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Hartco Announces 2010 Second Quarter Results

Montreal, Quebec, August 10, 2010 – Hartco Inc. (TSX: HCI) today announced financial results for the second quarter ended June 30, 2010. Hartco posted consolidated revenues of \$115.9 million for the second quarter, compared to \$102.7 million the previous year, and net earnings of \$0.8 million, or \$0.06 per share (basic and diluted) compared to earnings of \$0.6 million or \$0.04 per share, for the corresponding quarter in 2009.

Second quarter revenues increased by \$13.2 million or 12.8% compared to the same period last year. Revenues from the Commercial segment increased by 4.9% while the Franchising and Distribution segment revenues increased by 63.7%. Non-recurring charges during the quarter had an impact net of tax of \$0.8 million or \$0.06 per share. Consolidated EBITDA was \$2.4 million for the recent quarter, compared to \$1.3 million for the same quarter in 2009, an increase of 87.3%.

“Strong demand for IT solutions on the part of Canadian private and public sector organizations had a positive impact on our second quarter results,” said Pat Waid, Hartco’s President and Chief Operating Officer. “We are pleased to have achieved strong revenue and earnings growth during the first half of the year and we expect our momentum to carry on through the remainder of 2010.”

Consolidated results for the six-month period ended June 30, 2010

For the six-month period ended June 30, 2010, net earnings amounted to \$2.6 million or \$0.19 per share on a diluted basis, compared to net earnings of \$1.0 million or \$0.07 per share for the same period last year. Non-recurring charges during the six-month period had an impact net of tax of \$1.0 million or \$0.07 per share. Consolidated EBITDA was \$5.9 million for the six-month period ended June 30, 2010 compared to \$2.3 million for the six-month period ended June 30, 2009, an increase of 154.7%.

Consolidated revenues amounted to \$238.5 million for the six-month period ended June 30, 2010, compared to \$218.0 million for the same period last year, an increase of 9.4%.

Financial Position

In the first half of 2010, Hartco generated free cash flow of \$1.9 million, contributing to a cash position of \$23.6 million as at June 30, 2010. Hartco’s strategy is to preserve cash to support future growth while investing in productivity improvements.

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Hartco Outlook

“In spite of economic uncertainty and changing IT consumption models, we anticipate IT related investments to grow in the second half of the year,” said Pat Waid. “Our strong financial position will give us the ability to invest in business development strategies, as well as process and systems improvements that are expected to deliver productivity and cost efficiency improvements.”

Detailed Financial Information

Detailed financial information pertaining to Hartco’s second quarter and year-to-date results can be accessed at www.sedar.com.

About Hartco Inc.

Hartco Inc. (TSX: HCI) has been a leader in the Canadian information technology business for more than thirty years. Through its operating divisions, which together include more than 50 locations across Canada, Hartco Inc. delivers information technology solutions to private and public sector organizations of every size. For more information, please visit www.hartco.com.

Forward-Looking Statements

This news release contains forward-looking information. Except for historical information contained herein, the statements in this document are forward-looking. Forward-looking statements involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. Those risks include, among others, changes in customer demand for information technology products or services, changes in supplier pricing actions or terms, customer orders, pricing actions by competitors, changes in laws and regulations and general changes in economic conditions. Risks that could cause our results to differ materially from our expectations are discussed in our Annual Management’s Discussion & Analysis.

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FINANCIAL HIGHLIGHTS

(In thousands of dollars, except per share amounts)

	Quarter ended June 30		Six-month period ended June 30	
	2010	2009	2010	2009
	\$	\$	\$	\$
Revenues	115,882	102,705	238,511	217,965
EBITDA ¹⁾	2,425	1,254	5,874	2,307
Net earnings	766	608	2,648	963
Diluted Earnings per share	0.06	0.04	0.19	0.07
Adjusted Free Cash Flow ²⁾	(96)	4,121	1,916	9,187
Cash position	23,615	12,970	23,615	12,970

- 1) Earnings before financial expenses, income taxes, depreciation and amortization, share of results of equity investments and non-controlling interest. EBITDA is a non-GAAP measure as defined in the MD&A.
- 2) Cash flow from continuing and discontinued operating activities, less capital expenditures, net of proceeds from disposal of assets, plus collection of loans receivable. Adjusted Free Cash Flow is a non-GAAP measure as defined in the MD&A.

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