

February 27, 2008



NEWS RELEASE

FOR IMMEDIATE RELEASE

For distribution in Canada only. Not for distribution to U.S. newswire services or for dissemination in the United States.

**EXCELLENT RESULTS
SUCCESSFUL SUMMIT INTEGRATION AND SYNERGIES
ACHIEVED
ALWAYS READY FOR NEW ACQUISITIONS**

BOUCHERVILLE, QUÉBEC, February 27, 2008. – Colabor Income Fund (TSX: CLB.UN) reports its fourth quarter results for the year ended December 31, 2007.

Highlights of the fourth quarter ended December 31, 2007 compared with the 2006 fourth quarter

- Sales up approximately \$142.6 million, an increase of 104%;
- Organic growth of sales of 7.9%;
- Earnings before financial expenses and amortization (EBITDA) increase by \$7 million, an increase of 120%;

Highlights of year ended December 31, 2007 compared with year ended December 31, 2006

- Sales up approximately \$437.7 million, an increase of 109%;
- Organic growth of sales of 6,6%;
- Earnings before financial expenses and amortization (EBITDA) increase by \$16.5 million, an increase of 117%;

Results of Operations

Consolidated Earnings (in thousands of dollars)

	2007-12-31 (114 days – 4 th quarter) (unaudited)		2006-12-31 (114 days – 4 th quarter) (unaudited)		Variance	
	\$		\$		\$	%
Sales	279,703	100.00%	137,119	100.00%	142,584	104%
Earnings before the following items	12,776	4.57%	5,799	4.23%	6,977	120%
Financial expenses	2,019	0.72%	269	0.20%	1,750	651%
Amortization of property, plant and equipment	1,053	0.38%	291	0.21%	762	262%
Amortization of intangible assets	2,179	0.78%	993	0.72%	1,186	119%
	5,251	1.88%	1,553	1.13%	3,698	238%
Earnings before income taxes and non-controlling interest	7,525	2.69%	4,246	3.10%	3,279	77%
Income taxes						
Current	2,715	0.97%			2,715	
Future	6,290	2.25%			6,290	
	9,005	3.22%			9,005	
Earnings (loss) before non-controlling interest	(1,480)	-0.53%	4,246	3.10%	(5,726)	-135%
Non-controlling interest	2,510	0.90%	1,989	1.45%	521	26%
Net earnings (loss)	(3,990)	-1.43%	2,257	1.65%	(6,247)	-277%

	2007-12-31 (365 days)		2006-12-31 (365 days)		Variance	
	\$		\$		\$	%
Sales	838,068	100.00%	400,398	100.00%	437,670	109%
Earnings before the following items	30,548	3.65%	14,061	3.51%	16,487	117%
Financial expenses	6,731	0.80%	843	0.21%	5,888	698%
Amortization of property, plant and equipment	3,354	0.40%	927	0.23%	2,427	262%
Amortization of intangible assets	6,993	0.84%	3,225	0.81%	3,768	117%
	17,078	2.04%	4,995	1.25%	12,083	242%
Earnings before income taxes and non-controlling interest	13,470	1.61%	9,066	2.26%	4,404	49%
Income taxes						
Current	2,715	0.32%		0.00%	2,715	
Future	6,290	0.75%		0.00%	6,290	
	9,005	1.07%		0.00%	9,005	
Earnings before non-controlling interest	4,465	0.54%	9,066	2.26%	(4,601)	-51%
Non-controlling interest	4,650	0.55%	4,255	1.06%	395	9%
Net earnings (loss)	(185)	-0.01%	4,811	1.20%	(4,996)	-104%

Sales (in thousands of dollars)

	2007-12-31 (114 days – 4 th quarter) (unaudited)		2006-12-31 (114 days – 4 th quarter) (unaudited)		Variance	
	\$	%	\$	%	\$	%
Boucherville Division						
Retail	48,690	17.4%	47,226	34.4%	1,464	3.1%
Foodservice	99,302	35.5%	89,893	65.6%	9,409	10.5%
	147,992	52.9%	137,119	100.0%	10,873	7.9%
Summit Division						
Foodservice	131,711	47.1%	0	0.0%	131,711	N/A
	279,703	100.0%	137,119	100.0%	142,584	104.0%
	2007-12-31 (365 days)		2006-12-31 (365 days)		Variance	
	\$	%	\$	%	\$	%
Boucherville Division						
Retail	130,633	15.6%	127,210	31.8%	3,423	2.7%
Foodservice	296,035	35.3%	273,188	68.2%	22,847	8.4%
	426,668	50.9%	400,398	100.0%	26,270	6.6%
Summit Division						
Foodservice	411,400	49.1%		0.0%	411,400	N/A
	838,068	100.0%	400,398	100.0%	437,670	109.3%

Boucherville Division

Historically, the 4th quarter has always been the best quarter of the year, since it comes on the heels of the Colabor Exhibition held at the end of September each year for the past 20 years. This year, sales related to this event improved by over 30% to more than \$60 million.

Retail

Sales of products for the retail market increased by 3.1% during the quarter, compared to the previous-year quarter, primarily as a result of the recruitment of two new major customers by one of the affiliated wholesalers during the third quarter. As a result of the addition of these new customers, in 2008, sales should increase significantly in this sector, which had experienced no growth in prior years. Sales in this sector are mainly to convenience stores and small-sized grocery stores, located mostly outside the greater Montréal area.

Foodservice

Organic growth in the affiliated wholesalers' foodservice sales continues to outpace industry levels, which is an indication that affiliated wholesalers are continuing to increase their market share compared with their competitors.

The 10.5% increase in sales for the quarter and 8.4% for the 365-day period ended December 31, 2007, compared with previous periods is higher than the 4.1% (including inflation) growth over 2006 anticipated by the Canadian Restaurant and Foodservices Association.

Summit Division

The acquisition of Summit has made it possible to double the Fund's overall sales and has met management expectations.

Synergies

As mentioned in the December 21, 2006 short form prospectus, the Fund's management has expected that synergies from the acquisition of Summit would be about \$2.2 million (before certain integration costs). These synergies were primarily to result from streamlining and negotiating new supply agreements with suppliers and combining certain programs, such as property insurance, group insurance and others.

The Fund's management is proud to announce that these synergies have been achieved. It has successfully integrated Summit and is ready to consider other acquisitions.

Income taxes

The acquisition of the assets of Summit Food Service Distributors Inc. was finalized and carried out on January 8, 2007. Under the new tax regime for "specified investment flowthrough" ("SIFT") entities, also called listed income trusts and partnerships, SIFTs are now subject to a similar tax treatment as corporations. This new tax treatment is applicable in the fiscal year 2007. However, existing SIFTs on October 31, 2006 could benefit from certain transitional rules and would not be taxable under the new rules until 2011, provided they had not undergone an "undue expansion". As indicated in its decision rendered at the end of 2007, the Department of Finance considered the Summit acquisition transaction as an undue expansion. Accordingly, the Fund does not benefit from the transitional rules and is therefore subject to the new SIFT tax regime as of the 2007 taxation year.

The financial statements presented above include current income taxes of \$2.7 million at the combined federal-provincial rate of 34% and future income taxes of \$6.3 million.

The Fund recognized the taxes as soon as the Finance Department rendered its decision.

Cash Flow

Consolidated Cash Flows (in thousands of dollars)

	2007-12-31 (114 days – 4 th quarter) (unaudited)	2006-12-31 (114 days – 4 th quarter) (unaudited)	2007-12-31 (365 days)	2006-12-31 (365 days)
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings (loss)	(3,990)	2,257	(185)	4,811
Non-cash items				
Amortization of property, plant and equipment	1,053	291	3,354	927
Amortization of intangible assets	2,179	993	6,993	3,225
Amortization of deferred financing costs	24		81	
Non-controlling interest	2,510	1,989	4,650	4,255
Future income taxes	6,290		6,290	
Compensation cost from long-term incentive plan	67	47	211	128
Amortization of debenture transaction cost	262		835	
	<u>8,395</u>	<u>5,577</u>	<u>22,229</u>	<u>13,346</u>
Changes in operating assets and liabilities				
Accounts receivable	4,525	963	5,041	(2,585)
Withholding taxes recoverable	1,917	(23)	1,620	(1,620)
Inventory	(4,324)	(92)	1,869	(1,545)
Prepaid expenses	1,096	(296)	910	(311)
Accounts payable and accrued liabilities	(8,838)	(419)	(2,984)	6,872
Income taxes payable	605		605	
Rebates payable	4,433	3,903	448	6,689
Deferred revenue	(806)	(828)	(280)	476
Accrued benefit liability for employee benefits	(53)		(53)	
	<u>(1,445)</u>	<u>3,208</u>	<u>7,176</u>	<u>7,976</u>
Cash flows from operating activities	<u>6,950</u>	<u>8,785</u>	<u>29,405</u>	<u>21,322</u>
INVESTING ACTIVITIES				
Business acquisition			(109,048)	
Property, plant and equipment	(885)	(281)	(1,469)	(744)
Cash flows from investing activities	<u>(885)</u>	<u>(281)</u>	<u>(110,517)</u>	<u>(744)</u>
FINANCING ACTIVITIES				
Bank loan	(6,920)	(6,424)	19,999	(4,623)
Financing expenses	(245)		(245)	
Distributions paid to unitholders	(3,550)	(2,072)	(10,265)	(6,042)
Distributions paid on exchangeable Colabor LP units	1,825	1,825	(5,476)	(5,419)
Repayment of notes payable				(6,195)
Repayment of long-term debt	(156)	(156)	(468)	(468)
Repayment of security deposits				(468)
Purchase of units held by the Fund for long-term incentive plan			(238)	(448)
Disposal of units held by the Fund for long-term incentive plan	12		12	
Issue of debentures			48,000	
Issue of units			24,761	
Unit and debenture issue costs			(1,404)	
Cash flows from financing activities	<u>(12,684)</u>	<u>(10,477)</u>	<u>74,676</u>	<u>(23,663)</u>
Net change in bank overdraft	<u>(6,619)</u>	<u>(1,973)</u>	<u>(6,436)</u>	<u>(3,085)</u>
Bank overdraft, beginning of period	<u>(3,154)</u>	<u>(1,364)</u>	<u>(3,337)</u>	<u>(252)</u>
Bank overdraft, end of period	<u>(9,773)</u>	<u>(3,337)</u>	<u>(9,773)</u>	<u>(3,337)</u>

Standardized distributable cash

Standardized Distributable Cash (in thousands of dollars)

	2007-12-31 (114 days – 4 th quarter) (unaudited)	2006-12-31 (114 days – 4 th quarter) (unaudited)	2007-12-31 (365 days)	2006-12-31 (365 days)	Since the creation of the Fund 2005-06-28
	\$	\$	\$	\$	\$
Cash flows from operating activities	6,950	8,785	29,405	21,322	71,121
Acquisition of property, plant and equipment:	(885)	(281)	(1,469)	(744)	(2,535)
Standardized distributable cash	6,065	8,504	27,936	20,578	68,586
Distributions paid on units	3 550	2 072	10 265	6 042	18,821
Distributions paid on exchangeable Colabor LP units	1,825	1,825	5 476	5 419	13,109
Distributed cash	5,375	3,897	15,741	11,461	31,930
Weighted average number of units					
Units	9,848,537	5,775,000	9,747,732	5,775,000	7,349,697
Exchangeable Colabor LP units	5,087,439	5,087,439	5,087,439	5,087,439	5,087,439
	<u>14,935,976</u>	<u>10,862,439</u>	<u>14,835,171</u>	<u>10,862,439</u>	<u>12,437,136</u>
Standardized distributable cash per unit	\$0.41	\$0.78	\$1.88	\$1.89	\$5.51
Cash distributed per unit	\$0.36	\$0.36	\$1.06	\$1.06	\$2.56
Ratio of distributed cash to standardized distributable cash	88.6%	45.8%	56.3%	55.7%	46.6%

The Fund declares monthly distributions to unitholders of record on the last day of each month and pays the distributions on or around the 15th of the following month. The annual distribution per unit is \$1.076.

Development Strategies and Outlook

The Fund's management is firmly convinced that there are major channels which could be used to increase its penetration of the food services market in Canada.

Affiliated wholesalers network in Québec and in the Atlantic Provinces:

In light of the Boucherville Division's organic growth in sales, as described under *Results of Operations*, it is clear that these loyal, entrepreneurial, customer-service-driven affiliated wholesalers will continue to grow their market share in their respective regions.

Consolidation of food distribution services:

The Summit acquisition has made it possible for the Fund to gain a foothold in Ontario, one of the most important food services market in Canada.

The Funds could acquire other distributors operating in Ontario, and use its business model to integrate any new acquisitions.

Geographic expansion:

At this time, the Fund is not present in Western Canada. Since this region is experiencing the fastest economic growth in the country, there is no doubt that expansion into this region could be beneficial, although it must be considered carefully in light of the availability-of-labour issues. Additionally, a prerequisite to expansion in this region is developing a solid customer base before investing in new infrastructure.

Related sectors:

The Fund's mission is to provide its customers with one-stop shopping in the food distribution services market.

In the future, the Fund could add a meat, fruit and vegetables and packaged goods distribution network.

Convenience stores and small-sized grocery stores:

The Fund believes that, in the medium term, there will be opportunities to acquire convenience store networks currently owned by major food chains wishing to return to their original niche, serving medium- and large-sized grocery stores.

Each of these opportunities and prospects would make it possible for the Fund to significantly increase its purchasing power and ability to generate cost savings in order to increase its distributable cash per unit through the growth of its operating revenue.

Additional Information

The Fund's MD&A, financial statements and Annual Information Form will also be available on SEDAR (www.sedar.com) following publication of this News Release. Additional information about Colabor Income Fund may also be found on SEDAR as well as on the Income Fund's Internet site at www.colaborincomefund.com.

Colabor Overview

Colabor is a wholesaler and distributor of food and non-food products serving the retail (grocery stores, convenience stores, etc.) and foodservice (cafeterias, restaurants, hotels, restaurant chains, etc.) markets.

Caution

This News Release may contain forward-looking statements reflecting the opinions or present expectations of *Colabor Income Fund* or *Colabor Limited Partnership* concerning their performance as well as their respective business activities and future events. These statements are subject to a number of risks, uncertainties and assumptions. Actual results or events may differ.

For additional information

Gilles C. Lachance

President and Chief Executive Officer

Tel.: 450-449-0026 extension 265

Fax: 450-449-2098

glachance@colabor.com

Michel Loignon CA

Vice-President, Finance and Administration

Tel.: 450-449-0026 extension 235

Fax: 450-449-2098

mloignon@colabor.com