



PRESS RELEASE

FOR IMMEDIATE RELEASE

COLABOR GROUP REPORTS RESULTS FOR SECOND QUARTER 2010

- Comparable sales down 2.6% (total sales down 13.6%)
- EBITDA margin increases to 3.66%
- Net earnings of \$0.20 per share vs. \$0.12 in Q2 2009
- Continuing strong cash flow and improved balance sheet

Boucherville, Quebec, July 7, 2010 – Colabor Group Inc. (TSX: GCL) (“Colabor” or the “Company”) today reported results for the second quarter of fiscal 2010 ended June 19, 2010. Results for Q2 2010 reflect the August 25, 2009 conversion of Colabor Income Fund to a corporation. Results for Q2 2009 reflect Colabor’s former corporate structure.

SECOND QUARTER RESULTS

Sales for the 84-day period ended June 19, 2010 were \$245.2 million, down 13.6% from \$283.7 million for the 84-day period ended June 20, 2009. The decline was due mainly to the loss of a major supply contract in February 2010. The effect of this loss on second quarter sales was \$31.2 million. Comparable sales, excluding this loss, showed a decline of 2.6%, attributable to a typical post-recession lag in the recovery of distribution-segment sales related to the food-service industry.

Earnings before financial expenses, taxes, depreciation and amortization (“EBITDA”) were \$9.0 million, or 3.66% of sales, compared to \$10.0 million, or 3.52% of sales, a year earlier. The slight improvement in profit margin is attributable to tight control of operating expenses. Net earnings were \$4.2 million, or \$0.20 per diluted share, compared to \$1.7 million, or \$0.12 per diluted share, in the corresponding quarter of 2009. The increase in net earnings reflects, in part, a low tax rate resulting from the acquisition of approximately \$130.0 million in tax losses for which the Company paid \$5.0 million to ConjuChem Biotechnologies Inc. at the time of its conversion to a corporation.

Financial highlights (thousands of dollars except per share data)	Quarters ended		Six Months ended	
	June 19, 2010	June 20, 2009	June 19, 2010	June 20, 2009
Sales	245,155	283,722	470,510	540,677
EBITDA*	8,981	9,977	15,854	17,701
Net earnings	4,202	1,744	6,479	2,959
Per share/unit – basic (\$)	0.20	0.12	0.32	0.20
Per share/unit – diluted (\$)	0.20	0.12	0.31	0.20
Weighted average number of shares outstanding (basic, in thousands)	21,259	14,454	20,502	14,437

* Earnings before financial expenses, taxes, depreciation and amortization

“The second quarter results confirm the steady demand in our retail-related business, offsetting a somewhat slow recovery of the foodservice industry,” said Gilles C. Lachance, Colabor President and Chief Executive Officer. “Although conditions remain fairly challenging, our proactive management of operating expenses and the improved efficiency and productivity of our warehouse operations resulted in good cash flow and satisfactory margins.

Cash flow from operations, before changes in operating assets and liabilities, was \$7.9 million, compared to \$7.2 million a year earlier.

The Company's balance sheet as of June 19, 2010 was sound, with only \$20.5 million drawn on its \$100.0 million authorized bank credit facilities versus \$62.1 million at the end of the previous quarter. On April 27, 2010, the Company announced completion of a bought-deal issue of unsecured convertible subordinated debentures with total gross proceeds of \$50.0 million. The net proceeds of the issue were used, among other purposes, to repay part of the bank credit facilities.

As of June 19, 2010, the ratio of total debt to EBITDA of the previous 12 months was 0.66 : 1.00, compared to the maximum of 3.00 prescribed by the Company's credit agreement. The interest coverage ratio was 6.73 : 1.00, well above the required minimum of 3.50.

SEGMENTED RESULTS

Sales for the **Wholesale** segment were \$102.4 million in Q2 2010, up 1.8% from \$100.6 million in Q2 2009. Since the two periods compared contained the same number of days, the amounts are comparable. The increase was due to a 4.4% rise in sales to retailers, reflecting this sector's greater resilience in the face of economic fluctuations, and to a slight rise of 0.6% in sales to the foodservice market, which shows signs of recovery after two negative quarters.

Sales for the **Distribution** segment were \$142.8 million in Q2 2010, compared to \$183.2 million a year earlier. The decline of 22.1% is attributable mainly to the loss of a major contract in the restaurant sector served by the Summit Division. This supply contract ended at the beginning of February 2010. Sales on a comparable basis, excluding this loss, were down 5.0% as a result of difficult conditions in the foodservice market, especially in Ontario.

FIRST-HALF RESULTS

For the 170-day period ended June 19, 2010, sales were \$470.5 million, compared to \$540.7 million for the 171-day period ended June 20, 2009. Sales on a comparable basis were down 3.0%. Also on a comparable basis, Wholesale sales were up 0.1% and Distribution sales were down 4.5%.

EBITDA for the first half was \$15.9 million, or 3.37% of sales, compared to \$17.7 million, or 3.27% of sales, in the first half of 2009. Net earnings were \$6.5 million, or \$0.31 per diluted share, in the 2010 period, compared to \$3.0 million or \$0.20 per diluted share, a year earlier. Cash flow from operations, before changes in operating assets and liabilities, was \$13.8 million compared to \$13.6 million in the year-earlier period. The per-share dividend attributable to the period amounted to 79% of cash flow per basic share and 96% per diluted share.

OUTLOOK

"The second half of the current year is encouraging due to the gradual improvement of economic conditions and the resulting effect on discretionary spending, including spending on meals taken away from home. In addition, our sound balance sheet gives us the flexibility to actively pursue our search for strategic acquisition targets with a view to expanding our product offering and our geographical reach. These efforts, like those to replace the volume left open at Summit, focus mainly on business opportunities offering higher margins," Mr. Lachance concluded.

CONFERENCE CALL

Colabor will hold a conference call to discuss its second-quarter results on Wednesday, July 7, 2010, beginning at 10:30 a.m. Eastern Time. Interested parties can join the call by dialling 1-888-231-8191. If you are unable to participate, you can listen to a recording by dialling 1-800-642-1687 and entering the code 83281183 on your telephone keypad. The recording will be available from 1 p.m. Wednesday, July 7 to 11:59 p.m. Wednesday, July 14, 2010.

NON-GAAP MEASURES

The information provided in this release includes non-GAAP measures, notably earnings before financial expenses, taxes, depreciation and amortization (EBITDA). Since these concepts are not defined in Canadian GAAP, they may not be comparable to those of other companies.

ADDITIONAL INFORMATION

The Company's financial statements and *Management's Discussion and Analysis* will also be available on SEDAR (www.sedar.com) following publication of this release. Additional information about Colabor Group Inc. may also be found at SEDAR and on the Company's website at www.colabor.com.

ABOUT COLABOR

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

FORWARD-LOOKING STATEMENTS

This news release may contain forward-looking statements reflecting the opinions or current expectations of Colabor Group Inc. concerning its performance and business operations and future events. These statements are subject to risks, uncertainties and assumptions. Actual results or events may differ.

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