

# Pizza Pizza Royalty Income Fund

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

	September 30, 2006	December 31, 2005
<b>Assets</b>		
Current assets:		
Receivable from Pizza Pizza Limited	\$ 150	\$ 150
Receivable from Pizza Pizza Royalty Limited Partnership	1,125	1,073
	1,275	1,223
Loan receivable from Pizza Pizza Limited	30,000	30,000
Investment in Pizza Pizza Royalty Limited Partnership (note 4)	138,868	139,140
	\$ 170,143	\$ 170,363
<b>Liabilities and Unitholders' Equity</b>		
Current Liabilities:		
Distribution payable to Fund unitholders	1,275	1,223
<b>Unitholders' Equity:</b>		
Fund units	177,795	177,795
Deficit	(8,927)	(8,655)
	168,868	169,140
	\$ 170,143	\$ 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 September 30, 2006	Period from July 6, 2005 to September 30, 2005	Nine Months Ended September 30, 2006
System Sales included in the Royalty Pool (note 3)	\$ 90,773	\$ 83,582	\$ 259,272
Equity income in the Partnership	3,671	3,355	10,298
Loss on effective disposition of Partnership Interest (note 3)	-	-	(635)
	3,671	3,355	9,663
Interest income	450	430	1,350
Net income	\$ 4,121	\$ 3,785	\$ 11,013
Weighted average Fund units	17,952,000	17,952,000	17,952,000
Basic income per Fund unit	\$ 0.23	\$ 0.21	\$ 0.61
Weighted average diluted Fund units (note 5)	22,515,120	22,440,000	22,515,120
Diluted income per Fund unit (note 5)	\$ 0.23	\$ 0.21	\$ 0.61

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

	Three Months Ended September 30, 2006	Period from July 6, 2005 to September 30, 2005	Nine Months Ended September 30, 2006
Balance, beginning of period	\$ (9,224)	\$ 0	\$ (8,655)
Net income	4,121	3,785	11,013
Distributions declared (three months - \$0.2130/unit; nine months - \$0.6286/unit)	(3,824)	(3,398)	(11,285)
Retained Earnings (deficit), end of period	\$ (8,927)	\$ 387	\$ (8,927)

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 September 30, 2006	Period from July 6, 2005 to September 30, 2005	Nine Months Ended September 30, 2006
<b>Cash provided by (used in):</b>			
<b>Operating activities</b>			
Net income	\$ 4,121	\$ 3,785	\$ 11,013
Equity income, an item not affecting cash	(3,671)	(3,355)	(10,298)
Loss on effective disposition of Partnership Interest (note 3)	-	-	635
Distributions received	3,347	1,921	9,883
	3,797	2,351	11,233
Change in non-cash operating elements of working capital (note 7)	-	(150)	-
	3,797	2,201	11,233
<b>Investing activity</b>			
Note receivable from Pizza Pizza Limited	-	(30,000)	-
<b>Financing activities</b>			
Issue of Fund units	-	179,520	-
Cost of issuance of Fund units	-	(1,725)	-
Purchase of units of Pizza Pizza Royalty Limited Partnership	-	(147,795)	-
Distributions paid to unitholders	(3,797)	(2,201)	(11,233)
	(3,797)	27,799	(11,233)
<b>Increase (decrease) in cash</b>	-	-	-
Cash, beginning of period	-	-	-
Cash, end of period	\$ -	\$ -	\$ -

See supplementary cash flows information (note 7)

See accompanying notes to consolidated financial statements.