

**GINGER BEEF CORPORATION
INTERIM FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2005

(Unaudited – prepared by Management)

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GINGER BEEF CORPORATION
INTERIM BALANCE SHEETS
AS AT SEPTEMBER 30, 2005
(Unaudited – prepared by Management)

	Sep 30, 2005 Unaudited	Dec 31, 2004 Audited
ASSETS		
CURRENT		
Cash	\$ 388,672	\$ 141,636
Accounts receivable	331,293	291,812
Grant receivable	-	38,579
Inventory	267,394	286,490
Prepaid and deposits	63,640	17,828
GST recoverable	38,253	39,733
Due from related parties	10,693	63,921
	1,099,945	879,999
PROPERTY, PLANT AND EQUIPMENT	2,154,418	2,127,635
TRADEMARKS	61,770	68,118
FUTURE TAX ASSET	113,000	227,000
GOODWILL	75,000	75,000
	<u>\$ 3,504,133</u>	<u>\$ 3,377,752</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 688,710	\$ 645,957
Current portion of long term debt	144,246	145,896
Current portion of capital lease obligations	63,766	53,263
	896,722	845,116
LONG TERM DEBT	1,069,067	1,151,072
CAPITAL LEASE OBLIGATIONS	68,310	118,207
	2,034,099	2,114,395
SHAREHOLDERS' EQUITY		
SHARE CAPITAL	1,583,833	1,531,351
CONTRIBUTED SURPLUS	37,500	12,000
DEFICIT	(151,299)	(279,994)
	<u>1,470,034</u>	<u>1,263,357</u>
	<u>\$ 3,504,133</u>	<u>\$ 3,377,752</u>

APPROVED ON BEHALF OF THE BOARD:

(Signed) S. Leung, Director

(Signed) M. Poon, Director

See selected notes to interim financial statements

GINGER BEEF CORPORATION
INTERIM STATEMENTS OF EARNINGS AND DEFICIT
(Unaudited – prepared by Management)

	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
WHOLESALE REVENUE	\$ 1,827,417	\$ 1,338,310	\$ 5,386,218	\$ 3,688,121
COST OF GOOD SOLD	1,535,845	960,487	4,402,942	2,849,345
GROSS MARGINS	291,572	377,823	983,276	838,776
FRANCHISE REVENUE	8,795	11,452	26,290	28,843
OTHER REVENUE	6,452	723	9,531	4,422
	306,819	389,998	1,019,097	872,041
EXPENSES				
Amortization of intangibles	2,116	2,116	6,348	6,348
Amortization of tangibles	52,899	67,614	148,970	145,376
General and administrative	160,068	180,723	478,573	541,090
Interest on long term debt	18,595	22,295	60,706	69,800
Interest on capital lease obligations	3,843	8,285	12,615	20,732
Marketing and promotions	5,480	3,558	31,691	24,783
Stock-based compensation	-	-	37,500	-
	243,001	284,591	776,403	808,129
EARNINGS/(LOSS) BEFORE INCOME TAX	63,818	105,407	242,694	63,912
INCOME TAX	30,000	-	114,000	-
NET EARNINGS	33,818	105,407	128,694	63,912
DEFICIT, BEGINNING OF PERIOD	(185,118)	(789,764)	(279,994)	(748,269)
DEFICIT, END OF PERIOD	\$ (151,300)	\$ (684,357)	\$ (151,300)	\$ (684,357)
BASIC AND FULLY DILUTED EARNINGS PER SHARE	\$ 0.002	\$ 0.007	\$ 0.008	\$ 0.004
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING				
BASIC	14,870,497	14,644,395	14,800,528	14,569,947
DILUTED	16,122,441	15,785,497	16,027,843	15,785,497

See selected notes to interim financial statements.

GINGER BEEF CORPORATION
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – prepared by Management)

	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
CASH PROVIDED BY OPERATING ACTIVITIES				
Net earnings	\$ 33,818	\$ 105,407	\$ 128,694	\$ 63,912
Items not requiring an outlay of cash:				
Amortization	55,015	69,730	155,318	151,724
Gain on sale of property, plant and equipment	-	-	(952)	-
Future income tax	30,000	-	114,000	-
Stock-based compensation	-	-	25,500	-
	<u>118,833</u>	<u>175,137</u>	<u>422,560</u>	<u>215,636</u>
CHANGES IN NON-CASH WORKING CAPITAL				
Decrease/ (increase) in accounts receivable	134,357	5,323	(39,481)	(25,672)
Decrease in grant receivable	-	-	38,579	-
(Increase)/decrease in inventory	(69,805)	(102,230)	19,096	(81,618)
(Increase)/decrease in prepaid and deposit	(25,700)	35,608	(45,812)	(4,542)
Decrease/ (increase) in GST recoverable	3,082	(2,651)	1,480	(4,623)
Increase in accounts payable and accrued liabilities	82,493	10,572	42,753	91,495
	<u>124,427</u>	<u>(53,378)</u>	<u>16,615</u>	<u>(24,960)</u>
	<u>243,260</u>	<u>121,759</u>	<u>439,175</u>	<u>190,676</u>
CASH USED IN FINANCING ACTIVITIES				
Share capital issuance	-	8,000	52,482	52,100
Repayment advances of long term debt	(29,232)	(37,434)	(83,655)	298,486
Capital lease repayment advanced	(13,484)	(17,618)	(39,394)	(51,320)
Repayment by/ (advanced to) related parties	-	4,570	53,228	(67,678)
Advances from/ (repayment to) shareholder	-	-	-	(85,000)
	<u>(42,726)</u>	<u>(42,482)</u>	<u>(17,339)</u>	<u>146,588</u>
CASH USED IN INVESTING ACTIVITY				
Proceeds from sale of property, plant and equipment	2,500	-	5,500	-
Additions to capital assets	(100,813)	(19,361)	(180,300)	(75,817)
	<u>(98,323)</u>	<u>(19,361)</u>	<u>(174,800)</u>	<u>(75,817)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS				
	102,211	59,916	247,036	261,447
NET CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD				
	<u>286,461</u>	<u>65,092</u>	<u>141,636</u>	<u>(136,439)</u>
NET CASH AND CASH EQUIVALENTS, END OF PERIOD				
	<u>\$ 388,672</u>	<u>\$ 125,008</u>	<u>\$ 388,672</u>	<u>\$ 125,008</u>

See selected notes to interim financial statements.

GINGER BEEF CORPORATION
SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2005
(Unaudited – prepared by Management)

1. ACCOUNTING PRINCIPLES

The accompanying interim 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 statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2004. The interim financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Corporation’s annual report for the year ended December 31, 2004.

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.

On July 27, 2005, the Corporation received approval of a loan from Farm Credit Canada in the amount of \$74,000 with an interest rate of 6.75% compounded monthly. The loan has a 48 month repayment term secured by the specific equipment purchased with the loan proceeds. A total of \$6,100 has been drawn from this loan as a down payment towards the equipment on order.

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
Options excised for cash, April 9	192,772	52,482	-	-
Balance, March 31	14,870,497	\$ 1,583,833	14,677,725	\$ 1,531,351

GINGER BEEF CORPORATION
SELECTED NOTES TO INTERIM FINANCIAL STATEMENTS
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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:

	<u>Number</u>	<u>Excise Price</u>	<u>Expiry Date</u>
Options	865,000	\$ 0.21	September 12, 2007
Options	360,000	\$ 0.34	January 31, 2010

4. INCOME TAXES

Losses carried forward of \$518,106 in aggregate are available to offset future years taxable income in Canada.

2009	\$ 360,354
2010	155,251
2011	2,501

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