



Ginger Beef Corporation

A Public Company

Management's Discussion and Analysis

For the Year Ended December 31, 2010

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 and accompanying notes therein as prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

This MD&A is dated April 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

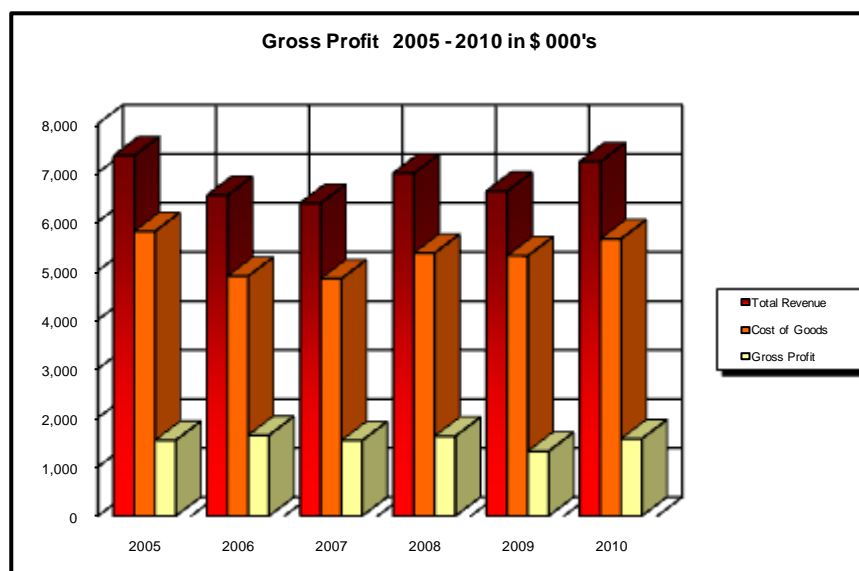
of \$0.08 per share of which 168,500 were cancelled. During the quarters ended March 31, 2010, June 30, and September 30, 2010, an additional 147,500, 40,500 and 5,000 common shares were repurchased for a total of \$13,260, \$6,763, and \$533, respectively. These repurchases reduced the number of shares 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.

During 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.

Comparison of Statement of Operations for the years December 31, 2005 to December 31, 2010

Gross Profit and Gross Profit Margins



Gross Profit	Year ended December 31					
	2010	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$	\$
Revenues	7,226,330	6,626,065	6,990,880	6,376,995	6,536,410	7,346,898
Cost of goods sold	5,652,999	5,305,745	5,363,382	4,839,065	4,891,035	5,804,301
Gross profit	1,573,331	1,320,320	1,627,498	1,537,930	1,645,375	1,543,597
Gross profit margin	22%	20%	23%	24%	25%	21%

Gross revenues in 2010 increased to \$7,226,330, an improvement of \$600,265 or 9.1% over those recorded in 2009, and approaching the historical high of \$7,346,898 in sales achieved in 2005, in which benchmark year the Corporation commenced shipping to two major national retail customers in Eastern Canada. The 2010 result may be attributable to gradual increases in sales during 2010 in response to general improvements in the economy, and the infusion of \$686,568 in sales revenues from the new Crowfoot location. The downward trend in 2006 and 2007 was a reflection of the amalgamation of cold storage space by the Corporation's major customers and a corresponding reduction of shelf space

allocated to the Corporation's products. In response, the Corporation undertook a consolidation of its own product lines by temporarily delisting lower-volume products, which contributed to a 1.8% decrease in cost of goods sold in the current year.

Cost of goods sold in 2010 increased less than proportionately by 6.5% from \$5,305,745 in 2009 to \$5,652,999, contributing to the improvement in gross profit margin to 22% from 20%. In terms of the historical view, over the period from 2005 to 2010 the cost of goods declined more than proportionately than sales so that the gross margin was improved by 1% over the benchmark year.

Despite the continuing trend of increasing raw materials costs, throughout the last six-year period the Corporation has maintained healthy gross profit margins of between 20-25%. These results are due in large part to management's successful efforts to reduce unit costs through additional mechanization and product consolidation.

Management Service Fees

The Corporation received \$83,607 (2009 - \$102,721) in fees for the provision of management level personnel to work at companies that are controlled by a related party.

Expenses

Operating expenses during the year ended December 31, 2010 totaled \$1,418,447 versus \$1,286,197 in 2009, an increase of \$132,250 or 10.3%. In general, operating expenses during 2009 had been favourably impacted by improved results in the Corporation's new Crowfoot location as opposed to the sold Old Banff Coach operation. However, over the last year operating costs increased as general and administrative costs started to rise and additional outlays were made for advertising and promotion activities.

As the major component of operating expenses, general and administrative costs in 2010 amounted to \$1,104,017 versus \$1,020,481 in 2009, for an increase of \$83,536 or 8.2%. This was mainly the result of higher costs for general maintenance, lab testing, delivery, utility and telephone expenses. Management continues its efforts to trim overhead costs in order to offset the continuing increases in raw material costs.

Expenses	Year ended December 31					
	2010	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$	\$
General and administrative	1,104,017	1,020,481	1,172,131	937,531	957,059	831,151
Advertising and promotion	83,852	52,963	59,845	19,138	25,423	48,721
Interest and bank charges	47,276	26,236	58,258	61,671	83,591	94,275
Amortization	183,302	186,517	207,457	214,243	229,381	215,725
Goodwill impairment	--	--	75,000	--	--	--
Stock-based compensation	--	--	--	65,047	23,300	--
	1,418,447	1,286,197	1,572,691	1,297,630	1,318,754	1,189,872
As a percent of gross revenues	19.6%	19.4%	22.5	20.3%	20.2%	16.2%

Marketing and promotion expenses increased by \$30,889 or 58.3% in 2010 over 2009. The increase can be attributed to the costs which were incurred to support sales at two of the Corporation's major grocery chains and to attract sales through the printing and distribution of flyers in the new Crowfoot franchise location which opened in the fourth quarter of 2009. There had been a substantial increase in marketing activity in 2008 over 2006 and 2007 levels due to the need for promotion of the new subsidiary's activities. With the sale of that subsidiary in 2009 these costs declined somewhat, but due to an economic

environment in which consumer demand was flagging, it was necessary to continue healthy outlays for advertising and promotion to buttress sales in general.

In 2009 the Corporation renegotiated more favourable rates on its term loan under the prevailing low interest rate environment, replacing loans previously bearing a 6.5% and 5% per annum rate by a loan bearing 2.88% rate. In 2009, the Corporation had benefitted from the initial impact of lower interest costs arising from the renegotiation of the Corporation's long term debt. However, interest costs in 2010 increased as a result of higher bank charges and management's decision on an early renewal of the loan for a five year fixed interest rate facility in anticipation of general interest rate hikes in the coming periods. Thus long term interest costs in 2010 amounted to \$37,503 versus \$21,533 in 2009, for an increase of \$15,970 or 74.2%. Taking a historical view, interest paid by the Corporation has decreased substantially from \$94,275 in 2005 to \$37,503 in 2010, reflecting both the generally lower level of interest rates and the decrease in the Corporation's long term debt from \$1.2 million in 2005 to \$692,000 in 2010.

The Corporation also recorded a gradual decrease in amortization as certain assets were disposed of and relatively minimal additions to plant and equipment were made.

In 2008, the Corporation recognized impairment of its goodwill in the amount of \$75,000, while in the two years prior to that stock-based compensation was recognized in the amounts of \$65,047 and \$23,300. In the year ended December 31, 2010 there were no such charges.

Franchise and Other Revenues

Franchise revenues decreased to \$54,247 in the year ended December 31, 2010 from \$65,928 in 2009. The 2009 amount included \$8,000 in franchise renewal fees. The overall decrease in the current year can be 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 is anticipated that as the economy improves, this division will mirror the pace of the economic recovery.

Franchise and other revenues	Years ended December 31					
	2010	2009	2008	2007	2006	2005
	\$	\$	\$	\$	\$	\$
Franchise and royalty revenue	52,247	65,928	76,727	59,427	36,227	35,531
Interest & other income	1,888	2,540	10,347	3,719	--	8,900
Gain on disposal of assets	--	39,388	--	137,405	(3,160)	952
	56,135	107,856	87,074	200,551	33,067	45,403

Interest revenues in the 2010 amounted to \$1,888 versus \$2,540 in 2009 and \$10,347 in 2008. The spike in 2008 was generated from surplus cash invested in term deposits and was not expected to be a major contributor to revenues in the future. In 2005 other income of \$8,900 was received from the sale of the 2004 chicken quota allotment and in 2005 the Corporation received a \$4,192 grant from the Market Technology Program administered by the Food Beverage Canada.

During the year ended December 31, 2009, the Corporation recorded a gain of \$39,388 on the sale of its share of 137988 Alberta Ltd., while in 2007 \$137,405 was realized upon the disposal of franchises.

Net Earnings

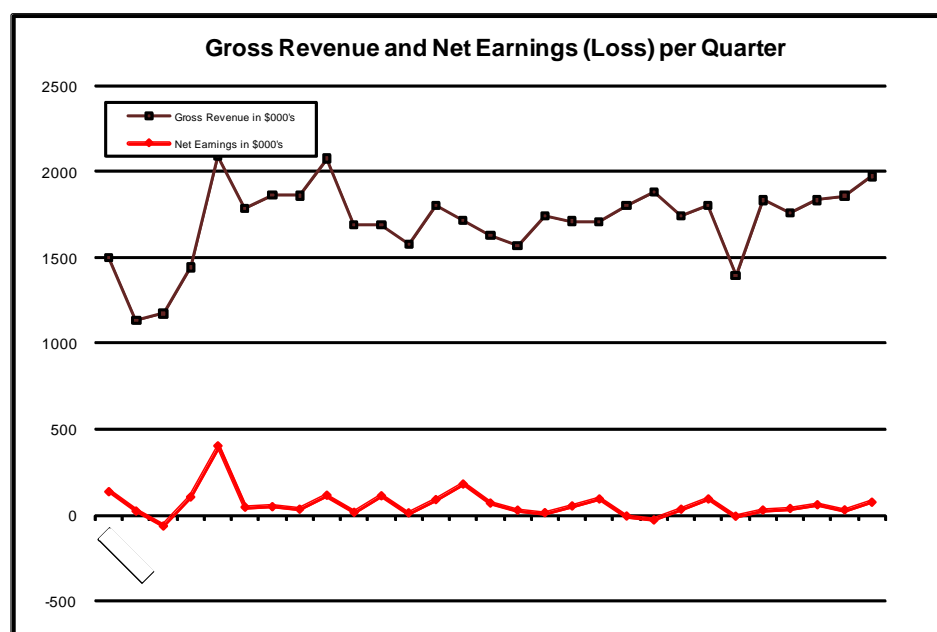
The Corporation had net earnings in the year ended December 31, 2010 of \$202,800, inclusive of a tax expense of \$91,826. In the year ended December 31, 2009, net earnings were \$149,386 after accounting for taxes of \$95,314. The improvement can be attributed chiefly to the increased sales in 2010 and improved margins as a result of lower proportional increases in the cost of goods and general and administrative expenses.

SUMMARY OF QUARTERLY RESULTS

Following is select data for each of the eight quarters to December 31, 2010, from January 1, 2009.

	Q4 2010	Q3 2010	Q2 2010	Q1 2010	Q4 2009	Q3 2009	Q2 2009	Q1 2009
Gross revenue (in \$000's)	1,899	1,829	1,775	1,723	1,806	1,402	1,711	1,707
Net earnings (loss) (\$)	75,406	29,833	59,564	37,997	29,038	(7,252)	93,590	34,010
<i>Net profit margin</i>	4.0%	1.6%	3.4%	2.2%	1.6%	(0.5%)	5.5%	2.0%
Net for year (\$)	202,800				149,386			
<i>Net profit margin</i>	2.8%				2.2%			
Earnings (loss) per share (\$)	0.002	0.002	0.004	0.003	0.002	(0.001)	0.006	0.002
Net per share for year (\$)	\$0.01				\$0.01			

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 likely related to increased product orders over the holiday season. In all the years from 2003 to 2010 net earnings has echoed these peaks, with the exception of the years 2006 to 2008.

In those years net earnings corresponded less directly to gross revenue fluctuations, with peaks generally in the first or second quarters, 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. Management has implemented strategies to improve the utilization of its cash and asset resources to achieve the most successful results.

ANALYSIS OF BALANCE SHEETS AT DECEMBER 31, 2010 AND DECEMBER 31, 2009

Accounts Receivable and Payable

Trade accounts receivable amounted to \$758,733 at December 31, 2010, an increase of 11.6% over the 2009 level of \$679,957, while trade accounts payable increased by 10.9% to \$705,042 versus \$635,627 at year-end 2009.

The increase in accounts receivable is indicative of longer payment intervals by the Corporation's customers due to the economic environment, which in turn also impacted payments of accounts payable. Accounts payable was also affected by higher inventory levels, which had been trending upwards since 2006, with levels of \$279,222 and \$284,543 recorded in 2010 and 2009, respectively, chiefly as a result of lower product deliveries during the economic downturn. Management has taken steps to rationalize its inventory positioning in the coming periods and trim low-demand products.

While management recognizes the need for improvements in the level of accounts receivable and inventories in the coming periods, with \$990,970 of cash available at December 31, 2010 and relatively stable net profit margins, management considers that there are adequate resources to meet its current obligations.

Due from Related Parties

During the year ended December 31, 2010, an amount of \$58,562 of accounts receivable from related parties was repaid to the Corporation, leaving a balance of \$82,565 receivable.

Long Term Debt and Capital Leases

The Corporation had long-term debt of \$692,223 and \$780,070 at December 31, 2010 and December 31, 2009, respectively. During 2009 the Corporation refinanced its long term debt at more favourable interest terms, acquired an additional term loan of \$100,000 to finance the construction of a new takeout location, and repaid a net \$87,847 of principal.

Property, Plant and Equipment

In the year ended December 31, 2010 minimal investment of \$30,620 was made in equipment purchases. In 2009 the Corporation had expended \$227,423 on the construction of the new Crowfoot takeout location. A bank loan for \$100,000 was obtained to cover part of the costs of the construction and related equipment purchases. This location commenced operations on October 29, 2009, and as of the date of this MD&A sales have met management's expectations.

LIQUIDITY AND SOLVENCY

Working Capital

At December 31, 2010, the Corporation had working capital of \$1,249,792, compared to \$1,139,852 at year-end December 31, 2009, for a working capital ratio of current assets to current liabilities of 2.4:1 versus 2.5:1, respectively.

	December 31	
	2010	2009
	\$	\$
Current assets		
Cash	990,970	719,609
Accounts receivable	860,526	866,276
Inventory	279,222	284,543
Prepaid expenses and deposits	5,133	6,468
	2,135,851	1,876,896
Current liabilities – accounts payable	886,059	737,043
Working capital	1,249,792	1,139,853
Working capital ratio	2.4 : 1	2.5 : 1
Acid test - working capital	965,437	848,842
Quick ratio	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 \$965,437 for a quick ratio of 2.1:1 at December 31, 2010 versus \$848,841 at December 31, 2009 representing a quick ratio of 2.1:1. This is a satisfactory level of liquidity and the Corporation is considering strategies for optimum utilization of its cash assets.

Cash Additions/Reductions

The Corporation expended \$30,620 for equipment in 2010, while in 2009 there were \$227,423 of expenditures for plant and equipment. The latter included \$218,644 of construction costs for the new Crowfoot takeout location that was completed in the October, 2009.

Cash from operations of \$388,202 was augmented by net positive movements in non-cash working capital of \$17,917, so that after outlays for plant and equipment, long term debt repayments of \$87,847 and share repurchases of \$17,447, the Corporation had cash available of \$270,205. Cash reserves were also increased by the receipt of \$139,261 from related parties, which was effectively offset by the distribution of \$138,105 of dividends in the last quarter of 2010. The overall addition to cash reserves amounted to \$271,361 resulting in a total bank balance of \$990,970 at year-end 2010.

In 2009 the disposition of 1379888 Alberta Ltd. resulted in a net proceeds to the Corporation of \$121,963. Cash from operations of \$314,215 was offset by net negative movements in non-cash working capital of \$204,249, so that after outlays for plant and equipment, net debt and advances repayments of \$201,531 and share repurchases of \$14,409, the Corporation recorded a net decrease in cash of \$211,614, bringing total cash reserves at December 31, 2009 to \$719,609.

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

The Corporation's capital lease obligations matured in 2007. 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 of 3.0% 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	2015	Beyond 2015
Long Term Debt	\$92,210	\$97,892	\$97,532	\$94,934	\$309,655

A net amount of \$87,847 was repaid in 2010, leaving total remaining loans outstanding of \$692,223.

Commitments

The Corporation has guaranteed the lease obligations for two of its franchise operations. The minimum lease obligations amount to \$99,500 per year from 2011 to 2012, inclusive, with a balance of \$9,950 payable thereafter.

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 last quarter of 2010, the Corporation acquired additional common shares for a cash consideration of \$23,966, resulting in the cancelation 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 stock options were granted during the year ended December 31, 2010 under the Corporation's employee stock option plan, leaving 1,355,000 options outstanding. These options are exercisable at \$0.16 per share until August 31, 2011.

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 2010, an amount of \$139,621 was received from related parties as repayment of outstanding indebtedness to the Corporation.

During the years ended December 31, 2010 and 2009, the Corporation's revenues included product sales to related parties of \$236,236 and \$188,947, respectively, as well as \$83,607 and \$102,721 of management service fees charged to companies controlled by a related party.

Net receivables from related parties amounted to \$82,565 at December 31, 2010, while payables to related parties amounted to a net \$141,127 at December 31, 2009. The major portion of the current receivable consisted of \$62,969 due from related franchisees and \$17,729 of management service fees.

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 as a one-time supplementary allocation of 85,000 kg, resulting in net savings of approximately \$230,000 from these quota.

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 replaced Canadian GAAP in publicly reporting companies. The Corporation's first reporting under IFRS will be the interim financial statements for the period ended March 31, 2011 and its first IFRS annual financial statements will be for the year ended December 31, 2011. To prepare for the transition to IFRS, during 2010 the Corporation's staff and consultant participated in seminars conducted by the Canadian Institute of Chartered Accountants and its Provincial affiliates. In addition, a detailed review was compiled of IFRS standards and other guidance in order to identify differences between current IFRS and current Canadian GAAP, as well as potential differences that may have occurred due to proposed changes in either IFRS or Canadian GAAP before January 1, 2011. Following is a summary of potential differences between IFRS and Canadian GAAP that would 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.

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 diminishing balance 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 25 years on a diminishing balance 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 commenced the detailed analysis of the Corporation's property, plant, and equipment to identify the applicable components and to adjust the depreciation calculations of fixed assets.

During the 2010 year a detailed assessment was undertaken of the impact of IFRS conversion on the Corporation's other line items in its financial statements.

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, 2010.

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.

SUBSEQUENT EVENT

Subsequent to December 31, 2010, the Corporation received an offer from an unrelated third party to purchase the Ginger Beef Express- Crowfoot location for the price of \$328,000. The expected closing date is July 1, 2011. Up to date, the Corporation has received deposit of \$10,000.