Consolidated Financial Statements
December 31, 2011 and 2010
and January 1, 2010

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Raymond Chabot
Grant Thornton

Independent Auditor's Report

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To the Shareholders of
Colabor Group Inc.

We have audited the accompanying consolidated financial statements of Colabor Group Inc., which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and as at January 1, 2010 and the consolidated statements of earnings, comprehensive income, changes in equity and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Colabor Group Inc. as at December 31, 2011 and 2010 and as at January 1, 2010 and the results of its operations and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montréal
March 21, 2012

[1] Chartered accountant auditor permit no. 21290

Colabor Group Inc.
Consolidated Earnings
Years ended December 31, 2011 and 2010
(in thousands of Canadian dollars, except data per share)

	Notes	2011	2010
		$	$
Sales of goods	6	1,313,251	1,051,960
Operating expenses excluding costs not relating to current operations, depreciation and amortization	7	1,275,053	1,014,475
Operating earnings before costs not relating to current operations, depreciation and amortization		38,198	37,485
Costs not relating to current operations	8	3,618	1,704
Depreciation of property, plant and equipment	10	4,063	3,345
Amortization of intangible assets	11	13,562	10,400
		21,243	15,449
Operating earnings		16,955	22,036
Finance costs	21	8,511	6,178
Earnings before tax		8,444	15,858
Income taxes			
Current	13	–	–
Deferred	13	1,616	5,741
		1,616	5,741
Earnings		6,828	10,117
Cash flows per share	22	$ 1.15	$ 1.42
Basic and diluted earnings per share	22	$ 0.30	$ 0.47

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

Colabor Group Inc.
Consolidated Comprehensive Income
Years ended December 31, 2011 and 2010
(in thousands of Canadian dollars)

	2011	2010
	$	$
Earnings	6,828	10,117
Other comprehensive income, net of taxes		
Available-for-sale financial asset - gain (loss) for the year	(952)	476
Cash flow hedges - loss for the year	(618)	
Taxes on other comprehensive income	285	(62)
Total other comprehensive income	(1,285)	414
Total comprehensive income	5,543	10,531

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

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

	Share capital	Convertible debenture conversion options	Contributed surplus	Shares held under stock-based compensation plans	Available-for-sale financial asset	Cash flow hedges	Retained earnings	Total equity
	$	$	$	$	$	$	$	$
Balance as at January 1, 2010	**143,008**	**2,029**	**774**	**(1,248)**	**1,568**	**–**	**25,672**	**171,803**
Earnings for the year							10,117	10,117
Other comprehensive income								
Gain on available-for-sale financial asset					476			476
Taxes on other comprehensive income					(62)			(62)
Total comprehensive income	–	–	–	–	414	–	10,117	10,531
Dividends declared							(24,000)	(24,000)
Conversion of convertible debentures	34,952	(1,356)						33,596
Issue of convertible debentures		1,742						1,742
Stock-based compensation plan expenses			527					527
Purchase of shares held by the Company for stock-based compensation plans				(218)				(218)
Shares released for stock-based compensation plans			(530)	530				
Transactions with owners	34,952	386	(3)	312	–	–	(24,000)	11,647
Balance as at December 31, 2010	**177,960**	**2,415**	**771**	**(936)**	**1,982**	**–**	**11,789**	**193,981**
Balance as at January 1, 2011	**177,960**	**2,415**	**771**	**(936)**	**1,982**	**0**	**11,789**	**193,981**
Earnings for the year							6,828	6,828
Other comprehensive income								
Gain on available-for-sale financial asset					(952)			(952)
Loss on cash flow hedges						(618)		(618)
Taxes on other comprehensive income					124	161		285
Total comprehensive income	–	–	–	–	(828)	(457)	6,828	5,543
Dividends declared							(24,806)	(24,806)
Normal-course issuer bid	(2,722)						(472)	(3,194)
Conversion of convertible debentures	4,414	(200)						4,214
Exchange of convertible debentures		(473)	473					
Stock-based compensation plan expenses			417					417
Purchase of shares held by the Company for stock-based compensation plans				(141)				(141)
Shares released for stock-based compensation plans			(455)	455				
Transactions with owners	1,692	(673)	435	314	–	–	(25,278)	(23,510)
Balance as at December 31, 2011	**179,652**	**1,742**	**1,206**	**(622)**	**1,154**	**(457)**	**(6,661)**	**176,014**

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

Colabor Group Inc.
Consolidated Cash Flows
Years ended December 31, 2011 and 2010
(in thousands of Canadian dollars)

	Notes	2011	2010
		$	$
Operating activities			
Earnings before income taxes		8,444	15,858
Depreciation of property, plant and equipment	10	4,063	3,345
Amortization of intangible assets	11	13,562	10,400
Finance costs		8,511	6,178
Stock-based compensation plan expenses	20	417	527
Purchase of shares held by the Company for stock-based compensation plans	20	(141)	(218)
		34,856	36,090
Income tax recovery (witholdings)		856	(2,083)
Net changes in working capital	23	11,553	5,093
Cash flows from operating activities		47,265	39,100
Investing activities			
Business acquisition, net of cash acquired	3	(79,069)	(21,830)
Purchase of property, plant and equipment	10	(3,700)	(1,457)
Purchase of intangible assets	11	(918)	(784)
Cash flows from investing activities		(83,687)	(24,071)
Financing activities			
Bank loan		72,454	(24,990)
Normal course issue bid		(3,194)	
New long-term debt	17	14,598	
Repayment of long-term debt		(307)	(850)
Redemption of convertible debentures	18	(10,028)	
Issue of convertible debentures	18		47,500
Dividends paid		(24,790)	(25,249)
Payment of balances of purchase price		(3,564)	
Finance costs paid	21	(8,189)	(5,023)
Cash flows from financing activities		36,980	(8,612)
Net change in bank overdraft		558	6,417
Bank overdraft, beginning of year		(10,709)	(17,126)
Bank overdraft, end of year		(10,151)	(10,709)

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

Colabor Group Inc.
Consolidated Financial Position
December 31, 2011 and 2010 and January 1, 2010
(in thousands of Canadian dollars)

	Notes	2011-12-31	2010-12-31	2010-01-01
		$	$	$
ASSETS				
Current				
Trade and other receivables	9	108,164	82,540	75,438
Recoverable tax assets		2,421	2,694	685
Inventory		76,632	69,669	71,909
Prepaid expenses		2,596	1,196	1,500
Current assets		189,813	156,099	149,532
Non-current				
Equity investment in Colabor Investments Inc.	26	12,410	11,434	7,961
Property, plant and equipment	10	17,319	10,920	11,356
Intangible assets	11	154,845	136,995	136,348
Goodwill	12	114,775	78,272	72,317
Deferred income tax assets	13		354	7,214
Non-current assets		299,349	237,975	235,196
Total assets		489,162	394,074	384,728
LIABILITIES AND EQUITY				
LIABILITIES				
Current				
Bank overdraft		10,151	10,709	17,126
Trade and other payables		105,575	69,365	65,762
Dividends payable		6,220	6,204	7,453
Rebates payable		11,783	14,283	13,808
Balances of purchase price payable	15	12,560	13,236	10,081
Deferred revenue		344	491	961
Bank borrowings	16		24,308	
Convertible debentures	18		13,905	
Long-term debt			307	636
Current liabilities		146,633	152,808	115,827
Non-current				
Bank borrowings	16	96,167		49,177
Derivative financial instrument	16 and 26	618		
Balances of purchase price payable	15	250	1,143	
Long-term debt	17	14,598		307
Convertible debentures	18	46,080	45,500	46,711
Pension obligations	20.3	448	642	903
Deferred income tax liabilities		8,354		
Non-current liabilities		166,515	47,285	97,098
Total liabilities		313,148	200,093	212,925
EQUITY				
Share capital	19	179,652	177,960	143,008
Retained earnings (deficit)		(6,661)	11,789	25,672
Other components of equity		3,023	4,232	3,123
Total equity		176,014	193,981	171,803
Total liabilities and equity		489,162	394,074	384,728

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

The Board of Directors approved and authorized the publication of the consolidated financial statements on March 21, 2012.

On behalf of the Board,

/S/ Robert Panet-Raymond
Director

/S/ Richard Lord
Director

1. *NATURE OF OPERATIONS*

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

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

These consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS). As this is the first year that the Company's financial results and financial position are presented in accordance with IFRS, the financial statements have been prepared in accordance with IFRS 1, First-time Adoption of International Financial Reporting Standards. The accounting policies described in Note 4 are based on IFRS and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) in effect as at December 31, 2011.

The Company's financial statements were previously prepared in accordance with Canadian generally accepted accounting principles (hereafter "Canadian GAAP") applicable before the transition to IFRS. Canadian GAAP differs in some areas from IFRS. In preparing these IFRS financial statements, management has amended certain accounting, measurement and consolidation methods previously applied in the Canadian GAAP financial statements before the transition to IFRS. Comparative information for the year 2010 has been restated to reflect these changes. Note 30 presents reconciliations of equity, earnings and comprehensive income in accordance with Canadian GAAP and IFRS, as well as the effect of the transition from Canadian GAAP applicable prior to the transition to IFRS on these items.

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

3. *BUSINESS COMBINATIONS*

3.1 Acquisitions in 2011

Acquisition of Les Pêcheries Norref Québec Inc.

On February 28, 2011, the Company acquired all of the outstanding shares of Les Pêcheries Norref Québec Inc. (hereafter "Norref"), a company operating in the Distribution Segment in Quebec. The acquisition of Norref reflects Colabor's strategic objectives to broaden its product offering and client base, while making it possible to occupy a dominant position in a profitable and growing commercial segment.

Acquisition of Edfrex Inc. assets

On March 30, 2011, the Company acquired substantially all of the assets of Edfrex Inc. (hereafter "Edfrex"), a distributor affiliated with Colabor in New Brunswick. The assets acquired include, among others, a 2.49% interest in Colabor Investments Inc. Edfrex operates in the Distribution Segment primarily in New Brunswick. The Edfrex acquisition is consistent with Colabor's objectives of expanding its geographic scope and clientele.

Acquisition of The Skor Food Group Inc.

On May 9, 2011, the Company acquired substantially all of the outstanding shares of The Skor Food Group Inc. (hereafter "Skor"), which operates in the Distribution Segment in Ontario. The Skor acquisition meets Colabor's objectives of broadening its client base.

The purchase price allocations were determined as follows:

	Value recognized on the acquisition date			
	Norref	**Edfrex**	**Skor**	**Total**
	$	$	$	$
Cash	169		4,596	4,765
Trade and other receivables	7,429	2,236	5,149	14,814
Recoverable tax assets	117		466	583
Inventory	2,424	1,653	8,069	12,146
Prepaid expenses	12		982	994
Equity investment in Colabor Investments Inc.		1,928		1,928
Property, plant and equipment	3,334	856	2,572	6,762
Intangible assets	21,727		8,767	30,494
Goodwill	20,455	773	15,275	36,503
Trade and other payables	(5,613)	(1,255)	(8,915)	(15,783)
Deferred tax assets	(5,967)		(1,410)	(7,377)
Acquisition cost and fair value of consideration transferred	44,087	6,191	35,551	85,829
Portion settled as balances of purchase price	(1,087)	(908)		(1,995)
Cash acquired	(169)		(4,596)	(4,765)
Net cash flows on acquisition and fair value of portion transferred to cash	42,831	5,283	30,955	79,069

In the case of the Norref acquisition, the purchase price allocation is still preliminary because certain items used in determining the purchase price are currently in an arbitration process.

Business acquisition-related costs amounting to $1,795,000 are not included as part of acquisition cost and have been recognized as costs not relating to current operations in the consolidated statements of earnings.

Since their acquisition, the acquired companies have contributed a total of $200,341,000 to the Company's sales of goods and $3,546,000 to operating earnings. Management estimates that, if the acquisitions had occurred on January 1, 2011, additional sales of goods would have been $63,743,000 but cannot estimate the additional operating earnings because of the lack of detail in the acquired companies' management systems prior to the acquisition.

Trade and other receivables

The gross contractual amount of trade and other receivables amounts to $15,380,000. At the acquisition date, the best estimate of contractual cash flows that is not expected be recovered is $566,000.

Goodwill

Goodwill primarily relates to forecasted growth, future profitability, expertise and significant employee competencies as well as expected cost synergies. Goodwill from these business combinations, other than that related to Edfrex, is not expected to be deductible for tax purposes.

3.2 Acquisitions in 2010

Acquisition of RTD Distributions Ltée assets

On September 21, 2010, the Company acquired substantially all of the net asset of RTD Distributions Ltée ("RTD"), a company carrying on business in the Distribution Segment. The results of operations are consolidated in the statement of earnings since the acquisition date. The assets acquired also include all of the outstanding shares of Transport Paul-Émile Dubé Ltée and a 3.85% interest in Colabor Investments Inc. The RTD acquisition is consistent with Colabor's objectives of expanding its geographic scope and client base.

The purchase price allocation was determined as follows:

	Value recognized on the acquisition date
	$
Trade and other receivables	10,137
Inventory	4,800
Prepaid expenses	934
Equity investment in Colabor Investments Inc.	2,997
Property, plant and equipment	1,452
Intangible assets	10,263
Goodwill	5,955
Trade and other payables	(9,567)
Recoverable income tax assets (liabilities)	(74)
Long-term debt	(214)
Deferred income tax liabilities	(555)
Acquisition cost and fair value of consideration transferred	26,128
Portion settled as balance of purchase price	(4,298)
Net cash flows on acquisition and fair value of portion transferred to cash	21,830

Business acquisition-related costs amounting to $505,000 are not included as part of acquisition cost and have been recognized as costs not relating to current operations in the consolidated statements of earnings.

For the period from the date of acquisition to December 31, 2010, RTD contributed a total of $28,875,000 to the Company's sales of goods and $411,000 to operating earnings. Management estimates that, if the acquisition had occurred on January 1, 2010, additional sales of goods would have been $94,351,000 but cannot estimate the additional operating earnings because of the lack of details in the acquired company's management system prior to the acquisition.

Trade and other receivables

The gross contractual amount of trade and other receivables amounts to $10,283,000. At the acquisition date, the best estimate of contractual cash flows that is not expected be recovered is $146,000.

Goodwill

Goodwill primarily relates to forecasted growth, future profitability, expertise and significant employee competencies as well as expected cost synergies. Goodwill from this business combination is expected to be deductible for tax purposes.

4. *SIGNIFICANT ACCOUNTING POLICIES*

4.1 General information

The consolidated financial statements have been prepared in accordance with the accounting policies described in this note. These accounting policies have been applied throughout the periods presented, except when the Company applied certain exemptions and exceptions on the transition to IFRS. The exemptions and exceptions applied and effects of the transition to IFRS are presented in Note 30.

The consolidated financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements*. The Company has decided to present the statement of comprehensive income as two statements, the statement of earnings and the statement of comprehensive income.

Pursuant to IFRS 1, the Company is presenting three statements of financial position in its first IFRS financial statements. In subsequent periods, there will only be one comparative period.

4.2 Basis of measurement

These consolidated financial statements are presented at historical cost, with the exception of certain financial instruments that are measured at fair value and pension obligations that are measured at the present value of pension obligations less the fair value of the plan assets.

4.3 Basis of consolidation

The consolidated financial statements include the accounts of the parent company and all the companies in which it exercises control through more than half of the voting rights. The parent company has control when it has the power to control the financial and operating policies of entities. These entities are consolidated from the date the Company acquires control until the date control ends.

The consolidated financial statements include the accounts of the Colabor Group Inc. and its subsidiaries which are all wholly-owned. All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies.

4.4 Business combinations

Business combinations occurring after January 1, 2010 are accounted for using the acquisition method under IFRS 3, *Business Combinations* (IFRS 3). The consideration transferred by the Company to obtain control of an entity is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognizes identifiable assets acquired and liabilities assumed, including contingent liabilities, in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at the acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognized amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest that the Company has in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in profit or loss immediately.

See Note 30 for information on business combinations prior to January 1, 2010.

4.5 Revenue recognition

Sales of goods are the only significant source of revenue. Sales of goods in the consolidated statements of earnings represent the fair value of the consideration received or receivable from third parties on the sales of goods to customers, net of commodity taxes, returns, rebates and discounts.

The Company recognizes revenue when all of the following conditions are satisfied:

(a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, that is on delivery of the goods;

(b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

(c) the amount of the sale of goods can be measured reliably;

(d) it is probable that the economic benefits associated with the transaction will flow to the Company;

(e) transaction costs incurred or to be incurred can be measured reliability.

4.6 Customer rebates

Rebates to customers are recognized as a reduction of the sale price and presented as a reduction of the sales of goods in the consolidated statements of earnings.

These rebates are recognized when they are considered as probable and can be reasonably estimated.

4.7 Supplier rebates

The Company recognizes the consideration received from suppliers as a reduction of the price of suppliers' goods and reduces the purchases of goods and the related inventory in the consolidated statements of earnings and financial position. Some exceptions apply when the cash consideration received is a reimbursement of the additional sales expenses incurred by the reseller, in which case, the rebate is recognized in accordance with the substance of the agreement as a reduction in operating expenses.

These rebates are recognized when they are considered as probable and can be reasonably estimated. Receipt probability and estimates are determined on the basis of goods purchase forecasts and contractual terms. Assumptions are re-assessed each period.

4.8 Functional and presentation currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

4.9 Income taxes

The income taxes expenses comprise current and deferred taxes and are recognized in the consolidated statements of earnings and comprehensive income, other than taxes relating to equity, which are deducted from equity.

Current income taxes assets or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are not received or unpaid at the reporting date. Current income taxes are payable on taxable income, which differs from earnings in the financial statements. Calculation of current taxes is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred taxes are not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting income. Deferred taxes on temporary differences associated with investments in subsidiaries and joint ventures are not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always recognized in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred income tax assets or liabilities are recognized as revenues or expenses, except if they relate to items that have been recognized as other comprehensive income or directly in equity, in which case, the corresponding deferred tax is also recognized in other comprehensive income or in equity.

4.10 Earnings per share

Earnings per share are computed by dividing net earnings attributable to the parent company's common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are calculated taking into account the potentially dilutive effect of common shares on earnings attributable to the parent company's common shareholders and the weighted average number of common shares outstanding. Potentially dilutive common shares are considered to have been converted into common shares at the later of the beginning of the period or the common share issuance date. Potential common shares are related to debentures, the shares issued under the long-term incentive plan ("LTIP") and the performance stock unit ("PSU") plan and the stock options.

4.11 Operating segments

Segment information is presented in accordance with IFRS 8, *Operating Segments*, using information that is reviewed regularly by management to determine the performance of each segment. The same criteria are used to present operating segments and produce internal reports for management. Performance is evaluated according to segment earnings before depreciation, amortization, finance costs and taxes. Intersegment transactions that are in the ordinary course of operations are recognized at fair value.

The Company has two operating segments: distribution to food distributors (Wholesale Segment) and distribution to foodservice enterprises (Distribution Segment).

The accounting policies the Company uses for segments are the same as those used in its financial statements, except that the following are not allocated to segments earnings:

- corporate expenses (employee compensation and other unallocated amounts)
- finance costs
- depreciation of property, plant and equipment and amortization of intangible assets
- costs not relating to current operations
- tax expenses

4.12 Inventory

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

The cost of inventories comprises costs of purchases and other costs incurred in bringing the inventory to its present location and condition, net of suppliers' rebates (see Note 4.7).

Net realizable value is the estimated selling price in the ordinary course of business less any applicable estimated selling expenses.

4.13 Property, plant and equipment

Property, plant and equipment are recognized at historical cost less accumulated depreciation and amortization and accumulated impairment losses. Historical cost includes costs incurred to acquire and install the related assets.

Land is not depreciated. Other property, plant and equipment is depreciated on a straight-line basis on components with homogeneous useful lives to depreciate the initial cost over their estimated useful lives, taking residual values into account.

Useful lives are as follows:

Building	20 years
Furniture, warehouse equipment and vehicles	5 to 15 years
Road vehicles	7 years
Computer hardware	4 years
Leasehold improvements	Lease term 10 to 20 years

The useful lives, depreciation method and residual values are reviewed each year, taking the nature of the asset, its expected use and technological developments into account. Assets are depreciated once they are available for use.

Depreciation is recognized in consolidated earnings within "Depreciation of property, plant and equipment".

The profit or loss on the disposal of an item of property, plant and equipment is the difference in the proceeds versus the carrying amount of the asset and is recognized in other revenue and expenses in earnings.

4.14 Intangible assets

4.14.1 Distribution software and customer relationships

These intangible assets are recognized at historical cost less accumulated amortization and accumulated impairment losses.

The historical cost of distribution software includes costs incurred to acquire and install the related software.

All customer relationships are attributable to business combinations and satisfy the accounting criteria of intangible assets.

These intangible assets are amortized on a straight-line basis to amortize the initial cost over their estimated useful lives, taking residual values into account. The useful lives are as follows:

Distribution software	5 and 7 years
Customer relationships	2 to 20 years

The useful lives, amortization method and residual values are reviewed each year, taking the nature of the asset, its expected use and technological developments into account. Assets are amortized once they are available for use.

Amortization is recognized in consolidated earnings within "Amortization of intangible assets".

4.14.2 Trademarks

Trademarks have indefinite useful lives considering that management does not intend to dispose of them. They are recognized using the cost model and are not amortized. They are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they are impaired.

Any impairment is recognized in earnings.

4.15 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. See Note 4.4 for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 4.16 for a description of impairment testing procedures.

4.16 Impairment testing of goodwill, property, plant and equipment and intangible assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level for the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated or trademarks with an indefinite useful life are tested for impairment when an adverse event occurs and at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. On assets other than goodwill, an impairment charge is reversed if the asset's or cash-generating unit’s recoverable amount exceeds its carrying amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized.

For the current and previous periods, there are no events or circumstances indicating that a cash-generating unit may not be recoverable.

4.17 Leased assets

In accordance with IAS 17, *Leases*, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is then recognized at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognized as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the date of inception of the lease.

Leases where the lessor retains the risks and rewards of ownership are treated as operating leases. Payments on operating lease agreements are recognized as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company does not have any finance leases.

4.18 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at fair value plus transaction costs. After initial recognition these are measured at amortized cost using the effective interest rate method, less a provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company includes in this category trade and other receivables.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets include the equity investment in Colabor Investments Inc.

Financial instruments in this class are measured initially at fair value plus transaction costs. Available-for-sale assets are then measured at fair value. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified to earnings and the reclassification presented as a reclassification adjustment within earnings.

c) Impairment of financial assets

All financial assets except for those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired.

Objective evidence that a financial asset is impaired could include:

- significant financial difficulty of the issuer or obligor
- a breach of contract, such as a default or delinquency in interest or principal payments
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry sector. Objective evidence that a financial asset is impaired could include the Company's historical collection experience, an increase in the portfolio recovery period and any domestic or local change in economic conditions in correlation with debtors' failure to pay.

Financial liabilities

The Company's financial liabilities include the bank overdraft, trade and other payables, dividends payable, rebates payable, balances of purchase price payable, bank borrowings, long-term debt and convertible debentures.

Financial liabilities in this class are measured initially at fair value less transaction costs. After initial recognition they are measured at amortized cost using the effective interest rate method. They are presented in current liabilities when payable within 12 months of the closing date, otherwise, they are presented as non-current.

Interest expense is presented in consolidated earnings within "Finance costs".

Convertible debentures

The convertible debentures are separated into their debt and equity components. The value of the debt component of the debentures is determined, at the time of issuance, by discounting the future interest obligations and the principal payment due at maturity, using a discount rate which represents the estimated borrowing rate available to the Company for similar debentures having no conversion rights. The remaining portion of the gross proceeds of the debentures issued is presented as an option to convert debentures in equity net of the tax implications and the attributed amount remains over the term of the related convertible debentures. Convertible debentures issue costs are applied against the two components on a pro rata basis of the allocated proceeds of issue.

The debt component presented on the balance sheet increases over the term of the debenture to the full face value of the outstanding debentures at maturity. The difference, that is, the accretion on convertible debentures, is presented as implicit interest expense with the result that adjusted interest expense reflects the effective yield of the debt component of the debentures. Upon conversion of the debentures into common shares by the holders, both of the above-mentioned components are transferred to share capital. If a conversion option is not exercised at the expiry of the convertible debentures, the equity component of the convertible debentures is transferred to contributed surplus.

Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its interest rate risk. The embedded derivatives are separated from the host contract and recognized separately if the economic characteristics, host contract risks and embedded derivative are not closely related.

For the years considered, the Company has designated its interest rate swaps as a hedge of the bank borrowings that is part of cash flow hedges. These contracts were entered into to reduce the cash flow risk from changes in the interest rate on the bank borrowings.

The derivative financial instruments used for hedge accounting are initially recognized at fair value and are subsequently measured at fair value as well in the statements of financial position.

If a hedge is effective, the changes in fair value of the derivatives designated as hedges in a cash flow hedging relationship are recognized in other comprehensive income and are included in the "cash flow hedges" reserve under equity. Any ineffective portion of the hedge is immediately recognized in earnings.

Any profit recognized in other comprehensive income is removed from equity and reclassified in earnings if the hedged item affects earnings and is presented as a reclassification in other comprehensive income. However, if a non-financial asset or liability is recognized as a result of a hedging transaction, profit or loss previously recognized in other comprehensive income is included in the initial measurement of the hedged item.

If it is no longer expected that the a transaction will take place or if the hedging instrument becomes ineffective, the related profit or loss recognized with other comprehensive income is immediately reclassified in earnings.

4.19 Provisions, contingent liabilities and contingent assets

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amounts can be reliably estimated. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Probable receipts of economic benefits for the Company that do not yet fulfil the revenue recognition criteria are carried as contingent assets and are not recognized.

The Company has not recorded any provision.

4.20 Pension obligations and other employee benefits

The Company provides post employment benefits through a defined benefit plan as well as defined contribution plans.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. The Company contributes to government plans that are considered defined contribution plans. Contributions to the plans are recognized as an expense in the period that relevant employee services are received.

Plans that do not meet the definition of a defined contribution plan are defined benefit plans. The defined benefit plan sponsored by the Company defines the amount of pension benefit that an employee will receive on retirement by reference to length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside.

The liability recognized in the statements of financial position for the defined benefit plans is the present value of the defined benefit obligation (DBO) at the closing date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses.

Management estimates the DBO annually with the assistance of independent actuaries. The estimate of its post-retirement benefit obligations is based on rates of inflation and mortality which management considers to be reasonable. It also takes into account the Company's specific anticipation of future salary increases. The discount factor is determined at the end of each period-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating those of the DBO.

Actuarial gains and losses are not recognized as an expense unless the total unrecognized gain or loss exceeds 10% of the greater of the obligation and related plan assets. The amount exceeding this 10% corridor is charged or credited to earnings over the employees' expected average remaining working lives. Past service costs are recognized immediately in earnings, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortized on a straight-line basis over the vesting period. Interest expenses relating to the DBO are expensed in the employee benefit expense.

Short-term employee benefits, including holiday entitlement, are current liabilities included in other payables, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

4.21 Equity

Share capital represents the amount received on issued shares less issue costs, net of any underlying income tax benefit of these issue costs.

Debenture conversion options represent the equity component of convertible debentures. See Note 4.18 for the fair value determination method.

Contributed surplus includes compensations cost for the Company's stock-based compensation plans and the convertible debenture conversion option that expires without being converted.

Shares held under the stock-based compensation plans are shares held for the Company's various stock-based compensation plans (see Note 4.22).

The available-for-sale financial asset is the cumulative net change in the unrealized fair value of the equity investment in Colabor Investments Inc.

The cash flow hedges are the cumulative net change in the effective portion of a cash flow hedge relating to unrealized hedging transactions.

Retained earnings include retained earnings for the current and past years.

Unpaid dividends are included in liabilities in the period the payment is approved by the Board of Directors.

All transactions with owners of the parent company are recorded separately within equity.

4.22 Stock-based compensation

Stock option plan

The Company has an equity-settled stock option plan for certain of its officers and employees. This plan does not feature any options for a cash settlement.

All goods and services received in exchange for the grant of stock options are measured at their fair values unless they cannot be reasonably determined. Where employees are rewarded using stock option grants, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date.

All stock-based compensation is ultimately recognized as an expense in earnings with a corresponding credit to contributed surplus.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods if share options that ultimately vest are different from that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital.

Long-term incentive plan

The Company has a long-term incentive plan (LTIP) for certain employees. This plan does not feature any options for cash settlement. During the vesting period based on the best available estimate of the number of share options expected to vest, the Company recognizes a compensation expense based on the fair value of the shares on the award date with a corresponding increase in contributed surplus. Under the plan, shares purchased on the open market on behalf of plan members are recognized at cost and in the shares held under the LTIP account. Participants are entitled to receive dividends on all shares held on their account prior to the applicable vesting date. If the fair market value of the shares on the award date is greater than the acquisition price paid by the Company, the difference is recognized as contributed surplus. If the fair market value of the shares on the award date is less than the acquisition price paid by the Company, the difference is applied against retained earnings.

Performance stock unit plan

The Company has a performance stock unit (PSU) plan for certain officers and employees. The PSUs vest after a maximum three-year period, on the basis of performance targets. The compensation cost is measured on the award date at the fair value of the shares and recognized over the related service period with a corresponding increase in contributed surplus. The Company recognizes the plan expense based on the expected attainment of performance targets. The impact of any change in the number of PSUs to be acquired is recognized in the period the estimate is revised.

Under the PSU plan, shares purchased on the open market on behalf of plan members are recognized at cost as a reduction of equity. If the fair market value of the shares on the award date is greater than the acquisition price paid by the Company, the difference is recognized as contributed surplus. If the fair market value of the shares on the award date is less than the acquisition price paid by the Company, the difference is applied against retained earnings.

Directors' share unit plan

Members of the Company's Board of Directors may elect to receive some or all of their annual fees in the form of Directors' share units (DSUs). The accrued DSU compensation liability is measured at each closing date on the basis of the number of outstanding share units and the market price of the Company's common shares. Changes in the liability are recognized as a compensation expense and the liability is included in trade and other payables.

Employee stock ownership plan

The Company has an employee stock ownership plan. Under the terms of this plan, the Company pays contributions calculated on the basis of percentages provided in the plan, in consideration of employee contributions. These contributions are recognized when employees agree to pay their share.

4.23 Standards, amendments and interpretations published but not yet effective

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

IFRS 9, Financial Instruments

IAS 39, *Financial Instruments: Recognition and Measurement*, will be replaced. The replacement standard (IFRS 9) is being issued in phases. To date, the sections dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These sections are effective for annual periods beginning on or after January 1, 2015. Further sections dealing with impairment methodology and hedge accounting are still being developed. Management has yet to assess the impact that this new standard is likely to have on the financial statements of the Company. However, it does not expect to implement the new standards until all chapters of IFRS 9 have been published and it can comprehensively assess the impact of all changes.

Consolidation standards

A series of consolidation standards apply to fiscal periods beginning on or after January 1, 2013. Information on these new standards is presented below. The Company's management has yet to assess the impact that the amended and new standards will have on the Company's consolidated financial statements.

IFRS 10, Consolidated Financial Statements

IFRS 10 replaces IAS 27, *Consolidated and Separate Financial Statements*, and SIC-12, *Consolidation – Special Purpose Entities*. It modifies the definition of control and the related guidance to identify an interest in a subsidiary. However, consolidation requirements and mechanisms and the recognition of a non-controlling interest and any change in control remain unchanged.

IFRS 12, Disclosure of Interests in Other Entities

IFRS 12 incorporates and enhances the consistency of disclosure requirements for various interests, in particular, unconsolidated structured entities. It enhances the disclosure requirements regarding an entity's exposure to risk associated with its interest in a structured entity.

Consequential amendments in IAS 27 and IAS 28 Investments in Associates and Joint Ventures

From now on IAS 27 will only relate to separate financial statements. IAS 28 now covers investments in joint ventures. However, the equity method in IAS 28 is unchanged.

IFRS 13, Fair Value Measurement

IFRS 13 does not impact items to be measured at fair value, it clarifies the definition of fair value, provides related guidance and requires enhanced disclosures on fair value measurements. This standard applies to annual periods beginning on or after January 1, 2013. The Company's management has not yet determined the impact of this new standard.

Amendment of IAS 1, Presentation of Financial Statements

The changes to IAS 1 require an entity to present items in other comprehensive income that, based on other IFRS standards, (a) will not be reclassified subsequently to profit or loss and (b) might be reclassified to profit or loss if certain conditions are satisfied. This change applies to annual periods beginning on or after July 1, 2012. The Company's management expects that this standard will have an impact on the current presentation of other comprehensive income, but should not have an impact on the measurement or recognition of these items.

Amendments to IAS 19, Employee Benefits

The changes include a number of specific changes to the standard, the most significant of which related to defined benefit plans. These changes:

– eliminate the corridor approach and require recognition of gains and losses arising in defined benefit plans in the period in which they occur;
– simplify the presentation of changes in the plan assets and liabilities; and
– improve disclosure requirements, in particular concerning the characteristics of defined benefit plans and the risks arising from those plans.

The amended version of IAS 19 applies for annual periods beginning on or after January 1, 2013. The Company's management has yet to assess the impact of this new standard.

5. *SIGNIFICANT ESTIMATES AND JUDGEMENTS*

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below.

Impairment of trade and other receivables

The amount recognized as impairment of trade and other receivables is based on management's assessment of the risks associated with each client and other receivable with reference to losses incurred in prior periods, collection experience and the impact of the current and expected economic conditions. As at December 31, 2011, management estimates uncollectible amounts to be $1,572,000 ($970,000 as at December 31, 2010 and $1,619,000 as at January 1, 2010).

Supplier rebates

Supplier rebates recognized are estimated on the basis that the necessary conditions for obtaining the rebates are satisfied.

Inventory valuation

Inventory is measured at the lower of cost and net realizable value. In estimating net realizable value, management takes into account the most reliable evidence available at the times the estimates are made. The quantity, age and condition of inventory are measured and evaluated regularly during the year.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets to the Company. The carrying amounts are analyzed in Notes 10 and 11. Actual results, however, may vary due to technical obsolescence, particularly for distribution software and computer hardware.

Impairment of trademarks and goodwill

An impairment loss is recognized for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows (see Note 12). In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial years.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Impairment of trademarks

Trademarks were tested for impairment at each of the statement of financial position dates. The individual carrying amount of the assets is $29,697,000 ($27,855,000 as at December 31, 2010 and as at January 1, 2010). The maximum exposure to further write-downs is represented by this amount. The assets generated revenue independently. Based on the discounted cash flows model, the book value was maintained. The assumptions underlying the estimate are based on future income from each trademark. The carrying amount is therefore considered appropriate and no impairment loss is required.

Impairment of goodwill

The Company has demonstrated that no goodwill impairment losses were required for any of its cash-generating units for the current and previous periods. The carrying amount of goodwill is considered appropriate (Note 12).

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of deferred tax assets, especially when it can be utilized without a time limit, those deferred tax assets are usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Business combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated statements of financial position at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as an adjustment in the measurement period. Any other change would be recognized in the statement of earnings in the subsequent period. Details of assets acquired and liabilities assumed are presented in Note 3.

Pension obligations

Management estimates the pension obligation annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of its pension obligations of $448,000 ($642,000 as at December 31, 2010 and $903,000 as at January 1, 2010) is based on rates of inflation and mortality that management considers to be reasonable. It also takes into account the Company's specific anticipation of future salary increases, retirement ages of employees and other actuarial factors. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Estimation uncertainties exist, which may vary significantly in future appraisals of the Company's defined benefit obligations.

Leases

In applying the classification of leases in IAS 17, management considers that none of its leases should be carried as finance leases.

Measurement of stock options

The application of the binomial pricing model to estimate the fair value of services rendered in exchange for stock-option grants is based on assumptions regarding the price of the underlying share, share volatility, expected dividends on the shares and the rate of beneficiary turnover.

6. *SEGMENT REPORTING*

The Company has two reportable segments: distribution to food distributors (Wholesale Segment) and distribution to foodservice enterprises (Distribution Segment) as further described in Note 4.11. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. Management does not take assets and liabilities into account in the analysis of the various segments.

Segment information can be analyzed as follows:

			2011
	Wholesale Segment	Distribution Segment	Total
	$	$	$
Segment sale of goods	525,943	943,077	1,469,020
Segment operating expenses			
Cost of goods sold	497,538	816,657	1,314,195
Employee remuneration	5,708	66,919	72,627
Other expenses	4,282	34,286	38,568
	507,528	917,862	1,425,390
Segment earnings	18,415	25,215	43,630

			2010
	Wholesale Segment	Distribution Segment	Total
	$	$	$
Segment sale of goods	502,506	650,078	1,152,584
Segment operating expenses			
Cost of goods sold	470,369	561,225	1,031,594
Employee remuneration	6,274	45,055	51,329
Other expenses	4,380	23,673	28,053
	481,023	629,953	1,110,976
Segment earnings	21,483	20,125	41,608

The totals presented for the Company's operating segments reconcile to key financial figures as presented in its financial statements as follows:

	2011	2010
	$	$
Sale of goods		
Total segment earnings	1,469,020	1,152,584
Elimination of intersegment earnings	(155,769)	(100,624)
Company sale of goods	1,313,251	1,051,960

	2011	2010
	$	$
Earnings		
Total segment earnings	43,630	41,608
Employee remuneration not allocated	(2,206)	(2,036)
Other expenses not allocated	(3,135)	(2,048)
Depreciation of property, plant and equipment	(4,063)	(3,345)
Amortization of intangible assets	(13,562)	(10,400)
Costs not relating to current operations	(3,618)	(1,704)
Elimination of intersegment earnings	(91)	(39)
Company operating earnings	16,955	22,036
Finance costs	(8,511)	(6,178)
Company earnings before taxes	8,444	15,858

7. *OPERATING EXPENSES EXCLUDING COSTS NOT RELATING TO CURRENT OPERATIONS, DEPRECIATION AND AMORTIZATION*

	2011	2010
	$	$
Purchases of goods	1,153,332	923,968
Changes in inventories	5,183	7,040
Employee remuneration (Note 20.1)	74,833	53,365
Other expenses	41,705	30,102
	1,275,053	1,014,475

8. *COSTS NOT RELATING TO CURRENT OPERATIONS*

	2011	2010
	$	$
Direct costs relating to realized, unrealized and potential business acquisitions	2,547	1,067
Direct costs relating to the conversion of the financial statements to IFRS	222	137
Costs of recruiting a new President and Chief Executive Officer	99	
Special allocations to certain officers	750	500
	3,618	1,704

9. *TRADE AND OTHER RECEIVABLES*

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Trade accounts (a)			
Customers controlled by directors	483	459	664
Other	85,468	63,890	58,950
	85,951	64,349	59,614
Suppliers rebates receivable	17,935	16,332	15,722
Other	4,278	1,859	102
	108,164	82,540	75,438

(a) One customer accounts for 20% of total trade accounts receivable as at December 31, 2011, 21% as at December 31, 2010 and 22% as at January 1, 2010.

10. *PROPERTY, PLANT AND EQUIPMENT*

	Land	Building	Furniture, warehouse equipment and vehicles	Road vehicles	Computer equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$
Gross carrying amount							
Balance as at January 1, 2011	63	92	9,546	4,594	3,292	4,230	21,817
Acquisitions			925	1,182	187	1,406	3,700
Business combinations			3,225	682	716	2,139	6,762
Disposals			(54)	(802)			(856)
Balance as at December 31, 2011	63	92	13,642	5,656	4,195	7,775	31,423
Depreciation							
Balance as at January 1, 2011		85	4,910	2,300	1,665	1,937	10,897
Disposals			(54)	(802)			(856)
Depreciation		7	1,483	1,073	604	896	4,063
Balance as at December 31, 2011	–	92	6,339	2,571	2,269	2,833	14,104
Net carrying amount as at December 31, 2011	63	–	7,303	3,085	1,926	4,942	17,319

	Land	Building	Furniture, warehouse equipment and vehicles	Road vehicles	Computer equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$
Gross carrying amount							
Balance as at January 1, 2010	63	92	9,183	4,387	3,105	4,159	20,989
Acquisitions			737	133	510	77	1,457
Business combinations			528	846	78		1,452
Disposals			(902)	(772)	(401)	(6)	(2,081)
Balance as at December 31, 2010	63	92	9,546	4,594	3,292	4,230	21,817
Depreciation							
Balance as at January 1, 2010		64	4,553	2,107	1,599	1,310	9,633
Disposals			(902)	(772)	(401)	(6)	(2,081)
Depreciation		21	1,259	965	467	633	3,345
Balance as at December 31, 2010	–	85	4,910	2,300	1,665	1,937	10,897
Net carrying amount as at December 31, 2010	63	7	4,636	2,294	1,627	2,293	10,920
Net carrying amount as at January 1, 2010	63	28	4,630	2,280	1,506	2,849	11,356

11. *INTANGIBLE ASSETS*

	Distribution software	Trademarks	Customer relations	Total
	$	$	$	$
Gross carrying amount				
Balance as at January 1, 2011	4,773	27,855	146,193	178,821
Acquisitions	918			918
Business combinations	344	1,842	28,308	30,494
Balance as at December 31, 2011	6,035	29,697	174,501	210,233
Amortization				
Balance as at January 1, 2011	2,042		39,784	41,826
Amortization	930		12,632	13,562
Balance as at December 31, 2011	2,972	–	52,416	55,388
Net carrying amount as at December 31, 2011	3,063	29,697	122,085	154,845
Gross carrying amount				
Balance as at January 1, 2010	3,879	27,855	136,040	167,774
Acquisitions	784			784
Business combinations	110		10,153	10,263
Balance as at December 31, 2010	4,773	27,855	146,193	178,821
Amortization				
Balance as at January 1, 2010	1,400		30,026	31,426
Amortization	642		9,758	10,400
Balance as at December 31, 2010	2,042	–	39,784	41,826
Net carrying amount as at December 31, 2010	2,731	27,855	106,409	136,995
Net carrying amount as at January 1, 2010	2,479	27,855	106,014	136,348

The net carrying amount of one of the customer relationships is $18,614,000 as at December 31, 2011 ($20,472,000 as at December 31, 2010 and $22,329,000 as at January 1, 2010) and the remaining amortization period is 15 years.

12. *GOODWILL AND TRADEMARKS*

	2011	2010
	$	$
Gross carrying amount		
Balance, beginning of year	78,272	72,317
Business combinations (Note 3)	36,503	5,955
Balance, end of year	114,775	78,272

12.1 Impairment testing of goodwill and trademarks

For the purpose of annual impairment testing, goodwill and the trademarks have been attached to the following cash-generating units (CGU), that is the units that are expected to benefit from the synergies of the business combinations.

	2011-12-31		2010-12-31		2010-01-01	
	Goodwill	Trademarks	Goodwill	Trademarks	Goodwill	Trademarks
	$	$	$	$	$	$
Boucherville Division	71,921	7,200	63,097	7,200	56,526	7,200
Summit-Skor Division	14,771	9,387	6,194	9,387	6,194	9,387
Bertrand-RTD-Edfrex Division	7,629	11,268	8,981	11,268	9,597	11,268
Norref Division	20,454	1,842				
	114,775	29,697	78,272	27,855	72,317	27,855

Goodwill and the trademarks are tested for impairment at each year-end. The recoverable amount of the CGUs is determined using their value in use. To measure value in use, the Company established cash flow projections for the first five years on the basis of budgets and the strategic plan approved by the Board of Directors. Cash flow projections beyond the period covered by the budgets and the strategic plan were determined using a steady growth rate for subsequent years; this growth rate does not exceed the long-term average growth rate for the Company's segments. These projections have been prepared using both historical data and future trends which the Company expects.

Management's key assumptions in performing the impairment tests were the growth rates in the sales of the various divisions, as shown below:

	2011-12-31		2010-12-31	
	Average for first 5 years	Following years	Average for first 5 years	Following years
Growth rate				
Boucherville Division	2.0%	2.0%	2.4%	2.0%
Summit-Skor Division	2.8%	2.0%	3.5%	2.0%
Bertrand-RTD-Edfrex Division	2.9%	2.0%	3.2%	2.0%
Norref Division	13.1%	2.0%		

The Company's valuation model also takes account of changes in working capital and the necessary investments in property, plant and equipment to maintain the assets in each of the CGU groups.

Pre-tax rates of 14.8% to 15.9% (15.7% to 16.1% as at December 31, 2010) were used to discount expected cash flows. These rates reflect the current market assessment of the time value of money and the risks specific to the asset.

The Company reviews the allocation of net assets and corporate assets between CGUs based on changes in its strategic plan. Based on this review, no changes were considered necessary.

The fair value of the CGUs exceeds their carrying amount, accordingly, no impairment was recognized. Based on a sensitivity analysis, no reasonably possible change in the assumptions would have caused a CGU's carrying amount to exceed its recoverable amount.

13. *DEFERRED INCOME TAX ASSETS AND LIABILITIES*

Deferred income tax assets and liabilities relating to the deductible temporary differences and the unused tax losses have been recognized in the statements of financial position.

The changes in deferred income tax assets and liabilities, without giving effect to offsetting balances for the same taxing authorities, are as follows:

	Balance as at 2011-01-01	Business combinations and debenture issue	Share capital	Earnings	Other comprehensive income	Balance as at 2011-12-31
	$	$	$	$	$	$
Deferred non-capital losses	21,995	894		(3,780)		19,109
Property, plant and equipment	(696)	(475)		615		(556)
Intangible assets	(15,372)	(7,796)		(507)		(23,675)
Equity investments in Colabor Investments Inc.	(1,872)			788	124	(960)
Goodwill	(3,498)			1,284		(2,214)
Share and debenture issue expenses	572			(1,014)		(442)
Other	(775)			998	161	384
Deferred income tax assets (liabilities)	354	(7,377)	–	(1,616)	285	(8,354)

	Balance as at 2010-01-01	Business combinations and debenture issue	Share capital	Earnings	Other comprehensive income	Balance as at 2010-12-31
	$	$	$	$	$	$
Deferred non-capital losses	27,295			(5,300)		21,995
Property, plant and equipment	(1,002)	(119)		425		(696)
Intangible assets	(16,820)	(436)		1,884		(15,372)
Equity investments in Colabor Investments Inc.	(1,826)			16	(62)	(1,872)
Goodwill	(3,413)			(85)		(3,498)
Share and debenture issue expenses	1,206		(502)	(634)		572
Other	1,774			(2,549)		(775)
Deferred income tax assets	7,214	(555)	(502)	(6,243)	(62)	354

The difference between the effective income tax rate and the regulatory income tax rates in Canada is attributable to the following:

	2011	2010
	$	$
Earnings before income taxes	8,444	15,858
Combined federal and provincial income tax rate	28.32%	30.46%
Expected tax expense	2,391	4,830
Income tax rate adjustment	(21)	520
Non-tax deductible items	284	442
Other	(1,038)	(51)
Tax expenses	1,616	5,741

14. *OPERATING LEASES AND COMMITMENTS*

The Company has entered into various leases expiring through to August 2022, which call for minimum lease payments of $101,980,000, including $23,114,000 to Colabor Investments Inc. The Company's obligation under one of these leases is secured by a $2,028,000 letter of guarantee. Minimum lease payments under the Company's operating leases are as follows:

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Less than one year	16,438	13,081	11,829
1 to 5 years	50,475	43,040	40,271
Over 5 years	35,067	37,724	41,273
	101,980	93,845	93,373

Operating lease payments recognized in expenses during the year total $15,321,000 ($12,080,000 in 2010). These are the minimum lease payments. No sub-leasing or conditional lease payments have been made or received. No sub-leasing income is expected since all of the assets under lease are for the Company's exclusive use.

The Company's operating leases do not include any contingent rent clauses, nor are there any renewal or purchase options, escalation clauses or restrictions, such as those concerning dividends, additional debt and further leasing.

15. *BALANCES OF PURCHASE PRICE PAYABLE*

Balances of purchase price relating to business acquisitions are detailed as follows:

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Payable on demand, without interest	6,331	6,331	6,331
Payable on demand, bearing interest at 4.5%	3,750	3,750	3,750
Bearing interest at the prime rate less 1% (2 % as at December 31, 2011 and as at December 31, 2010)	1,642	4,298	
Bearing interest at 5%	1,087		
	12,810	14,379	10,081
Instalments due within one year	12,560	13,236	10,081
Instalment due in more than one year	250	1,143	–

16. *BANK BORROWINGS*

As at December 31, 2011, the credit facility is $150,000,000. This credit facility expires in 2016 and is secured by a first ranking hypothec on the Company's present and future assets. The current credit facility replaces the facility which expired on April 28, 2011.

The interest on the credit facility is the prime rate plus 1% (i.e. 4%) as at December 31, 2011, the prime rate (i.e. 3%) as at December 31, 2010 and the prime rate plus 0.25% as at January 1, 2010 (i.e. 2.5%).

On November 8, 2011, the Company entered into two interest rate swaps. Under these swaps, the variable rate bank loan may be converted to a fixed rate bank loan. These two interest rate swaps have been designated as cash flow hedges. One interest rate swap, which expires on November 28, 2013 for a nominal amount of $20,000,000 sets the interest rate at 1.07% plus banker's acceptance stamping fees (i.e. a total of 3.07% as at December 31, 2011). The other interest rate swap, which expires on April 28, 2016 for a nominal amount of $50,000,000, sets the interest rate at 1.48% plus banker's acceptance stamping fees (i.e. a total of 3.48% as at December 31, 2011). There was no hedge ineffectiveness during the year.

The Company is required to comply with certain financial ratios that have an impact on the credit facility interest rates. As at December 31, 2011, December 31, 2010 and January 1, 2010, the Company was in compliance with these ratios.

As at December 31, 2011, letters of guarantee in the amount of $2,568,000 are used, including $2,028,000 for one commitment.

17. *LONG-TERM DEBT*

Unsecured debt, maturing on February 28, 2017, bearing interest at a nominal rate of 6.5% payable semi-annually. The effective rate of the long-term debt is 7.13%.

	Par value	Carrying amount
	$	$
Initial disbursement on December 28, 2011 (net of transaction costs) and balance, end of year	15,000	14,598

18. *DEBENTURES*

7% convertible debentures, maturing on December 31, 2011, issued on January 4, 2007

The debentures mature on December 31, 2011, bear interest at the nominal rate of 7%, and are payable semi-annually. The effective interest rate is 9.69%. The debentures are convertible at the holder's option into common shares of the Group (the "Shares") at a conversion rate of 97.561 shares per $1,000 of debenture capital, that is a conversion price of $10.25 per share.

5.7% convertible debentures, maturing on April 30, 2017, issued on April 27, 2010

The debentures mature on October 31, 2017, bear interest at the rate of 5.70%, and are payable semi-annually. The effective interest rate is 7.54%. The debentures are convertible at the holder's option into Shares at a conversion rate of 59.347 shares per $1,000 of debenture capital, that is a conversion price of $16.85 per share. Under certain circumstances, the Company may redeem some or all of the debentures in advance after April 30, 2015.

	31-12-2011		
		Carrying amount	
	Par value	Debentures	Conversion option
	$	$	$
7% convertible debentures, maturing on December 31 ,2011, issued on January 4, 2007			
Balance, beginning of year	14,267	13,905	673
Conversions into 413,557 shares during the year. The carrying amount of the converted debentures and the related conversion option were recognized in share capital	(4,239)	(4,214)	(200)
Non-cash portion of effective interest on debenture		337	
Redeemed by the Company on maturity	(10,028)	(10,028)	(473)
Balance, end of year	–	–	–

	31-12-2011		
		Carrying amount	
	Par value	Debentures	Conversion option
	$	$	$
5.7% convertible debentures, maturing on April 30, 2017, issued on April 27, 2010			
Balance, beginning of year	50,000	45,500	1,742
Non-cash portion of effective interest on debentures		580	
Balance, end of year	50,000	46,080	1,742
	50,000	46,080	1,742

	31-12-2010		
		Carrying amount	
	Par value	Debentures	Conversion option
	$	$	$
7% convertible debentures, maturing on December 31 ,2011, issued on January 4, 2007			
Balance, beginning of year	49,055	46,711	2,029
Conversions into 3,393,932 shares during the year. The carrying amount of the converted debentures and the related conversion option were recognized in share capital	(34,788)	(33,465)	(1,356)
Non-cash portion of effective interest on debentures		659	
Balance, end of year	14,267	13,905	673
5.7% convertible debentures, maturing on April 30, 2017, issued on April 27, 2010			
April 27, 2010 issue	50,000	45,125	1,742
Non-cash portion of effective interest on debentures		375	
Balance, end of year	50,000	45,500	1,742
	64,267	59,405	2,415

19. *SHARE CAPITAL*

Authorized

Unlimited number of participating, voting common shares without par value

Unlimited number of preferred shares issuable in series, whose designation, rights, restrictions and conditions related to each series shall be established at issue time

Issued and fully paid common shares

	2011-12-31		2010-12-31	
	Number	$	Number	$
Outstanding, beginning of year	23,053,564	177,960	19,659,632	143,008
Normal course issuer bid	(351,800)	(2,722)		
Conversion of convertible debentures	413,557	4,414	3,393,932	34,952
Outstanding, end of year	23,115,321	179,652	23,053,564	177,960

There were no outstanding preferred shares during the periods covered.

Normal course issuer bid

On October 25, 2010, the Company's Board of Directors authorized a normal course issuer bid program to purchase for cancellation, until October 27, 2011, up to 500,000 common shares, representing about 2.9% of the outstanding common shares. Under the terms of this bid, the shares will be purchased at market price. In 2011, the Company redeemed 351,800 shares under this program for a total cash consideration of $3,194,000.

On October 26, 2011, the Company's Board of Directors authorized a new normal course issuer bid program to purchase for cancellation, until October 27, 2012, up to 500,000 common shares, representing about 2.9% of the outstanding common shares. Under the terms of this bid, the shares will be purchased at market price. No shares have been redeemed under this new program.

20. *EMPLOYEE REMUNERATION*

20.1. Employee benefits expense

	2011	2010
	$	$
Salaries	59,059	40,944
Fringe benefits costs	11,452	9,056
Expenses for stock-based compensation plans	417	527
Pensions - defined benefit plans	188	176
Pensions - defined contribution plans	1,043	861
Pensions - government defined contribution plans	2,674	1,801
	74,833	53,365

20.2 Stock-based compensation

Stock option plan

The Company adopted a stock option plan (the "Option Plan") authorizing its Board of Directors to issue stock options entitling its directors, officers and employees to acquire common shares of the Group ("Shares"). The Company's Board of Directors implemented this plan in 2010.

The maximum number of Shares of the Company that can be issued pursuant to options awarded under the Option Plan is equivalent to 10% of the number of the Company's outstanding Shares at the time of the award, and the total number of Shares of the Company reserved to award options to a single person cannot be greater than 5% of the issued and outstanding Shares of the Company. Since the Option Plan does not provide for a set maximum number of Shares of the Company that can be issued thereunder, it will have to be re-approved by the shareholders of the Company every three years from the date of the Annual Meeting of the Company.

The price for which the Shares of the Company may be subscribed pursuant to any option granted under the Option Plan of the Company is the market price. For the purposes of the Option Plan, "market price" means the volume weighted average trading price for the Shares of the Company during five trading days on the TSX prior to the applicable date of grant.

Unless the Board of Directors of the Company determines otherwise on the date of grant, any option granted will be vested and become exercisable by the eligible participant who has been granted an option (an "Optionee") in four equal tranches on the first, second, third and fourth anniversary of date of grant. The Optionee may then exercise any vested option at any time no later than the tenth anniversary of the date of grant or such earlier date fixed by the Board of Directors (the "Expiry Date") and all unexercised options shall expire and terminate and be of no further force or effect whatsoever following such Expiry Date.

If approved by the Board of Directors of the Company, in lieu of paying the applicable exercise price, an Optionee may elect to acquire the number of the Shares of the Company determined by subtracting the applicable exercise price from the market price of the common shares of the Company on the date of exercise, multiplying the difference by the number of the Shares of the Company in respect of which the option was otherwise being exercised and then dividing that product by such market price.

On March 1, 2010, the Board of Directors granted to the Company's officers 70,000 options for $11.49 expiring on March 1, 2017. On April 30, 2010, an additional 117,500 options at $12.10 expiring on April 30, 2017 were granted to other officers. As at December 31, 2011 and 2010, there were 187,500 options outstanding. As at December 31, 2011, 46,875 options were exercisable (none as at December 31, 2010).

The weighted average fair value of the options granted on 2010 of $1.10 per option has been estimated at the award date using a binomial option pricing model using the following weighted average assumptions for options granted during the period:

Risk-free interest rate	2.85%
Expected volatility of shares	24%
Expected annual dividend	$1.08
Expected term	5.5 years
Share price at date of grant	$11.83
Exercise price at date of grant	$11.87

The underlying expected volatility was determined by reference to historical data of the Shares over a period of time since its listing on the TSX in June 2005.

Long-term incentive plan

Under the terms of the Company's long-term incentive plan (LTIP), common shares were granted to certain employees based on certain financial targets. The Company would purchase common shares in the market and hold them until such time as ownership is vested to each participant. LTIP participants are entitled to receive dividends on all common shares held on their account prior to the applicable vesting date. Unvested common shares held by the Company for a LTIP participant are forfeited if the participant resigns for a reason other than his retirement or is terminated for just cause prior to the applicable vesting date. In such an event, these common shares are sold and the proceeds returned to the Company. Dividends on these common shares are also remitted to the Company. Since August 25, 2009, the LTIP has ceased all new issues.

On February 22, 2011, under the terms of the LTIP, 46,021 common shares (with a cost of $455,000) were released.

On February 24, 2010, under the terms of the LTIP, 55,653 common shares (with a cost of $530,000) were released. Moreover, during 2010, the Company sold on the market 1,860 common shares for a total of $22,000 following the withdrawal of a participant.

As at December 31, 2011, there are 30,172 common shares that have not been released under the LTIP (76,193 common shares as at December 31, 2010 and 133,706 common shares as at January 1, 2010).

Performance stock unit plan

Under the terms of the Company’s performance stock unit (PSU) plan, introduced on April 28, 2010, common shares may be granted to certain employees of the Company. A trustee appointed to administer the PSU plan purchases common shares on the market and holds them until such time as ownership is vested to each participant. The common shares vest after a maximum three-year period, on the basis of incentive targets. On the vesting date, PSU plan participants will receive dividends on all common shares held on their account between the grant date and the applicable vesting date. Unvested common shares will be forfeited if the participant resigns for a reason other than his retirement or is terminated for just cause prior to the applicable vesting date. In such an event, these common shares will be sold and the proceeds returned to the Company. Dividends on these common shares will also be remitted to the Company.

On April 28, 2010, under the terms of the PSU plan, the Company granted 19,900 common shares and on May 14, 2010, 19,900 common shares were purchased on the market for that purpose for $240,000. The PSUs vest after a maximum three-year period, on the basis of target increases in pre-tax earnings per common share. The number of PSUs acquired by participants is determined by multiplying the number of PSUs granted by a maximum factor of 1.5.

On March 23, 2011, under the terms of the PSU plan, the Company granted 11,650 common shares and on March 30, 2011, 11,650 common shares were purchased on the market for that purpose for $141,000. The PSUs vest after a maximum three-year period, on the basis of target increases in pre-tax earnings per common share. The number of PSUs acquired by participants is determined by multiplying the number of PSUs granted by a maximum factor of 1.5.

Directors' share unit plan

Since April 28, 2010, the Company has a directors' share unit (DSU) plan for its external directors. Under the terms of this plan, the directors may elect to receive 50%, 75% or 100% of their fees receivable as directors in the form of DSUs. When a director opts for this plan, the Company credits to the director's account the number of units corresponding to the deferred compensation, divided by the average closing market price of the common shares during the five days immediately preceding the last day of each of the Company's quarters. DSUs granted under the DSU plan are redeemable and their value is payable only when the DSU holder has ceased to be a director of the Company.

No DSUs have been granted under this plan.

The compensation cost expensed pursuant to these plans is detailed as follows:

	2011	2010
	$	$
Expenses - stock option plan	70	82
Expenses - long-term incentive plan	305	377
Expenses - performance stock unit plan	42	68
	417	527

20.3 Pension obligations and employee future benefits

As at December 31, 2011, the Company has a defined benefit pension plan and contributes to group plans.

There is currently a defined benefit plan. It is offered to 80 employees only and not available to new employees. Under the terms of this plan, a certain percentage of salary is converted into pension components each year. Pension benefits under this plan are paid when the beneficiary turns 65 years of age.

Information about the defined benefit pension is as follows:

	2011-12-31	2010-12-31
Accrued benefit obligation	$	$
Balance, beginning of year	5,031	4,607
Actuarial status	786	
Employee contributions	92	91
Current service costs	180	147
Finance costs	291	265
Benefits paid	(73)	(79)
Balance, end of year	6,307	5,031

	2011-12-31	2010-12-31
Plan assets	$	$
Fair value, beginning of year	4,515	3,705
Expected return	283	236
Actual return	(329)	126
Employer contributions	383	436
Employee contributions	92	91
Benefits paid	(73)	(79)
Fair value, end of year	4,871	4,515
Funded status – Deficit	(1,436)	(516)
Unamortized net actuarial loss (gain)	988	(126)
Accrued benefit liability for employee benefits	(448)	(642)

	2011-12-31	2010-12-31
Components of plan assets	%	%
Equity interests	57	56
Debt securities	35	35
Real estate	5	4
Cash	3	5
	100	100

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

	2011	2010
	$	$
Current service costs	180	147
Finance costs	291	265
Expected return on plan assets	(283)	(236)
Defined benefit costs recognized	188	176

The significant actuarial assumptions used by the Company are as follows:

	2011-12-31	2010-12-31
	%	%
Accrued benefit obligation		
Discount rate	4.80	5.50
Rate of compensation increase	3.20	3.20
Benefit costs for the year		
Discount rate	5.50	5.85
Expected long-term rate of return on plan assets	6.00	6.00
Rate of compensation increase	3.20	3.20

The expected return on plan assets is based on the weighted average expected return of the various assets in the plan and includes a historical analysis of returns and expected future returns. The expected return on plan assets is estimated by external evaluators in cooperation with the Company. The actual return on plan assets was $362,000 in 2011 (negative return of $46,000 in 2010).

The changes in the defined benefit pension plan may be summarized as follows (amounts prior to the transition to IFRS are not presented because the Company applied the exemption stated in IFRS 1.D.11 as explained in Note 30).

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Defined benefit pension obligations	6,307	5,031	4,607
Fair value of plan assets	4,871	4,515	3,705
Plan deficit	1,436	516	902

21. *FINANCE COSTS AND FINANCE COSTS PAID*

	2011	2010
	$	$
Interest on balances of purchase price	173	85
Interest on bank borrowings	3,328	832
Interest on long-term debt	3	15
Effective interest on debentures	4,706	5,040
Other	301	206
Finance charges	8,511	6,178
Non-cash portion of effective interest on debentures included in finance costs	(917)	(1,034)
Credit facility renewal costs	734	
Amortization of prepaid finance costs included in finance costs	(139)	(121)
Finance costs paid	8,189	5,023

22. *DATA PER SHARE*

After-tax cash flows per share

	2011	2010
	$	$
Cash flows from operating activities before income tax recovery (withholdings) and net changes in working capital	34,856	36,090
Costs not relating to current operations	3,618	1,704
Finance costs	(8,511)	(6,178)
Non-cash portion of the implicit interest on debentures included in finance costs	917	1,034
Purchase of property, plant and equipment	(3,700)	(1,457)
Purchase of intangible assets	(918)	(784)
	26,262	30,409
Weighted average number of shares outstanding	22,928,311	21,471,521
After-tax cash flows per share	$ 1.15	$ 1.42
Annual dividend declared	$ 1.08	$ 1.08
Ratio of dividends to after-tax cash flows per share	94%	76%

Earnings per share

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

	2011	2010
	$	$
Earnings	6,828	10,117
Weighted average number of shares used to calculate basic and diluted earnings per share	22,928,311	21,471,521
Basic and diluted earnings per share	$ 0.30	$ 0.47

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

Dividends

During the year, the Company declared dividends of $0.2691 per share on March 31, June 30, September 30 and December 30, 2011 for a total amount of $24,806,000.

23. *NET CHANGES IN WORKING CAPITAL*

Net changes in working capital between the two year-ends taking into account the working capital assumed on the business combinations described in Note 3:

	2011	2010
	$	$
Trade and other receivables	(10,810)	3,035
Inventory	5,183	7,040
Prepaid expenses	(406)	1,238
Trade and other payables	20,427	(5,964)
Rebates payable	(2,500)	475
Deferred revenue	(147)	(470)
Pension obligations	(194)	(261)
	11,553	5,093

24. *ECONOMIC DEPENDENCE*

The Company has entered into procurement contracts expiring between 2015 and 2017 with customers. Sales to these customers account for 52% of the Company's sales (62% in 2010). One customer in the Distribution Segment accounts for 17% of the Company's sales in 2011 (21% in 2010).

25. *RELATED PARTY TRANSACTIONS*

The Company's related party transactions include transactions with Colabor Investments Inc. and with the Company's key management and directors. Unless otherwise indicated, none of the transactions comprise special characteristics or terms and conditions and no guarantee has been provided. The balances are generally paid in cash.

25.1 Transactions with customers controlled by directors

	2011	2010
	$	$
Sales of goods	5,537	14,862

25.2 Transactions with Colabor Investments Inc., an entity with significant influence over the Company (a)

	2011	2010
	$	$
Earnings		
Rebates (b)	14,019	13,943
Operating expenses		
Rent	2,028	2,028
Computer services	543	472
Statements of financial position		
Equity investment in Colabor Investments Inc.	12,410	11,434
Rebates payable	11,386	13,663
Distribution software	396	659

(a) Colabor Investments Inc. holds 5,087,439 common shares of the Group.

(b) Rebates equal 3% of sales to preferred customers and shareholders of Colabor Investments Inc. in accordance with various contracts governing the relationships between the Company and Colabor Investments Inc. since the Company's initial public offering in 2005 and are deducted from the cost of goods sold.

25.3 Transactions with key management personnel

Key management of the Company are members of the Board of Directors and the Executive Committee. Key management personnel remuneration includes the following expenses:

	2011	2010
	$	$
Short-term employee benefits		
Salaries including bonuses and special allocations	2,560	2,476
Directors' fees	358	277
Fringe benefit costs	127	144
Total short-term employee benefits	3,045	2,897
Defined contribution pension plans	68	72
Share-based payments	116	215
Total remuneration	3,229	3,184

26. *FAIR VALUE OF FINANCIAL INSTRUMENTS*

26.1 Classes of financial assets and liabilities

The carrying amount and fair value of the financial instruments in the consolidated statements of financial position relate to the following classes of assets and liabilities.

	2011-12-31		2010-12-31		2010-01-01	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$	$	$
Financial assets						
Loans and receivables						
Trade and other receivables	108,164	108,164	82,540	82,540	75,438	75,438
Available-for-sale financial assets						
Equity investment in Colabor Investments Inc.	12,410	12,410	11,434	11,434	7,961	7,961
Financial liabilities						
Financial liabilities at amortized cost						
Current						
Bank overdraft	10,151	10,151	10,709	10,709	17,126	17,126
Trade and other payables	105,575	105,575	69,365	69,365	65,762	65,762
Dividends payable	6,220	6,220	6,204	6,204	7,453	7,453
Rebates payable	11,783	11,783	14,283	14,283	13,808	13,808
Balances of purchase price payable	12,560	12,560	13,236	13,236	10,081	10,081
Bank borrowings			24,308	24,308		
Convertible debentures			13,905	14,516		
Current portion of long-term debt			307	307	636	636
	146,289	146,289	152,317	152,928	114,866	114,866
Non-current						
Bank borrowings	96,167	96,167			49,177	49,177
Balances of purchase price payable	250	250	1,143	1,143		
Long-term debt	14,598	14,598			307	307
Convertible debentures	46,080	47,092	45,500	45,219	46,711	48,250
	157,095	158,107	46,643	46,362	96,195	97,734
Financial liability at fair value						
Derivative financial instrument	618	618	–	–	–	–

The fair value of trade and other receivables, the bank overdraft, trade and other payables, dividends payable, rebates payable, current portion of balances of purchase price payable, current portion of bank borrowings and current portion of long-term debt is comparable to its carrying amount given the short period to maturity, i.e. the time value of money is not significant.

The fair value of the equity investment in Colabor Investments Inc. was primarily determined using the bid price on the closing date for the underlying asset.

The fair value of the current portion of bank borrowings, balances of purchase price payable and long-term debt is equivalent to the carrying amount. The fair value was established by discounting the future cash flows using rates that the Company would obtain for financial liabilities with similar terms and conditions and maturities.

The fair value of the liability component of the debentures was determined by discounting future cash flows at 7.13% for debentures maturing on April 30, 2017 (as at December 31, 2010, 5.25% for debentures maturing on December 31, 2011 and 7.75% for those maturing on April 30, 2017 and 7.75% as at January 1, 2010 for debentures maturing on December 31, 2011), the rate which the Company could obtain for non-convertible debentures with similar terms and conditions and maturities.

The fair value of the derivative financial instruments was determined using observable marketplace data, that is market interest rates.

26.2 Financial instruments measured at fair value

Financial assets and liabilities measured at fair value are presented using a three-level fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements of these items. The three fair value hierarchy levels are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data

The Company's financial instruments measured at fair value consist of the equity investment in Colabor Investments Inc. (Level 2) and the derivative financial instrument (Level 2). There were no transfers between Level 1 and Level 2 during the year.

27. *CAPITAL MANAGEMENT*

The Company's objective when managing its capital is to safeguard its assets and its ability to continue as a going concern, while maximizing its growth and providing a return to shareholders. As was the case in 2010, the Company's capital is composed of bank borrowings, the long-term debt, debentures and shareholders' equity. In addition to its conservative approach to safeguarding the balance sheet, the Company achieves this objective through the prudent management of internally-generated capital, by optimizing the use of capital at a lower cost and using capital to finance growth initiatives.

The Company intends to maintain a flexible capital structure that is consistent with the above objectives and in order to make adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may acquire shares for cancellation in connection with a normal-course issuer bid (see Note 19), issue new shares, raise capital through debt instruments (secured, unsecured, convertible or other) or refinance current debt through various instruments with different characteristics.

28. *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES, AND FINANCIAL RISKS*

Financial risk management objectives and policies

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

Financial risks

The Company's main financial risk exposure and its financial risk management policies are as follows:

Interest rate risk

The debentures, long-term debt and certain balances of purchase price payable bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The bank loan and the major portion of long-term debt and certain balances of purchase price bear interest at variable rates and the Company is, therefore, exposed to the cash flow risks resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest. The Company does not use derivative financial instruments to reduce its interest rate risk exposure. The Company manages its interest rate risk exposure through an appropriate mix of fixed-rate and variable-rate financial liabilities.

The sensitivity analysis includes items bearing interest at variable rates and indicates that a 1% fluctuation in the bank prime rate would have a $691,000 impact on earnings and equity in 2011 ($300,000 in 2010).

Credit risk

The carrying amount on the balance sheet of accounts receivable, net of applicable provisions for losses, represents the maximum amount exposed to credit risk.

The Company's credit risk is primarily attributable to its trade accounts receivable. The credit risk related to trade accounts receivable is generally diversified, with the exception of one customer that accounts for 20% of trade accounts receivable as at December 31, 2011 (21% as at December 31, 2010 and 22% as at January 1, 2010). The Company requires a guarantee from some of its customers. As at December 31, 2011, the Company has guarantees for 15% of its trade accounts (22% as at December 31, 2010 and 21% as at January 1, 2010). The Company's policy is to have each customer undergo a credit check.

The Company examined its trade accounts receivable to detect any indications of impairment. It was determined that some trade accounts receivable were impaired and, accordingly, an allowance was recognized. Customers whose accounts are impaired are experiencing financial difficulties. The aging of trade accounts receivable was as follows:

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Current	84,830	63,783	58,256
Overdue from 1 to 60 days	904	535	813
Overdue more than 60 days	217	31	545
	85,951	64,349	59,614

The changes in the allowance for doubtful accounts recorded for trade accounts receivable are as follows:

	2011-12-31	2010-12-31	2010-01-01
	$	$	$
Balance, beginning of year	970	1,619	660
Increase attributable to business acquisitions	566	146	
	1,536	1,765	660
Expense for the year	618	496	1,644
Write-off of receivables	(582)	(1,291)	(685)
Balance, end of year	1,572	970	1,619

The Company's management considers that the credit quality of all financial assets described above that are not impaired or overdue is good.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and sources of financing in the form of authorized bank loans. The Company establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations. In light of the cash sources available to the Company, management believes that the liquidity risk is low.

Undiscounted cash flows (including capital and interest) related to the Company's liabilities expire as follows:

			2011-12-31
	Maturing in less than 12 months	Maturing in 1 to 5 years	Maturing in over 5 years
	$	$	$
Bank overdraft	10,151		
Trade and other payables	105,575		
Dividends payable	6,220		
Rebates payable	11,783		
Balances of purchase price payable	12,804	266	
Bank borrowings		96,167	
Derivative financial instrument		618	
Long-term debt	975	3,900	15,162
Convertible debentures	2,850	11,400	50,950
	150,358	112,351	66,112

			2010-12-31
	Maturing in less than 12 months	Maturing in 1 to 5 years	Maturing in over 5 years
	$	$	$
Bank overdraft	10,709		
Trade and other payables	71,084		
Dividends payable	6,204		
Rebates payable	14,283		
Balances of purchase price payable	13,445	1,159	
Bank borrowings	24,345		
Long-term debt	315		
Convertible debentures	18,116	11,400	53,800
	158,501	12,559	53,800

			2010-01-01
	Maturing in less than 12 months	Maturing in 1 to 5 years	Maturing in over 5 years
	$	$	$
Bank overdraft	17,126		
Trade and other payables	65,762		
Dividends payable	7,453		
Rebates payable	13,808		
Balances of purchase price payable	10,250		
Bank borrowings		49,335	
Long-term debt	674	319	
Convertible debentures	3,434	52,489	
	118,507	102,143	–

29. *SUBSEQUENT EVENT*

On January 6, 2012, the Company acquired all of the assets of Viandes Décarie Inc. ("Décarie"). Décarie operates in the Wholesale Segment primarily in Quebec. This transaction amounts to about $8,100,000 and is subject to certain post-closure adjustments. The acquisition of Décarie reflects Colabor’s strategic objectives to broaden its product offering. The Company financed the Décarie asset acquisition from its existing credit facilities. The Company has not started determining the purchase price allocation.

30. *FIRST-TIME ADOPTION OF IFRS*

These are the Company's first financial statements prepared in accordance with IFRS.

The date of transition to IFRS is January 1, 2010. IFRS accounting policies described in Note 4 have been used to prepare the consolidated financial statements for the years ended December 31, 2011 and 2010 and for the first statement of financial position at the date of transition.

The Company applied IFRS 1, *First-time Adoption of International Financial Reporting Standards*, to prepare its first IFRS consolidated financial position. The impacts of the transition to IFRS on equity, earnings and comprehensive income are presented and explained in greater detail in the tables of this note.

Mandatory exceptions and optional exemptions regarding first-time adoption of IFRS

On transition, IFRS 1 provides a number of mandatory exceptions to and authorizes certain optional exemptions from full retrospective application of IFRS.

The Company adopted the following exceptions and exemptions.

Mandatory exceptions applicable to the Company

– The Company's estimates in accordance with IFRS are consistent with estimates made in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

– Financial assets and liabilities derecognized before January 1, 2010 in accordance with previous GAAP are not derecognized under IFRS. The Company early adopted the IFRS 1 change in this respect in terms of the exception application date, that is January, 1, 2010.

Optional exemptions

– The Company decided not to retrospectively apply IFRS 3, *Business Combinations*, to business combinations that occurred before the date of transition (January 1, 2010).

– The Company decided to recognize all cumulative actuarial gains and losses for its defined benefit plans at the date of transition. Additionally, the Company elected to adopt the exemption consisting in not disclosing the defined benefit pension surplus or deficit and experience adjustments before the date of transition.

Reconciliation of equity

Equity at the date of transition may be reconciled with amounts presented using the pre-changeover accounting standards, as follows:

	2010-01-01	2010-12-31
	$	$
Shareholders' equity according to pre-changeover accounting standards	146,080	174,530
Increase (decrease) in previously determined equity due to difference between pre-changeover standards and IFRS		
Direct costs of business acquisitions in 2010 expensed (Note 30.1)		(793)
Deferred credit – write-off of accrued current liability portion at the date of transition (Note 30.2)	7,290	7,110
Deferred credit – write-off of accrued non-current liability portion at the date of transition (Note 30.2)	19,875	14,197
Deferred income taxes on intangible assets acquired on business combinations (Note 30.4)	(2,603)	(2,187)
Recognition of equity investment in Colabor Investments Inc. at fair value (Note 30.5)	1,568	1,982
Miscellaneous items (Note 30.6)	(407)	(858)
	25,723	19,451
Equity under IFRS	171,803	193,981

Reconciliation of earnings and comprehensive income

Total comprehensive income can be reconciled to amounts reported under previous GAAP as follows:

	2010-12-31
	$
Comprehensive income under standards in effect before the transition	16,232
Increase (decrease) in previously determined equity due to difference between pre-changeover standards and IFRS	
Direct costs of business acquisitions in 2010 expensed (Note 30.1)	(793)
Difference in the recognition of the future income tax expense (Note 30.2)	(5,858)
Deferred income tax expense (Note 30.4)	416
Miscellaneous items (Note 30.6)	120
	(6,115)
Earnings under IFRS	10,117
Change in fair value of equity investment in Colabor Investments Inc. (Note 30.5)	476
Taxes on other comprehensive income	(62)
Comprehensive income under IFRS	10,531

Presentation differences

Some presentation differences between pre-changeover accounting standards and IFRS have no impact on earnings presented or total equity.

As shown in the tables at the end of this note, the description of some items is different under IFRS compared with the pre-changeover accounting standards, even if the assets and liabilities in the items are not affected. In the statements of financial position, Debenture conversion option, Contributed surplus and Shares held under stock-based compensation plans were grouped under Other components of equity.

Notes to reconciliation

30.1 Goodwill and business combinations

Business combinations before January 1, 2010

The Company elected not to restate business combinations that occurred before the date of transition to IFRS. Accordingly, the other provisions of the exemption were applied and did not result in any adjustment, on transition, to account for intangible assets included in goodwill or intangible assets that do not satisfy the criteria for recognition under IFRS. The carrying amount of goodwill has not been adjusted for intangible assets subsumed within goodwill or for intangible assets that do not qualify for recognition under IFRS. Goodwill at the date of transition relates to cash generating units. At the date of transition, this goodwill was tested for impairment based on cash flow forecasts at that date. No impairment was detected. Accordingly, the amount of goodwill recognized on transition to IFRS is the carrying amount as at January 1, 2010, in accordance with pre-changeover accounting standards.

Business combinations after January 1, 2010

Although there are significant differences in accounting for business combinations under previous GAAP and IFRS 3, there are none for business combinations after January 1, 2010 other than the fact that direct costs for the business combination cannot be capitalized, deferred taxes on the non-deductible portion of intangible assets must be recognized and the equity investment in Colabor Investments Inc. must be recognized at fair value. As at December 31, 2010, these changes led to a $656,000 decrease in goodwill, $436,000 decrease in deferred taxes, $587,000 increase in the equity investment in Colabor Investments Inc. and a $505,000 decrease in equity. For the year 2010, costs not related to current operations were increased by $505,000.

Additionally, $288,000 in direct costs related to acquisitions after December 31, 2010 have been recognized, as per IFRS, in expenses in 2010, on the date the costs were incurred. This adjustment has resulted in a $288,000 decrease in retained earnings and prepaid expenses and an increase in costs not relating to current operations for the year ended December 31, 2010.

30.2 Deferred credit

Under the pre-changeover accounting standards, the Company recognized a deferred credit related to a portion of the tax attributes acquired in connection with a past transaction. Under IFRS, a deferred credit liability may not be recognized. Accordingly, the Company derecognized the liability and increased equity by the same amount. Additionally, the amortization of the deferred credit in earnings must be reversed in results in the deferred income tax. Additionally, the Company reversed the amortization of the deferred credit in earnings in deferred tax expenses in the amount of $5,858,000.

30.3 Deferred tax reclassified as non-current

On the transition to IFRS, the deferred tax classification is changed. The classification as current asset is no longer permitted under IFRS and deferred tax is now classified as non-current. This led to an increase in deferred tax assets classified as non-current and a decrease in deferred tax assets classified as current and a decrease in deferred tax liabilities classified as non-current.

30.4 Recognition of deferred income tax liabilities on intangible assets acquired in business combinations

Under the standards in effect before the changeover, the Company did not recognize deferred income taxes on the non-deductible portion of intangible assets. Under IFRS, the Company is required to calculate deferred income taxes on the non-deductible portion. Accordingly, the Company has recognized a deferred income tax liability, which led to a reduction of deferred income tax assets ($2,603,000 as at January 1, 2010 and $2,623,000 as at December 31, 2010) and an equivalent decrease in retained earnings. The deferred tax expense was reduced by $416,000 in 2010.

30.5 Equity investment in Colabor Investments Inc.

Under the standards in effect before the changeover, the Company recognized the equity investment in Colabor Investments Inc. at cost. This treatment is not permitted under IFRS. The Company recognizes the equity investment in Colabor Investments Inc. at fair value. This led to an increase in the equity investment in Colabor Investments Inc. ($1,802,000 as at January 1, 2010 and $2,278,000 as at December 31, 2010), an increase in equity ($1,568,000 as at January 1, 2010 and $1,982,000 as at December 31, 2010) and a decrease in future income tax assets ($234,000 as at January 1, 2010 and $172,000 as at December 31, 2010). For the year 2010, the change in fair value is recognized in the consolidated statement of other comprehensive income in the amount of $476,000, net of income taxes of $62,000.

30.6 Miscellaneous items

A number of adjustments are required to present the transition to IFRS. Individually, none of these items other than those described at sections 30.1 to 30.5 is greater than $650,000 for the presentation in the statements of financial position and none causes an impact over $70,000 annually for the statement of earnings.

30.7 Statement of cash flows

The Company has classified interest paid in financing cash flows as they are a cost of obtaining financial resources. There are no other significant differences between the statement of cash flows under IFRS and the statement of cash flows under Canadian GAAP applicable before the transition to IFRS.

The following table provides details on the total impact of the transition to IFRS on the consolidated statements of financial position:

		January 1, 2010			December 31, 2010			
Former wording under Canadian GAAP	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS	Canadian GAAP	Impact of transition to IFRS	IFRS	New wording under IFRS
		$	$	$	$	$	$	
ASSETS								**ASSETS**
Current assets								**Current**
Accounts receivable		75,438		75,438	82,540		82,540	Trade and other receivables
Income taxes receivable		685		685	2,694		2,694	Recoverable tax assets
Inventory		71,909		71,909	69,669		69,669	Inventory
Prepaid expenses	30.1	1,500		1,500	1,484	(288)	1,196	Prepaid expenses
Future income taxes	30.3	8,540	(8,540)		7,928	(7,928)		
		158,072	(8,540)	149,532	164,315	(8,216)	156,099	*Current assets*
Long-term assets								**Non-current**
Deferred financing expenses	30.6	158	(158)		37	(37)		
Equity investment in Colabor Investments Inc.	30.1 and 30.5	6,159	1,802	7,961	8,569	2,865	11,434	Equity investment in Colabor Investments Inc.
Property, plant and equipment		11,356		11,356	10,920		10,920	Property, plant and equipment
Intangible assets		136,348		136,348	136,995		136,995	Intangible assets
Goodwill	30.1	72,317		72,317	78,928	(656)	78,272	Goodwill
Future income taxes	30.1 and 30.3	1,802	5,412	7,214		354	354	Deferred income tax assets
		228,140	7,056	235,196	235,449	2,526	237,975	*Non-current assets*
		386,212	(1,484)	384,728	399,764	(5,690)	394,074	***Total assets***
LIABILITIES								**LIABILITIES**
Current liabilities								**Current**
Bank overdraft		17,126		17,126	10,709		10,709	Bank overdraft
Accounts payable and accrued liabilities		65,762		65,762	69,365		69,365	Trade and other payables
Dividends payable		7,453		7,453	6,204		6,204	Dividends payable
Sales rebates payable		13,808		13,808	14,283		14,283	Rebates payable
Balances of purchase price payable		10,081		10,081	13,236		13,236	Balances of purchase price payable
Deferred revenue		961		961	491		491	Deferred revenue
Deferred credit	30.2	7,290	(7,290)		7,110	(7,110)		
Bank borrowings	30.6				24,345	(37)	24,308	Bank borrowings
Debentures					13,905		13,905	Convertible debentures
Instalments on long-term debt		636		636	307		307	Long-term debt
		123,117	(7,290)	115,827	159,955	(7,147)	152,808	*Current liabilities*
Long-term liabilities								**Non-current**
Bank loan	30.6	49,335	(158)	49,177				Bank borrowings
Balances of purchase price payable					1,143		1,143	Balances of purchase price
Long-term debt		307		307				Long-term debt
Debentures		46,711		46,711	45,500		45,500	Convertible debentures
Accrued benefit liability for employee benefits	30.6	787	116	903	526	116	642	Pension obligations
Deferred credit	30.2	19,875	(19,875)		14,197	(14,197)		
Future income taxes	30.3, 30.4 and 30.5				3,913	(3,913)		
		117,015	(19,917)	97,098	65,279	(17,994)	47,285	*Non-current liabilities*
		240,132	(27,207)	212,925	225,234	(25,141)	200,093	***Total liabilities***
SHAREHOLDERS' EQUITY								**EQUITY**
Capital stock		143,018	(10)	143,008	178,124	(164)	177,960	Share capital
Debenture conversion option		2,314	(2,314)		3,048	(3,048)		
Contributed surplus		447	(447)		513	(513)		
Shares held for stock-based compensation plans		(1,248)	1,248		(936)	936		
			3,123	3,123		4,232	4,232	Other components of equity
Retained earnings	30	1,549	24,123	25,672	(6,219)	18,008	11,789	Retained earnings (deficit)
	30	146,080	25,723	171,803	174,530	19,451	193,981	***Total equity***
		386,212	(1,484)	384,728	399,764	(5,690)	394,074	***Total liabilities and equity***

The following table provides details on the total impact of the transition to IFRS on the consolidated statements of earnings and comprehensive income:

		December 31, 2010			
Former wording under Canadian GAAP	Notes	Canadian GAAP	Impact of transition to IFRS	IFRS	New wording under IFRS
		$	$	$	
Sales		1,051,960		1,051,960	Sales of goods
	30.6	1,014,544	(69)	1,014,475	Operating expenses excluding costs not relating to current operations, depreciation and amortization
Income before the following items	30.6	37,416	69	37,485	Operating earnings before costs not relating to current operations, depreciation and amortization
Costs not related to current operations	30.1	911	793	1,704	Costs not relating to current operations
Amortization of property, plant and equipment		3,345		3,345	Depreciation of property, plant and equipment
Amortization of intangible assets		10,400		10,400	Amortization of intangible assets
		14,656		15,449	
		22,760		22,036	Operating earnings
Financial expenses		6,178		6,178	Finance costs
Earnings before income taxes and non-controlling interest		16,582		15,858	Earnings before tax
Income taxes					
Current					Current income taxes
Future	30.2, 30.4 and 30.6	350	5,391	5,741	Deferred tax expense
		350		5,741	
Net earnings		**16,232**	**(6,115)**	**10,117**	**Earnings**
					Other comprehensive income
	30.5		476	476	Available-for-sale financial asset - gain for the year
	30.5		(62)	(62)	Taxes on other comprehensive income
Net earnings and comprehensive income	30	**16,232**	**(5,701)**	**10,531**	**Total comprehensive income**