



Second Quarter Report
For the three and six month period ending
June 30, 2009

• Big Rock Brewery Income Trust •

August 6, 2009

Management's Discussion and Analysis

for the three and six month periods ended June 30, 2009

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Big Rock Brewery Income Trust ("Big Rock" or the "Trust") consolidated financial statements and accompanying notes for the three and six months ended June 30, 2009 and the audited annual consolidated financial statements and MD&A for the year ended December 31, 2008. 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.

Business Overview

In an environment where three of the country's largest breweries are foreign owned, Big Rock stands out as a Canadian producer, marketer, and distributor of premium quality specialty craft beers. The brewery is located in Calgary, Alberta with sales and distribution facilities in Calgary and Edmonton and 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. The Trust experiences seasonal fluctuations in sales and earnings with the second and third quarters typically being the highest in sales and earnings and the first and fourth being the lowest.

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 June 30		Six Months Ended June 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Net Sales Revenue	12,086,696	10,436,468	20,289,760	18,152,561
Net Income	2,400,171	1,537,122	3,784,545	2,005,157
Earning/unit - basic	0.40	0.26	0.63	0.33
Cash provided by operating activities	1,205,898	284,766	2,712,327	(1,882,423)
Distributions	0.27	0.27	0.54	0.66
Total Assets	37,431,560	37,416,104	37,431,560	37,416,104
Future Income tax liability	2,329,531	3,371,745	2,329,531	3,371,745

	2009 #	2008 #
Weighted average # of units outstanding	6,016,570	6,011,570

As at August 6, 2009 there were 6,014,678 trust units and 486,600 options to purchase trust units outstanding.

Business Review

During the quarter ended June 30, production was pressed to meet increased sales demands with the launching of Big Rock's new Lime Light Lager. Since the Lime Lager was launched on June 17th, it has proven to be an immediate hit with our customers and beer drinkers in general. Although we anticipated it would be a strong brand, the sudden and continued growth in the sale of the Lime Lager has made it difficult to meet the demand. It is also interesting to note that the large sales of the new Lime Lager has not impeded or affected the sales of our core brands.

As a result of the success of the Big Rock Lime and other brands, the third quarter is looking very promising.

Results of Operations

For the third consecutive quarter, net sales revenues at the end of the second quarter were up over the same quarter in the previous year. (Net sales are comprised of product - beer and cider - and co-packing revenues.) Net sales for the quarter ending June 30, 2009 were up 16% to \$12,086,696 compared to \$10,436,468 for the quarter ended June 30, 2008 (up 12% to \$20,289,760 from \$18,152,561 for the six month period). Hectolitre sales for the quarter were up 19% over Q2 2008 and year to date hectoliter sales are up 16%. Regionally, for the first six months of 2009, sales were up significantly in Alberta and British Columbia (15% and 42% respectively) while sales in Saskatchewan, Manitoba and Ontario remained flat or declined slightly.

On a per hectoliter sold basis, cost of sales in quarter two decreased 9% (\$7.75/hl) and year to date were down 6% overall (\$4.99/hl). Cost of sales increased in dollars spent \$350,915 (8%) to \$4,522,065 this quarter compared to \$4,171,150 for the same quarter last year. Year to date, cost of sales are up \$677,971 to \$7,770,975 (compared to year to date 2008 - \$7,093,004), this is a reflection of increased sales in 2009.

Gross profit for the quarter is 63% (\$7,564,631) which is higher than gross profit from the same quarter in 2008 at 60% (\$6,265,318). Year to date gross profit is 62% (\$12,518,785) compared to 61% year to date for 2008 (\$11,059,557), reflective of increased sales volumes.

Overall selling expenses increased by \$685,932 (22%) to \$3,834,047 compared to \$3,148,115 for the same quarter last year (up \$799,139 or 14% to \$6,460,643 from \$5,661,504 for the six month period). Selling expenses include delivery & distribution costs of \$999,479 compared to \$832,500 in quarter two 2008. This is an increase of 20%, which is due to higher sales volumes. For the six months ended June 30 delivery costs were \$1,715,957 in 2009 and \$1,507,535 in 2008. Remaining selling expenses for the quarter ending June 2009 were \$2,834,567 (\$2,315,615 in quarter two 2008), an increase of \$518,952. Year to date in 2009 these costs were \$590,716 higher (\$4,744,684) than the same period in 2008 (\$4,153,968). These increases are due primarily to increases in salaries (\$266,806), POS materials (\$239,823), and promotional beer (\$88,253).

On a per hectoliter basis, year to date delivery and distribution costs are \$17.79/hl, down 2% from the 2008 level of \$18.11 / hl. Selling expenses per hl for the six month period were also down 2% at \$49.19/hl compared to \$49.91/hl in 2008.

General and administration expenses in the quarter ending June 2009 remained relatively flat at \$18,031 lower (\$949,680) than the same quarter in 2008 (\$967,711). For the six months ending June 30, 2009, G&A expenses are down \$617,306 (27%). This is due primarily to severance of \$481,574 which was incurred in the six months ended June 2008.

Interest expense was down \$40,176 to \$35,243 from \$75,419 for the same quarter last year, due primarily to lower interest rates and decreased use of the operating line (down \$1,012 to \$77,062 from \$78,074 year to date).

Amortization expense for the quarter was \$504,601, up slightly from \$475,690 for the same period in 2008 due primarily to the addition of the Heritage Park Interpretive Brewery during the quarter (the first six months of 2009 - \$986,336, 2008 - \$929,519).

Other income for the quarter ended June 30, 2009 was \$76,481 (\$25,641 in quarter two 2008). For the six months ending June 30, 2009 - \$149,317 (2008 - 102,524). Other income includes interest income, restaurant royalties, miscellaneous income (primarily from the sale of spent grains and rental of yard space), gain or loss on asset disposals and net revenues from tours, hospitality, and the dry goods store. The year to date increase is related primarily to higher sales volumes in the dry goods store.

Summary of Quarterly Results

Quarter Ended	Net Sales	Net Income	Earnings per unit		Weighted Average Units Outstanding
			Basic	Diluted	
30-Jun-09	\$12,086,696	\$2,400,171	\$0.40	\$0.40	6,016,570
31-Mar-09	\$8,203,064	\$1,384,374	\$0.23	\$0.23	6,016,570
31-Dec-08	\$9,149,789	\$1,532,875	\$0.24	\$0.24	6,012,711
30-Sep-08	\$10,331,114	\$1,417,385	\$0.24	\$0.24	6,012,711
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	6,000,237
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

Financial Condition

Big Rock's cash and cash equivalents totaled nil at June 30, 2009 (December 31, 2008 - nil).

At June 30, 2009, accounts receivable increased by \$1,879,861 to \$4,475,838 from \$2,595,977 as at December 31, 2008, due primarily from increased sales. Substantially all of 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 June 30, 2009 increased \$5,814 to \$3,699,897 from \$3,694,083 as at December 31, 2008.

Prepaid and other expenses at June 30, 2009 increased \$244,510 to \$599,289 from \$354,779 as at December 31, 2008 due to increased sponsorship and POS material prepayments.

The net book value of property, plant and equipment decreased by \$334,693 during the six months ending June 30, 2009 to \$28,605,493 (December 31, 2008 - \$28,940,186) as a result of several older assets being fully amortized and the disposal of non-utilized assets.

Big Rock has a \$5,000,000 demand operating facility provided by ATB Financial (ATB) which bears interest at prime plus one. The balance owing on this facility was \$1,100,000 at June 30, 2009 and will fluctuate as working capital requirements dictate. The ATB facility imposes a number of positive and negative covenants on Big Rock including the maintenance of certain financial ratios. At June 30, 2009 and December 31, 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 June 30, 2009, accounts payable increased by \$419,653 to \$3,307,224 from \$2,887,571 as at December 31, 2008. These payables are all in the normal course of business and fluctuate based upon timing of receipt and payment of vendor invoices and are also affected by production levels.

At June 30, 2009, 634,250 unit appreciation rights (UAR's) were outstanding (634,250 at December 2008). There was no liability for UAR's at year end.

The provision for future income taxes payable decreased by \$341,476 to \$2,329,531 as at June 30, 2009 (from \$2,671,007 as at December 31, 2008). 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.

Contributed surplus of \$740,754 represents primarily unit based compensation expense calculated using the Black-Scholes option pricing model for unit option grants.

Cash Flows

Cash provided by operating activities in the quarter ended June 30, 2009 increased by \$921,132 to \$1,205,898 from \$284,766 for the quarter ended June 30, 2008, year to date cash provided by operating activities increased by \$4,594,750 to \$2,712,327 compared to 2008 - (\$1,882,423) due primarily to the net change in non-cash working capital related to current tax payable of \$3,557,090 in 2008 and higher net incomes for the period.

Cash used in financing activities throughout the quarter increased by \$776,687 to \$979,629 which includes lower distribution payments in quarter two 2009 and fluctuations in the use of the operating line to fund working capital and the receipt of long term debt in 2008. Year to date the increase was \$3,935,621.

Cash used in investing activities during the quarter decreased slightly by \$22,070 to \$226,269 (quarter two 2008 - \$248,339). Year to date cash used in investing decreased by \$139,253 to \$381,432 (2008 - \$520,685) due primarily to higher assets purchased in 2008.

Liquidity and Capital Resources

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. Management may make adjustments to the capital structure for changes in economic conditions. All of the borrowing facilities have financial tests and other covenants customary for the types of facilities which must be met at each reporting date. At June 30, 2009 and December 31, 2008, Big Rock was in compliance with all of its debt covenants. Each month the Board of Directors sets the cash distribution per unit, considering the Trust's requirements for capital expenditures, debt servicing requirements, and current operating results compared to budget as well as projected net incomes.

Working capital (current assets less current liabilities) increased by \$792,479 to \$2,800,659 from \$2,008,180 for the six months ending June 30, 2009.

The Trust generally relies on cash flow from operations and committed credit facilities to fund capital requirements. The Trust's revolving bank operating line of \$5,000,000 is deemed to be sufficient to fund operating fluctuations in cash requirements throughout the year.

Cash Distributions

Cash Distributions are not guaranteed and will fluctuate with performance of the business.

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 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, changes to non-cash working capital and amortization related expenses.

Issued and Outstanding Trust Units

	# Units	Amount \$
Balance as at December 31, 2008 and March 31, 2009	6,016,570	18,431,227
Units cancelled (returned to treasury)	(1,892)	-
Balance as at June 30, 2009	6,014,678	18,431,227

Trust Unit Options

During the quarter ending June 30, 2009 there were no options granted and 2,900 options expired (during the quarter ending June, 2008, nil options were exercised or cancelled). During the six months ended June 30, 2009 no options were granted, and 9,000 were cancelled and 2,900 expired (six months ended June 30, 2008 nil granted, 8,700 exercised, 900 cancelled).

Issued and Outstanding Trust unit options	2009		2008	
	# Units	Weighted Average Exercise Price \$	# Units	Weighted Average Exercise Price \$
Balance as at December 31	498,500	16.88	539,100	16.57
Cancelled	(9,000)	16.95	(900)	6.70
Exercised	-	-	(8,700)	7.53
Balance as at March 31	489,500	16.88	529,500	16.73
Expired	(2,900)	12.65	-	-
Balance as at June 30	486,600	16.91	529,500	16.73

Critical accounting estimates

Returnable glass containers

Returnable glass containers are initially recorded at cost. In order to charge operations for wear and shrinkage, the cost of bottles is charged to operations over the estimated useful life of five years. The Trust has purchased \$2,227,970 of returnable glass containers since converting to the Industry Standard Bottle in early 2002. Net book value of returnable glass containers as at June 30, 2009 is \$799,673, compared to \$688,015 at June 30, 2008.

Stock-based compensation

The Trust recognizes compensation expense when options with no cash settlement feature are granted to employees and directors under the option plan. Stock based compensation expense recognized during the quarter and year to date ended June 30, 2009 was nil (quarter and year to date ending June 30, 2008 - nil).

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 the 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 indicators of impairment. If there are indicators of impairment, a recoverability test is undertaken by performing a comparison of carrying value to the estimated undiscounted future net cash flows from the assets. 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.

Keg Deposits

The Trust requires that customers pay deposits for each keg purchased which are subsequently refunded to customers via invoice credits or cash payments when kegs are returned and these deposits are reflected as a liability on the Trust's balance sheet. In the normal course of business there is a percentage of kegs which are never returned for refund. As a result the Trust performs an analysis based on factors such as total kegs produced, current inventory rates and average keg turnover. In addition, return percentages are calculated and tracked to estimate an average keg turnover rate. Together, this information is used to estimate a reasonable keg deposit liability at each reporting date. Any adjustments required to the keg liability account are applied to revenues.

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 various other government authorities. 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. As such, the Trust has recognized future income tax expenses (recoveries) on their consolidated statements of net income, comprehensive income and undistributed income based on the temporary differences that exist at the balance sheet date and that are expected to reverse after the date that the taxation changes take effect. The asset or liability is measured using income tax rates that, at the balance sheet date, are expected to apply.

The Trust's principal financial instruments are its outstanding amounts drawn from its credit facilities, which, after cash flow from operations, are its main source of financing. Other financial assets and liabilities arising directly from its operations and Trust activities include cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, long term debt, unit based compensation liability and distributions payable. The primary risks arising from the Trust's financial instruments are credit risk, liquidity risk, commodity price risk, interest rate risk and foreign exchange risk.

Credit Risk and Management

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Trust incurring a financial loss. The Trust has a concentration of credit risk because substantially all of its accounts receivable are from provincial liquor boards, under provincially regulated industry sale and payment terms. The Trust is not exposed to significant credit risk as payment in full is typically collected by provincial liquor boards at the time of sale and receivables are with government agencies. Product sold outside of Canada is done so on a 'Cash on Delivery' basis with no credit risk.

Credit risks associated with the potential non-performance by financial instrument counterparties has been minimized through the careful selection of vendors, the development of long term vendor relationships and the selective use of written arrangements to guarantee supply and payment terms.

Liquidity Risk and Management

The Trust's principal sources of liquidity are its cash flow from operations and existing or new credit facilities. Liquidity risk is mitigated by maintaining banking facilities, continuously monitoring forecast and actual cash flows and, if necessary, adjusting levels of distribution to Unitholders and capital spending to maintain liquidity.

Commodity Price Risk and Management

The Trust is exposed to commodity price risk in the areas of utilities (natural gas), malted barley and aluminum, where fluctuations in the market price or availability of these items could impact the Trust's cash flow and production. To minimize the impact of this risk the Trust enters into contracts which secure both supply and set pricing to manage the exposure to pricing and availability.

Interest Rate Risk and Management

The Trust is exposed to interest rate cash flow risk on its operating and credit facilities which bear interest at variable rates. The cash flow required to service the interest on these facilities will fluctuate as a result of changes to market rates. The Trust evaluates the policies surrounding interest rates on an as needed basis and 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.

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 23, 2009 that is available on www.sedar.com.

Related Party Transactions

Related party transactions for the quarter include the engagement of a consultant, related to the CEO, to coordinate work on special projects undertaken by the Trust in the normal course of business. The value of transactions for the quarter ended June 30, 2009 totals \$27,750, year to date \$55,500 which has been recorded at the exchange amount.

Commitments

As at June 30, 2009 the Trust is a party to the following contracts:

A contract with Rahr Malting Canada Ltd. to supply malt barley for the period from January 1, 2009 to December 31, 2009 at a fixed price of \$684 per metric tonne. The contract is for the purchase of raw materials which will be delivered in quantities to be used over a reasonable period during the normal course of business as needed to ensure meeting production targets.

In May, 2009, the Trust locked in the February 26, 2009 agreement with Direct Energy to provide natural gas at a fixed price of \$6.45 per GJ for a period of two years, ending June 30, 2010.

Effective June 19, 2009 the Trust entered into an agreement with Enmax Energy Corporation to provide electricity for a period of three years beginning August 1st, 2009 and ending July 31, 2012 at a fixed rate of \$0.074 / kWh.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Trust's management under the supervision of, and with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of Big Rock Brewery Operations Corp. (the administrator of the Trust), have designed disclosure controls and procedures, as defined under National Instrument 52 - 109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with Canadian securities regulatory authorities is recorded, processed, summarized and reported in a timely fashion. The disclosure controls and procedures are designed to ensure that information required to be disclosed by the Trust in such reports is then accumulated and communicated to management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure. The disclosure controls are not expected to prevent and detect all misstatements due to error or fraud.

The Trust's management under the supervision of, and with the participation of the CEO and CFO, have designed and implemented internal controls over financial reporting ("ICFR"), as defined under NI 52-109. The Trust's management used the COSO Internal Control over Financial Reporting-Guidelines for Smaller Public Companies (2006) as its framework. The process used involved four steps as follows: establishment of a foundation-which involved assessing the tone at the top, the organization structure and baseline of current internal controls; design and execution-which involved prioritizing risk, identifying controls and evaluation of control effectiveness; assess and report - which involved summarizing and reporting on the findings; and conclusion on controls supported by documented evidence. The purpose of internal controls over financial reporting is to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with GAAP, focusing in particular on controls over information contained in the annual and interim financial statements. The internal controls are not expected to prevent and detect all misstatements due to error or fraud. The CEO and CFO acknowledge responsibility for the design of ICFR and confirm that there were no changes in the Trust's controls over financial reporting from April 1, 2009 to June 30, 2009, that have materially affected or are reasonably likely to materially affect the Trust's internal control over financial reporting.

Accounting Standards Adoption

Goodwill and Intangible Assets

Effective January 1, 2009 the Trust adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Section 3064 "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 changes had no effect on the Trust's financial statements.

Future Accounting Pronouncements

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582, "Business Combinations" (Section 1582), 1601, "Consolidated Financial Statements" (Section 1601) and 1602, "Non-controlling Interests" (Section 1602). Section 1582 replaces CICA Handbook Section 1581, "Business Combinations", and establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with early adoption permitted. Section 1601 together with Section 1602 replaces CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Sections 1601 and 1602 are applicable for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, with early adoption permitted. An entity must adopt Section 1582, 1601 or 1602 at the same time. The Trust plans to adopt these standards effective December 1, 2010 and does not expect the adoption will have a material impact on the results of operations or financial position.

International Financial Reporting Standards

On March 11, 2008, the Accounting Standards Board of Canada confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises. The Trust is in the process of finalizing a high level IFRS changeover plan and preliminary timeline for the execution and completion of the conversion project. The development of the changeover plan follows the completion of a diagnostic analysis - which was a preliminary assessment of the differences between Canadian GAAP and IFRS and the potential effects of IFRS to accounting and reporting processes, information systems, business processes and external disclosures. The Trust has completed an in depth review of significant areas of differences between Canadian GAAP and IFRS, focusing on those highlighted in the diagnostic analysis. These areas include policy decisions around property, plant & equipment (PP&E), PP&E componentization, impairment of assets and the determination of cash generating units. Preliminary analysis and evaluations around inventory, revenues and share based payments have also been completed. Other key areas to be addressed include information technology issues, the impact on internal controls over financial reporting and the impact on business activities including the effect, if any, on covenants and compensation arrangements. The trust will also continue to monitor standards development as issued by the IASB and the AcSB as well as regulatory developments as issued by the Canadian Securities Administrators which may affect the timing, nature or disclosure of its adoption of IFRS.

It is not possible at this time to quantify the financial impact of the transition to IFRS on the Trust's consolidated financial statements or to determine the impact of the changeover on accounting system, disclosure controls and procedures and internal controls over financial reporting.

Income Taxes

In 2007, legislation was substantively enacted that effectively imposes an income tax for income trusts for taxation years beginning in 2011. As such, the Trust has recognized future income tax expenses (recoveries) on its consolidated statement of net income, comprehensive income and undistributed income based on the temporary differences that exist at the balance sheet date and that are expected to reverse after the date that the taxation changes take effect. The asset or liability is measured using income tax rates that, at the balance sheet date, are expected to apply.

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 or decrease;
- 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, 2008 (and filed on SEDAR on March 23, 2009).

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

As at June 30, 2009 (unaudited) and December 31, 2008 (audited)

	\$	\$
ASSETS (note 3)		
Current		
Accounts receivable	4,475,838	2,595,977
Inventories	3,699,897	3,694,083
Income taxes receivable	38,577	38,577
Prepaid expenses and other	599,289	354,779
	<u>8,813,601</u>	<u>6,683,416</u>
Property, plant and equipment	28,605,493	28,940,186
Deferred charges and other assets	12,466	276,131
	<u>28,617,959</u>	<u>29,216,317</u>
Total Assets	<u>37,431,560</u>	<u>35,899,733</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Current		
Bank indebtedness (note 3)	2,164,247	1,246,194
Accounts payable and accrued liabilities	3,307,224	2,887,571
Distributions payable (note 6)	541,471	541,471
	<u>6,012,942</u>	<u>4,675,236</u>
Long term debt (note 3)	3,557,090	3,557,090
Future income taxes	2,329,531	2,671,007
	<u>11,899,563</u>	<u>10,903,333</u>
Unitholders' equity		
Trust unitholders' capital (note 2)	18,431,227	18,431,227
Contributed surplus	740,754	740,754
Undistributed income	6,360,016	5,824,419
	<u>25,531,997</u>	<u>24,996,400</u>
	<u>37,431,560</u>	<u>35,899,733</u>

See accompanying notes

Consolidated Statements of Net Income, Comprehensive Income & Undistributed Income

Big Rock Brewery Income Trust

Three months and six months ended June 30, 2009
(unaudited)

	Three Months		Six Months	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue				
Net Sales	12,086,696	10,436,468	20,289,760	18,152,561
Cost of sales	4,522,065	4,171,150	7,770,975	7,093,004
Gross profit	7,564,631	6,265,318	12,518,785	11,059,557
Expenses				
Selling Expenses	3,834,047	3,148,115	6,460,643	5,661,504
General and Administrative	949,680	967,711	1,700,596	2,317,902
Interest on Long Term Debt <i>(note 3)</i>	25,533	20,105	53,746	20,105
Interest on Bank Indebtedness <i>(note 3)</i>	9,710	55,314	23,316	57,969
Amortization	504,601	475,690	986,336	929,519
	5,323,571	4,666,935	9,224,637	8,986,999
Other Income	76,481	25,641	149,137	102,524
Income before income taxes	2,317,541	1,624,024	3,443,285	2,175,082
Current income tax expense	216	-	216	-
Future income tax (recovery) expense	(82,846)	86,902	(341,476)	169,925
Net income and comprehensive income for the period	2,400,171	1,537,122	3,784,545	2,005,157
Undistributed income, beginning of period	5,584,319	6,208,209	5,824,419	8,083,722
Cash distributions declared <i>(note 6)</i>	(1,624,474)	(1,623,124)	(3,248,948)	(3,966,672)
Undistributed income, end of period	6,360,016	6,122,207	6,360,016	6,122,207
Net income per unit				
Basic	\$ 0.40	\$ 0.26	\$ 0.63	\$ 0.33
Diluted	\$ 0.40	\$ 0.26	\$ 0.63	\$ 0.33

See accompanying notes

Consolidated Statements of Cash Flows

Big Rock Brewery Income Trust

Three months and six months ended June 30, 2009
(unaudited)

	Three months		Six months	
	2009	2008	2009	2008
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net income for the period	\$2,400,171	\$1,537,122	\$3,784,545	\$2,005,157
Items not affecting cash				
Amortization	504,601	475,690	986,336	929,519
(Gain)/Loss on sale of assets	(17,440)	43,874	(6,546)	43,874
Future income tax (recovery) expense	(82,846)	86,902	(341,476)	169,925
	2,804,486	2,143,588	4,422,859	3,148,475
Net change in non-cash working capital related to operations (<i>note 7</i>)	(1,598,588)	(1,858,822)	(1,710,532)	(5,030,898)
Cash provided by (used in) operating activities	1,205,898	284,766	2,712,327	(1,882,423)
FINANCING ACTIVITIES				
Distribution payments	(1,624,474)	(1,863,587)	(3,248,948)	(4,206,004)
Bank indebtedness	644,845	(1,896,445)	918,053	2,188,150
Cash received on exercise of options	-	-	-	65,490
Long term debt	-	3,557,090	-	3,557,090
Cash (used in) provided by financing activities	(979,629)	(202,942)	(2,330,895)	1,604,726
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(232,319)	(294,611)	(406,531)	(503,494)
Proceeds from sale of equipment	17,470	14,833	27,685	14,833
Deferred charges and other assets	(11,420)	31,439	(2,586)	(32,024)
Cash used in investing activities	(226,269)	(248,339)	(381,432)	(520,685)
Net decrease in cash	-	(166,515)	-	(798,382)
Cash and cash equivalents, beginning of period	-	166,515	-	798,382
Cash and cash equivalents, end of period	-	-	-	-
Supplemental disclosure of cash flow information				
Cash Income taxes paid	216	-	216	-
Cash Interest paid	35,243	75,419	77,062	78,074

See accompanying notes

Notes to the Consolidated Financial Statements
Big Rock Brewery Income Trust
June 30, 2009 (unaudited)

1. DESCRIPTION OF BUSINESS

Big Rock Brewery Income Trust ("Big Rock" or the "Trust") is a regional producer of premium, all-natural craft beers sold in eight provinces and three territories in Canada, as well as exported to Korea and to Canadian Embassies around the world. Big Rock trust units are listed on The Toronto Stock Exchange. The consolidated financial statements include the accounts of the Trust, Big Rock Brewery Limited Partnership ("the Partnership") and Big Rock Brewery Operations Corporation.

The Trust experiences seasonal fluctuations in sales and earnings with the second and third quarters typically being the highest in sales and earnings and the first and fourth being the lowest.

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, 2008. 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, 2008, except as described below:

Changes in Accounting Policies

Goodwill and Intangible Assets

Effective January 1, 2009 the Trust adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook accounting requirements for Section 3064 "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 changes had no effect on the Trust's financial statements.

Future Accounting Pronouncements

Business Combinations

In January 2009, the CICA issued Handbook Sections 1582, "Business Combinations" ("Section 1582"), 1601, "Consolidated Financial Statements" ("Section 1601") and 1602, "Non-controlling Interests" ("Section 1602"). Section 1582 replaces CICA Handbook Section 1581, "Business Combinations", and establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards. Section 1582 is applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with early adoption permitted. Section 1601 together with Section 1602 replaces CICA Handbook Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Sections 1601 and 1602 are applicable for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, with early adoption permitted. An entity must adopt Section 1582, 1601 or 1602 at the same time. The Trust plans to adopt these standards effective January 1, 2010 and does not expect the adoption will have a material impact on the results of operations or financial position.

International Financial Reporting Standards

On March 11, 2008, the Accounting Standards Board of Canada confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly

accountable enterprises. The Trust's first year end under IFRS will be December 31, 2011. The transition date for the Trust will be January 1, 2011 and will require the restatement for comparative purposes of amounts reported by the Trust for the year ended December 31, 2010.

It is not possible at this time to quantify the financial impact of the transition to IFRS on the Trust's consolidated financial statements or to determine the impact of the changeover on the accounting system, disclosure controls and procedures and internal controls over financial reporting.

Income Taxes

In 2007, legislation was substantively enacted that effectively imposes an income tax for income trusts for taxation years beginning in 2011. As such, the Trust has recognized future income tax expenses (recoveries) on its consolidated statement of net income, comprehensive income and distributed income based on the temporary differences that exist at the balance sheet date and that are expected to reverse after the date that the taxation changes take effect. The asset or liability is measured using income tax rates that, at the balance sheet date, are expected to apply.

2. ISSUED AND OUTSTANDING TRUST UNITS

	# Units	\$
Balance as at December 31, 2008 and March 31, 2009	6,016,570	18,431,227
Cancelled	1,892	-
Balance as at June 30 2009	6,014,678	18,431,227

Unit Based Compensation Plan

During the three and six months ended June 30, 2009, no UARs were issued or cancelled and 634,250 are outstanding (634,250 outstanding at June 30, 2008). As at June 30, 2009 and 2008, the trading price of the Trust units was less than the exercise price of the UARs, thus no liability was recorded.

Trust Unit Options

During the quarter ending June 30, 2009 there were no options granted and 2,900 options expired (during the quarter ending June, 2008, nil options were exercised or cancelled). During the six months ended June 30, 2009 no options were granted, and 9,000 were cancelled and 2,900 expired (six months ended June 30, 2008 nil granted, 8,700 exercised, 900 cancelled). As at June 30, 2009, there were 486,600 unit options outstanding and exercisable at a weighted average price of \$16.91.

Issued and Outstanding Trust unit options	2009		2008	
	# Units	Weighted Average Exercise Price \$	# Units	Weighted Average Exercise Price \$
Balance as at December 31	498,500	16.88	539,100	16.57
Cancelled	(9,000)	16.95	(900)	6.70
Exercised	-	-	(8,700)	7.53
Balance as at March 31	489,500	16.88	529,500	16.73
Expired	(2,900)	12.65	-	-
Balance as at June 30	486,600	16.91	529,500	16.73

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 prime plus one percent. It is a revolving facility which is used to fund working capital requirements and allows for borrowing, repayment, and additional borrowing up to the amount specified as necessary. The balance outstanding on this facility as at June 30, 2009 was \$1,100,000 (\$700,000 at December 31, 2008). The remainder of the bank indebtedness consists of bank account overdrafts totaling \$1,064,247 (\$546,194 at December 2008). 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 June 30, 2009 and December 31, 2008, Big Rock was in compliance with all of its debt covenants. The effective interest rate for three months ended June 30, 2009 was 2.62% (three months ended June 30, 2008 - 4.75%). For the six month ending June 30, 2009 the effective interest was 2.78% (six months ending June 30, 2008 2.01%)

The Trust has term financing in the amount of \$3,557,090, provided by ATB at prime plus one and one quarter percent, payable in full on April 30, 2011. Interest is payable monthly and collateral for this borrowing is a general assignment of Big Rock’s assets. The effective interest rate for the three months ended June 30, 2009 was 2.87% (three months ended June 30, 2008 - 5.00%). For the six month ending June 30, 2009 the effective interest was 3.03% (six months ending June 30, 2008 2.26%)

The aggregate maturities of obligations are summarized as follows:

2009	-
2010	-
2011	\$3,557,090
2012	-
2013	-

4. FINANCIAL INSTRUMENTS and FINANCIAL RISK MANAGEMENT

The Trust’s principal financial instruments are its outstanding amounts drawn from its credit facilities, which, after cash flow from operations, are its main source of financing. Financial assets and liabilities arising directly from its operations and Trust activities include cash and cash equivalents, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, long term debt, unit based compensation liability and distributions payable. The primary risks arising from the Trust’s financial instruments are credit risk, liquidity risk, commodity price risk, interest rate risk and foreign exchange risk. The Trust’s financial instruments and their designations are:

Classification of Financial Instruments	Designated as
Cash and cash equivalents	Held for trading
Accounts receivable	Loans and receivables
Bank indebtedness	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities
Unit based compensation liability	Other financial liabilities
Distributions payable	Other financial liabilities

Fair Value of Financial Assets and Financial Liabilities

All financial instruments are required to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as "held for trading", "available for sale", "held to maturity", "loans and receivables" or "other financial liabilities" as defined by CICA Section 3855.

Financial assets and liabilities classified as "held for trading" are measured at fair value with changes in fair value recognized in income. Financial assets classified as "available for sale" are measured at fair value with changes in fair value recognized in other comprehensive income until the asset is removed from the consolidated balance sheets. Financial assets classified as "held to maturity", "loans and receivables" and "other financial liabilities" are measured at amortized cost using the effective interest rate method of amortization. All financial assets and financial liabilities are recorded at amounts which approximate their carrying amounts.

Credit Risk and Management

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Trust incurring a financial loss. The Trust has a concentration of credit risk because substantially all of its accounts receivable are from provincial liquor boards, under provincially regulated industry sale and payment terms. The Trust is not exposed to significant credit risk as payment in full is typically collected by provincial liquor boards at the time of sale and receivables are with government agencies. Product sold outside of Canada is done so on a 'Cash on Delivery' basis with no credit risk.

Credit risks associated with the potential non-performance by financial instrument counterparties has been minimized through the careful selection of vendors, the development of long term vendor relationships and the selective use of written arrangements to guarantee supply and payment terms.

Liquidity Risk and Management

The Trust's principal sources of liquidity are its cash flow from operations and existing or new credit facilities. Liquidity risk is mitigated by maintaining banking facilities, continuously monitoring forecast and actual cash flows and, if necessary, adjusting levels of distribution to Unitholders and capital spending to maintain liquidity.

Commodity Price Risk and Management

The Trust is exposed to commodity price risk in the areas of utilities (primarily natural gas), malted barley and aluminum, where fluctuations in the market price or availability of these items could impact the Trust's cash flow and production. To minimize the impact of this risk the Trust enters into contracts which secure supply and set pricing to manage the exposure to availability and pricing.

Interest Rate Risk and Management

The Trust is exposed to interest rate cash flow risk on its operating and credit facilities which bear interest at variable rates. The cash flow required to service the interest on these facilities will fluctuate as a result of changes to market rates. The Trust evaluates the policies surrounding interest rates on an as needed basis and 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 and Management

The Trust currently relies on only a few foreign suppliers providing small amounts of goods 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 three and six months ended June 30, 2009:

Type	Increase or Decrease	Impact on Net Income		Impact on Net Income		As at	
		Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008	June 30, 2009	December 31, 2008
Interest rate change	75 bps	\$ (264)	\$ (565)	\$ (578)	\$ 61	\$42,910	\$ 36,025
Foreign exchange (USD)	\$ 0.03	\$ 149	\$ 28	\$ 421	\$ 112	\$ (720)	\$ (1,029)

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. The borrowing facilities have financial tests and other customary covenants for the types of facilities which must be met at each reporting date.

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 from operations 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 a given period. Net income may not be an accurate indicator of the Trust's liquidity, as it may be comprised of significant items not involving cash including future income tax and amortization related expenses.

6. CASH DISTRIBUTIONS

The amount of distributions declared 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.

A total of \$1,624,474 in distributions were declared for the three months ended June 30, 2009 (2008 - \$1,623,124), \$3,248,948 for the six months ending June 30, 2009 (six months ending June 30, 2008 - \$3,966,672). Payments for the three month period ending June 30, 2009 totalled \$1,624,474 compared to \$1,623,124 for the same period in 2008. For the six month ending June 30, 2009 payments totalled \$3,248,948 (six months ending June 30, 2008 - \$3,966,672) with \$541,471 payable at June 30, 2009 (December 31, 2008 - \$541,471).

The following cash distributions have been announced by the Trust to date in 2009:

Period covered	2009			2008		
	Record date	Distribution date	Per Unit	Record date	Distribution date	Per Unit
January	31-Jan	16-Feb	\$0.09	31-Jan	15-Feb	\$0.13
February	28-Feb	16-Mar	\$0.09	28-Feb	15-Mar	\$0.13
March	31-Mar	15-Apr	\$0.09	31-Mar	15-Apr	\$0.13
April	30-Apr	15-May	\$0.09	29-Apr	16-May	\$0.09
May	31-May	15-Jun	\$0.09	31-May	15-Jun	\$0.09
June	30-Jun	15-Jul	\$0.09	30-Jun	15-Jul	\$0.09
July	31-Jul	14-Aug	\$0.09	29-Jul	15-Aug	\$0.09

7. NET CHANGE IN NON-CASH WORKING CAPITAL

	Three months ended June 30 2009	Three months ended June 30 2008	Six months ended June 30 2009	Six months ended June 30 2008
Accounts receivable	(2,338,781)	(1,517,475)	(1,879,861)	(1,778,313)
Inventories	(33,851)	(76,298)	(5,814)	(731,422)
Prepaid expenses and other	(52,358)	(303,401)	(244,510)	(296,315)
Accounts payable and accrued liabilities	826,402	38,352	419,653	1,030,369
Income taxes receivable (payable)				(3,255,217)
Total change in non-cash working capital	(1,598,588)	(1,858,822)	(1,710,532)	(5,030,898)

8. RELATED PARTY TRANSACTIONS

Related party transactions for the year include the engagement of a consultant, related to Mr. McNally, to coordinate work on special projects undertaken by the Trust in the normal course of business. The value of 2009 transactions totals \$55,500, which has been recorded at the exchange amount.

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.