



Third Quarter Report

For the three and nine month periods ended
September 30, 2008

- Big Rock Brewery Income Trust -

Management's Discussion and Analysis

For the three and nine month periods ended September 30, 2008

The following discussion and analysis is dated November 7, 2008 and should be read in conjunction with the Big Rock Brewery Income Trust ("Big Rock" or the "Trust") consolidated financial statements and accompanying notes included therein for the three and nine month periods ended September 30, 2008 and the audited annual consolidated financial statements and MD&A for the year ended December 31, 2007. The consolidated financial statements of the Trust have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") and are denominated in Canadian dollars.

Big Rock is a regional producer, marketer, and distributor of bottles, cans, and kegs of premium quality specialty beers, also known as craft beers, with a brewery located in Calgary, Alberta. Big Rock has sales and distribution facilities at its brewery in Calgary, Alberta as well as in Edmonton, Alberta and has sales representatives resident in Alberta, British Columbia, Saskatchewan, Manitoba and Ontario. Big Rock products are available in Newfoundland, New Brunswick, and Nova Scotia through third party agents. Big Rock also exports its products to Korea and to Canadian Embassies throughout the world.

Additional information regarding Big Rock Brewery Income Trust, including the Trust's Annual Information Form is available on SEDAR at www.sedar.com.

Selected Financial Information	Three months ended September 30	
	2008	2007
Net Sales Revenue	\$ 10,331,114	\$ 9,774,612
Net Income	\$ 1,417,385	\$ 1,374,104
Earning/unit - basic	\$ 0.24	\$ 0.23
Cash provided by operating activities	\$ 1,813,763	\$ 1,711,090
Weighted average number of units o/s	6,012,522	6,001,870
Distributable cash per unit	\$ 0.26	\$ 0.24
Distributions per unit	\$ 0.27	\$ 0.39
Total Assets	\$ 36,324,940	\$ 39,448,000
Future Income tax	\$ 3,461,522	\$ 7,375,000

Significant Events for Q3:

Big Rock commissioned an environmental study reviewing our entire operation and, as part of the recommendations received, we have assembled an environmental management team. The team consists of seven employees covering all departments and their mandate will be to ensure environmental sustainability and to reduce resource use and utility costs wherever possible.

The Grasshoppin' festival campaign went into full swing in the third quarter of 2008. At music festivals across the country, people were able to enter a contest to be a festival reporter in 2009 and, as part of our environmental initiatives, drank Big Rock beer from compostable cups.

Summer was busy for our Sales and Marketing teams with significant on-premise and retail activity, including patio and golf promotions as well as our 'Weiss Squad' program which educated the consumer on the great qualities of our wheat beer, Grasshopper. Other activities during the quarter included our Summer Variety pack and Rock Creek Cider promotions, encompassing an aggressive on the street tasting and education campaign for those products. Results were encouraging with sales compared to Q3 2007 up almost 6% for Grasshopper, 14.5% for the Summer Variety pack and an impressive 119% for Rock Creek Cider.

Results of Operations

For the quarter ended September 30, 2008, overall net sales (comprised of product (beer and cider) and co-packing net revenues) were up \$556,502 to \$10,331,114 compared to \$9,774,612 for the quarter ended September 30, 2007 (up \$380,648 to \$28,483,675 from \$28,103,027 for the nine month period). Overall, volume sales were up 10% in in the third quarter of 2008 compared to the same quarter in 2007. Regionally, sales volumes in Alberta were up 12%, British Columbia 19% and Ontario was up 4%. Saskatchewan and Manitoba sales volumes were down 14% and 10%, respectively.

Cost of sales increased to \$4,122,403 this quarter (7% increase) compared to \$3,860,819 for the same quarter last year. Year to date cost of sales are up to \$11,215,406 (compared to year to date 2007 - \$10,897,906). These increases are due to higher labour, raw materials, packaging and utility costs.

Historical numbers for co-packing net revenues and cost of sales have been reclassified for comparison purposes only.

Gross profit for the quarter is \$6,208,711, which is \$294,918 higher than the same quarter in 2007 (\$5,913,793). Year to date gross profit is \$17,268,269 (compared to \$17,205,121 year to date for 2007). Gross profit remains stable at 60% for all periods.

Overall selling expenses increased by \$761,361 (29%) to \$3,380,088 compared to \$2,618,727 for the same quarter last year (up \$1,757,100 or 24% to \$9,041,592 from \$7,284,492 for the nine month period). Selling expenses include quarter three delivery costs of \$1,015,852 compared to \$833,720 in quarter three 2007. This is an increase of 22%, which is primarily due to increased sales volumes as well as increased delivery costs and fuel surcharges. For the nine months ended September 30 delivery costs were \$2,523,388 in 2008 and \$2,333,193 in 2007. Remaining selling expenses for the quarter ending September 2008 were \$2,364,236 (\$1,781,390 in quarter three 2007), an increase of \$582,846. Of this amount, approximately \$192,000 resulted from the reallocation of sales and marketing management and administration salaries which had, in previous years, been recorded in general & administrative expenses. For the nine month period ended September 30, selling expenses excluding delivery were \$6,518,204 in 2008 and \$4,924,500 in 2007, an increase of \$1,593,704, of which approximately \$531,000 is attributable to the aforementioned reallocation of marketing and administration salaries. The remaining increase reflects the sales and marketing programs initiated in late 2007 and includes programs such as the Juno promotions, additional Eddie's promotions, aggressive summer on-premise and retail selling programs as well as increased local sponsorships and promotions and usage of point of sale materials.

General and administration expenses in the quarter ending September 2008 were \$418,902 lower (\$761,633) than the same quarter in 2007 (\$1,180,534). This is down \$767,605 to \$2,981,101 from \$3,748,706 for the nine month period. This is related partly to the reallocation of management and marketing salaries as noted above. An additional notable expenditure in the nine months ending September 2008 included \$507,161 in severance payments (nine months ending September 2007 - \$142,637). Other general and administrative variances include \$88,565 in stock option compensation expense incurred in the quarter ending September 30, 2007 (quarter ending September 30, 2008 - \$0; nine months 2007 - \$536,897, 2008 - \$0); professional fees of \$74,429 relating to documentation and testing of internal controls in 2008; and a \$43,874 loss on the sale of assets in 2008.

Interest expense was \$53,932 (nil in quarter three 2007), year to date interest expenses are up \$124,550 to \$127,914 from \$3,364 year to date 2007 due to interest on the operating line and term financing.

Amortization expense for the quarter was \$505,897, down \$40,273 from the same period in 2007. For the nine months ending September 2008 amortization was \$1,435,417 down \$163,424 from \$1,598,841 in 2007 due to several older assets being fully amortized and the disposal of non-utilized assets.

Summary of Quarterly Results

Quarter Ended	Net Sales	Net Income	Earnings per unit		Weighted Average Units Outstanding
			Basic	Diluted	
30-Sep-08	\$10,331,114	\$1,417,385	\$0.24	\$0.24	6,012,522
30-Jun-08	\$10,436,468	\$1,537,122	\$0.26	\$0.26	6,011,570
31-Mar-08	\$7,716,093	\$468,037	\$0.08	\$0.08	6,007,382
31-Dec-07	\$8,294,790	\$1,440,081	\$0.13	\$0.13	6,002,870
30-Sep-07	\$9,774,612	\$1,374,104	\$0.23	\$0.23	6,001,870
30-Jun-07	\$10,601,808	\$1,807,632	\$0.30	\$0.30	5,999,703
31-Mar-07	\$8,072,300	\$834,972	\$0.14	\$0.14	5,996,506
31-Dec-06	\$8,603,228	\$1,883,998	\$0.30	\$0.29	6,020,891

Financial Condition

There were no cash and cash equivalents at September 30, 2008 (December 31, 2007 - \$798,382).

At September 30, 2008, accounts receivable increased by \$809,990 to \$2,451,767 from \$1,641,777 as at December 31, 2007. In addition to increases or decreases related to seasonal sales fluctuations, Big Rock's accounts receivable are from provincial government liquor authorities and the timing of receipts of large balances often causes significant swings in accounts receivable over period ends.

Inventories as at September 30, 2008 increased \$810,092 to \$3,720,119 from \$2,910,027 as at December 31, 2007. This is primarily related to seasonal sales and production fluctuations.

The net book value of property, plant and equipment decreased by \$772,443 as at September 30, 2008 to \$29,264,105 (December 31, 2007 - \$30,036,548). The decrease reflects asset purchases of \$726,677 offset by amortization of \$1,435,417 and disposal of assets with a net book value of \$63,707 (sold at a loss of \$43,874, proceeds of \$19,833).

Big Rock has a \$5,000,000 demand operating facility provided by ATB Financial (ATB) which bears interest at ATB prime rate. The balance of this facility at the quarter ending September 30, 2008 was \$922,727 (quarter ending September 30, 2007 - \$0) which is used to fund general working capital requirements. In addition, ATB has provided the Trust with term financing in the amount of \$3,557,090, for a period of three years at prime plus one quarter.

The ATB facility imposes a number of positive and negative covenants on Big Rock including the maintenance of certain financial ratios. At September 30, 2008 Big Rock was in compliance with all of its debt covenants. Collateral for these borrowings is a general assignment of Big Rock's assets.

At September 30, 2008, accounts payable increased by \$1,278,090 to \$2,754,131 from \$1,476,041 as at December 31, 2007. These payables are all in the normal course of business and fluctuate based on seasonal sales and production levels, timing of receipt and payment of vendor invoices.

At September 30, 2008, 634,250 unit appreciation rights (UAR's) were outstanding. There was no liability for UAR's at quarter end.

The provision for future income taxes payable increased by \$259,702 to \$3,461,522 as at September 30, 2008 from \$3,201,820 at December 31, 2007. Future income taxes payable reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and the deferral of taxes payable as a result of the Trust's new "flow through" structure.

No current tax provisions have been booked due to the modified tax structure of the Trust to provide the Trust with a "flow-through" structure that eliminates the majority of income tax expense currently being incurred until December 31, 2010.

Contributed surplus of \$740,754 represents primarily unit based compensation expense calculated using the Black-Scholes option pricing model for unit option grants together with adjustments related to certain unit appreciation rights as described in note 2 to the financial statements.

Cash flows

Cash provided by (used in) operating activities in the quarter ended September 30, 2008 increased by \$102,673 to \$1,813,763 from \$1,711,090 for the quarter ended September 30, 2007, primarily due to an increase in net income and higher future income tax expense. Year to date cash provided by operating activities is down \$4,036,741 to \$2,075,618 from \$6,112,359 year to date in 2007.

During the current quarter, cash distributions of \$1,623,124 (Quarter 3, 2007 - \$2,340,339) were paid to Unitholders, all of which are taxable in their hands. There was no return of capital included in the distributions.

Cash used in investing activities during the quarter ended September 30, 2008 included the purchase of property, plant, and equipment assets of \$218,186 (quarter ended September 30, 2007 - \$394,826; nine months 2008 - \$662,974, 2007 - \$1,516,486) expended primarily for a new brewhouse floor, packaging line, new bottles purchases and restaurant improvements.

Liquidity and capital resources

Working capital (current assets less current liabilities) increased by \$2,482,544 to \$2,569,222 from \$86,678 at December 31, 2007, primarily as a result of higher receivables and inventories and the payment of the income taxes payable at year end.

The Trust's revolving bank operating line of \$5,000,000 is sufficient to fund operating fluctuations in cash requirements throughout the year.

Each month the Board of Directors sets the cash distribution per unit, considering Big Rock's requirements for capital expenditures, debt servicing requirements, and current operating results compared to budget as well as projected net incomes.

Cash Distributions

Over the long term it is Management's intention that Big Rock's distributions to its Unitholders are funded by cash flow from operating activities with the remaining cash directed towards capital spending and debt repayments. The Trust intends to provide distributions to Unitholders that are sustainable to the Trust considering its liquidity and long-term operational strategies. Since the level of distributions is highly dependent upon cash flow generated from operations, which fluctuates significantly in relation to changes in financial and operational performance, commodity prices, interest and exchange rates and many other factors, future distributions cannot be assured.

The following table provides a breakdown of the distributable cash per unit for the quarter:

OPERATING ACTIVITIES	Per Unit
Net income for the period	\$ 0.24
Items not affecting cash	
Amortization	\$ 0.08
Unit based compensation (note 2)	-
Future income tax expense	\$ 0.01
	<u>\$ 0.33</u>
Net change in non-cash working capital related to operations (note 7)	\$ (0.03)
Cash provided by (used in) operating activities	\$ 0.30
Allowance for productive capacity maintenance	\$ (0.04)
Distributable Cash per Unit	\$ 0.26

Distributions declared to Unitholders may exceed net earnings generated during the period. Net earnings may not be an accurate indicator of the Trust's liquidity, as it may be comprised of significant charges not involving cash including future income tax and depreciation related expenses.

Issued and Outstanding Trust Units

	# Units	Amount \$
Balance as at December 31, 2007	6,002,870	18,317,483
Units issued on exercise of options	8,700	65,490
Transfer from contributed surplus related to options exercised	-	3,654
Balance as at March 31, and June 30, 2008	<u>6,011,570</u>	<u>18,386,627</u>
Units issued on exercise of options	5,000	42,500
Transfer from contributed surplus related to options exercised	-	2,100
Balance as at September 30, 2008	<u>6,016,570</u>	<u>18,431,227</u>

Trust Unit Options

As at September 30, 2008 there were 524,500 unit options outstanding and exercisable at a weighted average price of \$16.81. Five thousand options were exercised during the quarter.

	2008	
Issued and Outstanding Trust unit options	# Units	Weighted Average Exercise Price
Balance, December 31, 2007	539,100	16.57
Cancelled	(900)	6.70
Exercised	(8,700)	7.53
Balance, March 31, and June 30, 2008	529,500	\$16.73
Exercised	(5,000)	\$8.50
Balance, September 30, 2008	524,500	\$16.81

Critical accounting estimates

Returnable glass containers

Returnable glass containers are initially recorded at cost. In order to charge operations for wear and disappearance, the cost of bottles is charged to operations over the estimated useful life of five years. Big Rock has purchased \$1,972,397 of returnable glass containers since converting to the Industry Standard Bottle in early 2002. Net book value of returnable glass containers as at September 30, 2008 is \$779,590 (September 30, 2007 - \$688,996).

Stock-based compensation

The Trust recognizes compensation expense based on the Black-Scholes option pricing model, when options with no cash settlement feature are granted to employees and directors under the option plan. No stock based compensation expenses were recognized during the quarter ended September 30, 2008 (September 30, 2007 - \$91,265).

Plant, Property and Equipment (PP&E)

Accounting for PP&E involves making estimates of the life of the assets, the selection of an appropriate method of depreciation and determining whether an impairment of Big Rock's assets exists. These assessments are critical due to their potential impact on earnings. Big Rock completes an assessment of the carrying value of its property, plant and equipment for indications of impairment. If there are indications of impairment, a comparison of carrying value to the estimated undiscounted future net cash flows from the assets is undertaken. If it is determined that an asset's undiscounted future net cash flows are less than its carrying value, the asset is written down to its net realizable value.

Risks related to the business and the industry

Big Rock operates in an environment that is both highly competitive and highly government regulated. Due to the ongoing shifting effects of competition, the ability to predict future sales and profitability with any degree of certainty is limited. There is a continuing entry of premium and super premium beers from other craft breweries and the larger national and multi-national brewers with products that compete directly with craft beers. A large number of imports are also being sold in the same markets where Big Rock competes for business. With the large choice of brands now available, and the

advertising initiatives of the major breweries, it is likely that price promotions due to competitive pressures will continue.

Big Rock requires various permits, licenses, and approvals from several government agencies in order to operate in its market areas. In Alberta, Big Rock's largest market, the Alberta Gaming and Liquor Commission provides the necessary licensing approvals. Other licenses have been obtained from the British Columbia Liquor Distribution Board, the Saskatchewan Liquor and Gaming Authority, the Manitoba Liquor Control Commission, the Liquor Control Board of Ontario, Nova Scotia Liquor Commission, Newfoundland and Labrador Liquor Corporation and the Canada Revenue Agency - Excise. Management believes that Big Rock is in compliance with all licenses, permits, and approvals.

In 2007, the Government of Canada enacted legislation imposing trust-level income taxes on publicly traded income trusts at a rate comparable to the combined federal and provincial corporate tax rate for the taxation years commencing January 1, 2011. Under this tax legislation, distributions from publicly traded income trusts would be treated effectively as dividends to the trust unitholders and the distribution tax would apply in respect of distributions of income as opposed to returns of capital. The Trust continues to evaluate any ongoing developments relating to the new legislation and does not expect to make significant changes to its trust structure at this time.

For a more detailed discussion of risk factors that could materially affect Big Rock's results of operations and financial condition, please refer to the Risk Factors section of the Trust's Annual Information Form dated March 28, 2008 that is available on www.sedar.com.

Disclosure controls and procedures

The Trust has established disclosure controls and procedures to ensure timely and accurate preparation of financial and other reports. Disclosure controls and procedures are designed to provide reasonable assurance that material information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to the appropriate members of management and properly reflected in the Trust's filings. The Chief Executive Officer and the Chief Financial Officer oversee this evaluation process and have concluded that the design and operation of these disclosure controls and procedures are adequate and effective in ensuring that the information required to be disclosed by the Trust in reports filed with the Canadian Securities Administrators is accurate and complete and filed within the time periods required. The Chief Executive Officer and the Chief Financial Officer have individually signed certifications to this effect.

Internal controls over financial reporting

Big Rock's management is responsible for establishing and maintaining adequate internal controls over financial reporting. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial statement preparation and presentation. The Trust has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the design of internal controls over financial reporting. Big Rock did not make any change in its internal control over financial reporting during the quarter ended September 30, 2008 that has materially affected, or is reasonably likely to affect, Big Rock's internal control over financial reporting.

Accounting Standards Adoption

Effective January 1, 2008 the Trust adopted the new CICA Handbook accounting requirements for Section 1535 "Capital Disclosures", Section 3031 "Inventories", Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation". In accordance with the transitional provisions for these new standards, these policies were adopted prospectively without restatement of prior periods. Refer to Note 1 of the interim financials for additional disclosure.

Future Accounting Pronouncements

Section 3064 "Goodwill and Intangible Assets"

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the new CICA Handbook Section 3064 will replace Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". These sections establish standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets including internally generated intangible assets. These new sections are effective for the Trust beginning January 1, 2009.

International Financial Reporting Standards (IFRS)

The CICA Accounting Standards Board ("AcSB") has adopted a strategic plan for the direction of Accounting Standards in Canada. As part of that plan, accounting standards in Canada for public companies are to converge with International Financial Reporting Standards ("IFRS") by the end of 2011.

The Trust has begun assessing the adoption of IFRS for 2011 but the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

Forward-looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Trust's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Big Rock believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following:

- expected volumes;
- projections of market prices and costs;
- treatment under governmental regulatory and taxation regimes and
- supply and demand of Big Rock's products

With respect to forward-looking statements listed above and contained in this MD&A, Big Rock has made assumptions regarding, among other things:

- volumes in the current fiscal year will remain constant or will increase;
- input costs for brewing and packaging materials will remain constant or will not significantly increase;
- there will be no material change to the regulatory environment in which Big Rock operates; and
- there will be no supply issues with Big Rock's vendors.

Big Rock's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and as set out under the heading "Risk Factors" in the Trust's annual information form for the financial year ended December 31, 2007 and filed on SEDAR on March 28, 2008.

Big Rock's actual results could differ materially from those anticipated in these forward-looking statements as a result of these risk factors set forth above.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Big Rock does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Consolidated Balance Sheets

Big Rock Brewery Income Trust

(unaudited)

	30-Sep-08	31-Dec-07
	\$	\$
ASSETS (note 3)		
Current		
Cash and cash equivalents	-	798,382
Accounts receivable	2,451,767	1,641,777
Inventories	3,720,119	2,910,027
Income taxes receivable	175,409	-
Prepaid expenses and other	440,256	248,103
	6,787,551	5,598,289
Property, plant and equipment	29,264,105	30,036,548
Deferred charges and other assets	273,284	226,307
Total assets	36,324,940	35,861,144
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	2,754,131	1,476,041
Bank indebtedness (note 3)	922,727	-
Income taxes payable	-	3,255,217
Distributions payable	541,471	780,353
	4,218,329	5,511,611
Long term debt (note 3)	3,557,090	-
Future income taxes	3,461,522	3,201,820
	11,236,941	8,713,431
Unitholders' equity		
Trust unitholders' capital (note 2)	18,431,227	18,317,483
Contributed surplus (note 2)	740,754	746,508
Undistributed income	5,916,018	8,083,722
	25,087,999	27,147,713
	36,324,940	35,861,144

See accompanying notes

Consolidated Statements of Net Income, Comprehensive Income & Undistributed Income
Big Rock Brewery Income Trust

(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue				
Net Sales	10,331,114	9,774,612	28,483,675	28,103,027
Cost of sales	4,122,403	3,860,819	11,215,406	10,897,906
Gross profit	6,208,711	5,913,793	17,268,269	17,205,121
Expenses				
Selling Expenses	3,380,088	2,618,727	9,041,592	7,284,492
General and administrative	761,632	1,180,534	2,981,101	3,748,706
Interest on Long Term Debt	44,829	-	64,934	-
Other Interest	9,103	-	62,980	3,364
Amortization	505,897	546,170	1,435,417	1,598,841
	4,701,549	4,345,431	13,586,024	12,635,403
Income before income taxes	1,507,162	1,568,362	3,682,245	4,569,718
Current income tax expense	-	284,785	-	605,178
Future income tax expense	89,777	(90,527)	259,702	(52,168)
	89,777	194,258	259,702	553,010
Net income and comprehensive Income for the period	1,417,385	1,374,104	3,422,543	4,016,708
Undistributed income, beginning of period	6,122,207	9,940,604	8,083,722	11,738,829
Cash distributions declared (note 6)	(1,623,574)	(2,340,729)	(5,590,247)	(6,659,460)
Excess of consideration paid over the carrying value of Trust Units repurchased	-	-	-	(112,098)
Undistributed income, end of period	5,916,018	8,973,979	5,916,018	8,983,979
Net income per unit (note 2)				
Basic	\$ 0.24	\$ 0.23	\$ 0.57	\$ 0.67
Diluted	\$ 0.24	\$ 0.22	\$ 0.57	\$ 0.64

See accompanying notes

Consolidated Statements of Cash Flows
Big Rock Brewery Income Trust

(unaudited)	Three months ended		Nine months ended	
	September 30		September 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income for the period	\$1,417,385	\$1,374,104	\$3,422,543	\$4,016,708
Items not affecting cash				
Amortization	505,897	546,170	1,435,417	1,598,841
Unit based compensation (note 2)	-	91,265	-	542,965
Future income tax expense	89,777	(90,527)	259,702	(52,168)
	2,013,059	1,921,012	5,117,662	6,106,346
Net change in non-cash working capital related to operations (note 7)	(199,296)	(209,922)	(3,042,044)	6,013
Cash provided by operating activities	1,813,763	1,711,090	2,075,618	6,112,359
FINANCING ACTIVITIES				
Distribution payments	(1,623,124)	(2,340,339)	(5,829,129)	(6,539,799)
Trust Unit repurchased	-	-	-	(160,066)
Cash received on exercise of options	42,500	20,100	107,990	70,904
Long term debt	-	-	3,557,090	-
Cash used in financing activities	(1,580,624)	(2,320,239)	(2,164,049)	(6,628,961)
INVESTING ACTIVITIES				
Net purchase of property, plant and equipment	(218,186)	(394,826)	(677,807)	(1,516,486)
Proceeds from sale of equipment	-	-	14,833	-
Deferred charges and other assets, net	(14,953)	(3,410)	(46,977)	16,580
Cash used in investing activities	(233,139)	(398,236)	(709,951)	(1,499,906)
Net decrease in cash	-	(1,007,385)	(798,382)	(2,016,508)
Cash and cash equivalents, beginning of period	-	3,327,707	798,382	4,336,830
Cash and cash equivalents, end of period	-	2,320,322	-	2,320,322

See accompanying notes

Big Rock Brewery Income Trust
Notes to the Consolidated Financial Statements
September 30, 2008 (unaudited)

1. These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and should be read in conjunction with the audited consolidated financial statements of the Trust as at and for the year ended December 31, 2007. Accounting policies and methods followed in the preparation of these interim financial statements are the same as those summarized in note 2 to the consolidated financial statements of the Trust for the year ended December 31, 2007, except as described below.

Changes in Accounting Policies

Effective January 1, 2008 the Trust adopted the new CICA Handbook accounting requirements for Section 1535 "Capital Disclosures", Section 3031 "Inventories", Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation". In accordance with the transitional provisions for these new standards, these policies were adopted prospectively without restatement of prior periods.

Capital Disclosures

CICA Handbook Section 1535 "Capital Disclosures requires the disclosure of qualitative and quantitative information about the Trust's objectives, policies and processes for managing capital, which have been provided in Note 5.

Inventory

Inventory consists of materials, supplies, brews in progress and finished goods for resale. The new Section requires inventories to be measured at the lower of cost or market and net realizable value, which is consistent with the Trust's current policy for measuring inventories. The other requirements in this Section had no material effect on the Trust's financial statements.

Financial Instruments

CICA Handbook Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation" replace Section 3861 "Financial Instruments - Disclosure and Presentation" effective January 1, 2008 for the Trust. Section 3862 requires the disclosure of information to allow users to evaluate the significance of the financial instruments on the Trust's financial position and performance and the nature and extent of risks arising from financial instruments and how the Trust manages those risks. Section 3863 deals with the classification of financial instruments, related interest, dividends, losses and gains, and how the entity manages those risks. The additional information to comply with these standards is disclosed in Note 4.

Future Accounting Pronouncements

Section 3064 "Goodwill and Intangible Assets"

Effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008, the new CICA Handbook Section 3064 will replace Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". These sections establish standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets including internally generated intangible assets. These new sections are effective for the Trust beginning January 1, 2009. The Trust does not anticipate that these changes will have a material effect on the financial statements.

International Financial Reporting Standards (IFRS)

The CICA Accounting Standards Board ("AcSB") has adopted a strategic plan for the direction of Accounting Standards in Canada. As part of that plan, accounting standards in Canada for public companies are to converge with International Financial Reporting Standards ("IFRS") by the end of 2011.

The Trust has begun assessing the adoption of IFRS for 2011 but the financial impact of the transition to IFRS cannot be reasonably estimated at this time.

2. Issued and Outstanding Trust Units

	# Units	Amount \$
Balance as at December 31, 2007	6,002,870	18,317,483
Units issued on exercise of options	8,700	65,490
Transfer from contributed surplus related to options exercised	-	3,654
Balance as at March 31, and June 30, 2008	6,011,570	18,386,627
Units issued on exercise of options	5,000	42,500
Transfer from contributed surplus related to options exercised	-	2,100
Balance as at September 30, 2008	6,016,570	18,431,227

Unit based compensation plan

On April 1, 2006 the Trust introduced a unit appreciation rights plan ("UAR") to be used as a basis for incentive compensation to employees. Under the plan, employees who held incentive unit options previously issued in June 2005 with an exercise price of \$19.07 (the "old" options) could exchange each old option for a new UAR. The UAR's vest after a three year period beginning April 1, 2006 and are exercisable for two years thereafter at a price of \$17.00 per Trust unit (to be settled in cash). At the end of each reporting period, the intrinsic value of the UAR's, as determined by the difference between the trading price of the Trust units at that date and the exercise price, is recorded as a liability on the balance sheet, on a pro rata basis, over the vesting period. For UAR's issued in exchange for old options, to the extent this amount is less than the compensation expense originally recorded in 2005 for the old options, an offsetting amount is charged to contributed surplus. Any liability in excess of the amount previously recorded as compensation expense will be recorded as additional compensation expense in the current period.

During the quarter ended September 30, 2008, no UAR's were issued or cancelled. There has been no change in the number of UAR's outstanding in the nine months ended September 30, 2008; 634,250 are outstanding and the trading price of the Trust units was less than the exercise price of the UAR's thus no liability has been recorded.

During the quarter ended September 30, 2007, 57,500 UAR's were cancelled (376,750 UAR's issued at an average price of \$17.19 and 114,500 UAR's cancelled for the nine months ended September 30, 2007). As at September 30, 2007, 591,750 UAR's were outstanding and an amount of \$99,267 was recorded as a liability in the balance sheet, with an offsetting charge of \$8,002 to contributed surplus and \$91,265 to compensation expense for the three months ended September 30, 2007 (\$41,400 to contributed surplus and \$214,365 to compensation expense for the nine months ended September 30, 2007).

Trust Unit Options

There were nil options granted, 5,000 exercised and nil cancelled in the three months ending September 30, 2008 and no stock based compensation has been recorded in the period in respect of previously issued options (nil granted, 13,700 exercised, 900 cancelled and nil compensation expense for the nine months ended September 30, 2008). As at September 30, 2008 there were 524,500 unit options outstanding and exercisable at a weighted average price of \$16.81. During the three month period ended September 30, 2007, no new options were granted, 3,000 options were exercised, nil options were cancelled, and nil of stock based compensation was charged to salary expense (265,000 granted, 7,800 exercised, 22,750 options cancelled and \$328,600 stock based compensation for the nine months ended September 30, 2007).

2008

Issued and Outstanding Trust unit options	# Units	Weighted Average Exercise Price
Balance, December 31, 2007	539,100	16.57
Cancelled	(900)	6.70
Exercised	(8,700)	7.53
Balance, March 31, and June 30, 2008	529,500	16.73
Exercised	(5,000)	8.50
Balance, September 30, 2008	524,500	16.81

Net income per unit was calculated using the weighted average number of units outstanding during each period as follows:

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Basic	6,012,929	6,001,870	6,010,635	5,999,360
Diluted	6,012,522	6,333,410	6,011,711	6,291,899

3. Bank Indebtedness and Long Term debt

Big Rock has a \$5,000,000 demand operating facility provided by ATB Financial (ATB) which bears interest at ATB prime rate. The balance of this facility at the quarter ending September 30, 2008 was \$922,727 (December 31, 2007 - nil) as a result of draws to fund working capital requirements. Collateral for these borrowings is a general assignment of Big Rock's assets. The facility imposes a number of positive and negative covenants on Big Rock including the maintenance of certain financial ratios. At September 30, 2008 Big Rock was in compliance with all of its debt covenants.

On April 21, 2008 the Trust signed a commitment letter for term financing provided by ATB, for a period of three years at prime plus one quarter, payable in full on April 30, 2011. Funds totaling \$3,557,090 were advanced to the Trust under this term facility. Interest is payable monthly and collateral for this borrowing is a general assignment of Big Rock's assets. Effective interest rate for the quarter was 5.62%.

4. Financial Instruments and Financial Risk Management

Fair Value of Financial Assets and Financial Liabilities

All financial assets and financial liabilities are recorded at amounts which approximate their fair market value.

Commodity Price Risk Management

The Trust enters into fixed price contracts to manage exposure to fluctuations in commodity prices:

In September, 2007, a contract was signed to supply barley malt for the period January 1, 2008 to December 31, 2008 at \$525 per metric tonne. Contracts are for purchase of raw materials which will

be delivered in quantities which will be used over a reasonable period during the normal course of business as needed to ensure meeting production targets. There are no quantities provided in the contracts, but only set pricing for a period of one to three years.

The Trust entered into a three year contract to purchase approximately 136,000 GJ of natural gas at a fixed price of \$9.58 per GJ for Big Rock's own use during the period March 1, 2006 to February 28, 2009.

Interest Rate Risk Management

The Trust evaluates the policies surrounding interest rates on an as needed basis and currently uses variable interest rate financing. The Trust is confident that this policy is sufficient based on current economic conditions, combined with the minimal amount of debt required by the Trust.

Foreign Exchange Risk Management

The Trust currently relies on a small number of foreign suppliers and thus has limited exposure to risk due to variations in foreign exchange rates.

Sensitivity Analysis

The following table illustrates potential effects of changes in relevant risk variables on the Trust's net income for the period ended September 30, 2008:

Type	Increase or Decrease	Change in Net Income	
		Three months ended September 30, 2008	Nine months ended September 30, 2008
Interest rate change	75 bps	\$7,701	\$19,661
Foreign exchange (USD)	\$0.03	\$669	\$11,160

5. Capital Disclosure

The Trust's objective for managing capital is to maximize the profitability of its existing assets and to create long-term value and enhance returns for its Unitholders. The Trust considers Unitholders' Equity, short-term and long-term debt less cash and cash equivalents to be part of its capital structure. All of the borrowing facilities have financial tests and other covenants customary for the types of facilities which must be met at each quarter-end.

Over the long term it is Management's intention that Big Rock's distributions to its Unitholders are funded by cash flow from operating activities with the remaining cash directed towards capital spending and debt repayments. The Trust intends to provide distributions to Unitholders that are sustainable to the Trust considering its liquidity and long-term operational strategies. Since the level of distributions is highly dependent upon cash flow generated from operations, which fluctuates significantly in relation to changes in financial and operational performance, commodity prices, interest and exchange rates and many other factors, future distributions cannot be assured.

Distributions declared to Unitholders may exceed net income generated during the period. Net income may not be an accurate indicator of the Trust's liquidity, as it may be comprised of significant charges not involving cash including future income tax and depreciation related expenses.

6. Cash Distributions

For the quarter ended September 30, 2008 the Trust declared distributions of \$1,623,574 or \$0.09 per unit per month (\$2,340,729 or \$0.13 per unit per month for the same quarter in 2007). Distributions for the nine months ended September 30, 2008 total \$5,590,247 (\$6,659,460 for the same period in 2007). The amount of the distribution depends upon numerous factors, including profitability, fluctuations in working capital, sustainability of margins during seasons when margins are traditionally low and over longer periods, debt repayments capital expenditures and the actual cash amounts distributed by the Trust.

2008				2007		
Period covered	Record date	Distribution date	Per Unit	Record date	Distribution date	Per Unit
January	31-Jan	15-Feb	\$0.13	31-Jan	15-Feb	\$0.11
February	28-Feb	15-Mar	\$0.13	28-Feb	15-Mar	\$0.11
March	31-Mar	16-Apr	\$0.13	31-Mar	16-Apr	\$0.11
April	30-Apr	15-May	\$0.09	30-Apr	15-May	\$0.13
May	31-May	16-Jun	\$0.09	31-May	15-Jun	\$0.13
June	30-Jun	15-Jul	\$0.09	30-Jun	13-Jul	\$0.13
July	31-Jul	15-Aug	\$0.09	31-Jul	15-Aug	\$0.13
August	31-Aug	15-Sep	\$0.09	31-Aug	14-Sep	\$0.13
September	30-Sep	15-Oct	\$0.09	30-Sep	15-Oct	\$0.13

7. Net change in non-cash working capital

	Three months ended Sept 30 2008	Three months ended Sept 30 2007	Nine months ended Sept 30 2008	Nine months ended Sept 30 2007
Accounts receivable	968,323	5,673	(809,990)	559,922
Inventories	(78,670)	114,351	(810,092)	65,107
Prepaid expenses and other	104,162	45,677	(192,153)	(17,791)
Accounts payable and accrued liabilities	247,721	(360,960)	1,278,090	(184,576)
Bank indebtedness	(1,265,423)	-	922,727	-
Income taxes payable	(175,409)	(14,663)	(3,430,626)	(416,649)
Total change in non-cash working capital	\$(199,296)	\$(209,922)	\$(3,042,044)	\$6,013

8. Comparative figures

The comparative interim unaudited financial statements have been reclassified from statements previously presented to conform to the current period presentation.