

**GINGER BEEF CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS**

AS AT MARCH 31, 2005

(Unaudited – Prepared by Management)

GINGER BEEF CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2005
(Unaudited – Prepared by Management)

	Mar 31, 2005	Dec 31 2004
	Unaudited	Audited
ASSETS		
CURRENT		
Cash	\$ 263,644	\$ 141,636
Accounts receivable	364,071	291,812
Grant receivable	-	38,579
Inventory	283,921	286,490
Prepaid and deposits	7,572	17,828
GST recoverable	43,114	39,733
Due from related parties	10,693	63,921
	<u>973,015</u>	<u>879,999</u>
PROPERTY, PLANT AND EQUIPMENT	2,120,083	2,127,635
TRADEMARKS	66,002	68,118
FUTURE TAX ASSET	186,000	227,000
GOODWILL	75,000	75,000
	<u>\$ 3,420,100</u>	<u>\$ 3,377,752</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 639,513	\$ 645,957
Current portion of long term debt	137,156	145,896
Current portion of capital lease obligations	63,454	53,263
	<u>840,123</u>	<u>845,116</u>
LONG TERM DEBT	1,137,889	1,151,072
CAPITAL LEASE OBLIGATIONS	95,244	118,207
	<u>2,073,256</u>	<u>2,114,395</u>
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	1,531,351	1,531,351
CONTRIBUTED SURPLUS	49,500	12,000
DEFICIT	(234,007)	(279,994)
	<u>1,346,844</u>	<u>1,263,357</u>
	<u>\$ 3,420,100</u>	<u>\$ 3,377,752</u>

APPROVED ON BEHALF OF THE BOARD:

(Signed) S. Leung, Director

(Signed) M. Poon, Director

See selected notes to consolidated financial statements

GINGER BEEF CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS AND DEFICIT
FOR THE THREE MONTHS PERIOD ENDED
(Unaudited – Prepared by Management)

	Mar 31, 2005	Mar 31, 2004
WHOLESALE REVENUE	\$ 1,740,648	\$ 1,110,793
COST OF GOOD SOLD	1,404,062	879,059
GROSS MARGINS	336,586	231,734
FRANCHISE REVENUE	8,708	8,577
OTHER REVENUE	2,050	2,019
	347,344	242,330
EXPENSES		
Amortization of intangibles	2,116	2,116
Amortization of tangibles	47,189	31,253
General and administrative	139,429	144,600
Interest on long term debt	21,547	20,571
Interest on capital lease obligations	4,208	6,474
Marketing and promotions	8,368	14,349
Stock-based compensation	37,500	-
	260,357	219,363
EARNINGS BEFORE INCOME TAX	86,987	22,967
INCOME TAX	41,000	-
NET EARNINGS	45,987	22,967
DEFICIT, BEGINNING OF PERIOD	(279,994)	(748,269)
DEFICIT, END OF PERIOD	\$ (234,007)	\$ (725,302)
BASIC AND FULLY DILUTED EARNINGS PER SHARE	\$ 0.003	\$ 0.002
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	14,677,725	14,615,835
DILUTED	16,025,497	15,168,276

See selected notes to consolidated financial statements.

GINGER BEEF CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED
(Unaudited – Prepared by Management)

	Mar 31, 2005	Mar 31, 2004
CASH PROVIDED BY OPERATING ACTIVITIES		
Net earnings	\$ 45,987	\$ 22,967
Items not requiring an outlay of cash:		
Amortization	49,305	33,369
Future income tax	41,000	-
Stock-based compensation	37,500	-
	173,792	56,336
CHANGES IN NON-CASH WORKING CAPITAL		
(Increase) in accounts receivable	(72,259)	(17,423)
Decrease in grant receivable	38,579	-
Decrease in inventory	2,569	1,177
Decrease (increase) in prepaid and deposit	10,256	(70,710)
(Increase) in GST recoverable	(3,381)	(1,316)
(Decrease) increase in accounts payable and accrued liabilities	(6,444)	54,496
	(30,680)	(33,776)
	143,112	22,560
CASH USED IN FINANCING ACTIVITIES		
Share capital issuance	-	44,100
(Repayment) advances of long term debt	(21,923)	372,807
Capital lease (repayment) advanced	(12,772)	(16,600)
Repayment by (advanced to) related parties	53,228	(66,348)
Advances from (repayment to) shareholder	-	(85,000)
	18,533	248,959
CASH USED IN INVESTING ACTIVITY		
Additions to capital assets	(39,637)	(24,793)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	122,008	246,726
NET CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	141,636	(136,439)
NET CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 263,644	\$ 110,287

See selected notes to consolidated financial statements.

GINGER BEEF CORPORATION
SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005
(Unaudited – Prepared by Management)

1. ACCOUNTING PRINCIPLES

The accompanying interim consolidated financial statements of Ginger Beef Corporation (the “Corporation”) have been prepared by management and have not been reviewed by the Corporation’s auditors. These financial statement notes may not include all disclosures required by Canadian generally accepted accounting principles. Accordingly, these interim consolidated financial statements should be read in conjunction with the notes contained in the Company’s audited December 31, 2004 consolidated financial statements. The significant accounting policies follow that of the most recent reported annual financial statements

2. LONG TERM DEBT

On March 17, 2005 the Corporation entered into a loan agreement with Farm Credit Canada (“FCC”) in the amount of \$26,675 with an interest rate of 7.5% compounded monthly. The loan has a 36 months repayment term with monthly payment of \$860.86 including interest with the first payment commencing May 1, 2005. The loan is secured by the specific equipment purchased with the loan proceeds.

3. SHARE CAPITAL

Authorized:

Unlimited number of common shares

Issued	2005		2004	
	Number of Shares	Amount	Number of Shares	Amount
Balance, January 1	14,677,725	\$ 1,531,351	14,427,725	\$ 1,479,251
Options excised for cash	-	-	250,000	52,100
Balance, March 31	14,677,725	\$ 1,531,351	14,677,725	\$ 1,531,351

On January 31, 2005, the Corporation has granted options to purchase an aggregate of 360,000 Common Shares at an excise price of \$0.34 per shares. The options were granted to three directors of the Corporation and to one employee of the Corporation. All of the options will expire on January 31, 2010.

The following options are outstanding at the end of the period:

	Number	Excise Price	Expiry Date
Options	192,772	\$ 0.21	April 9, 2005
Options	865,000	\$ 0.21	September 13, 2005
Options	50,000	\$ 0.20	September 15, 2007
Options	360,000	\$ 0.34	January 31, 2010

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4. INCOME TAXES

Losses carried forward of \$636,300 in aggregate are available to offset future years taxable income in Canada.

2009	\$ 478,548
2010	155,251
2011	2,501

The future tax benefit of these losses is included in the future asset.

5. COMPARATIVE FIGURES

Certain accounts have been reclassified to conform with statement presentation adopted during the period.