

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

Under National Instrument 51-102, Part 4, subsection 4.3(3)9a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Ginger Beef Corporation (“the Corporation”) as of September 30, 2011 have been compiled by management and approved by the Audit Committee and the Board of Directors of the Corporation.

The Corporation’s independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditors.

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED INCOME STATEMENTS AND
COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

	Notes	Three months Ended		Nine Months Ended	
		2011	2010	2011	2010
		\$	\$	\$	\$
Wholesale Revenue		1,818,707	1,829,385	5,432,243	5,327,297
Cost of Sales		1,448,503	1,434,883	4,334,163	4,156,257
Gross Margins		370,204	394,502	1,098,080	1,171,040
Management Service Fees		1,712	21,686	19,153	66,722
		371,916	416,188	1,117,233	1,237,762
Expenses					
Advertising and promotions		31,071	17,467	92,797	64,280
Amortization of intangibles	11	5,132	2,116	9,364	6,348
Depreciation of tangibles	8	49,229	43,935	130,866	130,813
General and administrative		301,288	276,025	847,592	852,086
Interest and bank charges		4,467	2,120	13,313	7,123
Interest on long term debt		7,930	8,724	24,707	28,648
		399,117	350,387	1,118,639	1,089,298
INCOME FROM OPERATIONS		(27,201)	65,801	(1,406)	148,464
Other Income					
Net forfeited deposit	18	25,185	-	25,185	-
Interest		976	346	2,470	1,134
Royalties and franchise fees		13,191	12,096	41,426	39,406
		39,352	12,442	69,081	40,540
Income Before Income Taxes		12,151	78,243	67,675	189,004
Income Taxes					
Current income taxes (recovery)		(3,133)	28,410	19,559	68,210
Deferred income taxes (recovery)		(11,830)	20,000	(28,070)	(6,600)
		(14,963)	48,410	(8,511)	61,610
Net Earnings and Comprehensive Income		27,114	29,833	76,186	127,394
Basic and Fully Diluted Earnings					
Per Share	17	0.002	0.002	0.005	0.009
Weighted average number of shares outstanding	17	13,861,247	13,812,997	13,861,247	13,908,247

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

		As at September 30, 2011 \$	As at December 31 2010 \$	As at January 1, 2010 \$
	Notes			
ASSETS				
Current Assets				
Cash and cash equivalents		715,001	990,970	719,609
Accounts receivable	4(c)(e)	650,976	758,733	679,957
Due from related parties	5	100,244	82,565	141,127
Inventory	6	390,467	279,222	284,543
Income taxes recoverable		47,079	-	16,654
Goods and Services Tax recoverable		22,383	19,228	28,538
Prepaid and deposits	7	17,377	5,133	6,468
		<u>1,943,527</u>	<u>2,135,851</u>	<u>1,876,896</u>
Non-Current Assets				
Property, plant and equipment	8	1,811,896	1,714,708	1,858,925
New product development costs	9	57,295	-	-
Note receivable	10	50,000	50,000	50,000
Intangible assets	11	10,986	17,334	25,798
Deferred income taxes		11,570	-	-
		<u>1,941,747</u>	<u>1,782,042</u>	<u>1,934,723</u>
TOTAL ASSETS		<u>3,885,274</u>	<u>3,917,893</u>	<u>3,811,619</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	4(d)(e)	736,296	705,042	635,627
Wages payable	4(d)	22,637	5,483	4,441
Employee deductions payable	4(d)	11,304	11,446	9,008
Income taxes payable		-	71,878	-
Current portion of long term debt	12	95,850	92,210	87,967
		<u>866,087</u>	<u>886,059</u>	<u>737,043</u>
Non-Current Liabilities				
Long term debt	12	527,680	600,013	692,103
Deferred income taxes		-	16,500	14,400
		<u>527,680</u>	<u>616,513</u>	<u>706,503</u>
TOTAL LIABILITIES		<u>1,393,767</u>	<u>1,502,572</u>	<u>1,443,546</u>
EQUITY				
Share capital	14	1,470,934	1,470,934	1,491,490
Contributed surplus		130,830	130,830	127,721
Retained earnings		889,743	813,557	748,862
		<u>2,491,507</u>	<u>2,415,321</u>	<u>2,368,073</u>
TOTAL LIABILITIES AND EQUITY		<u>3,885,274</u>	<u>3,917,893</u>	<u>3,811,619</u>

Approved on Behalf of the Board

(“signed”) Stanley Leung _____

(“signed”) Michael Poon _____

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
(UNAUDITED)

Notes	Share Capital \$	Contributed Surplus \$	Retained Earnings \$	Total Equity \$
As at January 1, 2011	1,470,934	130,830	813,557	2,415,321
Net earnings for the period	-	-	76,186	76,186
As at September 30, 2011	1,470,934	130,830	889,743	2,491,507
As at January 1, 2010	1,491,490	127,721	748,862	2,368,073
Decrease in capital for the period	(20,023)	-	-	(20,023)
Increase in contributed surplus for the period	-	3,081	-	3,081
Net earnings for the period	-	-	49,072	49,072
As at September 30, 2010	1,471,467	130,802	797,934	2,400,203

GINGER BEEF CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

	Three Months Ended		Nine Months Ended	
	2011	2010	2011	2010
	\$	\$	\$	\$
Cash and cash equivalents provided by (used in):				
Cash flows from operating activities				
Net earnings for the period	27,114	29,833	76,186	127,394
Items not requiring an outlay of cash:				
Depreciation of property, plant and equipment	49,229	43,935	130,866	130,813
Amortization of intangible assets	5,132	2,116	9,364	6,348
Finance expenses	7,930	5,778	24,707	28,648
Deferred income tax recovery	(12,120)	20,000	(28,070)	(6,600)
	77,285	101,662	213,053	286,603
Change in non-cash working capital				
Accounts receivable	12,624	(48,714)	107,757	15,989
Due from related parties	3,850	(10,244)	(17,679)	29,663
Goods and Services Tax recoverable	(2,081)		(3,155)	
Inventory	29,595	9,986	(111,245)	(8,410)
Prepaid and deposit	27,220	138	(12,244)	972
Accounts payable and accrued liabilities, wages payable and employee deductions payable	55,483	31,946	48,266	(37,993)
Income taxes payable	(25,931)	49,085	(118,957)	70,296
	100,760	32,197	(107,257)	70,517
Finance expense	(7,930)	(5,778)	(24,707)	(28,648)
	92,830	26,419	(131,964)	41,869
Net cash flows (used in) from operating activities	170,115	128,081	81,089	328,472
Cash flows from financing activities				
Repayment of long term debt	(23,205)	(22,121)	(68,693)	(65,576)
Share redemption	-	(505)	-	(17,447)
	(23,205)	(22,626)	(68,693)	(83,023)
Cash flows from investing activities				
Addition to property, plant and equipment	(155,686)	-	(228,054)	(29,721)
Increase in new product development costs	-	-	(60,311)	-
	(155,686)	-	(288,365)	(29,721)
Net cash (decrease) increase in cash and cash equivalents	(8,776)	105,455	(275,969)	215,728
Net cash and cash equivalents, beginning of period	723,777	829,882	990,970	719,609
Net cash and cash equivalents, end of period	715,001	935,337	715,001	935,337

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

1. NATURE OF OPERATIONS

The Corporation was incorporated under the Business Corporation Act (Alberta) on April 26, 2000 and is listed on TSX Venture Exchange (“TSXV”) under the symbol “GB”.

The Corporation’s operations include Ginger Beef Express Ltd. (“Express”) and its wholly-owned subsidiary Ginger Beef Choice Ltd. (“Choice”) and 1379915 Alberta Ltd. (“Crowfoot”). Express is a franchiser of Chinese food restaurants located primarily in Calgary, Alberta, and is the holding company for Choice and Crowfoot. Choice is a manufacturer of fresh and frozen Chinese food items for wholesalers primarily in Western Canada and Ontario. Choice was incorporated under the Business Corporation Act (Alberta) on July 22, 1998. Crowfoot is one of the franchisees of Express operating a Ginger Beef Express takeout and delivery outlet in Calgary. Crowfoot was incorporated under the Business Corporation (Alberta) Act on February 7, 2008.

2. BASIS OF PREPARATION

- (a) In conjunction with the Corporation’s annual audited consolidated financial statements to be issued under International Financial Reporting Standards (“IFRS”) for the year ended December 31, 2011, these condensed interim consolidated financial statements present the Corporation’s initial IFRS based financial results of operations and financial position as at the three and nine months ended September 30, 2011, including 2010 comparative periods. As a result, they have been prepared in accordance with IFRS 1 “First-time Adoption of International Financial Reporting Standards” and with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements do not include all the necessary annual disclosures in accordance with IFRS. Previously, the Corporation prepared the interim and annual consolidated financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

The preparation of these condensed interim consolidated financial statements resulted in selected changes to the Corporation’s accounting policies as compared to those disclosed in the Corporation’s annual consolidated financial statements for the period ended December 31, 2010 issued under Canadian GAAP.

A summary of the Corporation’s significant accounting policies under IFRS is presented in note 3. These policies have been retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1 as disclosed in note 19.

The condensed interim consolidated financial statements should be read in conjunction with the Corporation’s Canadian GAAP annual audited financial statements for the year ended December 31, 2010.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

- (b) The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

The following discussion sets forth management's most critical estimates and assumptions in determining the value of assets, liabilities and equity:

- (i) Depreciation and valuation of property, plant and equipment and amortization of trademarks

The amounts recorded for depreciation and amortization of property, plant and equipment and trademarks, respectively, are based on estimates. Property, plant and equipment and trademarks are recorded at cost less related accumulated depreciation and accumulated amortization, respectively.

- (ii) Valuation of accounts receivable

The valuation of accounts receivable is based on management's best estimate of the provision for doubtful accounts.

- (iii) Inventory

The Corporation evaluates its inventory to ensure it is carried at the lower of cost or net realizable value. Allowances are made against obsolete or damaged inventories and charged to cost of sales. The reversal of any write down of inventory arising from an increase in net realizable value would be recognized as a reduction in cost of sales in the period in which the reversal occurred.

- (iv) Income taxes

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary difference and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax losses in future periods and tax rates applicable to those periods.

- (v) Stock-based compensation

The amounts recorded relating to the fair value of stock options issued are based on estimates of the future volatility of the Corporation's share price, estimated market price of the Corporation's shares at grant date, expected lives of the options, and other relevant assumptions.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The condensed interim consolidated financial statements include the activities of Express, Choice and Crowfoot. Intercompany balances and transactions are eliminated on consolidation.

(b) Foreign currency translation

The Corporation's functional currency is the Canadian dollar. Monetary items, such as accounts payable are translated to Canadian dollars at the rate of exchange in effect at the balance sheet date. Non-monetary items, such as property, plant and equipment, are translated to Canadian dollars at the rate of exchange in effect when the transactions occurred. Revenue and expenses denominated in foreign currencies are translated at the average exchange rate in effect during the period. Foreign exchange gains and losses on translation are included in income.

(c) Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit with banks and term deposits that are readily convertible to known amounts of cash.

(d) Accounts receivable

Accounts receivable are amounts due from customers from the sale of goods and rendering of services in the ordinary course of business. Accounts receivable are classified as current assets if payment is due within one year or less. Accounts receivable are recognized at fair value.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost includes raw materials on a first in first out basis, other direct manufacturing costs and an allocation of manufacturing overhead.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and net impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. The costs of the day-to-day servicing of property, plant and equipment are recognized as expense as incurred.

Depreciation of property, plant and equipment and assets under capital lease is provided annually at rates and methods calculated to write-off the assets over their estimated useful lives as follows:

Buildings	4%	straight-line method
Leasehold improvements	20%	straight-line method
Machinery, equipment, furniture and fixtures	20%	diminishing balance method
Equipment under capital lease	30%	diminishing balance method
Vehicles	30%	diminishing balance method

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

The half-year rule is followed for all assets purchased during the current year.

The Corporation regularly reviews its property, plant and equipment and equipment under capital lease to eliminate obsolete items. Government grants are treated as a reduction of the cost of the specific property, plant and equipment acquired.

(g) New product development costs

New product development costs consisted of raw materials used and other direct manufacturing costs that can be measured reliably and where it is probable that future economic benefits associated with the new product will flow to the Corporation.

(h) Trademarks

Trademarks are evaluated annually for impairment and are being amortized annually at 5% on a straight-line basis.

(i) Impairment of non-financial assets

The carrying amounts of the Corporation's non-financial assets are reviewed for indicators of impairment at each reporting date. If indicators of impairment exist, the recoverable amount of the asset is estimated. For the purposes of assessing impairment, property, plant and equipment, trademarks are grouped into cash-generating units ("CGUs"), defined as the lowest levels for which there are separately identifiable independent cash inflows.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined to be the amount for which the asset could be sold in an arm's length transaction between knowledgeable and willing parties. Fair value less cost to sell may be determined using the discounted future net cash flows. These cash flows are discounted at an appropriate discount rate, which would be applied by a market participant. Value in use is determined by estimating the present value of the future net cash flows to be derived from the continued use of the cash-generating unit in its present form. These cash flows are discounted at a rate based on the time value of money and risk specific to the CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable value. An impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of goodwill, if any, allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Impairment losses are recognized in net earnings.

Impairment losses recognized in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion and depreciation or amortization, if no impairment loss had been recognized.

(j) Provision and contingent liabilities

Provisions are recognized by the Corporation when it has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are stated at the present value of the expenditure expected to settle the obligation. The obligation is not recorded and is disclosed as a contingent liability if it is not probable that an outflow will be required, if the amount cannot be estimated reliably or if the existence of the outflow can only be confirmed by the occurrence of a future event.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

(k) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income to the extent that it relates to items recognized directly in equity or other comprehensive income.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxation profits will be available against which those deductible temporary differences can be utilized.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

(l) Leases

Leases that transfer substantially all of the benefits and risks of ownership to the Corporation are accounted for at the commencement of the lease term as finance lease and recorded as property, plant and equipment at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments, together with any offsetting liabilities. Finance charges are allocated to each period so as to achieve a constant rate of interest on the remaining balance of the liability and are charged directly against income. Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. All other leases are accounted for as operating leases and the lease costs are expensed as incurred.

(m) Revenue recognition

- (i) Manufactured food revenues are recognized when shipped to customers, the price is reasonably determinable and collection is reasonably assured.
- (ii) Initial franchise fees are recognized as income when the agreement is signed and the funds received.
- (iii) Franchise royalties are recognized as earned on a monthly basis.
- (iv) Sales from the restaurant are recognized when food and services are provided.

(n) Finance income and expenses

Finance income, consisting of interest income, is recognized as it accrues in the statement of income, using the effective interest method.

Finance expense comprises interest expense on borrowings and impairment losses recognized on financial assets.

Borrowing costs, if incurred for the acquisition or construction of qualifying assets, are capitalized during the period of time that is required to complete and prepare the assets for their intended use. A qualifying asset is one that takes a substantial period of time to get ready for use. To date, the Corporation has not incurred any costs related to the acquisition or construction of any qualifying assets.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

(o) Stock-based compensation

The Corporation has a Stock Option Plan as described in note 15 and stock options granted to directors, officers, employees and consultants of the Corporation are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the options at the grant date using the Black-Scholes option pricing model.

Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Compensation cost is expensed over the vesting period with a corresponding increase in contributed surplus. When stock options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

(p) Net income per share

Net income per share is calculated by dividing net and comprehensive income or loss by the weighted average number of common shares outstanding during the period. The Corporation computes the dilutive impact of common shares assuming the proceeds received from the pro forma exercise of in-the-money share options are used to purchase common shares at average market prices.

(q) Financial instruments

(i) Classification and measurement

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent period depends on whether the financial instrument has been classified as “fair value through the statement of income”, “loans and receivables”, “available-for-sale”, “held-to-maturity”, or “financial liabilities measured at amortized cost” as defined by IAS 39, “Financial Instruments: Recognition and Measurement”.

Financial assets and financial liabilities at “fair value through the statement of income” are either classified as “held for trading” or “designated at fair value through the statement of income” and are measured at fair value with changes in fair value recognized in the income statement. Transaction costs are expensed when incurred. The Corporation has designated cash and cash equivalents as “held for trading”.

Financial assets and financial liabilities classified as “loans and receivables”, “held-to-maturity”, or “financial liabilities measured at amortized cost” are measured at amortized cost using the effective interest method of depreciation. “Loans and receivables” are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. “Held-to-maturity” financial assets are non-derivative investments that an entity has the positive intention and ability to hold to maturity. “Financial liabilities measured at amortized cost” are those financial liabilities that are not designated as “fair value through the statement of income” and that are not derivatives. The Corporation has designated accounts receivable as “loans and receivable”, which are measured at amortized cost.

Accounts payable and accrued liabilities, and long-term debt are classified as “financial liabilities measured at amortized cost”.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

(ii) Equity Instruments

The Corporation's voting common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(iii) Impairment

The Corporation assesses at each balance sheet date whether there is objective evidence that financial assets, other than those designated as "fair value through the statement of income" as impaired. When impairment has occurred, the cumulative loss is recognized in the statement of income. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

(r) Recent accounting pronouncements

IFRS 9 Financial instruments

The IASB intends to replace IAS 39, "Financial Instruments: Recognition and measurement" ("IAS 39") with IFRS 9, "Financial Instruments" ("IFRS 9"), IFRS 9 will be published in three phases, of which the first phase has been published.

For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of financial assets. The new standard also requires a single impairment method to be used. For financial liabilities, the approach to the fair value option may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk.

IFRS 9 is effective for annual periods beginning on or after January 1, 2013. There will be no significant impact to the Corporation upon implementation of the published standard.

IFRS 7 Financial instruments: disclosure

The modifications to this standard address disclosures related to transfers of financial assets and the derecognition of financial assets by a reporting entity. This amendment is required to be applied for annual periods beginning on or after July 1, 2011.

IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements, IFRS 12 Disclosure of interest in other entities

These new standards include a revision to the definition of control for the purposes of determining which arrangements should be consolidated, a reduction in the types of joint arrangements which are now based on rights and obligations, and new disclosure requirements for significant judgements and assumptions used in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities. These standards are effective for annual periods commencing on or after January 1, 2013, with earlier adoption permitted.

GINGER BEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

IFRS 13 Fair Value Measurement

This new standard sets out a single IFRS framework for measuring fair value and establishes disclosure requirements for fair value measurements. This standard is effective for annual periods commencing on or after January 1, 2013 with earlier adoption permitted.

4. FINANCIAL INSTRUMENTS AND RISK OVERVIEW

(a) Risk management overview

The Corporation's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout these condensed interim consolidated financial statements. The Corporation employs risk management strategies and policies to ensure that any exposures to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, Ginger Beef's management has the responsibility to administer and monitor these risks.

(b) Fair value of financial instruments

The fair value of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, wages payable and employee deductions payable approximate their carrying value due to the short-term maturity of those instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable to the overall measurement.

Cash and cash equivalents are measured at fair value based on their Level 1 designation.

(c) Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Substantially all of the Corporation's accounts receivable are due from purchasers of food items and are subject to normal industry credit risk.

The Corporation's revenues are derived from a reputable customer base. Orders from customers are subject to the Corporation's credit and collection programs. For sale of franchises, deposits are required prior to the acceptance of the purchase.

The Corporation performs ongoing credit evaluations of its customers and established an allowance for doubtful accounts based on credit risk applicable to certain accounts, historical trends and other relevant information. The Corporation's maximum exposure to credit risk is the fair value of accounts receivable on the condensed interim consolidated balance sheet shown net of an appropriate allowance for doubtful accounts.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

Significant changes in economic conditions will increase the risk of not collecting receivables. Management believes the risk is often mitigated by the size and reputation of the companies to which it extends credit.

As at September 30, 2011, December 31, 2010 and January 1, 2010, the Corporation's accounts receivable comprised the following:

	September 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
Current	476,625	584,300	483,080
Less than 60 days overdue	111,509	130,095	162,773
Greater than 60 days overdue	60,613	43,205	28,097
Total trade receivable	648,747	757,600	673,950
Other receivable	2,229	1,133	6,007
Total receivable	650,976	758,733	679,957

The Corporation manages the credit exposure related to cash and cash equivalents by selecting financial institutions with high credit ratings and monitors all short-term deposits to ensure an adequate rate of return. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

(d) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure it will have sufficient liquidity to meet its liabilities when due. The Corporation's ongoing liquidity is impacted by various external events and conditions, including commodity price fluctuations and the global economic downturn.

The financial liabilities on the condensed interim consolidated balance sheet consist of accounts payable and accrued liabilities, wages payable, employee deductions payable and long term debt. The Corporation manages this risk through detailed monitoring of budgeted and projected operating results and cash requirements. Formal monthly senior management meetings address levels of firm sales and monitor obligations and customer credit facilities.

The Corporation expects to repay its financial liabilities in the normal course of operations and to fund future operational and capital requirements through operating cash flows, as well as future equity and debt financing. The Corporation also has a credit facility to facilitate the management of liquidity risk. See note 12 for credit facility disclosure.

GINGER BEED CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

The Corporation's accounts payable and accrued liabilities as at September 30, 2011, December 31, 2010 and January 1, 2010 were comprised as following:

	September 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
Trade accounts payable	656,230	600,160	546,320
Accrued liabilities	80,066	104,882	89,307
Employment related	33,941	16,929	13,449
	<u>770,237</u>	<u>721,971</u>	<u>649,076</u>

(e) Market risk

Market risk is the risk that changes in market price, foreign exchange rates and interest rates will affect the Corporation's net earnings or value of financial instruments and are largely outside the control of the Corporation. The objective of the Corporation is to manage and mitigate market risk exposures within acceptable limits, while maximizing returns. Primary market risks are as follows;

Foreign currency risk

The Corporation is exposed to currency risk on purchases of inventory for processing to the extent that the payment of foreign denominated accounts payable is subject to fluctuations in the foreign exchange rate. Included in accounts payable and accrued liabilities at September 30, 2011 are \$nil (December 31, 2010 - \$nil and January 1, 2010 - \$nil) denominated in foreign currency. The net effect of each 1% change in foreign exchange would not have a material impact on income. As at September 30, 2011, the Corporation had no forward exchange rate contracts in place.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate risk to the extent that changes in market interest rates impact its borrowing under the floating rate credit facility. The Corporation had no interest rate swaps or financial contracts in place as at or during the period ended September 30, 2011 or December 31, 2010.

For the nine months ended September 30, 2011, a 1% change to the effective interest rate would have an impact of approximately \$573 (nine months ended September 30, 2010 - \$715) on net income and cash flow.

(f) Capital management

The Corporation's capital management policy is to maintain a strong capital base that optimizes the Corporation's ability to grow, maintain investor and creditor confidence and to provide a platform to create value for its shareholders. The Corporation's officers are responsible for managing the Corporation's capital and do so through monthly management meetings and quarterly board meetings including regular reviews of financial information including budgets and forecasts. The Corporation's directors are responsible for overseeing this process. The Corporation considers its capital structure to include shareholders' equity and working capital.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

The Corporation monitors capital based on its current working capital, available bank line of credit, projected cash flow from operations and anticipated capital expenditures. In order to manage its capital structure, the Corporation prepares annual capital expenditure and operating budgets, which are updated as necessary. The annual and updated budgets are prepared by the Corporation's management and approved by the Corporation's Board of Directors. The budget results are regularly reviewed and updated as required.

In order to maintain or adjust the capital structure, the Corporation may issue shares, seek debt financing and adjust its spending to manage its current and projected capital structure. The Corporation's ability to raise additional debt or equity financing is impacted by external conditions, including the global economic downturn. The Corporation continually monitors economic and general business conditions.

The Corporation monitors its total capital based on the ratio of net debt to equity. This ratio is calculated as net debt, (defined as total debt shown on the balance sheet less cash and cash equivalents) divided by shareholders' equity. The Corporation's current goal is to maintain that ratio at or below 1 to 1. The net debt to equity at September 30, 2011 was 0.21 to 1 (December 31, 2010: 0.22 to 1)

5. RELATED PARTY TRANSACTIONS

Balance and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Corporation and other related parties are disclosed below:

Trading transactions

The following summarize the Corporation's related party transactions with its related parties under common management or directors for the period:

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	2011	2010
	\$	\$	\$	\$
Management service fee	1,712	21,686	19,153	66,722
Sale of goods	59,384	68,020	201,436	216,382

Due from/to related parties

The following summarized the Corporation's outstanding balances with related parties as at:

	September 30, 2011	December 31, 2010	January 1 2010
Companies controlled by an officer and director of the Corporation	98,378	1,866	10,694
Franchise amounts receivable	4,222	62,970	89,038
Management service fees	(2,254)	17,729	41,395
	100,346	82,565	141,127

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

Compensation of key management personnel

Key management personnel compensation paid during the quarter ended September 30, 2011 comprised salaries of \$234,180 (2010 - \$147,860) and benefits of \$26,508 (2010 - \$22,188)

6. INVENTORY

Inventory consists of three main classifications:

	September 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
Food	347,555	235,899	246,353
Packaging material	39,373	38,440	35,057
Cleaning chemicals	3,539	4,883	3,133
	<u>390,467</u>	<u>279,222</u>	<u>284,543</u>

No inventory write-downs or reversals of prior write-downs were recorded during the 2010 fiscal year or during the nine months ended September 30, 2011. Inventories are pledged as security under terms of a general security agreement as referred to in note 13.

7. PREPAID AND DEPOSITS

	September 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
Deposits for equipment purchase	-	-	
Prepayments	17,377	5,133	6,468
	<u>17,377</u>	<u>5,133</u>	<u>6,468</u>

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

8. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Machinery Equipment Furniture & fixtures	Motor Vehicle	Equipment Under Capital Lease	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance as at							
January 1, 2010	140,000	1,587,124	1,610,972	2,410	14,500	131,337	3,486,343
Assets acquired	-	-	29,719	-	-	-	29,719
Balance as at							
September 30, 2010	140,000	1,587,124	1,640,691	2,410	14,500	131,337	3,516,062
Assets acquired	-	-	900	-	-	-	900
Balance as at							
December 31, 2010	140,000	1,587,124	1,641,591	2,410	14,500	131,337	3,516,962
Assets acquired	-	-	182,554	-	-	45,500	228,054
Balance as at							
September 30, 2011	140,000	1,587,124	1,824,145	2,410	14,500	176,837	3,745,016
Accumulated depreciation							
Balance as at							
January 1, 2010	-	449,294	1,139,767	2,065	2,176	34,116	1,627,418
Depreciation for the period	-	31,742	48,117	52	1,848	5,117	86,876
Balance as at							
September 30, 2010	-	481,036	1,187,884	2,117	4,024	39,233	1,714,294
Depreciation for the period	-	31,743	49,200	51	1,849	5,117	87,960
Balance as at							
December 31, 2010	-	512,779	1,237,084	2,168	5,873	44,350	1,802,254
Depreciation for the period	-	47,614	70,302	55	1,941	10,954	130,866
Balance as at							
September 30, 2011	-	560,393	1,307,386	2,223	7,814	55,304	1,933,120
Carrying Value							
At January 1, 2010	140,000	1,137,830	471,205	345	12,324	97,221	1,858,925
At September 30, 2010	140,000	1,106,088	452,807	293	10,475	92,104	1,801,768
At December 31, 2010	140,000	1,074,345	404,507	242	8,626	86,987	1,714,708
At September 30, 2011	140,000	1,026,731	516,759	187	6,686	121,533	1,811,896

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

9. NEW PRODUCT DEVELOPMENT COSTS

	September 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
New product development costs	60,311	-	-
<u>Accumulated amortization</u>	<u>(3,016)</u>	<u>-</u>	<u>-</u>
	<u>57,295</u>	<u>-</u>	<u>-</u>

New product development costs consisted of raw materials used and other direct manufacturing costs towards the development of a new line of food product. The costs are being amortized over a period of five years commencing July 1, 2011, the date of initial delivery for sale of these new products to customers.

10. NOTE RECEIVABLE

In March 2009, the Corporation's share in 1379888 Alberta Ltd. – operating as Ginger Beef – Old Banff Coach Road was sold to an unrelated party for \$50,000. For consideration, the purchaser issued a secured promissory note with a three year term bearing interest at Royal Bank prime rate plus 1.5%.

11. INTANGIBLE ASSETS

	September 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Trademarks	169,304	169,304	169,304
<u>Accumulated amortization</u>	<u>(158,318)</u>	<u>(151,970)</u>	<u>(143,506)</u>
	<u>10,986</u>	<u>17,334</u>	<u>25,798</u>

GINGER BEEF CORPORATION
NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

12. LONG TERM DEBT

	September 30, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Royal Bank term loan bearing interest at floating rate of Royal Bank Prime plus 2% per annum payable in monthly instalments of \$1,800 including interest, maturing in September 2014	61,948	76,438	95,334
Capital lease obligations related to computer equipment bearing interest at 18.9% per annum, repayable in monthly blended payments of \$408. The loan matures on November 2012 and is secured by the computer equipment	5,947	8,644	11,737
Loan with Royal Bank bearing interest at a fixed rate of 4.87% per annum, repayable in monthly blended payments of \$8,071. The loan matures on December 2014 and is secured by a first ranking security interest in all property of one of the subsidiaries and a floating charge on land owned by the subsidiary	555,635	607,141	672,999
	623,530	692,223	780,070
Less: portion due within one year	(95,850)	(92,210)	(87,967)
	<u>527,6780</u>	<u>600,013</u>	<u>692,103</u>

Principal repayments for the following five years are as follows:

2011	\$ 23,518
2012	97,892
2013	97,532
2014	94,925
2015 and after	<u>309,663</u>
	<u>\$ 623,530</u>

Minimum lease payments required are as follows:

	Minimum Lease Payments	Imputed Interest	Obligations
	\$	\$	\$
2011	1,224	245	979
2012	5,480	512	4,968
	<u>6,704</u>	<u>757</u>	<u>5,947</u>

GINGER BEEF CORPORATION
NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

13. BANK FACILITY

The Corporation has a demand operating revolving line of credit to a maximum of \$200,000 with the Royal Bank of Canada with interest at Royal Bank Prime plus 1.75% secured by a general security agreement. The balance on this facility as at September 30, 2011 was \$nil (December 31, 2010 - \$nil and January 1, 2010 - \$nil).

14. SHARE CAPITAL

Authorized: Unlimited number of common shares

Issued:

	Number of Shares	Amount
Balance, January 1, 2010	14,003,497	\$1,491,490
<u>Repurchased during period</u>	<u>(193,000)</u>	<u>(20,556)</u>
<u>Balance, September 30, 2010</u>	<u>13,810,497</u>	<u>1,470,934</u>
<u>Repurchased during period</u>	<u>-</u>	<u>-</u>
<u>Balance, December 31, 2010</u>	<u>13,810,497</u>	<u>1,470,934</u>
<u>Repurchased during the period</u>	<u>-</u>	<u>-</u>
<u>Balance, September 30, 2011</u>	<u>13,810,497</u>	<u>\$1,470,934</u>

Normal course issuer bid

On September 30, 2009, the Corporation announced that it has filed with TSX Venture Exchange a Notice of Intention to make a Normal Course Issuer Bid which commenced on October 2, 2009 and terminated on October 10, 2010 or earlier of the date all shares which are subject to Normal Course Issuer Bid are purchase. In the opinion of the Board of Directors of the Corporation, the market price of the Common Shares of the Corporation does not accurately reflect the value of those shares. As a result, the Corporation determined to repurchase the Corporation's common shares that became available for purchase at a price which made them an appropriate use of funds of the Corporation. The Corporation intended to acquire up to an aggregate of 708,599 of its common shares over the next 12-month period representing approximately 5% of the issued and outstanding common shares of the Corporation. Purchases subject to the Normal Course Issuer Bid were carried out pursuant to open market transactions through the facilities of the TSX Venture Exchange.

For the period from October 2, 2009 to October 10, 2010, a total of 361,500 common shares were repurchased at an average market price of \$0.09 per common share of which all were cancelled. The deficiency of \$6,948 of the repurchase of the shares has been charged to contributed surplus.

GINGER BEEF CORPORATION
NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

15. STOCK BASED COMPENSATION PLAN

Pursuant to the Corporation's stock-based compensation plan, the Board of Directors may allocate non-transferable options to purchase common shares of the Corporation to directors, officers, management consultants and employees of the Corporation and its subsidiaries.

Under the stock-based compensation plan, the aggregate number of shares to be delivered upon exercise of options granted thereunder may not exceed 10% of the issued common shares of the Corporation at the time of granting the options. The aggregate number of shares to be delivered upon exercise of the options granted thereunder to any individual shall not exceed 5% of the issued common shares of the Corporation. The options under the stock-based compensation plan are non-assignable, except in the event of death and are exercisable for a term of four years. Options granted under the stock-based compensation plan terminate within 90 days in the event that the optionee ceased to be an employee, director or officer of the Corporation or within one year after the death of such optionee. The Board of Directors may, at its discretion, determine the timing during which options shall vest and the method of vesting, or that no vesting restriction shall exist.

At September 30, 2011, the Corporation had the following outstanding stock options issued to directors, officers, management consultants and employees pursuant to the Corporation's stock-based compensation plan:

	Number	Weighted Average Excise Price 2011	Number	Weighted Average Excise Price 2010
Outstanding, January 1	1,355,000	\$0.16	1,355,000	\$0.16
Expired	(1,355,000)		-	
<u>Outstanding, September 30</u>	<u>-</u>		<u>1,355,000</u>	
<u>Exercisable at September 30</u>	<u>-</u>	<u>-</u>	<u>1,355,000</u>	<u>\$0.16</u>

16. COMMITMENTS

The Corporation has guaranteed the lease obligations for two of its franchised operations. The minimum lease obligations are as follows:

2011	\$ 24,875
2012	99,500
2013	9,950
	<u>\$ 134,325</u>

GINGER BEEF CORPORATION
NOTE TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

16. COMMITMENTS, continued

In addition, the Corporation has lease obligations for one of its subsidiaries. The minimum lease obligations for the next 5 years are as follows:

2011	\$ 7,500
2012	30,000
2013	30,000
2014	30,000
2015	<u>30,000</u>
	<u>\$ 127,500</u>

17. NET INCOME PER SHARE

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period of 13,810,497 (2010 – 13,908,247). For the period ending September 30, 2011 and 2010, the potential effect of the issuance under the stock option plan was not dilutive. There were no in-the-money options outstanding at either date. No other dilutive securities are outstanding.

18. SUBSEQUENT EVENT

Sale of Ginger Beef Express - Crowfoot location

On June 29, 2011, two days before closing, the Corporation was informed by our legal council that the potential purchaser of Ginger Beef Express – Crowfoot location for a price of \$328,000, as reported in Subsequent Note to the financial statements for the year end December 31, 2010, had backed out from the sale. Accordingly, the Corporation withheld the deposit of \$30,000 advanced against the transaction.

On October 1, 2011, the Corporation closed on the sale of Ginger Beef Express – Crowfoot location for a price of \$249,900 plus cost of inventory remaining at that date.

Voluntary recall of products - possible Listeria monocytogenes contamination

On November 16, 2011, the Corporation voluntarily recalled its ready-to-eat Ginger Beef Choice brand Special Combo sold in a 1 kg package with best before date of November 28, 2011 for the product may be contaminated with Listeria monocytogenes.

On November 23, 2011, the Corporation expanded the voluntarily recall of all its pre-cooked products and shut down the entire production line to undertake a complete wash-down of its facilities following the discovery of possible Listeria monocytogenes contamination. The Corporation is working with its retailers across British Columbia, Alberta, Saskatchewan, Manitoba and Ontario to pull the products from shelves. The Canadian Food Inspection Agency (“CFIA”) is monitoring this voluntary recall. Production is on hold pending the receipt of favourable results of 10 consecutive production tests conducted by the Corporation and the CFIA over a 10 days period. This is the first such incident in the Corporation’s history.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

19. FIRST TIME ADOPTION OF IFRS

As disclosed in note 2, these condensed interim consolidated financial statements represent the Corporation's initial presentation of the financial results of operations and financial position under IFRS for the nine month period ended September 30, 2011 in conjunction with the Corporation's annual audited consolidated financial statements to be issued under IFRS as at and for the year ended December 31, 2010. As a result, these interim condensed consolidated financial statements have been prepared in accordance with IFRS 1, "First-time Adoption of International Financial Reporting Standards" and with IAS 34, "Interim Financial Reporting", as issued by the IASB. Previously, the Corporation prepared its interim and annual consolidated financial statements in accordance with Canadian GAAP.

IFRS 1 requires the presentation of comparative information as at January 1, 2010 transition date and subsequent comparative periods as well as the consistent and retrospective application of IFRS accounting policies. To assist with the transition, the provisions of IFRS 1 allow for certain mandatory and optional exemptions for first-time adopters to alleviate the retrospective application of IFRSs.

No reconciliations are presented as there were no adjustments necessary to be made to the Corporation's previous Canadian GAAP financial results of operations and financial position to comply with IFRS 1. A summary of the significant accounting policy changes and applicable exemptions are discussed as follows:

(a) First-time adoption exemptions and exception applied

The following optional exemptions and required exception were applied by the Corporation:

(i) Borrowing costs exemption

International Accounting Standard ("IAS") 23, Borrowing Costs, has not been applied to borrowing costs relating to qualifying assets for which the commencement date for capitalization is on or after January 1, 2009. The adoption of this exemption had no impact on the condensed interim consolidated financial statements.

(ii) Estimate exception

The applicable mandatory exception in IFRS 1 applied in the conversion from Canadian GAAP to IFRS is "Estimates". Hindsight is not used to create or revise estimates. The estimates previously made by the Corporation under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

(iii) Share-based payments

IFRS 2, share-based payments, applies to all grants of equity settled transactions made after November 7, 2002 that had not vested at the transition date. A company may also choose to apply the standard to any equity instruments that were granted before November 7, 2002, or that were granted after that date, and vested before the date of transition, but only if the company has previously disclosed the fair value of the instrument, determined at the measurement date. The Corporation did not adopt IFRS 2 as there were no share-based payments that had not yet vested at the transition date.

GINGER BEEF CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011 AND 2010
(UNAUDITED)

19. FIRST TIME ADOPTION OF IFRS, continued

(b) Changes in accounting policies

In addition to the exemptions and exceptions discussed above, the following narratives explain the significant difference between previous Canadian GAAP and the current IFRS accounting policies applied by the Corporation. Only the differences having an impact on the Corporation are described below. The following is not a complete summary of all the differences between Canadian GAAP and IFRS. Unless a quantitative impact was noted below, the impact from the changes was not material to the Corporation.

(i) Impairment

The carrying amounts of the Corporation's non-financial assets are reviewed for indications of impairment at each reporting date. If indicators of impairment exist, the recoverable amount of asset is estimated. Resulting impairment losses are recognized in net income. An impairment loss from a prior period may be reversed in a subsequent period if impairment no longer exists or has decreased. The result of this change did not have any impact on the Corporation's financial information.

(ii) Stock-based compensation

Under Canadian GAAP, the Corporation recognized an expense related to their stock-based compensation on a straight-line basis through the date of full vesting. Under IFRS, the Corporation is requiring to recognize the expense over the individual vesting periods for the graded vesting awards. An estimate is required of the number of awards expected to vest, which is revised if subsequent information indicates that actual forfeitures are likely to differ from the estimates. The adoption of this standard had no impact on the condensed interim consolidated financial statements.

(iii) Statement of cash flow

Under IFRS, interest income and expense are considered investing and financing activities, respectively, Under Canadian GAAP, interest income and expense were considered operating activities. Under IFRS, only expenditures that result in the recognition of an asset can be classified as cash flow from investing activities. The adoption of this standard had no impact on the condensed interim consolidated financial statements.

(iv) Income tax

IFRS requires that all deferred taxes be disclosed as non-current assets or liabilities and designated as deferred taxes. Prior to the IFRS conversion, all income taxes deferred to the future were disclosed as non-current assets and non-current liabilities referred to as future income taxes. There were no changes to the amounts reflected in the income statement related to the change from Canadian GAAP to IFRS.