Colabor Income Fund

Consolidated Financial Statements
December 31, 2006 and 2005

Raymond Chabot Grant Thornton LLP
Chartered Accountants

Auditors' Report

To the Unitholders of
Colabor Income Fund

We have audited the consolidated balance sheets of Colabor Income Fund as at December 31, 2006 and 2005 and the consolidated statements of earnings, deficit, contributed surplus and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our 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 Fund as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

/S/ Raymond Chabot Grant Thornton, LLP

Chartered Accountants

Montréal
February 7, 2007

Suite 1900
National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec H3B 4L8
Telephone: (514) 878-2691
Fax: (514) 878-2127
www.rcgt.com

Colabor Income Fund
Consolidated Earnings

Years ended December 31, 2006 and 2005

(In thousands of dollars, except earnings per unit)

	2006 (365 days)	2005 (187 days)
	$	$
Net sales	400,398	215,092
Earnings before financial expenses and amortization	14,061	8,870
Financial expenses	843	427
Amortization of property, plant and equipment	927	532
Amortization of intangible assets	3,225	1,652
	4,995	2,611
Earnings before non-controlling interest	9,066	6,259
Non-controlling interest (Note 11)	4,255	2,973
Net earnings	4,811	3,286
Basic and diluted net earnings per unit (Note 17)	0.83	0.57

The accompanying notes are an integral part of the consolidated financial statements and Note 4 provides additional information on consolidated earnings.

Colabor Income Fund
Consolidated Deficit
Consolidated Contributed Surplus
Years ended December 31, 2006 and 2005
(In thousands of dollars)

	2006 (365 days)	2005 (187 days)
	$	$
CONSOLIDATED DEFICIT		
Retained earnings, beginning of year	279	
Net earnings	4,811	3,286
	5,090	3,286
Distributions declared	6,067	3,007
Retained earnings (deficit), end of year	(977)	279
CONSOLIDATED CONTRIBUTED SURPLUS		
Long-term incentive plan expense (Note 12) and balance end of year	128	–

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

Colabor Income Fund
Consolidated Cash Flows

Years ended December 31, 2006 and 2005

(In thousands of dollars)

	2006 (365 days)	2005 (187 days)
	$	$
OPERATING ACTIVITIES		
Net earnings	4,811	3,286
Non-cash items		
Amortization of property, plant and equipment	927	532
Amortization of intangible assets	3,225	1,652
Non-controlling interest	4,255	2,973
Long-term incentive plan expense	128	
	13,346	8,443
Changes in operating assets and liabilities (Note 5)	7,976	11,951
Cash flows from operating activities	21,322	20,394
INVESTING ACTIVITIES		
Business acquisition (Note 2)		(54,285)
Property, plant and equipment	(744)	(322)
Cash flows from investing activities	(744)	(54,607)
FINANCING ACTIVITIES		
Bank loans	(4,623)	(7,029)
Distributions paid to unitholders	(6,042)	(2,514)
Distributions paid to holders of exchangeable Colabor LP units	(5,419)	(2,214)
Repayment of notes payable	(6,195)	(8,630)
Long-term debt		250
Repayment of long-term debt	(468)	(187)
Repayment of security deposits	(468)	
Purchase of units held by the Fund for long-term incentive plan (Note 12)	(448)	
Issue of trust units		54,285
Cash flows from financing activities	(23,663)	33,961
Net decrease in cash	(3,085)	(252)
Bank overdraft, beginning of year	(252)	
Bank overdraft, end of year	(3,337)	(252)

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

Colabor Income Fund
Consolidated Balance Sheets

December 31, 2006 and 2005

(In thousands of dollars)

	2006	2005
	$	$
ASSETS		
Current assets		
Accounts receivable (Note 6)	24,501	21,916
Withholding taxes receivable	1,620	
Inventory	24,049	22,504
Prepaid expenses	494	183
	50,664	44,603
Property, plant and equipment (Note 7)	3,866	4,049
Intangible assets (Note 8)	66,823	70,048
Goodwill (Note 2)	13,459	13,459
	134,812	132,159
LIABILITIES		
Current liabilities		
Bank overdraft	3,337	252
Bank loans (Note 9)	3,377	8,000
Accounts payable and accrued liabilities	28,234	21,362
Distributions payable to unitholders	518	493
Distributions payable to holders of exchangeable Colabor LP units	456	434
Rebates payable	13,005	6,316
Deferred revenue	739	263
Notes payable, without interest		6,195
Instalments on long-term debt	468	468
	50,134	43,783
Long-term debt (Note 10)	1,677	2,145
Security deposits		468
Non-controlling interest (Note 11)	30,013	31,199
	81,824	77,595
UNITHOLDERS' EQUITY		
Unitholders' capital account (Note 12)	54,285	54,285
Contributed surplus	128	
Units held for long-term incentive plan (Note 12)	(448)	
Retained earnings (deficit)	(977)	279
	52,988	54,564
	134,812	132,159

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

On behalf of the Board,

/S/ Robert Panet-Raymond
Trustee

/S/ Jacques Landreville
Trustee

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

(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 a limited purpose, open-ended capital and unincorporated 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 on 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 Fund units (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 each 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") for a cash consideration of $54,285,000. The remaining 46.8% interest in Colabor LP is held by the Vendor as exchangeable Colabor LP units. The purchase price allocation is determined as follows:

	2005 (187 days)
	$
Current assets	57,661
Property, plant and equipment	4,259
Customer relationships (a)	64,500
Trademarks (a)	7,200
Goodwill (a)	13,459
Bank loans	(15,029)
Deferred revenue	(502)
Other current liabilities	(28,546)
Notes payable	(14,825)
Long-term debt	(2,550)
Security deposits	(468)
	85,159
Non-controlling interest (a)	(30,874)
Net assets acquired	54,285

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 Canadian Institute of Chartered Accountants Handbook, *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.* As a result of changes in December 2005 to Abstract EIC-151, *Exchangeable Securities Issued by Subsidiaries of Income Trusts,* the Fund retroactively amended the amount recognized as non-controlling interest. At the time of acquisition, this item was measured at the carrying amount of Colabor LP's equity. The amount is now equivalent to the exchange value of the units at the time of issuance. The Fund therefore adjusted the purchase price allocation to reflect the new excess of the purchase price over the carrying amount of net assets. Accordingly, the Fund considered that the units held by non-controlling interest do not have the same economic characteristics as the Fund's units and therefore evaluated the non-controlling interest accordingly.

The operating results have been consolidated in the statement of 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 Fund may undertake in the future. Actual results may differ from these estimates.

Principles of consolidation

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

Revenue recognition

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

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005
(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	Rate and periods
Furniture, fixtures, warehouse equipment and warehouse vehicles	Diminishing balance	20%
Computer hardware and software	Straight-line	4 years
Warehouse software	Straight-line	7 years
Leasehold improvements	Straight-line	Lease term of 20 years

Customer relationships are amortized on a straight-line basis over their expected life of 20 years.

Impairment of long-lived assets

Property, plant and equipment and customer relationships subject to amortization are tested for recoverability when 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.

Trademarks

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

Goodwill

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

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005
(Amounts in the tables are in thousands of dollars, except earnings per unit.)

3 - ACCOUNTING POLICIES (Continued)

Income taxes

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

On October 31, 2006, the Department of Finance of Canada announced new tax provisions that would modify the taxation of the Fund and its unitholders. According to the bill that was introduced on December 21, 2006, distributions to Fund unitholders would be taxed as of 2011. As at December 31, 2006, this law had not been passed by Parliament.

Earnings per unit and information on number of units

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

Stock-based compensation

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

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

4 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

	2006 (365 days)	2005 (187 days)
	$	$
Interest on long-term debt	149	74
Interest on bank loans	636	342

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

(Amounts in the tables are in thousands of dollars, except earnings per unit.)

5 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in operating assets and liabilities are detailed as follows:

	2006 (365 days)	2005 (187 days)
	$	$
Accounts receivable	(2,585)	4,837
Withholding taxes receivable	(1,620)	
Inventory	(1,545)	7,140
Prepaid expenses	(311)	1,081
Accounts payable and accrued liabilities	6,872	(7,184)
Rebates payable	6,689	6,316
Deferred revenue	476	(239)
	7,976	11,951

Cash flows relating to interest paid amount to $760,195 in 2006 and to $426,986 in 2005.

6 - ACCOUNTS RECEIVABLE

	2006	2005
Trade accounts (a)	$	$
Customers controlled by trustees	1,431	1,293
Other	16,509	15,492
Rebates from suppliers receivable	6,495	5,085
Other	66	46
	24,501	21,916

(a) One customer accounts for 15% in 2006 and 11% in 2005 of total trade accounts receivable.

7 - PROPERTY, PLANT AND EQUIPMENT

	2006		
	Cost	Accumulated amortization	Net
	$	$	$
Furniture and fixtures	311	81	230
Warehouse equipment	1,816	529	1,287
Warehouse vehicles	921	227	694
Computer hardware and software	435	266	169
Warehouse software	971	349	622
Leasehold improvements	96	7	89
Software under development	775		775
	5,325	1,459	3,866

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005
(Amounts in the tables are in thousands of dollars, except earnings per unit.)

7 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	2005		
	Cost	Accumulated amortization	Net
	$	$	$
Furniture and fixtures	272	30	242
Warehouse equipment	1,805	207	1,598
Warehouse vehicles	735	71	664
Computer hardware and software	423	100	323
Warehouse software	971	122	849
Leasehold improvements	96	2	94
Software under development	279		279
	4,581	532	4,049

8 - INTANGIBLE ASSETS

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

	2005		
	Cost	Accumulated amortization	Net
	$	$	$
Customer relationships	64,500	1,652	62,848
Trademarks	7,200		7,200
	71,700	1,652	70,048

9 - 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 the accounts receivable and inventory and are renewable in June 2007. As at December 31, 2006 and 2005, the letter of guarantee, in the amount of $2,028,000, is used with respect to a commitment described in Note 16. The operating credit bears interest at the prime rate (6% as at December 31, 2006 and 5% as at December 31, 2005).

The Fund is required to comply with a financial ratio under the terms of the credit agreement, which it does as at December 31, 2006 and 2005.

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005
(Amounts in the tables are in thousands of dollars, except earnings per unit.)

10 - LONG-TERM DEBT

	2006	2005
	$	$
Loan, secured by property, plant and equipment, bank's base rate less 1.5% (6.5% as at December 31, 2006 and 5.5% as at December 31, 2005), monthly instalments of $39,000, maturing in July 2011	2,145	2,613
Instalments due within one year	468	468
	1,677	2,145

Under the terms of the credit agreement, the Fund is required to comply with a financial ratio, which it does as at December 31, 2006 and 2005.

The instalments on long-term debt for the next five years are $468,000 from 2007 to 2010 and $273,000 in 2011.

11 - NON-CONTROLLING INTEREST

The non-controlling interest represents the exchangeable units of Colabor LP issued to 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 (the "Exchange Rights").

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

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 Dates. 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.

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

(Amounts in the tables are in thousands of dollars, except earnings per unit.)

11 - NON-CONTROLLING INTEREST (Continued)

	2006	2005
	$	$
Balance, beginning of year	31,199	30,874
Non-controlling interest for the year		
Earnings before non-controlling interest	9,066	6,259
Other consolidating items	18	88
	9,084	6,347
Vendor's holding in Colabor LP	46.8%	46.8%
	4,255	2,973
Distributions declared to holders of exchangeable Colabor LP units	(5,441)	(2,648)
Balance, end of year	30,013	31,199

12 - UNITHOLDERS' CAPITAL ACCOUNT

Units

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

Special units

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

	2006	2005
	$	$
Issued and fully paid		
5,775,000 units	54,285	54,285
5,087,439 special units		
	54,285	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.

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

(Amounts in the tables are in thousands of dollars, except earnings per unit.)

12 - UNITHOLDERS' CAPITAL ACCOUNT (Continued)

Long-term incentive plan

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

On February 21, 2006, the Fund granted $447,565 under the plan. As at December 31, 2006, 35,840 units have been acquired on the market for a total of $447,565. For the year ended December 31, 2006, compensation expense amounted to $127,527 in 2006 and to nil in 2005.

13 - ECONOMIC DEPENDENCE

The Fund has signed supply contracts with customers expiring in 2015. Sales to these customers amounted to 88.7% in 2006 and 88.1% in 2005 of Fund sales. One customer accounts for 13.8% in 2006 and 13.8% in 2005 of Fund sales.

14 - RELATED PARTY TRANSACTIONS

	2006 (365 days)	2005 (187 days)
	$	$
Transactions with customers controlled by trustees		
Net sales (a)	41,955	20,974
Transactions with the Vendor		
Earnings (a)		
Rebates (b)	11,641	6,306
Selling, distribution and administration expenses		
Rent	2,028	1,039
Computer services	404	235
Balance sheet		
Software under development	466	135
Rebates payable	12,699	6,127
Notes payable	–	6,195

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

(Amounts in the tables are in thousands of dollars, except earnings per unit.)

14 - RELATED PARTY TRANSACTIONS (Continued)

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

(b) Rebates represent 3% of sales to preferred customers or shareholders of the Vendor in accordance with various contracts governing relationships between the Fund and the Vendor further to the transaction described in Note 2.

15 - FINANCIAL INSTRUMENTS

The fair value of accounts receivable, withholding taxes receivable, bank overdraft, 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 rate.

16 - COMMITMENTS

The Fund has entered into a long-term lease agreement expiring in August 2022, which calls the Fund to pay the Vendor an amount of $33,212,000 for the rental of a building. The Fund's obligation under the lease is guaranteed by a bank letter of credit for the amount of $2,028,000.

The minimum lease payments for the next five years are $2,028,000 annually.

The Fund has entered into a long-term lease agreement expiring in June 2015, which calls for the Fund to pay an amount of $4,403,000 for computer services provided by the Vendor's subsidiary.

The minimum service payments for the next five years are $518,000 annually.

17 - NET EARNINGS PER UNIT

The following table presents the basic and diluted net earnings per unit:

2006 (365 days)			2005 (187 days)		
Net earnings	Weighted average number of units	Basic and diluted net earnings per unit	Net earnings	Weighted average number of units	Basic and diluted net earnings per unit
$		$	$		$
4,811	5,775,000	0.83	3,286	5,742,647	0.57

Colabor Income Fund
Notes to Consolidated Financial Statements
December 31, 2006 and 2005

(Amounts in the tables are in thousands of dollars, except earnings per unit.)

17 - NET EARNINGS PER UNIT (Continued)

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

18 - DIFFERENCES BETWEEN THE CARRYING AMOUNTS AND TAX BASES

Excess net carrying amounts of property, plant and equipment and intangible assets over their tax base amount to approximately $54,000,000 ($55,000,000 in 2005).

19 - SUBSEQUENT EVENTS

On January 4, 2007, the Fund issued 2,825,000 units for $25,001,250, and 7% convertible unsecured subordinated debentures for $50,000,000. The Fund also renegotiated its credit facilities for a maximum authorized amount of $70,000,000.

On January 8, 2007, the Fund acquired the assets of Summit Food Service Distributors Inc., a company operating in the same industry sector as the Fund, for $115,000,000 cash.

On January 26, 2007, the underwriters exercised their over-allotment option beyond by issuing 120,000 additional units for $1,062,000.