SIR Corp.

Interim Consolidated Financial Statements

For the 12-week and 36-week periods ended May 8, 2011

(Unaudited)

These interim consolidated financial statements have not been reviewed by the Company's auditors.

SIR Corp.

Consolidated Balance Sheets

(Unaudited)

(in thousands of dollars)

	May 8, 2011	August 29, 2010 (note 4)
Assets		
Current assets		
Cash and cash equivalents	5,002	9,586
Accounts receivable	3,076	2,839
Inventories	2,596	2,503
Prepaid expenses, deposits and other assets	1,730	611
Current portion of loans and advances	375	375
Current assets of discontinued operation (note 4)	2,416	101
	15,195	16,015
Loans and advances	1,158	1,065
Property and equipment	41,870	42,276
Goodwill	5,410	5,410
Intangible and other assets	509	415
Property and equipment of discontinued operation (note 4)	-	2,385
	64,142	67,566

The accompanying notes are an integral part of these interim consolidated financial statements.

SIR Corp.

Consolidated Balance Sheets...*continued*

(Unaudited)

(in thousands of dollars)

	May 8, 2011	August 29, 2010 (note 4)
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	20,982	21,429
Construction accounts payable and accrued liabilities	1,672	829
Current portion of long-term debt (note 5)	1,937	2,074
Current portion of other long-term liabilities	1,479	1,387
Amounts due to SIR Royalty Income Fund - net (note 6)	1,315	1,744
Current liabilities of discontinued operation (note 4)	1,005	1,244
	28,390	28,707
Long-term debt (note 5)	21,279	22,133
Loan payable to SIR Royalty Income Fund (note 6)	35,592	35,575
Non-controlling interest in SIR Royalty Limited Partnership (note 6)	11,167	11,167
Other long-term liabilities	9,181	8,882
Future income taxes	115	108
	105,724	106,572
Shareholders' Deficiency		
Capital stock (note 11)	11,571	11,571
Accumulated other comprehensive loss	(202)	(202)
Deficit	(52,951)	(50,375)
	(41,582)	(39,006)
	64,142	67,566

Contingencies and commitments (note 8)

The accompanying notes are an integral part of these interim consolidated financial statements.

SIR Corp.

Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited)

(in thousands of dollars)

	12-week period ended		36-week period ended	
	May 8, 2011	May 9, 2010 (note 4)	May 8, 2011	May 9, 2010 (note 4)
Corporate restaurant operations				
Food and beverage revenue (note 10)	47,962	46,522	138,867	136,111
Cost of corporate restaurant operations				
Food and beverage	14,488	13,690	41,818	40,756
Labour	16,132	15,009	46,827	44,118
Direct costs of restaurant operations	10,916	11,017	32,630	32,638
Amortization of restaurant assets	1,723	1,742	5,233	5,335
	43,259	41,458	126,508	122,847
Earnings from corporate restaurant operations	4,703	5,064	12,359	13,264
Corporate costs	(2,607)	(2,535)	(7,990)	(7,079)
Other amortization	(63)	(63)	(191)	(193)
	(2,670)	(2,598)	(8,181)	(7,272)
Earnings before the following items	2,033	2,466	4,178	5,992
Interest expense - net	(532)	(548)	(1,623)	(1,424)
Interest on loan payable to SIR Royalty Income Fund (note 6)	(690)	(690)	(2,071)	(2,071)
Non-controlling interest in SIR Royalty Limited Partnership (note 6)	(1,153)	(1,109)	(3,291)	(2,988)
Recovery of impairment of loans and advances	100	300	300	500
Other income - net	32	83	101	328
Earnings (loss) before income taxes	(210)	502	(2,406)	337
Recovery of (provision for) income taxes	(19)	(10)	(7)	33
Net earnings (loss) and comprehensive income (loss) from continuing operations for the period	(229)	492	(2,413)	370
Net loss and comprehensive loss from discontinued operation for the period (note 4)	(42)	(40)	(163)	(68)
Net earnings (loss) and comprehensive income (loss) for the period	(271)	452	(2,576)	302

The accompanying notes are an integral part of these interim consolidated financial statements.

SIR Corp.

Consolidated Statements of Deficit

(Unaudited)

(in thousands of dollars)

	12-week period ended May 8, 2011	12-week period ended May 9, 2010 (note 4)	36-week period ended May 8, 2011	36-week period ended May 9, 2010 (note 4)
Deficit - Beginning of period	(52,680)	(50,536)	(50,375)	(39,391)
Net earnings (loss) for the period	(271)	452	(2,576)	302
Charge arising from related party transaction (note 11)	-	-	-	(265)
Excess of purchase price of capital stock for cancellation (note 11)	-	-	-	(10,730)
Deficit - End of period	(52,951)	(50,084)	(52,951)	(50,084)

The accompanying notes are an integral part of these interim consolidated financial statements.

SIR Corp.

Consolidated Statements of Cash Flows
(Unaudited)

(in thousands of dollars)

	12-week period ended		36-week period ended	
	May 8, 2011	May 9, 2010 (note 4)	May 8, 2011	May 9, 2010 (note 4)
Cash provided by (used in)				
Operating activities				
Net earnings (loss) from continuing operation for the period	(229)	492	(2,413)	370
Items not affecting cash				
Amortization	1,786	1,805	5,424	5,528
Future income taxes	19	10	7	(34)
Recovery of impairment of loans and advances	(100)	(300)	(300)	(500)
Non-cash interest expense	51	63	161	261
Amortization of leasehold inducements	(111)	(125)	(357)	(386)
Other	117	66	218	165
Leasehold and other inducements received	72	-	169	50
Net change in working capital items (note 9)	469	(370)	(1,792)	(183)
Net cash provided by continuing operations	2,074	1,641	1,117	5,271
Net cash provided by (used in) discontinued operation	(35)	(25)	(207)	(29)
	2,039	1,616	910	5,242
Investing activities				
Purchase of property and equipment and other assets - net	(915)	(441)	(4,297)	(975)
Purchase of loan receivable (note 11)	-	-	-	(265)
Repayment of loans and advances	-	154	331	353
Net cash used in continuing investing activities	(915)	(287)	(3,966)	(887)
Purchase of property and equipment and other assets of discontinued operation - net	(2)	(3)	(6)	(36)
	(917)	(290)	(3,972)	(923)
Financing activities				
Proceeds from issuance of long-term debt	-	-	-	26,000
Principal repayment of long-term debt	(478)	(502)	(1,246)	(13,677)
Financing fees	-	-	-	(1,056)
Deferred transaction costs	(54)	-	(159)	-
Repurchase of capital stock (note 11)	-	-	-	(16,764)
Net cash used in continuing financing activities	(532)	(502)	(1,405)	(5,497)
Principal repayment of long-term debt of discontinued operation	(38)	(38)	(117)	(113)
	(570)	(540)	(1,522)	(5,610)
Increase (decrease) in cash and cash equivalents during the period	552	786	(4,584)	(1,291)
Cash and cash equivalents - Beginning of period	4,450	6,054	9,586	8,131
Cash and cash equivalents - End of period	5,002	6,840	5,002	6,840
Supplemental Information				
Interest paid	1,276	1,264	3,673	3,053
Income taxes recovered	(7)	-	(7)	(8)

The accompanying notes are an integral part of these interim consolidated financial statements.

1. Nature of operations and fiscal year

Nature of operations

SIR Corp. (the "Company") is a private company amalgamated under the Business Corporations Act of Ontario. As at May 8, 2011, the Company operates a total of 47 (May 9, 2010 – 45) Concept and Signature restaurants in Canada (in Ontario, Quebec, Alberta and Nova Scotia) (the "SIR Restaurants"). The Concept restaurants are Jack Astor's Bar and Grill® ("Jack Astor's®"), Canyon Creek Chop House® ("Canyon Creek®") and Alice Fazooli's® and the Signature restaurants are *reds*®, Far Niente®/FOUR®/Petit Four™, and the Loose Moose Tap & Grill®. The Company also owns Jack Astor's (Cary & Las Colinas) Limited ("JACL") which operates one Jack Astor's restaurant in the United States.

On October 1, 2004, SIR Royalty Income Fund (the "Fund") filed a final prospectus for a public Offering of units of the Fund. The net proceeds of the Offering of $51,167,000 were used by the Fund to acquire certain bank debt of the Company (the "SIR Loan") and indirectly, through SIR Holdings Trust (the "Trust") all of the Ordinary LP units of SIR Royalty Limited Partnership (the "Partnership"). On October 12, 2004, the Partnership acquired from the Company the Canadian trademarks used in connection with the operation of the majority of the Company's restaurants in Canada (see note 6).

Fiscal year

The Company's fiscal year is made up of 52 or 53-week periods ending on the last Sunday in August. The fiscal quarters for the Company consist of accounting periods of 12, 12, 12 and 16 or 17 weeks, respectively. The fiscal years for 2011 and 2010 consist of 52 weeks each.

2. Summary of significant accounting policies

Basis of presentation

These interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada for interim reporting. Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company. In the opinion of management, all adjustments considered necessary for fair presentation have been included. All such adjustments are of a normal recurring nature. Operating results for the 36-week period ended May 8, 2011 are not necessarily indicative of the results that may be expected for the 52-week period ended August 28, 2011.

There have been no changes in accounting policies as described in note 2 to the consolidated financial statements for the year ended August 29, 2010.

Seasonality

The full service restaurant sector of the Canadian foodservice industry in which the Company operates, experiences seasonal fluctuations in revenues. Favourable summer weather generally results in increased revenues during the Company's fourth quarter (ending the last Sunday in August) when patios can be open. Additionally, certain holidays and observances also affect dining patterns both favourably and unfavourably.

3. Recently issued accounting pronouncements not yet effective

Accounting Standards for Private Enterprises

The Canadian Accounting Standards Board has finalized a new set of standards for private enterprises; the Company will adopt Accounting Standards for Private Enterprises effective for its fiscal 2012 year. Management is evaluating the new standards and has not yet determined the impact of this change on the Company's consolidated financial statements.

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

CICA Handbook Sections 1582, Business Combinations, 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests replace the former CICA Handbook Sections 1581, Business Combinations and 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to International Financial Reporting Standard 3, Business Combinations and International Accounting Standard 27, Consolidated and Separate Financial Statements. CICA Handbook Section 1582 is effective for the Company for business combinations for which the acquisition date is on or after the reporting period beginning on or after August 29, 2011. CICA Handbook Sections 1601 and 1602 are effective for the Company for interim and annual consolidated financial statements relating to years beginning on or after August 29, 2011. Management has not yet determined the impact of this change on the Company's consolidated financial statements.

4. Discontinued operation

SIR has committed to a plan to sell and is actively seeking out a buyer for substantially all the assets of its restaurant operation in the United States, Jack Astor's Cary, LLC, a subsidiary of JACL. The proceeds from the sale of the assets will be used to repay the associated U.S. bank debt, which at May 8, 2011 was $928,000 (U.S. $965,000). As such, the assets and liabilities and the results from operations related to this restaurant operation have been disclosed separately as a discontinued operation and prior period balances have been restated.

The summarized statement of operation and comprehensive loss for this discontinued operation is as follows:

	12-week period ended		36-week period ended	
	May 8, 2011 $	May 9, 2010 $	May 8, 2011 $	May 9, 2010 $
	(in thousands of dollars)			
Food and beverage revenue	531	590	1,606	1,825
Net loss from discontinued operation	(42)	(40)	(163)	(68)

The summarized balance sheet for the discontinued operation is as follows:

	May 8, 2011 $	August 29, 2010 $
	(in thousands of dollars)	
Current assets		
Cash and cash equivalents	44	32
Accounts receivable	32	31
Inventories	28	33
Prepaids, deposits and other assets	17	5
Property and equipment held for sale	2,295	-
	2,416	101
Property and equipment	-	2,385
	2,416	2,486
Current liabilities		
Accounts payable and accrued liabilities	77	104
Current portion of long-term debt	928	1,140
	1,005	1,244
Net assets of discontinued operation	1,411	1,242

Current portion of long-term debt is a loan payable by Jack Astor's Cary, LLC, a subsidiary of JACL for a total amount of $928,000 (U.S. $965,000) (August 29, 2010 – $1,140,000; U.S. $1,083,000) that is currently non-compliant with respect to certain financial and non-financial covenants. As a result, this loan is presented as a current liability. All payments due on the loan have been made to date, and no notices of default have been received by the borrowers. The loan is collateralized by the assets of JACL.

5. Bank indebtedness and long-term debt

Effective November 13, 2009, the Company entered into a $26,000,000 senior term debt facility which, in turn, replaced its existing $16,000,000 credit facility. The credit facility has a three-year term with a 10-year amortization. The rate of interest on the financing is equal to the greater of 7.8% per annum and the three-month Canadian dollar banker's acceptance rate plus 7.55% per annum, calculated monthly, not in advance. The debt is repayable in estimated monthly blended instalments of principal and interest of $313,000. The bank debt is collateralized by a general security agreement and entitles the lender to a first charge on all of the Company's assets, including a pledge of all shares and the investment in the Partnership and a specific assignment of the rights under the Licence and Royalty Agreement. However, the lender does not have a pledge over the assets of the Partnership. The financing arrangement contains certain financial and non-financial covenants, which the Company is in compliance with as at May 8, 2011. In addition, the debt is guaranteed by the majority shareholder of the Company (a related party), for which a guarantee fee of $54,000 and $160,000 was charged to other income - net in the consolidated statements of operations for the 12-week and 36-week periods ended May 8, 2011, respectively (12-week and 36-week periods ended May 9, 2010 - $nil and $nil, respectively). The Company also issued 26 warrants to the majority shareholder of the Company to acquire Class S Special Shares of the Company concurrent with this transaction. These warrants have been pledged to the new senior lender (note 11).

In compliance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, the Company has recorded its long-term debt at amortized cost. The Company has netted the transaction costs against the respective debt and amortizes these costs over the expected life of the long-term debt using the effective interest rate method. Amortization of deferred financing fees of $82,000 and $255,000 has been charged to interest expense in the consolidated statements of operations for the 12-week and 36-week periods ended May 8, 2011, respectively (12-week and 36-week periods ended May 9, 2010 - $86,000 and $328,000, respectively). Unamortized transaction costs netted against the debt at May 8, 2011 were $506,000 (August 29, 2010 - $760,000).

6. SIR Royalty Income Fund

The following is a summary of the transactions with the Fund and the Partnership:

(a) SIR Loan

The $40,000,000 SIR Loan bears interest at 7.5% per annum, is due October 12, 2044. On November 13, 2009, the Fund and the Partnership entered into a Subordination and Postponement Agreement to subordinate and postpone their claims against the Company in favour of the bank. The Fund and the Partnership have not guaranteed the current credit facility.

The bank debt is permitted indebtedness within the meaning of the agreements between the Fund, the Partnership and the Company and, as a result, the Fund and the Partnership have, as contemplated in the existing agreements, subordinated and postponed their claims against the Company to the claims of the bank. This subordination, which includes a subordination of the Partnership's rights under the Licence and Royalty Agreement between the Partnership and the Company whereby the Partnership licenses to the Company the right to use the trademarks and related intellectual property in return for royalty payments based on revenues, has been effected pursuant to the terms of the Subordination and Postponement Agreement.

Under the Subordination and Postponement Agreement, absent a default or event of default under the current credit facility, ordinary payments to the Fund and the Partnership can continue and the Partnership can exercise any and all of its rights to preserve the trademarks and related intellectual property governed by the Licence and Royalty Agreement. However, if a default or an event of default were to occur, then payments to the Fund and the Partnership could cease and the related rights of the Fund and the Partnership could be subject to a "standstill" obligation for a period of up to 120 days (which may be extended if the bank is pursuing remedies). The Subordination and Postponement Agreement also contains various other typical covenants of the Fund and the Partnership. In addition, the Company provided an undertaking to the Fund and the Partnership to restrict the amount of additional debt that the Company can incur without the consent of the Fund and the Partnership (which consent shall not be unreasonably withheld).

Interest expense of $690,000 and $2,071,000 was charged to the consolidated statements of operations for the 12-week and 36-week periods ended May 8, 2011, respectively (12-week and 36-week periods ended May 9, 2010 - $690,000 and $2,071,000, respectively).

The Company has the right to require the Fund to, indirectly, purchase their Class C GP Units of the Partnership and assume a portion of the SIR Loan as consideration for the acquisition of the Class C GP Units.

(b) Non-controlling interest in SIR Royalty Limited Partnership

	12-week period ended		36-week period ended	
	May 8, 2011	**May 9, 2010**	**May 8, 2011**	**May 9, 2010**
	(in thousands of dollars)			
Initial investment by the Fund	11,167	11,167	11,167	11,167
Non-controlling interest in earnings of the Partnership	1,153	1,109	3,291	2,988
Distributions declared on the Partnership units held by the non-controlling interest	(1,153)	(1,109)	(3,291)	(2,988)
Non-controlling interest in the Partnership	11,167	11,167	11,167	11,167
Pooled Revenue *	47,838	46,522	137,975	136,111
Partnership royalty income *	2,870	2,792	8,278	8,167
Other income	8	6	23	17
Partnership expenses	(18)	(20)	(71)	(61)
Net earnings of the Partnership	2,860	2,778	8,230	8,123
The Company's interest in the Partnership	(1,707)	(1,669)	(4,939)	(5,135)
Non-controlling interest in the Partnership	1,153	1,109	3,291	2,988

* Includes revenue from the SIR Restaurants subject to the License and Royalty Agreement. The Partnership owns the SIR Rights formerly owned or licensed by the Company or its subsidiaries and used in connection with the operation of the majority of the Company's restaurants in Canada. Partnership royalty income is 6% of Pooled Revenue in accordance with the License and Royalty Agreement, plus a Make-Whole Payment for the closed restaurants.

On October 12, 2004, the Partnership issued Ordinary LP and GP Units to the Fund for cash consideration of $11,167,000. The holders of the Ordinary LP Units are entitled to receive a pro rata share of all residual distributions of the Partnership.

The holders of the Class A GP Units are entitled to receive a pro rata share of all residual distributions of the Partnership and the Class A GP Units are exchangeable into Units of the Fund.

The Partnership owns the Canadian trademarks (the "SIR Rights") formerly owned or licensed by the Company or its subsidiaries and used in connection with the operation of the majority of the Company's restaurants in Canada. The Partnership has granted the Company a 99-year license to use the SIR Rights in most of Canada in consideration for a Royalty, payable by the Company to the Partnership, equal to 6% of the revenue of the restaurants included in the Royalty pool (the "License and Royalty Agreement").

Under the terms of the License and Royalty Agreement, the Company may be required to pay a Make-Whole Payment in respect of the reduction in revenues for restaurants permanently closed during a reporting period. The Company is not required to pay any Make-Whole Payment in respect of a permanently closed restaurant following the date on which the number of restaurants in the Royalty pool is equal to or greater than 68 or following October 12, 2019, whichever occurs first. On January 1 of each year (the Adjustment Date), the restaurants subject to the License and Royalty Agreement are adjusted for new Restaurants opened for at least 60 days proceeding such Adjustment Date. At each Adjustment Date, the Company will be entitled to convert its Class B GP Units to Class A GP Units based on a conversion formula defined in the Partnership Agreement. Additional Class B GP Units may be converted to Class A GP Units in respect of these new SIR Restaurants if actual revenues of the new SIR Restaurants exceed 80% of the initial estimated revenues. Conversely, converted Class A GP Units may be returned by the Company if the actual revenues are less than 80% of the initial estimated revenues. In December of each year, an additional distribution will be payable to the Class B GP unitholders based on actual revenues of the new SIR Restaurants exceeding 80% of the initial estimated revenue or there will be a reduction in the distributions to the Class A GP unitholders if revenues are less than 80% of the initial estimated revenues. In December 2010, an additional distribution of $nil (2009 - $337,000) was declared and paid in cash in January 2011.

On January 1, 2011, one (January 1, 2010 – nil) new SIR Restaurants were added to the Royalty Pooled Restaurants in accordance with the License and Royalty Agreement. As consideration for the additional Royalty associated with the addition of one (January 1, 2010 – nil) new restaurants on January 1, 2011, as well as the Second Incremental Adjustment for the nil (January 1, 2009 – six) new SIR Restaurants added to the Royalty Pooled Restaurants on January 1, 2010, the Company converted a portion of its Class B GP units into Class A GP units based on the formula defined in the Partnership Agreement. The effect of these adjustments to the Royalty Pooled Restaurants was that the Company converted 137,000 (January 1, 2010 – 244,000) Class B GP units into 137,000 (January 1, 2010 – 244,000) Class A GP units on January 1, 2011 at an estimated fair value of $1,420,000 (January 1, 2010 - $1,237,000). As a result of this exchange, the Company's interest in the Partnership increased to 36.7% effective January 1, 2011.

(c) **Amounts due to the SIR Royalty Income Fund**

Amounts due to (from) the SIR Royalty Income Fund and its subsidiaries consist of:

	May 8, 2011	**August 29, 2010**
	(in thousands of dollars)	
Advances receivable	(1,934)	(1,987)
Interest payable on SIR Loan	310	489
Partnership distributions payable	2,939	3,242
Payable to the Fund and its subsidiaries – net	1,315	1,744

Amounts due to (from) related parties are non-interest bearing and due on demand.

During the 12-week and 36-week periods ended May 8, 2011, distributions of $1,153,000 and $3,291,000, respectively were declared to the Fund through the Partnership (12-week and 36-week periods ended May 9, 2010 - $1,109,000 and $2,988,000, respectively). The Fund, indirectly through the Trust, is entitled to receive a pro rata share of all residual distributions.

The Company, through the Partnership, has entered into an arrangement with the Fund and the Trust whereby the Partnership will provide or arrange for the provision of services required in the administration of the Fund and the Trust. The Partnership has arranged for these services to be provided by SIR GP Inc., in its capacity as the managing general partner of the Partnership. For the 12-week and 36-week periods ended May 8, 2011, the Partnership provided these services to the Fund and the Trust for consideration of $6,000 and $17,000, respectively (12-week and 36-week periods ended May 9, 2010 – $6,000 and $17,000, respectively), which was the amount of consideration agreed to by the related parties.

7. Capital Management

The Company's capital consists of its capital stock and deficit of $11,571,000 and $52,951,000, respectively. The objectives in managing the capital are to safeguard the Company's ability to continue as a going concern, to provide financial capacity and flexibility to meet its strategic objectives, to allow the Company to respond to changes in economic and/or marketplace conditions and to provide a return to its shareholders. The Company strives to maintain an optimal split between debt and equity with a view to balance its flexibility, while minimizing its cost of capital. The Company evaluates cash flow through its budgeting and forecasting process to help plan and track its capital objectives requirement to meet its strategic plans.

On November 13, 2009, the Company provided an undertaking to the Fund and the Partnership to restrict the amount of the additional debt that the Company can incur without the consent of the Fund and the Partnership (which consent shall not be unreasonably withheld). The Company is required to issue common shares upon the exercising of stock options held by shareholders, directors, and employees.

8. Contingencies and commitments

As at May 8, 2011, the Company has two commitments to lease properties upon which it plans to build three new restaurants. At the current date, the Company has not entered into any construction contracts for the three restaurants to be built, but expects to do so in the future. Final costs of construction are subject to uncertainties as to their amounts and timing. Such things as finalization of design and final construction quotes could change the total cost of these projects.

9. Supplemental cash flow information

The net change in working capital items is as follows:

	12-week period ended		36-week period ended	
	May 8, 2011	**May 9, 2010 (note 4)**	**May 8, 2011**	**May 9, 2010 (note 4)**
	(in thousands of dollars)			
Accounts receivable	(88)	(30)	(253)	54
Inventories	(6)	134	(93)	(26)
Prepaid expenses, deposits and other assets	(458)	(363)	(1,119)	(1,124)
Accounts payable and accrued liabilities	1,030	143	(376)	1,139
Amounts due to the Fund	(147)	(187)	(429)	(217)
Accrued management bonus	138	(67)	478	(9)
	469	(370)	(1,792)	(183)

10. Segmented operations

The Company operates a portfolio of restaurants in Canada and the United States, which are categorized as Concept or Signature restaurants. Concept restaurants are brands that have been rolled out to multiple locations. Signature restaurants are one-of-a-kind brands. The accounting policies of the segments are the same as those described in the summary of accounting policies contained in the annual consolidated financial statements of the Company. The Company evaluates the performance of each segment based on earnings (loss) from operations before income taxes, interest, other non-recurring gains and losses, corporate costs and amortization of non-restaurant assets.

Selected information about the Company's operating segments has been provided as follows:

	12-week period ended		36-week period ended	
	May 8, 2011	**May 9, 2010** (note 4)	**May 8, 2011**	**May 9, 2010** (note 4)
	(in thousands of dollars)			
Food and beverage revenue				
Canada				
Jack Astor's	33,259	31,936	94,628	91,824
Canyon Creek	6,534	6,265	20,203	19,915
Alice Fazooli's	4,154	4,511	12,438	13,235
Signature	4,015	3,810	11,598	11,137
	47,962	46,522	138,867	136,111

11. Repurchase of capital stock

On November 13, 2009, the Company entered into a $26,000,000 senior term debt facility. Part of the proceeds from this facility was used to repay $12,740,000 outstanding on the former credit facility. The remaining proceeds, as well as a portion of existing cash on hand, were used to repurchase 5,407,000 common shares of the Company from one shareholder as well as to acquire the rights to certain debts owed by U.S. S.I.R. L.L.C. from one shareholder of the Company and to pay professional fees and transaction costs relating to these transactions. The shareholder assigned its rights to certain debts owed by U.S. S.I.R. L.L.C. totalling $265,000. The loan bears interest at 10% and has no set terms of repayment. The transfer of the U.S. S.I.R. L.L.C. loan was recorded at its carrying value, prior to acquisition by the Company, of $nil. Accordingly, the difference between the carrying value and cash consideration of $265,000 was charged to deficit during the 24-week period ended February 14, 2010.

The consideration for the share repurchase was $16,764,000, including transaction costs of $29,000 representing the exchange amount between the company and the shareholder. Of this amount, $6,034,000 was charged to capital stock and $10,730,000 was charged to deficit during the 24-week period ending February 14, 2010.

The Company also filed Articles of Amendment to authorize unlimited Class S Special Shares. The Class S Special Shares have 1,000,000 votes per share, are redeemable at the option of the holder for a redemption amount as defined in the Articles of Amendment and are redeemable at the option of the Company, at any time following the third anniversary of the date of first issuance of any Class S Special Share, at the redemption amount. No Class S Special Shares are currently outstanding; however, as part of the senior term debt agreement, the Company issued 26 warrants to acquire one Class S Special Share per warrant to a shareholder of the Company. The warrants have an exercise price of $1.00, expire on November 11, 2020 and can only be exercised upon the event of default by the Company with respect to its senior term debt facility. The warrants, which are a derivative financial instrument, were initially recorded at fair value of $nil.

In addition, 836,000 stock options with an exercise price of $0.01 were forfeited by a shareholder of the Company.