

**EXHIBIT D**

**KEG FRANCHISE U.S., INC.  
FRANCHISE OFFERING CIRCULAR**

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**FINANCIAL STATEMENTS**

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Financial Statements of

**KEG FRANCHISE U.S., INC.**

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

52 weeks ended October 1, 2006

52 weeks ended October 2, 2005



**KPMG LLP**  
**Chartered Accountants**  
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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Keg Franchise U.S., Inc.

We have audited the accompanying balance sheet of Keg Franchise U.S., Inc. as of October 1, 2006 and the related statements of operations and deficit and cash flows for the 52 weeks then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit of the financial statements provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Keg Franchise U.S., Inc. as of October 1, 2006 and the results of its operations and cash flows for the 52 weeks then ended in conformity with U.S. generally accepted accounting principles.

*KPMG LLP*

Chartered Accountants

Vancouver, Canada

January 4, 2007

# KEG FRANCHISE U.S., INC.

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

## Balance Sheets

	October 1, 2006	October 2, 2005
<b>Assets</b>		
Due from Keg Restaurants U.S., Inc.	\$ -	\$ 10
<b>Liabilities and Shareholder's Equity (Deficiency)</b>		
Due to Keg Restaurants U.S., Inc. (note 3)	\$ 17,426	\$ -
Shareholder's equity (deficiency):		
Common shares (note 2)	10	10
Retained earnings (deficit)	(17,436)	-
	(17,426)	10
	\$ -	\$ 10

See accompanying notes to financial statements.

Approved on behalf of the Board

"David Aisenstat" Director

"Neil Maclean" Director

# KEG FRANCHISE U.S., INC.

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

## Statements of Operations and Deficit

	52 weeks ended October 1, 2006	52 weeks ended October 2, 2005
Expenses:		
General and administrative	\$ (17,436)	\$ -
Loss for the period	(17,436)	-
Retained earnings, beginning of period	-	-
Retained earnings (deficit), end of period	\$ (17,436)	\$ -

See accompanying notes to financial statements.

# KEG FRANCHISE U.S., INC.

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

## Statements of Cash Flows

	52 weeks ended October 1, 2006	52 weeks ended October 2, 2005
Cash provided by (used in):		
Operations:		
Loss for the period	\$ (17,436)	\$ -
Item not involving cash:		
Change in non-cash operating working capital	17,436	-
Increase in cash being cash, beginning and end of period	\$ -	\$ -

See accompanying notes to financial statements.

# KEG FRANCHISE U.S., INC.

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

## Notes to Financial Statements

52 weeks ended October 1, 2006

52 weeks ended October 2, 2005

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### 1. Organization:

Keg Franchise U.S., Inc. (the "Company") was incorporated under the laws of the state of Nevada on June 3, 2004 and is a wholly owned subsidiary of Keg Restaurants U.S., Inc. ("KUS"). The business of the Company is the franchising of Keg Steakhouse and Bar restaurants in the United States under the terms of an agreement with KUS.

### 2. Share capital:

Authorized:

10 common shares with a par value of \$1 per share

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	October 1, 2006	October 2, 2005
Issued:		
10 common shares	\$ 10	\$ 10

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### 3. Related party transactions:

The Company has \$17,426 due to KUS as at October 1, 2006 for transactions incurred during the normal course of operations (October 2, 2005 - nil). These amounts are measured at their exchange amount which approximates fair value.

Financial Statements of

**KEG FRANCHISE U.S., INC.**

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

From the date of incorporation on June 3, 2004 to October 3, 2004  
(With Independent Auditors' Report Thereon)





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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Keg Franchise U.S., Inc.

We have audited the accompanying balance sheet of Keg Franchise U.S., Inc. as of October 3, 2004 and the related statement of cash flows from the date of incorporation on June 3, 2004 to October 3, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Keg Franchise U.S., Inc. as of October 3, 2004 and the results of its cash flows for the period from the date of incorporation on June 3, 2004 to October 3, 2004 in conformity with accounting principles generally accepted in the United States of America.

*KPMG LLP*

Chartered Accountants

Vancouver, Canada

October 14, 2004

# KEG FRANCHISE U.S., INC.

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

Balance Sheet

October 3, 2004

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## Assets

Due from Keg Restaurants U.S. Inc.	\$ 10
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## Shareholder's Equity

Common shares (note 2)	\$ 10
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See accompanying notes to financial statements.

Approved on behalf of the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# KEG FRANCHISE U.S., INC.

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

## Statement of Cash Flows

From the date of incorporation on June 3, 2004 to October 3, 2004

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Cash provided by (used in):

Operations:

Change in non-cash operating working capital	\$	(10)
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Financing:

Issuance of common shares		10
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Increase in cash being cash, beginning and end of period	\$	-
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See accompanying notes to financial statements.

# KEG RESTAURANTS U.S., INC.

(A wholly owned subsidiary of Keg Restaurants U.S., Inc.)

## Notes to Financial Statements

From the date of incorporation on June 3, 2004 to October 3, 2004

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### 1. Organization:

Keg Franchise U.S., Inc. (the "Company") was incorporated under the laws of the state of Nevada on June 3, 2004 and is a wholly owned subsidiary of Keg Restaurants U.S., Inc. ("KUS"). The business of the Company is the franchising of Keg Steakhouse and Bar restaurants in the United States under the terms of an agreement with KUS.

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Issued:

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\$ 10

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