

The Skor Food Group Inc.

Interim Consolidated Financial Statements

November 30, 2006

(unaudited)

Notice to Reader

The accompanying unaudited interim consolidated financial statements have been prepared by the Company's management and the Company's independent auditor has not performed a review of these financial statements.

The Skor Food Group Inc.

Interim Consolidated Balance Sheets

	Note	November 30 2006	August 31 2006 (audited)
Assets			
Current			
Cash		\$ -	\$ 3,275,156
Accounts receivable		5,804,688	6,386,264
Inventory		12,224,929	14,724,633
Rebates receivable		2,013,040	1,566,945
Prepaid expenses and other assets		1,883,867	2,373,274
		21,926,524	28,326,272
Property, plant and equipment		3,817,901	3,867,272
Future income taxes		69,466	75,857
Goodwill		1,261,188	1,222,948
Distribution and franchise rights		314,786	328,596
Investments		12,600	12,600
		\$ 27,402,465	\$ 33,833,545
Liabilities			
Current			
Bank Indebtedness		418,390	-
Accounts payable and accrued liabilities		7,674,487	14,969,962
Income taxes payable		90,551	38,170
Current portion of long-term debt	2	1,701,111	1,837,573
		9,884,539	16,845,705
Redeemable preferred shares	3	200,000	200,000
		10,084,539	17,045,705
Shareholders' Equity			
Capital stock	4	10,574,729	10,515,516
Contributed surplus	5	94,436	103,024
Retained earnings		6,648,761	6,169,300
		17,317,926	16,787,840
		\$ 27,402,465	\$ 33,833,545

Approved by the Board "Vince Capobianco" Director "G. Michael Newman" Director

See accompanying notes.

The Skor Food Group Inc.

Interim Consolidated Statements of Earnings and Retained Earnings
For the Three Months Ended November 30
(unaudited)

	2006	2005
Revenue	\$ 44,976,355	\$ 20,514,885
Cost of sales	39,672,828	17,072,853
Gross profit	5,303,527	3,442,032
Expenses		
Operating	4,351,634	2,490,401
Interest on long-term debt	24,513	22,070
Amortization	239,339	76,309
	4,615,486	2,581,506
Earnings before relocation costs and income taxes	688,041	853,252
Relocation costs	-	122,065
Earnings before income taxes	688,041	731,187
Income taxes (recovered)		
Current	202,189	264,105
Future	6,391	(6,857)
	208,580	257,248
Net earnings	479,461	473,939
Retained earnings at beginning of period	6,169,300	4,440,353
Retained earnings at end of period	\$ 6,648,761	\$ 4,914,292
Earnings per share		
Basic	\$ 0.02	\$ 0.03
Diluted	\$ 0.02	\$ 0.03
Weighted average common shares outstanding		
Basic	25,703,340	17,938,670
Diluted	25,914,575	18,294,286

See accompanying notes.

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Interim Consolidated Statements of Cash Flows
For the Three Months Ended November 30
(unaudited)

	Note	2006	2005
Cash flows from operating activities			
Net earnings for period		\$ 479,461	\$ 473,939
Add (deduct) items not affecting cash			
Amortization		239,339	76,309
Gain on disposal of property, plant and equipment		-	(7,017)
Future income taxes		6,391	(6,857)
Stock based compensation		-	23,505
		725,191	559,879
Changes in non-cash working capital items			
Accounts receivable		581,576	(589,264)
Inventory		2,499,704	3,780
Prepaid expenses and other assets		489,407	167,056
Income taxes payable		52,381	112,236
Rebates receivable		(446,095)	(157,735)
Accounts payable and accrued liabilities		(7,295,475)	654,403
		(3,393,311)	750,355
Cash flows from investing activities			
Purchase of property, plant and equipment		(176,158)	(795,835)
Proceeds from disposal of property, plant and equipment		-	9,500
Additional costs related to acquisition		(38,240)	-
		(214,398)	(786,335)
Cash flows from financing activities			
Repayment of long-term debt		(136,462)	(153,877)
Issuance of capital stock		50,625	-
		(85,837)	(153,877)
Decrease in cash during the period		(3,693,546)	(189,857)
Cash at beginning of period		3,275,156	1,216,988
Cash (bank indebtedness) at end of period		\$ (418,390)	\$ 1,027,131

The Skor Food Group Inc.

Notes to Interim Consolidated Financial Statements November 30, 2006 (unaudited)

1. BASIS OF PRESENTATION

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles. The disclosures contained in these unaudited interim consolidated financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statements. The unaudited consolidated interim financial statements follow the same accounting policies and methods of application as the audited consolidated financial statements for the period ended August 31, 2006. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended August 31, 2006.

Accounting measurements at interim dates inherently involve greater reliance on estimates than at year end. In the opinion of management, the accompanying unaudited interim financial statements include all adjustments of a normal recurring nature to present fairly the position of the Company as at November 30, 2006. These financial statements reflect the results of operation for the three month period ended November 30, 2006.

2. LONG-TERM DEBT

	November 30 2006	August 31 2006 (audited)
Canadian chartered bank, bearing interest at the bank's prime rate plus .75% per annum, repayable at \$44,833 per month plus interest, due March 5, 2007, secured by a general security agreement over all assets	\$ 1,699,805	\$ 1,834,308
Lease payable, requiring monthly payments of \$653 and bearing interest at 0%, due January 7, 2007	1,306	3,265
	1,701,111	1,837,573
Less: Current portion	1,701,111	1,837,573
	\$ -	\$ -

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Notes to Interim Consolidated Financial Statements

November 30, 2006

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3. REDEEMABLE PREFERRED SHARES

	November 30 2006	August 31 2006
Authorized 200 non-voting preference shares		
Issued 200 non-voting preferred shares, eligible to participate in dividends at the discretion of the directors on a non-cumulative basis, redeemable at the option of the corporation or shareholder at \$1,000 per share. The holders have agreed not to demand redemption until after November 30, 2007.	\$ 200,000	\$ 200,000

4. CAPITAL STOCK

Authorized unlimited common shares		
Issued		
	Number	Value
Balance at August 31, 2006	25,623,670	\$10,515,516
Issued on exercise of options	125,000	59,213
Balance at November 30, 2006	25,748,670	\$10,574,729

5. CONTRIBUTED SURPLUS

The following summarizes the change in contributed surplus:

	November 30 2006	August 31 2006
Beginning balance	\$ 103,024	\$ 49,688
Stock options granted	-	56,516
Stock options exercised	(8,588)	(3,160)
Ending balance	\$ 94,436	\$ 103,024

6. STOCK OPTIONS AND WARRANTS

The Company maintains a stock option plan for the benefit of directors, officers, employees and other persons providing services to the Company. The maximum number of options reserved under the plan cannot exceed 20% of the total number of issued and outstanding common shares.

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The following summarizes the stock option activities for the three month period ended November 30:

	2006		2005	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning balance	890,000	\$ 0.64	645,000	\$ 0.40
Granted	-		145,000	\$ 0.95
Exercised	125,000	\$ 0.405	-	
Outstanding, end of period	765,000	\$ 0.68	790,000	\$ 0.50
Exercisable	765,000			

The Company had the following stock options outstanding at November 30, 2006:

Number of Options	Exercisable	Exercise Price	Expiry Date
480,000	480,000	\$ 0.40	January 8, 2009
145,000	145,000	\$ 0.95	October 27, 2008
140,000	140,000	\$ 1.36	March 22, 2009
765,000	765,000		

As at November 30, 2006, the Company had 450,000 warrants issued and outstanding. These warrants expire September 30, 2008.

7. STOCK BASED COMPENSATION

There were no options granted in the current quarter.

8. RELATED PARTY TRANSACTIONS

During the period, the Company had the following related party transactions that have not been disclosed elsewhere in these financial statements:

The Company purchased \$160,984 (2005 - \$168,309) worth of inventory at or below market rates and sold \$0 (2005 - \$6,839) of product at similar rates from/to a company in which certain officers and directors have a financial interest.

9. SUBSEQUENT EVENTS

On December 28, 2006, a total of 100,000 options were issued to Directors.

On January 19, 2007, the Company incorporated a wholly owned subsidiary named Skor Culinary Concepts Inc. which then acquired 100% of the issued and outstanding shares of three Greater Toronto Area food manufacturing and process companies for an aggregate purchase price of \$3.15 million, subject to final adjustments. The purchase was financed using a combination of existing working capital and bank financing.