

Pizza Pizza Royalty Income Fund

Interim Consolidated Balance Sheet

March 31, 2006

(Expressed in Thousands of Dollars)

(Unaudited)

	March 31, 2006	December 31, 2005
Assets		
Current assets:		
Receivable from Pizza Pizza Limited	\$ 150	\$ 150
Receivable from Pizza Pizza Royalty Limited Partnership	1,098	1,073
	1,248	1,223
Loan receivable from Pizza Pizza Limited	30,000	30,000
Investment in Pizza Pizza Royalty Limited Partnership (note 3)	138,473	139,140
	\$ 169,721	\$ 170,363
Liabilities and Unitholders' Equity		
Current Liabilities:		
Distribution payable to Fund unitholders	1,248	1,223
Unitholders' Equity:		
Fund units	177,795	177,795
Deficit	(9,322)	(8,655)
	168,473	169,140
	\$ 169,721	\$ 170,363

See accompanying notes to consolidated financial statements

Approved by the Trustees:

(Signed) RON ROGERS
Trustee

(Signed) ARNOLD CADER
Trustee

(Signed) TERENCE REID
Trustee

Pizza Pizza Royalty Income Fund

Interim Consolidated Statement of Earnings

For the 3 months ended March 31, 2006

(Expressed in Thousands of Dollars Except Per Unit Amounts)

(Unaudited)

System Sales included in the Royalty Pool (note 2)	\$	82,484
Equity income in the Partnership		3,235
Loss on effective disposition of Partnership Interest (note 2)		(635)
Interest income		450
Net income	\$	3,050
Weighted average Fund units		17,952,000
Basic income per Fund unit	\$	0.17
Weighted average diluted Fund units (note 4)		22,515,120
Diluted income per Fund unit (note 4)	\$	0.17

Interim Consolidated Statement of Deficit

For the 3 months ended March 31, 2006

(Expressed in Thousands of Dollars)

(Unaudited)

Balance, beginning of period	\$	(8,655)
Net income		3,050
Distributions declared (\$0.2071/unit)		(3,717)
Deficit, end of period	\$	(9,322)

See accompanying notes to consolidated financial statements

Pizza Pizza Royalty Income Fund

Interim Consolidated Statement of Cash Flows

For the 3 months ended March 31, 2006

(Expressed in Thousands of Dollars)

(Unaudited)

Cash provided by (used in):

Operating activities

Net income	\$	3,050
Equity income, an item not affecting cash		(3,235)
Loss on effective disposition of Partnership		
Interest (note 2)		635
Distributions received		3,243
		<hr/> 3,693

Financing activity

Distributions paid to unitholders		(3,693)
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Increase (decrease) in cash

Cash, beginning of period		-
Cash, end of period	\$	-
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See note 6 for supplementary cash flow information

See accompanying notes to consolidated financial statements.