

EXHIBIT B

FINANCIAL STATEMENTS



BOSTON PIZZA RESTAURANTS LP

Financial Statements

December 31, 2005 and 2004

(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

Independent Auditors' Report

The Partners
Boston Pizza Restaurants LP:

We have audited the accompanying balance sheets of Boston Pizza Restaurants LP (a Delaware limited partnership) as of December 31, 2005 and 2004, and the related statements of operations, partners' capital (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Partnership's internal controls 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 audits provide 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 Boston Pizza Restaurants LP as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

March 3, 2006, except as to note 6,
which is as of March 23, 2006

BOSTON PIZZA RESTAURANTS LP

Balance Sheets

December 31, 2005 and 2004

Assets	<u>2005</u>	<u>2004</u>
Current assets:		
Cash and cash equivalents	\$ 354,900	2,017,792
Short-term investment	35,937	35,306
Accounts receivable, net of allowance of \$268,119 in 2005 and \$41,599 in 2004	234,058	395,742
Prepaid expenses	120,617	86,752
Inventory	—	1,000
Total current assets	<u>745,512</u>	<u>2,536,592</u>
Property and equipment, net	<u>502,585</u>	<u>418,996</u>
Total assets	<u>\$ 1,248,097</u>	<u>2,955,588</u>
Liabilities and Partners' Capital (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 675,925	604,086
Current portion of deferred revenue	946,746	888,163
Tenant inducement	56,940	43,776
Total current liabilities	<u>1,679,611</u>	<u>1,536,025</u>
Deferred revenue	1,162,876	1,121,609
Tenant inducement and deferred rent	151,901	184,531
Due to related party	69,433	57,114
Total liabilities	<u>3,063,821</u>	<u>2,899,279</u>
Commitments and contingencies		
Partners' capital (deficit)	<u>(1,815,724)</u>	<u>56,309</u>
Total liabilities and partners' capital (deficit)	<u>\$ 1,248,097</u>	<u>2,955,588</u>

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP
Statements of Operations
Years ended December 31, 2005 and 2004

	2005	2004
Revenues:		
Franchise fees	\$ 3,167,409	1,977,915
Other income	81,532	28,965
	3,248,941	2,006,880
Administrative and development expenses	7,346,016	5,668,592
Net loss	\$ (4,097,075)	(3,661,712)

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP
Statements of Partners' Capital (Deficit)
Years ended December 31, 2005 and 2004

Balance, December 31, 2003	\$ (891,954)
Contributions	4,609,975
Net loss	<u>(3,661,712)</u>
Balance, December 31, 2004	56,309
Contributions	2,225,042
Net loss	<u>(4,097,075)</u>
Balance, December 31, 2005	<u>\$ (1,815,724)</u>

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP

Statements of Cash Flows

Years ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Net loss	\$ (4,097,075)	(3,661,712)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	124,468	101,065
Net change in assets:		
Accounts receivable	161,684	(260,317)
Prepaid expenses	(33,865)	(45,700)
Inventory	1,000	22,637
Net change in liabilities:		
Accounts payable and accrued liabilities	71,839	231,443
Deferred revenue	99,850	809,763
Tenant inducement and deferred rent	(19,466)	(22,030)
Net cash used in operating activities	<u>(3,691,565)</u>	<u>(2,824,851)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(208,057)	(69,033)
Short-term investment	(631)	(252)
Net cash used in investing activities	<u>(208,688)</u>	<u>(69,285)</u>
Cash flows from financing activities:		
Capital contributions from partners	2,225,042	4,609,975
Increase in balance due to related party	12,319	41,714
Net cash provided by financing activities	<u>2,237,361</u>	<u>4,651,689</u>
Net increase (decrease) in cash	(1,662,892)	1,757,553
Cash, beginning of year	<u>2,017,792</u>	<u>260,239</u>
Cash, end of year	\$ <u><u>354,900</u></u>	<u><u>2,017,792</u></u>

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2005 and 2004

(1) Description of Business

Boston Pizza Restaurants LP, a Delaware limited partnership, (the Partnership) operates as the franchisor of "Boston's The Gourmet Pizza" (the Business). The Partnership's business activities relate to the development of Boston's The Gourmet Pizza system and the offer, sale, and support of the franchised businesses. There were 32 and 21 franchisee-owned restaurants, and 2 and 3 restaurant locations owned by related parties in operation at December 31, 2005 and 2004, respectively.

To the extent that the Partnership needs additional funding over the next 12 months, T&M Services Ltd., which owns the Partnership's general partner, will provide financing to allow the Partnership to meet its obligations.

(2) Summary of Significant Accounting Policies

(a) *Reclassifications*

Certain reclassifications and format changes have been made to prior year amounts to conform to the current year presentation.

(b) *Cash and Cash Equivalents*

For purposes of determining cash flows, the Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be temporary cash investments. Temporary cash investments are carried at cost, which approximates market.

(c) *Short-Term Investment*

The short-term investment is carried at quoted market value. Short-term investment as of December 31, 2005 and 2004 consists of a term deposit. Short-term investment is restricted and is provided as a guarantee to secure a letter of credit.

(d) *Inventory*

Inventory primarily consists of menus and other supplies sold to the franchisees and is valued at the lower of cost or market with cost determined on the first-in, first-out method.

(e) *Property and Equipment*

Property and equipment are carried at cost. Depreciation and amortization are computed using a method that approximates straight-line. Long-lived assets held and used by the Partnership are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. Impairments, if any, are measured based on the fair value of the related asset(s). Based on the Partnership's analysis, there has not been any impairment of long-lived assets during 2005 and 2004.

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2005 and 2004

The estimated useful lives of the Partnership's property and equipment are as follows:

	Estimated life
Office equipment	<u>4</u>
Computer hardware	3
Computer software	2
Leasehold improvements	Lease term

(f) Revenue Recognition

(i) Franchise Agreements

Area franchise fee deposits are deferred and recognized as revenue as the related franchisee-owned restaurants are opened for business. In the event that the required number of restaurants are not opened during the specified time period and the area developer has been provided notice of default, the deposit is recognized as income to the extent it is nonrefundable and the related area franchise rights could be resold by the Partnership.

Franchising costs relating to franchise sales for which revenue has not been recorded are deferred until the related revenue is earned unless the related costs exceed the anticipated revenue, in which case the excess costs would be recorded as an expense when incurred. When recognized, franchising costs are included in administrative and development costs. Indirect costs of a regular and recurring nature that are not directly related to sales activity, such as general, selling, and administrative costs, are expensed as incurred.

(ii) Franchise Royalties

Royalty income is based on a fixed percentage of sales of the franchised locations. Royalty income is recorded as revenue as the fees are earned.

(g) Tenant Inducement and Deferred Rent

Tenant inducement and deferred rent are amortized and applied against rental expense over the lease term on a straight-line basis.

(h) Advertising Costs

Advertising costs are expensed as incurred and were approximately \$95,000 and \$121,000 in 2005 and 2004, respectively.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2005 and 2004

Significant areas requiring the use of management estimates relate to the basis of presentation of its assets and liabilities as described in note 1, the carrying values of its accounts receivable and the amount and classification of deferred revenue.

(j) Fair Value of Financial Instruments

At December 31, 2005 and 2004, the Partnership's financial instruments included trade receivables, short-term investments, and accounts payable. Due to the short-term maturities of these items, the carrying amount approximates fair value.

(k) Income Taxes

In accordance with federal income tax regulations, income taxes are the responsibility of the partners and are not levied on the Partnership. Accordingly, income taxes have not been reflected in the accompanying financial statements.

(3) Property and Equipment

Property and equipment at December 31, 2005 and 2004 consists of the following:

	<u>2005</u>	<u>2004</u>
Computer hardware	\$ 151,030	106,231
Computer software	47,749	17,152
Leasehold improvements	302,310	226,687
Office equipment	<u>293,115</u>	<u>236,077</u>
	794,204	586,147
Accumulated depreciation	<u>(291,619)</u>	<u>(167,151)</u>
	<u>\$ 502,585</u>	<u>418,996</u>

(4) Letter of Credit

The Partnership has a letter of credit in the amount of \$35,000 with an interest rate of 2.0% per annum maturing on September 30, 2006, and is secured by a term deposit (note 2(c)). As of December 31, 2005, and 2004, no amount was drawn against this letter of credit.

(5) Related Parties

The amount due to related party is unsecured, noninterest bearing and has no set terms of repayment. The related party has advised in writing that repayment will not be required in the next twelve months; accordingly the amounts have been classified as long-term.

Included in accounts receivable are amounts due from restaurant locations owned by related parties of approximately \$19,000 and \$205,000 at December 31, 2005 and 2004, respectively.

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2005 and 2004

Included in franchise fees are amounts received from restaurant locations owned by related parties totaling \$3,100 and \$3,600 for 2005 and 2004, respectively.

The Partnership entered into an agreement for accounting services with a related party. Under the service agreement, the Partnership paid a service fee for the years ended December 31, 2005 and 2004 of \$65,850 and \$56,950, respectively.

(6) Commitments and Contingencies

The Company is committed under an operating lease contract for office space, which expires in December 2008. The minimum annual rental payments under this lease for the next three years ending December 31 are as follows:

2006	\$	202,020
2007		202,020
2008		<u>202,020</u>
Total minimum lease payments	\$	<u><u>606,060</u></u>

On March 23, 2006, the Partnership settled a matter in litigation. A liability for the settlement of \$40,000 has been recorded as of December 31, 2005.

(7) Franchise Fee Revenue

Franchise fee revenue is comprised of the following amounts:

	<u>2005</u>	<u>2004</u>
Initial franchise fees	\$ 516,985	441,960
Royalties and other	<u>2,650,424</u>	<u>1,535,955</u>
	<u>\$ 3,167,409</u>	<u>1,977,915</u>



BOSTON PIZZA RESTAURANTS LP

Financial Statements

December 31, 2004 and 2003

(With Independent Auditors' Report Thereon)



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Independent Auditors' Report

The Partners
Boston Pizza Restaurants LP:

We have audited the accompanying balance sheets of Boston Pizza Restaurants LP as of December 31, 2004 and 2003, and the related statements of operations, partners' capital (deficit), and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 Partnership's internal controls over financial reporting. Accordingly, we express no such opinion. 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 audits provide 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 Boston Pizza Restaurants LP as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

March 24, 2005

BOSTON PIZZA RESTAURANTS LP

Balance Sheets

December 31, 2004 and 2003

Assets	<u>2004</u>	<u>2003</u>
Current assets:		
Cash and cash equivalents	\$ 2,017,792	260,239
Short-term investment	35,306	35,054
Accounts receivable, net of allowance of \$41,599 in 2004 and \$14,396 in 2003	395,742	135,425
Prepaid expenses	86,752	41,052
Inventory	<u>1,000</u>	<u>23,637</u>
Total current assets	2,536,592	495,407
Property and equipment, net	<u>418,996</u>	<u>451,028</u>
Total assets	\$ <u><u>2,955,588</u></u>	<u><u>946,435</u></u>
Liabilities and Partners' Capital (Deficit)		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 604,086	372,643
Current portion of deferred revenue	<u>888,163</u>	<u>419,568</u>
Total current liabilities	1,492,249	792,211
Deferred revenue	1,121,609	780,441
Tenant inducement and deferred rent	228,307	250,337
Due to related party	<u>57,114</u>	<u>15,400</u>
Total liabilities	2,899,279	1,838,389
Commitments and contingencies		
Partners' capital (deficit)	<u>56,309</u>	<u>(891,954)</u>
Total liabilities and partners' capital (deficit)	\$ <u><u>2,955,588</u></u>	<u><u>946,435</u></u>

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP
Statements of Operations
Years ended December 31, 2004 and 2003

	2004	2003
Revenues:		
Franchise fees	\$ 1,904,628	940,037
Other income	28,965	32,021
	1,933,593	972,058
Administrative and development expenses	5,595,305	3,971,299
Net loss	\$ (3,661,712)	(2,999,241)

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP
Statements of Partners' Capital (Deficit)
Years ended December 31, 2004 and 2003

Balance, December 31, 2002	\$ (567,418)
Contributions	2,674,705
Net loss	<u>(2,999,241)</u>
Balance, December 31, 2003	(891,954)
Contributions	4,609,975
Net loss	<u>(3,661,712)</u>
Balance, December 31, 2004	<u>\$ 56,309</u>

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP
Statements of Cash Flows
Years ended December 31, 2004 and 2003

	2004	2003
Cash flows from operating activities:		
Net loss	\$ (3,661,712)	(2,999,241)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	101,065	79,998
Tenant inducement and deferred rent	(22,030)	35,315
Accrued interest income	—	(54)
Net change in assets:		
Accounts receivable	(260,317)	212,046
Prepaid expenses	(45,700)	(649)
Inventory	22,637	2,436
Net change in liabilities:		
Accounts payable and accrued liabilities	231,443	(89,976)
Deferred revenue	809,763	536,236
Net cash used in operating activities	(2,824,851)	(2,223,889)
Cash flows from investing activities:		
Purchase of fixed assets	(69,033)	(262,842)
Short-term investment	(252)	(35,000)
Net cash used in investing activities	(69,285)	(297,842)
Cash flows from financing activities:		
Capital contributions from partners	4,609,975	2,674,705
Net contributions (payments) on due to related party	41,714	(1,630)
Net cash provided by financing activities	4,651,689	2,673,075
Net increase in cash	1,757,553	151,344
Cash, beginning of year	260,239	108,895
Cash, end of year	\$ 2,017,792	260,239

See accompanying notes to financial statements.

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2004 and 2003

(1) Description of Business

Boston Pizza Restaurants LP (the Partnership) operates as the franchisor of "Boston's The Gourmet Pizza" (the Business). The Partnership's business activities relate to the development of Boston's The Gourmet Pizza system and the offer, sale, and support of the franchised businesses. At December 31, 2004 and 2003, there were 21 and 11 franchisee-owned restaurants and 3 restaurant locations owned by related parties in operation.

(2) Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

For purposes of determining cash flows, the Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be temporary cash investments. Temporary cash investments are carried at cost, which approximates market.

(b) Short-Term Investment

The short-term investment is carried at quoted market value. Short-term investment as of December 31, 2004 and 2003 consists of a term deposit. Short-term investment is restricted and is provided as a guarantee to secure a letter of credit.

(c) Inventory

Inventory primarily consists of menus and other supplies sold to the franchisees and is valued at the lower of cost or market with cost determined on the first-in, first-out method.

(d) Property and Equipment

Property is carried at cost. Depreciation and amortization are computed using the straight-line method. Long-lived assets held and used by the Partnership are reviewed for impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. Impairments, if any, are measured based on the fair value of the related asset(s). Based on the Partnership's analysis, there has not been any impairment of long-lived assets during 2004 and 2003.

	<u>Estimated life</u>
Asset:	
Office equipment	4
Computer hardware	3
Computer software	2
Leasehold improvements	Lease term

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2004 and 2003

(e) Revenue Recognition

(i) Franchise Agreements

Area franchise fee deposits are deferred and recognized as revenue as the related franchisee-owned restaurants are opened for business. In the event that the required number of restaurants are not opened during the specified time period and the area developer has been provided notice of default, the deposit is recognized as income to the extent it is nonrefundable and the related area franchise rights could be resold by the Partnership.

Franchising costs relating to franchise sales for which revenue has not been recorded are deferred until the related revenue is earned unless the related costs exceed the anticipated revenue, in which case the excess costs would be recorded as an expense when incurred. When recognized, franchising costs are included in administrative and development costs. Indirect costs of a regular and recurring nature that are not directly related to sales activity, such as general, selling, and administrative costs, are expensed as incurred.

(ii) Franchise Royalties

Royalty income is based on a fixed percentage of sales of the franchised locations. Royalty income is recorded as revenue as the fees are earned.

(f) Tenant Inducement and Deferred Rent

Tenant inducement and deferred rent is amortized and applied against rental expense over the lease term on a straight-line basis.

(g) Advertising Costs

Advertising costs are expensed as incurred and were approximately \$121,000 and \$110,000 in 2004 and 2003, respectively.

(h) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the basis of presentation of its assets and liabilities as described in note 1, the carrying values of its accounts receivable and the amount and classification of deferred revenue.

(i) Fair Value of Financial Instruments

At December 31, 2004 and 2003, the Partnership's financial instruments included accounts receivable, short-term investments, accounts payable and accrued liabilities. Due to the short-term maturities of these items, the carrying amount approximates fair value.

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2004 and 2003

(j) Income Taxes

In accordance with federal income tax regulations, income taxes are the responsibility of the partners and are not levied on the Partnership. Accordingly, income taxes have not been reflected in the accompanying financial statements.

(3) Property and Equipment

Property and equipment at December 31, 2004 and 2003 consists of the following:

	<u>2004</u>	<u>2003</u>
Computer hardware	\$ 106,231	77,850
Computer software	17,152	1,295
Leasehold improvements	226,687	222,435
Office equipment	<u>236,077</u>	<u>215,534</u>
	586,147	517,114
Accumulated depreciation	<u>(167,151)</u>	<u>(66,086)</u>
	<u>\$ 418,996</u>	<u>451,028</u>

(4) Letter of Credit

The Company has a letter of credit in the amount of \$35,000 with an interest rate of 1.5% per annum maturing on September 15, 2005, and is secured by a term deposit (note 2(b)). As of December 31, 2004, no amount was drawn against this letter of credit.

(5) Related Party

The amount due to related party is unsecured, noninterest bearing and has no set terms of repayment. The related party has advised in writing that repayment will not be required in the next twelve months; accordingly the amounts have been classified as long-term.

Included in accounts receivable are amounts due from restaurant locations owned by related parties of approximately \$205,000 and \$77,000 at December 31, 2004 and 2003, respectively. Also included in accounts receivable are amounts owed by other related parties of approximately \$9,900 and \$6,700 at December 31, 2004 and 2003, respectively.

Included in royalties are amounts received from restaurant locations owned by related parties totaling \$3,600 and \$3,600 for 2004 and 2003, respectively.

Included in other income are related party revenues of \$16,200 and \$16,200 for December 31, 2004 and 2003, respectively, for accounting services provided by the Partnership.

The Partnership entered into an agreement for accounting services with a related party. Under the service agreement, the Partnership paid a service fee for the years ended December 31, 2004 and 2003 of \$56,950 and \$100,000, respectively.

BOSTON PIZZA RESTAURANTS LP

Notes to Financial Statements

December 31, 2004 and 2003

(6) Commitments and Contingencies

The Company is committed under an operating lease contract for office space, which expires in December 2008. The minimum annual rental payments under this lease for the next four years ending December 31 are as follows:

2005	\$	202,020
2006		202,020
2007		202,020
2008		<u>202,020</u>
Total minimum lease payments	\$	<u><u>808,080</u></u>

(7) Franchise Fee Income

Franchise fee income is comprised of the following amounts:

	<u>2004</u>	<u>2003</u>
Net initial franchise fees	\$ 368,673	58,338
Royalties and other	<u>1,535,955</u>	<u>881,699</u>
	<u><u>\$ 1,904,628</u></u>	<u><u>940,037</u></u>

Net initial franchise fees are comprised of initial franchise fees of \$441,960 and \$105,000 less expenses attributable to franchise fees of \$73,287 and \$46,662 for 2004 and 2003, respectively.