News release via CNW Telbec, Montreal 514-878-2520

Attention Business/Financial Editors:
MTY Food Group Inc. - Second quarter 2010 results

TSX Trading Symbol: "MTY"

MONTREAL, July 7 /CNW Telbec/ - MTY Food Group Inc. ("MTY" or the "Company"), franchisor and operator of 1,605 quick service restaurants, announced today its results of operations for the quarter ended May 31, 2010. Net income for the quarter reached $3.8 million or $0.20 per share ($0.20 per fully diluted share), an increase of 31% compared to the second quarter of 2009 of $2.9 million or $0.15 per share ($0.15 per diluted share). The increase for the quarter is mainly attributed to stronger initial franchise fees and royalties generated by outlets opened in the last twelve months. The Country Style acquisition during the second quarter of 2009 also had a favorable impact.

Total revenue increased 51% to $17.3 million in the second quarter of 2010. During the same period, franchise locations generated revenues of $15.1 million, 67% higher than the $9.1 million generated last year. Increases in initial franchise fees earned, stronger deliveries of turnkeys and the acquisition and subsequent growth of Country Style were the main drivers in the quarter. Revenue from corporate-owned locations decreased 9% to $2.2 million for the quarter compared to $2.4 million last year. There are currently 19 corporate stores in operations, compared to 27 at the second quarter last year.

EBITDA of $6.5 million in the second quarter increased 26% from the $5.2 million during the same period last year. EBITDA from franchise locations increased from $5.0 million in 2009 to $6.1 million in 2010 due primarily to higher initial franchise fees earned, royalties generated by outlets opened in the last twelve months and favorable impact of the Country Style acquisition. EBITDA for franchise locations as a percentage of revenue decreased from 55% in 2009 to 40% in 2010 due to higher product and service sales volume to franchisees, which typically generate lower profit margins, and to a higher proportion of revenues coming from the delivery of turnkeys. EBITDA from corporate-owned locations increased from $0.2 million to $0.5 million due to overall stronger performance.

For the first six months of 2010, net income was $6.8 million or $0.36 per share ($0.36 per diluted share), an increase of 34% compared to $5.1 million or $0.27 per share ($0.27 per diluted share) in the first half of 2009.

During the same period, EBITDA totaled $12.0 million, an increase of 30% over the $9.3 million reported in the first six months of 2009. The increase in net income and EBITDA are due to both the favorable impact of the Country Style acquisition and to generic growth in the last twelve months. Of the $12.0 million in EBITDA realized in 2010, franchise locations accounted for $11.4 million, an increase of 26% over last year, and corporate owned locations consisted of $0.6 million, an increase of 144% over the same period last year.

EBITDA as a percentage of revenue decreased to 38% during the first six months of 2010 compared to 44% for the same period last year. The variance comes from decreases in margins from franchise locations, which decreased from 53% in the first half of 2009 to 42% in 2010, mainly due to higher product and service sales to franchisees and higher volume of turnkeys delivered in 2010.

Total revenue for the six months ended May 31, 2010 totaled $31.6 million, an increase of 49% over the $21.2 million from the same period last year. Revenue from franchise locations grew 62% to $27.5 million from $16.9 million in 2009. The increase in revenue is attributable to both the Country Style acquisition, which accounted for one month in the first six months of 2009, and to the additional 79 new locations which were opened during the first six months of 2010. Revenue from corporate owned locations decreased 4% to $4.1 million, mainly due to less corporate owned locations in operation during the first six months of 2010.

79 new locations were added for the first six months of 2010, while 44

existing locations were closed, representing a net addition of 35 locations, compared to a net addition of 13 outlets in the first six months of 2009. Of the 44 locations closed, 19 were the result of a transaction between two petroleum retailers in which non-traditional stores are being replaced by one of the retailers' own outlets. Losses in relation to this transaction are expected to continue into the fourth quarter of 2010, with expected net losses of approximately 60 non-traditional outlets for the year.

System wide sales for the second quarter of 2010 reached $113.1 million, up 22% compared to the same period last year. While the Country Style acquisition remains the main growth driver, sales realized by new outlets opened in the last twelve months also contributed significantly. For the first six months of 2010, system wide sales were $218.3 million, representing an increase of 26% over the first half of 2009.

Same store sales declined by 1.15% and 1.14% for the second quarter and six months periods ended May 31, 2010, respectively.

As at May 31, 2010 the Company had $24.7 million in cash and highly liquid temporary investments, an increase of $8.8 million compared to the $15.9 million at the end of the 2009 fiscal year. Cash flows from operations were $9.1 million during the first six months of 2010, compared to $6.0 million for the same period last year.

For 2010, MTY has already realized its objective of opening 75 new locations and will continue to pursue the growth of its existing concepts. Management also remains committed in seeking potential acquisitions to further strengthen its market position.

Certain information in this News Release may constitute "forward-looking" information that involves known and unknown risks, uncertainties, future expectations and other factors which may cause the actual results, performance or achievements of the Company or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this News Release, this information may include words such as "anticipate", "estimate", "may", "will", "expect", "believe", "plan" and other terminology. This information reflects current expectations regarding future events and operating performance and speaks only as of the date of this News Release. Except as required by law, we assume no obligation to update or revise forward-looking information to reflect new events or circumstances. Additional information is available in the Company's Management Discussion and Analysis, which can be found on SEDAR at www.sedar.com.

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On Behalf of the Board of Directors of
MTY Food Group Inc.

Stanley Ma, Chairman, President & CEO
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