

Pizza Pizza Royalty Income Fund

Interim Consolidated Balance Sheet
(Expressed in Thousands of Dollars)
(Unaudited)

	June 30, 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)	138,571	139,140
	\$ 169,819	\$ 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	(9,224)	(8,655)
	168,571	169,140
	\$ 169,819	\$ 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 (Expressed in Thousands of Dollars Except Per Unit Amounts) (Unaudited)

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
System Sales included in the Royalty Pool (note 2)	\$ 86,015	\$ 168,498
Equity income in the Partnership	3,392	6,627
Loss on effective disposition of Partnership Interest (note 2)	-	(635)
	3,392	5,992
Interest income	450	900
Net income	\$ 3,842	\$ 6,892
Weighted average Fund units	17,952,000	17,952,000
Basic income per Fund unit	\$ 0.21	\$ 0.38
Weighted average diluted Fund units (note 4)	22,515,120	22,515,120
Diluted income per Fund unit (note 4)	\$ 0.21	\$ 0.38

Interim Consolidated Statement of Deficit (Expressed in Thousands of Dollars) (Unaudited)

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
Balance, beginning of period	\$ (9,322)	\$ (8,655)
Net income	3,842	6,892
Distributions declared (three months - \$0.2085/unit; six months - \$0.4156/unit)	(3,744)	(7,461)
Deficit, end of period	\$ (9,224)	\$ (9,224)

See accompanying notes to consolidated financial statements

Pizza Pizza Royalty Income Fund

Interim Consolidated Statement of Cash Flows (Expressed in Thousands of Dollars) (Unaudited)

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
Cash provided by (used in):		
Operating activities		
Net income	\$ 3,842	\$ 6,892
Equity income, an item not affecting cash	(3,392)	(6,627)
Loss on effective disposition of Partnership Interest (note 2)	-	635
Distributions received	3,293	6,536
	<u>3,743</u>	<u>7,436</u>
Financing activity		
Distributions paid to unitholders	(3,743)	(7,436)
Increase (decrease) in cash	-	-
Cash, beginning of period	-	-
Cash, end of period	\$ -	\$ -

See note 6 for supplementary cash flow information

See accompanying notes to consolidated financial statements.