

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15 (d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event  
reported) July 28, 2005

Build-A-Bear Workshop, Inc.

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(Exact Name of Registrant as Specified in Its Charter)

Delaware	001-32320	43-1883836
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1954 Innerbelt Business Center Drive St. Louis, Missouri	63114
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(Address of Principal Executive Offices)	(Zip Code)

(314) 423-8000

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(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

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On July 28, 2005, Build-A-Bear Workshop, Inc. (the "Company") issued a press release announcing, among other things, total revenue, net income, net retail sales, gross margin and diluted earnings per share for the second quarter of fiscal 2005. The press release also included expected earnings and diluted earnings per share for the full year of fiscal 2005. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated by reference herein. The description of the press release contained herein is qualified in its entirety by the full text of such exhibit.

In response to the request of certain investors and analysts for access to historical quarterly financial information and store data in order that they may perform various financial analyses, we are providing quarterly financial information for fiscal years 2003 and 2004 as Exhibit 99.2 hereto. As a result of becoming a public company in October 2004, portions of this quarterly information has not heretofore been available in publicly accessible reports. This financial information and selected store data has been prepared by management without the review of an independent registered public accounting firm. This information is condensed in nature and does not contain all of the information normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles.

As previously disclosed, the Company determined, on February 25, 2005, that it would correct its then current method of accounting for rent holidays and landlord allowances in connection with its store and headquarters leases and restate prior period results. Please see the Company's annual report on Form 10-K filed with the Securities and Exchange Commission on March 29, 2005 for further information. All financial information included in Exhibit 99.2 hereto has been restated to reflect the impact of the changes noted above. The financial information for periods that were publicly presented prior to the restatement has been marked as restated in Exhibit 99.2.

(c) Exhibits

Exhibit Number	Description of Exhibit
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99.1	Press Release dated July 28, 2005
99.2	Interim financial information for the Company's 2003 and 2004 fiscal years.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BUILD-A-BEAR WORKSHOP, INC.

Date: July 28, 2005

By: /s/ Tina Klocke

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Name: Tina Klocke  
Title: Chief Financial Bear, Secretary  
and Treasurer

EXHIBIT INDEX

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## Build-A-Bear Workshop, Inc. Reports Fiscal 2005 Second Quarter Results

ST. LOUIS--(BUSINESS WIRE)--July 28, 2005--Build-A-Bear Workshop, Inc. (NYSE: BBW):

- Earnings per diluted share were \$0.17, include \$0.03 per diluted share for flagship store preopening costs.
- First half net income increased 12% to \$11.5 million or \$0.57 per diluted share and includes \$0.05 for flagship store preopening costs.
- Maintains guidance of 26% to 32% net income growth for fiscal 2005.

Build-A-Bear Workshop, Inc. (NYSE: BBW), an interactive entertainment retailer of customized stuffed animals, today announced earnings results for the fiscal 2005 second quarter and confirmed earnings guidance for the full year.

Total revenue for the fiscal 2005 second quarter (13 weeks ended July 2, 2005) was \$73.7 million, compared to \$66.1 million in the prior year's second quarter (13 weeks ended July 3, 2004). Second quarter net income of \$3.5 million, or \$0.17 per diluted share, on 20.2 million diluted shares outstanding, includes \$0.03 per diluted share of preopening costs related to the Company's new flagship store in New York City. In the second fiscal quarter of 2004, the Company reported net income of \$4.9 million, or \$0.27 per diluted share, on 18.0 million diluted shares outstanding.

The Company also reiterated full year net earnings guidance of \$1.24 to \$1.30 per diluted share.

"Strong new store sales performance combined with continued high merchandise margins helped drive our solid results in the second quarter," said Chairman and Chief Executive Bear, Maxine Clark. "We have opened 16 new Build-A-Bear Workshop stores through the first half of this year compared to eight in the first half of 2004. One of the keys to our continued growth is the sales and margins we are able to generate from new stores. That was certainly the case this quarter, and we remain confident that with the openings we plan for the second half, the planned higher spending on brand building and marketing, and ongoing expense control, we can grow full year net income by 26% to 32%."

#### Fiscal 2005 Second Quarter

Fiscal 2005 second quarter total revenue includes net retail sales of \$73.3 million, an increase of \$7.4 million or 11.2% compared to last year's second quarter. Net retail sales growth was primarily driven by the addition of new stores opened during the past twelve months partially offset by a decline in comparable store sales of 6.9%. Second quarter total revenue includes international franchise fees and third-party licensing revenue totaling \$420,000, an increase of \$230,000 compared to last year's second quarter.

The second quarter net income reflected higher store preopening costs and the impact of comparable store sales declines on costs and expenses, partially offset by the impact of higher new store sales and increased interest income. Gross margin rate declined to 46.8% from 48.2% in the fiscal 2004 second quarter. Selling, general and administrative expense as a percent of total revenue increased to 37.4% from 35.8% as store payroll expense increased as a percent of revenue. Store preopening expense increased due to higher costs associated with the New York City flagship store opening, which totaled \$0.9 million pretax, or \$0.03 per diluted share, in the second quarter.

Second quarter 2005 was negatively affected when compared to the comparable quarter of last year because of the shift in the Easter holiday and associated school vacations, an important selling time for the company. In 2005, Easter sales were included in the first quarter; in 2004 Easter sales were included in the second quarter. Sales comparisons are also impacted by the Company's appearance on a syndicated talk show in February 2004 which had a positive impact on 2004 sales.

During the 2005 second quarter, the company opened 13 new Build-A-Bear Workshop(R) (BABW) retail stores in the United States and Canada, as planned, compared with opening seven new BABW stores during the 2004 second quarter. These new stores bring the total number of BABW stores at the end of the second quarter to 179 in the United States and 7 in Canada. During the quarter international franchisees opened four new international stores; international stores totaled 16 at the end of the second quarter.

On July 8, the Company officially opened its New York City flagship store located on 5th Avenue at 46th Street.

Total revenue for the fiscal 2005 first half (26 weeks ended July 2, 2005) was \$159.8 million, up 17.7% compared to \$135.7 million in the 2004 first half (26 weeks ended July 3, 2004). First half net

income of \$11.5 million, or \$0.57 per diluted share, on 20.2 million diluted shares outstanding, includes \$0.05 per diluted share of flagship store preopening costs. In the first half of 2004, the Company reported net income of \$10.2 million, or \$0.57 per diluted share, on 17.9 million diluted shares outstanding.

Build-A-Bear Workshop expects to open a total of 30 new BABW stores in the United States and Canada in fiscal 2005. Plans also include opening three new friends 2B made stores. International franchisees expect to open a total of 20 to 25 new stores in fiscal 2005.

#### Outlook

The Company also re-confirmed its guidance for fiscal 2005 (52 weeks ended Dec. 31, 2005) net income in the range of \$25.1 million to \$26.3 million, representing net income growth of 26% to 32% compared to fiscal 2004. Diluted earnings per share (EPS) are expected to be in the range of \$1.24 to \$1.30. Comparable store sales for the year are expected to be flat with 2004.

The Company expects to begin expensing stock-based compensation in the first quarter of fiscal 2006 as required by SFAS 123R, Share-Based Payment.

#### Today's Conference Call Webcast

Today at 10:00 a.m. EDT, Build-A-Bear Workshop(R) will host a live audio webcast of its discussion with the investment community regarding the company's fiscal 2005 second quarter results. The webcast can be accessed at <http://ir.buildabear.com>. Following the live discussion, a replay of the webcast will be available until the next quarterly conference call.

#### About Build-A-Bear Workshop, Inc.

Build-A-Bear Workshop, Inc. (NYSE: BBW), with fiscal 2004 total revenue of \$302 million, is the only national company that offers Guests an interactive make-your-own-stuffed animal retail-entertainment experience. The first store opened in St. Louis in 1997; the company currently operates over 190 stores in the United States and Canada. With the opening of its store in Sheffield, England, in the fall of 2003 and the addition of international stores in Japan, Denmark, Australia, South Korea and France, Build-A-Bear Workshop has become the global leader in the teddy bear business. In November 2004, the company opened two friends 2B made(R) stores, the newest concept based on the doll-making experience. For more information about the company and its products, call 888.560.BEAR (2327) or visit the company's award-winning Web site at [www.buildabear.com](http://www.buildabear.com).

#### Forward-Looking Statements

Statements in this news release expressing or indicating the beliefs and expectations of management regarding future performance are forward-looking statements including, without limitation, company financial performance, sales growth, new store openings, any other plans, objectives, expectations and intentions contained in this release that are not historical facts. These statements reflect our current views with respect to future events and are based on assumptions and subject to risks and uncertainties. These risks and uncertainties include, without limitation, those detailed in our 2004 annual report on Form 10-K filed with the SEC on March 29, 2005 under the caption "Risk Factors" and the following: (1) we may be unable to generate comparable store sales growth; (2) our marketing initiatives may not be effective in generating sufficient levels of brand awareness and Guest traffic; (3) we may be unable open new stores to effectively manage our growth; (4) we may be unable to effectively manage our international franchises or laws relating to those franchises may change; (5) we may be unable to generate interest in and demand for our interactive retail experience, or to identify and respond to consumer preferences in a timely fashion; (6) customer traffic may decrease in the shopping malls where we are located, on which we depend to attract Guests to our stores; (7) general economic conditions may decrease, which could lead to reduced consumer demand for our products; (8) our market share could be adversely affected by a significant number of competitors; (9) we may lose key personnel, be unable to hire qualified additional personnel, or experience turnover of our management team; (10) the ability of our principal vendors to deliver merchandise may be disrupted; (11) the availability and costs of our products could be adversely affected by risks associated with international manufacturing and trade; (12) third parties that manage our warehousing and distribution functions may perform poorly; (13) we may fail to renew, register or otherwise protect our trademarks or other intellectual property; (14) we may have disputes with, or be sued by, third parties for infringement or misappropriation of their proprietary rights; (15) we may be unable to renew or replace our store leases, or enter into leases for new stores on favorable terms, or may violate the terms of our current leases; (16) we may experience failures in our communications or information systems; (17) terrorism

or the uncertainty of future terrorist attacks or war could reduce consumer confidence and mall traffic; (18) we may become subject to challenges relating to overtime pay or other regulations relating to our employees; (19) we may suffer negative publicity or be sued due to violations of labor laws or unethical practices by manufacturers of our merchandise, and (20) we may improperly obtain or be unable to protect information from our Guests in violation of privacy or security laws or expectations.

These risks, uncertainties and other factors may adversely affect our business, growth, financial condition or profitability, or subject us to potential liability, and cause our actual results, performance or achievements to be materially different from those expressed or implied by our forward-looking statements. We do not undertake any obligation or plan to update these forward-looking statements, even though our situation may change.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Statements of Operations  
(dollars in thousands, except share and per share data)

	13 Weeks Ended July 2, 2005	% of Total Revenues (1)	13 Weeks Ended July 3, 2004	% of Total Revenues (1)
<b>Revenues:</b>				
Net retail sales	\$ 73,279	99.4 %	\$ 65,925	99.7 %
Franchise fees	334	0.5	190	0.3
Licensing revenue	86	0.1	--	0.0
<b>Total revenues</b>	<b>73,699</b>	<b>100.0</b>	<b>66,115</b>	<b>100.0</b>
<b>Costs and expenses:</b>				
Cost of merchandise sold	38,951	53.2	34,124	51.8
Selling, general and administrative	27,555	37.4	23,639	35.8
Store preopening	1,929	2.6	493	0.7
Interest expense (income), net	(378)	(0.5)	(59)	(0.1)
<b>Total costs and expenses</b>	<b>68,057</b>	<b>92.3</b>	<b>58,197</b>	<b>88.0</b>
<b>Income before income taxes</b>	<b>5,642</b>	<b>7.7</b>	<b>7,918</b>	<b>12.0</b>
Income tax expense	2,147	2.9	3,009	4.6
<b>Net income</b>	<b>3,495</b>	<b>4.7</b>	<b>4,909</b>	<b>7.4</b>
Cumulative dividends and accretion of redeemable preferred stock	--		493	
Cumulative dividends of nonredeemable preferred stock	--		114	
<b>Net income available to common and participating preferred stockholders</b>	<b>\$ 3,495</b>		<b>\$ 4,302</b>	
<b>Net income allocated to common stockholders</b>	<b>\$ 3,495</b>		<b>\$ 153</b>	
<b>Net income allocated to participating preferred stockholders</b>	<b>\$ --</b>		<b>\$ 4,149</b>	
<b>Earnings per common share:</b>				
Basic	\$ 0.18		\$ 0.44	
Diluted	\$ 0.17		\$ 0.27	
<b>Shares used in computing common per share amounts:</b>				
Basic	19,801,598		351,944	
Diluted	20,223,601		18,021,047	

(1) Selected statement of operations data expressed as a percentage of total revenues, except cost of merchandise sold which is expressed as a percentage of net retail sales. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales and rounding.

Unaudited Condensed Consolidated Statements of Operations  
(dollars in thousands, except share and per share data)

	26 Weeks Ended July 2, 2005	% of Total Revenues (1)	26 Weeks Ended July 3, 2004	% of Total Revenues (1)
Revenues:			(restated)	
Net retail sales	\$ 159,002	99.5 %	\$ 135,420	99.8 %
Franchise fees	640	0.4	307	0.2
Licensing revenue	116	0.1	--	0.0
Total revenues	159,758	100.0	135,727	100.0
Costs and expenses:				
Cost of merchandise sold	81,558	51.3	70,046	51.7
Selling, general and administrative	57,190	35.8	48,632	35.8
Store preopening	3,117	2.0	705	0.5
Interest expense (income), net	(746)	(0.5)	(98)	(0.1)
Total costs and expenses	141,119	88.3	119,285	87.9
Income before income taxes	18,639	11.7	16,442	12.1
Income tax expense	7,176	4.5	6,248	4.6
Net income	11,463	7.2	10,194	7.5
Cumulative dividends and accretion of redeemable preferred stock	--		985	
Cumulative dividends of nonredeemable preferred stock	--		228	
Net income available to common and participating preferred stockholders	\$ 11,463		\$ 8,981	
Net income allocated to common stockholders	\$ 11,463		\$ 261	
Net income allocated to participating preferred stockholders	\$ --		\$ 8,720	
Earnings per common share:				
Basic	\$ 0.59		\$ 0.92	
Diluted	\$ 0.57		\$ 0.57	
Shares used in computing common per share amounts:				
Basic	19,538,111		284,731	
Diluted	20,173,764		17,938,328	

(1) Selected statement of operations data expressed as a percentage of total revenues, except cost of merchandise sold which is expressed as a percentage of net retail sales. Percentages will not total due to cost of merchandise sold being expressed as a percentage of net retail sales and rounding.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Balance Sheets  
(dollars in thousands, except share and per share data)

	July 2, 2005	January 1, 2005	July 3, 2004
ASSETS			
Current assets:			(restated)
Cash and cash equivalents	\$ 47,961	\$ 67,327	\$ 26,315
Inventories	35,806	30,791	29,948
Receivables	4,752	3,792	1,875
Prepaid expenses and other current assets	8,493	5,320	4,501
Deferred tax assets	2,958	2,725	2,030
Total current assets	99,970	109,955	64,669
Property and equipment, net	83,730	75,815	73,079



Goodwill	-	-	97
Other intangible assets, net	1,259	1,411	1,484
Other assets, net	2,184	2,056	1,989
	-----	-----	-----
Total Assets	\$ 187,143	\$ 189,237	\$141,318
	=====	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Accounts payable	\$ 17,205	\$ 25,767	\$21,367
Accrued expenses	4,932	13,966	9,981
Other current liabilities	17,078	22,222	11,675
	-----	-----	-----
Total current liabilities	39,215	61,955	43,023
	-----	-----	-----
Deferred franchise revenue	2,177	2,075	1,864
Deferred rent	29,677	26,426	24,372
Other liabilities	659	732	803
Deferred tax liabilities	3,996	2,539	3,362
Redeemable preferred stock, at redemption price	-	-	38,875
Stockholders' equity:			
Nonredeemable preferred stock, at par value	-	-	94
Common stock, par value \$0.01 per share	199	196	7
Additional paid-in capital	81,561	77,708	10,928
Retained earnings	30,849	19,386	19,858
Notes receivable from officers	(148)	(1,770)	(1,868)
Unearned compensation	(1,042)	(10)	-
	-----	-----	-----
Total stockholders' equity	111,419	95,510	29,019
	-----	-----	-----
Total Liabilities and Stockholders' Equity	\$ 187,143	\$ 189,237	\$ 141,318
	=====	=====	=====

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Statements of Cash Flows  
(dollars in thousands)

	26 Weeks Ended July 2, 2005	26 Weeks Ended July 3, 2004
	-----	-----
		(restated)
Cash flows from operating activities:		
Net income	\$ 11,463	\$ 10,194
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	8,517	7,125
Deferred taxes	1,224	(357)
Tax benefit from exercise of non-qualified options	2,095	410
Loss on disposal of property and equipment	209	142
Stock-based compensation	215	94
Change in assets and liabilities:		
Inventories	(5,015)	(7,375)
Receivables	(945)	288
Prepaid expenses and other current assets	(3,173)	(286)
Accounts payable	(8,562)	(455)
Accrued expenses and other liabilities	(13,109)	2,723
	-----	-----
Net cash provided (used) by operating activities	(7,081)	12,503
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment	(16,091)	(6,132)
Proceeds from sale of property and equipment	24	-
Purchases of other assets	(565)	(657)
	-----	-----
Net cash used in investing activities	(16,632)	(6,789)
	-----	-----
Cash flows from financing activities:		
Exercise of employee stock options and employee stock purchases	2,702	-
Collection of note receivable from officer	1,645	-
	-----	-----
Net cash provided by financing activities	4,347	-
	-----	-----
Net increase (decrease) in cash and cash equivalents	(19,366)	5,714
Cash and cash equivalents, beginning of period	67,327	20,601

Cash and cash equivalents, end of period	\$ 47,961	\$ 26,315
	=====	=====

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
 Unaudited Selected Financial and Store Data  
 (dollars in thousands, except square foot data)

	13 Weeks Ended July 2, 2005	13 Weeks Ended July 3, 2004	26 Weeks Ended July 2, 2005	26 Weeks Ended July 3, 2004
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Other financial data:

Gross margin (\$) (1)	\$ 34,328	31,801	\$ 77,444	65,374
Gross Margin (%) (1)	46.8%	48.2%	48.7%	48.3%
Capital expenditures (2) \$	10,590	3,729	\$ 16,091	6,132
Depreciation and amortization	\$ 4,352	3,582	\$ 8,517	7,125

Store data (3):

Number of stores at end of period			186	157
Store square footage at end of period			575,682	479,042
Comparable store sales change (%) (4)	(6.9)%	12.9%	(0.6)%	13.8%

- (1) Gross margin represents net retail sales less cost of merchandise sold. Gross margin percentage represents gross margin divided by net retail sales.
- (2) Capital expenditures consist of leasehold improvements, furniture and fixtures, and computer equipment and software purchases.
- (3) Excludes our webstore and seasonal and event-based locations.
- (4) Comparable store sales percentage changes are based on net retail sales and stores are considered comparable beginning in their thirteenth full month of operation.

CONTACT: Build-A-Bear Workshop, Inc.

Investors:

Molly Salky, 314-423-8000, Ext. 5353

or

Media:

Jill Saunders, 314-423-8000, Ext. 5293

Website: [www.buildabear.com](http://www.buildabear.com)

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Balance Sheets  
(dollars in thousands, except share and per share data)

	March 29, 2003	June 28, 2003	September 27, 2003	January 3, 2004
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$8,563	\$3,685	\$4,027	\$20,601
Inventories	20,684	21,613	19,286	22,573
Receivables	635	1,843	2,745	2,163
Prepaid expenses and other current assets	994	926	2,908	4,215
Deferred tax assets	1,999	1,981	2,213	1,531
<b>Total current assets</b>	<b>32,875</b>	<b>30,048</b>	<b>31,179</b>	<b>51,083</b>
Property and equipment, net	62,516	67,809	72,919	73,635
Goodwill	197	297	97	97
Other intangible assets	1,245	1,241	1,254	1,493
Other assets, net	1,583	1,693	1,827	1,902
<b>Total Assets</b>	<b>\$98,416</b>	<b>\$101,088</b>	<b>\$107,276</b>	<b>\$128,210</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$14,106	\$15,403	\$15,348	\$21,822
Accrued expenses	3,887	2,468	2,794	6,366
Other current liabilities	8,050	7,978	8,437	12,432
<b>Total current liabilities</b>	<b>26,043</b>	<b>25,849</b>	<b>26,579</b>	<b>40,620</b>
Deferred franchise revenue	938	989	1,530	1,957
Deferred rent	17,600	19,777	22,863	23,801
Other liabilities	-	-	-	877
Deferred tax liabilities	2,399	2,719	3,824	3,220
Minority interest	5	5	-	-
Redeemable preferred stock, at redemption price	36,412	36,905	37,397	37,890
Stockholders' equity:				
Nonredeemable preferred stock, at par value	94	94	94	94
Common stock, par value \$0.01 per share.	5	5	5	5
Additional paid-in capital	10,843	10,866	10,895	10,918
Retained earnings	5,828	5,653	5,887	10,649
Notes receivable from officers	(1,751)	(1,774)	(1,798)	(1,821)
<b>Total stockholders' equity</b>	<b>15,019</b>	<b>14,844</b>	<b>15,083</b>	<b>19,845</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$98,416</b>	<b>\$101,088</b>	<b>\$107,276</b>	<b>\$128,210</b>

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Statements of Operations  
(dollars in thousands, except share and per share data)

	13 Weeks Ended March 29, 2003	13 Weeks Ended June 28, 2003	13 Weeks Ended September 27, 2003	14 Weeks Ended January 3, 2004
(restated)				
<b>Revenues:</b>				
Net retail sales	\$47,810	\$44,678	\$47,904	\$73,035
Franchise fees	48	48	59	90

Total revenues	47,858	44,726	47,963	73,125
Costs and expenses:				
Costs of merchandise sold	26,255	25,536	27,418	37,078
Selling, general, and administrative	18,920	17,164	17,846	27,161
Store preopening	478	1,495	1,514	372
Interest expense (income), net	(36)	(18)	(7)	3
Total costs and expenses	45,617	44,177	46,771	64,614
Income before income taxes	2,241	549	1,192	8,511
Income tax expense	920	232	466	3,257
Net income	1,321	317	726	5,254
Cumulative dividends and accretion of redeemable preferred stock	493	492	493	492
Cumulative dividends of nonredeemable preferred stock	114	114	114	113
Net income available to common and participating preferred stockholders	\$714	\$(289)	\$119	\$4,649
Net income allocated to common stockholders	\$16	\$(289)	\$3	\$104
Net income allocated to participating preferred stockholders	\$698	\$-	\$116	\$4,545
Earnings per common share:				
Basic	\$0.07	\$(1.33)	\$0.01	\$0.48
Diluted	\$0.07	\$(1.33)	\$0.01	\$0.30
Shares used in computing common per share amounts:				
Basic	217,519	217,519	217,519	217,519
Diluted	11,585,795	217,519	9,365,119	17,759,083
Store data				
(1):				
Number of stores at end of period	109	123	143	150
Store square footage at end of period	347,486	388,853	443,142	462,484
Comparable store sales change (%) (2)	(17.4)%	(15.6)%	(19.0)%	(12.5)%

(1) Excludes our webstore and seasonal and event-based locations.

(2) Comparable store sales percentage changes are based on net retail sales and stores are considered comparable beginning in their thirteenth full month of operation.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Statements of Cash Flows  
(dollars in thousands)

	13 Weeks Ended March 29, 2003	26 Weeks Ended June 28, 2003	39 Weeks Ended September 27, 2003	53 Weeks Ended January 3, 2004
		(restated)	(restated)	
Cash flows from operating activities:				
Net income	\$1,321	\$1,638	\$2,364	\$7,618
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	2,745	5,701	8,949	12,840
Deferred taxes	105	442	1,315	1,394
Loss on disposal of property and equipment	63	63	159	340
Impairment of goodwill	-	-	200	200
Change in assets and liabilities:				
Inventories	886	(42)	2,284	(1,002)
Receivables	1,577	368	(533)	49
Prepaid expenses and other current assets	(175)	(107)	(324)	(3,397)
Accounts payable	(3,233)	(1,936)	(1,991)	4,483
Accrued expenses and other liabilities	(5,713)	(4,976)	(2,329)	9,245
Net cash provided by operating activities	(2,424)	1,151	10,094	31,770
Cash flows from investing activities:				

Purchases of property and equipment	(4,534)	(12,517)	(20,690)	(24,917)
Purchases of other assets	(243)	(615)	(1,043)	(1,918)
Purchase of minority interest in subsidiary	(100)	(200)	(200)	(200)
	-----	-----	-----	-----
Net cash used in investing activities	(4,877)	(13,332)	(21,933)	(27,035)
	-----	-----	-----	-----
Cash flows from financing activities:				
	-----	-----	-----	-----
Net cash provided by financing activities	-	-	-	-
	-----	-----	-----	-----
Net increase in cash and cash equivalents	(7,301)	(12,181)	(11,839)	4,735
Cash and cash equivalents, beginning of period	15,866	15,866	15,866	15,866
	-----	-----	-----	-----
Cash and cash equivalents, end of period	\$8,565	\$3,685	\$4,027	\$20,601
	=====	=====	=====	=====

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Balance Sheets  
(dollars in thousands, except share and per share data)

	April 3, 2004	July 3, 2004	October 2, 2004	January 1, 2005
		(restated)	(restated)	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$28,623	\$26,315	\$15,745	\$67,327
Inventories	19,484	29,948	29,435	30,791
Receivables	1,061	1,875	3,124	3,792
Prepaid expenses and other current assets	3,617	4,501	5,180	5,320
Deferred tax assets	1,754	2,030	2,192	2,725
	-----	-----	-----	-----
Total current assets	54,539	64,669	55,676	109,955
Property and equipment, net	72,777	73,079	74,694	75,815
Goodwill	97	97	97	-
Other intangible assets	1,486	1,484	1,442	1,411
Other assets, net	1,926	1,989	2,041	2,056
	-----	-----	-----	-----
Total Assets	\$130,825	\$141,318	\$133,950	\$189,237
	=====	=====	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Current liabilities:				
Accounts payable	\$18,088	\$21,367	\$17,694	\$25,767
Accrued expenses	10,111	9,981	9,995	13,966
Other current liabilities	11,473	11,675	12,485	22,222
	-----	-----	-----	-----
Total current liabilities	39,672	43,023	40,174	61,955
	-----	-----	-----	-----
Deferred franchise revenue	1,905	1,864	2,152	2,075
Deferred rent	22,187	24,372	25,567	26,426
Other liabilities	840	803	768	732
Deferred tax liabilities	3,175	3,362	3,403	2,539
Redeemable preferred stock, at redemption price	38,382	38,875	39,032	-
	-----	-----	-----	-----
Stockholders' equity:				
Nonredeemable preferred stock, at par value	94	94	94	-
Common stock, par value \$0.01 per share.	5	7	7	196
Additional paid-in capital	10,967	10,928	12,831	77,708
Retained earnings	15,442	19,858	13,203	19,386
Notes receivable from officers	(1,844)	(1,868)	(1,891)	(1,770)
Unearned compensation	-	-	(1,390)	(10)
	-----	-----	-----	-----
Total stockholders' equity	24,664	29,019	22,854	95,510
	-----	-----	-----	-----
Total Liabilities and Stockholders' Equity	\$130,825	\$141,318	\$133,950	\$189,237
	=====	=====	=====	=====

(dollars in thousands, except share and per share data)

	13 Weeks Ended April 3, 2004	13 Weeks Ended July 3, 2004	13 Weeks Ended October 2, 2004	13 Weeks Ended January 1, 2005
			(restated)	
<b>Revenues:</b>				
Net retail sales	\$69,495	\$65,924	\$66,214	\$98,836
Franchise fees	117	190	191	348
Licensing revenue	-	-	102	245
<b>Total revenues</b>	<b>69,612</b>	<b>66,114</b>	<b>66,507</b>	<b>99,429</b>
<b>Costs and expenses:</b>				
Cost of merchandise sold	35,922	34,124	34,822	46,720
Selling, general, and administrative	24,993	23,638	25,145	41,532
Store preopening	212	493	767	714
Impairment charge (credit)	-	-	-	(54)
Interest expense (income), net	(39)	(59)	(72)	(129)
<b>Total costs and expenses</b>	<b>61,088</b>	<b>58,196</b>	<b>60,662</b>	<b>88,783</b>
<b>Income before income taxes</b>	<b>8,524</b>	<b>7,918</b>	<b>5,845</b>	<b>10,646</b>
<b>Income tax expense</b>	<b>3,239</b>	<b>3,009</b>	<b>2,342</b>	<b>4,344</b>
<b>Net income</b>	<b>5,285</b>	<b>4,909</b>	<b>3,503</b>	<b>6,302</b>
Cumulative dividends and accretion of redeemable preferred stock	492	493	152	125
Cumulative dividends of nonredeemable preferred stock	114	114	35	-
<b>Net income available to common and participating preferred stockholders</b>	<b>\$4,679</b>	<b>\$4,302</b>	<b>\$3,316</b>	<b>\$6,177</b>
<b>Net income allocated to common stockholders</b>	<b>\$104</b>	<b>\$155</b>	<b>\$140</b>	<b>\$6,177</b>
<b>Net income allocated to participating preferred stockholders</b>	<b>\$4,575</b>	<b>\$4,147</b>	<b>\$3,176</b>	<b>\$-</b>
<b>Earnings per common share:</b>				
Basic	\$0.48	\$0.44	\$0.34	\$0.45
Diluted	\$0.30	\$0.27	\$0.19	\$0.32
<b>Shares used in computing common per share amounts:</b>				
Basic	217,519	354,931	419,218	13,870,389
Diluted	17,858,276	18,021,047	18,528,825	19,650,953
<b>Store data</b>				
(1):				
Number of stores at end of period	151 #	157	164	170
Store square footage at end of period	464,972 #	479,042	497,385	514,986
Comparable store sales change (%) (2)	14.8%	12.9%	18.8%	23.3%

(1) Excludes our webstore and seasonal and event-based locations.

(2) Comparable store sales percentage changes are based on net retail sales and stores are considered comparable beginning in their thirteenth full month of operation.

BUILD-A-BEAR WORKSHOP, INC. AND SUBSIDIARIES  
Unaudited Condensed Consolidated Statements of Cash Flows  
(dollars in thousands)

13 Weeks Ended April 3,	26 Weeks Ended July 3,	39 Weeks Ended October 2,	52 Weeks Ended January 1,
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	2004	2004	2004	2005
		(restated)	(restated)	
Cash flows from operating activities:				
Net income	\$5,285	\$10,194	\$13,697	\$19,999
Adjustments to reconcile net income to net cash from operating activities:				
Depreciation and amortization	3,543	7,125	10,817	14,948
Deferred taxes	(268)	(357)	(478)	(1,875)
Tax benefit from exercise of non-qualified options	-	410	410	410
Loss on disposal of property and equipment	-	142	269	533
Impairment of goodwill	-	-	-	97
Impairment charge (credit)	-	-	-	(54)
Stock-based compensation	26	94	584	1,974
Change in assets and liabilities:				
Inventories	3,089	(7,375)	(6,862)	(8,218)
Receivables	1,102	288	(961)	(1,629)
Prepaid expenses and other current assets	598	(286)	(965)	(1,105)
Accounts payable	(3,734)	(455)	(4,128)	3,998
Accrued expenses and other liabilities	1,083	2,723	4,994	19,449
-----				
Net cash provided by operating activities	10,724	12,503	17,377	48,527
-----				
Cash flows from investing activities:				
Purchases of property and equipment	(2,403)	(6,132)	(11,278)	(16,494)
Purchases of other assets	(299)	(657)	(955)	(1,238)
-----				
Net cash used in investing activities	(2,702)	(6,789)	(12,233)	(17,732)
-----				
Cash flows from financing activities:				
Payment of cash dividend	-	-	(10,000)	(10,000)
Exercise of employee stock options	-	-	-	52
Collection of note receivable from officer	-	-	-	144
Proceeds from initial public offering, net of offering costs	-	-	-	25,735
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Net cash provided by financing activities	-	-	(10,000)	15,931
-----				
Net increase in cash and cash equivalents	8,022	5,714	(4,856)	46,726
Cash and cash equivalents, beginning of period	20,601	20,601	20,601	20,601
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Cash and cash equivalents, end of period	\$28,623	\$26,315	\$15,745	\$67,327
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