

The Skor Food Group Inc.

Interim Consolidated Financial Statements

November 30, 2007

(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 2007	August 31 2007 (audited)
Assets			
Current			
Cash		\$ -	\$ 868,354
Accounts receivable		5,434,166	6,313,674
Inventory		10,916,472	9,884,424
Purchase rebates receivable from suppliers		2,317,464	1,668,685
Current portion of loans receivable		94,810	96,740
Prepaid expenses and other assets		1,294,342	1,784,420
Income taxes recoverable		664,702	666,780
		20,721,956	21,283,077
Property, plant and equipment		3,940,703	3,917,397
Future income taxes		418,735	420,079
Goodwill		2,967,462	2,967,462
Intangibles		1,406,182	1,466,315
Loans receivable		125,098	150,787
		\$ 29,580,136	\$ 30,205,117
Liabilities			
Current			
Bank indebtedness		1,970,750	1,020,000
Accounts payable and accrued liabilities		6,894,032	8,668,608
Current portion of long-term debt	3	1,317,612	3,713,776
		10,182,394	13,402,384
Long-term debt	3	2,148,997	-
		12,331,391	13,402,384
Shareholders' Equity			
Capital stock	4	10,766,328	10,766,328
Contributed surplus	5	72,687	72,687
Retained earnings		6,409,730	5,963,718
		17,248,745	16,802,733
		\$ 29,580,136	\$ 30,205,117

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)

	2007	2006
Revenue	\$ 42,696,137	\$ 44,922,571
Cost of sales	36,112,476	39,672,828
Gross profit	6,583,661	5,249,743
Expenses		
Operating	5,622,177	4,313,163
Interest on long-term debt	64,088	24,513
Amortization	297,146	230,459
	5,983,411	4,568,135
Earnings before undernoted and income taxes	600,250	681,608
Net income of discontinued operations	1,821	6,433
Earnings before income taxes	602,071	688,041
Income taxes		
Current	154,716	202,189
Future	1,343	6,391
	156,059	208,580
Net earnings	446,012	479,461
Retained earnings at beginning of period	5,963,718	6,169,300
Retained earnings at end of period	\$ 6,409,730	\$ 6,648,761
Earnings per share		
Basic	\$ 0.02	\$ 0.02
Diluted	\$ 0.02	\$ 0.02
Weighted average common shares outstanding		
Basic	26,148,670	25,703,340
Diluted	26,167,132	25,914,575

See accompanying notes.

The Skor Food Group Inc.

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

	Note	2007	2006
Cash flows from operating activities			
Net earnings for period		\$ 446,012	\$ 479,461
Add (deduct) items not affecting cash			
Amortization		297,146	239,339
Future income taxes		1,343	6,391
		744,501	725,191
Changes in non-cash working capital items			
Accounts receivable		879,508	581,576
Inventory		(1,032,048)	2,499,704
Prepaid expenses and other assets		490,078	489,407
Income taxes recoverable		2,078	52,381
Purchase rebates receivable from suppliers		(648,779)	(446,095)
Accounts payable and accrued liabilities		(1,774,576)	(7,295,475)
		(1,339,238)	(3,393,311)
Cash flows from investing activities			
Purchase of property, plant and equipment		(260,318)	(176,158)
Additional costs related to acquisition		-	(38,240)
Loans Receivable		27,619	-
		(232,699)	(214,398)
Cash flows from financing activities			
Bank Indebtedness		950,750	418,390
Repayment of long-term debt		(247,167)	(136,462)
Issuance of capital stock		-	50,625
		703,583	332,553
Decrease in cash during the period		(868,354)	(3,275,156)
Cash at beginning of period		868,354	3,275,156
Cash/ (bank indebtedness) at end of period		\$ (-)	\$ (-)

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Notes to Interim Consolidated Financial Statements

November 30, 2007

(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, 2007. The unaudited interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended August 31, 2007.

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, 2007. These financial statements reflect the results of operation for the three month period ended November 30, 2007.

2. SIGNIFICANT ACCOUNTING POLICIES-FINANCIAL INSTRUMENTS

Effective September 1, 2007, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants Handbook Section 1530, Comprehensive Income, Section 3855, Financial Instruments, and Section 3865, Hedges.

These changes in accounting policy have been adopted retroactively without restatement.

These recommendations establish standards for recognizing and measuring financial instruments, which include financial assets, financial liabilities, derivatives and embedded derivatives. Under these recommendations, all financial instruments are to be recorded initially at fair value. In subsequent periods, all financial instruments are re-measured based on the classification adopted for the financial instrument: held-to-maturity, loans and receivables, held for trading, available-for-sale or other liability.

Financial assets

Held for trading

Financial assets that are held with the intention of generating profits in the near term and derivative contracts that are financial assets, except for a derivative that is a designated and effective hedging instrument, are classified as held for trading. In addition, any other financial assets can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized in net income during the period.

Held-to-maturity

Financial assets that have a fixed maturity date and which the Company has a positive intention and the ability to hold to maturity are classified as held-to-maturity, which are subsequently re-measured at amortized cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets in return for a promise to repay on a specified date, or on demand, usually with interest. Loans and receivables are subsequently re-measured at amortized cost using the effective interest rate method.

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Available-for-sale

Available-for-sale assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets classified as available-for-sale are subsequently re-measured at fair value with the changes in fair value recorded in other comprehensive income.

Financial liabilities

Held for trading

Financial liabilities that are held with the intention of generating profits in the near term and derivative contracts that are financial liabilities, except for a derivative that is a designated and effective hedging instrument, are classified as held for trading. In addition, any other financial liabilities can be designated by the Company upon initial recognition as held for trading. These instruments are subsequently re-measured at fair value with the change in the fair value recognized in net income during the period.

Other liabilities

Non-derivative financial liabilities that have not been designated as held for trading are classified as other liabilities, which are subsequently re-measured at amortized cost using the effective interest rate method.

The Company has classified its financial instruments as follows:

<u>Financial Instrument</u>	<u>Classification</u>	<u>Accounting Treatment</u>
Cash and cash equivalents	Held for trading	Fair value
Accounts and rebates receivable	Loans and receivable	Amortized cost
Loans receivable	Loans and receivable	Amortized cost
Bank Indebtedness	Held for trading	Fair value
Accounts payable	Other liabilities	Amortized cost
Long Term Debt	Other liabilities	Amortized cost

The Company determined that the impact of the implementation of these new standards on its financial statements would not be material.

3. LONG-TERM DEBT

	November 30 2007	August 31 2007 (audited)
Canadian chartered bank, bearing interest at the bank's prime rate plus .75% per annum, repayable at \$82,389 per month plus interest, due June 1, 2010, secured by a general security agreement over all assets	\$ 2,479,767	\$ 2,726,934
Canadian chartered bank, bearing interest at the bank's prime rate plus .75% per annum, repayable at \$27,412 per month plus interest, due January 19, 2011, secured by a general security agreement over all assets	986,842	986,842
	3,466,609	3,713,776
Less: Current portion	1,317,612	3,713,776
	\$ 2,148,997	\$ -

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4. CAPITAL STOCK

Authorized
unlimited common shares

Issued

	Number	Value
Balance at August 31, 2007(audited) and November 30, 2007	26,148,670	\$10,766,328

5. CONTRIBUTED SURPLUS

The following summarizes the change in contributed surplus:

	November 30 2007	August 31 2007 (audited)
Beginning balance	\$ 72,687	\$ 103,024
Stock options granted	-	9,850
Stock options exercised	-	(40,187)
Ending balance	\$ 72,687	\$ 72,687

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. Notwithstanding the foregoing, the maximum aggregate number of shares issued or subject to options granted under the Plan or reserved and set aside for issue under the Plan and under all other management option plans outstanding and employee stock purchase plans shall not exceed 2,600,000 shares.

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

	2007		2006	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning balance	465,000	\$ 0.97	890,000	\$ 0.64
Granted	-			
Exercised	-		125,000	\$ 0.405
Outstanding, end of period	465,000	\$ 0.97	765,000	\$ 0.68
Exercisable	465,000			

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The Company had the following stock options outstanding at November 30, 2007:

Number of Options	Exercisable	Exercise Price	Expiry Date
145,000	145,000	\$ 0.95	October 27, 2008
80,000	80,000	\$ 0.40	January 8, 2009
140,000	140,000	\$ 1.36	March 22, 2009
100,000	100,000	\$ 0.90	December 30, 2009
465,000	465,000		

7. 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 \$171,567 (2006 - \$160,984) worth of inventory at or below market rates and sold \$4,025 (2006 - \$0) of product at similar rates from/to a company in which certain officers and directors have a financial interest.

8. SUBSEQUENT EVENTS

On December 28, 2007, a total of 300,000 options were issued to Directors at \$0.45 per share.

On January 18, 2008, Skor Culinary Concepts Inc. completed the acquisition of 888930 Ontario Inc. operating as City Wide Catering.