

Attention Business/Financial Editors:  
Skor Food Group Reports 2006 Earnings

Focused on Operation Efficiencies After Major Acquisition

TORONTO, Dec. 27 /CNW/ - The Skor Food Group Inc. (TSX.V: SKF) ("SKOR"), a rapidly growing, broad line food service distributor announced results for the 2006 fiscal year ended August 31, 2006.

Net income increased to \$1,728,947 or \$0.08 per share compared to \$1,709,289 or \$0.11 per share the previous year. Earnings per share declined on an annual basis as a consequence of a 34% increase in the weighted average number of common shares outstanding from a \$9 million private placement completed during the year.

Factors affecting the financial results included five pre-tax expense items totaling over \$1 million: (1) relocation costs of \$348,181, (2) amortization cost of \$602,000 compared to \$242,000 one year ago, (3) a one time loss of \$77,762 on the disposal of equipment, (4) bad debt expense of \$320,000 from two long term customers, (5) stock based compensation of \$56,516 compared to \$6,870 one year ago. After taking tax into consideration these charges equate to more than \$0.03 per share in earnings.

<<

Fiscal year ended August 31	2006	2005
Revenue	\$ 153,385,395	\$ 81,514,600
Earnings before relocation costs & tax	\$ 3,089,280	\$ 2,691,933
Net Income	\$ 1,728,947	\$ 1,709,289
EPS (basic)	\$ 0.08	\$ 0.11
Shares outstanding (basic)	21,614,286	16,073,536

>>

On a fully diluted basis normalized EBITDA increased to \$4,301,497 from \$3,223,950 one year ago. EBITDA was \$0.20 per share for the year.

SKOR enters fiscal 2007 in a strong financial position with working capital of \$11.5 million, unused operating lines of credit of \$6 million and a debt to equity ratio of 0.11:1.

SKOR's Food Service Division will finalize the amalgamation of the two operating companies and systems by December 31st which is expected to have a positive impact on customer service levels and operating costs. In the Cash and Carry Division, SKOR has faced numerous challenges since acquiring the business nine months ago. To meet these challenges the Company has hired a new Vice President to lead this division and is expanding the food service offerings to customers to build revenue and expand margins. Consolidating some of the operations and building mutually beneficial supplier relationships will also improve margins. In the Franchise Division SKOR is developing the systems and structure to grow the business through internal growth of the Galaxie Diners concept with a strong non-corporate franchisee network. The next step in SKOR's vision of becoming a fully vertically integrated food company will be to add a manufacturing division. SKOR is actively reviewing acquisition targets in this area.

"The substantial increase in revenue was a result of the inclusion of five months of revenue from the new SKOR Cash and Carry Division," said Vince Capobianco, President and CEO. "SKOR has accelerated its time frame to integrate, streamline and re-brand the cash and carry business after Imperial Tobacco's decision to provide Direct to Store Delivery, which commenced in September. This change has resulted in a 40% drop in revenue in this division. Management's interests are totally aligned with our shareholders and we are firmly committed to building a financially strong, fiscally prudent corporation that will continue to build shareholder value."

Conference Call: You are invited to attend a conference call on Wednesday January 3, 2007 at 2:00 pm EST to review the 2006 annual financials and

receive a corporate update. The dial-in numbers are 416-644-3414 in Toronto, or Toll Free 1-800-733-7560. A replay of the call will be available for one week at 416-640-1917, or 1-877-289-8525, pass code, 21214587 followed by the number sign.

SKOR, through its two operating divisions Skor Food Service and SKOR Cash and Carry ("C&C") is a full service, mid sized, wholesale food distributor to the food service industry from its 200,000 square foot warehouse in Vaughan, Ontario and is also a wholesale to retail distributor with 11 locations in Southern Ontario distributing more than 10,000 private label and name brand, frozen goods, refrigerated products and dry goods including confectionary and tobacco. SKOR services a wide range of multi location food retailers, Quick Service Restaurant chains, day care facilities, government institutions, independent food service operators as well as vending operators and convenience stores in Ontario.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

%SEDAR: 00007944E

/For further information: Vince Capobianco, President and CEO, (905) 660-1212 ext 234, vincec(at)skorfoodgroup.com; John Lewis, Linear Capital Corp., (416) 364-2266, toll free 1-877-600-6001, jrlewis(at)linearcapital.com/  
(SKF.)

CO: The Skor Food Group Inc.

CNW 12:50e 27-DEC-06