



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Nine Months Ended September 30, 2011

MATERIAL CHANGE

Ginger Beef Corporation (the "Corporation") is a packaged food manufacturer and distributor supplying chiefly Asian foods to retailers and wholesalers from British Columbia to Ontario. Pursuant to news releases dated November 16 and 23, 2011, the Corporation has announced that it has voluntarily recalled 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 currently working with the Canadian Food Inspection Agency ("CFIA") to address any possible contamination.

The *Listeria monocytogenes* was found during a routine facility inspection that takes place on a monthly basis. As soon as the sample was found, the company alerted the CFIA and took steps to address the possible contamination. The Corporation is working with its retailers across British Columbia, Alberta, Saskatchewan, Manitoba and Ontario to pull the products from shelves. The CFIA is monitoring this voluntary recall. Production is on hold pending the receipt of favourable results of 10 consecutive production tests conducted by the company and the CFIA over a 10-day period.

This is the first such incident in the company's 30-year history. With a view to the safety of consumers and the Corporation's employees, management undertook a voluntary recall of all the Corporation's pre-cooked products and a shut-down of its facility, exceeding CFIA regulations for these circumstances.

It is clear that this shut-down and recall will affect the Corporation's operating and financial results in the next and possibly subsequent reporting periods. Management is currently evaluating the relevant factors and expects to issue further press releases as additional facts are known.

The following management's discussion and analysis ("MD&A") of the financial condition and results of Ginger Beef Corporation (the "Corporation") should be read in conjunction with the audited financial statements for the year ended December 31, 2010, as well as the condensed interim unaudited financial statements for the three and nine months ended September 30, 2011, and accompanying notes therein.

In accordance with the Canadian Accounting Standards Board ("AcSB") pronouncement in February 2008, the use of the International Financial Reporting Standards ("IFRS") is required for publicly accountable profit-oriented enterprises for financial statements beginning at January 1, 2011. The transition from Canadian Generally Accepted Accounting Principles ("GAAP"), under which the Corporation had previously presented its financial statements, to IFRS has involved several changes to the Corporation's accounting policies. These changes were applied consistently throughout the comparative periods as at January 1, 2010, as at and for the three and nine months ended September 30, 2010, and as at and for the year ending December 31, 2010 in the condensed interim unaudited financial statements dated September 30, 2011.

The condensed interim financial statements for the three and nine months ended September 30, 2011 were prepared in accordance with IAS 34 Interim Financial Reporting of the IFRS as issued by the International Accounting Standards Board ("IASB"). The Corporation has applied IFRS 1 First Time Adoption of International Financial Reporting Standards, which allows for condensed interim financial statements which may not contain all of the information required for full annual financial statements.



This MD&A is dated November 28, 2011 and incorporates all relevant information and considerations to that date. Additional information relating to the Corporation and its operations is available on SEDAR at www.sedar.com.

All references are to Canadian dollars unless otherwise indicated.

This disclosure includes statements about expected future events and/or financial results that are forward-looking in nature and subject to substantial risks and uncertainties. These risks include but are not limited to: interest rate fluctuations, market competition, the timing of capital expenditures and the adequacy of funding for capital investments. The Corporation cautions that actual performance will be affected by a number of factors, many of which are beyond its control.

Description of Business

The Corporation was incorporated under the Business Corporations Act (Alberta) on April 26, 2000, and was listed on the Canadian Venture Exchange ("CVE") effective June 1, 2001, as a Capital Pool Company ("CPC") and was continued on the TSX Venture Exchange ("TSX-V").

On September 13, 2002, the Corporation changed its name to Ginger Beef Corporation and completed its Qualifying Transaction (the "transaction") to acquire all of the outstanding shares of Ginger Beef Express Ltd. ("Express"). The transaction was accounted for as a reverse takeover, and upon approval by the TSX-V, began to trade effective September 27, 2002 under the trading symbol "GB".

Ginger Beef Corporation is a food company based in Calgary, Alberta, which operates through two wholly-owned subsidiaries, Ginger Beef Express Ltd., ("Express") and Ginger Beef Choice Ltd. ("Choice"). Express oversees a number of franchised take out/delivery service restaurants in Alberta, while Choice produces a number of frozen and ready-to-serve deli Chinese food products for distribution to retail outlets. After the modernization of its facility in the winter of 2002, the Corporation was certified and granted a license by the Canadian Food Inspection Agency that allows the Corporation to ship its products, fresh or frozen, to all provinces in Canada.

The Corporation has been actively engaged in the development of new food products, as well as in the improvement of its existing product lines in order to increase its market share.

In the second quarter of 2008 the Corporation purchased a 51% interest in 1379888 Alberta Ltd., which operates a take-out/delivery service restaurant in Calgary. The Corporation sold its 51% share to the party holding the remaining 49% interest in the first quarter of 2009, and holds a \$50,000 promissory note from the acquiring party against the purchase at a rate of prime plus 1.5%.

On September 30, 2009, the Corporation announced that it intended to make a Normal Course Issuer Bid for an aggregate of 708,599 of its common shares, commencing October 2, 2009 and terminating on October 1, 2010. This amounted to approximately 5% of the issued and outstanding common shares of the Corporation. At December 31, 2009, 170,000 common shares were repurchased at an average price of \$0.08 per share of which 168,500 were cancelled. During the quarters ended March 31, 2010, June 30, and September 30, 2010, an additional 147,500, 40,500 and 5,000 common shares were repurchased for a total of \$13,260, \$6,763, and \$533, respectively. These repurchases reduced the number of shares outstanding to 13,810,497 and share capital to \$1,470,934.

On October 25, 2010, the Corporation declared a special cash dividend on its issued and outstanding common shares of \$0.01 per share to shareholders of record on November 12, 2010, the dividend being payable on November 26, 2010. The aggregate amount of dividends paid was \$138,105.



In the 2010 year, the Corporation recorded a substantial improvement in revenues as a result of a full-year's operation at the Crowfoot franchise location, which came on stream in October, 2009. The Corporation had expended \$227,423 on its construction in 2009, and the contribution of this location to gross revenues amounted to \$686,568 in 2010, more than meeting management's projections. For the nine months ended September 30, 2011, sales from this operation amounted to \$506,608 yielding a gross margin of \$339,116, or 67%.

At year-end 2010, the Corporation entered into an agreement to sell Ginger Beef Express – Crowfoot location for a price of \$328,000. After further negotiations, the sale was completed on October 1, 2011, at a price of \$249,900 plus cost of inventory remaining at that date.

COMPARISON OF STATEMENT OF OPERATIONS FOR THE QUARTERS ENDED SEPTEMBER 30, 2011, JUNE 30, 2011 AND SEPTEMBER 30, 2010

Gross Profit and Gross Profit Margins

Gross Profit	Quarter ended September 30 2011	Quarter ended June 30 2011	Quarter ended September 30 2010
	\$	\$	\$
Revenues	1,818,707	1,834,727	1,829,385
Cost of goods sold	1,448,503	1,463,148	1,434,883
Gross profit	370,204	371,579	394,502
Gross profit margin	20.4%	20.2%	21.6%

Wholesale revenues in the second quarter of 2011 were recorded at \$1,817,707, a minor decrease of \$16,020 or 0.9% from \$1,834,727 in the previous quarter ended June 30, 2011 and slightly lower by \$10,678 or 0.6% from same period of 2010. These results indicate that a relatively stable level of revenues has been reached for most of the 2011 year, and reflect the inclusion of satisfactory sales from the Crowfoot outlet.

At the same time, in the quarter ended September 30, 2011, the cost of goods sold declined from the previous quarter by \$14,645, or 1.0% from the first quarter of 2011, resulting in a slight increase in gross profit margins to 20.4% from 20.2%. Comparing the current quarter to the comparable quarter of 2010, cost of sales were higher by \$13,620 or 0.9% over that recorded in 2010, resulting in a decline in gross margins from the 21.6% in the previous year's quarter. Generally there has been an upward trend in cost of goods sold, being attributed to the continuing upward pressure on the cost of basic foodstuffs and packing materials components, both of which were also impacted by global increases in their respective transportation costs.

Management Service Fees

In the first nine months of 2011, the Corporation received \$19,153 (September 30, 2010 - \$66,722) in fees for the provision of management level personnel to work at companies that are controlled by a related party. These fees have been gradually declining as the contractor's requirements for this service had lessened over time and finally terminated at May 1, 2011. A residual amount of \$1,712 was received in the third quarter of 2011 in connection with unpaid accumulated vacation pay.



Expenses

Total operating expenses for the third quarter of 2011 amounted to \$399,117, an increase of \$39,218 or 10.9% over the previous quarter ended June 30, 2011 and higher by \$48,730 or 13.9% over the third quarter of 2010.

A large portion of the increase in the current quarter is attributable to higher general and administrative costs which increased by \$26,854 or 9.8% from the previous quarter ended June 30, 2011, and \$25,263 or 9.2% from the same period of 2010. The higher level in the third quarter of 2011 was mainly due to rising insurance, interest and bank charges, quality control services, and uniform and linen supplies expenses.

Expenses	Quarter ended	Quarter ended	Quarter ended
	September 30	June 30	September 30
	2011	2011	2010
	\$	\$	\$
General and administrative	301,288	274,434	276,025
Marketing and promotion	31,071	28,731	17,467
Interest and bank charges	12,397	13,172	10,844
Amortization	54,361	43,562	46,051
	399,117	359,899	350,387

Due to an economic environment in 2009 and 2010 in which consumer demand was flagging, it was necessary to continue healthy outlays for advertising and promotion to buttress sales. Marketing and promotion costs rose to \$31,071 in the third quarter of 2011 and to \$28,731 in the previous quarter of 2011, respectively. These increases were impacted throughout the period by the Corporation's advertising campaign to attract sales in the new Crowfoot location and to introduce its new product line.

Amortization expense had been trending downward over the last several quarters: however, increases in the quarter ended September 30, 2011 corresponded to major additions to equipment for the new product line and renovations to the office and employee rest area within the plant.

Interest on long term debt has declined over the last several quarters due to the impact of lower interest costs arising from the renegotiation of the Company's long term debt.

Franchise and Other Revenues

Franchise revenues decreased to \$13,191 in the quarter ended September 30, 2011 from \$13,932 in the quarter ended June 30, 2011, and was moderately higher than the \$12,096 recorded in the comparable quarter of 2010. There had been an overall decrease over 2010, which had been attributed to lower volume sales in the franchise operations as consumers trended towards avoiding dining out or ordering takeouts due to prevailing economic conditions. It appears that the current level will remain relatively static for the foreseeable future.

Interest and other revenues in the quarter ended September 30, 2011 amounted to \$976 versus \$346 in the comparable quarter of 2010, and \$975 in the quarter ended June 30, 2011. Interest income was derived from surplus cash invested in term deposits and is not generally expected to be a major contributor to the Corporation's revenues.



	Quarter ended September 30 2011 \$	Quarter ended June 30 2011 \$	Quarter ended September 30 2010 \$
Franchise and other revenues			
Franchise revenue	13,191	13,932	12,096
Forfeited deposit on sale (net)	25,185	--	--
Interest and other revenue	976	975	346
	39,352	14,907	12,442

Carried forwarded from the latest quarter a deposit of \$30,000 against the sale of the Crowfoot location had been forfeited pursuant to the initial agreement. Net of costs, the Corporation realized an amount of \$25,185 as other income.

Income Taxes

The Corporation's results were also favourably impacted in the current quarter by an income tax recovery amount of \$14,963, as compared to a net \$1,481 tax expense recorded in the previous quarter.

	Quarter ended September 30 2011 \$	Quarter ended June 30 2011 \$	Quarter ended September 30 2010 \$
Income tax expense (recovery)	(14,963)	1,481	48,410

Net Earnings

In summary, while in the quarter ended September 30, 2011 gross revenues and cost of sales were relatively static as compared to the comparable quarter of 2010, with gross margins consistently within the 20-21% range. However, net income was strongly affected by the decreases in management fee revenues from approximately \$20,000 per quarter to less than \$2,000 in the most recent quarter, as well as the increases in general and administrative costs. The addition of the one-time forfeited deposit of \$25,185 and the net tax recovery of \$14,963 served to improve the net income results to \$27,114, approximately level with the \$29,833 recorded in the comparable 2010 quarter.

HISTORICAL SUMMARY OF QUARTERLY RESULTS

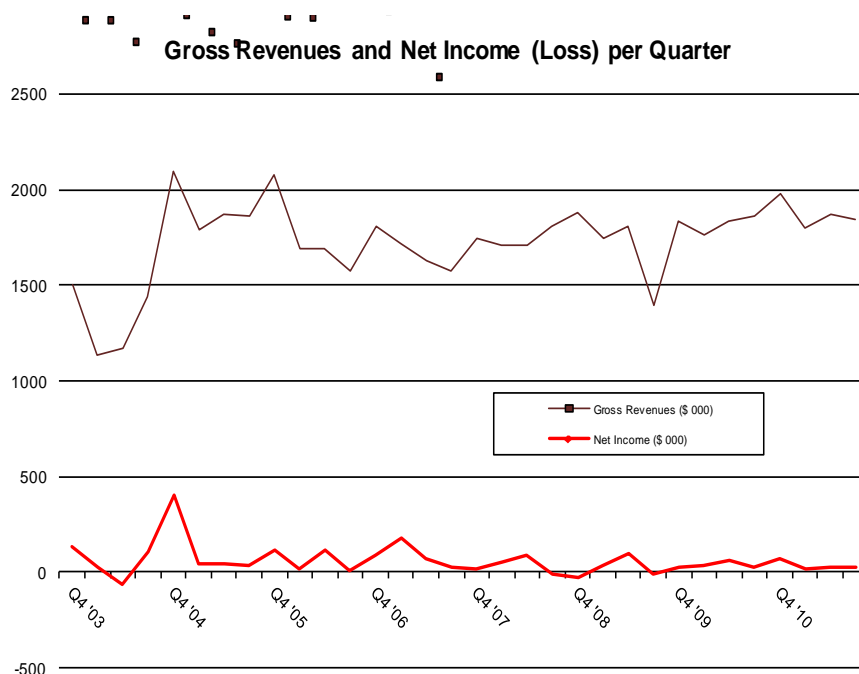
Following is discussion of historical results as well as select data for each of the eight quarters to September 30, 2011, from October 1, 2009.

Over the period from 2005, quarterly sales averaged approximately \$1.6-1.9 million per quarter, with the exception of the third quarter of 2009, in which sales declined to \$1.4 million due to the reduction in orders from a major customer and the general economic slowdown.

From 2003 onwards the Corporation's gross revenues peaked in the fourth quarter of each year implying a seasonality deemed to be related to increased product orders over the holiday season. From the year 2003 to 2005 net earnings had tended to echo these peaks.



However, from 2006 to 2008, net earnings corresponded less directly to gross revenue fluctuations, with peaks generally in the second or third quarters of each year, indicating that other factors were affecting the results. These included gradually deteriorating gross profit margins across the period, the inclusion of stock-based compensation expense in 2007, the write-off of goodwill and the negative impact of the Corporation's subsidiary in the year 2008, as well as generally higher operating costs in all areas. It should be noted, however, that the peak in revenues in the last quarter of 2008 was exaggerated by the addition of \$299,087 of revenues from the Corporation's new subsidiary, while in the second quarter of 2009 the peaks in gross revenues and net income were attributable to the sale of the Corporation's subsidiary and the addition of two major customers.



Overall, apart from the spike in earnings in 2004, in which year the Corporation had added several major new customers, the Corporation's results on a quarterly basis ranged from a high of approximately \$181,000 of net income in the first quarter of 2007 to a net loss of approximately \$29,000 in the last quarter of 2008.

	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009
Gross revenue (in \$000's)	1,819	1,835	1,779	1,899	1,829	1,775	1,723	1,806
Net income (loss) (\$)	27,114	30,970	18,102	75,406	29,833	59,564	37,997	29,038
<i>Net profit margin</i>	1.5%	1.7%	1.0%	4.0%	1.6%	3.4%	2.2%	1.6%
Net for year (\$)				202,800				149,386
<i>Net profit margin</i>				2.8%				2.2%
Net income (loss) per share (\$)	0.002	0.002	0.001	0.002	0.002	0.004	0.003	0.002
Net per share for year (\$)				\$0.01				\$0.01



In recent quarters, gross revenues have conformed to the \$1.7-1.9 million average, while net income at an average of approximately \$25,000 per quarter has fluctuated with the addition of asset sale proceeds and income tax recoveries. The foodstuffs industry is consistently impacted by upward pressures on the cost of sales, which includes the cost of basic materials, foodstuffs and transportation, as well as rising labour and utilities costs. Management has continuously endeavoured to implement strategies to improve the utilization of its cash and asset resources to achieve more satisfactory results.

ANALYSIS OF BALANCE SHEETS AT SEPTEMBER 30, 2011, DECEMBER 31, 2010, AND JANUARY 1, 2010

Accounts Receivable and Payable

Trade accounts receivable amounted to \$650,976 at September 30, 2011, versus \$758,733 at December 31, 2010. During the first half of 2011 management implemented a stringent collection program and effected a reduction in accounts receivable to a level below the \$679,957 recorded at January 1, 2010. The formerly higher level of accounts receivable was indicative of the trend to longer payment intervals by the Corporation's customers during the period of economic upheaval.

Other accounts receivable consisted of GST receivable and amounts due from related parties. Related party receivables amounted to \$100,244 at September 30, 2011 versus \$82,565 and \$141,127 at December 31, 2010 and January 1, 2010, respectively. These balances comprised franchise and management service fees and sale of products due from parties with common management or directors.

Prepaid expenses increased to \$17,377 from \$5,133 at December 31, 2010 and \$6,468 at January 1, 2010 which consisted of prepaid insurance.

Remaining as receivable at September 30, 2011 is a three-year \$50,000 promissory note from the arm's length purchasers of the Old Banff Coach Road operation bearing interest at the Royal Bank prime rate plus 1.5%. The note is due in March, 2012.

Trade accounts payable amounted to \$736,296 at September 30, 2011, versus the \$705,042 and \$635,627 reported at December 31, 2010 and January 1, 2010, respectively. Accounts payable have been on an increasing trend corresponding to the increase in inventory levels in preparation for the launch of the Corporation's new product lines.

While management recognizes the need for vigilance regarding the level of accounts receivable and inventories in the coming periods, with \$715,001 of cash available at September 30, 2011, management considers that there are adequate resources to meet its current obligations.

Inventory

At September 30, 2011, inventory was recorded at \$390,467, representing an increase of \$111,245 or 50.4% and \$105,924 or 37.2% over that at December 31, 2010 and January 1, 2010, respectively. The Corporation had increased inventory levels preparatory to the expected release of its new product lines later in 2011.

Long Term Debt

The Corporation had long-term debt of \$623,530, \$692,223, and \$780,070 at September 30, 2011, December 31, 2010, and January 1, 2010, respectively, with a current amount due at September 30, 2011 of \$23,518. The Corporation has been steadily reducing its long term debt, such that its debt-to-equity ratio stands at 0.2:1 and existing debt should be fully repaid by 2017.



Property, Plant and Equipment

In the nine months ended September 30, 2011 the Corporation made investments in capital assets of \$228,054, compared to additions of \$29,721 in the comparable period of 2010. Up to the period ended September 30, 2011, the Corporation expended \$60,311 on new product development, having targeted products which are anticipated to enhance the Corporation's product mix and attract a different consumer segment. The Corporation commenced shipping the new line of products to its customers during the third quarter ended September 30, 2011.

LIQUIDITY

Working Capital

At September 30, 2011, the Corporation had working capital of \$1,077,440, compared to \$1,249,793 and \$1,139,853 at year-end December 31, 2010 and January 1, 2010, for a working capital ratio of current assets to current liabilities of 2.2:1 versus 2.4:1 and 2.5:1, respectively.

	September 30, 2011	December 31, 2010	January 1, 2010
Current assets			
Cash	\$ 715,001	\$ 990,970	\$ 719,609
Accounts receivable	820,682	860,526	866,276
Inventory	390,467	279,222	284,543
Prepaid expenses and deposits	17,377	5,133	6,468
	1,943,527	2,135,851	1,876,896
Current liabilities – accounts payable	\$ 866,087	\$ 886,059	\$ 737,043
Working capital	\$ 1,077,440	\$ 1,249,793	\$ 1,139,853
Working capital ratio	2.2 : 1	2.4 : 1	2.5 : 1
Acid test - working capital	\$ 669,596	\$ 965,438	\$ 848,842
Quick ratio	1.8 : 1	2.1 : 1	2.1 : 1

Discounting current assets not readily convertible into cash, consisting of inventory and prepaid expenses, working capital would amount to \$699,596 for a quick ratio of 1.8:1 at September 30, 2011 versus \$965,438 at December 31, 2010 and \$848,842 at January 1, 2010 representing quick ratios of 2.1:1 and 2.1:1, respectively. This is a substantial level of liquidity and the Corporation is considering strategies for optimum utilization of its cash assets.

Reduction in Cash

In the nine months ended September 30, 2011, an amount of \$288,365 was expended on plant, equipment and new product development and \$68,693 of the Corporation's long term debt was repaid.

Cash from operations of \$213,053 augmented by a reduction in receivables of \$107,757 but this was offset by increases of \$111,245 in inventory and \$118,957 of income taxes payable. Net negative movements of \$9,519 in other non-cash working capital items along with the capital outlays and debt repayment resulted in a net decrease in cash at September 30, 2011 of \$275,969, which reduced the Corporation's cash reserves from \$990,970 to \$715,001 at period end.



There were minimal expenditures of \$29,721 for plant and equipment in the nine month period ended September 30, 2010. In that period an amount of \$17,447 was expended on the repurchase of the Corporation's common shares and \$65,576 of long term debt was repaid. These amounts were offset by an increase in income tax payable of \$70,296.

Cash from operations of \$286,603 was supplemented by net negative movements in other non-cash working capital of \$58,148, so that after the property outlays and share repurchases, the Corporation recorded a net increase in cash of \$215,728 for a cash position at September 30, 2010 of \$935,337.

The Corporation is confident that it will continue to maintain healthy cash balances quarter by quarter, allowing it to direct these resources to opportunities it is pursuing in additional markets and to enhance current productivity.

Contractual Obligations

In January, 2009, the Corporation refinanced its two mortgages for a term of one year bearing an improved interest rate of 2.88% versus the 6.5% and 5% previously paid. Monthly obligations for this mortgage are \$7,705 per month, consisting of principal plus interest. In light of the general expectation of interest rate increases during 2010, management decided to lock in the term loan for a longer term at a fixed rate. On December 30, 2009 the Corporation was successful in renegotiated a 5 year fixed term loan with the Royal Bank, replacing the existing loan maturing January 2010 for a fixed interest rate of 4.87% with minimum early renewal penalties.

The Corporation also obtained a term loan of \$100,000 to finance the construction of the new takeout location. The loan bears interest at Royal prime rate plus 2% per annum, with payments due of \$1,800 per month, consisting of principal and interest.

The principal payments for the next four years and beyond are as follows:

	2011	2012	2013	2014	Beyond 2014
Long Term Debt	\$23,518	\$97,892	\$97,532	\$94,925	\$309,663

A net amount of \$68,693 was repaid in the first nine months of 2011, leaving total remaining loans outstanding of \$623,530.

SHARE CAPITAL

Share capital at year-end 2007 totaled \$1,583,833, representing 14,870,497 common shares outstanding. During the third quarter of 2008, the Corporation acquired 698,500 common shares under a Normal Course Issuer Bid for a cash consideration of \$88,860. The shares were canceled in the fourth quarter of 2008 resulting in reductions in the number of shares outstanding to 14,171,997 and share capital by \$74,396 to \$1,509,437. The premium of \$14,464 paid on these shares was charged to contributed surplus.

On September 30, 2009, the Corporation announced that it intended to make a Normal Course Issuer Bid for an aggregate of 708,599 of its common shares, commencing October 2, 2009 and terminating on October 1, 2010. This amounted to approximately 5% of the issued and outstanding common shares of the Corporation, resulting in a potential maximum decrease in the number of shares outstanding to 13,463,398.



During the last quarter of 2009, the Corporation acquired 170,000 common shares for a cash consideration of \$14,158. Of the 170,000 shares acquired, 168,500 shares were canceled, resulting in reductions in the number of shares outstanding to 14,003,497 and share capital by \$17,947 to \$1,491,490. The deficiency of \$3,538 which resulted was charged to contributed surplus.

During the first three quarters of 2010, the Corporation acquired additional common shares for a cash consideration of \$23,966, resulting in the cancellation of 193,000 shares and a reduction in share capital by \$20,556. The deficiency of \$3,410 which resulted was charged to contributed surplus.

After the repurchases, the total number of shares outstanding at year-end 2010 was 13,810,497 and share capital amounted to \$1,470,934. No additional shares were repurchased during 2011.

At the beginning of the period there were 1,355,000 options outstanding under the Corporation's employee stock option plan. These options were exercisable at \$0.16 per share until August 31, 2011 and expired unexercised. No stock options were granted during the period ended September 30, 2011, leaving.

Related Party Transactions

Transactions with related parties include management service fees received; product costs, sharing of promotional costs, product sales, franchise fees and royalties received from related franchisees according to terms outlined in the individual franchise agreements. These are considered to be in the normal course of business and were recorded at the exchange amount used by the Corporation under normal business terms.

During the period ended September 30, 2011, the Corporation's revenues included product sales to related parties of \$201,436 as well as \$19,153 of management service fees charged to companies controlled by a related party. During the period ended September 30, 2010 the Corporation's revenues included product sales to related parties of \$216,382, as well as \$66,722 of management service fees charged to companies controlled by a related party.

Net receivables from related parties amounted to \$100,346 at September 30, 2011. The major portion of the current receivable consisted of \$98,378 due companies controlled by a related party.

OUTLOOK

Chicken Tariff Rate Quota

For 2008, 157,620 kg of chicken tariff rate quota had been allocated to the Corporation. With this allocation, the Corporation was able to make use of the allocated quota to import chicken from the US at a lower cost, or generate a windfall profit by selling such allocated quota to a third party. During the year 2007, the Corporation made full use of the quota allocated and applied for a supplementary allocation, realizing a cost saving of approximately \$100,000. In 2008 the savings to the Corporation from the allocated quota was approximately \$120,000.

For 2009, the Corporation was allocated 172,816 kg and realized savings of approximately \$160,000. In 2010, the Corporation was allocated 165,280 kg as well a one-time supplementary allocation of 85,000 kg, resulting in net savings of approximately \$230,000 from these quota. For 2011, the Corporation was allocated 156,501 kg and a supplementary allocation of 80,000 kg for an aggregate of 236,501 kg, resulting in total savings of approximately \$300,000.

Future Financing

Over the previous four years the labour shortage in Alberta had influenced the Corporation's strategy to purchase new equipment to automate labour-intensive production processes, thus minimizing future



exposure to labour shortages and wage increases. In order to finance larger equipment purchases, the Corporation may from time to time seek new financing from financial institutions and/or the equity markets. The Corporation intends to stay the course in automation, but at a slower pace after the recent downturn of the global economy that resulted in an easing of the labour market.

In terms of division strategies, Ginger Beef Choice will continue to focus on reducing its costs of production and increase its efforts to penetrate the larger Eastern Canadian market for its frozen product lines. Management also recognizes that new product lines and new business ventures complementary to the existing lines of business should be developed, and is actively investigating possible directions to be taken in the future. In addition, the Corporation is actively seeking new locations for Express franchise outlets and potential new business opportunities in its current markets and further afield.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS ")

Effective January 1, 2011 IFRS will replace Canadian GAAP in publicly reporting companies. These interim financial statements for period ended September 30, 2011 comprise the Corporation's first reporting period under IFRS. Its first IFRS annual financial statements will be for the year ended December 31, 2011. Following is a summary of differences between IFRS and Canadian GAAP that may be applicable to the Corporation.

Asset and goodwill impairment

Under Canadian GAAP, asset impairment is a two-stage test, where the carrying amount of the asset is first compared to the sum of the expected undiscounted future cash flows; if the first test indicates that an impairment exists, then the impairment loss recorded is measured as the difference between the carrying amount and the fair value. Under IFRS, assets are separated into cash-generating units (CGUs), and only the second fair value test is used both to assess the likelihood of and record the amount of the impairment. Generally, more impairment losses will result from applying IFRS standards as compared to Canadian GAAP. Impairment losses can also be reversed under IFRS, which is not permitted under Canadian GAAP. Goodwill impairment is assessed under Canadian GAAP by comparing the carrying value of each reporting unit, including goodwill, to the fair value of the reporting unit. Under IFRS, goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the combination, and an impairment loss is recognized when the recoverable amount is less than the carrying amount, including goodwill. The Corporation has analyzed the carrying amount of its assets and has determined that no impairment loss is to be recorded.

Property, plant and equipment

Under current Canadian GAAP, property and equipment is initially recorded at cost. Property under capital leases and the related obligation for future lease payments are initially recorded at an amount equal to the lesser of fair value of the property or equipment and the present value of those lease payments. Property and equipment are depreciated to estimated residual values based on the straight-line method over their estimated service lives. Property and equipment under capital leases are depreciated to estimated residual values over the life of the lease. Buildings are depreciated over their useful lives not exceeding 50 years on a straight-line basis. Leasehold improvements are amortized over the lesser of the lease term or five years.

Under IFRS, an item must be separated into parts (components) when the cost of those parts is significant in relation to the total cost of the item. There is a similar concept in Canadian GAAP, but it has been applied usually only when practical to do so. Under IFRS componentization will be mandatory. The Corporation has completed a detailed analysis of its property, plant, and equipment to identify the applicable components and has determined that no adjustment both to the carrying value and to the depreciation calculations of fixed assets are required.



RISK MANAGEMENT

Fair Value of Financial Assets and Liabilities

The Corporation's cash and cash equivalents are designated as held-for-trading and are measured at carrying value, which approximates fair value due to the short-term nature of the instrument. Accounts receivable are designated as loans and receivables and are recorded at cost. The fair value of accounts receivable approximate their carrying values due to the short-term nature of these instruments. Accounts payable and accrued liabilities and bank indebtedness are designated as other liabilities and are recorded at cost. The fair value of accounts payable and accrued liabilities and bank indebtedness approximate their carrying values due to the short-term nature of these instruments.

Risks Associated with Financial Assets and Liabilities

The Corporation is exposed to financial risks arising from its financial assets and liabilities. The financial risks include credit risk, liquidity risk and market risk relating to commodity prices and interest rates. Market risk is the risk that the fair value (for assets or liabilities considered to be held-for-trading and available for sale) or future cash flows (for assets or liabilities considered to be held-to-maturity, other financial liabilities, and loans and receivables) of a financial instrument will fluctuate due to movements in market prices. The objective of market risk management is to manage and control material market price exposures within acceptable limits, while maximizing returns. The Corporation's market risk, credit risk, and liquidity risk exposures are outlined as follows:

a) Market Risk

The prices the Corporation receives for its products and pays for its raw materials may have a significant impact on its revenues and cash provided from operating activities. Any significant price fluctuation in the factors of production would adversely affect sales pricing and ultimately the amount of funds available for reinvestment in capital assets. To date, the Corporation has not used derivative financial instruments to manage these risks.

b) Interest Rate Risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate. The Corporation's exposure to interest rate risk relates to its bank indebtedness, which bears a floating interest rate. The Corporation had no interest rate contracts in-place to mitigate exposure to interest rate changes for the period ended December 31, 2009.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will be unable to meet its financial obligations. The Corporation manages liquidity risk by ensuring that it has sufficient cash, credit facilities and other financial resources available to meet its obligations.