



**Interim Consolidated Financial Statements
As at September 6, 2014 and September 7, 2013
(3rd Quarter)
(Unaudited)**

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Colabor Group Inc.
Consolidated Statements of Earnings

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

	Notes	2014-09-06 (84 days) \$	2013-09-07 (84 days) \$	2014-09-06 (249 days) \$	2013-09-07 (250 days) \$
Sales of goods		345,164	343,584	971,682	982,981
Operating expenses excluding costs not relating to current operations, depreciation and amortization		<u>335,002</u>	<u>333,356</u>	<u>951,868</u>	<u>960,716</u>
Operating earnings before costs not relating to current operations, depreciation and amortization		<u>10,162</u>	<u>10,228</u>	<u>19,814</u>	<u>22,265</u>
Costs not relating to current operations	6	2,888	8,123	2,888	8,370
Depreciation of property, plant and equipment		1,061	1,142	3,049	3,257
Amortization of intangible assets		<u>3,308</u>	<u>3,306</u>	<u>10,053</u>	<u>9,820</u>
		<u>7,257</u>	<u>12,571</u>	<u>15,990</u>	<u>21,447</u>
Operating earnings		<u>2,905</u>	<u>(2,343)</u>	<u>3,824</u>	<u>818</u>
Finance costs	7	<u>2,760</u>	<u>2,843</u>	<u>8,974</u>	<u>7,312</u>
Earnings before tax		<u>145</u>	<u>(5,186)</u>	<u>(5,150)</u>	<u>(6,494)</u>
Deferred income tax expense (recovery)	13	<u>15,187</u>	<u>(1,303)</u>	<u>13,828</u>	<u>(1,643)</u>
Earnings		<u>(15,042)</u>	<u>(3,883)</u>	<u>(18,978)</u>	<u>(4,851)</u>
Basic and diluted earnings per share	8	<u>(0.56 \$)</u>	<u>(0.14 \$)</u>	<u>(0.70 \$)</u>	<u>(0.19 \$)</u>

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)

	2014-09-06 (84 days)	2013-09-07 (84 days)	2014-09-06 (249 days)	2013-09-07 (250 days)
	\$	\$	\$	\$
Earnings	(15,042)	(3,883)	(18,978)	(4,851)
Other comprehensive income that will be subsequently reclassified in earnings				
Available-for-sale financial asset				
Gain (loss) for the period	42	399	(747)	(5,101)
Reclassified in earnings				2,342
Cash flow hedges				
Gain (loss) for the period		337	(190)	441
Reclassified in earnings			268	
Taxes on other comprehensive income that will be subsequently reclassified in earnings	(6)	(139)	76	245
	36	597	(593)	(2,073)
Other comprehensive income that will not be reclassified in earnings				
Re-measurement of pension obligation	(333)	280	(1,237)	1,025
Taxes on other comprehensive income that will not be reclassified in earnings	87	(73)	322	(267)
	(246)	207	(915)	758
Total other comprehensive income	(210)	804	(1,508)	(1,315)
Total comprehensive income	(15,252)	(3,079)	(20,486)	(6,166)

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, 2014	208,622	1,742	1,326	(381)	–	(57)	(37,439)	173,813
Earnings							(18,978)	(18,978)
Other comprehensive income								
Loss on available-for-sale financial asset					(747)			(747)
Reclassification in earnings						268		268
Loss on cash flow hedge						(190)		(190)
Re-measurement of pension obligation							(1,237)	(1,237)
Taxes on other comprehensive income					97	(21)	322	398
Total comprehensive income	–	–	–	–	(650)	57	(19,893)	(20,486)
Dividend declared							(4,876)	(4,876)
Stock-based compensation plan expenses			139					139
Transactions with owners	–	–	139	–	–	–	(4,876)	(4,737)
Balance as at September 6, 2014	208,622	1,742	1,465	(381)	(650)	–	(62,208)	148,590
Balance as at January 1, 2013	179,652	1,742	1,136	(381)	(1,003)	(50)	(23,679)	157,417
Earnings							(4,851)	(4,851)
Other comprehensive income								
Loss on available-for-sale financial asset					(5,101)			(5,101)
Reclassification in earnings					2,342			2,342
Gain on cash flow hedge						441		441
Re-measurement of pension obligation							1,025	1,025
Taxes on other comprehensive income					359	(114)	(267)	(22)
Total comprehensive income	–	–	–	–	(2,400)	327	(4,093)	(6,166)
Dividend declared							(6,501)	(6,501)
Issuance of shares	28,982							28,982
Stock-based compensation plan expenses			71					71
Transactions with owners	28,982	–	71	–	–	–	(6,501)	22,552
Balance as at September 7, 2013	208,634	1,742	1,207	(381)	(3,403)	277	(34,273)	173,803

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	2014-09-06 (84 days) \$	2013-09-07 (84 days) \$	2014-09-06 (249 days) \$	2013-09-07 (250 days) \$
Operating activities					
Earnings before income taxes		145	(5,186)	(5,150)	(6,494)
Depreciation of property, plant and equipment		1,061	1,142	3,049	3,257
Amortization of intangible assets		3,308	3,306	10,053	9,820
Gain on disposal of property, plant and equipment		(16)		(109)	
Change in provisions		(197)	6,698	(892)	6,698
Finance costs	7	2,760	2,843	8,974	7,312
Stock-based compensation plan expenses		74	45	139	71
		<u>7,135</u>	<u>8,848</u>	<u>16,064</u>	<u>20,664</u>
Income tax withholdings		(1,538)	269	(1,737)	105
Net changes in working capital	9	3,577	(10,847)	8,394	(26,428)
Cash flows from operating activities		<u>9,174</u>	<u>(1,730)</u>	<u>22,721</u>	<u>(5,659)</u>
Investing activities					
Business acquisitions, net of cash acquired	4				(10,000)
Dividends received from Colabor Investments Inc.					2,342
Purchase of property, plant and equipment		(272)	(99)	(1,044)	(4,167)
Disposal of property, plant and equipment		21		154	
Purchase of intangible assets		(539)		(2,316)	(137)
Cash flows from investing activities		<u>(790)</u>	<u>(99)</u>	<u>(3,206)</u>	<u>(11,962)</u>
Financing activities					
Bank borrowings	10	(6,421)	10,695	(23,801)	8,010
Lease payment		(320)		(382)	
Issuance of shares					28,627
Dividends paid		(1,625)	(1,625)	(4,876)	(10,662)
Refund of advance received on dividends to be declared by Colabor Investments Inc.					(1,722)
Payment of balances of purchase price		(583)	(949)	(11,318)	(1,353)
Repayment of long-term debt	11			(15,000)	
Net issuance of long-term debt	11			42,087	
Finance costs paid	7	(2,398)	(2,585)	(7,545)	(6,682)
Cash flows from financing activities		<u>(11,347)</u>	<u>5,536</u>	<u>(20,835)</u>	<u>16,218</u>
Net change in bank overdraft		<u>(2,963)</u>	<u>3,707</u>	<u>(1,320)</u>	<u>(1,403)</u>
Bank overdraft, beginning of period		<u>(5,185)</u>	<u>(11,104)</u>	<u>(6,828)</u>	<u>(5,994)</u>
Bank overdraft, end of period		<u>(8,148)</u>	<u>(7,397)</u>	<u>(8,148)</u>	<u>(7,397)</u>

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)

	<u>2014-09-06</u>	<u>2013-12-31</u>
	\$	\$
ASSETS		
Current		
Trade and other receivables	118,464	114,803
Recoverable tax assets	4,590	2,853
Inventory	81,536	80,243
Prepaid expenses	4,600	1,996
<i>Current assets</i>	<u>209,190</u>	<u>199,895</u>
Non-current		
Equity investment in Colabor Investments Inc.	4,366	5,113
Property, plant and equipment	16,116	16,615
Intangible assets	123,401	131,112
Goodwill	115,065	115,065
<i>Non-current assets</i>	<u>258,948</u>	<u>267,905</u>
Total assets	<u><u>468,138</u></u>	<u><u>467,800</u></u>
LIABILITIES AND EQUITY		
LIABILITIES		
Current		
Bank overdraft	8,148	6,828
Trade and other payables	101,037	84,684
Rebates payable	7,405	8,663
Balances of purchase price payable		11,496
Bank borrowings	10 6,000	
Obligations under leases	464	
Deferred revenue	1,135	41
Provisions	747	1,111
<i>Current liabilities</i>	<u>124,936</u>	<u>112,823</u>
Non-current		
Bank borrowings	10 79,321	108,684
Derivative financial instrument		78
Long-term debt	11 42,149	14,737
Convertible debentures	47,864	47,373
Obligations under leases	872	
Pension obligation	1,558	520
Provisions	4,011	4,365
Deferred income tax liabilities	18,837	5,407
<i>Non-current liabilities</i>	<u>194,612</u>	<u>181,164</u>
Total liabilities	<u><u>319,548</u></u>	<u><u>293,987</u></u>
EQUITY		
Share capital	208,622	208,622
Deficit	(62,208)	(37,439)
Other components of equity	2,176	2,630
<i>Total equity</i>	<u>148,590</u>	<u>173,813</u>
Total liabilities and equity	<u><u>468,138</u></u>	<u><u>467,800</u></u>

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 October 21, 2014.

Colabor Group Inc.

Notes to Consolidated Financial Statements

(Unaudited, 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.

As of 2014, the Company's year end will be the last Saturday in the month of December, that is, December 27, 2014 for the current year.

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 consolidated financial statements for the year ended December 31, 2013. The accounting policies have been similarly applied throughout all periods presented in the financial statements. They do not include all the information and disclosures required by IFRS applicable for annual financial statements and, therefore, they should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Current standards, amendments and interpretations that are not yet effective

IFRS 9 *Financial Instruments*

In July 2014, the IASB published IFRS 9 to replace IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The improvements introduced by IFRS 9 include a logical model for financial asset classification and measurement, a single, forward-looking 'expected loss' impairment model based on expected credit losses, and a substantially-reformed approach to hedge accounting. This standard applies to fiscal years beginning on or after January 1, 2018; early adoption is permitted. The Company has not yet determined the effect of the adoption of this standard on its consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, the IASB published IFRS 15 Revenue from Contracts with Customers, which replaces IAS 18 Revenue, IAS 11 Construction Contracts and some revenue-related interpretations. IFRS 15 establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized at a point in time or over time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. Earlier application is permitted. The Company has not yet determined the effect of the adoption of this standard on its consolidated financial statements.

Colabor Group Inc.
Notes to Consolidated Financial Statements

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

4. 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. Operating results 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 purchase price allocation is determined as follows:

	Value recognized on the acquisition date \$
Trade and other receivables	4,122
Inventory	7,960
Prepaid expenses	38
Property, plant and equipment	1,071
Intangible assets	2,215
Trade and other payables	(2,795)
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	<u>10,000</u>

Business acquisition-related costs amounting to \$247,000 are not included as part of the acquisition cost and have been recognized as costs not relating to current operations in the consolidated statements of earnings.

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 to be recovered.

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:

	2014-09-06 (84 days)		
	Distribution Segment \$	Wholesale Segment \$	Total \$
Segment sales of goods	234,960	161,674	396,634
Segment operating expenses			
Cost of goods sold	203,323	152,448	355,771
Employee remuneration	17,292	1,267	18,559
Other expenses	8,546	2,458	11,004
	<u>229,161</u>	<u>156,173</u>	<u>385,334</u>
Segment earnings	<u>5,799</u>	<u>5,501</u>	<u>11,300</u>

Colabor Group Inc.
Notes to Consolidated Financial Statements

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

5. SEGMENT REPORTING (continued)

	2013-09-07 (84 days)		
	Distribution Segment	Wholesale Segment	Total
	\$	\$	\$
Segment sales of goods	236,383	155,976	392,359
Segment operating expenses			
Cost of goods sold	204,435	147,332	351,767
Employee remuneration	16,014	2,314	18,328
Other expenses	9,411	1,587	10,998
	<u>229,860</u>	<u>151,233</u>	<u>381,093</u>
Segment earnings	<u>6,523</u>	<u>4,743</u>	<u>11,266</u>
	2014-09-06 (249 days)		
	Distribution Segment	Wholesale Segment	Total
	\$	\$	\$
Segment sales of goods	661,350	448,001	1,109,351
Segment operating expenses			
Cost of goods sold	573,894	423,065	996,959
Employee remuneration	50,257	6,119	56,376
Other expenses	26,734	5,191	31,925
	<u>650,885</u>	<u>434,375</u>	<u>1,085,260</u>
Segment earnings	<u>10,465</u>	<u>13,626</u>	<u>24,091</u>
	2013-09-07 (250 days)		
	Distribution Segment	Wholesale Segment	Total
	\$	\$	\$
Segment sales of goods	678,735	435,364	1,114,099
Segment operating expenses			
Cost of goods sold	589,529	410,977	1,000,506
Employee remuneration	48,312	7,063	55,375
Other expenses	27,950	4,682	32,632
	<u>665,791</u>	<u>422,722</u>	<u>1,088,513</u>
Segment earnings	<u>12,944</u>	<u>12,642</u>	<u>25,586</u>

Colabor Group Inc.
Notes to Consolidated Financial Statements

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

5. SEGMENT REPORTING (continued)

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:

	2014-09-06 (84 days)	2013-09-07 (84 days)	2014-09-06 (249 days)	2013-09-07 (250 days)
	\$	\$	\$	\$
Sales of goods				
Total segment earnings	396,634	392,359	1,109,351	1,114,099
Elimination of intersegment earnings	<u>(51,470)</u>	<u>(48,775)</u>	<u>(137,669)</u>	<u>(131,118)</u>
Company sales of goods	<u>345,164</u>	<u>343,584</u>	<u>971,682</u>	<u>982,981</u>
Earnings				
Total segment earnings	11,300	11,266	24,091	25,586
Employee remuneration not allocated	(1,006)	(1,065)	(3,195)	(2,757)
Other expenses not allocated	(132)	27	(1,082)	(564)
Costs not relating to current operations	(2,888)	(8,123)	(2,888)	(8,370)
Depreciation of property, plant and equipment	(1,061)	(1,142)	(3,049)	(3,257)
Amortization of intangible assets	<u>(3,308)</u>	<u>(3,306)</u>	<u>(10,053)</u>	<u>(9,820)</u>
Company operating earnings	2,905	(2,343)	3,824	818
Finance costs	<u>(2,760)</u>	<u>(2,843)</u>	<u>(8,974)</u>	<u>(7,312)</u>
Company earnings before taxes	<u>145</u>	<u>(5,186)</u>	<u>(5,150)</u>	<u>(6,494)</u>

6. COSTS NOT RELATING TO CURRENT OPERATIONS

	2014-09-06 (84 days)	2013-09-07 (84 days)	2014-09-06 (249 days)	2013-09-07 (250 days)
	\$	\$	\$	\$
Internal restructuring of operations				
Disbursed costs	569	1,029	569	1,029
Provisions for onerous contracts	130	7,094	130	7,094
Direct costs relating to concluded, uncompleted and potential business acquisitions	424		424	247
Litigation settlements (a)	1,651		1,651	
Dividends received from Colabor Investments Inc.				(2,342)
Writedown in Colabor Investments Inc. investment				2,342
Other	114		114	
	<u>2,888</u>	<u>8,123</u>	<u>2,888</u>	<u>8,370</u>

(a) On July 3, 2014, the Company finalized an agreement to settle litigation under which it was the subject of a motion for partial cancellation of an arbitration award in June 2009 and an appeal of a 2013 Superior court ruling. The Company has reached agreement with the counterparty to definitively conclude all outstanding cases. Under this settlement, the Company recognized a \$1,172,000 charge to earnings in the third quarter.

Additionally, as described in Note 13, Subsequent Events, residual legal fees were incurred, primarily as a result of the settlement with the CRA.

Colabor Group Inc.
Notes to Consolidated Financial Statements

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

7. FINANCE COSTS AND FINANCE COSTS PAID

	2014-09-06 (84 days)	2013-09-07 (84 days)	2014-09-06 (249 days)	2013-09-07 (250 days)
			\$	\$
Finance costs	2,760	2,843	8,974	7,312
Non-cash portion of effective interest on long-term debt and debentures and write-off of deferred transaction costs	(190)	(170)	(817)	(507)
Credit facility amendment fees		267	31	333
Amortization of prepaid finance costs included in finance costs	(116)	(355)	(469)	(456)
Financial accretion expenses on provision for onerous contracts	(56)		(174)	
Finance costs paid	<u>2,398</u>	<u>2,585</u>	<u>7,545</u>	<u>6,682</u>

8. DATA PER SHARE

Earnings per share

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

	2014-09-06 (84 days)	2013-09-07 (84 days)	2014-09-06 (249 days)	2013-09-07 (250 days)
			\$	\$
Earnings	<u>(15,042)</u>	<u>(3,883)</u>	<u>(18,978)</u>	<u>(4,851)</u>
Weighted average number of outstanding shares used to calculate basic and diluted earnings per share	<u>27,062,315</u>	<u>27,062,315</u>	<u>27,062,315</u>	<u>26,076,763</u>
Basic and diluted earnings per share	<u>(0.56 \$)</u>	<u>(0.14 \$)</u>	<u>(0.70 \$)</u>	<u>(0.19 \$)</u>

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 earnings per share because they had an antidilutive effect.

Colabor Group Inc.
Notes to Consolidated Financial Statements

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

9. NET CHANGE 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:

	2014-09-06 (84 days)	2013-09-07 (84 days)	2014-09-06 (249 days)	2013-09-07 (250 days)
	\$	\$	\$	\$
Trade and other receivables	(1,519)	5,500	(3,839)	3,739
Inventory	(1,674)	7,966	(1,293)	11,923
Prepaid expenses	(117)	1,413	(2,604)	(154)
Trade and other payables	7,363	(21,028)	16,493	(38,608)
Rebates payable	(1,303)	(5,785)	(1,258)	(4,005)
Deferred revenue	894	1,154	1,094	875
Pension obligation	(67)	(67)	(199)	(198)
	<u>3,577</u>	<u>(10,847)</u>	<u>8,394</u>	<u>(26,428)</u>

10. BANK BORROWINGS

10.1 Credit facilities

On January 31, 2014, the Company finalized two agreements on the refinancing of its credit facilities and long-term debt.

First, a banking syndicate granted the Company a credit facility of a maximum amount of \$140,000,000 over a three-year term. By mutual agreement, the credit facility may be increased by an additional \$30,000,000. It matures in January 2017 and is secured by a first-ranking hypothec on the Company's present and future assets. Amounts borrowed from the credit facility come in various forms and the interest rate varies based on the type of loan. As at September 6, 2014, the facility is composed of a loan and banker's acceptances bearing interest at rates varying between 3.04% and 3.50%.

The Company was also granted term credit facilities of a total amount of \$18,000,000 to be used for specific purposes and repayable over 24 months starting on the date they are used, as applicable. The Company used \$12,000,000 of this credit facility. During the year, \$3,500,000 was repaid. It is secured by a first-ranking hypothec on the amount of the Company's present and future assets. As at September 6, 2014, the facility is composed of a loan and banker's acceptances bearing interest at rates varying between 4.02% and 4.50%.

The credit facilities' interest rates are determined according to a calculation table that takes into account their usage.

Under certain circumstances, the Company is required to respect a ratio. As at September 6, 2014, this ratio has been respected.

Colabor Group Inc.
Notes to Consolidated Financial Statements

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

10.2 Average bank borrowings

The Company, based on the nature of its business agreements, is subject to significant fluctuations on its daily bank borrowings. The daily average bank borrowing was a measure used in the past to respect certain ratios and conditions. For the periods ended September 6, 2014 and September 7, 2013, the average bank borrowing was respectively \$91,269,000 and \$111,409,000 for the quarter and \$92,448,000 and \$118,159,000 for the year to date.

11. LONG-TERM DEBT

	2014-09-06	
	Par value \$	Book value \$
Unsecured debt, 6.5%, maturing on February 28, 2017, issued on December 28, 2011		
Balance as at December 31, 2013	15,000	14,737
Non-cash portion of effective interest on long-term debt		5
Write-off of deferred transaction costs after repayment of debt		258
Balance repaid	<u>(15,000)</u>	<u>(15,000)</u>
Balance, end of year	<u>-</u>	<u>-</u>

In connection with its bank refinancing, the Company entered into a loan agreement for a total capital amount of \$42,500,000. The loan agreement was signed with the banking syndicate made up of several creditors. A \$12,500,000 portion is secured by a second-ranking hypothec on the Company's present and future assets. One of the lenders has an option to become a secured creditor under certain conditions.

	2014-09-06	
	Par value \$	Book value \$
Debt, 9.1%, maturing on February 1, 2018, issued on January 31, 2014		
Initial disbursement on January 31, 2014 (net of transaction costs)	42,500	42,087
Non-cash portion of effective interest on long-term debt		62
Balance, end of year	<u>42,500</u>	<u>42,149</u>

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

12. EMPLOYEE REMUNERATION

Stock option plan

On May 8, 2014, the Company issued 500,000 stock options for common shares of the Group. The weighted average cost of the fair value of the options granted in 2014 of \$0.78 per option has been estimated at the grant date using a binomial option pricing model on the basis of the weighted averages of the following assumptions for options granted during the period:

Risk-free interest rate	1.61%
Expected volatility of share	33%
Expected annual dividend	0.24
Expected life	5.5 years
Share price on grant date	\$4.12
Exercise price on grant date	\$3.70

The underlying expected volatility has been determined on the basis of historical data relating to the Group's common shares since 2009.

13. SUBSEQUENT EVENTS

Acquisition of Marcotte Alimentation

On September 11, 2014, the Company acquired a majority of the assets of Marcotte Alimentation ("Marcotte"), a leading distributor of food and non-food products based in Trois-Rivières, Quebec. The Company is currently in the process of finalizing the initial recognition of the transaction. The strategic acquisition of Marcotte corresponds to one of the Company's objectives to increase its distribution clientele and create synergies in existing markets.

Canada Revenue Agency Settlement

On October 2, 2014, the Company announced that it had reached an agreement with the Canada Revenue Agency relating to the CRA's objection to the tax consequences of the conversion of Colabor's income trust structure into a business corporation in August 2009. The agreement will not give rise to any cash outlay by the Corporation for taxation years 2009 to 2013. However, a \$15,149,000 non-cash expense related to the write-off of certain of the Company's deferred tax assets was recognized in the consolidated statement of earnings for the 84-day period ended September 6, 2014.