COLABOR

Colabor Income Fund

Consolidated Financial Statements
September 9, 2005
(Unaudited)

Financial Statements

Colabor Income Fund
Consolidated Earnings and Deficit
For the 74-day period ended September 9, 2005
(Unaudited, in thousands of dollars, except earnings per unit)

	2005-09-09 (74 days)
	$
Sales	81 547
Rebates	2 401
Net sales	79 146
Cost of sales	79 584
Rebates from suppliers (Note 5)	5 691
	73 893
Gross profit	5 253
Selling, distribution and administrative expenses	2 327
Other revenue	(38)
	2 289
Earnings before financial expenses and amortization	2 964
Financial expenses	161
Amortization of property, plant and equipment	226
Amortization of intangible assets	349
	736
Earnings before non-controlling interest	2 228
Non-controlling interest (Note 13)	1 212
Net earnings	1 016
Distributions declared	1 034
Deficit	(18)
Basic and diluted net earnings per unit (Note 19)	0.18

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

Colabor Income Fund
Consolidated Cash Flows

For the 74-day period ended September 9, 2005

(Unaudited, in thousands of dollars)

	2005-09-09 (74 days)
	$
OPERATING ACTIVITIES	
Net earnings	1 016
Non-cash items	
Non-controlling interest	1 212
Amortization of property, plant and equipment	226
Amortization of intangible assets	349
Changes in working capital items and deferred revenue (Note 6)	9 796
Cash flows from operating activities	12 599
INVESTING ACTIVITIES	
Business acquisition (Note 2)	(69 314)
Property, plant and equipment	(86)
Cash flows from investing activities	(69 400)
FINANCING ACTIVITIES	
Issue of trust units	54 285
Distributions paid to unitholders	(541)
Distributions paid to holders of Colabor LP exchangeable units	(477)
Repayment of notes payable	(8 630)
Long-term debt	250
Repayment of long-term debt	(31)
Cash flows from financing activities	44 856
Net decrease in cash and bank loans, end of period	(11 945)

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

Colabor Income Fund
Consolidated Balance Sheet

September 9, 2005

(Unaudited, in thousands of dollars)

	2005-09-09
	$
ASSETS	
Current assets	
Accounts receivable (Note 7)	24 797
Inventory	27 101
Prepaid expenses	557
	52 455
Property, plant and equipment (Note 8)	4 119
Intangible assets (Note 9)	37 770
Goodwill	16 166
	110 510
LIABILITIES	
Current liabilities	
Bank loans (Note 10)	11 945
Accounts payable and accrued liabilities	29 898
Distributions payable to unitholders	493
Distributions payable to holders of Colabor LP exchangeable units	434
Rebates payable	2 668
Deferred revenue	1 023
Notes payable, without interest	6 195
Instalments on long-term debt	468
	53 124
Long-term debt (Note 11)	2 301
Deferred revenue	49
Security deposits (Note 12)	468
Non-controlling interest (Note 13)	301
	56 243
UNITHOLDERS' EQUITY	
Unitholders' capital account (Note 14)	54 285
Deficit	(18)
	54 267
	110 510

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

Colabor Income Fund
Notes to Consolidated Financial Statements
September 9, 2005
(Unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

Colabor Income Fund (the "Fund") is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Québec on May 19, 2005. The Fund was created to indirectly acquire and hold a 53.2% interest in Colabor, Limited Partnership ("Colabor LP"). Colabor LP distributes and markets food, food-related and non-food products.

The Fund commenced its operations on June 28, 2005 and did not have any business activities from its date of incorporation May 19, 2005.

2 - INITIAL PUBLIC OFFERING AND BUSINESS ACQUISITION

On June 28, 2005, the Fund completed an initial public offering to issue 5,500,000 units of the Fund (the "Units") for $10 each for a total of $55,000,000. On July 20, 2005, the underwriters fully exercised their Over-Allotment Option through the issuance of 275,000 additional units at $10 for a total of $2,750,000. The net proceeds to the Fund, net of underwriters' compensation of $3,465,000, was $54,285,000.

Subsequent to the initial public offering, the Fund indirectly acquired a 53.2% interest in Colabor LP, which carries out the food, food-related and non-food products distribution and marketing activities recently acquired from Colabor Investments Inc. (formerly Colabor Inc.) (the "Vendor"). The remaining 46.8% interest in Colabor LP is held by the Vendor as exchangeable Colabor LP units. The preliminary purchase price allocation was as follows:

	2005-09-09 (74 days)
	$
Current assets	57 661
Property, plant and equipment	4 259
Customer relationships (a)	34 291
Trademarks (a)	3 828
Goodwill (a)	16 166
Bank loans	(15 029)
Current liabilities	(28 546)
Notes payable	(14 825)
Deferred revenue	(502)
Long-term debt	(2 550)
Security deposits	(468)
	54 285
Non-controlling interest (a)	–
Net assets	54 285
Bank loans of acquired business	15 029
Total cash consideration plus bank loans assumed	69 314

2 - INITIAL PUBLIC OFFERING AND BUSINESS ACQUISITION (Continued)

(a) The Vendor transferred substantially all of its assets and liabilities to Colabor LP for notes payable and units of Colabor LP. Since Colabor LP was a wholly-owned subsidiary of the Vendor when the Vendor transferred its distribution and marketing assets to Colabor LP, this transaction was recognized at the carrying amount in accordance with Section 3840 of the Handbook of the Canadian Institute of Chartered Accountants, *Related Party Transactions,* and Abstract EIC-145 of the Emerging Issues Committee, *Basis of Accounting for Assets Acquired upon the Formation of an Income Trust.* Accordingly, the non-controlling interest has been recognized at the carrying amount of the net assets of Colabor LP. The excess of the purchase price over the carrying amount of the net assets has been allocated to intangible assets and goodwill, based on the Fund's percentage of interest in Colabor LP.

The results of operation have been consolidated in earnings since the acquisition date.

3 - ACCOUNTING POLICIES

Accounting estimates

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

Principles of consolidation

These financial statements include the accounts of the Fund and its subsidiaries.

Revenue recognition

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

Inventory valuation

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

Impairment of long-lived assets

The Company reviews long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of assets is less than their carrying amount, an impairment loss must be recognized. An impairment loss is measured as the amount by which the carrying amount of the assets exceeds their fair value.

Colabor Income Fund
Notes to Consolidated Financial Statements
September 9, 2005
(Unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

3 - ACCOUNTING POLICIES (Continued)

Amortization

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

	Methods	Rates and periods
Furniture and fixtures, warehouse equipment and warehouse vehicles	Diminishing balance	20%
Computer hardware	Straight-line	4 years
Computer software	Straight-line	7 years
Leasehold improvements	Straight-line	Lease term of 20 years

Goodwill and intangible assets

Goodwill is the excess of the cost of acquired enterprise 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 Fund's business with its carrying amount. When the carrying amount of the business exceeds the fair value, the Fund compares the fair value of any goodwill relating to the business to its carrying amount. An impairment loss is recognized in earnings in an amount equal to the excess. The fair value of the business is calculated using discounted cash flows.

Intangible assets include customer relationships and trademarks. Customer relationships are amortized on a straight-line basis over their estimated useful lives of 20 years and trademarks are not amortized.

Deferred revenue

The deferred revenue is composed of amounts received from suppliers pursuant to commercial agreements and is amortized on a straight-line basis over the terms of the agreements.

Stock-based compensation

The Fund offers a long-term stock-based compensation plan (the "Plan") to some employees. Under the provisions of Section 3870 of the Handbook of the Canadian Institute of Chartered Accountants, *Stock-based Compensation and Other Stock-based Payments,* the Fund has elected to use the fair-value based method to recognize unit-based compensation.

Under the terms of the Plan, units purchased on the open market on behalf of plan members are recognized at cost and applied against unitholders' equity.

(Unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

3 - ACCOUNTING POLICIES (Continued)

During the vesting period, the Fund recognized a compensation expense calculated at the fair market value (FMV) of the units on the award date. If the FMV of the units on the award date is greater than the acquisition price paid by the Fund, the difference is recognized as contributed surplus. If the FMV of the units on the award date is less than the acquisition price paid by the Fund, the difference is applied against retained earnings.

Income taxes

The Fund and the entities it controls are not subject to income taxes.

Earnings per unit and information on number of units

Earnings per unit are determined using the weighted average number of Fund units outstanding during the period. Diluted earnings per unit are calculated using the if-converted method and include all items with a dilutive effect.

4 - INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF EARNINGS

	2005-09-09 (74 days)
	$
Interest on long-term debt	27
Interest on bank loans	115

5 - REBATES FROM SUPPLIERS

In connection with EIC-144, *Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor,* the Fund is required to disclose the amount of any vendor rebate that has been recognized in income but for which the full requirements for entitlement have not yet been met. For the period ended September 9, 2005, the Fund recognized $1,328,002, which has been estimated on the basis of meeting certain requirements to be entitled to the rebates.

6 - INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

The changes in working capital items and deferred revenue are detailed as follows:

	2005-09-09 (74 days)
	$
Accounts receivable	1 958
Inventory	2 543
Prepaid expenses	705
Accounts payable and accrued liabilities	1 352
Rebates payable	2 668
Deferred revenue	570
	9 796

Colabor Income Fund
Notes to Consolidated Financial Statements

September 9, 2005

(Unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

6 - INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

Cash flows relating to interest paid amount to $141,958 for the period ended September 9, 2005.

7 - ACCOUNTS RECEIVABLE

	2005-09-09
	$
Trade accounts	
Clients controlled by trustees	1 620
Other	19 666
Rebates from suppliers receivable	3 368
Other	143
	24 797

8 - PROPERTY, PLANT AND EQUIPMENT

	2005-09-09		
	Cost	Accumulated amortization	Net
	$	$	$
Furniture and fixtures	269	13	256
Warehouse equipment	1 775	88	1 687
Warehouse vehicles	702	30	672
Computer hardware	211	25	186
Computer software	1 122	69	1 053
Leasehold improvements	76	1	75
Software under development	190		190
	4 345	226	4 119

9 - INTANGIBLE ASSETS

	2005-09-09		
	Cost	Accumulated amortization	Net
	$	$	$
Customer relationships	34 291	349	33 942
Trademarks	3 828		3 828
	38 119	349	37 770

10 - CREDIT FACILITIES

Credit facilities, for a maximum authorized amount of $32,030,000, include a $30,000,000 operating credit and a $2,030,000 credit for the use of a letter of guarantee. These credit facilities are secured by book debts and inventory and are renewable annually. As at September 9, 2005, the letter of guarantee, in the amount of $2,028,000, is used with respect to the commitment described in Note 18. These credit facilities bear interest at the prime rate (4.5% as at September 9, 2005).

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(Unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

10 - CREDIT FACILITIES (Continued)

The Fund is required to comply with a financial ratio under the terms of the credit agreement, which it does as at September 9, 2005.

11 - LONG-TERM DEBT

	2005-09-09
	$
Loan, secured by property, plant and equipment, bank's base rate less 1.5% (5% as at September 9, 2005), maturing in July 2011	2 769
Instalments due within one year	468
	2 301

Under the terms of the credit agreement, the Fund is required to comply with a financial ratio, which it does as at September 9, 2005.

The instalments on long-term debt for the next five twelve-month periods are $468,000 from 2006 to 2010.

12 - SECURITY DEPOSITS

Security deposits arise principally from customers. They bear interest at the prime rate (4.5% as at September 9, 2005) and mature according to the terms of the supply agreements. Customers have assigned their deposits as security for their debts.

13 - NON-CONTROLLING INTEREST

The non-controlling interest represents the exchangeable units of Colabor LP issued to Colabor Investments Inc. (the "Vendor") further to the transaction described in Note 2. Each exchangeable Colabor LP unit entitles the holder to a special voting unit and all or a portion can be exchanged for units on a one-for-one basis ("Exchange Rights").

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

Colabor Income Fund
Notes to Consolidated Financial Statements

September 9, 2005

(Unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

13 - NON-CONTROLLING INTEREST (Continued)

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

		2005-09-09
		$
5,087,439 exchangeable Colabor LP units issued during the Fund's initial public offering		–
Non-controlling interest for the period		
Earnings before non-controlling interest	2 228	
Amortization of intangible assets	349	
Other consolidating items	11	
	2 588	
Vendor's holding in Colabor LP	46.8%	1 212
Distributions declared to holders of exchangeable Colabor LP units		(911)
Balance, end of period		301

14 - UNITHOLDERS' CAPITAL ACCOUNT

a) Units

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

b) Special voting units

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

(Unaudited, amounts in the tables are in thousands of dollars, except earnings per unit)

14 - UNITHOLDERS' CAPITAL ACCOUNT (Continued)

	2005-09-09
	$
Issued and fully paid	
5,775,000 units	54 285
5,087,439 special voting units	
	54 285

The units and special voting units were issued on the closing of the Fund's initial public offering as described in Note 2.

Long-term incentive plan

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

For the period ended September 9, 2005, no units were granted under the Plan.

15 - ECONOMIC DEPENDENCE

Sales to customers with which the Fund has procurement contracts maturing in 2015 represent 88.5%. One of these customers accounts for 15% of the Fund's sales.

16 - RELATED PARTY TRANSACTIONS

The majority of rebates, i.e. $2,310,635, is paid to Colabor Investments Inc. (the "Vendor") at a rate of 3% of sales to preferred customers and shareholders of the Vendor. This is consistent with the various contracts governing relationships between the Fund and the Vendor following the transaction described in Note 2. These contracts are in effect until 2015.

Sales to customers controlled by the trustees totalled $8,011,245 for the period ended September 9, 2005. These transactions were concluded in the normal course of business and are measured at the exchange amount.

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

17 - FINANCIAL INSTRUMENTS

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

The fair value of security deposits could not be determined since it is practically impossible to find financial instruments on the market having substantially the same economic characteristics.

The fair value of the long-term loan is equivalent to its carrying amount because it bears interest at a variable rate based on market rates.

18 - COMMITMENT

The Company has entered into a long-term lease agreement expiring in August 2022 which calls for minimum lease payments of $35,747,000 for the rental of a building. The Company's obligation under the lease is secured by a bank letter of credit for $2,028,000.

Minimum lease payments under the lease for the next twelve months are $2,028,000 from 2006 to 2010.

19 - EARNINGS PER UNIT

The following table presents a reconciliation of the basic earnings and diluted earnings per unit:

			2005-09-09 (74 days)
	Earnings	Weighted average number of units	Earnings per unit
	$		$
Basic earnings and diluted earnings per unit	1 016	5 689 527	0.18

The potentially issuable units on the exchange of exchangeable Colabor LP units have not been included in the calculation of diluted earnings per unit because they are anti-dilutive.