Interim (unaudited) Consolidated Financial Statements of

HUMBER CAPITAL CORPORATION

June 30, 2009

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HUMBER CAPITAL CORPORATION

Consolidated Balance Sheet

(Unaudited)
As at June 30, 2009

	June 30, 2009	Dec 31, 2008
ASSETS		
Cash and cash equivalents	**605,031**	12,802,352
Accounts receivable	**178,328**	88,690
Goods and services tax receivable	**52,442**	-
Income tax recoverable	**27,311**	48,115
Inventory	**5,065,653**	3,512,282
Prepaid expenses and deposits	**140,820**	134,522
Interest rate swap asset (Note 4)	**70,988**	-
Due from related parties (Note 5)	**1,158**	12,193
Deferred charges	**-**	7,520
	6,141,731	16,605,674
PROPERTY AND EQUIPMENT	**2,174,267**	1,794,935
GOODWILL (Note 6)	**3,890,923**	2,613,857
FUTURE INCOME TAXES	**70,474**	174,635
DEFERRED CHARGES	**-**	52,444
	12,277,395	21,241,545
LIABILITIES		
CURRENT		
Bank indebtedness	**2,437,260**	12,499,850
Accounts payable and accrued liabilities	**291,263**	745,430
Wages payable	**50,424**	59,360
Current portion of long-term debt	**9,923**	684,983
Dividends payable	**-**	510
Goods and services tax payable	**-**	36,745
Due to shareholders (Note 7)	**-**	58,584
	2,788,870	14,085,462
LONG TERM DEBT	**4,626,184**	3,694,957
CONVERTIBLE DEBT (Note 8)	**565,509**	-
	7,980,563	17,780,419
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)	**1,839,865**	1,715,448
Equity component of convertible debtenture (Note 8)	**252,830**	-
Warrants (Note 10)	**886,380**	897,630
Contributed Surplus (Note 11)	**37,491**	-
Retained earnings	**1,280,266**	848,048
	4,296,832	3,461,126
	12,277,395	21,241,545

SUBSEQUENT EVENTS (Note 17)

Approved on behalf of the board:

Frank Coleman
Chair, Board of Directors

Robert Normandeau
Chair, Audit Committee

HUMBER CAPITAL CORPORATION
Consolidated Statement of Income, Comprehensive Income and Retained Earnings

(Unaudited)
Quarter ended June 30, 2009

	3 months ended June 30, 2009	6 months ended June 30, 2009	3 months ended July 31, 2008	6 months ended July 31, 2008
SALES	8,676,883	13,505,536	5,383,363	8,978,969
COST OF SALES	6,419,575	10,123,500	4,127,260	6,865,620
	2,257,308	3,382,036	1,256,103	2,113,349
EXPENSES				
OPERATING AND ADMINISTRATIVE EXPENSES	1,299,144	2,308,365	791,640	1,489,588
INCOME FROM OPERATIONS	958,164	1,073,671	464,463	623,761
OTHER EXPENSES (INCOME)				
Amortization	118,674	236,813	117,207	216,766
Business development costs	83,985	119,394	17,605	31,531
Other income	420	(20,666)	(4,560)	(5,060)
Interest on long term debt	107,737	167,085	33,793	57,267
Interest on short term debt	20,222	65,742	15,535	30,936
Gain on Interest Rate SWAP	(238,287)	(70,988)	-	-
Loss on disposal of property and equipment	-	-	5,271	6,314
Store closure expenses	-	-	8,042	12,742
Bad debt expense	-	-	-	30
	92,751	497,380	192,893	350,526
INCOME BEFORE TAXES	865,413	576,291	271,570	273,235
CURRENT TAXES	112,191	39,911	97,916	97,916
FUTURE TAXES	98,964	104,161	(11,785)	(11,785)
NET INCOME	654,258	432,219	185,439	187,104
RETAINED EARNINGS - BEGINNING	626,009	848,048	1,660,219	1,711,049
DIVIDENDS PAID	-	-	52,750	105,245
RETAINED EARNINGS - ENDING	1,280,267	1,280,267	1,792,908	1,792,908
			-	-
Basic earnings (loss) per share	0.01	0.01	0.01	0.01
Diluted earnings (loss) per share	0.01	0.01	0.01	0.01
Weighted average number of shares - basic	50,246,798	50,246,798	31,917,964	31,917,964
Weighted average number of shares - diluted	62,474,659	62,474,659	31,917,964	31,917,964

HUMBER CAPITAL CORPORATION

Consolidated Statement of Cash Flows

(Unaudited)
Quarter ended June 30, 2009

	3 months ended June 30, 2009	**6 months ended June 30, 2009**	3 months ended July 31, 2008	6 months ended July 31, 2008
OPERATING ACTIVITIES				
Net income	**654,258**	**432,219**	185,439	187,104
Items not affecting cash				
Amortization of property and equipment	**118,674**	**236,813**	108,962	199,380
Gain on interest rate swap	**(238,287)**	**(70,988)**	-	-
Future income taxes	**98,964**	**104,161**	10,730	10,730
Accretive interest on convertible debenture	**9,397**	**9,401**	-	-
Stock-based compensation expense (Note 11)	**37,490**	**37,490**	-	-
Amortization of deferred charges	**59,964**	**59,964**	8,245	17,386
Loss on disposal of property and equipment	**-**	**-**	5,271	6,314
	740,460	**809,060**	318,647	420,914
Changes in non-cash working capital (Note 13)	**(1,003,111)**	**(1,378,564)**	143,626	(68,739)
Cash flow from operating activities	**(262,651)**	**(569,504)**	462,273	352,175
INVESTING ACTIVITIES				
Purchase of property and equipment	**(111,355)**	**(288,820)**	(99,450)	(120,361)
Business acquisitions net of cash acquired (Note 3)	**(49,288)**	**(1,597,990)**	(2,563,414)	(2,563,414)
Proceeds on disposal of property and equipment	**-**	**-**	47,421	47,421
Cash flow used by investing activities	**(160,643)**	**(1,886,810)**	(2,615,443)	(2,636,354)
FINANCING ACTIVITIES				
Advances from related parties	**-**	**11,264**	41,581	59,581
Advances to related parties	**(116)**	**(229)**	(297,381)	(306,855)
Advances to shareholders	**-**	**(58,584)**	(17,409)	(316,368)
Proceeds from issuance of shares (Note 9)	**124,417**	**124,417**	5,000	5,000
Convertible debenture issuance costs (Note 8)	**-**	**(202)**	-	-
Redemption of Warrants (Note 10)	**(11,250)**	**(11,250)**	-	-
Proceeds from long term financing	**600,000**	**1,000,000**	3,885,418	3,885,418
Repayment of long term debt	**(572,559)**	**(743,833)**	(1,462,547)	(1,464,714)
Deferred charges paid	**-**	**-**	(5,120)	(25,801)
Dividends paid	**-**	**-**	(52,750)	(105,245)
Cash flow from (used by) financing activities	**140,492**	**321,583**	2,096,792	1,731,016
DECREASE IN CASH FLOW	**(282,802)**	**(2,134,731)**	(56,378)	(553,163)
SURPLUS (Deficiency) - beginning of period	**(1,549,427)**	**302,502**	(1,284,896)	(788,111)
DEFICIENCY - END OF PERIOD	**(1,832,229)**	**(1,832,229)**	(1,341,274)	(1,341,274)
CASH FLOWS SUPPLEMENTARY INFORMATION				
Interest paid	**127,959**	**232,827**	49,328	88,203
Income taxes paid	**47,225**	**83,225**	51,105	107,860
DEFICIENCY CONSISTS OF				
Cash and cash equivalents	**605,031**	**605,031**	398,242	398,242
Bank indebtedness	**(2,437,260)**	**(2,437,260)**	(1,739,516)	(1,739,516)
	(1,832,229)	**(1,832,229)**	(1,341,274)	(1,341,274)

1. NATURE OF OPERATIONS

Humber Capital Corporation ("Humber") is incorporated under the Business Corporations Act (Ontario), and is a tier two issuer with its common shares listed on the TSX Venture Exchange (under the initials "RUM").

Humber is the parent to wholly owned subsidiary, Andersons Liquor Inc. ("Andersons"), acquired through a Reverse Takeover ("RTO") on Dec 1, 2008.

As at Jun 30, 2009 Andersons operated 25 retail liquor stores in Alberta, selling beer, wine, spirits, ready to drink products, as well as ancillary items such as juice, ice, soft drinks and giftware.

These consolidated statements have been prepared in accordance with the RTO accounting provisions within CICA Handbook section 1582 and Emerging Issues Committee ("EIC") 10, whereby the acquirer has been identified as Andersons. The comparative figures presented in the consolidated statements of income, comprehensive income, and retained earnings are for the 3 and 6 months ending Jul 31, 2008 for Andersons.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements ("financial statements") have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements. The financial statements follow the same accounting principles and methods of computation as the audited financial statements for the year ended Dec 31, 2008. These financial statements do not include all information and disclosures required under Canadian GAAP for annual financial statements. Accordingly, these financial statements should be read in conjunction with the most recently prepared audited financial statements and notes thereto, for the year ended Dec 31, 2008.

Section 3870 – Stock-based compensation.

Humber accounts for all stock-based compensation using the fair value based method. Under this method, compensation costs attributable to options granted are measured at fair value at the date of grant. Any consideration received upon the exercise of a stock option is credited to share capital. The expense for stock options is recognized over the vesting period of the stock-based award.

<u>New accounting standards</u>

Section 3064 – Goodwill and Intangible Assets

Effective Jan 1, 2009 the Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets. The new section provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred. The Company applied the section for the year ending Dec 31, 2008; therefore no prior period adjustment has been required. All pre-opening costs relating to the acquisition of stores are currently being expensed as incurred.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting standards issued but not effective

Section 1582 – Business Combinations

In Jan 2009, the CICA issued new Handbook Section 1582, Business Combinations. It provides the Canadian equivalent to IFRS 3, “Business Combinations”. The Section applies 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 Jan 1, 2011. Earlier application is permitted. The Company plans to adopt this new Section for its fiscal year beginning Jan 1, 2011. The Company is currently evaluating the impact on its financial position and results of operation of adopting the new section.

Section 1601 – Consolidated Financial Statements,

In Jan 2009, the CICA issued new Handbook Section 1601, Consolidated Financial Statements, establishing standards for the preparation of consolidated financial statements. The Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after Jan 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. The Company plans to adopt this new Section for its fiscal year beginning Jan 1, 2011. The Company does not expect the new Section to have any impact on its financial position or results of operations.

International Financial Reporting Standards

In Feb 2008, the CICA announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board (IASB) effective Jan 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Company is currently evaluating the impact on its financial position and results of operations adopting these standards will have.

The Company has established a Financial Reporting Team to review the adoption of IFRS. The team has provided updates to management and the Audit Committee. The Company is closely monitoring regulatory developments made by the Canadian Institute of Chartered Accountants and the Canadian Securities Administrator that may affect the timing, nature or disclosure of our adoption of IFRS. The Company are also monitoring developments in accounting made by the Accounting Standards Board of Canada (AcSB) and the International Accounting Standards Board (IASB) to ensure that on adoption of IFRS, we are compliant with IFRS as issued by the IASB.

3. BUSINESS ACQUISITIONS

The business acquisitions have been accounted for using the purchase method, whereby the purchase consideration was allocated to the estimated fair value of the assets acquired and the liabilities assumed at the effective date of the purchase.

For the 6 month period ending Jun 30, 2009 the Company acquired the assets of five retail liquor stores. For the 3 month period ending Jun 30, 2009 there were closing costs related to the acquisitions for the prior period. The operating results of the acquisitions are included in the results of the Company from the acquisition date. The purchase price was allocated to the assets acquired as follows:

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3. BUSINESS ACQUISITIONS *(continued)*

	3 months ending Jun 30, 2009	**6 months ending Jun 30, 2009**	3 months ending Jul 31, 2008	6 months ending Jul 31, 2008
Cash	**$ -**	**$ 9,570**	$ 17,072	$ 17,072
Inventory	**-**	**802,739**	337,570	337,570
Other current assets	**-**	**-**	4,970	4,970
Property and equipment	**-**	**327,325**	228,415	228,415
Goodwill	**49,288**	**1,277,066**	2,020,459	2,020,459
Future Income Taxes	**-**	**-**	(28,000)	(28,000)
Fair value of net assets acquired	**$ 49,288**	**$ 2,416,700**	$ 2,580,486	$ 2,580,486
Total cash consideration paid	**-**	**$ 1,505,209**	$ 2,544,015	$ 2,544,015
Convertible debenture issued	**-**	**809,140**	-	-
Acquisition costs incurred	**49,288**	**102,351**	36,471	36,471
	$ 49,288	**$ 2,416,700**	$ 2,580,486	$ 2,580,486

4. INTEREST RATE SWAP

Fair value Dec 31, 2008	**$ -**
Fair value Jun 30, 2009	**$ 70,988**

The Company has entered into a five year Interest Rate Swap Agreement (“SWAP”) on Feb 12, 2009 expiring Feb 11, 2014 with a Canadian chartered bank (“SWAP Counterparty”) to mitigate the interest rate risk associated with the bank indebtedness and long term debt. The notional amount of the SWAP is equal to the $5,500,000 of the outstanding principal balance on the bank indebtedness and long term debt.

The Company is obligated to pay the Swap Counterparty an amount based upon a fixed interest rate of 2.14%. The Swap Counterparty is obligated to pay the floating interest rate. The Company will continue to pay the credit spread over Bankers Acceptances on its loans as set by the lending institution.

Fair value of the above-noted item was determined using estimated future discounted cash flows using a comparable current market rate of interest. The change in fair value has been accounted for as a gain on the consolidated statement of income and as an asset on the balance sheet.

5. DUE FROM RELATED PARTIES

	Jun 30, 2009	Dec 31, 2008
Byrne Alberta Ltd.	**$ 1,158**	$ 928
1342744 Alberta Ltd.	**-**	11,265
	$ 1,158	$ 12,193

Advances to and from related companies are non-interest bearing (unless otherwise indicated), have no set repayment terms and are unsecured. The companies are related through common controlling shareholders. All related party amounts are measured at the exchange amount agreed to by both parties.

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5. DUE FROM RELATED PARTIES *(continued)*

During the 6 month period the Company received amounts of $ nil (5 months ended Dec 2008 - $35,000), and paid expenses on behalf of Byrne Alberta Ltd. in the amount of $229 (5 months ended Dec 2008 - $10,107).

During the period the Company received amounts of $11,265 (5 months ended Dec 2008 - $14,000) and paid expenses of $ nil (5 months ended Dec 2008 - $ 265) on behalf of 1342744 Alberta Ltd.

The Company paid rents of $7,200 (5 months ended Dec 2008 - $6,000) to Byrne Alberta in respect of a retail liquor store. The rent is at market value.

An amount of $183,040 owing to the venders from the RTO transaction is included in Accounts payable and accrued liabilities. As part of the RTO, it was agreed that this working capital adjustment would be paid along with interest to the vendors in four quarterly installments commencing May 2009.

6. GOODWILL

	Jun 30, 2009	Dec 31, 2008
Balance beginning of period	**$ 2,613,857**	$ 2,151,902
Goodwill acquired	**1,277,066**	461,955
Balance end of period	**$ 3,890,923**	$ 2,613,857

Goodwill is tested annually for impairment at the level of the reporting unit to which it has been allocated. The assessment of fair value for purposes of the goodwill impairment test involves assumptions about future conditions for the economy, capital markets, future revenues and cash flows, and specifically, the retail sector. As such, the assessment is subject to a significant degree of measurement uncertainty. As a result, it is reasonably possible, that material changes could be required to the estimates in the future.

7. DUE TO SHAREHOLDERS

The amount due to shareholders at Dec 31, 2008 for the holdback of $300,000 held as part of the RTO, less $241,416 in outstanding shareholder loans was repaid in the period.

8. CONVERTIBLE DEBENTURE

During the 6 month period, the Company issued an $809,140 unsecured convertible debenture due on Mar 16, 2014. The debentures are interest bearing at 8.25% per annum, and the Company has the option to pay interest monthly at 0.6438% per month. The debentures are convertible to 2,568,698 common shares of the Company at a conversion price of $0.315 per common share.

The convertible debentures were initially recorded on the balance sheet as a debt of $556,108, calculated as the present value of the required interest payments discounted at a rate approximating the interest rate that would have been applicable to non-convertible subordinated debt at the time the loan was issued. The convertible debentures will be accreted to the principal amount as additional interest over the term of the loan. The difference of $253,032 between the face amount and the estimated fair value of the debt component, less related issue costs of $202, is reflected as the equity component of the convertible debenture.

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8. CONVERTIBLE DEBENTURE *(continued)*

Interest expense for the debentures is calculated on the face value of the convertible debentures. Notional accretive interest expense is reflected at Jun 30, 2009 in the amount of $29,139, which represents the accretive interest from the issuance date of Mar 16, 2009.

The carrying value of the convertible debenture is being increased such that the liability at maturity will be equal to the face value of $809,140.

Debt Component

Balance Dec 31, 2008	$	-
Issued Mar 16, 2009		556,108
Accretive interest at 18%		29,139
Coupon interest *		(19,738)
Balance end of period	$	565,509

Equity Component

Balance Dec 31, 2008	$	-
Issued Mar 16, 2009		253,032
Issue costs		(202)
Balance end of period	$	252,830

* Coupon interest is the cash interest paid to the debenture holder.

9. SHARE CAPITAL

Authorized - Unlimited common shares

Issued

	Number		Amount
Balance at Dec 31, 2008	49,973,520	$	1,715,448
Exercised options (Note 12)	408,337		81,667
Exercised warrants (Note 11) *	100,000		42,750
Balance at Jun 30, 2009	50,481,857	$	1,839,865

* The difference in the Amount of the warrants of $42,750 and the fair value of $11,250 is $31,500, which is the exercise price of $0.315 times the 100,000 exercised warrants.

As at Jun 30, 2009, 30,970,098 shares are held in escrow. These shares will be released biannually in stages up until Dec 12, 2011.

10. WARRANTS

	# of warrants	Exercise price	Estimated fair value of warrants
Outstanding Dec 31, 2008	7,980,000	$ 0.315	$ 897,630
Exercised	(100,000)	0.315	(11,250)
Outstanding Jun 30, 2009	7,880,000	$ 0.315	$ 886,380

The warrants expire on Dec 12, 2010.

The weighted-average fair value of the 7,980,000 warrants granted has been estimated at $0.1125 per option using the Black-Scholes option-pricing model.

The following weighted-average assumptions were used for the warrants granted:

Risk-free interest rate	1.75%
Estimated volatility	79%
Expected life	2 years
Expected dividend yield	NIL

11. CONTRIBUTED SURPLUS

The table below summarizes the changes in contributed surplus:

	Amount
Balance at Dec 31, 2008	$ -
Stock-based compensation expense (Note 12)	37,490
Balance at Jun 30, 2009	$ 37,490

12. STOCK OPTION PLANS

(a) Stock option plan (“Option Plan”)

The maximum number of common shares that may be reserved for issuance under the Option Plan is 2,500,000 shares.

The exercise price of each option is determined on the basis of the market price at the time the option is granted but may not be less than the closing price of a Humber common share on the TSX Venture Exchange on the last trading day before the day the option is granted. The shares purchased on the exercise of an option must be paid for in full at the time of exercise.

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12. STOCK OPTION PLANS *(continued)*

Plan "A" - Pre-RTO options

As at Dec 31, 2008, an aggregate of 1,250,000 options were issued under the Option Plan, representing 10% of the outstanding common shares at Initial Public Offering ("IPO"), or approximately 2.5% of the current issued and outstanding shares. Options may only be granted to directors, officers, employees, insiders and other specified service providers, subject to the discretion of the Board of Directors. All of these options were vested as a result of the qualifying transaction.

	# of options	Exercise price	Estimated fair value of options
Outstanding Dec 31, 2008	1,250,000	$ 0.200	$ 108,750
Exercised May 15, 2009	(357,137)	0.200	(31,071)
Expired	-	-	-
Outstanding Jun 30, 2009	892,863	$ 0.200	$ 77,679

The weighted-average fair value of the 1,250,000 warrants granted has been estimated at $0.087 per option using the Black-Scholes option-pricing model.

The following weighted-average assumptions were used for the warrants granted:

Risk-free interest rate	1.75%
Estimated volatility	50%
Expected life	5 years
Expected dividend yield	NIL

Plan "B" - Executive Options

As at Jun 30, 2009, an aggregate of 300,000 incentive options were issued under the Option Plan, representing 0.5% of the outstanding common shares at Jun 30, 2009.

	# of options	Exercise price	Estimated fair value of options
Outstanding Dec 31, 2008	-	$ -	$ -
Issued May 15, 2009	300,000	0.290	61,530
Expired	-	-	-
Outstanding Jun 30, 2009	300,000	$ 0.290	$ 61,530

One-third of these options vested on May 15, 2009. One-third vests Feb 15, 2010 and the remainder vests on Nov 15, 2010. Stock-based compensation expense was recognized for the 3 and 6 months ending Jun 30, 2009 in the amount of $20,514 (Note 11), (3 and 6 months ending Jul 31, 2008 – nil).

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12. STOCK OPTION PLANS *(continued)*

The fair value of the 300,000 warrants granted has been estimated at $0.2051 per option using the Black-Scholes option-pricing model.

The following weighted-average assumptions were used for the warrants granted:

Risk-free interest rate	1.75%
Estimated volatility	119.5%
Expected life	3 years
Expected dividend yield	NIL

Plan "C" - Directors Options

As at Jun 30, 2009, an aggregate of 300,000 options were issued to directors under the Option Plan, representing 0.5% of the outstanding common shares at June 30, 2009.

	# of options	Exercise price	Estimated fair value of options
Outstanding Dec 31, 2008	-	$ -	$ -
Issued Jun 29, 2009	300,000	0.320	67,920
Expired	-	-	-
Outstanding Jun 30, 2009	300,000	$ 0.320	$ 67,920

One-fourth of these options vested on Jun 29, 2009. One-fourth vests Sep 30, 2009, one-fourth vests Dec 31, 2009, and the remainder vests on Mar 31, 2010. Stock-based compensation expense was recognized for the 3 and 6 months ending Jun 30, 2009 in the amount of $16,976 (Note 11), (3 and 6 months ending Jul 31, 2008 – nil).

The fair value of the 300,000 warrants granted has been estimated at $0.2264 per option using the Black-Scholes option-pricing model.

The following weighted-average assumptions were used for the warrants granted:

Risk-free interest rate	1.75%
Estimated volatility	119.5%
Expected life	3 years
Expected dividend yield	NIL

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12. STOCK OPTION PLANS *(continued)*

(b) Agent option plan

As part of the IPO, 637,500 options were issued to agents. The exercise price was set at $0.20. These options have a term of two years, and were fully vested by virtue of the qualifying transaction.

	# of options		Exercise price		Estimated fair value of options
Outstanding Dec 31, 2008	637,500	$	0.200	$	55,463
Exercised Apr 16, 2009	(51,200)		0.200		(4,454)
Expired	-		-		-
Outstanding Jun 30, 2009	586,300	$	0.200	$	51,009

The weighted-average fair value of the 637,500 stock options granted has been estimated at $0.087 per option using the Black-Scholes option-pricing model.

The following weighted-average assumptions were used for the options granted:

Risk-free interest rate	1.75%
Estimated volatility	50%
Expected life	2-5 years
Expected dividend yield	NIL

SUMMARY

A summary of the status of the Company's stock options as of Jun 30, 2009 is as follows:

	Number of stock options		Weighted-average exercise price
Outstanding, Dec 31, 2008	1,887,500	$	0.200
Granted	600,000		0.305
Exercised	(408,337)		0.200
Outstanding, Dec 31, 2008	2,079,163	$	0.230

13. CHANGES IN NON-CASH WORKING CAPITAL ITEMS

		3 months ending Jun 30, 2009		**6 months ending Jun 30, 2009**		3 months ending Jul 31, 2008		6 months ending Jul 31, 2008
Cash provided (used in) by								
Accounts receivable	**$**	**(151,246)**	**$**	**(89,638)**	$	(47,807)	$	(63,790)
Income tax recoverable		**64,959**		**20,804**		26,815		(26,292)
Inventory		**(792,901)**		**(750,632)**		(43,855)		(137,443)
Prepaid expense and deposits		**52,772**		**(6,298)**		80,610		(19,172)
Accounts payable and accrued liabilities		**(136,837)**		**(454,167)**		84,501		112,329
Wages payable		**(49,188)**		**(8,936)**		(15,883)		7,173
Dividends payable		**-**		**(510)**		52,750		52,750
Goods and services tax payable		**9,330**		**(89,187)**		6,495		5,706
	$	**(1,003,111)**	**$**	**(1,378,564)**	$	143,626	$	(68,739)

14. FINANCIAL INSTRUMENTS

As at Jun 30, 2009 and Dec 31, 2008 the classification of the Company's financial instruments as well as their carrying amounts and fair values, are shown in the table below.

	6 months ending		5 months ending	
	Jun 30, 2009		Dec 31, 2008	
	Carrying Value	**Estimated Fair Value**	Carrying Value	Estimated Fair Value
Held for trading				
Cash and cash equivalents	**$ 605,031**	**$ 605,031**	$ 12,802,352	$ 12,802,352
Interest rate swap asset	**70,988**	**70,988**	-	-
Loans and receivables				
Accounts receviable	**178,328**	**178,328**	88,690	88,690
Due from related parties	**1,158**	**1,158**	12,193	12,193
Other financial liabilities				
Bank indebtedness	**2,437,260**	**2,437,260**	2,504,850	2,504,850
Short term debt	**-**	**-**	9,995,000	9,995,000
Accounts payable and accrued liabilities	**291,263**	**291,263**	745,430	745,430
Wages payable	**50,424**	**50,424**	59,360	59,360
Long term debt	**4,636,107**	**4,636,107**	4,379,940	4,379,940
Convertible debenture	**565,509**	**565,172**	-	-
Due to shareholders	**-**	**-**	58,584	58,584

For cash and cash equivalents, accounts receivables, due from related parties, bank indebtedness, short-term debt, accounts payable and accrued liabilities, wages payable, dividends payable, and due to (from) shareholders the carrying value approximates fair value due to the short-term nature of the instruments.

The interest rate swap has a fair value equivalent to the carrying value and is calculated on a mark to market basis.

The carrying value of long-term debt approximates the fair value as the interest rate is at a variable market rate.

Convertible debentures have been recorded at amortized cost using the effective interest method. The fair value of the debentures was calculated as the present value of the required interest payments discounted at a rate approximating the interest rate that would have been applicable for non-convertible debt as at Jun 30, 2009.

Risk Management

The Company is exposed to various risks associated with its financial instruments. These risks are categorized as credit risk, liquidity risk, and market risk. The significant risks for the Company's financial instruments are discussed below.

(continues)

14. FINANCIAL INSTRUMENTS *(continued)*

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's financial assets exposed to credit risk represent the Company's items subject to credit risk. The Company manages its credit risk for its cash and cash equivalents by maintaining bank accounts with Canadian banks.

The Company in its normal course of business is exposed to credit risk from its customers. The Company manages the risk associated with accounts receivables by credit management policies. All accounts receivable are due from organizations in Alberta's hospitality industry. For the 3 and 6 month period ended Jun 30, 2009 there was $ nil (3 months ended Jul 2008 – nil; 6 months ended Jul 2008 - $30) bad debt expense recorded.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity risk management is to maintain sufficient amounts of cash and cash equivalents, and authorized credit facilities, to fulfill obligations associated with financial liabilities.

To manage liquidity risk, the Company prepares budgets and cash forecasts, and monitors its performance against these. The Company also monitors liquidity risk through comparisons of current financial ratios with financial covenants contained in its credit facilities.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Company is comprised of interest rate risk. The Company does not have any significant currency risk, or other price risk.

Interest Rate Risk

The Company is subject to interest rate risk as its bank indebtedness and long term debt bear interest rates that vary in accordance with prime borrowing rates. Assuming outstanding bank indebtedness and long-term debt balance of $7,073,368, the net debt position after deducting the $5,500,000 notional amount of the interest rate swap is $1,573,368. Therefore a one percent change in interest rates would have an effect of $15,734 on consolidated net income. The Company manages its interest rate risk through credit facility negotiations and interest rate swaps.

15. ECONOMIC DEPENDENCE

The Company is required to purchase all alcohol-based products from the Alberta Gaming and Liquor Commission ("AGLC"). As the majority of the Company's income is derived from the sale of alcohol based products, its ability to continue operations is dependent upon the relationship with and the sustainability of AGLC. The alcohol-based products are distributed through Connect Logistics Services Inc. and Brewers Distributor Ltd. Any significant disruption in the supply chain for either of these businesses could result in a material adverse effect on the operations of the Company.

16. SEASONAL NATURE OF THE BUSINESS

The Company's results for any quarter are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in sales levels. The Company historically experiences a higher level of sales in the third and fourth quarters, while the first and second quarters experience lower sales due to shopping patterns. Occupancy related expenses, certain general and administrative expenses, depreciation and amortization, and interest expense remain relatively steady throughout the year.

17. SUBSEQUENT EVENTS

Subsequent to Jun 30, 2009, Plan "A" pre-RTO options were exercised. A total of 357,137 of options were exercised at the strike price of $0.20.