of indebtedness) and in addition to the estimated acquisition costs of approximately $1,000,000. Colabor will finance the remainder of the acquisition cost of the Bertrand Acquisition through the New Credit Facilities. See "Bertrand Acquisition - New Credit Facilities".

## CONSOLIDATED CAPITALIZATION OF THE FUND

The following table sets out the capitalization of the Fund as at December 31, 2007, both before and after giving effect to the Offering, the Private Placement and the Bertrand Acquisition.

| Designation | Authorized | As at December 31, 2007 | As at December 31, 2007, after giving effect to the Offering, the Bertrand Acquisition and the Private Placement[(1)] |
|---|---|---|---|
| Long Term Debt[(2)] | Unlimited | $1.677 million | $2.776 million |
| Operating Facility | Unlimited | $23.376 million | $66.647 million |
| Non-Controlling Interest[(3)] | | $29.187 million | $28.287 million |
| Units | Unlimited | $88.905 million | $135.107 million |
| | | (9,896,048 Units) | (14,526,048 Units) |
| Special Voting Units | Unlimited | — | — |
| | | (5,087,439 Units) | (5,087,439 Units) |
| Debentures | Unlimited | $45.235 million | $45.235 million |
| Debentures conversion option | — | $2.337 million | $2.337 million |

Notes:

(1) Does not give effect to the Bruce Edmeades Acquisition.

(2) Includes current portion.

(3) Reflects the Exchangeable LP Units held by Colabor Investments which are exchangeable for Units on a one-for-one basis subject to certain conditions and customary anti-dilution provisions.

## PRIOR SALES

For the 12-month period prior to the date of this prospectus, $930,000 principal amount of Debentures were, pursuant to their terms and conditions, converted into an aggregate of 90,730 Units at a conversion price of $10.25 per Unit.

## MARKET FOR SECURITIES

The Units and Debentures are listed on the Toronto Stock Exchange (the "TSX") under the symbols "CLB.UN" and "CLB.DB", respectively.

The following tables show the range of high and low prices per Unit and Debenture as at the close of market and total monthly volumes of Units and Debentures traded on the TSX for the 12-month period ended March 31, 2008 and the 15-day period ended April 15, 2008.

**Units**

| Month | High | Low | Total Volume (Units) |
|---|---|---|---|
| April 2007 | $10.39 | $9.30 | 366,081 |
| May 2007 | $11.50 | $10.10 | 513,319 |
| June 2007 | $10.89 | $10.18 | 1,549,892 |
| July 2007 | $10.70 | $10.13 | 482,463 |
| August 2007 | $10.50 | $9.85 | 255,731 |
| September 2007 | $10.40 | $9.80 | 90,733 |
| October 2007 | $10.98 | $9.84 | 286,459 |
| November 2007 | $11.00 | $10.30 | 266,830 |
| December 2007 | $10.55 | $9.90 | 224,973 |
| January 2008 | $10.46 | $9.90 | 367,969 |
| February 2008 | $10.80 | $10.25 | 329,050 |
| March 2008 | $10.95 | $10.30 | 290,923 |
| April 2008 | $10.85 | $10.46 | 531,522 |

**Debentures**

| Month | High | Low | Total Volume (Debentures) |
|---|---|---|---|
| April 2007 | $105.00 | $103.20 | 2,079,000 |
| May 2007 | $110.00 | $103.00 | 1,995,000 |
| June 2007 | $106.50 | $101.00 | 1,120,000 |
| July 2007 | $103.00 | $100.25 | 368,000 |
| August 2007 | $103.50 | $100.00 | 574,000 |
| September 2007 | $103.00 | $96.00 | 570,000 |
| October 2007 | $104.99 | $97.28 | 509,000 |
| November 2007 | $105.00 | $101.49 | 673,000 |
| December 2007 | $102.59 | $100.00 | 253,000 |
| January 2008 | $101.00 | $96.77 | 665,000 |
| February 2008 | $105.00 | $100.00 | 1,167,000 |
| March 2008 | $106.85 | $101.10 | 1,443,000 |
| April 2008 | $105.75 | $101.04 | 578,000 |

## DESCRIPTION OF THE SUBSCRIPTION RECEIPTS

### General

The Subscription Receipts will be issued pursuant to the Subscription Receipt Agreement, a copy of which will be filed with the Canadian securities regulatory authorities. The following is a summary of the material attributes and characteristics of the Subscription Receipts. This summary does not purport to be complete and is subject to, and qualified in its entirety by, reference to the terms of the Subscription Receipt Agreement.

### Book-Entry System

The Subscription Receipts will be issued in "book-entry only" form and must be purchased or transferred through a participant in the CDS depository service (a "CDS Participant"). On the Closing Date, the Subscription Receipt Agent will cause the Subscription Receipts to be delivered to CDS and registered in the name of its nominee. The Subscription Receipts will be evidenced by a single book-entry only certificate. Registration of interests in and transfers of the Subscription Receipts will be made only through the depository service of CDS.

Except as described below, a purchaser acquiring a beneficial interest in the Subscription Receipts (a "Beneficial Owner") will not be entitled to a certificate or other instrument from the Subscription Receipt Agent or CDS evidencing that purchaser's interest therein, and such purchaser will not be shown on the records maintained by CDS, except through a CDS Participant. Such purchaser will receive a confirmation of purchase from the Underwriter or other registered dealer from whom Subscription Receipts are purchased.

Neither the Fund nor the Underwriters will assume any liability for: (a) any aspect of the records relating to the beneficial ownership of the Subscription Receipts held by CDS or the payments relating thereto; (b) maintaining, supervising or reviewing any records relating to the Subscription Receipts; or (c) any advice or representation made by or with respect to CDS and contained in this short form prospectus and relating to the rules governing CDS or any action to be taken by CDS or at the direction of the CDS Participants. The rules governing CDS provide that it acts as the agent and depositary for the CDS Participants. As a result, CDS Participants must look solely to CDS and Beneficial Owners must look solely to CDS Participants for the payment of the principal and interest on the Subscription Receipts paid, as applicable, by or on behalf of the Fund to CDS.

As indirect holders of Subscription Receipts, investors should be aware that they (subject to the situations described below): (a) may not have Subscription Receipts registered in their name; (b) may not have physical certificates representing their interest in the Subscription Receipts; (c) may not be able to sell the Subscription Receipts to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Subscription Receipts as security.

The Subscription Receipts will be issued to Beneficial Owners in fully registered and certificate form (the "Subscription Receipt Certificates") only if: (a) required to do so by applicable law; (b) the book-entry only system ceases to exist; (c) the Fund or CDS advises the Subscription Receipt Agent that CDS is no longer willing or able to properly discharge its responsibilities as depositary with respect to the Subscription Receipts and the Fund is unable to locate a qualified successor; (d) the Fund, at its option, decides to terminate the book-entry only system through CDS; or (e) CDS Participants acting on behalf of Beneficial Owners representing, in the aggregate, more than 25% of the aggregate principal amount of the Subscription Receipts then outstanding, advise CDS in writing that the continuation of a book-entry only system through CDS is no longer in their best interest.

Upon the occurrence of any of the events described in the immediately preceding paragraph, the Subscription Receipt Agent must notify CDS, for and on behalf of CDS Participants and Beneficial Owners, of the availability through CDS of Subscription Receipts Certificates. Upon surrender by CDS of the single certificate representing the Subscription Receipts and receipt of instructions from CDS for the new registrations, the Subscription Receipts Agent will deliver the Subscription Receipts in the form of Subscription Receipt Certificates and thereafter the Fund will recognize the holders of such Subscription Receipt Certificates as holders of Subscription Receipts under the Declaration of Trust.

**Escrowed Funds**

The Escrowed Funds will be delivered to and held by the Escrow Agent and invested in short-term obligations of, or guaranteed by, the Government of Canada, a Province of Canada or a Canadian chartered bank, as directed by the Fund, pending completion of the Bertrand Acquisition or the occurrence of a Termination Event. Provided that the closing of the Bertrand Acquisition occurs by the Termination Date, the Escrowed Funds, less the amount required to pay holders of Subscription Receipts an amount per Subscription Receipt equal to the amount per Unit paid by the Fund on the Units from the Closing Date until the closing of the Bertrand Acquisition, the Distribution Equivalent, will be released to the Fund and the Units will be issued to holders of Subscription Receipts who will receive, without payment of additional consideration or further action, one Unit for each Subscription Receipt held and the Distribution Equivalent, if any.

**Terms of Subscription Receipts**

Forthwith upon the closing of the Bertrand Acquisition, the Fund will execute and deliver to the Escrow Agent a notice thereof, and will issue and deliver the Units to the Escrow Agent. Contemporaneously with the delivery of such notice, the Fund will issue a press release specifying that the Units have been issued.

If the closing of the Bertrand Acquisition does not take place, or the other conditions to the exchange of the Subscription Receipts are not satisfied, by 5:00 p.m. (Montreal time) on June 23, 2008 or such later date as agreed upon by the Fund and National Bank Financial Inc. (acting on behalf of the Underwriters) provided such date shall be no later than July 24, 2008, or if the Share Purchase Agreement is terminated at any earlier time or if the Fund has advised the Underwriters or announced to the public that it does not intend to proceed with the Bertrand Acquisition, the Escrow Agent will return to the holders of Subscription Receipts, commencing on the third business day following the Termination Date, an amount equal to the full subscription price therefor and their pro rata entitlements to interest earned on the Escrowed Funds, calculated from Closing Date to, but excluding the Termination Date (less applicable withholding tax, if any). The Escrowed Funds, plus the interest earned thereon, will be applied toward the payment of such amount. If the Fund and National Bank Financial Inc. (acting on behalf of the Underwriters) agree to extend the Termination Date to a new termination date to occur at the latest on July 24, 2008 (the "Extension Date") but the Bertrand Acquisition fails to close on or before 5:00 p.m. (Montreal time) on the Extension Date, the holders of Subscription Receipts will receive, on the third business day following the Extension Date, in addition to the full subscription price of the Subscription Receipts and their pro rata entitlements to interest earned on the Escrowed Funds, calculated from the Closing Date to, but excluding the Extension Date (less applicable withholding tax, if any), an amount per Subscription Receipt equal to the per Unit distribution payable to Unitholders relating to any record date occurring on or after June 23, 2008 and up to but excluding the Extension Date. The Escrowed Funds, plus the interest earned thereon, will be applied toward the payment of such amount.

If the closing of the Bertrand Acquisition takes place prior to the Termination Date and holders of Subscription Receipts become entitled to receive Units pursuant to the Subscription Receipt Agreement, such holders will be entitled to receive a Distribution Equivalent. The Distribution Equivalent will be paid to the holders of Units issued pursuant to the Subscription Receipts on the later of (i) the date the Units are issued and (ii) the date such distributions are paid to Unitholders. For greater certainty, if the closing of the Bertrand Acquisition takes place on a date that is a distribution record date, holders of Subscription Receipts on such date shall not be entitled as such to receive a payment in respect of the cash distribution for such record date but will instead be deemed to be holders of record of Units on such date and will be entitled as Unitholders to receive such monthly distribution. Accordingly, if the Bertrand Acquisition closes on or before April 28, 2008 as currently contemplated, holders of Subscription Receipts will become holders of Units on or before April 28, 2008 and will be entitled, provided they remain holders of record of Units received pursuant to the Subscription Receipts on April 30, 2008 to receive the monthly distribution expected to be paid on May 15, 2008 to Unitholders of record on April 30, 2008.

The Distribution Equivalent will be satisfied by the payment by the Escrow Agent to holders of Subscription Receipts of interest earned on the Escrowed Funds. If the former holder of Subscription Receipts' share of interest earned on the Escrowed Funds is less than the amount to which such holder is entitled in respect of such Distribution Equivalent, the Fund will pay the amount of any such shortfall to the former Subscription Receiptholder, provided however that in no event shall the aggregate amount paid to a former Subscription Receiptholder in respect of a Subscription Receipt exceed the amount of such Distribution Equivalent. The Fund will treat such shortfall as a purchase price adjustment.

In the event that the closing of the Bertrand Acquisition occurs on or prior to the Closing Date, investors in the Offering will receive Units on the Closing Date instead of Subscription Receipts.

### Contractual Right of Rescission

Under the Subscription Receipt Agreement, original purchasers of Subscription Receipts pursuant to the Offering will have a contractual right of rescission, exercisable against the Fund, following the issuance of Units to such purchaser upon the exchange of the Subscription Receipts to receive the amount paid for the Subscription Receipts if this prospectus (including documents incorporated herein by reference) or any amendment hereto contains a misrepresentation or is not delivered to such purchaser, provided such remedy for rescission is exercised within 180 days of the Closing Date.

### Holders of Subscription Receipts are not Unitholders

Holders of Subscription Receipts are not Unitholders. Holders of Subscription Receipts are entitled only to receive Units and a Distribution Equivalent, if any, on exchange of their Subscription Receipts, which will occur automatically on closing of the Bertrand Acquisition, or to a return of the subscription price for the Subscription Receipts together with interest earned on the Escrowed Funds, as applicable, as described above.

## DESCRIPTION OF UNITS

### Units

The beneficial interests in the Fund is divided into interests of two classes, described and designated as "Units" and "Special Voting Units" (collectively, the "Voting Units"), respectively. An unlimited number of Units and Special Voting Units may be issued pursuant to the Declaration of Trust. As at April 16, 2008, 9,940,730 Units and 5,087,439 Special Voting Units are issued and outstanding respectively.

The Voting Units are not subject to future calls or assessments, and entitle the holders thereof to one vote for each whole Voting Unit held at all meetings of Voting Unitholders.

Each Unit represents an equal undivided beneficial interest in any distributions from the Fund, whether of net income, net realized capital gains (other than net realized capital gains distributed to redeeming holders of Units) or other amounts. Each Unit also represents an equal undivided beneficial interest in the net assets of the Fund in the event of termination or winding-up of the Fund. Units are transferable and bear equal rights and privileges.

No certificates will be issued for fractional Units and fractional Units will not entitle the holders thereof to vote. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation.

For additional information respecting the Units and the Special Voting Units, including restriction on non-resident Unitholders, the redemption rights attached to the Units, meeting of Unitholders and amendment to the Declaration of Trust, see "Description of the Fund" and "Description of Units", at pages 25 to 36 of the Annual Information Form.

**Issuance**

The Declaration of Trust provides that Units or rights to acquire Units may be issued at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine. At the option of the Trustees, Units may be issued in satisfaction of any distribution of the Fund to Unitholders on a pro rata basis to the extent the Fund does not have available cash to fund such distributions. The Declaration of Trust also provides that, unless the Trustees determine otherwise, immediately after any pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, except where tax was required to be withheld. In this case, each certificate, if any, representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation.

**Rights of Unitholders**

Although the Declaration of Trust confers upon a Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the *Canada Business Corporations Act* ("CBCA"), significant differences do exist.

Many of the provisions of CBCA respecting the governance and management of a corporation have been incorporated in the Declaration of Trust. For example, Unitholders are entitled to exercise voting rights in respect of their holdings of Units in a manner comparable to shareholders of a CBCA corporation and to elect trustees and auditors. The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Unitholders and trustees, the quorum for and procedures at such meetings and the right of investors to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which Unitholder approval is required under the Declaration of Trust are generally less extensive than the rights conferred to the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the Fund's subsidiary entities. These Unitholder approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are "reporting issuers" or the equivalent or listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting (i) the business or businesses that the corporation can carry on, or (ii) the issue, transfer or ownership of shares). As an alternative, Unitholders seeking to terminate their investment in the Fund are entitled to receive, subject to certain conditions and limitations, their pro rata share of the Fund's net assets through the exercise of the redemption rights provided by the Declaration of Trust. Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation when the corporation undertakes actions that are oppressive, unfairly prejudicial or disregarding the interests of securityholders and certain other parties. Shareholders of a CBCA corporation may also apply to a court to order the liquidation and dissolution of the corporation in those circumstances, whereas Unitholders could rely only on the general provisions of the Declaration of Trust which permit the winding up of the Fund with the approval of a special resolution of the Unitholders.

Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The Declaration of Trust allows Unitholders to pass resolutions appointing an inspector to investigate the Trustees' performance of their responsibilities and duties, but this process would not be subject to court oversight or assure the other investigative procedures, rights and remedies available under the CBCA. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of the corporation or any of its subsidiaries, with the leave of a court. The Declaration of Trust does not include a comparable right of the Unitholders to commence or participate in legal proceedings with respect to the Fund.

**Limitation on Non-Resident Ownership**

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund cannot be established or maintained primarily for the benefit of non-residents of Canada within the meaning of the Tax Act. Accordingly, the Declaration of Trust provides that at no time may non-residents of Canada be the beneficial owners of more than 40% of the Units. This 40% limitation will be applied with respect to the issued and outstanding Units on both a non-diluted basis and a fully diluted basis. The Trustees, in their sole discretion, may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of more than 40% of the Units then outstanding are, or may be, non-residents or that such a situation is imminent, the transfer agent and registrar may make a public announcement thereof and shall not accept a subscription for Units from, or issue or register a transfer of Units to, a person unless the person provides a declaration that the person is not a non-resident. If, notwithstanding the foregoing, the Trustees, in their sole discretion, determine that more than 40% of the Units are held by non-residents, the Trustees may send a notice to non-resident Unitholders, chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the persons receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents within such period, the Trustees may, on behalf of such persons, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be holders of the Units and their rights shall be limited to receiving the net proceeds of such sale. Notwithstanding the foregoing, the Trustees will not take any action which will affect the rights of Colabor Investments to or in respect of any Units held directly or indirectly by Colabor Investments at the time of the Fund's initial public offering of June 2005 (including any Units subsequently acquired on the exchange of Exchangeable LP Units held by Colabor Investments at the time of the Fund's initial public offering), and, for greater certainty, any of such Units will be deemed to have been acquired by such person prior to the acquisition of Units by any other holder of Units at any time.

On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act, which, if adopted, may cause the Fund to lose its status as a mutual fund trust in certain circumstances. These draft amendments to the Tax Act provide that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more non-residents of Canada or non-Canadian partnerships is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is "taxable Canadian property" or certain other types of property. If the draft amendments are enacted as proposed, and if, at any time, more than 50% of the aggregate fair market value of Units were held by non-resident of Canada and non-Canadian partnerships, the Fund would thereafter cease to be a mutual fund trust. The draft amendments do not currently provide any means of rectifying a loss of mutual fund trust status. On December 6, 2004, the Minister of Finance (Canada) tabled a Notice of Ways and Means Motion to implement certain measures proposed in the September 16, 2004 draft amendments. However, such Notice did not include the above-mentioned proposal concerning mutual fund trusts maintained primarily for the benefit of non-residents of Canada. In addition, the Minister of Finance (Canada) announced on December 6, 2004 that further discussions will be pursued with the private sector in this respect.

## PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated April 9, 2008 (the "Underwriting Agreement") between the Fund, Colabor and the Underwriters, the Fund has agreed to issue and sell and the Underwriters have agreed to purchase, as principals, on the anticipated Closing Date, being April 23, 2008 or any other date as may be agreed upon by the Fund and the Underwriters, but in any event not later than May 15, 2008, subject to the conditions stipulated in the Underwriting Agreement, 3,830,000 Subscription Receipts offered hereby at a price of $10.45 per Subscription Receipt payable in cash for total gross consideration of $40,023,500, payable in cash to the Escrow Agent against delivery by the Fund of global certificates evidencing the Subscription Receipts. The Subscription Receipts are being offered to the public in all of the provinces of Canada. The Offering price of the Subscription Receipts was determined by negotiation between Colabor, on behalf of the Fund, and the Underwriters. The Underwriting Agreement provides that the Fund will pay the Underwriters' fee of $0.5225 per Subscription Receipt for Subscription Receipts issued and sold by the Fund for an aggregate fee payable by the Fund of $2,001,175, in consideration for their services in connection with the Offering. The Underwriters' fee in respect of the Subscription Receipts is payable as to 50% upon closing of the Offering and 50% upon closing of the Bertrand Acquisition. If the Bertrand Acquisition is not completed by the Termination Date, the Underwriters' fee in respect of the Subscription Receipts will be reduced to the amount payable upon closing of the Offering.

The obligations of the Underwriters under the Underwriting Agreement are joint (several) and not solidary (i.e. joint and several) and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated in certain stated circumstances and upon the occurrence of certain stated events. Under the terms of the Underwriting Agreement, the Underwriters may be entitled to indemnification by the Fund against certain liabilities, including liabilities for misrepresentations in this short form prospectus. The obligations of the Fund and the Underwriters under the Underwriting Agreement to complete the purchase and sale of the Subscription Receipts will terminate automatically if the Bertrand Acquisition is terminated or the Fund has advised the Underwriters or announced to the public that it does not intend to proceed with the Bertrand Acquisition. If an Underwriter fails to purchase the Subscription Receipts that it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase any Subscription Receipts. The Underwriters are, however, obligated to take up and pay for all Subscription Receipts if any securities are purchased under the Underwriting Agreement.

Pursuant to rules and policy statements of certain securities regulators, the Underwriters may not, throughout the period of distribution under this short form prospectus, bid for or purchase Units and Subscription Receipts for their own account of for accounts over which they exercise control or direction. The foregoing restriction is subject to certain exceptions, provided that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units and Subscription Receipts. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered of Market Regulation Services Inc. relating to market stabilization and passive market-making activities and a bid or purchase made for, or on behalf of, a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws, the Underwriters may effect transactions in connection with the Offering intended to stabilize or maintain the market price of the Units and Subscription Receipts at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Fund has agreed that it will not, without prior consent of National Bank Financial Inc., on behalf of the Underwriters, whose consent shall not be unreasonably withheld, offer or issue, or enter into an agreement or other understanding (including pursuant to any monetization or other similar transaction) to offer or issue, any additional equity, debt securities or other securities of the Fund convertible, exchangeable or exercisable for such securities (except for the issuance of Units pursuant to the terms of the Subscription Receipts and the Debentures) for 90 days following the closing of the Bertrand Acquisition.

There is currently no market through which the Subscription Receipts may be sold and purchasers may not be able to resell the securities distributed under this short form prospectus. The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Subscription Receipts and the Units issuable pursuant to the terms of the Subscription Receipts on the TSX. Listing is subject to the Fund fulfilling all of the listing requirements of the TSX on or before July 6, 2008.

Concurrently with the closing of the Bertrand Acquisition, certain shareholders of Bertrand will subscribe for 800,000 Units at the Offering price for aggregate proceeds of $8,360,000, the whole as described under "Bertrand Acquisition - Share Purchase Agreement". Such Units will be issued on a private placement basis pursuant to exemptions from prospectus requirements in accordance with applicable Canadian securities laws and will be subject to regulatory and contractual restrictions on resale for a period of four months following their issuance.

The Subscription Receipts and the Units issuable pursuant to the Subscription Receipts have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered or sold within the United States except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In connection with the Offering, a portion of the Subscription Receipts may be sold in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to Rule 144A under the U.S. Securities Act. Any offers or sales of Subscription Receipts in the United States will be made by U.S. affiliates of the Underwriters.

In addition, until 40 days after the commencement of this Offering, any offer or sale of Subscription Receipts within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption under the U.S. Securities Act.

The Subscription Receipts are issued in "book-entry only" form and must be purchased or transferred through a CDS Participant. The Fund will cause a global certificate or certificates representing any Subscription Receipts to be delivered to, and registered in the name of, CDS or its nominee. All rights of holders of Subscription Receipts or Unitholders must be exercised through, and all payments or other property to which such holder is entitled will be made or delivered by, CDS or the CDS Participant through which the holder holds such Subscription Receipts. Each person who acquires Subscription Receipts will receive only a customer confirmation of purchase from the Underwriter or registered dealer from or through which the Subscription Receipts are acquired in accordance with the practices and procedures of that Underwriter or registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS is responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Subscription Receipts. See "Description of the Subscription Receipts".

The Underwriters propose to offer the Subscription Receipts to the public at the offering prices referred to above. After the Underwriters have made a reasonable effort to sell all of the Subscription Receipts at those prices, the offering price to the public of the Subscription Receipts may be decreased and may be further changed from time to time to an amount not greater than the offering prices referred to above, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subscription Receipts is less than the price paid by the Underwriters to the Fund.

A Canadian financial institution which is an affiliate of National Bank Financial Inc. will be a lender to affiliates of the Fund under the New Credit Facilities upon the closing of the Bertrand Acquisition (see "Bertrand Acquisition – New Credit Facilities"). Canadian financial institutions which are affiliates of National Bank Financial Inc. and Desjardins Securities Inc. are also lenders under the Fund's existing credit facilities which will be replaced by the New Credit Facilities. A portion of such facilities will be used to partially finance the Bertrand Acquisition and to pay related expenses. Consequently, the Fund may be considered a connected issuer of National Bank Financial Inc. and Desjardins Securities Inc. under applicable securities laws in certain Canadian provinces. The decision of National Bank Financial Inc. and Desjardins Securities Inc. to participate in the Offering was made independently of their respective affiliates, and the Offering was not required or suggested by such affiliates. The decision to undertake the Offering and the determination of the terms of the distribution were made through negotiations between the Fund and the Underwriters. Other than as described above, neither National Bank Financial Inc. and Desjardins Securities Inc. nor their respective affiliates will receive any benefit from the Offering, except for National Bank Financial Inc. and Desjardins Securities Inc. in respect of portion of the underwriting commission payable in accordance with the Underwriting Agreement. Furthermore, National Bank Financial Inc., one of the Underwriters, has acted as advisor to the Fund in connection with the Bertrand Acquisition and will receive compensation in such capacity in addition to its share of the Underwriters' Fee.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of McCarthy Tétrault LLP, counsel to the Fund and Fasken Martineau DuMoulin LLP counsel to the Underwriters, the following is, as of the date of this short form prospectus, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a prospective purchaser of the Subscription Receipts and the Units issued pursuant to the Subscription Receipts (collectively, the "Fund Securities") who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds the Fund Securities as capital property. Generally, Fund Securities will be considered to be capital property to an investor provided that the investor does not hold the Fund Securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain investors who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to an investor that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), a "specified financial institution", that has elected to determine its Canadian tax results in a "functional currency" (which does not include Canadian currency) or an investor an interest in which is a "tax shelter investment" (all as defined in the Tax Act). In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire Fund Securities.

This summary is based upon the facts set out in this short form prospectus, the provisions of the Tax Act in force at the date of this short form prospectus, counsel's understanding of the current administrative and assessing policies and practices of the Canada Revenue Agency ("CRA") published in writing and certificates from the Fund, Colabor and the Underwriters as to certain factual matters. This summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date of this short form prospectus (the "Tax Proposals"). There can be no assurance that any Tax Proposals will be implemented in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the administration policies or assessing practices of CRA, and does not take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this short form prospectus.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Fund Securities. Moreover, the income and other tax consequences of acquiring, holding or disposing of Fund Securities will vary depending on the investor's particular circumstances, including the province or provinces or territory or territories in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Fund Securities. **Investors should consult their own tax advisors with respect to the tax consequences of an investment in Fund Securities based on their particular circumstances.**

This summary does not address any Canadian federal income tax considerations applicable to non-residents of Canada, and non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding and disposing of Securities. Distributions on Units and all payments to non-residents including payments of interest, whether paid in cash or in Units, will be paid net of any applicable withholding taxes.

**Status of Fund**

*Mutual Fund Trust*

This summary is based on the assumption that the Fund qualifies as a "mutual fund trust", as defined in the Tax Act and will continuously qualify as a mutual fund trust at all relevant times. If the Fund were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially different.

The Fund is a "specified investment flow-through" ("SIFT") trust and, as a result, will be subject to tax in much the same manner as a corporation beginning with the 2007 taxation year, unless it is eligible to benefit from certain transitional rules and become subject to such tax starting in 2011. It has been determined that the Fund is not eligible to these transitional rules and accordingly is subject to such tax since January 1, 2007.

**Taxation of Holders of Subscriptions Receipts**

*Exchange of Subscription Receipts*

No capital gain or capital loss will be realized by a holder on the issuance of a Unit pursuant to a Subscription Receipt. This opinion is based upon the interpretation of counsel that a Subscription Receipt is an agreement to acquire a Unit on the satisfaction of certain conditions. No advance income tax ruling has been requested from the CRA, and counsel is not aware of any judicial consideration of this interpretation. The initial cost of a Unit received pursuant to a Subscription Receipt will be the subscription price thereof plus any reasonable cost of acquisition of the Subscription Receipt. The subscription price does not include (in the event the Bertrand Acquisition closes after June 23, 2008 but on or before the Termination Date) the amount paid by the Fund as a reduction in purchase price of a Unit, as described below. The cost of any Units acquired must be averaged with the adjusted cost base of any other Units held as capital property by the holder to determine the adjusted cost base of each Unit held.

*Other Dispositions of Subscription Receipts*

A disposition or deemed disposition by a holder of a Subscription Receipt, other than on the exchange thereof for a Unit, will generally result in the holder realizing a capital gain (or capital loss) equal to the amount by which the proceeds of disposition are greater (or less) than the aggregate of the holder's adjusted cost base thereof and any reasonable costs of disposition. A holder's cost of a Subscription Receipt will generally be the amount paid to acquire the Subscription Receipt plus any reasonable costs of acquisition. A holder's adjusted cost base of a Subscription Receipt will reflect the average cost of the Subscription Receipts owned by the holder as capital property. The taxation of capital gains and capital losses is described below.

*Amounts Received by Holders of Subscription Receipts*

If the Bertrand Acquisition closes on or before April 28, 2008, Subscription Receipts will be exchanged for Units on or before April 28, 2008 and holders of Subscription Receipts will be entitled as Unitholders to receive distributions from the Fund commencing with the distribution to be paid on May 15, 2008 to Unitholders of record on April 30, 2008. The tax treatment of such distributions will be as described below under "Fund Distributions".

If the Bertrand Acquisition closes before the Termination Date and after the record date for one or more distributions, Subscription Receipts will be exchanged for Units upon such closing and a holder of a Subscription Receipt will be entitled to receive a Unit plus an amount (the "distribution equivalent") that is equal to the amount of distributions that such holder would have received if the holder had been a holder of such Unit from the date of the closing of the offering of Subscription Receipts until the date of closing of the Bertrand Acquisition. The distribution equivalent will include the holder's share of interest earned on the Escrowed Funds. The amount of such interest will be included in computing the holder's income as described below. If the amount of this interest is less than the distribution equivalent, the Fund will pay to the holder the amount of any shortfall as a reduction in the purchase price of the holder's Units. A holder will not be required to include in income the amount of any such purchase price reduction; however, any such amount will reduce the cost to the holder of the holder's Units acquired on the exchange of the Subscription Receipts.

*Repayment of Issue Price and Interest*

If the Bertrand Acquisition does not close at or before 5:00 p.m. (Montreal time) on the Termination Date a holder will receive the issue price paid for the Subscription Receipt and the holder's share of interest earned on the Escrowed Funds. The holder will not generally realize any income, gain or loss on the repayment to the holder of the issue price. Where a holder is entitled to receive the holder's share of interest earned on the Escrowed Funds, a holder that is a corporation, partnership, unit trust or any trust of which a corporation or a partnership is a beneficiary will be required to include in computing income for a taxation year any interest on the Escrowed Funds that accrues to the holder to the end of that holder's taxation year, or that is receivable or received by the holder before the end of that taxation year, except to the extent that such interest was included in computing the holder's income for a preceding taxation year. Any other holder that is entitled to receive the holder's share of interest earned on the Escrow Funds will be required to include in computing income for a taxation year all interest on the Escrowed Funds that is received or receivable by the holder in that taxation year (depending on the method regularly followed by the holder in computing income), except to the extent that the interest was included in computing the holder's income for a preceding taxation year.

**Taxation of the Fund**

The taxation year of the Fund is the calendar year. In each taxation year, the Fund will be subject to tax under Part I of the Tax Act on its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it may deduct in respect of the amounts paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the Fund or if the Unitholder is entitled in that year to enforce payment of the amount.

Distributions by the Fund which are attributable to the Fund's "non-portfolio earnings" will not be deductible by the Fund. Generally, the Fund will be subject to tax on such distributions at a rate equal to the general corporate tax rate plus a prescribed amount on account of provincial tax.

"Non-portfolio earnings" of the Fund are generally income of the Fund attributable to a business carried on by the Fund in Canada or to income from, or capital gains on, non-portfolio properties (other than certain dividends). "Non-portfolio properties" of the Fund are Canadian real, immovable or resource properties (if at any time in the taxation year the total fair market value of the Fund's Canadian real, immovable or resource properties is greater than 50% of the equity value of the Fund), properties that the Fund (or persons or partnerships which do not deal at arm's length with the Fund) uses in the course of carrying on business in Canada and securities of a "subject entity" if the Fund holds securities of the subject entity that have a fair market value greater than 10% of the subject entity's equity value, of if the Fund holds securities of the subject entity that, together with securities held by the Fund in entities affiliated with the subject entity, have a total fair market value greater than 50% of the equity value of the Fund. A subject entity is a corporation resident in Canada, a trust resident in Canada, a Canadian resident partnership, or a non-resident person or partnership if its principal source of income is from one or more sources in Canada. Colabor is indirectly a non-portfolio property of the Fund.

*Income Inclusion*

The Fund will include in its income for each taxation year all interest on the notes (the "Notes") issued by the Trust that accrues to the Fund to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding year. The Fund will also include in its income for each taxation year all dividends received (or deemed to be received) in the year on shares of corporations as well as the income allocated to the Fund by the Trust. The Fund will not be subject to tax on any amount received as a payment of principal in respect of the Notes.

A distribution by the Fund of Trust notes upon a redemption of Units (the "Redemption Notes") will be treated as a disposition by the Fund of the securities so distributed for proceeds of disposition equal to their fair market value. The Fund's proceeds of disposition of the Redemption Notes will be reduced by any accrued but unpaid interest in respect thereof, which interest will generally be included in the Fund's income in the year of disposition to the extent that it was not included in the Fund's income in a previous year. The Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

*Income Deduction*

In computing its income for purposes of the Tax Act, the Fund may deduct reasonable administrative costs, interest and other expenses incurred by it for the purpose of earning income. The Fund may also deduct from its income for the year a portion of the expenses incurred by it to issue Units pursuant to this Offering. The portion of the issue expenses deductible by the Fund in a taxation year is 20% of those issue expenses, pro-rated where the Fund's taxation year is less than 365 days. The Fund may also deduct taxable dividends received that are distributed to Unitholders.

**Taxation of Unitholders**

*Fund Distributions*

A Unitholder will generally be required to include in income for a particular taxation year the portion of the net income for tax purposes of the Fund for the taxation year that is paid or payable to the Unitholder in the particular taxation year, whether that amount is received in cash, additional Units or otherwise. Provided that appropriate designations are made by the Fund, net taxable capital gains realized by the Fund and taxable dividend on shares of taxable Canadian corporations other than on non-portfolio properties (including deemed dividends) that are paid or become payable to Unitholders should generally retain their character as such in the hands of the Unitholders. A Unitholder's share of the Fund's "non-deductible distributions amount" will be deemed to be a taxable dividend received from a taxable Canadian corporation, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and tax credit for eligible dividends. A Unitholder will generally be required to reduce the adjusted cost base of its Units to the extent of amounts paid or payable in a year by the Fund to the Unitholder (other than the non-taxable portion of any net realized capital gains) exceeds amounts included in the income of the Unitholder to the extent that the adjusted cost base to a Unitholder of its Units is negative, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such deemed capital gain. Depending on the nature of distributions received indirectly from Colabor Group, the Fund anticipates being in a position to make distributions composed entirely of dividends, non-taxable returns of capital or a combination thereof.

*Disposition of Units*

On the disposition or deemed disposition of a Unit, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the Fund that is otherwise required to be included in the Unitholder's income. The taxation of capital gains and capital losses is described below.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid or payable by the Unitholder for the Unit, with certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income will be the amount of income distributed by the issue of those Units. For the purpose of determining the adjusted cost base to a Unitholder of Units, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all the Units owned by Unitholder as capital property immediately before that acquisition.

Where Units are redeemed and the redemption price is paid by the delivery of Redemption Notes to the redeeming Unitholder, the proceeds of disposition to the Unitholder of the Units will be equal to the fair market value of the Redemption Notes distributed less any accrued interest thereon. The redeeming Unitholder will be required to include in income interest on any Redemption Notes acquired (including interest that accrued prior to the date of the acquisition of such notes by the Unitholder that is designated as income to the Unitholder by the Fund) in accordance with the provisions of the Tax Act. The cost of any Redemption Notes distributed by the Fund to a Unitholder upon a redemption of Units will be equal to the fair market value of those Redemption Notes at the time of the distribution less any accrued interest on such Redemption Notes. The Unitholder will thereafter be required to include in income interest on the Redemption Notes, in accordance with the provisions of the Tax Act. To the extent that the Unitholder is required to include in income any interest accrued to the date of the acquisition of the Redemption Notes by the Unitholder, an offsetting deduction may be available. **Unitholders are advised to consult their own tax advisors prior to exercising their redemption rights**.

The consolidation of Units will not be considered to result in a disposition of Units by Unitholders. The aggregate adjusted cost base to a Unitholder of all of the Unitholder's Units will not change as a result of a consolidation of Units; however, the adjusted cost base per Unit will increase.

*Capital Gains and Capital Losses*

One-half of any capital gain realized by a Unitholder on a disposition or deemed disposition of Units or Subscription Receipts and the amount of any net taxable capital gains designated by the Fund in respect of a Unitholder will generally be included in the Unitholder's income as a taxable capital gain in the taxation year in which the disposition occurs, or in respect of which a net taxable capital gains designation is made by the Fund. One-half of any capital loss realized by a Unitholder on a disposition or deemed disposition of Units may generally be deducted only from taxable capital gains of the Unitholder in the year of disposition, in the three preceding taxation years or in any subsequent taxation year in accordance with the provisions of the Tax Act.

Unitholders that are Canadian controlled private corporations (as defined in the Tax Act) will be liable for an additional refundable $6^{2/3}$% tax in respect of taxable capital gains realized on a disposition of Units net of taxable capital gains designated by the Fund to such Unitholders.

Where a Unitholder that is a corporation or trust (other than a mutual fund trust) disposes of a Unit, the Unitholder's capital loss from the disposition will generally be reduced by the amount of dividends, previously designated by the Fund to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by those dividends. Analogous rules apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units.

**Alternative Minimum Tax**

In general terms, net income of the Fund paid or payable to a Unitholder who is an individual or a trust that is designated as taxable dividends or net realized taxable capital gains and capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

## LEGAL MATTERS

Certain legal matters in connection with this Offering will be passed on behalf of the Fund by McCarthy Tétrault LLP and Bélanger Sauvé LLP and on behalf of the Underwriters by Fasken Martineau DuMoulin LLP. As of the date hereof, the partners and associates of McCarthy Tétrault LLP, Bélanger Sauvé LLP and Fasken Martineau DuMoulin LLP, as a group, each beneficially own, directly and indirectly, less than 1% of the outstanding securities of the Fund and its affiliates and associates.

## LEGAL PROCEEDINGS

The Fund is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against the Fund, its subsidiaries or Bertrand which would be material to a purchaser of the Subscription Receipts.

## AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Fund and its subsidiaries are Raymond Chabot Grant Thornton LLP, Chartered Accountants, Montreal, Quebec. The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal transfer office in Montreal, Quebec and Toronto, Ontario.

## RISK FACTORS

An investment in Subscription Receipts involves a number of risks. Before investing, prospective purchasers of Subscription Receipts should carefully consider, in light of their own financial circumstances, the factors set out below, as well as other information included or incorporated by reference in this short form prospectus and in particular the section entitled "Risk Factors" contained in the Annual Information Form. See "Documents Incorporated by Reference".

**Risks Related to the Bertrand Acquisition and the Bruce Edmeades Acquisition**

*Direct Distribution*

Through the Bertrand Acquisition, Colabor will, for the first time, expand its distribution business directly to customers in the greater Quebec City and Saguenay regions. There can be no assurance that the Combined Business will be able to maintain relationships with existing customers of Bertrand or that it will further increase its client base and sales. Furthermore, through the Bertrand Acquisition, Colabor will now be competing with some of Colabor's Affiliated-Wholesalers and other customers who distribute Colabor's products in the greater Quebec City and Saguenay regions. This may result in Affiliated-Wholesalers and other customers reducing their purchases from the Combined Business. However, considering Colabor's long standing relationship with its Affiliated-Wholesalers and the incentives built in the existing contractual relationships between Colabor and such Affiliated-Wholesalers, management believes such risk is mitigated.

*Reliance on Key Personnel*

The Combined Business' continued success will be substantially dependent on the continued services of a number of members of its senior management. The loss of the services of one or more of these key individuals could have a material adverse effect on the Combined Business' operations and business prospects.

In addition, the success of Bertrand has historically been substantially dependent on the services of its management team. Although, even if it is expected that key members of the management team of Bertrand will remain with the Combined Business following the closing of the Bertrand Acquisition (except for those who are current shareholders of Bertrand), there can be no assurance that the services of any of these individuals will continue to be available to the Combined Business following the closing of the Bertrand Acquisition. The loss of the services of any of these key individuals could adversely affect the financial results of the Combined Business.

*Absence of Long-Term Agreements between Bertrand, Bruce Edmeades and their Customers*

In accordance with general industry practice, Bertrand and Bruce Edmeades do not normally enter into long-term agreements with their customers. As a result, customers may, without notice or penalty, terminate their relationship with Bertrand and Bruce Edmeades. In addition, even if customers should decide to continue their relationship with Bertrand and Bruce Edmeades, there can be no guarantee that they will purchase the same volume of products as in the past or that they will pay the same price for those products as they have in the past. Any loss of customer by Bertrand and Bruce Edmeades, or decrease in the volume purchased or price paid by them for products, could affect Colabor's and Bruce Edmeades' sales and result in a material adverse effect on Colabor's financial condition and results of operations and the amount of cash available for distribution to Unitholders.

*Dependence on Important Customers*

For the 12-month period ended December 21, 2007, approximately 17% of Bertrand's sales revenues were derived from sales to three large national supermarket chains. Furthermore, for the 12-month period ended December 28, 2007, approximately 58% of the sales revenues of Bruce Edmeades were derived from sales to Wendy's Restaurants of Canada Inc. ("Wendy's"). Bruce Edmeades has had a strong long-standing relationship of over 30 years with Wendy's which is typically renewed on a yearly basis. Management is confident that such relationship with Wendy's will continue to be maintained. The loss of any of these important customers or a decrease in market share by such customers could have a material and adverse effect on the Fund's business, financial conditions and results of operation.

*Integration of Bertrand and Bruce Edmeades and Expected Synergies*

The integration of Bertrand and Bruce Edmeades may result in significant challenges, and management of Colabor may be unable to accomplish the integration successfully or without spending significant amounts of money. There can be no assurance that management will be able to integrate successfully the operations of Bertrand and Bruce Edmeades or fully realize the expected annual synergies coming from procurement savings and other initiatives which could have a material adverse effect on the business, financial condition, results of operations and liquidity of Colabor. More specifically, should Colabor fail to realize the expected synergies arising from the integration of Bruce Edmeades within the Summit Division, the Bruce Edmeades business, which generated a loss over the past 12 months, could have a material adverse effect on the business of Colabor and on Colabor's distributable cash. Several factors may have an impact on the achievement of the contemplated synergies, including the sustainability of the anticipated increase in purchases stemming from the Bertrand Acquisition and the Bruce Edmeades Acquisition, the ability of Colabor to maintain its existing purchasing integration alliances, the ability of Bertrand and Bruce Edmeades divisions to maintain their current customer base, the absence of any adverse change in the current level of volume rebates granted by manufacturers and suppliers. This risk will be mitigated by the fact that Bertrand will generally continue to be operated as a distinct division within Colabor and Bruce Edmeades will be integrated within the Summit Division.

*Reliance on Purchasing Alliances*

Colabor relies on buying groups to increase its purchasing power and secure competitive volume rebates from manufacturers and suppliers. There can be no assurance that Colabor will be able to maintain its relationship and Bertrand's and Bruce Edmeades' relationships with such buying groups or that Colabor will be able to negotiate similar volume rebates by itself should such relationship be terminated. Any modifications to the relationship with such buying groups could have a material adverse effect on Colabor's financial conditions and results of operations, including aforementioned synergies, and the amount of cash available for distribution to Unitholders.

*Adverse Change in Labour Relations*

Bertrand has approximately 400 employees, of 230 are governed by four collective bargaining agreements expiring between August 2009 and December 31, 2011. Although management believes that the relationship with the employees is good, management cannot predict with any certainty which, if any, groups of employees who are not currently represented by a labour union may seek union representation in the future, or the outcome of any re-negotiation of current collective bargaining agreements. The negotiation of future collective bargaining agreements could divert management's attention, and the terms of those agreements may result in increased operating expenses and reduced net earnings. A work stoppage or other labour disturbance involving the Combined Business' employees could interfere with the Combined Business' operations and have a material adverse effect on the Combined Business' financial condition, results of operations and liquidity.

*Potential Undisclosed Liabilities Associated with the Bertrand Acquisition and the Bruce Edmeades Acquisition*

There may be liabilities and contingencies that management did not discover in its due diligence prior to consummation of the Bertrand Acquisition and the Bruce Edmeades Acquisition and the Fund may not be indemnified for some or all of these liabilities and contingencies. The discovery of any material liabilities or contingencies could have a material adverse effect on the Fund's business, financial condition and results of operations.

*Limited Recourse Against the Sellers*

Purchasers under this short form prospectus will not have a direct statutory right or any other rights against the Sellers and Bruce Edmeades or any of their shareholders, as applicable. The sole remedy of the Fund and its subsidiaries against the Sellers or Bruce Edmeades, as the case may be, will be the Fund exercising its rights under the relevant purchase agreements to claim indemnification in respect of a breach of the representations and warranties in such agreement. There can be no assurance that the Fund and its subsidiaries will be able to obtain the full amount of any claim made by it against the Sellers or Bruce Edmeades, as the case may be, for indemnification.

*Future Sales of Units Could Substantially Affect the Price of Units*

Upon the closing of the Bertrand Acquisition, certain shareholders of Bertrand will, directly or indirectly, hold approximately 5.56% of the outstanding Units after giving effect to the issuance of Units upon the exchange of Subscription Receipts but before the conversion of any Debentures. If such shareholders of Bertrand sell substantial amounts of Units in the public market, the market price of the Units could decrease. The perception among the public that these sales will occur could also produce such effect. However, such Units will be subject to regulatory and contractual restrictions on resale for a period of four months following their issuance.

**Risks Related to the Structure of the Fund and the Subscription Receipts**

*Market for Subscription Receipts*

There is currently no market through which the Subscription Receipts may be sold. There can be no assurance that an active trading market will develop for the Subscription Receipts after the Offering, or if developed, that such a market will be sustained at the price level of the Offering.

*Credit Facility and Restrictive Covenants*

Colabor has third party debt service obligations under the Existing Credit Facility and Colabor and other Fund entities, as the case may be, will have third party debt obligations under the New Credit Facilities. The degree to which the Fund is leveraged could have important consequences to the holders of the Units, including: (i) a portion of Colabor's cash flow from operations is dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for distribution to the Fund; (ii) certain of Colabor's borrowings are at variable rates of interest, which exposes the Fund to the risk of increased interest rates. The ability of the Fund entities to make scheduled payments of principal and interest on, or to refinance, its indebtedness depends on its future operating performance and cash flow, which are subject to prevailing economic conditions, prevailing interest rate levels, and financial, competitive, business and other factors, many of which are beyond its control.

The Existing Credit Facility contains and the New Credit Facilities will contain, restrictive covenants limiting certain business matters and decisions. These will place restrictions on, among other things, the ability to incur additional debt, create liens, dispose of assets, consolidate, merge or acquire other businesses or make distributions, investments and capital expenditures and create subsidiaries. These covenants will also restrict the Fund from owning any other assets, from incurring additional debt or equity and to carry on business (other than its ownership of Trust Units and Trust notes) provide that any debt or equity issuance by the Fund will be reinvested in the Trust and will include similar restrictions with respect to the other Fund entities. A failure to comply with the obligations in the agreements in respect of the Existing Credit Facility and the New Credit Facilities could result in an event of default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Existing Credit Facility or the New Credit Facilities were to be accelerated, there can be no assurance that the assets of the Fund entities would be sufficient to repay in full that indebtedness.

*New Credit Facilities*

The Operating Facility will have a three-year term and the Bridge Facility will have a nine-month term. The New Credit Facilities will need to be refinanced at the conclusion of their respective terms, and there can be no assurance it will be possible to do so or able to do so on terms as favourable as the New Credit Facilities. If Colabor is unable to refinance the New Credit Facilities or is only able to refinance the New Credit Facilities on less favourable and/or more restrictive terms, this may have a material adverse effect on the financial position of the Fund entities, which may result in a reduction or suspension of cash distributions to Unitholders. In addition, the terms of any new credit facilities may be less favourable or more restrictive than the terms of the New Credit Facilities, which may indirectly limit or negatively impact the ability of the Fund to pay cash distributions to Unitholders.

*Income Tax Matters*

If the Funds cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations described herein would be materially and adversely different in certain respects.

There can be no assurance that the Canadian federal income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects Unitholders. Currently, a trust will be deemed not to be a mutual fund trust if it established or maintained primarily for the benefit of non-residents unless all or substantially all its property is property other than a taxable Canadian property as defined in the Tax Act. On September 16, 2004, the Minister of Finance (Canada) released Tax Proposals (the “September 16 Tax Proposals”) which propose that a trust would lose its status as a mutual fund trust if the aggregate fair market value of all Units issued by the Trust held by one or more non-resident persons or partnerships that are not Canadian partnerships, or any combination thereof, is more than 50% of the aggregate fair market value of all units issued by the trust where, at that time or any previous time, more than 10% (based on fair market value) of the trust’s property is taxable Canadian property or certain other types of property. If the September 16 Tax Proposals are enacted as proposed, and if these circumstances apply to the Fund, the Fund would thereafter cease to be a mutual fund trust and the income tax consequences described herein would be materially and adversely different in certain respects. The September 16 Tax Proposals do not currently provide any means for rectifying a loss of mutual fund trust status. On December 6, 2004 the Minister of Finance (Canada) indicated that the September 16 Tax Proposals are being further considered. Tax Proposals released March 27, 2007, require all or substantially all of the property of a mutual fund trust, at a particular time, to consist of property other than taxable Canadian property in circumstances where more than 50% of the units of a trust are held by non-residents or a partnership that is not a Canadian partnership.

Income fund structures may involve a certain amount of inter-company or similar debt, generating an interest expense, which serves to reduce earnings and, therefore, income tax payable. Management is planning to introduce new inter-group debt as part of the structure of the Bertrand Acquisition. Management believes that the interest expense indirectly payable by Bertrand to Colabor will be supportable and reasonable, in light of the terms of the indebtedness owing. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed indirectly against Bertrand, it could affect the amount available for distribution.

There can be no assurance that the Fund will not, directly or indirectly, reorganize or make acquisitions or dispositions in the future that could affect the tax treatment of the Unitholders.

On June 22, 2007, the Tax Act was amended to introduce a new tax regime (the “SIFT Rules”), applicable to SIFTs, including the Fund (see “Recent Developments - Taxation Regime”. Under the SIFT Rules, the Fund is subject to tax at rates similar to rates applicable to a taxable Canadian corporation on its “non-portfolio earnings” distributed to Unitholders, who are taxed on such distributions as dividends from a taxable Canadian corporation. The SIFT Rules do not apply to other types of distributions from the Fund, including returns of capital. Depending on the nature of the distributions received indirectly from Colabor Group, the Fund anticipates being in a position to make distributions composed entirely of dividends, returns of capital or a combination thereof. There can be no assurance that tax laws will not be modified in the future in a manner that would have a negative impact on the taxation of Fund entities or on the taxation to Unitholders of returns of capital made by the Fund.

## PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission, price revision or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, price revision or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

## GLOSSARY OF TERMS

The following terms used in this short form prospectus have the meanings set forth below, unless otherwise indicated:

"**Adjusted EBITDA**" has the meaning set forth under "Definitions of EBITDA, Adjusted EBITDA and Distributable Cash";

"**Affiliated-Wholesalers**" means the 31 wholesale distributors operating in the Province of Quebec and in the Atlantic Provinces who are currently shareholders of Colabor Investments;

"**Annual Information Form**" means the annual information form of the Fund dated February 27, 2008 for the year ended December 31, 2007;

"**Beneficial Owner**" means a purchaser acquiring beneficial interest in Subscription Receipts;

"**Bertrand**" means Gestion Bertrand & Frères Inc. and its subsidiaries;

"**Bertrand Acquisition**" means the indirect acquisition by the Fund of all of the issued and outstanding shares of Bertrand, as described in the Share Purchase Agreement;

"**Boucherville Division**" means Colabor's Boucherville Division described under "Business of Colabor - Overview";

"**Bridge Facility**" means the $40 million bridge facility to be made available to Colabor, the Trust and certain other entities of the Fund by the Credit Facilities Underwriter as part of the New Credit Facilities, as described under "New Credit Facilities";

"**Bruce Edmeades**" means Bruce Edmeades Co.;

"**Bruce Edmeades Acquisition**" means the acquisition by the Fund of substantially all the assets of Bruce Edmeades completed on March 17, 2008. See "Business of Colabor";

"**CAGR**" means compounded annual growth rate;

"**Canadian GAAP**" means Canadian generally accepted accounting principles;

"**Cara**" means Cara Operations Limited;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**CDS Participant**" means a participant in the CDS depository services;

"**Change of Control**" means the acquisition of voting control or direction over 66⅔% or more of the Units (on a fully-diluted basis, including Units issuable upon the conversion or exchange of securities convertible into or exchangeable for or otherwise carrying the right to acquire Units);

"**Chicoutimi Warehouse**" means the warehouse operated by Bertrand and located at 1870 St-Paul Blvd., City of Saguenay, Quebec. See "Business of Bertrand - Overview".

"**Closing Date**" means the date of closing of the Offering;

"**Colabor**" means Colabor Limited Partnership;

"**Colabor Group**" means 4456076 Canada Inc., a wholly-owned subsidiary of the Trust;

"**Colabor Investments**" means Colabor Investments Inc.;

“**Colabor Limited Partnership Agreement**” means Colabor amended and restated limited partnership agreement dated June 28, 2005 as the same be amended, supplemented or restated from time to time;

“**Combined Business**” means the combined businesses of Colabor and, as applicable, of Bertrand following the Bertrand Acquisition;

“**CRA**” means the Canada Revenue Agency;

“**Credit Agreement**” means the credit agreement to be entered into with Colabor and the Lenders on or prior to closing of the Bertrand Acquisition;

“**Credit Facilities Underwriter**” means the Schedule I Canadian Bank which will, with a syndicate of lenders, make the New Credit Facilities available to Colabor;

“**Current Market Price**”, at any date, means the volume-weighted average trading price for the Units on the TSX for the 20 consecutive trading days ending five trading days prior to the applicable date;

“**Declaration of Trust**” means the amended and restated declaration of trust of the Fund dated June 28, 2005 as the same may be further amended, supplemented or restated from time to time;

“**Debentures**” means the $49,070,000 issued and outstanding aggregate principal amount of 7% extendible convertible subordinated debentures;

“**Distribution Equivalent**” has the meaning ascribed thereto under “Description of the Subscription Receipts - Escrowed Funds”.

“**EBITDA**” means earnings before interest, income taxes, depreciation and amortization;

“**Escrow Agent**” means Computershare Trust Company of Canada, as escrow agent;

“**Escrowed Funds**” means proceeds from the sale of the Subscription Receipts;

“**Exchangeable LP Units**” means the exchangeable LP units of Colabor;

“**Existing Credit Facility**” means the existing credit facilities of the Fund described under “New Credit Facilities”;

“**Extension Date**” means the Termination Date if the Underwriters agree to extend such date beyond July 24, 2008;

“**Fund**” means Colabor Income Fund;

“**Fund Securities**” means the Subscription Receipts and the Units issued pursuant to the Subscription Receipts;

“**Lenders**” means the Credit Facilities Underwriter and syndicate of lenders which will make available the New Credit Facilities for the benefit of Colabor;

“**New Credit Facilities**” means the Operating Facility and Bridge Facility;

“**Non-Competition Agreement**” means the non-competition and non-solicitation agreement to be entered into at the time of closing of the Bertrand Acquisition between Colabor, Bertrand and its subsidiaries and the Sellers.

“**Notes**” means the notes issued from time to time by the Trust;

“**Offering**” means the distribution of Subscription Receipts under this short form prospectus;

“**Operating Facility**” means the $100 million senior secured revolving credit facility to be made available by the Lenders to Colabor, the Trust and certain other entities of the Fund described under “New Credit Facilities”;

“**Ordinary LP Units**” means the Ordinary LP Units of Colabor;

“**Private Placement**” means the subscription, concurrently with the closing of the Bertrand Acquisition, by Gestion D. Bertrand Inc., Gestion André Bertrand Inc. and Gestion R. Bertrand Inc. for an aggregate of 800,000 Units at the Offering price of $10.45 per Unit for aggregate proceeds of $8,360,000;

“**Plans**” means registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plan, each as defined in the Tax Act;

“**Purchase Price**” means the aggregate purchase price for the Bertrand Acquisition;

“**Sellers**” means André Bertrand, Daniel Bertrand, Hervé Bertrand, Réjean Bertrand, Gestion André Bertrand Inc., 6939368 Canada Inc., Gestion D. Bertrand Inc., Gestion Hervé Bertrand Inc., Gestion R. Bertrand Inc., Fiducie André Bertrand, Fiducie Daniel Bertrand, Fiducie Hervé Bertrand and Fiducie Réjean Bertrand;

“**Share Purchase Agreement**” means the share purchase agreement between Colabor and the Sellers dated as of April 7, 2008 relating to the Bertrand Acquisition;

“**SIFT**” means “specified investment flow-through” trust or SIFT partnership;

“**Special Voting Units**” means the special voting units of the Fund representing voting rights in the Fund that accompany the Exchangeable LP Units;

“**St-Nicolas Distribution Facility**” means the warehouse and distribution center operated by Bertrand and located at 816 and 820 Alphonse Desrochers, St-Nicolas (Lévis), Quebec. See “Business of Bertrand - Overview”;

“**Subscription Receiptholder**” means a holder of Subscription Receipts.

“**Subscription Receipt Agent**” means Computershare Investors Services Inc.;

“**Subscription Receipts**” means the subscription receipts issued by the Fund, each representing the right to receive one Unit;

“**Subscription Receipts Agreement**” means the subscription receipts agreement to be entered into on the Closing Date between the Fund, the Underwriters and the Escrow Agent;

“**Subscription Receipts Certificates**” has the meaning ascribed thereto under “Description of the Subscription Receipts - Book-Entry System”;

“**subsidiary**” has the meaning ascribed thereto in Section 1.1 of the National Instrument 45-106 – *Prospectus and Registration Exemptions* as in effect on the date hereof;

“**Summit Acquisition**” means the acquisition by Colabor of substantially all the assets of Summit Food Service Distributors Inc. from Cara;

“**Summit Division**” means Colabor’s Summit Division described under “Business of Colabor - Overview”;

“**Tax Act**” means the *Income Tax Act* (Canada) and the Regulations thereunder;

“**Tax Proposals**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**Termination Date**” means the date on which a Termination Event occurs;

“**Termination Event**” means any one of the following described events: (i) if the closing of the Bertrand Acquisition does not take place, or the other conditions to the exchange of the Subscription Receipts are not satisfied, by 5:00 p.m. (Montreal time) on June 23, 2008 or such later date to which Colabor and National Bank Financial Inc. (acting on behalf of the Underwriters) may agree provided such date shall be no later than July 24, 2008, or (ii) if the Share Purchase Agreement for the Bertrand Acquisition is terminated at any earlier time or (iii) if the Fund has advised the Underwriters or announced to the public that it does not intend to proceed with the Bertrand Acquisition;

"**Trust**" means Colabor Operating Trust, an open-ended, limited purpose trust established under the laws of the Province of Quebec, of which all the issued and outstanding Trust Units and notes are held by the Fund;

"**Trust Units**" means trust units of the Trust;

"**Trustees**" means the trustees of the Fund from time to time;

"**TSX**" means the Toronto Stock Exchange;

"**Underwriters**" means, collectively, National Bank Financial Inc., TD Securities Inc., Canaccord Capital Corporation, Cormark Securities Inc., Raymond James Ltd. and Desjardins Securities Inc.;

"**Underwriting Agreement**" means an underwriting agreement dated April 9, 2008 between the Fund, Colabor and the Underwriters;

"**Unitholders**" means holders of Units;

"**Units**" means trust units of the Fund;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and

"**Voting Units**" means, collectively, the Units and the Special Voting Units.

**AUDITORS' CONSENT**

We have read the short form prospectus of Colabor Income Fund (the "Fund") dated April 16, 2008 relating to the issuance and sale of Subscription Receipts, each representing the right to receive one Unit. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to being named in the above-mentioned prospectus and to the incorporation by reference in such prospectus of our report to the Unitholders of the Fund on the consolidated balance sheets of the 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. Our report is dated February 12, 2008.

Montreal, Canada
April 16, 2008

*(Signed) Raymond Chabot Grant Thornton LLP*
RAYMOND CHABOT GRANT THORNTON LLP
Chartered Accountants

## AUDITORS' CONSENT

We have read the short form prospectus of Colabor Income Fund (the "Fund") dated April 16, 2008 relating to issue and sale of Subscription Receipts, each representing the right to receive one Unit. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to being mentioned in the above-mentioned prospectus and to the use of our report dated November 21, 2007 (March 4, 2008 with respect to note 1 thereto) to the directors of Gestion Bertrand & Frères Inc. ("Bertrand") on the following financial statements of Bertrand:

- Consolidated Balance Sheets of the business activities as at September 29, 2007 and September 30, 2006; and

- Consolidated earnings, changes in net assets and cash flows of the business activities for the years ended September 29, 2007 and September 30, 2006.

Chartered Accountants
Quebec City, Quebec
April 16, 2008

*(Signed) Cauchon Turcotte Thériault Latouche, S.E.N.C.*
CAUCHON TURCOTTE THÉRIAULT LATOUCHE, S.E.N.C.

## FINANCIAL STATEMENTS INDEX

## Colabor Income Fund
## Unaudited Pro Forma Consolidated Earnings
## Year Ended December 31, 2007
(In thousands of dollars, except earnings per unit)

| | Colabor Income Fund 2007-12-31 (365 days) (Audited) (Note 1) | Gestion Bertrand & Frères Inc. 2007-12-21 (365 days) (Unaudited) (Note 1) | Pro Forma Adjustments (Unaudited) (Note 2) | | Pro Forma Colabor Income Fund (Unaudited) |
|---|---|---|---|---|---|
| | $ | $ | $ | | $ |
| **Net sales** | **838,068** | **158,786** | **(56,865)** | a) | **939,989** |
| Earnings before the following items | 30,548 | 10,468 | 837 | b) | 41,853 |
| Financial expenses | 6,731 | 373 | (184) | c) | |
| | | | 2,488 | d) | |
| | | | 75 | e) | 9,483 |
| Amortization of property, plant and equipment | 3,354 | 1,275 | (101) | f) | 4,528 |
| Amortization of intangible assets | 6,993 | | - | g) | 6,993 |
| | 17,078 | 1,648 | 2,278 | | 21,004 |
| Earnings before non-controlling interest and income taxes | 13,470 | 8,820 | (1,441) | | 20,849 |
| Income taxes | | | | | |
| Current | 2,715 | 2,696 | (725) | h) | 4,686 |
| Future | 6,290 | 209 | 101 | h) | 6,600 |
| | 9,005 | 2,905 | (624) | | 11,286 |
| Earnings before non-controlling interest | 4,465 | 5,915 | (817) | | 9,563 |
| Non-controlling interest | 4,650 | | 758 | i) | 5,408 |
| **Net earnings** | (185) | 5,915 | (1,575) | | 4,155 |
| Basic and diluted earnings per unit | ($0.02) | | | | $0.29 |
| Weighted average number of units outstanding - basic and diluted (note 4) | 9,747,732 | | | | 14,377,732 |

*The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.*

## Colabor Income Fund
## Unaudited Pro Forma Consolidated Balance Sheet
## As at December 31, 2007
(In thousands of dollars)

| | Colabor Income Fund | Gestion Bertrand & Frères Inc. | Pro Forma Adjustments | Pro Forma Colabor Income Fund |
|---|---|---|---|---|
| | 2007-12-31 | 2007-12-21 | | |
| | (Audited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | (Note 1) | (Note 1) | (Note 3) | |
| | $ | $ | $ | $ |
| ***ASSETS*** | | | | |
| Current assets | | | | |
| Accounts receivable | 52,074 | 13,272 | | 65,346 |
| Income taxes receivable | | 61 | | 61 |
| Inventory | 48,404 | 12,464 | | 60,868 |
| Prepaid expenses | 725 | 198 | | 923 |
| | 101,203 | 25,995 | | 127,198 |
| Deferred financing costs | 164 | | 225 b) | 389 |
| Property, plant and equipment | 10,892 | 4,662 | | 15,554 |
| Financial assistance recoverable | | 50 | | 50 |
| Investments | | 62 | | 62 |
| Future income taxes | | 24 | | 24 |
| Intangible assets | 117,049 | | - a) | 117,049 |
| Goodwill | 33,979 | 3,237 | 65,414 a) | 102,630 |
| | 263,287 | 34,030 | 65,639 | 362,956 |
| ***LIABILITIES*** | | | | |
| Current liabilities | | | | |
| Bank overdraft | 9,773 | 955 | | 10,728 |
| Bank loan | | 2,490 | (2,490) c) | |
| Accounts payable and accrued liabilities | 52,026 | 8,217 | | 60,243 |
| Notes payable to shareholders, without interest | | 546 | (546) a) | |
| Income taxes | 605 | | | 605 |
| Distributions payable to unitholders | 888 | | | 888 |
| Distributions payable to holders of exchangeable Colabor LP units | 456 | | | 456 |
| Rebates payable | 13,453 | | | 13,453 |
| Deferred revenue | 459 | | | 459 |
| Advances from directors and members of the immediate family of directors, bearing interest at prime rate | | 3,015 | (3,015) a) | |
| Preferred shares | | 10,124 | (10,124) a) | |
| Instalments on long-term debt | 468 | 653 | | 1,121 |
| | 78,128 | 26,000 | (16,175) | 87,953 |
| Bank loan | 23,376 | | 40,781 b) | |
| | | | 2,490 c) | 66,647 |
| Long-term debt | 1,209 | 446 | | 1,655 |
| Debentures | 45,235 | | | 45,235 |
| Accrued benefit liability for employee benefits | 752 | | | 752 |
| Deferred financial assistance | | 139 | | 139 |
| Future income taxes | 6,290 | 756 | (970) b) | |
| | | | 809 d) | 6,885 |
| Non-controlling interest | 29,187 | | (900) e) | 28,287 |
| | 184,177 | 27,341 | 26,035 | 237,553 |
| ***UNITHOLDERS' EQUITY*** | | | | |
| Unitholders' capital account | 88,905 | | 38,022 b) | |
| | | | 8,360 b) | |
| | | | (1,150) b) | |
| | | | 970 b) | 135,107 |
| Capital stock | | 3 | (3) a) | |
| Debentures conversion option | 2,337 | | | 2,337 |
| Contributed surplus | 189 | | | 189 |
| Units held by the Fund for long-term incentive plan | (524) | | | (524) |
| Retained earnings (deficit) | (11,797) | 6,686 | (6,686) a) | |
| | | | (809) d) | |
| | | | 900 e) | (11,706) |
| | 79,110 | 6,689 | 39,604 | 125,403 |
| | 263,287 | 34,030 | 65,639 | 362,956 |

*The accompanying notes are an integral part of the unaudited pro forma consolidated financial statements.*

**Colabor Income Fund**
**Notes to Unaudited Pro Forma Consolidated Financial Statements**
**(Amounts in tables are in thousands of dollars)**

## 1. BASIS OF PRESENTATION

Colabor Income Fund (the "Fund") owns indirectly an interest in Colabor Limited Partnership ("Colabor"), a leading wholesaler and distributor of food, food-related and non-food products. Colabor supplies products to wholesale distributors who then redistribute the products to their own customers operating in the retail and foodservice market segments. The unaudited pro forma consolidated financial statements have been prepared to give effect to the acquisition (the "Bertrand Acquisition") by Colabor of all the shares outstanding of Gestion Bertrand & Frères Inc. ("Bertrand"), a leading foodservice distributor in Québec.

The unaudited pro forma consolidated financial statements also reflect the financing of the Bertrand Acquisition by way of the issuance of 3,830,000 subscription receipts, each representing the right to receive one unit of the Fund (the "Subscription Receipts"), 800,000 units to certain shareholders of Bertrand (together with the Subscription Receipts, the "Offering"), and the additional borrowing of $ 40,781,000 under the new three-year term credit facilities.

The Bertrand Acquisition and the Offering are reflected in the unaudited pro forma consolidated balance sheet as if these events had occured on December 31, 2007. The Bertrand Acquisition and the Offering are also reflected in the unaudited pro forma consolidated statements of earnings of the Fund for the 365-day period ended December 31, 2007 as if these events had occured on the first day of this period.

The unaudited pro forma consolidated balance sheet as at December 31, 2007 has been prepared using data taken from the audited balance sheet of the Fund as at December 31, 2007, the unaudited balance sheet of Bertrand as at December 21, 2007 and considering the adjustments and assumptions outlined below.

The unaudited pro forma consolidated statement of earnings for the 365-day period ended December 31, 2007 has been prepared using data taken from the audited consolidated statement of earnings of the Fund for the 365-day period ended December 31, 2007, the unaudited statement of earnings of Bertrand for the 83-day period ended December 21, 2007, the audited statement of earnings of Bertrand for the 365-day period ended September 29, 2007, and the unaudited statement of earnings of Bertrand for 83-day period ended December 22, 2006.

The Bertrand Acquisition will be accounted for using the purchase method of accounting, whereby the purchase price related to the Bertrand Acquisition will be allocated to the tangible and intangible assets acquired and liabilities assumed based upon their respective estimated fair values at the effective date of the Bertrand Acquisition. The pro forma Bertrand Acquisition adjustments described below are based on book value and estimates by management, and changes are expected when the evaluations of such assets and liabilities are completed and additional information becomes available. The final purchase price will be subject to a working capital and earnings adjustment at the closing date which is not taken into consideration in these unaudited pro forma consolidated financial statements. Accordingly, the final allocation of the purchase price will impact the statements of earnings and the balance sheet of the Fund and such impacts, which could be material, cannot be set forth in these unaudited pro forma consolidated financial statements.

The unaudited pro forma consolidated financial statements are prepared for illustrative purposes only and are based on the assumptions set forth in the notes to such statements. These statements are not indicative of the results of operations that might have occurred if the Bertrand Acquisition and the Offering had actually taken place on the dates indicated. In preparing these unaudited pro forma consolidated financial statements, adjustments have not been made to reflect anticipated savings and synergies net of the additional costs resulting from combining the operations of the Fund and Bertrand. The pro forma adjustments are based upon currently available information and management's estimates and assumptions. Actual adjustments may differ materially from the pro forma adjustments.

The unaudited pro forma consolidated statements should be read in conjonction with the description of the transactions contained elsewhere in the short form prospectus and the audited and unaudited financial statements of the Fund and of Bertrand, including the notes, included elsewhere in the short form prospectus or incorporated by reference.

## 2. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED STATEMENTS OF EARNINGS

The unaudited pro forma consolidated statements of earnings give effect to the following adjustments:

a) Elimination of Colabor's sales to Bertrand for the period.

b) Adjustment to Bertrand's historical results to reflect elimination of expenses that will be contractually excluded.

c) Elimination of Bertrand's historical financial expenses relating to liabilities not assumed by Colabor.

d) Reflection of the financial expenses related to the additional borrowing of $ 40,781,000 under the new credit facilities, which bears interest at prime rate (average rate of 6.1%) for the 365-day period ended December 31, 2007.

e) Reflection of the amortization of the deferred financing costs related to the new credit facilities on a straight-line basis over a 3-year period.

f) Adjustment to Bertrand's historical amortization expense resulting from the change of certain amortization methods and rates in order to conform with the Fund's accounting policies.

g) The additional amortization of intangibles with finite lives acquired cannot be estimated yet, pending the identification and evaluation of such, following the determination of the final puchase allocation.

h) Adjustment to income taxes expenses to reflect the estimated tax effects of the Bertrand Acquisition.

i) Adjustment to non-controlling interest due to the Fund's interest in Colabor LP increasing from 66% to 74.1%.

**Colabor Income Fund**
**Notes to Unaudited Pro Forma Consolidated Financial Statements**
**(Amounts in tables are in thousands of dollars)**

## 3. PRO FORMA ADJUSTMENTS TO THE CONSOLIDATED BALANCE SHEET

The unaudited pro forma consolidated balance sheet gives effect to the following adjustments:

a) The preliminary purchase price of the Bertrand Acquisition, estimated based on historical levels of adjusted earnings:

| | | |
|---|---|---|
| Consideration subject to adjustments related to earnings and working capital at the closing date | $ | 84,788 |
| Estimated Bertrand Acquisition costs to be paid | | 1,000 |
| Purchase price | | 85,788 |

The preliminary allocation of the purchase price is summarized as follows:

| | | |
|---|---|---|
| Accounts receivable | $ | 13,272 |
| Income taxes receivable | | 61 |
| Inventory | | 12,464 |
| Prepaid expenses | | 198 |
| Property, plant and equipment | | 4,662 |
| Financial assistance recoverable | | 50 |
| Investments | | 62 |
| Future income taxes | | 24 |
| Goodwill and intangible assets (1) | | 68,651 |
| Bank overdraft | | (955) |
| Bank loan | | (2,490) |
| Accounts payable and accrued liabilities | | (8,217) |
| Long-term debt | | (1,099) |
| Future income taxes | | (756) |
| Deferred financial assistance | | (139) |
| Purchase price | | 85,788 |
| Units issued to certain Bertrand shareholders | | 8,360 |
| Consideration to be paid in cash | | 77,428 |

1) Intangible assets with finite lives such as customer relationships and trademarks will be identified, evaluated and presented distinctively from goodwill.

b) The financing of the Bertrand Acquisition is as follows:

| | | |
|---|---|---|
| Purchase price | $ | 85,788 |
| Offering expenses (1) | | 1,150 |
| Financing costs | | 225 |
| | $ | 87,163 |
| Issue of Units (1) (2) | $ | 38,022 |
| Issue of Units to certain Bertrand shareholders | | 8,360 |
| New credit facilities | | 40,781 |
| | $ | 87,163 |

1) Future income taxes of $970,000 related to Offering expenses and underwriter's fee are presented in Unitholders' capital account.
2) Underwriter's fee of $2,001,000 are presented against Units.

c) The reflection of the refinancing of the Bertrand credit facilities with the new credit facilities which have a three-year term.

d) Adjustment to future income taxes due to the Fund's interest in Colabor LP increasing from 66% to 74.1%.

e) Adjustment to non-controlling interest due to the Fund's interest in Colabor LP increasing from 66% to 74.1%.

## 4. PRO FORMA EARNINGS PER UNIT

The pro forma adjustment related to the weighted average number of units outstanding arises from the issuance of 4,630,000 units under the Offering.

**BUSINESS ACTIVITIES OF**
**GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 29, 2007 AND SEPTEMBER 30, 2006**

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

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**September 29, 2007 and September 30, 2006**

# AUDITORS' REPORT

**To the Directors of**
**Gestion Bertrand & Frères inc.**

We have audited the consolidated balance sheets of the business activities of Gestion Bertrand & Frères inc. as at September 29, 2007 and September 30, 2006 and the consolidated statements of earnings, changes in net assets and cash flows of the business activities for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 business activities of the Company as at September 29, 2007 and September 30, 2006 and the results of operations and the cash flows of the business activities for the years then ended in accordance with Canadian generally accepted accounting principles.

Cauchon Turcotte Thériault Latouche

Chartered Accountants

November 21, 2007 (except as to Note 1 which is as of March 4, 2008)

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED EARNINGS**
**Years ended September 29, 2007 and September 30, 2006**

| | 2007 | 2006 |
|---|---|---|
| **SALES** | $158,461,414 | $154,169,319 |
| **COST OF SALES** | 130,134,176 | 127,981,733 |
| **GROSS PROFIT** | 28,327,238 | 26,187,586 |
| **OPERATING EXPENSES** | | |
| Selling expenses | 1,782,632 | 1,876,358 |
| Handling expenses | 4,031,656 | 3,598,864 |
| Delivery expenses | 5,218,418 | 5,054,594 |
| Employee benefits | 1,710,452 | 1,653,717 |
| Administrative expenses | 3,476,439 | 3,565,585 |
| Building occupancy expenses | 3,911,982 | 3,677,990 |
| Financial expenses | 346,101 | 285,114 |
| | 20,477,680 | 19,712,222 |
| **OPERATING INCOME** | 7,849,558 | 6,475,364 |
| **OTHER REVENUES** | 750,175 | 4,443,974 |
| **EARNINGS BEFORE INCOME TAXES** | 8,599,733 | 10,919,338 |
| **INCOME TAXES** (Note 4) | 2,822,175 | 2,129,714 |
| **NET EARNINGS** | $5,777,558 | $8,789,624 |

The accompanying notes are an integral part of the consolidated financial statements and Note 3 provides additional information on consolidated earnings.

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED CHANGES IN NET ASSETS**
**Years ended September 29, 2007 and September 30, 2006**

| | 2007 | 2006 |
|---|---|---|
| BALANCE, BEGINNING OF YEAR | $5,870,500 | $(1,141,683) |
| NET EARNINGS | 5,777,558 | 8,789,624 |
| RECOVERY OF REFUNDABLE DIVIDEND TAX OF A SUBSIRIARY | 15,987 | |
| | 11,664,045 | 7,647,941 |
| DIVIDENDS | 3,925,000 | |
| NET TRANSACTIONS WITH SHAREHOLDERS RELATING TO NON-BUSINESS ACTIVITIES | 2,075,880 | 1,777,441 |
| | 6,000,880 | 1,777,441 |
| BALANCE, END OF YEAR | $5,663,165 | $5,870,500 |

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

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED BALANCE SHEETS**
**September 29, 2007 and September 30, 2006**

| | 2007 | 2006 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Accounts receivable (Note 6) | $13,496,097 | $12,778,143 |
| Inventory | 8,754,851 | 8,036,932 |
| Prepaid expenses | 304,550 | 352,302 |
| | 22,555,498 | 21,167,377 |
| **FINANCIAL ASSISTANCE RECOVERABLE** | 50,000 | 100,000 |
| **INVESTMENTS** (Note 7) | 61,824 | 37,647 |
| **PROPERTY, PLANT AND EQUIPMENT** (Note 8) | 4,873,130 | 4,969,031 |
| **GOODWILL** | 3,236,811 | 3,236,811 |
| **FUTURE INCOME TAXES** | 28,225 | 15,897 |
| | $30,805,488 | $29,526,763 |

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

ON BEHALF OF THE BOARD

(S) *Réjean Bertrand*
Réjean Bertand, director

(S) *Daniel Bertrand*
Daniel Bertrand, director

| | 2007 | 2006 |
|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' INTERESTS** | | |
| **CURRENT LIABILITIES** | | |
| Bank overdraft | $955,144 | $1,569,242 |
| Bank loan (Note 9) | 196,000 | 193,000 |
| Accounts payable (Note 10) | 7,440,101 | 7,631,049 |
| Income taxes payable | 563,506 | 889,105 |
| Dividends payable | 54,000 | |
| Notes payable to shareholders, without interest | 785,800 | |
| Advances from directors, bearing interest at prime rate | 2,883,508 | 1,415,182 |
| Advances from members of the immediate family of directors, bearing interest at prime rate | 85,534 | |
| Class C, D, E, F and H preferred shares, retractable (Note 13) | 10,124,150 | |
| Current portion of long-term debt (Note 11) | 654,595 | 116,230 |
| | 23,742,338 | 11,813,808 |
| **LONG-TERM DEBT** (Note 11) | 505,883 | 766,691 |
| **DEFERRED FINANCIAL ASSISTANCE** | 142,898 | 160,930 |
| **CLASS C, D, E, F, H (AND I IN 2006) PREFERRED SHARES, RETRACTABLE** (Note 13) | | 10,363,950 |
| **FUTURE INCOME TAXES** | 748,286 | 547,966 |
| | 25,139,405 | 23,653,345 |
| **SHAREHOLDERS' INTERESTS** | | |
| Capital stock (Note 13) | 2,918 | 2,918 |
| Net business assets | 5,663,165 | 5,870,500 |
| | 5,666,083 | 5,873,418 |
| | $30,805,488 | $29,526,763 |

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

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED CASH FLOWS**
**Years ended September 29, 2007 and September 30, 2006**

| | 2007 | 2006 |
|---|---|---|
| **OPERATING ACTIVITIES** (Note 19) | | |
| Net earnings | $5,777,558 | $8,789,624 |
| Non-cash items: | | |
| Amortization of property, plant and equipment | 1,319,257 | 1,431,039 |
| Loss on disposal of property, plant and equipment | 10,714 | 41,691 |
| Future income taxes | 187,773 | 51,306 |
| Amortization of deferred financial assistance | (18,340) | (34,394) |
| | 7,276,962 | 10,279,266 |
| Net changes in non-cash operating working capital items (Note 5) | (1,904,668) | (1,554,635) |
| | 5,372,294 | 8,724,631 |
| **INVESTING ACTIVITIES** | | |
| Acquisition of investments | (24,177) | |
| Receipt of financial assistance | 50,000 | 50,000 |
| Acquisition of property, plant and equipment | (1,529,876) | (865,590) |
| Proceeds of disposal of property, plant and equipment | 296,115 | 121,341 |
| Proceeds from reduction in paid-up capital of Colabor Investment inc. | | 735,835 |
| | (1,207,938) | 41,586 |
| **FINANCING ACTIVITIES** | | |
| Net change in current bank loan | 3,000 | (985,363) |
| Long-term debt | 413,906 | |
| Repayment of long-term debt | (136,349) | (1,610,374) |
| Repayment of note payable to Colabor Investment inc. | | (4,709,342) |
| Dividends paid | (3,325,000) | |
| Recovery of refundable dividend tax of a subsidiary | 15,987 | |
| Net change in notes payable to shareholders | | (345,000) |
| Net change in advances from (to) members of the immediate family of directors | 85,534 | 85,500 |
| Net change in advances from directors | 1,468,326 | 604,148 |
| Cash flows related to parent company's net assets | (2,075,662) | (1,777,441) |
| | (3,550,258) | (8,737,872) |
| **DECREASE IN BANK OVERDRAFT** | 614,098 | 28,345 |
| **BANK OVERDRAFT, BEGINNING OF YEAR** | (1,569,242) | (1,597,587) |
| **BANK OVERDRAFT, END OF YEAR** | $(955,144) | $(1,569,242) |

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

## 1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

The business activities of Gestion Bertrand & Frères inc. and its subsidiaries represent the food distribution activities.

The consolidated financial statements relating to the previously described net business activities include only the business assets and liabilities of the subsidiaries D. Bertrand & Fils inc. and Viandes Drolet inc. as well as the assets and liabilities of the parent company to be acquired by Colabor Income Fund or any other legal entity to be created.

The consolidated statements of earnings include all of the subsidiaries' revenues and expenses and the dividends on investments in Colabor Investments Inc. Since amortization on the parent company's property, plant and equipment and the interest on related long-term debt were eliminated from consolidated earnings, leasing costs charged to the company's subsidiaries were not eliminated from consolidated earnings and the commitments under leases between the subsidiaries and the parent company are presented in Note 14.

## 2. SIGNIFICANT 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. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from these estimates.

### Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the average cost method.

### Property, plant and equipment

Property, plant and equipment are recognized at cost and amortized over their estimated useful lives according to the following methods, rates and period:

| | | |
|---|---|---|
| Equipment | Diminishing balance | 20% |
| Leasehold improvements | Straight-line | 10 years |
| Computer equipment | Diminishing balance | 30% |
| Automotive equipment | Diminishing balance | 30% |
| Furniture | Diminishing balance | 20% |

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Senior executives' pension plan

The defined contribution pension plan costs are determined by independent actuaries. The pension expense for the year includes current service benefit costs.

### Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized in respect of the future tax consequences of the difference between the carrying amount of assets and liabilities in the financial statements and the tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply to taxable income for the years in which the temporary differences are expected to be realized or resolved. Moreover, the impact on income tax assets or liabilities of a tax rate change is recognized in earnings in the year in which the change is enacted or substantively enacted.

### Revenue recognition

Revenue from foodservice distribution activities is recognized when delivery has occurred, the customer has accepted the sale and collection is reasonably assured.

### Impairment of long-lived assets

Property, plant and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

### 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. The impairment test consists of a comparison of the fair value of the Company's reporting units with their carrying amount. When the carrying amount of a reporting unit exceeds the fair value, the Company compares the fair value of the goodwill relating to the reporting unit to its carrying amount. An impairment loss equal to the difference is recognized in earnings.

### Year-end date

Since October 2, 2005, the Company's year ends 52 weeks after the close of the previous year. Financial statements for the years ended September 29, 2007 and September 30, 2006 comprise 52 weeks.

## 3. ADDITIONAL INFORMATION ON EARNINGS

| | 2007 | 2006 |
|---|---|---|
| Amortization of property, plant and equipment | $1,319,257 | $1,431,039 |
| Loss on disposal of property, plant and equipment | $10,714 | $41,691 |
| Amortization of deferred financial assistance | $(18,340) | $(34,394) |
| Interest on long-term debt | $25,421 | $28,068 |
| Interest on bank loans | $127,010 | $140,079 |
| Interest on advances from directors and their family members | $130,244 | $61,148 |
| Dividends from Colabor Investment Inc. | | $4,220,699 |
| Interest income | $31,411 | $6,674 |

## 4. INCOME TAXES

| | 2007 | 2006 |
|---|---|---|
| Current | $2,634,402 | $2,078,408 |
| Future | 187,773 | 51,306 |
| | $2,822,175 | $2,129,714 |

The effective income tax rate resulting from the calculation of the income tax expense differs from the companies' base income tax rate as a result of the following:

| | 2007 | 2006 |
|---|---|---|
| Income taxes at applicable tax rate of 32.02% in 2007 and 31.77% in 2006 | $2,753,634 | $3,469,074 |
| Non-taxable dividends | | (1,340,916) |
| Non-deductible expenses | 8,713 | 7,337 |
| Change in future income tax balance relating to change in enacted income tax rates | 8,229 | (4,119) |
| Other | 51,599 | (1,662) |
| | $2,822,175 | $2,129,714 |

## 4. INCOME TAXES (Continued)

The tax impact of the main items comprising the Company's net future income tax liability is the following:

| | 2007 | 2006 |
|---|---|---|
| Future income tax asset | | |
| Financial expenses | $1,985 | $381 |
| Deferred financial assistance | 22,331 | 11,378 |
| Other | 3,909 | 4,138 |
| Future income tax liability | | |
| Property, plant and equipment | (377,528) | (219,635) |
| Goodwill | (233,184) | (190,757) |
| Investment in subsidiaries | (137,574) | (137,574) |
| Net future income tax liability | $(720,061) | $(532,069) |

## 5. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

| | 2007 | 2006 |
|---|---|---|
| Accounts receivable | $(717,954) | $(842,706) |
| Income taxes receivable | | 70,632 |
| Inventory | (717,919) | (726,215) |
| Prepaid expenses | 47,752 | 28,294 |
| Accounts payable | (190,948) | (626,918) |
| Income taxes payable | (325,599) | 542,278 |
| | $(1,904,668) | $(1,554,635) |

## 6. ACCOUNTS RECEIVABLE

| | 2007 | 2006 |
|---|---|---|
| Trade accounts | $13,397,639 | $12,730,662 |
| Allowance for bad debts | (76,132) | (157,638) |
| | 13,321,507 | 12,573,024 |
| Other | 174,590 | 205,119 |
| | $13,496,097 | $12,778,143 |

## 7. INVESTMENTS

| | 2007 | 2006 |
|---|---|---|
| **Colabor Investment Inc., at cost** | | |
| 674,114 class A shares, voting and participating, representing 11.7734% of the issued class A shares | $37,587 | $37,587 |
| 674,114 class B shares, non-voting and participating, representing 11.7734% of the issued class B shares | 60 | 60 |
| 13,975 class D shares, non-voting and non-participating, representing 13.975% of the issued class D shares | 24,177 | |
| | $61,824 | $37,647 |

## 8. PROPERTY, PLANT AND EQUIPMENT

| 2007 | Cost | Accumulated amortization | Net carrying amount |
|---|---|---|---|
| Equipment | $5,472,026 | $3,572,314 | $1,899,712 |
| Leasehold improvements | 539,448 | 166,332 | 373,116 |
| Computer equipment | 1,321,566 | 1,081,286 | 240,280 |
| Automotive equipment | 5,866,043 | 3,734,038 | 2,132,005 |
| Furniture | 730,977 | 502,960 | 228,017 |
| | $13,930,060 | $9,056,930 | $4,873,130 |

| 2006 | Cost | Accumulated amortization | Net carrying amount |
|---|---|---|---|
| Equipment | $5,155,092 | $3,298,969 | $1,856,123 |
| Leasehold improvements | 539,448 | 112,387 | 427,061 |
| Computer equipment | 1,513,789 | 971,946 | 541,843 |
| Automotive equipment | 5,367,460 | 3,487,018 | 1,880,442 |
| Furniture | 712,473 | 448,911 | 263,562 |
| | $13,288,262 | $8,319,231 | $4,969,031 |

## 9. BANK LOAN

The subsidiaries' lines of credit, for an authorized amount of $5,200,000, are secured by accounts receivable, inventory and moveable property. The subsidiary D. Bertrand & Fils inc. also has an additional operating credit of $3,000,000 until November 14, 2007 which is secured by the same assets. Amounts drawn bear interest at the bank prime rate. The average interest rate on the loans was 6.08% in 2007 and 5.44% in 2006. The credit terms and conditions are renegotiable annually.

The lines of credit are subject to compliance with certain financial ratios.

## 10. ACCOUNTS PAYABLE

| | 2007 | 2006 |
|---|---|---|
| Trade accounts | $5,624,861 | $5,472,420 |
| Accrued liabilities | 965,398 | 1,131,612 |
| Salaries, vacation, deductions at source and employer contributions | 849,842 | 1,027,017 |
| | $7,440,101 | $7,631,049 |

## 11. LONG-TERM DEBT

| | 2007 | 2006 |
|---|---|---|
| Loans, rates varying from 4.99% to 5.25% in 2007 and from 5.12% to 5.25% in 2006, payable in monthly instalments of $22,940 in 2007, including interest, maturing from May 2009 to May 2011, secured by automotive equipment with a net carrying amount of $592,718 in 2007 and $320,186 in 2006 | $720,430 | $433,197 |
| Loans, rates varying from 5.12% to 5.2%, payable in monthly instalments of $1,001 including interest, maturing in 2011, secured by equipment with a net carrying amount of $35,640 in 2007 and $44,550 in 2006 | 40,048 | 49,724 |
| 1,345 class B preferred shares of a subsidiary, retractable | 400,000 | 400,000 |
| | 1,160,478 | 882,921 |
| Current portion | 654,595 | 116,230 |
| | $505,883 | $766,691 |

## 11. LONG-TERM DEBT (Continued)

The instalments on long-term debt in the next four years, assuming the loans will be renewed under the same terms and conditions, are as follows:

| | |
|---|---|
| 2008 | $654,595 |
| 2009 | 249,532 |
| 2010 | 201,514 |
| 2011 | 54,837 |
| | $1,160,478 |

## 12. DEFERRED FINANCIAL ASSISTANCE

The subsidiary Viandes Drolet inc. benefits from non-refundable financial assistance relating to rental expenses carried out by the parent company and on the purchase of equipment and machinery. This assistance, for a maximum of $200,000, is receivable in annual instalments of $50,000 over a four-year period which started in September 2005.

The financial assistance relating to equipment and machinery is amortized at the same rate as the related property, plant and equipment and the portion relating to leasehold improvements is amortized over the lease term of 129 months.

## 13. CAPITAL STOCK

### Authorized

Unlimited number of shares without par value

Class A shares, voting and participating

Class B shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, redeemable at the amount paid plus a premium of $174 per share

Class C shares, non-preferential and non-cumulative annual dividend of 5%, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $699 per share

Class D shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, voting, retractable or redeemable at the fair market value of the consideration received on issuance

Class E shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $174 per share

## 13. CAPITAL STOCK (Continued)

Class F shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $999.80 per share

Class G shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $99.99 per share

Class H shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the fair market value of the consideration received on issuance

Class I shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the fair market value of the consideration received on issuance

**Issued and fully paid**

| | 2007 | 2006 |
|---|---|---|
| **Presented as equity** | | |
| 10,000 class A shares | $1,000 | $1,000 |
| 1,918 class B shares | 1,918 | 1,918 |
| | $2,918 | $2,918 |
| **Presented as financial liability** | | |
| 598 class C shares | 418,600 | 418,600 |
| 110 class D shares | 726,000 | 726,000 |
| 6,241 class E shares | 1,092,175 | 1,092,175 |
| 2,295 class F shares | 2,295,000 | 2,295,000 |
| 223,695 class H shares | 5,592,375 | 5,592,375 |
| - class I shares (2,398 in 2006) | | 239,800 |
| | $10,124,150 | $10,363,950 |

**Share redemption**

During the year, the Company redeemed 2,398 class I shares in the amount of $239,800 for a note in the same amount.

## 14. COMMITMENTS

The subsidiaries lease office space under a lease with the parent company expiring in June 2016. Minimum lease payments total $12,210,000 and include annual instalments of $1,430,000 for the next five years.

Moreover, the subsidiaries are committed to paying their share of some of the Company's operating expenses.

The subsidiaries also lease automotive equipment and equipment under leases expiring from December 17, 2007 to December 4, 2010. Minimum lease payments total $404,398 and include the following instalments for the next four years:

| | |
|---|---|
| 2008 | $202,914 |
| 2009 | $121,193 |
| 2010 | $64,233 |
| 2011 | $16,058 |

## 15. RELATED PARTY TRANSACTIONS

The following table summarizes the Company's related party transactions during the year:

| | 2007 | 2006 |
|---|---|---|
| **Revenues** | | |
| Interest | | |
| Directors and members of their family | $ - | $4,820 |
| **Expenses** | | |
| Interest | | |
| Directors and members of their family | $130,244 | $61,148 |
| Rental | | |
| Subsidiaries | $2,236,000 | 2,067,000 |

These transactions were carried out in the normal course of operations and are measured at the exchange amount, which is the amount established and agreed upon by the related parties.

## 16. FINANCIAL INSTRUMENTS

### Credit risk

The Company evaluates its trade accounts receivable on an ongoing basis and recognizes an allowance for doubtful accounts based on the credit risk associated with certain customers, historical trends and other relevant information.

### Interest rate risk

The Company uses a line of credit with variable interest rates. Accordingly, it is exposed to interest rate risk resulting from changes in the prime rate.

However, a 1% fluctuation in the prime rate would not have a significant impact on the Company's earnings or financial situation.

### Fair value

The fair value of accounts receivable, the bank overdraft, bank loan, accounts payable, dividends payable, notes payable to shareholders and advances from directors and members of their family is approximately equal to their carrying value due to their short-term maturity date.

The fair value of the investment in Colabor Investment Inc. was not determined because this investment is not listed on an active market and is not held for resale.

The fair value of interest-bearing long-term debt approximates its carrying amount since the interest rates under the current financing agreements are comparable to market rates.

The fair value of retractable shares issued by the parent company and a subsidiary could not be determined because these amounts result from transactions between related parties under terms and conditions that could differ from those which would be negotiated with unrelated parties.

## 17. SEGMENTED INFORMATION

The Company carries out its activities in a single segment, foodservice distribution in eastern Quebec.

## 18. PENSION PLAN

The Company's pension plan is a non-contributory defined contribution plan. The pension expense for the year amounts to $104,832 in 2007 and $545,433 in 2006.

## 19. SUPPLEMENTARY CASH FLOW INFORMATION

Cash flows relating to financial revenues and income taxes are detailed as follows:

| | 2007 | 2006 |
|---|---|---|
| Interest paid | $152,891 | $231,569 |
| Income taxes paid | $3,082,486 | $1,465,498 |
| Interest received | $30,161 | $5,799 |
| Dividends received | $ - | $4,220,699 |

# BUSINESS ACTIVITIES OF
# GESTION BERTRAND & FRÈRES INC.

## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## DECEMBER 21, 2007 AND DECEMBER 22, 2006

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

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**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED EARNINGS**
**Twelve-week periods ended December 21, 2007 and December 22, 2006**
**(September 29, 2007 for notes relating to the comparative balance sheet)**

**Unaudited**

| | 2007<br>December 21 | 2006<br>December 22 |
|---|---|---|
| **SALES** | $36,319,123 | $35,994,930 |
| **COST OF SALES** | 30,322,375 | 30,405,553 |
| **GROSS PROFIT** | 5,996,748 | 5,589,377 |
| **OPERATING EXPENSES** | | |
| Selling expenses | 550,490 | 517,841 |
| Handling expenses | 910,408 | 902,522 |
| Delivery expenses | 1,197,081 | 1,145,534 |
| Employee benefits | 378,985 | 378,676 |
| Administrative expenses | 901,145 | 882,002 |
| Building occupancy expenses | 864,283 | 886,696 |
| Financial expenses | 66,791 | 40,223 |
| | 4,869,183 | 4,753,494 |
| **OPERATING INCOME** | 1,127,565 | 835,883 |
| **OTHER REVENUES** | 41,137 | 112,188 |
| **EARNINGS BEFORE INCOME TAXES** | 1,168,702 | 948,071 |
| **INCOME TAXES (Note 4)** | 389,556 | 306,878 |
| **NET EARNINGS** | $779,146 | $641,193 |

The accompanying notes are an integral part of the interim consolidated financial statements and Note 3 provides additional information on the interim consolidated earnings.

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED CHANGES IN NET ASSETS**
**Twelve-week periods ended December 21, 2007 and December 22, 2006**
**(September 29, 2007 for notes relating to the comparative balance sheet)**

**Unaudited**

| | 2007 December 21 | 2006 December 22 |
|---|---|---|
| BALANCE, BEGINNING OF PERIOD | $5,663,165 | $5,870,500 |
| NET EARNINGS | 779,146 | 641,193 |
| NET TRANSACTIONS WITH SHAREHOLDERS RELATING TO NON-BUSINESS ACTIVITIES | 243,939 | (143,530) |
| BALANCE, END OF PERIOD | $6,686,250 | $6,368,163 |

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

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED BALANCE SHEETS**
**December 21, 2007 and September 29, 2007**

**Unaudited**

| | 2007 December 21 | 2007 September 29 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Accounts receivable (Note 6) | $13,271,702 | $13,496,097 |
| Income taxes receivable | 60,859 | |
| Inventory | 12,463,978 | 8,754,851 |
| Prepaid expenses | 198,712 | 304,550 |
| | 25,995,251 | 22,555,498 |
| **FINANCIAL ASSISTANCE RECOVERABLE** | 50,000 | 50,000 |
| **INVESTMENTS (Note 7)** | 61,824 | 61,824 |
| **PROPERTY, PLANT AND EQUIPMENT (Note 8)** | 4,662,369 | 4,873,130 |
| **GOODWILL** | 3,236,811 | 3,236,811 |
| **FUTURE INCOME TAXES** | 23,858 | 28,225 |
| | $34,030,113 | $30,805,488 |

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

ON BEHALF OF THE BOARD

(S) *Réjean Bertrand*

Réjean Bertrand, Director

(S) *Daniel Bertrand*

Daniel Bertrand, Director

| | 2007<br>December 21 | 2007<br>September 29 |
|---|---|---|
| **LIABILITIES AND SHAREHOLDERS' INTEREST** | | |
| **CURRENT LIABILITIES** | | |
| Bank overdraft | $954,847 | $955,144 |
| Bank loan (Note 9) | 2,490,000 | 196,000 |
| Accounts payable (Note 10) | 8,216,460 | 7,440,101 |
| Income taxes payable | | 563,506 |
| Dividends payable | | 54,000 |
| Notes payable to shareholders, without interest | 546,000 | 785,800 |
| Advances from directors, bearing interest at prime rate | 2,928,633 | 2,883,508 |
| Advances from members of the immediate family of directors, bearing interest at prime rate | 86,715 | 85,534 |
| Class C, D, E, F and H preferred shares, retractable (Note 13) | 10,124,150 | 10,124,150 |
| Current portion of long-term debt (Note 11) | 653,426 | 654,595 |
| | 26,000,231 | 23,742,338 |
| **LONG-TERM DEBT (Note 11)** | 445,525 | 505,883 |
| **DEFERRED FINANCIAL ASSISTANCE** | 138,938 | 142,898 |
| **FUTURE INCOME TAXES** | 756,251 | 748,286 |
| | 27,340,945 | 25,139,405 |
| **SHAREHOLDERS' INTEREST** | | |
| Capital stock (Note 13) | 2,918 | 2,918 |
| Net business assets | 6,686,250 | 5,663,165 |
| | 6,689,168 | 5,666,083 |
| | $34,030,113 | $30,805,488 |

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

**BUSINESS ACTIVITIES OF GESTION BERTRAND & FRÈRES INC.**

**CONSOLIDATED CASH FLOWS**
**Twelve-week periods ended December 21, 2007 and December 22, 2006**
**(September 29, 2007 for notes relating to the comparative balance sheet)**

**Unaudited**

| | 2007<br>December 21 | 2006<br>December 22 |
|---|---|---|
| **OPERATING ACTIVITIES (Note 19)** | | |
| Net earnings | $779,146 | $641,193 |
| Non-cash items: | | |
| Amortization of property, plant and equipment | 267,256 | 311,499 |
| Loss on disposal of property, plant and equipment | 5,503 | 9,616 |
| Future income taxes | 12,333 | (8,846) |
| Amortization of deferred financial assistance | (4,024) | (4,232) |
| | 1,060,214 | 949,230 |
| Net changes in non-cash operating working capital items (Note 5) | (3,226,900) | (1,859,712) |
| | (2,166,686) | (910,482) |
| **INVESTING ACTIVITIES** | | |
| Acquisition of property, plant and equipment | (64,970) | (342,122) |
| Receipt of financial assistance | | 50,000 |
| Proceeds of disposal of property, plant and equipment | 3,035 | 42,587 |
| | (61,935) | (249,535) |
| **FINANCING ACTIVITIES** | | |
| Net change in current bank loan | 2,294,000 | 1,630,000 |
| Repayment of long-term debt | (61,526) | (27,627) |
| Net change in advances from directors | 45,125 | (45,617) |
| Net change in advances from (to) members of the immediate family of directors | 1,181 | |
| Cash flows related to parent company's net asset | (49,862) | (505,000) |
| | 2,228,918 | 1,051,756 |
| **INCREASE (DECREASE) IN BANK OVERDRAFT** | 297 | (108,261) |
| **BANK OVERDRAFT, BEGINNING OF PERIOD** | (955,144) | (1,569,242) |
| **BANK OVERDRAFT, END OF PERIOD** | $(954,847) | $(1,677,503) |

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

## 1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

The business activities of Gestion Bertrand & Frères and its subsidiaries represent food distribution activities.

The consolidated financial statements relating to the previously described net business activities include only the business assets and liabilities of the subsidiaries D. Bertrand & Fils inc. and Viandes Drolet inc. as well as the assets and liabilities of the parent company to be acquired by Colabor Income Fund or any other legal entity to be created.

The consolidated statements of earnings include all of the subsidiaries' revenues and expenses. Since amortization on the parent company's property, plant and equipment and the interest on related long-term debt were eliminated from consolidated earnings, leasing costs charged to the company's subsidiaries were not eliminated from consolidated earnings and the commitments under leases between the subsidiaries and the parent company are presented in Note 14.

## 2. SIGNIFICANT 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. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from these estimates.

### Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the average cost method.

### Property, plant and equipment

Property, plant and equipment are recognized at cost and amortized over their estimated useful lives according to the following methods, rates and period:

| | | |
|---|---|---|
| Equipment | Diminishing balance | 20% |
| Leasehold improvements | Straight-line | 10 years |
| Computer equipment | Diminishing balance | 30% |
| Automotive equipment | Diminishing balance | 30% |
| Furniture | Diminishing balance | 20% |

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Pension plan

The defined benefit pension plan costs are determined by independent actuaries. The pension expense for the year includes current service benefit costs.

### Income taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized in respect of the future tax consequences of the difference between the carrying amount of assets and liabilities in the financial statements and the tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates that are expected to apply to taxable income for the years in which the temporary differences are expected to be realized or resolved. Moreover, the impact on income tax assets or liabilities of a tax rate change is recognized in earnings in the year in which the change is enacted or substantively enacted.

### Revenue recognition

Revenue from foodservice distribution activities is recognized when delivery has occurred, the customer has accepted the sale and collection is reasonably assured.

### Impairment of long-lived assets

Property, plant and equipment are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such a case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of a long-lived asset over its fair value.

### 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. The impairment test consists of a comparison of the fair value of the Company's reporting units with their carrying amount. When the carrying amount of a reporting unit exceeds the fair value, the Company compares the fair value of the goodwill relating to the reporting unit to its carrying amount. An impairment loss equal to the difference is recognized in earnings.

## 3. ADDITIONAL INFORMATION ON EARNINGS

| | 2007 December 21 | 2006 December 22 |
|---|---|---|
| Amortization of property, plant and equipment | $267,256 | $311,499 |
| Loss on disposal of property, plant and equipment | $5,503 | $9,616 |
| Amortization of deferred financial assistance | $(4,024) | $(4,232) |
| Interest on long-term debt | $9,197 | $5,885 |
| Interest on bank loans | $723 | $478 |
| Interest on advances from directors and their family members | $46,306 | $20,766 |
| Interest income | $4,876 | $5,827 |

## 4. INCOME TAXES

| | 2007 December 21 | 2006 December 22 |
|---|---|---|
| Current | $377,223 | $315,724 |
| Future | 12,333 | (8,846) |
| | $389,556 | $306,878 |

The effective income tax rate resulting from the calculation of the income tax expense differs from the companies' base income tax rate as a result of the following:

| | 2007 December 21 | 2006 December 22 |
|---|---|---|
| Income taxes at applicable tax rate of 32.02% in 2007 and 31.77% in 2006 | $374,218 | $301,202 |
| Non-deductible expenses $5,422 ($16,857 in 2006) | 1,736 | 5,355 |
| Other | 13,602 | 321 |
| | $389,556 | $306,878 |

## 4. INCOME TAXES (Continued)

The tax impact of the main items comprising the Company's net future income tax liability is the following:

| | 2007 December 21 | 2007 September 29 |
|---|---|---|
| Future income tax asset | | |
| Financial expenses | $1,837 | $1,985 |
| Deferred financial assistance | 21,063 | 22,331 |
| Other | 958 | 3,909 |
| Future income tax liability | | |
| Property, plant and equipment | (756,251) | (610,712) |
| Other | | (137,574) |
| Net future income tax liability | $(732,393) | $(720,061) |

## 5. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

| | 2007 December 21 | 2006 December 22 |
|---|---|---|
| Accounts receivable | $224,395 | $1,055 |
| Income taxes receivable | (60,859) | (777,704) |
| Inventory | (3,709,127) | (2,645,193) |
| Prepaid expenses | 105,838 | 166,607 |
| Accounts payable | 776,359 | 1,395,523 |
| Income taxes payable | (563,506) | |
| | $(3,226,900) | $(1,859,712) |

## 6. ACCOUNTS RECEIVABLE

| | 2007<br>December 21 | 2007<br>September 29 |
|---|---|---|
| Trade accounts | $13,106,391 | $13,397,639 |
| Allowance for bad debts | (69,566) | (76,132) |
| | 13,036,825 | 13,321,507 |
| Other | 234,877 | 174,590 |
| | $13,271,702 | $13,496,097 |

## 7. INVESTMENTS

| | 2007<br>December 21 | 2007<br>September 29 |
|---|---|---|
| **Colabor Investment Inc., at cost** | | |
| 674,114 class A shares, voting and participating, representing 11.7734% of the issued class A shares | $37,587 | $37,587 |
| 674,114 class B shares, non-voting and participating, representing 11.7734% of the issued class B shares | 60 | 60 |
| 13,975% class D shares, non-voting and non-participating, representing 13.975% of the issued class D shares | 24,177 | 24,177 |
| | $61,824 | $61,824 |

## 8. PROPERTY, PLANT AND EQUIPMENT

| | | | 2007 December 21 |
|---|---|---|---|
| | Cost | Accumulated amortization | Net carrying amount |
| Equipment | $5,480,741 | $3,651,390 | $1,829,351 |
| Leasehold improvements | 539,448 | 178,782 | 360,666 |
| Computer equipment | 1,328,560 | 1,098,163 | 230,397 |
| Automotive equipment | 5,864,322 | 3,844,536 | 2,019,786 |
| Furniture | 735,547 | 513,378 | 222,169 |
| | $13,948,618 | $9,286,249 | $4,662,369 |

| | | | 2007 September 29 |
|---|---|---|---|
| | Cost | Accumulated amortization | Net carrying amount |
| Equipment | $5,472,026 | $3,572,314 | $1,899,712 |
| Leasehold improvements | 539,448 | 166,332 | 373,116 |
| Computer equipment | 1,321,566 | 1,081,286 | 240,280 |
| Automotive equipment | 5,866,043 | 3,734,038 | 2,132,005 |
| Furniture | 730,977 | 502,960 | 228,017 |
| | $13,930,060 | $9,056,930 | $4,873,130 |

## 9. BANK LOAN

The subsidiaries’ lines of credit, for an authorized amount of $5,200,000, are secured by accounts receivable, inventory and moveable property. Amounts drawn bear interest at the bank prime rate. The average interest rate on the loans was 6.00% for the 2007 period and 4.67% for the 2006 period. The credit terms and conditions are renegotiable annually.

The lines of credit are subject to compliance with certain financial ratios.

## 10. ACCOUNTS PAYABLE

| | 2007 December 21 | 2007 September 29 |
|---|---|---|
| Trade accounts | $6,447,205 | $5,624,861 |
| Accrued liabilities | 897,402 | 965,398 |
| Salaries, vacation, deductions at source and employer contributions | 871,853 | 849,842 |
| | $8,216,460 | $7,440,101 |

## 11. LONG-TERM DEBT

| | 2007 December 21 | 2007 September 29 |
|---|---|---|
| Loans, rates varying from 4.99% to 5.25% in 2007 and from 5.12% to 5.25% in 2006, payable in monthly instalments of $22,940 in 2007 and $10,536 in 2006, including interest, maturing from May 2009 to May 2011, secured by automotive equipment with a net carrying amount of $592,718 in 2007 and $320,186 in 2006. | $661,122 | $720,430 |
| Loans, rates varying from 5.12% to 5.2% in 2007 and 2006, payable in monthly instalments of $1,001 including interest, maturing in 2011, secured by equipment with a net carrying amount of $35,640 in 2007 and $44,550 in 2006. | 37,829 | 40,048 |
| 1,345 class B preferred shares of a subsidiary, retractable | 400,000 | 400,000 |
| | 1,098,951 | 1,160,478 |
| Instalments due within one year | 653,426 | 654,595 |
| | $445,525 | $505,883 |

## 11. LONG-TERM DEBT (Continued)

The instalments on long-term debt in the next four years are as follows:

| | |
|---|---|
| 2008 | $653,426 |
| 2009 | 238,451 |
| 2010 | 167,665 |
| 2011 | 39,409 |
| | $1,098,951 |

## 12. DEFERRED FINANCIAL ASSISTANCE

A subsidiary benefits from non-refundable financial assistance relating to rental expenses carried out by the parent company and on the purchase of equipment and machinery. This assistance, for a maximum of $200,000, is receivable in annual instalments of $50,000 over a four-year period which started in September 2005.

The financial assistance relating to equipment and machinery is amortized at the same rate as the related property, plant and equipment and the portion relating to leasehold improvements is amortized over the lease term of 129 months.

## 13. CAPITAL STOCK

**Authorized**

Unlimited number of shares without par value

Class A shares, voting and participating

Class B shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, redeemable at the amount paid plus a premium of $174 per share

Class C shares, non-preferential and non-cumulative annual dividend of 5%, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $699 per share

Class D shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, voting, retractable or redeemable at the fair market value of the consideration received on issuance

## 13. CAPITAL STOCK (Continued)

**Authorized**

Class E shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $174 per share

Class F shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $999.80 per share

Class G shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the amount paid plus a premium of $99.99 per share

Class H shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the fair market value of the consideration received on issuance

Class I shares, non-preferential and non-cumulative annual dividend of 5% on the redemption value, non-participating, non-voting, retractable or redeemable at the fair market value of the consideration received on issuance

**Issued and fully paid**

| | 2007 December 21 | 2007 September 29 |
|---|---|---|
| **Presented as equity** | | |
| 10,000 class A shares | $1,000 | $1,000 |
| 1,918 class B shares | 1,918 | 1,918 |
| | $2,918 | $2,918 |
| **Presented as financial liability** | | |
| 598 class C shares | 418,600 | 418,600 |
| 110 class D shares | 726,000 | 726,000 |
| 6,241 class E shares | 1,092,175 | 1,092,175 |
| 2,295 class F shares | 2,295,000 | 2,295,000 |
| 223,695 class H shares | 5,592,375 | 5,592,375 |
| | $10,124,150 | $10,124,150 |

## 14. COMMITMENTS

The subsidiaries lease office space under a lease with the parent company expiring in June 2016. Minimum lease payments total $11,880,000 and include annual instalments of $1,430,000 for the next five years.

Moreover, the subsidiaries are committed to paying their share of some of the Company's operating expenses.

The subsidiaries also lease automotive equipment and equipment under leases expiring from December 17, 2007 to December 4, 2010. Minimum lease payments total $345,538 and include the following instalments for the next three years:

| | |
|---|---|
| 2008 | $184,056 |
| 2009 | $108,048 |
| 2010 | $53,434 |

## 15. RELATED PARTY TRANSACTIONS

The following table summarizes the Company's related party transactions during the period:

| | 2007<br>December 21 | 2006<br>December 22 |
|---|---|---|
| **Expenses** | | |
| Interest | | |
| Directors and members of their family | $46,306 | $20,766 |
| Rental | | |
| Subsidiaries | $330,000 | $330,000 |

These transactions were carried out in the normal course of operations and are measured at the exchange amount, which is the amount established and agreed upon by the related parties.

## 16. FINANCIAL INSTRUMENTS

### Credit risk

The Company evaluates its trade accounts receivable on an ongoing basis and recognizes an allowance for doubtful accounts based on the credit risk associated with certain customers, historical trends and other relevant information.

### Interest rate risk

The Company uses a line of credit with variable interest rates. Accordingly, it is exposed to interest rate risk resulting from changes in the prime rate.

However, a 1% fluctuation in the prime rate would not have a significant impact on the Company's earnings or financial situation.

### Fair value

The fair value of accounts receivable, the bank overdraft, bank loan, accounts payable, dividends payable, notes payable to shareholders and advances from directors and members of their family is approximately equal to their carrying value due to their short-term maturity date.

The fair value of the investment in Colabor Investment Inc. was not determined because this investment is not listed on an active market and is not held for resale.

The fair value of interest-bearing long-term debt approximates its carrying amount since the interest rates under the current financing agreements are comparable to market rates.

The fair value of retractable shares issued by the parent company and a subsidiary could not be determined because these amounts result from transactions between related parties under terms and conditions that could differ from those which would be negotiated with unrelated parties.

## 17. SEGMENTED INFORMATION

The Company carries out its activities in a single segment, foodservice distribution in eastern Quebec.

## 18. PENSION PLANS

The employees' pension plan is a defined contribution pension plan. The pension expense for the quarter amounts to $12,570 ($0 in 2006).

The senior executive pension plan is a non-contributory defined contribution plan. The pension expense for the quarter amount to $23,000 ($23, 000 in 2006).

## 19. SUPPLEMENTARY CASH FLOW INFORMATION

Cash flows relating to interest and income taxes are detailed as follows:

| | 2007<br>December 21 | 2006<br>December 22 |
|---|---|---|
| Interest paid | $56,226 | $27,129 |
| Income taxes paid | $1,001,588 | $1,532,648 |
| Interest received | $4,876 | $5,827 |

## CERTIFICATE OF THE FUND

Dated: April 16, 2008

This short form prospectus, together with the documents incorporated herein by reference, constitutes, full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

**COLABOR INCOME FUND**

By: (Signed) GILLES C. LACHANCE
President of Colabor Management Inc., the general partner of Colabor Limited Partnership, Colabor Income Fund's administrator

By: (Signed) MICHEL LOIGNON
Vice President and Chief Financial Officer of Colabor Management Inc., the general partner of Colabor Limited Partnership, Colabor Income Fund's administrator

On behalf of the Board of Trustees

By: (Signed) JACQUES LANDREVILLE
Chairman of the Board of Trustees

By: (Signed) RICHARD LORD
Trustee

## CERTIFICATE OF THE UNDERWRITERS

Dated: April 16, 2008

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces of Canada.

**NATIONAL BANK FINANCIAL INC.**

By: (Signed) LOUIS GENDRON

**TD SECURITIES INC.**

By: (Signed) LUC OUELLET

| **CANACCORD CAPITAL CORPORATION** | **CORMARK SECURITIES INC.** | **RAYMOND JAMES LTD.** |
|---|---|---|
| By: (Signed) JEAN-YVES BOURGEOIS | By: (Signed) BORIS NOVANSKY | By: (Signed) WILLIAM MURRAY |

**DESJARDINS SECURITIES INC.**

By: (Signed) JEAN-FRANÇOIS DESJARDINS