SIR Corp.

Interim Consolidated Financial Statements
For the 12-week period ended November 20, 2005
(Unaudited)

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

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SIR Corp.
Consolidated Balance Sheets
(Unaudited)

	November 20, 2005 $	August 28, 2005 $
Assets		
Current assets		
Cash and cash equivalents	8,252,720	12,324,002
Accounts receivable	2,526,132	2,298,011
Inventories	2,219,207	2,111,824
Prepaids, deposits and other assets	865,816	600,301
Income taxes receivable	90,854	84,583
	13,954,729	17,418,721
Investments, advances and notes receivable (note 4)	643,749	549,519
Due from shareholders	2,029,641	2,006,319
Property, plant and equipment	35,046,133	33,676,862
Goodwill	5,735,675	5,735,675
Intangible and other assets	6,941,774	7,097,727
	64,351,701	66,484,823

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

SIR Corp.
Consolidated Balance Sheets...*continued*
(Unaudited)

	November 20, 2005 $	August 28, 2005 $
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	15,205,100	15,270,725
Current portion of long-term debt (note 5)	5,253,115	5,338,351
Current portion of other long-term liabilities	645,670	716,125
Current portion of due to shareholders	24,140	24,090
Redeemable shares	3,738,263	3,659,556
Amounts due to SIR Royalty Income Fund - net (note 6)	906,487	906,266
	25,772,775	25,915,113
Long-term debt (note 5)	133,434	159,180
Loan payable to SIR Royalty Income Fund (note 6)	40,000,000	40,000,000
Non-controlling interest in SIR Royalty Limited Partnership (note 6)	11,166,671	11,166,671
Other long-term liabilities	4,335,015	4,265,798
Future income taxes	60,824	56,265
	81,468,719	81,563,027
Non-controlling interest in other subsidiary companies	139,341	146,261
Shareholders' Deficiency		
Capital stock	8,702,912	8,702,912
Currency translation adjustment	(93,717)	(93,717)
Deficit	(25,865,554)	(23,833,660)
	(17,256,359)	(15,224,465)
	64,351,701	66,484,823

Contingencies and commitments (note 7)

Subsequent event (note 9)

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

SIR Corp.

Consolidated Statements of Operations
(Unaudited)

	12-week period ended November 20, 2005 $	12-week period ended November 21, 2004 $ (see note 3)
Corporate restaurant operations		
Food and beverage revenue (note 8)	34,636,874	29,809,718
Cost of corporate restaurant operations		
Food and beverage	11,079,536	9,590,588
Labour	10,774,332	9,165,048
Direct cost of restaurant operations	8,701,944	6,906,138
Amortization of restaurant assets	1,481,337	1,351,412
	32,037,149	27,013,186
Earnings from corporate restaurant operations	2,599,725	2,796,532
Corporate costs	(2,454,507)	(2,280,761)
Other amortization	(61,285)	(92,995)
	(2,515,792)	(2,373,756)
Earnings before the following items	83,933	422,776
Interest expense - net	(147,448)	(1,781,240)
Interest on loan payable to SIR Royalty Income Fund	(690,411)	(336,986)
Non-controlling interest in SIR Royalty Limited Partnership (note 6)	(981,537)	(354,830)
Unrealized foreign exchange gain (loss)	(9,695)	631,566
Provision for impairment of notes receivable	(124,000)	-
Other expense	(150,306)	(11,397)
Loss before income taxes, and non-controlling interest in other subsidiary companies	(2,019,464)	(1,430,111)
Provision for income taxes	(4,354)	(1,655,463)
Loss before non-controlling interest in other subsidiary companies	(2,023,818)	(3,085,574)
Non-controlling interest in other subsidiary companies	(8,076)	(187,005)
Net loss for the period	(2,031,894)	(3,272,579)

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

SIR Corp.
Consolidated Statements of Deficit
(Unaudited)

	12-week period ended November 20, 2005 $	12-week period ended November 21, 2004 $ (see note 3)	52-week period ended August 28, 2005 $
Deficit - Beginning of period - as previously reported	(23,833,660)	(8,790,354)	(8,790,354)
Change in accounting policies			
Asset retirement obligations	-	(115,536)	(115,536)
Consolidation of variable interest entities (note 3)	-	270,235	270,235
Deficit - Beginning of period, as restated	(23,833,660)	(8,635,655)	(8,635,655)
Net loss for the period	(2,031,894)	(3,272,579)	(14,839,954)
Purchase of capital stock for cancellation	-	-	(358,051)
Deficit - End of period	(25,865,554)	(11,908,234)	(23,833,660)

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

SIR Corp.

Consolidated Statements of Cash Flows
(Unaudited)

	12-week period ended November 20, 2005 $	12-week period ended November 21, 2004 $ (see note 3)
Cash provided by (used in)		
Operating activities		
Net loss from operations for the period	(2,031,894)	(3,272,579)
Items not affecting cash		
Amortization	1,542,622	1,444,407
Non-controlling interest	8,076	187,005
Future income taxes	4,559	1,633,432
Provision for impairment of loan receivable	124,000	-
Non-cash interest expense - net	87,738	1,470,457
Amortization of leasehold inducements	(108,524)	(108,544)
Deferred revenue	(17,400)	(24,900)
Unrealized foreign exchange loss (gain)	9,695	(631,566)
Other items	156,824	18,755
Net change in working capital items	(101,568)	295,491
Net cash provided by (used in) operations	(325,872)	1,011,958
Investing activities		
Purchase of property, plant and equipment	(3,331,117)	(1,001,332)
Proceeds on sale of property, plant and equipment	6,691	488
Increase in investments, advances and notes receivable (note 4)	(218,230)	(5,295)
Restaurant pre-opening costs	(67,177)	(138,901)
Net cash used in investing activities	(3,609,833)	(1,145,040)
Financing activities		
Payments to shareholders	-	(7,823,883)
Proceeds from issuance of Partnership units	-	11,166,671
Payments to non-controlling interest in subsidiary companies	(14,996)	(22,500)
Proceeds from issuance of long-term debt	-	40,000,000
Principal repayment of long-term debt	(120,621)	(16,191,571)
Financing fees	-	(4,832,281)
Proceeds from exercise of stock options	-	292
Net cash provided by (used in) financing activities	(135,617)	22,296,728
Effect of foreign exchange rates on cash	40	(7,753)
Increase (decrease) in cash during the period	(4,071,282)	22,155,893
Cash and cash equivalents - Beginning of period	12,324,002	4,643,790
Cash and cash equivalents - End of period	8,252,720	26,799,683
Supplemental Information		
Interest paid	868,910	2,329,880
Income taxes paid (recovered)	(16,661)	67,055

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. The Company operates a total of 36 (2005 – 36) Concept and Signature restaurants in Canada (in Ontario, Quebec, Alberta and Nova Scotia) (the "SIR Restaurants"). The Concept restaurants are Jack Astor's®, Canyon Creek Chop House® and Alice Fazooli's!® and the Signature restaurants are *reds*®, Far Niente®/Soul of the Vine®, Brasserie Frisco™, and the Armadillo Steak House®/the Loose Moose Tap & Grill®. The Company also has an investment in Jack Astor's® Cary/Las Colinas Limited that operates two Jack Astor's® restaurants 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 $51,166,670 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. In accordance with Accounting Guideline 15 ("AcG-15") of the Canadian Institute of Chartered Accountants ("CICA"), Consolidation of Variable Interest Entities ("VIEs"), the Company has consolidated the Partnership effective October 12, 2004. The Fund's investment in the ordinary LP units of the Partnership has been recorded as non-controlling interest.

As a result of implementing requirements under AcG-15, the Company also consolidates its investments in Jack Astor's® Don Mills Limited and Jack Astor's® (Cary & Las Colinas) Limited.

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 2006 and 2005 consist of 52 weeks.

2. Accounting policies

Basis of presentation

These interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions with subsidiary companies have been eliminated.

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 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 12-week period ended November 20, 2005 are not necessarily indicative of the results that may be expected for the 52-week period ended August 27, 2006.

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. Changes in accounting policies

Consolidation of variable interest entities ("VIEs")

Effective August 30, 2004, the Company adopted AcG-15 of the CICA, Consolidation of Variable Interest Entities ("VIEs"), which requires the consolidation of VIEs by the primary beneficiary. A VIE is an entity where (a) its equity investment at risk is insufficient to permit the entity to finance its activities without additional subordinated support from others and/or where certain essential characteristics of a controlling financial interest are not met, and (b) it does not meet specified exemption criteria. The primary beneficiary is the enterprise that will absorb or receive the majority of the VIE's expected losses, expected residual returns, or both. The Company has determined that two entities that it previously accounted for as equity investments and the Partnership are VIE's under AcG-15. The guideline is applicable to annual and interim periods beginning on or after November 1, 2004. As the Company is a private company, it did not adopt the standard when reporting its interim periods in 2005. Therefore, the Company has adjusted its results from operations for the interim period ending November 21, 2004, as previously reported, to reflect this change in accounting policy.

The effect of applying this change in accounting policy on the consolidated statement of operations for the 12-week period ending November 21, 2004, is as follows:

	Balance as reported	Adjustment	Balance as restated
	$	$	$
Food and beverage revenue	27,812,339	1,997,379	29,809,718
Cost of corporate restaurant operations	25,080,128	1,933,058	27,013,186
Earnings from corporate restaurant operations	2,732,211	64,321	2,796,532
Corporate costs	(2,203,257)	(77,504)	(2,280,761)
Management fee income	33,453	(33,453)	-
Interest expense – net	(2,344,929)	563,689	(1,781,240)
Interest on loan payable to SIR Royalty Income Fund	-	(336,986)	(336,986)
Non-controlling interest in SIR Royalty Limited Partnership	-	(354,830)	(354,830)
Unrealized foreign exchange gain	-	631,566	631,566
Income from limited partnership distribution	85,298	(85,298)	-
Other income (expense)	(13,040)	1,643	(11,397)
Provision for (recovery of) income taxes	1,654,983	480	1,655,463
Loss from equity accounted investments	(61,209)	61,209	-
Non-controlling interest in other subsidiary companies	-	(187,005)	(187,005)
Net loss for the period	(3,519,451)	246,872	(3,272,579)

4. Investments, advances and notes receivable

During the 12-week period ended November 20, 2005, the Company advanced $218,230 to U.S. S.I.R. L.L.C.. The advance is non-interest bearing, and due on demand. The Company does not expect to receive payment of this advance within the next year and accordingly, it has been discounted to reflect its net recoverable amount of $94,230. The discount amount of $124,000 is included in the provision for impairment of notes receivable on the statement of operations.

5. Long-term debt

Long-term debt includes four loans payable from Jack Astor's® Cary/Las Colinas Limited for a total amount of $4,780,487 (U.S. $3,960,635) (2005 – $4,867,646, U.S. $4,041,218) that are currently non-compliant with respect to certain financial and non-financial covenants. As a result, these loans are presented as a current liability. All payments due on the loans have been made to date, and no notices of default have been received by the borrowers. The loans are secured by the assets of Jack Astor's® Cary/Las Colinas Limited.

6. SIR Royalty Income Fund

The following is a summary of the accounting implications of the loan payable to SIR Royalty Income Fund ("SIR Loan") and non-controlling interest in SIR Royalty Limited Partnership:

(a) SIR Loan

The SIR Loan bears interest at 7.5% per annum, is due October 12, 2044 and is collateralized by a general security agreement covering substantially all of the assets of the Company. Interest expense of $690,411 (2005 - $336,986) was charged to the statement of operations for the 12-week period ended November 20, 2005.

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 November 20, 2005 $	12-week period ended November 21, 2004 $
Initial investment by the Fund	11,166,671	11,166,671
Non-controlling interest in earnings of the Partnership	981,537	354,830
Distributions declared on the Partnership's units held by the non-controlling interest	(981,537)	(354,830)
Non-controlling interest in the Partnership	11,166,671	11,166,671
Pooled Revenue	30,306,766	14,216,235*
Partnership Royalty income	1,818,406	852,974
Other income	8,086	1,644
Partnership expenses	(19,624)	(77,504)
Net earnings of the Partnership	1,806,868	777,114
The Company's interest in the earnings of the Partnership	(825,331)	(422,284)
Non-controlling interest in the earnings of the Partnership	981,537	354,830

* Includes revenue from October 12, 2004 to November 21, 2004 for the SIR Restaurants subject to the License and Royalty Agreement and excludes revenue for Jack Astor's® Cary/Las Colinas Limited. 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.

On October 12, 2004, the Partnership issued Ordinary LP and GP Units to the Fund for cash of $11,166,671. The holders of the Ordinary LP Units are entitled to receive a pro rata share of all residual distributions of the Partnership and have the right to receive distributions in priority to the Class A GP Units which are held by SIR.

The holders of the Class A GP Units are entitled to receive a pro rata share of all residual distributions of the Partnership and subject to the subordination provisions, the Class A GP Units are exchangeable into Units of the Fund. Distributions to the Company, as holder of the Class A GP Units of the Partnership, representing the initial retained interest in the Partnership, through the exchange feature, as at the closing date of the Offering, are subordinated to distributions by the Partnership to the Trust on the Ordinary LP Units and the Class A LP Units (if any). The subordination of distributions on the Class A GP Units ends on the date that both of the following conditions have been satisfied:

(a) Revenue of the SIR Restaurants subject to the License and Royalty Agreement has not been less than $127.4 million for each of two consecutive years commencing with the Company's fiscal year ending August 28, 2005; and

(b) Average monthly cash distributions of $0.10 per Fund Unit have been paid by the Fund and average quarterly cash distributions of at least $0.30 have been paid by the Partnership to the Class A GP Unitholders, in each case for the immediately preceding 12 month period.

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 revenue for restaurants closed during a reporting period. SIR is not required to pay any make-whole payments in respect of a 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), following December 31, 2005, the restaurants subject to the License and Royalty Agreement are adjusted for new SIR Restaurants opened for at least 60 days proceeding such Adjustment Date. At each Adjustment Date, SIR will be entitled to convert its Class B GP Units of the Partnership to Class A GP Units of the Partnership based on a conversion formula defined in the License and Royalty Agreement.

(c) Amounts due to the SIR Royalty Income Fund

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

	November 20, 2005 $	**August 28, 2005 $**
Advances receivable	(431,412)	(366,413)
Interest payable on SIR Loan	440,387	499,704
Partnership distributions payable	897,512	772,975
Payable to the Fund and its subsidiaries – net	906,487	906,266

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

During the 12-week period ended November 20, 2005, distributions of $981,537 were declared to the Fund through the Partnership ($354,830 for the 12-week period ended November 21, 2004). 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 period ended November 20, 2005, the Partnership provided these services to the Fund and the Trust for consideration of $6,000 ($1,644 for the 12-week period ended November 21, 2004), which was the amount of consideration agreed to by the related parties.

7. Contingencies and commitments

The Company has entered into three commitments to lease properties and is currently constructing restaurants on these properties. Construction costs incurred to date are approximately $1,700,000 of which $933,379 (2005 – $240,000) has been included in property, plant and equipment and pre-opening costs at November 20, 2005. 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. At this time, the net use of cash for these construction projects is estimated to be approximately $6,000,000.

8. 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 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 and 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 November 20, 2005 $	**12-week period ended November 21, 2004 $**
Food and beverage revenue		
Canada		
Jack Astor's®	21,806,158	17,128,164
Alice Fazooli's!®	3,930,736	3,669,890
Canyon Creek Chop House®	3,556,024	3,361,403
Signature	4,255,688	4,325,350
	33,548,606	28,484,807
United States		
Jack Astor's®	1,088,268	1,324,911
	34,636,874	29,809,718

9. Subsequent event

Subsequent to November 20, 2005, the Company entered into a purchase and sale agreement to sell substantially all the restaurant assets of one of its U.S. restaurant operations, Jack Astor's® Las Colinas, LLC, a subsidiary of Jack Astor's® (Cary & Las Colinas) Limited. The proceeds are expected to be in excess of U.S. $2,000,000. The agreement contains traditional conditions, including the approval of the Jack Astor's® (Cary & Las Colinas) Limited's Board of Directors and the Company anticipates closing the transaction on or about February 25, 2006. Proceeds from the sale will be used to repay the associated U.S. bank debt. The results of this restaurant's operations will be disclosed as discontinued operations effective the date of closing.