THE SKOR FOOD GROUP INC.

MANAGEMENT DISCUSSION AND ANALYSIS

DATE OF PREPARATION: April 25, 2008

PERIOD: THE THREE AND SIX MONTHS ENDED FEBRUARY 29, 2008

General

The following discussion and analysis provides a review of the consolidated financial conditions and operating performance of The Skor Food Group Inc. (the "Company" or "SKOR") and its subsidiaries for the three and six month period ended February 29, 2008. This discussion and analysis should be read in conjunction with the consolidated financial statements and accompanying notes. Any reference herein to 2008 shall mean the three and six month period ended February 29, 2008 and any reference herein to 2007 shall mean the three and six month period ended February 28, 2007.

Compliance with General Accepted Accounting Principles

Unless otherwise indicated, the financial information presented is expressed in Canadian dollars and prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). SKOR utilizes earnings before interest and taxes, depreciation and amortization ("EBITDA") as a measurement tool. This measure is a widely accepted financial indicator but it is not a measurement determined in accordance with GAAP.

Overview

SKOR is a vertically integrated regional based food Company that manufacturers and distributes products through its three operating divisions.

The Skor Food Service Ltd. operating division is a full service, wholesale food distributor to the food service industry, offering more than 7,000 items from its 200,000 square foot warehouse in Vaughan, Ontario. Skor Food Service Ltd. services a wide range of multi location food retailers, Quick Service Restaurant chains, day care facilities, government institutions, independent food service operators as well as vending operators and retail stores in Ontario.

Skor Wholesale Cash and Carry is a wholesaler to the independent retail grocer, convenience store and food service industry with 12 locations throughout Southern Ontario selling more than 10,000 private label and name brand, frozen goods, refrigerated products and dry goods including confectionary and tobacco.

Skor Culinary Concepts Inc. is in the business of manufacturing and distributing ready to eat sandwiches and meals for the catering, vending and institutional market.

Skor Franchise Inc., a subsidiary of SKOR, is in final stages of reversing the core components of the asset purchase of Galaxie Diner in cooperation with the Vendor. SKOR expects to fully recoup its investment in Galaxie Diner. In the interim, the operations will be treated as "discontinued operations" until such time as the disposal is completed. In this regard, our discussions with respect to the franchise operation will be limited.

<u>Overall Performance</u>

The Industry

The food service industry is characterized as a mature industry growing at a level consistent with the geographical population expansion. There are a limited number of food service distributors providing country-wide service to the restaurant and hospitality industry with the majority of food service firms focused on servicing niche geographic, product or ethnic markets. Successful food distributors compete on high quality service, competitive prices and breadth and depth of product offering. SKOR is considered a mid size regional provider of products focused on the institutional and regional based quick service restaurant chains located throughout Ontario.

The wholesale cash and carry business in Ontario is also a mature industry. The marketplace is dominated by large firms such as National Grocers (Loblaws) and Sam's Club (Wal-Mart) and Costco, who supply both retailers and consumers from the same locations. Skor Cash and Carry is positioned as the largest independent cash and carry operator servicing the independent retail market. SKOR competes with numerous smaller geographic and ethnic focused competitors with single locations offering a limited breadth of products. Customers are price sensitive on certain key product lines (tobacco, confectionary and name brand beverages) where margins are historically very competitive.

The food manufacturing industry is also a mature business, growing at rates consistent with geographical population expansion. Specifically focusing on manufactured product for the vending and catering industry in the Greater Toronto Area, the business is mature but is extremely fragmented with no dominant, industry leader. The market offers considerable opportunity for consolidation in the GTA market over the next few years as existing operators seek out viable and attractive exit strategies.

Risks

Risks and Uncertainties

Management is focused on maximizing profits and enhancing shareholder value by proactively managing the internal and external risks of the business. Some of these risk factors are summarized below;

- Credit risk associated with selling to independent food service operators and convenience store retailers;

SKOR manages its accounts receivable diligently, nonetheless, a material component of the business is transacted with independent operators (i.e. family owned and operated). Typically, family owned firms are not well capitalized and may experience a higher level of failure in the initial years of operation. The risk of non payment is mitigated by obtaining additional security where appropriate and restricting the terms to industry standards. As an additional tool to reduce overall credit risk, third party accounts receivable insurance through Euler Hermes was instituted in the first quarter of fiscal 2007.

- Certain operating costs may not be passed on to customers;

In light of the competitive operating and low-inflationary environment, it is difficult to pass on price increases to offset higher costs for such items as fuel, utilities and property taxes. SKOR manages this risk by reviewing its operations and associated costs on a continual basis.

- Economic reliance on discretionary cash flow of the consumer for a portion of the business;

SKOR services a broad range of customers including government institutions, municipalities, quick service restaurants, retailers and independent food service operators. In tougher economic times, consumers may spend less of their discretionary income on dining out which could cause a contraction in the market size to which SKOR sells. Management believes that SKOR is somewhat sheltered from this market fluctuation, given its solid foundation of institutional business together with its focus on the quick service restaurant market, which tends to be less sensitive to consumer spending.

- Competitive marketplace;

SKOR is a well positioned regional competitor in a marketplace which has three distinct segments; large national, broad-line distributors; the family owned niche providers of product focused on either a geographic or ethnic market; or the mid-tier regional firms which are focused on providing broad-line product coverage to a regional market. SKOR competes in the Ontario regional segment against firms of all sizes. Given the market dominance of three large well capitalized firms (Loblaws, Wal-Mart and Costco), SKOR does not attempt to compete head on with these firms, however, certain product lines must be kept competitive to maintain traffic flow and customer loyalty. As such, certain product lines such as tobacco operate on extremely low gross margins; however, SKOR is attempting to reduce the reliance on these product categories by focusing its energies on expanding its higher margin product lines.

- Product obsolescence and spoilage;

SKOR is a distributor of a broad range of products and as such does not feel that product obsolescence or spoilage is an issue which could materially impact financial results. Inventory is well managed and as such, products which are extremely sensitive and therefore have a limited shelf life are purchased on a just-in-time basis for specific customer orders.

- Low Margin and Inflation;

Profit levels may be negatively impacted during periods of price deflation as margins remain consistent, however, revenue may decline. During periods of inflation, it is possible that customers may resist paying higher prices for product costs passed on by the manufacturer to the distributor.

- Changes to distribution channels initiated by Suppliers

During the course of normal business operations, suppliers may attempt to reduce, eliminate or change the distribution channels or pricing to those channels. These distribution channel changes may result in a reduction in business through SKOR which could have a material effect on revenue and gross margin.

- Seasonality and weather

The business may experience fluctuations resulting from a number of factors such as economic conditions, effects of severe weather and seasonality at certain locations due to their proximity to traditional vacation destinations.

Results of Operation- Three and Six Months Ended February 29, 2008

Revenue

For the quarter, consolidated revenue decreased by 5.89% on a year over year basis from $40,495,000 to $ 38,111,017. On a year to date basis, revenue decreased by 5.40% from $85,417,569 to $80,807,154. Revenue in the current period was negatively impacted by a higher than average number of “storm days” in our key markets which directly affected customer traffic at our food service customers. At the same time, a softening in the Ontario economy together with higher fuel prices reduced consumers’ discretionary cash flow to spend on such items as entertainment and restaurant visits.

The Wholesale Cash and Carry segment continues to feel the pressure from a competitive retailing environment and the challenges to obtain and retain new high value customer relationships. Total revenue declined on a year over year basis by approximately 23%. A significant portion of the revenue decline was in low margin tobacco products. Nonetheless, efforts continue to identify opportunities to differentiate the business model from that of the competition.

Skor Culinary revenue increased on a year over year basis; however, prior year comparisons are not applicable as the business only commenced operations in January 2007.

Revenue figures have been adjusted to reflect the activity associated with the discontinued operations.

Cost of Sales and Gross Profit

Quarterly gross profit margins increased on an absolute basis by 2.75% from 14.20% to 16.95%. On a year to date basis, margins increased by 3.27% to 16.15% from 12.88% the prior year. An improvement in margins in both periods was due to the inclusion of the higher margin Skor Culinary business together with an improved sales mix of products with less of a focus on tobacco.

On a forward looking basis, gross profit margins are expected to be in the 12-16% range as tobacco margins continue to negatively impact the overall returns. Margins may also fluctuate dependent upon the mix of products sold to customers throughout the year.

Expenses

On a consolidated basis, operating expenses for the quarter, excluding the provision for income taxes, interest, amortization and costs associated with relocation and discontinued operations increased by 11.63% to $5,937,681 from $5,318,971 in the comparable prior year period. For the year to date, operating costs increased by 20.01% to $11,559,858 from $9,632,133 the prior year.

For the current period and the year to date, total operating expenses, excluding costs associated with discontinued operations and relocating certain operations, increased by 13.09% to $6,388,692 and 21.09% to 12,367,805 respectively. Negatively impacting expenses were higher amortization costs, which is reflective on the increased investment in fixed assets attributable to the acquisition of the Cash and Carry operations and the amortization of intangibles acquired in conjunction with Skor Culinary. Increased operating costs are due primarily to additional employees and overhead expenses incurred in conjunction with the acquisition of Skor Culinary in January 2007.

Stock Based Compensation ("SBC")

The company applies a fair value based method of accounting to all stock-based payments. In the current quarter, 300,000 options were issued to directors and a further 100,000 options were issued to Linear Capital for investor relation services. As a result, there was a $13,590 (2007-$9,850) charge to stock based compensation expense.

Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA")

For the quarter, earnings, before the inclusion of non recurring income, relocation costs, interest, taxes and amortization increased by $92,813 to $522,189 ($0.02/share) from $429,376 ($0.02/share) in the comparable period of fiscal 2007.

For the six month period, earnings, before non recurring income, relocation costs, interest, taxes and amortization increased by $117,718 to $1,483,673 ($0.06/share) from $1,365,955 ($0.05/share) in the comparable period of fiscal 2007.

Net Earnings

In the quarter, earnings increased by 3.80% to $31,263 from $30,119 ($0.00/share) the prior year.

For the year to date period, net earnings, after tax and relocation costs, decreased by 6.39% to $477,275 ($0.02) from $509,580 ($0.02/share) the prior year.

Summary of Quarterly Results

	Q2 2008	Q1 2008	Q4 2007	Q3 2007	Q2 2007	Q1 2007	Q4 2006	Q3 2006
Revenue($)	38,111,017	42,696,137	46,823,709	47,824,362	40,536,162	44,976,355	64,581,997	49,934,439
Earnings before tax and non recurring items($)	75,476	600,250	(1,134,594)	272,832	86,522	688,041	808,003	845,453
Net Earnings($)	31,263	446,012	(973,008)	257,846	30,119	479,461	493,854	531,939
EPS-Basic	.00	.02	(.04)	.01	.00	.02	.02	.02
EPS-Diluted	.00	.02	(.04)	.01	.00	.02	.02	.02
Outstanding Shares-Basic	26,148,670	26,148,670	25,792,148	25,748,670	25,748,670	25,703,340	25,491,279	24,969,105

All amounts are in CDN Dollars.

Capital Investments and Acquisitions

An amount of $76,588 was invested during the quarter in capital equipment required in the normal course of operations. A further investment of $323,720 was made in warehouse equipment, leasehold improvements and computer equipment required for the expansion and repositioning of two locations at Skor Wholesale Cash and Carry. The acquisition of Citywide Catering was completed during the quarter, which included the repayment of shareholder advances and the funding of the restructuring process.

At the present time, we do not expect to undertake any new material capital investments in the second half of the current fiscal year, outside of those typically required in the normal course of business.

Liquidity and Capital Resources

Working Capital

Working capital consists primarily of inventory and accounts receivable. As at February 29, 2008, SKOR had a working capital ratio of 1.76:1, and working capital of $9,034,447. On a per share basis, working capital is $0.35. Excluding the current portion of long term debt, which has been included in current liabilities, working capital is $10,523,108 ($0.40/ share). SKOR has adequate working capital and available lines of credit to support projected near term growth.

SKOR maintained approximately 28 day's worth of inventory at quarter end, an amount which is considered adequate to effectively service its customers.

Based upon the level of business being transacted by SKOR, working capital is deemed adequate to support near term organic growth. As income is retained in the business and recognizing that capital expenditures are expected to return to historical levels, working capital is expected to strengthen. The firm manages its working capital and draws on its bank operating facility to maximize supplier early payment discounts and special pricing opportunities where deemed appropriate.

Bank Debt

At year end, SKOR had an operating line of credit of $6,000,000 with a Schedule A Canadian Chartered Bank, (secured by a charge on the assets of the company), which was deemed sufficient to meet the near term operating requirements of the business. The operating facility was less than 45% drawn at period end.

The existing credit facilities are deemed adequate to support the organic growth of the consolidated group, providing additional flexibility to fund future growth.

Capital Expenditure Commitments

Skor has no capital commitments outstanding as at period end.

Capital Resources

SKOR is underleveraged with a long term debt to equity ratio of less than 0.20:1. The three year amortization period of the existing term debt combined with the expectation that future earnings will be retained in the business to further strengthen the balance sheet will positively impact the debt to equity ratio going forward.

At the present time, the Company has approved lease facilities with its lenders that are less than 20% funded. These available credit facilities are deemed sufficient to support SKOR's near term lease requirements.

Financial Instruments and Other Instruments

The company is exposed to certain interest rate risks, which have been identified earlier under the bank debt section and are summarized below.

At quarter end, SKOR is exposed to interest rate risk as it relates to its operating credit. Based upon expected usage of $2,000,000, each 25 basis point change in borrowing costs impacts quarterly interest expense by $1,250.

The floating rate term facilities provided by a Schedule "A" Bank exposes SKOR to interest rate risk; however, the facility offers the ability for SKOR to convert to a fixed rate option at any time. At this time, a 25 basis point change in floating rate borrowing costs impacts quarterly interest expense by $1,500, based upon projected average utilization of $2,400,000 for the next twelve month period.

SKOR has not utilized derivatives to hedge or speculate on interest rate changes.

Off Balance Sheet Arrangements

SKOR has issued indemnities in respect to letters of credit issued by its bank for letters of credit in favour of certain customers for future performance under specific contracts. As at February 29, 2008, there was $20,000 worth of letters of credit issued and outstanding.

Transactions with Related Parties

In the most recent year to date period and in the normal course of business, SKOR purchased approximately $ 312,138 and sold $ 11,027 worth of product at or below market rates, from/to Companies, which certain officers and directors of SKOR have a financial interest in.

SKOR has no other contractual obligations with respect to inter-company transactions.

Legal Proceedings

There has been no activity on the outstanding claims reported at year end. The amount of any potential loss is indeterminable at this time and accordingly, no provision has been made in these financial statements.

Management Changes

Nil

New Accounting Pronouncements

Nil

Disclosure Controls

The Company's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures, including adherence to the Disclosure Policy adopted by the Company.

The Chief Executive Officer and the Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures as of February 29, 2008, have concluded that the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

Capital Stock – Common Shares as at April 25, 2008

Issued and Outstanding (August 31, 2007)	26,148,670
Add:	
Options (Expiry March 22, 2009)	140,000
Options (Expiry October 27, 2008)	145,000
Options (Expiry January 2009)	80,000
Options (Expiry December 2009)	100,000
Options (Expiry July 28, 2010)	100,000
Options (Expiry December 27, 2010)	300,000
Diluted	27,013,670

Significant Events during the Quarter

Skor Cash and Carry opened a new format wholesale marketplace store in Bradford, Ontario and closed an existing facility in Barrie. The new style food service focused store occupies a smaller footprint in a more retail oriented environment. The Barrie facility was sub-let to an arms-length third party for the duration of the remaining lease term at rates which should result in no on-going costs to Skor.

Skor Culinary completed the consolidation of four locations in the quarter. The Guelph distribution operations were amalgamated into a shared facility presently occupied by a related party at the end of the quarter and as such, occupancy costs will not be positively impacted until the third quarter. The Brampton production facilities were moved to the Citywide Catering premises in late January and as such the full financial impact of this consolidation will not be felt until the third quarter of the current fiscal year.

Subsequent Events

Skor received exchange approval to commence a normal course issuer bid to acquire up to 4.65% of the issued and outstanding shares of the Company.

Outlook

The second quarter is typically the weakest quarter of the fiscal year due to slowdowns caused by traditional holidays and inclement weather. Nonetheless, we are confident that operational changes that have already been implemented and a continued focus on expense control will have an immediate impact in the third quarter. As we enter into our traditional busier seasons, we are well equipped to efficiently and effectively manage the various business operations. The challenge going forward will be to grow the business by more aggressively building profitable long term relationships with both our suppliers and our customers.

Additional Information

Additional information relating to the Corporation is available under the Corporation's profile on the SEDAR website at www.sedar.com. Shareholders may contact the Corporation to request copies of the financial statements and MD&A by: (i) mail to 10 Ronrose Drive, Vaughan Ontario L4K 4R3 or (ii) fax to (905) 532-3627.

Forward-Looking Information

The Company and its representatives periodically make written and oral forward-looking statements, including those contained in this document and all documents and reports disseminated to shareholders and the public. Forward-looking statements involve significant risk, uncertainties and assumptions that could result in actual results being different from anticipated performance. SKOR cautions readers to the risks, uncertainties and assumptions of forward-looking statements. Although the forward-looking statements the Company makes are based on what management believes to be reasonable assumptions at the time the statements are made, the Company cannot guarantee or assure prospective investors that actual results will be consistent with SKOR's forward looking statements.