COLABOR

Interim Consolidated Financial Statements
As at March 23, 2013 and March 24, 2012
(1st quarter)

(Unaudited)

Consolidated Financial Statements

The interim consolidated financial statements were not reviewed by the Company's auditor.

Colabor Group Inc.
Consolidated Statements of Earnings

(unaudited, in thousands of Canadian dollars, except data per share)

	Notes	2013-03-23 (82 days) $	2012-03-24 (84 days) $
Sales of goods	5	293,580	297,933
Operating expenses excluding costs not relating to current operations, depreciation and amortization		291,271	292,477
Operating earnings before costs not relating to current operations, depreciation and amortization		2,309	5,456
Costs not relating to current operations	6	247	
Depreciation of property, plant and equipment		1,219	1,004
Amortization of intangible assets		3,023	3,284
		4,489	4,288
Operating earnings		(2,180)	1,168
Finance costs	7	2,323	2,150
Earnings before tax		(4,503)	(982)
Income taxes			
Current		–	–
Deferred		(1,145)	(246)
		(1,145)	(246)
Earnings		(3,358)	(736)
After-tax cash flows per share	8	$ (0.02)	$ 0.14
Basic and diluted earnings per share	8	$ (0.14)	$ (0.03)

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

Colabor Group Inc.
Consolidated Statements of Comprehensive Income

(unaudited, in thousands of Canadian dollars)

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Earnings	(3,358)	(736)
Other comprehensive income that will be subsequently reclassified in earnings		
Available-for-sale financial asset		
Loss for the period	(2,362)	(1,531)
Reclassification in earnings	2,342	
Cash flow hedges – gain (loss) for the perriod	(149)	1,076
Taxes on other comprehensive income that will be subsequently reclassified in earnings	42	(81)
	(127)	(536)
Other comprehensive income that will not be reclassified in earnings		
Re-measurement of pension obligation	225	
Taxes on other comprehensive income that will not be reclassified in earnings	(59)	
	166	
Total other comprehensive income	39	(536)
Total comprehensive income	(3,319)	(1,272)

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

Colabor Group Inc.
Consolidated Statements of Changes in Equity
(unaudited, 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 hedge	Deficit	Total equity
	$	$	$	$	$	$	$	$
Balance as at January 1, 2013	**179,652**	**1,742**	**1,136**	**(381)**	**(1,003)**	**(50)**	**(21,639)**	**159,457**
Earnings							(3,358)	(3,358)
Other comprehensive income								
Loss on available-for-sale financial asset					(2,362)			(2,362)
Reclassification in earnings					2,342			2,342
Loss on cash flow hedges						(149)		(149)
Re-measurement of pension obligation							225	225
Taxes on other comprehensive income					3	39	(59)	(17)
Total comprehensive income	–	–	–	–	(17)	(110)	(3,192)	(3,319)
Issuance of shares (Note 3)	28,993							28,993
Stock-based compensation plan expenses			13					13
Transactions with owners	28,993	–	13	–	–	–	–	29,006
Balance as at March 23, 2013	**208,645**	**1,742**	**1,149**	**(381)**	**(1,020)**	**(160)**	**(24,831)**	**185,144**
Balance as at January 1, 2012	**179,652**	**1,742**	**1,206**	**(622)**	**1,154**	**(457)**	**(6,661)**	**176,014**
Earnings							(736)	(736)
Other comprehensive income								
Loss on available-for-sale financial asset					(1,531)			(1,531)
Gain on cash flow hedges						1,076		1,076
Taxes on other comprehensive income					198	(279)		(81)
Total comprehensive income	–	–	–	–	(1,333)	797	(736)	(1,272)
Stock-based compensation plan expenses			37					37
Transactions with owners	–	–	37	–	–	–	–	37
Balance as at March 24, 2012	**179,652**	**1,742**	**1,243**	**(622)**	**(179)**	**340**	**(7,397)**	**174,779**

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

Colabor Group Inc.
Consolidated Statements of Cash Flows

(unaudited, in thousands of Canadian dollars)

	Notes	2013-03-23 (82 days)	2012-03-24 (84 days)
		$	$
Operating activities			
Earnings before income taxes		(4,503)	(982)
Depreciation of property, plant and equipment		1,219	1,004
Amortization of intangible assets		3,023	3,284
Finance costs		2,323	2,150
Stock-based compensation plan expenses		13	37
		2,075	5,493
Income tax withholdings		(174)	(332)
Net changes in working capital	9	(27,690)	(6,423)
Cash flows from operating activities		(25,789)	(1,262)
Investing activities			
Business acquisitions, net of cash acquired	3	(10,000)	(7,440)
Dividends received from Colabor Investments Inc.		2,342	
Purchase of property, plant and equipment		(632)	(226)
Cash flows from investing activities		(8,290)	(7,666)
Financing activities			
Bank borrowings		11,947	24,409
Issuance of shares	3	28,638	
Dividends paid		(4,161)	(6,220)
Refund of advance received on dividends to be declared by Colabor Investments Inc.		(1,722)	
Payment of balances of purchase price		(404)	(87)
Finance costs paid	7	(2,107)	(1,958)
Cash flows from financing activities		32,191	16,144
Net change in bank overdraft		(1,888)	7,216
Bank overdraft, beginning of period		(5,994)	(10,151)
Bank overdraft, end of period		(7,882)	(2,935)

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

Colabor Group Inc.
Consolidated Statements of Financial Position
(unaudited, in thousands of Canadian dollars)

	2013-03-23	2012-12-31
	$	$
ASSETS		
Current		
Trade and other receivables	124,117	113,495
Recoverable tax assets	2,974	2,800
Inventory	82,792	85,167
Prepaid expenses	3,024	3,143
Current assets	212,907	204,605
Non-current		
Equity investment in Colabor Investments Inc.	7,570	9,932
Property, plant and equipment	16,164	15,930
Intangible assets	140,585	142,358
Goodwill	115,696	115,065
Non-current assets	280,015	283,285
Total assets	492,922	487,890
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Bank overdraft	7,882	5,994
Trade and other payables	102,669	134,670
Dividends payable		4,161
Rebates payable	12,749	11,738
Balances of purchase price payable	13,265	10,735
Deferred revenue	339	477
Current liabilities	136,904	167,775
Non-current		
Bank borrowings	100,004	88,008
Derivative financial instrument	216	67
Balances of purchase price payable		404
Long-term debt	14,681	14,665
Convertible debentures	46,854	46,703
Pension obligation	2,109	2,399
Deferred income tax liabilities	7,010	8,412
Non-current liabilities	170,874	160,658
Total liabilities	307,778	328,433
EQUITY		
Share capital	208,645	179,652
Deficit	(24,831)	(21,639)
Other components of equity	1,330	1,444
Total equity	185,144	159,457
Total liabilities and equity	492,922	487,890

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

The Board of Directors approved and authorized the publication of the interim consolidated financial statements on May 1, 2013.

(Amounts in the tables are in thousands of Canadian dollars, except data per share.)

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.

Sales of goods and operating profits are proportionately at their lowest in the first quarter and at their highest in the fourth quarter. Additionally, the fourth quarter has 33% more operating days than other quarters. However, costs incurred are distributed more evenly than sales throughout the year given the Company's fixed cost structure. The Company's operating margins generally increase as the year progresses. Accordingly, it would be more meaningful to compare earnings for an entire year or with the prior year's corresponding quarter than to compare two consecutive quarters.

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 and TSX: GCL.DB.A).

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

These interim consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") and prepared in accordance with IAS 34, *Interim Financial Reporting*, taking into account the accounting policies that the Company adopted for its financial statements for the year ended December 31, 2012. The accounting policies have been similarly applied throughout all periods presented in the financial statements.

3. *ISSUANCE OF SHARES AND BUSINESS COMBINATION*

Acquisition of T. Lauzon Ltd. Assets

On March 4, 2013, the Company acquired substantially all of the assets of T. Lauzon Ltd. (hereafter "Lauzon"), a company operating in the Distribution and Wholesale Segments primarily in Quebec. The results of operation are included in the consolidated statement of earnings since the acquisition date. The acquisition of Lauzon reflects Colabor's strategic objective to broaden its product offering.

The preliminary purchase price allocation is determined as follows:

	Value recognized on the acquisition date
	$
Trade and other receivables	4,122
Inventory	8,271
Prepaid expenses	38
Property, plant and equipment	821
Intangible assets	1,250
Goodwill	631
Trade and other payables	(2,522)
Deferred income tax liabilities	(81)
Acquisition cost and fair value of consideration transferred	12,530
Portion paid in balances of purchase price	(2,530)
Net cash flows on acquisition and fair value of portion transferred to cash	10,000

3. *ISSUANCE OF SHARES AND BUSINESS COMBINATION (continued)*

The purchase price allocation is still preliminary because some items used in the purchase price determination have to be determined and management is currently concluding its evaluation of the assets acquired and liabilities assumed.

Business acquisition-related costs amounting to $247,000 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.

Lauzon has contributed a total of $10,165,000 to the Company's sale of goods and $75,000 to operating earnings before depreciation and amortization for the period between the acquisition date and the end of the quarter.

Trade and other receivables

The contractual amount of trade and other receivables amounts to $4,122,000 at the acquisition date. Based on the best estimate of contractual cash flows, all amounts are expected be recovered.

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.

Issuance of shares

To finance the acquisition of Lauzon, the Company issued 3,974,000 common shares at $7.55 a share for a total of $30,004,000. The $165,000 in share issue costs and $1,201,000 in underwriters' compensation are applied against the shares issued while a $355,000 deferred income tax asset was recognized as an increase in the shares issued.

4. *CHANGES TO ACCOUNTING POLICIES*

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. There has been no material impact 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.

4. *CHANGES TO ACCOUNTING POLICIES (continued)*

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.

Fair Value Measurement

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. There has been no material impact on the Company's consolidated financial statements.

Presentation of Financial Statements

Amendment to 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 standard had an impact on the presentation of other comprehensive income, but had no impact on the measurement or recognition of these items

Employee Benefits

Amendments to IAS 19 *Employee Benefits*

The changes include a number of specific changes to the standard, the most significant of which are 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 major impacts of the application of this new standard will be a $2,057,000 and $989,000 increase in the pension obligation, a $514,000 and $247,000 decrease in deferred income tax liabilities and a $1,543,000 and $742,000 decrease in equity for balances as at December 31, 2012 and 2011 respectively.

(Amounts in the tables are in thousands of Canadian dollars, except data per share.)

5. *SEGMENT REPORTING*

The Company has two reportable segments: distribution to food service enterprises (Distribution Segment) and distribution to food distributors (Wholesale Segment). These operating segments are monitored and strategic decisions are made on the basis of 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:

			2013-03-23 (82 days)
	Distribution Segment	Wholesale Segment	Total
	$	$	$
Segment sales of goods	208,416	121,663	330,079
Segment operating expenses			
Cost of goods sold	183,241	114,747	297,988
Employee remuneration	16,349	2,083	18,432
Other expenses	9,173	1,599	10,772
	208,763	118,429	327,192
Segment earnings	(347)	3,234	2,887

			2012-03-24 (84 days)
	Distribution Segment	Wholesale Segment	Total
	$	$	$
Segment sales of goods	215,117	117,098	332,215
Segment operating expenses			
Cost of goods sold	186,192	110,669	296,861
Employee remuneration	16,496	2,024	18,520
Other expenses	8,714	1,309	10,023
	211,402	114,002	325,404
Segment earnings	3,715	3,096	6,811

The following table presents a reconciliation of the Company's total operating segment earnings and key financial data as presented in its consolidated financial statements:

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Sales of goods		
Total segment earnings	330,079	332,215
Elimination of intersegment earnings	(36,499)	(34,282)
Company sales of goods	293,580	297,933

(Amounts in the tables are in thousands of Canadian dollars, except data per share.)

5. *SEGMENT REPORTING (continued)*

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Earnings		
Total segment earnings	2,887	6,811
Employee remuneration not allocated	(499)	(543)
Other expenses not allocated	(268)	(884)
Costs not relating to current operations	(247)	
Depreciation of property, plant and equipment	(1,219)	(1,004)
Amortization of intangible assets	(3,023)	(3,284)
Elimination of intersegment earnings	189	72
Company operating earnings	(2,180)	1,168
Finance costs	(2,323)	(2,150)
Company earnings before taxes	(4,503)	(982)

6. *COSTS NOT RELATING TO CURRENT OPERATIONS*

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Direct costs relating to business acquisition	247	
Dividends received from Colabor Investments Inc.	(2,342)	
Writedown in Colabor Investments Inc. investment	2,342	
	247	

7. *FINANCE COSTS AND FINANCE COSTS PAID*

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Finance costs	2,323	2,150
Non-cash portion of effective interest on long-term debt and debentures included in finance costs	(167)	(158)
Amortization of prepaid finance costs included in finance costs	(49)	(34)
Finance costs paid	2,107	1,958

(Amounts in the tables are in thousands of Canadian dollars, except data per share.)

8. *DATA PER SHARE*

After-tax cash flows per share

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Cash flows from operating activities before income tax recovery (withholdings) and net changes in working capital	2,075	5,493
Costs not relating to current operations	247	
Finance costs	(2,323)	(2,150)
Non-cash portion of the effective interest on long-term debt and debentures included in finance costs	167	158
Purchase of property, plant and equipment	(632)	(226)
	(466)	3,275
Weighted average number of shares outstanding	24,057,583	23,061,348
After-tax cash flows per share	$ (0.02)	$ 0.14
Current period portion of the annual dividend declared	$ 0.17	$ 0.17

Earnings per share

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

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Earnings	(3,358)	(736)
Weighted average number of shares used to calculate basic and diluted earnings per share	24,057,583	23,061,348
Basic and diluted earnings per share	$ (0.14)	$ (0.03)

Shares that were hypothetically issued after the conversion of convertible debentures, the exercise of stock options and the release of shares in connection with different stock-based compensation plans were not included in the calculation of diluted net earnings per share because they had an antidilutive effect.

9. *NET CHANGES IN WORKING CAPITAL*

Net changes in working capital between the two year-ends taking into account the working capital items assumed on the business combinations and disposal of a wholly-owned subsidiary:

	2013-03-23 (82 days)	2012-03-24 (84 days)
	$	$
Trade and other receivables	(6,500)	946
Inventory	10,646	8,165
Prepaid expenses	157	(702)
Trade and other payables	(32,801)	(16,561)
Rebates payable	1,011	1,450
Deferred revenue	(138)	345
Pension obligation	(65)	(66)
	(27,690)	(6,423)