

A&W Revenue Royalties Income Fund

Q1

First Quarter Report to Unitholders
for the period ended March 22, 2009

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To our Unitholders

On behalf of the Trustees of the A&W Revenue Royalties Income Fund, I am pleased to have the opportunity to report on the performance of the Fund during the first quarter of 2009. The Fund, along with the underlying A&W restaurant business, enjoyed a strong first quarter, despite challenges posed by the economy. Same store sales, the most important measure of success for the Fund, increased by 6.6%, marking the 24th straight quarter of same store sales increases. With the overall foodservice industry beginning to show signs of slowing in response to economic conditions, we are particularly pleased with this growth.

The Fund's revenue is generated by a royalty paid by A&W Food Services of Canada Inc. based on 3% of the sales of the restaurants included in the Royalty Pool. On January 5, 2009, the Royalty Pool was increased by nine net new restaurants, bringing the total number of restaurants in the pool to 685.

With a length of 81 days, the first quarter had fewer days of sales than the first quarter of 2008 which had 83 days. Despite this shorter time period, the combination of strong same store sales and the addition of new restaurants resulted in an increase in royalty income of 5.4% over the first quarter of 2008. As a result, distributable cash per unit increased to 27.8 cents for the first quarter of 2009 compared to 27.1 cents per unit for the first quarter of 2008. Administrative costs for the quarter were higher than last year because of expenses associated with the internal reorganization of the Fund's subsidiary, A&W Trade Marks Inc., which was completed earlier this year.

The continued strong performance of the Fund is underpinned by the key strategic initiatives which are being implemented to strengthen the overall A&W restaurant business. A&W's strategy is to become the number one national burger choice for baby boomers, and the Sirloin Uncle Burger has been a prime area of strategic focus for the business. The Uncle Burger has been a very popular menu item since being launched in the fall of 2008, and continued to drive same store sales growth in the first quarter of 2009.

I am pleased that a Special Distribution in the amount of 10 cents per unit has been approved by the Trustees to be paid on May 29, 2009 to unitholders of record on May 15, 2009. The A&W business continues to enjoy good success and we are delighted that unitholders are able to share in this success through the declaration of this Special Distribution.

A handwritten signature in black ink, appearing to read 'John R. McLernon'.

John R. McLernon
Chairman, A&W Revenue Royalties Income Fund
On behalf of the Board of Trustees

A&W Revenue Royalties Income Fund Management Discussion and Analysis

This Management Discussion and Analysis covers the period from January 1, 2009 to March 22, 2009 and is dated April 28, 2009. It should be read in conjunction with the Fund's interim unaudited financial statements for the quarter ended March 22, 2009 and the annual audited financial statements for the year ended December 31, 2008. In addition, readers are directed to the interim unaudited consolidated financial statements of A&W Trade Marks Inc. (Trade Marks) for the quarter ended March 22, 2009 and the annual audited financial statements for the year ended December 31, 2008. A copy of this report and additional information about the Fund is available at www.sedar.com or www.awincomefund.ca.

OVERALL PERFORMANCE

Same store sales growth for the A&W restaurants in the Royalty Pool was 6.6% for the quarter compared to the first quarter of 2008. While same store sales growth is reported based on an equal number of days in each quarter, the fiscal first quarter of 2009 had only 81 days of sales compared to 83 days in the first quarter of 2008. Despite this shorter time period, sales reported by restaurants in the Royalty Pool increased 5.4% to \$146.1 million, compared to \$138.5 million in the same quarter of 2008. Royalty income increased by \$226,000, to \$4,382,000 in the first quarter of 2009 from \$4,156,000 in the first quarter of 2008.

Distributable cash increased by \$179,000, to \$3,964,000 for the quarter, compared to \$3,785,000 for the same quarter of 2008. This increase in distributable cash was generated through the growth in royalty income less an increase in general and administrative costs associated with the internal reorganization of Trade Marks which took place earlier this year.

As a result of the strong performance of the Fund, the Trustees of the Fund have approved the payment of a Special Distribution to unitholders of 10¢ per unit. This Special Distribution will be paid on May 29, 2009 to unitholders of record on May 15, 2009.

Trade Marks' net earnings for the quarter increased by \$78,000 from \$56,000 for the first quarter of 2008 to \$134,000 for the first quarter of 2009. The increase in Trade Mark's earnings is due to higher royalty income, less higher general and administration expenses.

The Fund's net earnings for the quarter were \$2,370,000 or 28.4¢ per unit compared to \$2,673,000 or 32.1¢ per unit for the same quarter in 2008. The Fund's net earnings were impacted by a non-cash dilution gain which was \$304,000 lower in 2009 than the non-cash dilution gain recorded in the first quarter of 2008.

FINANCIAL HIGHLIGHTS

The following table sets out selected highlights of the Fund and Trade Marks, and should be read in conjunction with the interim unaudited financial statements of the Fund and Trade Marks.

Sales Highlights	Q1 2009	Q1 2008
Same store sales growth	6.6%	6.3%
Sales reported by the restaurants in the Royalty Pool ⁽¹⁾	\$146,065	\$138,539
Number of restaurants in the Royalty Pool	685	676

Financial Highlights	Q1 2009	Q1 2008
Royalty income ⁽¹⁾	\$4,382	\$4,156
General and administrative expenses	\$338	\$240
Net third party interest expense	\$123	\$106
Recovery of current income taxes	(\$43)	-
Financing fees	-	\$25
Total distributable cash generated for distributions and dividends ⁽²⁾	\$3,964	\$3,785
Distributable cash ⁽²⁾ per equivalent unit (2009 – 14,266,381 units; 2008 – 13,957,962 units)	\$0.278	\$0.271
Distributions and dividends declared per equivalent unit	\$0.212	\$0.212
Special distribution per equivalent unit	-	\$0.100
Trade Marks' net earnings	\$134	\$56
The Fund's net earnings ⁽³⁾	\$2,370	\$2,673
The Fund's basic and diluted earnings per unit (8,340,000 units)	\$0.284	\$0.321

(\$ in thousands except per unit amounts.)

⁽¹⁾ Q1 2009 had 81 days of sales reported by restaurants in the Royalty Pool and royalty income, compared to 83 days in Q1 2008.

⁽²⁾ Distributable cash is not an earnings measure recognized by generally accepted accounting principles ("GAAP") and therefore may not be comparable to similar measures presented by other issuers. This information is provided as it identifies the amount of actual cash available to pay distributions to unitholders and dividends to Food Services.

⁽³⁾ The Fund's net earnings for Q1 2009 were impacted by a non-cash dilution gain which was \$304,000 lower than the dilution gain recorded in Q1 2008. Interest income for Q1 2009 was lower than Q1 2008 as it was based on 81 days compared to 83 days in Q1 2008.

OVERVIEW

The Fund

The Fund is a limited purpose trust established to invest in Trade Marks, which in 2002 acquired the A&W trade-marks used in the A&W quick service restaurant business in Canada. The trade-marks comprise some of the best-known brand names in the Canadian foodservice industry.

The Fund earns interest income on A&W notes issued by Trade Marks. The A&W notes are in the amount of \$83,399,000, bear interest at 10.75% per annum and

mature on February 15, 2034. Payments of interest only are receivable from Trade Marks monthly in arrears. The Fund also earns dividends from its investment in the voting common shares of Trade Marks.

The Fund's distributions to unitholders are based on its net cash receipts, being interest on the A&W notes and dividends on voting common shares received by the Fund from Trade Marks, less minimal expenses of the Fund which are limited to bank charges.

The Fund is not currently taxed on any income that is distributed to unitholders. Income tax obligations related to the distributions by the Fund are obligations of the unitholders. On June 12, 2007, the Federal Department of Finance enacted new tax rules for income trusts that result in the Fund becoming taxable beginning in 2011. Therefore cash available for distributions to unitholders will be reduced beginning in 2011 by the amount of income tax paid or payable by the Fund. (See Risks and Uncertainties – Federal Tax Announcement).

Trade Marks

On February 15, 2002, Trade Marks acquired the A&W trade-marks used in the A&W quick service restaurant business in Canada from Food Services for \$152,676,000, of which \$84,876,000 was paid in cash, \$27,800,000 was paid by the issuance of 2,779,975 Class A preferred shares and 2,780,000 voting common shares of Trade Marks and the balance (the Balance) of \$40,000,000 is due without interest on January 31, 2010.

Concurrent with the purchase of the A&W trade-marks, Trade Marks granted Food Services a licence to use the A&W trade-marks in Canada for a term of 99 years, for which Food Services pays Trade Marks a royalty of 3% of the sales reported to Food Services by A&W restaurants in the Royalty Pool (the Licence and Royalty Agreement). In the event that a restaurant in the Royalty Pool closes, Food Services pays the royalties that would have been paid to Trade Marks if the restaurant had not closed, until the next adjustment to the Royalty Pool.

The Balance of the purchase price is reduced by all amounts Trade Marks is required to pay Food Services in respect of annual adjustments to the Royalty Pool up to January 31, 2010. If the total annual adjustments are less than the Balance, the obligation of Trade Marks to pay the remaining Balance of the purchase price is extinguished.

The Royalty Pool is adjusted annually to reflect sales from new A&W restaurants added to the Royalty Pool, net of the sales of any A&W restaurants that have permanently closed. Trade Marks pays Food Services for the additional royalty stream related to the sales of the net new restaurants, based on a formula set out in the Licence and Royalty Agreement. The formula provides for a payment to Food Services based on the amount of estimated sales from the net new restaurants and the current yield on the units of the Fund, discounted by 7.5%. The payment is in the form of voting common shares and Class B preferred shares of Trade Marks which are the economic equivalent of units of the Fund. Twenty percent of the

shares are held in escrow for a year until the actual sales of the new restaurants are known and the corresponding adjustment is made to the consideration.

On January 21, 2009, Trade Marks and Food Services entered into a limited partnership, A&W Trade Marks Limited Partnership (TMLP) in which Trade Marks is the general partner with a 99.9% interest and Food Services is the limited partner with a 0.1% interest. The A&W trade-marks owned by Trade Marks were transferred to TMLP in exchange for the general partnership interest held by Trade Marks. The existing Licence and Royalty Agreement between Trade Marks and Food Services was assumed by TMLP with the result that the royalty paid by Food Services for the use of the A&W trade-marks is now paid to TMLP rather than Trade Marks. TMLP in turn pays partnership distributions to Trade Marks (99.9%) and Food Services (0.1%). The consideration for the annual adjustments to the Royalty Pool will now be paid by TMLP in the form of an increase in the limited partnership interest of Food Services. Food Services' limited partnership interest may be exchanged for additional preferred and non-voting common shares of Trade Marks which are exchangeable for Units of the Fund.

Trade Marks' expenses include general and administrative expenses, amortization of deferred financing fees, interest expenses on its \$10 million term loan and the A&W notes, and taxes. Also, generally accepted accounting principles (GAAP) stipulate that the dividends on the Class A and Class B preferred shares be classified as interest expense by Trade Marks.

Trade Marks' general and administrative expenses include the expenses of the Fund as the Fund has entered into an administration agreement with Trade Marks whereby Trade Marks, at its expense, provides or arranges for the provision of services required in the administration of the Fund.

The Class A and Class B preferred shares of Trade Marks are owned by Food Services and comprise:

(dollars in thousands)	March 22, 2009		December 31, 2008	
	#	\$	#	\$
Class A shares - at cost	2,779,975	27,800	2,779,975	27,800
Class B shares - at cost:				
January 5, 2003 adjustment	452,469	5,108	452,469	5,108
January 5, 2004 adjustment	495,681	5,210	495,681	5,210
January 5, 2005 adjustment	511,337	6,197	511,337	6,197
January 5, 2006 adjustment	558,993	6,915	558,993	6,915
December 31, 2006 adjustment	335,456	3,989	335,456	3,989
January 5, 2008 adjustment	484,051	5,398	484,051	5,398
January 5, 2009 adjustment	308,419	2,989	-	-
	3,146,406	35,806	2,837,987	32,817
Accrued dividends		352		-
	5,926,381	63,958	5,617,962	60,617

The Class A and Class B preferred shares entitle Food Services to a fixed cumulative preferential cash dividend at a rate of \$1.075 per share per annum. The Class A and Class B preferred shares may be redeemed at the option of Food

Services into A&W notes of Trade Marks on the basis of \$10 principal amount of A&W notes for one Class A or Class B preferred share and, in turn, one voting common share of Trade Marks and a \$10 A&W note are exchangeable for a unit in the Fund.

The voting common shares of Trade Marks are owned by the Fund and Food Services as follows:

(dollars in thousands)	The Fund		Food Services		Total	
	#	%	#	%	#	\$
February 15, 2002	8,340,000	75.0%	2,780,000	25.0%	11,120,000	1
January 5, 2003 adjustment		-2.9%	452,469	2.9%	452,469	-
January 5, 2004 adjustment		-3.0%	495,681	3.0%	495,681	-
January 5, 2005 adjustment		-2.8%	511,337	2.8%	511,337	-
January 5, 2006 adjustment		-2.8%	558,993	2.8%	558,993	-
December 31, 2006 adjustment		-1.6%	335,456	1.6%	335,456	1,919
January 5, 2008 adjustment		-2.1%	484,051	2.1%	484,051	1,069
January 5, 2009 adjustment		-1.3%	308,419	1.3%	308,419	524
	8,340,000	58.5%	5,926,406	41.5%	14,266,406	3,513

Summary

Trade Marks, through TMLP, earns royalty income from Food Services and distributes its available cash by way of dividends on its shares held by the Fund and Food Services, after satisfaction of its debt service and income tax obligations, provisions for administrative expenses of Trade Marks and the Fund, and retention of reasonable working capital reserves. The Fund receives interest income and dividends from Trade Marks and pays its net cash receipts to unitholders. An important aspect of the structures of the Fund and Trade Marks is that, provided Food Services holds an ownership interest in Trade Marks, Trade Marks pays interest to the Fund on the A&W notes in priority to preferred share dividends to Food Services. Trade Marks' consolidated financial statements which include its 99.9% interest in TMLP are included in this report and Food Services' consolidated financial statements are provided as a supplement to this report.

Adoption of New Accounting Standards

On January 1, 2009, the Fund and Trade Marks adopted the new accounting standard CICA Handbook Section 3064 "Goodwill and Intangible Assets" which replaces CICA Handbook Section 3062 "Goodwill and Other Intangible Assets" and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrently, Emerging Issues Committee abstract 27 "Revenues and Expenses During the Pre-Operating Period" has been withdrawn which results in these costs being expensed as incurred. The adoption of this new standard had no impact on the Fund's or Trade Marks' financial results.

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that January 1, 2011 is the transition date for

publicly reported companies to adopt IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Fund and Trade Marks for the year ended December 31, 2010.

The Fund and Trade Marks have commenced the process to transition from current Canadian GAAP to IFRS. Regular progress reporting to the audit committee on the status of the IFRS implementation project has been instituted. A third party consultant has been engaged to carry out a diagnostic review which includes the determination, at a high level, of the financial reporting differences under IFRS and the key areas that may be impacted. Concurrently, the Fund and Trade Marks will be assessing the impact of the conversion on information technology and systems, financial reporting expertise, internal controls over financial reporting and disclosure controls.

The Fund and Trade Marks anticipate that there will be changes in accounting policies and that these changes may materially impact the financial statements.

The International Accounting Standard Board currently has projects underway that are expected to result in new pronouncements and as a result, IFRS as at the transition date is expected to differ from its current form.

Basis of Consolidation

The Fund, Trade Marks and Food Services have adopted the CICA Accounting Guideline 15 “Consolidation of Variable Interest Entities” (AcG-15).

AcG-15 expands upon existing accounting guidance in CICA Handbook Section 1590 that addresses when an enterprise should consolidate another entity in its financial statements. Under CICA 1590, an enterprise generally consolidates another entity when it controls the entity through a majority voting interest. AcG-15 clarifies this guidance when the entity being consolidated is a “Variable Interest Entity” (VIE) which is defined to be an entity that, by design, does not have sufficient equity at risk to finance its activities without additional subordinated financial support. If the entity being consolidated is a VIE, under AcG-15 the “primary beneficiary” of that entity should consolidate the VIE and not necessarily the shareholder with the majority voting interest.

The Fund and Food Services have determined that Trade Marks is a VIE and that Food Services is the “primary beneficiary” of Trade Marks. As a result, the Fund does not consolidate Trade Marks, but instead accounts for its investment in Trade Marks using the equity method. Food Services’ consolidated financial statements include the accounts of Trade Marks. Consolidated financial statements of Trade Marks which include Trade Marks’ 99.9% ownership interest in TMLP are presented for information purposes to the unitholders of the Fund.

EXPANSION OF THE ROYALTY POOL

On January 5, 2009, the number of A&W restaurants in the Royalty Pool was increased by 17 new restaurants less 8 restaurants which permanently closed during 2008. The estimated annual sales of the 17 new A&W restaurants are \$19,664,000

and annual sales for the 8 permanently closed restaurants were \$4,415,000. The net sales of \$15,249,000 translate into estimated additional annual royalty payments to Trade Marks of \$457,000 on the basis of the royalty of 3% of sales. The royalty revenue for the purposes of calculating the additional shares is \$423,000 or 92.5%. The initial consideration paid by Trade Marks to Food Services for this estimated additional royalty stream was \$3,513,000, by issuance of 308,419 Class B shares valued at \$2,989,000 and 308,419 voting common shares of Trade Marks valued at \$524,000. After this adjustment to the Royalty Pool, the remaining Balance of the purchase price is \$682,000.

A final adjustment to the share consideration will be made in December 2009 based upon the actual annual sales reported by the new restaurants. Until then, 20% of the shares will be held in escrow.

OWNERSHIP OF THE FUND

The ownership of the Fund, on a fully-diluted basis, is as follows:

	March 22, 2009 ⁽¹⁾		December 31, 2008	
	#	%	#	%
Fund units held by public unitholders	8,340,000	58.5	8,340,000	59.8
Trade Marks' Class A and Class B preferred shares held by Food Services: ⁽²⁾				
Class A ⁽³⁾	2,779,975	19.5	2,779,975	19.9
Class B ⁽⁴⁾	3,146,406	22.0	2,837,987	20.3
	5,926,381	41.5	5,617,962	40.2
Total equivalent units	14,266,381	100.0	13,957,962	100.0

(1) Information is current as at April 28, 2009.

(2) May be redeemed into A&W notes of Trade Marks on the basis of \$10 principal amount of A&W notes for one Class A or Class B preferred share and, in turn, one voting common share of Trade Marks and a \$10 A&W note are exchangeable for a unit in the Fund.

(3) Represents Food Services' initial 25% equivalent ownership of the Fund, prior to the issuance of the Class B preferred shares.

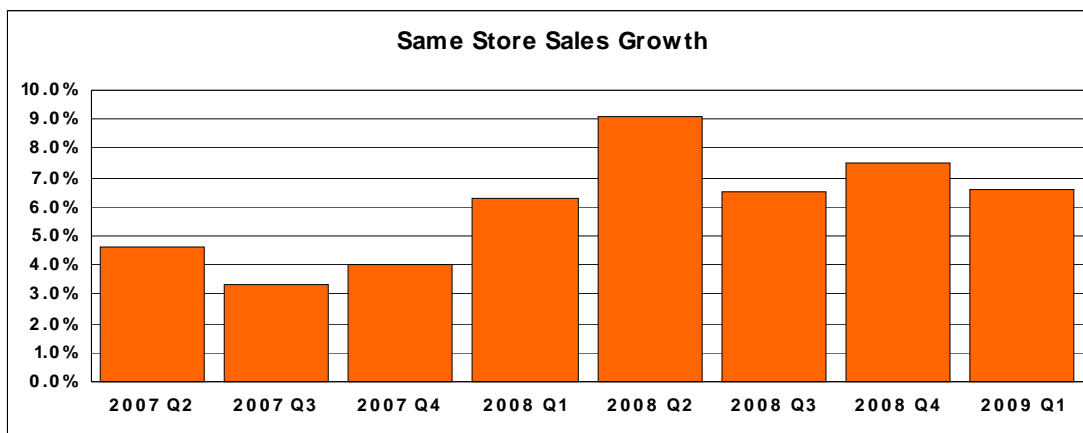
(4) Represents Class B preferred shares issued to Food Services as consideration for annual adjustments to the Royalty Pool.

SAME STORE SALES GROWTH

The source of revenue for Trade Marks is royalty income from Food Services. Royalty income is equal to 3% of sales of the A&W restaurants in the Royalty Pool. Therefore, same store sales growth by A&W restaurants is a key performance indicator for Trade Marks and the Fund.

Same store sales growth was 6.6% for the first quarter of 2009 compared to the same quarter of 2008. Same store sales growth has now been positive for 24 consecutive quarters.

The following chart shows the percentage change in same store sales by A&W restaurants for the eight most recently completed quarters:



RESULTS OF OPERATIONS

Income

During the first quarter, the Fund earned interest income from Trade Marks on the A&W notes of \$1,990,000, a decrease of \$43,000 from 2008 as there were two fewer days in the first quarter of 2009 compared to the same quarter of 2008.

The Fund's share of Trade Marks' earnings was \$78,000 for the quarter, an increase of \$44,000 from the same quarter last year. The Fund's ownership interest in Trade Marks was 58.5% in 2009 and 59.8% in 2008. Trade Marks' income and expenses are discussed in detail below.

In accordance with GAAP, a non-cash dilution gain of \$302,000 was recognized in the quarter due to the value ascribed to the 308,419 voting common shares issued by Trade Marks to Food Services as initial consideration for the seventh Royalty Pool adjustment on January 5, 2009. The dilution gain recognized in the same quarter last year was \$606,000 due to the value ascribed to the 450,460 voting common shares issued by Trade Marks to Food Services as initial consideration for the sixth Royalty Pool adjustment on January 5, 2008.

Royalty income earned by Trade Marks in the quarter was \$4,382,000 based on sales of \$146,065,000 reported by the A&W restaurants in the Royalty Pool. This was an increase of 5.4% over royalty income of \$4,156,000 and sales of \$138,539,000 during the same quarter of 2008. The increase is due to the combined impact of the additional net nine restaurants in the Royalty Pool and the same store sales increase of 6.6%, and was achieved despite the fewer days of sales in the quarter compared to 2008. Same store sales growth is based on an equal number of days in each quarter.

Expenses and Taxes

The Fund had no direct expenses while Trade Marks' expenses were as follows:

(dollars in thousands)	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
General and administrative	\$338	\$240
Amortization of deferred financing fees	2	5
Interest on term loan	129	133
Interest income	(6)	(27)
Interest on A&W notes	1,990	2,033
Dividends on Class A&B preferred shares ⁽¹⁾	1,414	1,361
Recovery of current income taxes	(43)	-
Provision for future income taxes	421	355

(1) As required by GAAP, the dividends are classified as interest expense and accrued accordingly.

General and administrative expenses in the first quarter, including expenses for the Fund under the administration agreement between Trade Marks and the Fund, increased by \$98,000 to \$338,000, compared to \$240,000 in the first quarter of 2008. The increased expenses resulted from professional services associated with the internal reorganization of Trade Marks involving the creation of TMLP.

Trade Marks' interest expense on its term loan decreased from \$133,000 for the first quarter of 2008 to \$129,000 for the first quarter of 2009. Interest on the A&W notes for the quarter decreased from \$2,033,000 last year to \$1,990,000 this year. The decrease in interest expense was due to two fewer days in the quarter this year compared to last year. Interest income for the quarter decreased from \$27,000 last year to \$6,000 this year, due to lower interest rates and two fewer days in the quarter this year.

The Class A and Class B preferred shares entitle Food Services to a fixed cumulative preferential cash dividend at a rate of \$1.075 per share per annum. In accordance with GAAP, the cumulative dividends are treated for accounting purposes by Trade Marks as interest expense and, as such, are accrued and deducted to arrive at net earnings. Class A and Class B preferred share dividends accrued in the quarter increased by \$53,000, from \$1,361,000 in the first quarter of 2008 to \$1,414,000 in 2009. The increase is due to the additional Class B shares issued on January 5, 2009, less the impact of two fewer days in the quarter this year.

Trade Marks' provision for current and future income taxes increased from \$355,000 for the first quarter of 2008 to \$378,000 for the first quarter of 2009 due to the increase in earnings before taxes.

Net Earnings and Comprehensive Earnings

The Fund's net earnings for the first quarter were \$2,370,000 or 28.4¢ per unit compared to \$2,673,000 or 32.1¢ per unit for the same quarter in 2008. The decrease in the Fund's net earnings is due to the lower non-cash dilution gain compared to the prior year and decrease in interest income because of the shorter quarter.

Trade Marks' net earnings for the first quarter were \$134,000 compared to \$56,000 for the same quarter of 2008. The increase in net earnings for the quarter was due primarily to higher royalty income, offset by higher general and administration expenses.

In accordance with CICA Handbook Section 3865 "Hedges", Trade Marks recorded other comprehensive income of \$8,000 in the quarter compared to an other comprehensive loss of \$234,000 in the same quarter last year to reflect the change in the fair value of the interest rate swap agreement, net of tax. Trade Marks' comprehensive earnings for the quarter were \$142,000, compared to a comprehensive loss of \$178,000 for the same quarter of 2008. Accumulated other comprehensive losses as at March 22, 2009 were \$558,000 compared to \$566,000 at the end of 2008.

The Fund's share of Trade Marks' other comprehensive income was \$5,000 for the quarter compared to a loss of \$140,000 in the same quarter last year. The Fund's comprehensive earnings for the quarter were \$2,375,000 compared to \$2,533,000 for the same quarter of 2008. Accumulated other comprehensive losses as at March 22, 2009 were \$333,000 compared to \$338,000 at the end of 2008.

DISTRIBUTABLE CASH

The distributable cash measure is provided as it identifies the amount of actual cash available to pay distributions to unitholders and dividends to Food Services. Distributable cash is not an earnings measure recognized by GAAP and therefore may not be comparable to similar measures presented by other issuers.

Total distributable cash available to pay distributions to unitholders and dividends to Food Services increased by \$179,000 to \$3,964,000 for the quarter, due to the \$226,000 increase in royalty income less a \$47,000 increase in cash expenses, interest and taxes.

The chart below reconciles distributable cash to the most directly comparable measure calculated in accordance with GAAP, cash flows from operating activities including changes in non-cash working capital balances.

(dollars in thousands except per unit amounts)	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Trade Marks' cash flow from operating activities	\$1,728	\$1,485
Add: Changes in accrued dividends	(352)	(361)
Dividends on Class A & Class B preferred shares	1,414	1,361
Changes in non-cash working capital	(816)	(708)
Financing fees		(25)
Distributable cash – Trade Marks	1,974	1,752
The Fund's cash flow from operating activities	1,551	1,521
Add: Changes in non-cash working capital	439	512
Distributable cash – the Fund	1,990	2,033
Total distributable cash	\$3,964	\$3,785
Cumulative surplus – beginning of period	3,828	4,117
Distributable cash for unitholders at current average distribution rate (2009 - \$1.272 per unit, 2008 - \$1.272 per unit)	(2,354)	(2,406)
Distributable cash for Food Services at current average distribution rate (2009 - \$1.272 per share, 2008 - \$1.272 per share)	(1,673)	(1,611)
Special distribution paid to unitholders (\$0.10 per unit)	-	(834)
Equivalent special dividend paid to Food Services (\$0.10 per share)	-	(558)
Cumulative surplus – end of period	\$3,765	\$2,493
Distributable cash per equivalent unit	\$0.278	\$0.271
Number of equivalent units	14,266,381	13,957,962
Monthly distributions declared per unit (8,340,000 units)	\$0.212	\$0.212
Special distributions declared per unit (8,340,000 units)	-	\$0.100
Payout ratio (excluding special distribution)	76.3%	78.2%
Payout ratio (including special distribution)	76.3%	115.1%

Distributable cash is calculated as the combined operating cash flows of the Fund and Trade Marks, adjusted for the dividends on Trade Marks' Class A and Class B preferred shares, financing fees and changes in non-cash working capital. Dividends on Trade Marks' Class A and Class B preferred shares are added back in order to show the total distributable cash available to pay distributions to unitholders and dividends to Food Services on a fully-diluted basis. Changes in non-cash working capital are excluded as Trade Marks' and the Fund's working capital requirements are not permanent and are primarily due to the timing of payments between related parties. No deduction is made for capital expenditures as neither the Fund nor Trade Marks have capital expenditures. There are no restrictions on distributions arising from compliance with financial covenants.

With respect to the guidance issued by CICA on the measurement and disclosure of distributable cash in income trusts and other flow-through entities, the Fund and Trade Marks believe that this Management Discussion and Analysis provides appropriate disclosure to unitholders.

Distributable cash for unitholders decreased to \$2,354,000 from \$2,406,000 for the quarter due to the change in the number of days in the quarter.

Distributable cash for dividends to Food Services increased to \$1,673,000 from \$1,611,000 for the quarter. The increase is due to the additional voting common and Class B preferred shares issued to Food Services on January 5, 2009 for the adjustment to the Royalty Pool, less the impact of two fewer days in the quarter this year.

The amount of cash distributed in the quarter to unitholders and Food Services in monthly distributions and dividends was \$0.212 per equivalent unit compared to distributable cash generated of \$0.278. At the end of the quarter there was a cumulative surplus of distributable cash of \$3,765,000 compared to a cumulative surplus of \$3,828,000 at the end of 2008.

DISTRIBUTIONS TO UNITHOLDERS

During the quarter ended March 22, 2009, the Fund declared monthly distributions to unitholders totaling \$1,768,000 or \$0.212 per unit, the same as in the first quarter of 2008. The date and amounts of these distributions are as follows:

(dollars in thousands except per unit amounts)	Declaration date	Payment date	Amount	Per unit
January 2009	February 2, 2009	February 27, 2009	\$ 884	\$0.106
February 2009	March 3, 2009	March 31, 2009	884	0.106
			\$1,768	\$0.212

The December 2008 distribution of \$884,000 which was declared on December 12, 2008 and paid on January 30, 2009 was declared and recorded for income tax purposes in 2008, the period in which it was earned. Therefore, only two monthly distributions were declared during the quarter ended March 22, 2009.

The February 2009 distribution of \$884,000 which was declared on March 3, 2009 and paid on March 31, 2009 is reported as a current liability at March 22, 2009.

On April 1, 2009, the Fund declared the March 2009 monthly distribution to unitholders of \$0.106 per unit or \$884,000, payable on April 30, 2009. On April 28, 2009, the Fund declared a Special Distribution of \$0.100 per unit, payable on May 29, 2009 to unitholders of record on May 15, 2009.

TAX TREATMENT OF DISTRIBUTIONS

Of the \$0.212 per unit in distributions declared year to date, \$0.1792 per unit or 84.5% will be taxable to unitholders as other investment income and \$0.0328 per unit or 15.5% will be designated as non-eligible dividends.

DIVIDENDS ON TRADE MARKS' COMMON SHARES

During the quarter, Trade Marks declared monthly dividends on its voting common shares of \$468,000 or \$0.0328 per share, of which \$274,000 was earned by the Fund and \$194,000 was earned by Food Services. The February 2009 dividend of \$234,000 which was declared on March 3, 2009 and paid on March 31, 2009 is

reported as a current liability of Trade Marks at March 22, 2009. The Fund's share of \$137,000 is reported as a receivable by the Fund at March 22, 2009.

On April 1, 2009, Trade Marks declared a dividend on voting common shares of \$234,000 or \$0.0164 per share, payable to Food Services and the Fund on April 30, 2009. On April 28, 2009, Trade Marks declared a dividend on voting common shares of \$1,427,000 or \$0.1000 per share, payable to Food Services and the Fund on May 29, 2009. This dividend is associated with the Fund's Special Distribution of \$0.1000 per unit, payable on May 29, 2009 to unitholders of record as at May 15, 2009.

DIVIDENDS ON TRADE MARKS' CLASS A AND CLASS B PREFERRED SHARES

During the quarter, Trade Marks declared dividends on its Class A and Class B preferred shares of \$1,062,000 or \$0.1792 per share. The February 2009 dividends of \$531,000 which were declared on March 3, 2009 and paid to Food Services on March 31, 2009 are reported as a current liability of Trade Marks at March 22, 2009.

On April 1, 2009, Trade Marks declared dividends on Class A and Class B preferred shares of \$531,000 or \$0.0896 per share, payable to Food Services on April 30, 2009.

SEASONALITY

Sales in the quick service restaurant industry fluctuate seasonally. In freestanding restaurants, weather impacts sales. In shopping centres, sales fluctuate due to higher traffic during the back-to-school and Christmas shopping seasons.

SUMMARY OF QUARTERLY RESULTS

The following selected quarterly results, other than "Distributable cash" and "Distributable cash per equivalent unit", have been prepared in accordance with GAAP and all dollar amounts are reported in Canadian currency.

(dollars in thousands except per unit amounts)	Q1 2009	Q4 2008	Q3 2008	Q2 2008
Number of restaurants in the Royalty Pool	685	676	676	676
Royalty income	\$4,382	\$6,991	\$5,257	\$4,910
The Fund's interest income	\$1,990	\$2,817	\$2,057	\$2,059
The Fund's net earnings	\$2,370	\$3,981	\$2,694	\$2,521
Basic and diluted earnings per unit	\$0.284	\$0.477	\$0.323	\$0.302
Distributable cash ⁽¹⁾	\$3,964	\$6,614	\$5,111	\$4,747
Number of equivalent units	14,266,381	13,957,962	13,957,962	13,957,962
Distributable cash per equivalent unit ⁽¹⁾	\$0.278	\$0.474	\$0.366	\$0.340
Distributions declared	\$1,768	\$4,370	\$2,652	\$2,652
Monthly distributions declared per unit (8,340,000 units) ⁽²⁾	\$0.212	\$0.424	\$0.318	\$0.318
Special distribution declared per unit	-	\$0.100	-	-
Number of days in the quarter	81	115	84	84

(dollars in thousands except per unit amounts)	Q1 2008	Q4 2007	Q3 2007	Q2 2007
Number of restaurants in the Royalty Pool	676	660	660	660
Royalty income	\$4,156	\$6,194	\$4,761	\$4,365
The Fund's interest income	\$2,033	\$2,775	\$2,064	\$2,064
The Fund's net earnings	\$2,673	\$3,792	\$2,520	\$2,325
Basic and diluted earnings per unit	\$0.321	\$0.455	\$0.302	\$0.279
Distributable cash ⁽¹⁾	\$3,785	\$5,928	\$4,599	\$4,202
Number of equivalent units	13,957,962	13,473,911	13,473,911	13,473,911
Distributable cash per equivalent unit ⁽¹⁾	\$0.271	\$0.440	\$0.341	\$0.312
Distributions declared	\$2,602	\$3,511	\$2,552	\$2,502
Monthly distributions declared per unit (8,340,000 units) ⁽²⁾	\$0.212	\$0.421	\$0.306	\$0.300
Special distribution declared per unit	\$0.100	-	-	-
Number of days in the quarter	83	113	84	84

(1) Distributable cash is not an earnings measure recognized by GAAP and therefore may not be comparable to similar measures presented by other issuers. This information is provided as it identifies the amount of actual cash available to pay distributions to unitholders and dividends to Food Services. See "Distributable Cash".

(2) The distribution for December of each year, which is paid on January 31 of the following year, is declared and recorded in the year in which it is earned. Therefore, four monthly distributions are declared in the fourth quarter of each year, and two monthly distributions are declared in the first quarter of each year.

LIQUIDITY AND CAPITAL RESOURCES

The Fund expects to have sufficient financial resources to pay ongoing future distributions as it receives income by way of interest on the A&W notes and dividends on its voting common shares of Trade Marks.

Trade Marks expects to have sufficient financial resources to fund its working capital requirements and to meet its cash flow needs including ongoing common share dividends. Trade Marks has a demand operating loan facility with HSBC Bank Canada (the Bank) of up to \$2,000,000 which bears interest at bank prime rate plus 0.5% and is repayable on demand. As at March 22, 2009, the full amount of the facility was available.

Trade Marks has a term loan with the Bank in the amount of \$10,000,000. The term loan bears interest at bank prime rate plus between 0.0% and 0.5% depending on specified financial ratios and is repayable on February 18, 2011. Interest only is payable monthly, provided that 12 month trailing earnings before interest, taxes, depreciation and amortization (EBITDA) at any time are not less than \$10,000,000. In the event that EBITDA is less than \$10,000,000, the term loan will be fully amortized over the remaining term and repayment will be by way of blended monthly instalments of principal and interest. Trailing EBITDA as at March 22, 2009 was \$20,938,000.

Trade Marks uses an interest rate swap agreement to manage risks from fluctuations in interest rates. The term loan bears interest at 5.82% per annum, of which 4.42% per annum is fixed under an interest rate swap agreement that matures February 18, 2011 and 1.40% per annum is subject to an annual review by the Bank. The interest rate swap agreement is considered to be a cash flow hedge and in accordance with CICA Handbook Section 3865 "Hedges", qualifies for hedge accounting. Changes

in the fair value of the interest rate swap agreement, to the extent it is an effective hedge, are recorded in other comprehensive earnings (loss) and are only recognized in earnings when the hedged item is realized. Any ineffectiveness in the hedging relationship is recognized in earnings immediately.

The fair value of the interest rate swap as at March 22, 2009 is \$689,000 unfavourable and the change in fair value is recorded in other comprehensive earnings, net of tax.

A general security agreement over the assets of Trade Marks was provided as collateral for the demand operating loan facility and term loan. TMLP has provided its guarantee in favour of the Bank of all of the indebtedness, covenants and obligations of Trade Marks to the Bank.

Payments due by period (dollars in thousands)	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Term loan	\$10,000	\$0	\$10,000	\$0	\$0

The A&W notes, issued by Trade Marks and held by the Fund, amount to \$83,399,000, bear interest at a fixed rate of 10.75% per annum and mature on February 15, 2034. Interest only is payable monthly in arrears.

The Fund and Trade Marks have no other contractual or purchase obligations except as described under the section Related Party Transactions and Balances. The Fund and Trade Marks do not have any capital expenditures; their operating and administrative expenses are expected to be stable and reasonably predictable and are considered to be in the ordinary course of business.

OFF-BALANCE SHEET ARRANGEMENTS

The Fund and Trade Marks have no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS AND BALANCES

Trade Marks' interest expense and the Fund's interest income on the A&W notes for the quarter was \$1,990,000 (2008 - \$2,033,000), of which \$1,228,000 (December 31, 2008 - \$759,000) is receivable by the Fund from Trade Marks at March 22, 2009.

Royalty income of \$4,382,000 (2008 - \$4,156,000) was earned by Trade Marks from Food Services during the quarter, of which \$1,589,000 (December 31, 2008 - \$1,890,000) is receivable by Trade Marks at March 22, 2009.

As at March 22, 2009, \$66,000 (December 31, 2008 - \$36,000) is due to Trade Marks by the Fund, without interest and on demand.

The Fund has entered into an administration agreement with Trade Marks whereby Trade Marks, at its expense, provides or arranges for the provision of services required in the administration of the Fund. In turn, Trade Marks has arranged for certain of these services to be provided by Food Services at no cost until 2011.

During the quarter, TMLP declared a distribution of \$1,000 (2008 - \$nil) on Food Services' limited partnership interest, of which \$1,000 (December 31, 2008 - \$nil) is payable to Food Services as at March 22, 2009.

As at March 22, 2009, \$43,000 (December 31, 2008 - \$nil) is due to Food Services by TMLP without interest and on demand.

Other related party transactions and balances are referred to elsewhere in this Management Discussion and Analysis.

CRITICAL ACCOUNTING ESTIMATES

Trade Marks' intangible assets consist of the A&W trade-marks and are recorded at cost. Management tests the intangible assets annually for impairment or more frequently if events or changes in circumstances indicate that the assets might be impaired. The impairment test compares the carrying amount of the intangible asset with its fair value, and an impairment loss is recognized in income for the excess, if any. Management believes that there has been no impairment of the intangible assets during the period ended March 22, 2009.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Fund's and Trade Marks' financial reporting and the preparation of its financial statements for external purposes in accordance with GAAP. The control framework used to design the internal controls over financial reporting is "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. There have been no changes to the internal controls during the period covered by this Management Discussion and Analysis that have materially affected or are reasonably likely to materially affect the Fund's and Trade Marks' internal control over financial reporting.

RISKS AND UNCERTAINTIES

Federal Tax Announcement

On June 12, 2007, Bill C-52 passed third reading in the House of Commons. In part, Bill C-52 imposes a new tax on certain flow-through entities, referred to as "specified investment flow-through entities" (SIFTS), which includes income trusts. The new income tax rules for SIFTS mean that income earned by the Fund will become taxable in a manner similar to income earned by a corporation.

The application of these rules is delayed to the 2011 taxation year for trusts that were publicly traded prior to November 1, 2006. Provided the Fund is not considered to have undergone an "undue expansion" during the interim period, the Fund will be subject to taxation beginning January 1, 2011 and cash available for distributions to unitholders will be reduced by the amount of income tax paid or payable by the Fund. Financial statement earnings will also be significantly affected.

Effective June 12, 2007, income trusts and SIFTS are required to recognize future income taxes based on temporary differences that are expected to reverse after 2011. The Fund's and Trade Marks' structure means that Trade Marks has already been accounting for future income taxes, and there is no impact on the Fund's financial statements.

The Restaurant Industry

The net earnings and distributable cash generated by the Fund is directly dependent upon the interest income and dividends it receives from Trade Marks, and the amount of its income tax obligations. The net earnings and distributable cash generated by Trade Marks is entirely dependent on the royalty it receives from Food Services, its operating costs, and Trade Marks' income tax obligations. The amount of the royalty is dependent upon the sales of the A&W restaurants in the Royalty Pool.

Sales are subject to a number of factors that affect the restaurant industry generally and the quick service segment of this industry in particular, including the highly competitive nature of the industry, traffic patterns, demographic considerations and the type, number and proximity of competing quick service restaurants. Any significant event that adversely affects consumption of hamburgers, chicken, fries and soft drinks, such as, increased food and labour costs, changing tastes or health concerns, publicity from any food borne illness, economic conditions, the availability of experienced management and hourly employees, and government regulations concerning smoking bans, menu labelling or disclosure and drive-thru restrictions, could adversely impact the sales of A&W restaurants and consequently, the amount of the royalty payable to Trade Marks. In addition, factors such as harmonization of GST with provincial sales taxes in British Columbia, Saskatchewan and Manitoba would effectively add a new tax on restaurant meals in those provinces, and Ontario's proposal to harmonize GST and PST would effectively add a new tax on meals under \$4.00 which are currently not subject to PST. These proposed or potential harmonizations of GST and PST may adversely affect the sales of the quick service restaurant industry in general and the sales by A&W restaurants in particular.

Food Services competes with other companies, including other well-capitalized franchisors with extensive financial, technological, marketing and personnel resources and high brand name recognition and awareness. There can be no assurance that Food Services will be able to respond to various competitive factors affecting the franchise operations of Food Services in the quick service restaurant industry.

The growth of the royalty is dependent upon the ability of Food Services to (i) grow same store sales, (ii) maintain and grow the current system of franchises, (iii) locate new retail sites in prime locations and (iv) obtain qualified operators to become A&W franchisees. Food Services faces competition for retail locations and franchisees from its competitors and from franchisors of other businesses. Food Services' inability to successfully obtain qualified franchisees could adversely affect its business development. The opening and success of franchised restaurants is

dependent on a number of factors, including availability of suitable sites, negotiations of acceptable lease or purchase terms for new locations, permits and government regulatory compliance, availability of financing and the ability to meet construction schedules. A&W franchisees may not have all these business abilities or access to financial resources necessary to open an A&W restaurant or to successfully develop or operate an A&W restaurant in their franchise areas in a manner consistent with Food Services' standards.

Food Services and A&W franchisees may be the subject of complaints or litigation from guests alleging food-related illnesses, injuries suffered on the premises or other food quality, health or operational concerns. Adverse publicity resulting from such allegations may materially affect the sales of A&W restaurants, regardless of whether such allegations are true or whether Food Services or an A&W franchisee is ultimately held liable.

OUTLOOK

A&W continued to enjoy good results in the first quarter of 2009 based on the performance of its key strategic initiatives which include differentiating the A&W brand through successful advertising and marketing campaigns, menu innovation, facilities design and expanding to serve customers in new markets. A&W is a strategy driven company whose mission is “to make A&W the number one national burger choice for baby boomers and the fastest growing and most successful burger businesses in Canada.”

FORWARD LOOKING INFORMATION

Certain statements in this Management Discussion and Analysis contain forward-looking information within the meaning of applicable securities laws in Canada (forward-looking information). The words “anticipates”, “believes”, “budgets”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “might”, “plans”, “projects”, “schedule”, “should”, “will”, “would” and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this Management Discussion and Analysis includes, but is not limited to: Food Services' Mission “to make A&W the number one national burger choice for baby boomers and the fastest growing and most successful burger businesses in Canada”; the Fund expects to have sufficient financial resources to pay ongoing future distributions; Trade Marks expects to have sufficient financial resources to fund its working capital requirements and to meet its cash flow needs including ongoing common share dividends; and, the operating and administrative expenses of the Fund and Trade Marks are expected to be stable and reasonably predictable.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the general risks that affect the restaurant industry will not arise; no changes in competition; no increases in food and labour costs; no changes in consumer taste or health concerns; no publicity from any food borne illness; no changes in economic conditions; no changes in availability of experienced management and hourly employees; no changes in government regulations concerning smoking bans, menu labelling and disclosure, drive-thru restrictions and elimination of trans fats; no harmonization of GST with provincial sales taxes; the continued availability of quality raw materials; continued additional franchise sales and maintenance of franchise operations; no closures of A&W restaurants that materially affect the amount of the Royalty; franchisees duly pay franchise fees and other amounts; no new or increased or harmonization of sales taxes; continued availability of key personnel; continued ability to preserve intellectual property; Food Services is able to grow same store sales; Food Services is able to maintain and grow the current system of franchises; Food Services is able to locate new retail sites in prime locations; Food Services is able to obtain qualified operators to become A&W franchisees; no litigation from guests alleging food-related illness, injuries suffered on the premises or other food quality, health or operations concerns or other complaints; Food Services continues to pay the Royalty; Trade Marks continues to pay its obligations under the A&W Notes and

pay dividends on the common shares; Trade Marks can continue to comply with its obligations under its credit arrangements; and, Trade Marks' performance does not fluctuate such that cash distributions are affected.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: general risks that affect the restaurant industry; competition; changes in consumer taste; increases in food and labour costs; changes in consumer taste or health concerns; publicity from any food-borne illness; changes in economic conditions; changes in availability of experienced management and hourly employees; changes in government regulations concerning smoking bans, menu labelling and disclosure, drive-thru restrictions and elimination of trans fats; harmonization of GST with provincial sales taxes; availability and quality of raw materials; dependence on additional franchise sales and franchise operations; the closure of A&W restaurants may affect the amount of the Royalty; dependence on A&W franchisees' ability to pay franchise fees and other amounts; the impact of new or increased or harmonization of sales taxes upon gross sales; dependence on key personnel; dependence on intellectual property; Food Services' ability to grow same store sales; Food Services' ability to maintain and grow the current system of franchises; Food Services' ability to locate new retail sites in prime locations; Food Services' ability to obtain qualified operators to become A&W franchisees; litigation from guests alleging food-related illness, injuries suffered on the premises or other food quality, health or operations concerns or other complaints; dependence of the Fund on Trade Marks and Food Services; dependence of Trade Marks on Food Services; risks related to leverage and restrictive covenants; the risk that cash distributions are not guaranteed and will fluctuate with Trade Marks' performance; risks relating to the nature of units; risks relating to the distribution of securities on redemption or termination of the Fund; the Fund may issue additional Units diluting existing unitholders' interests; changes in investment eligibility and penalties for foreign property; and proposed changes to the Canadian federal income tax treatment of publicly listed trusts and other income tax matters, all as more particularly described in this Management Discussion and Analysis under the heading "Risks and Uncertainties" and in the Fund's Annual Information Form under the heading "Risk Factors".

All forward-looking information in this Management Discussion and Analysis is qualified in its entirety by this cautionary statement and, except as required by law, the Fund undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

A&W Revenue Royalties Income Fund

Financial Statements

For the first quarter ended March 22, 2009

Balance Sheets

Unaudited
(in thousands of dollars)

	March 22 2009	December 31 2008
Assets		
Current assets		
Cash	\$ 62	\$ 142
Due from A&W Trade Marks Inc. (note 4)	1,365	759
	1,427	901
Investment in A&W Trade Marks Inc. (note 2)	76,184	76,073
	\$ 77,611	\$ 76,974
Liabilities		
Current liabilities		
Distribution payable to Unitholders (note 3)	\$ 884	\$ 884
Due to A&W Trade Marks Inc. (note 4)	66	36
	950	920
Unitholders' Equity:		
Capital contributions	77,115	77,115
Accumulated earnings	69,303	66,933
Accumulated distributions (note 3)	(69,424)	(67,656)
Accumulated other comprehensive loss	(333)	(338)
	76,661	76,054
	\$ 77,611	\$ 76,974

Subsequent events (note 5)

See accompanying notes to these financial statements.

A&W Revenue Royalties Income Fund

Statements of Earnings and Accumulated Earnings

Unaudited

(in thousands of dollars, except per Unit amounts)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Interest income	\$ 1,990	\$ 2,033
Equity in earnings of A&W Trade Marks Inc.	78	34
Dilution gain	302	606
Net earnings for the period	2,370	2,673
Accumulated earnings - beginning of period	66,933	55,064
Accumulated earnings - end of period	\$ 69,303	\$ 57,737
Basic and diluted earnings per Unit (8,340,000 Units)	\$ 0.284	\$ 0.321

See accompanying notes to these financial statements.

A&W Revenue Royalties Income Fund

Statements of Accumulated Other Comprehensive Loss

Unaudited

(in thousands of dollars)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Accumulated other comprehensive loss - beginning of period	\$ (338)	\$ -
Other comprehensive income (loss)		
Equity in change in fair value of A&W Trade Marks Inc.'s interest rate swap	5	(140)
Accumulated other comprehensive loss - end of period	\$ (333)	\$ (140)

Statements of Comprehensive Earnings

Unaudited

(in thousands of dollars)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Net earnings for the period	\$ 2,370	\$ 2,673
Equity in change in fair value of A&W Trade Marks Inc.'s interest rate swap	5	(140)
Comprehensive earnings for the period	\$ 2,375	\$ 2,533

See accompanying notes to these financial statements.

A&W Revenue Royalties Income Fund

Statements of Cash Flows

Unaudited

(in thousands of dollars)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Cash flows from operating activities		
Net earnings for the period	\$ 2,370	\$ 2,673
Items not affecting cash		
Equity in earnings of A&W Trade Marks Inc.	(78)	(34)
Dilution gain	(302)	(606)
	1,990	2,033
Net changes in non-cash working capital	(439)	(512)
	1,551	1,521
Cash flows from investing activities		
Dividends received from A&W Trade Marks Inc.	137	1,107
Cash flows from financing activities		
Distributions paid to Unitholders	(1,768)	(2,602)
(Decrease) increase in cash for the period	(80)	26
Cash - beginning of period	142	3
Cash - end of period	\$ 62	\$ 29
Supplementary cash flow information		
Interest received	\$ 1,521	\$ 1,521

See accompanying notes to these financial statements.

A&W Revenue Royalties Income Fund

Notes to the Interim Financial Statements

For the first quarter ended March 22, 2009

Unaudited

(figures in tables are expressed in thousands of dollars, except per Unit amounts)

1. Nature of operations and basis of presentation

Organization and nature of business

A&W Revenue Royalties Income Fund (the Fund) is a limited purpose trust established with an unlimited number of Trust Units (Units) under the laws of the Province of British Columbia pursuant to the Declaration of Trust on December 18, 2001. The Fund was established to invest in A&W Trade Marks Inc. (Trade Marks), which through its ownership interest in A&W Trade Marks Limited Partnership (TMLP) owns the A&W trade-marks used in the A&W quick service restaurant business in Canada.

Basis of presentation

The Fund prepares its financial statements in accordance with Canadian generally accepted accounting principles (GAAP) and has applied the accounting policies described in its annual audited financial statements for the year ended December 31, 2008 except as noted below. These interim unaudited financial statements do not include all of the disclosure requirements of GAAP for annual financial statements.

These interim unaudited financial statements should be read in conjunction with the annual audited financial statements of the Fund for the year ended December 31, 2008, the annual audited financial statements of Trade Marks for the year ended December 31, 2008, and the interim unaudited consolidated financial statements of Trade Marks for the quarter ended March 22, 2009.

Fiscal year

The Fund uses a fiscal year ending December 31. A&W Food Services of Canada Inc. (Food Services) uses a fiscal year comprising a 52 or 53 week period ending on the Sunday nearest December 31, therefore Food Services' 2008 fiscal year ended December 28, 2008 (2007 – December 30, 2007). To align its financial reporting with that of Food Services, the Fund's first quarter of 2009 ended March 22, 2009 (2008 – March 23, 2008), 12 weeks after Food Services' fiscal year end.

Adoption of new accounting standards

On January 1, 2009, the Fund adopted the new accounting standard CICA Handbook Section 3064 "Goodwill and Intangible Assets" which replaces CICA Handbook Section 3062 "Goodwill and Other Intangible Assets" and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrently, Emerging

A&W Revenue Royalties Income Fund
Notes to the Interim Financial Statements

1. *Nature of operations and basis of presentation (con'd)*

Issues Committee abstract 27 “Revenues and Expenses During the Pre-Operating Period” has been withdrawn which results in these costs being expensed as incurred. The adoption of this new standard had no impact on the Fund’s financial results.

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that January 1, 2011 is the transition date for publicly reported companies to adopt IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Fund for the year ended December 31, 2010.

The Fund has commenced the process to transition from current Canadian GAAP to IFRS. Regular progress reporting to the audit committee on the status of the IFRS implementation project has been instituted. A third party consultant has been engaged to carry out a diagnostic review which includes the determination, at a high level, of the financial reporting differences under IFRS and the key areas that may be impacted. Concurrently, the Fund will be assessing the impact of the conversion on information technology and systems, financial reporting expertise, internal controls over financial reporting and disclosure controls.

The Fund anticipates that there will be changes in accounting policies and that these changes may materially impact the financial statements.

The International Accounting Standard Board currently has projects underway that are expected to result in new pronouncements and as a result, IFRS as at the transition date is expected to differ from its current form.

2. Investment in A&W Trade Marks Inc.

The Fund’s investment in Trade Marks is as follows:

	March 22, 2009	December 31, 2008
Voting common shares	\$1	\$1
A&W notes receivable	83,399	83,399
Cumulative equity in loss	(2,936)	(3,014)
Cumulative dividends	(6,313)	(6,039)
Cumulative dilution gain	2,366	2,064
Cumulative equity in other comprehensive loss	(333)	(338)
	<u>\$76,184</u>	<u>\$76,073</u>

A&W Revenue Royalties Income Fund
Notes to the Interim Financial Statements
2. *Investment in A&W Trade Marks Inc. (con'd)*

The Fund's 58.5% (December 31, 2008 – 59.8%) investment in the voting common shares of Trade Marks is recorded using the equity method. Trade Marks, through its 99.9% interest in TMLP, owns the A&W trade-marks used in the A&W quick service restaurant business in Canada. In return for licensing Food Services to use its trade-marks, Trade Marks (through TMLP) receives a royalty of three per cent of the sales reported to Food Services by A&W restaurants in the Royalty Pool. The Royalty Pool is adjusted annually to include new restaurants, less any restaurants that permanently closed. Prior to the creation of TMLP in January 2009, Trade Marks paid Food Services for the additional royalty stream from the net new restaurants by issuing additional voting common shares and Class B preferred shares. The consideration for future adjustments to the Royalty Pool will be paid by TMLP in the form of an increase in the limited partnership interest of Food Services. Food Services' limited partnership interest may be exchanged for additional preferred and non-voting common shares of Trade Marks. As a result, the Fund's equity interest in Trade Marks is diluted as annual adjustments to the Royalty Pool take place.

In accordance with GAAP, the following adjustments to the Fund's investment in Trade Marks are recognized:

- dilution gains recognized due to the value ascribed to the voting common shares issued by Trade Marks to Food Services as a result of the adjustments to the Royalty Pool;
- the Fund's share of Trade Marks' other comprehensive income (loss) which comprises changes in the fair value of Trade Marks' interest rate swap agreement, net of tax.

The issued and outstanding voting common shares of Trade Marks are as follows:

	The Fund		Food Services		Total
	#	%	#	%	#
February 15, 2002	8,340,000	75.0%	2,780,000	25.0%	11,120,000
Annual adjustments:					
January 5, 2003		-2.9%	452,469	2.9%	452,469
January 5, 2004		-3.0%	495,681	3.0%	495,681
January 5, 2005		-2.8%	511,337	2.8%	511,337
January 5, 2006		-2.8%	558,993	2.8%	558,993
December 31, 2006		-1.6%	335,456	1.6%	335,456
January 5, 2008		-2.1%	484,051	2.1%	484,051
January 5, 2009		-1.3%	308,419	1.3%	308,419
	8,340,000	58.5%	5,926,406	41.5%	14,266,406

The A&W notes, issued by Trade Marks, amount to \$83,399,000, bear interest at 10.75% per annum and mature on February 15, 2034. Interest only payments are receivable monthly in arrears. The A&W notes are unsecured debt obligations of Trade Marks and are subordinated to all other indebtedness and liabilities of Trade Marks.

3. Distributions

During the quarter ended March 22, 2009, the Fund declared monthly distributions to Unitholders totaling \$1,768,000 or \$0.212 per Unit. The dates and amounts of these distributions are as follows:

Month	Declaration date	Payment date	Amount	Per Unit
January 2009	February 2, 2009	February 27, 2009	\$ 884	\$ 0.106
February 2009	March 3, 2009	March 31, 2009	884	0.106
			1,768	\$ 0.212
Accumulated distributions - beginning of period			67,656	
Accumulated distributions - end of period			\$ 69,424	

The February 2009 distribution of \$884,000 which was declared on March 3, 2009 and paid on March 31, 2009 is reported as a current liability at March 22, 2009.

4. Related party transactions and balances

During the quarter, interest income of \$1,990,000 (2008 - \$2,033,000) was earned from Trade Marks on the A&W notes receivable, of which \$1,228,000 (December 31, 2008 - \$759,000) is receivable at March 22, 2009.

Dividends of \$274,000 (2008 - \$1,108,000) were earned from Trade Marks in the quarter, of which \$137,000 (December 31, 2008 - \$nil) is receivable at March 22, 2009.

The Fund has entered into an administration agreement with Trade Marks whereby Trade Marks, at its expense, provides or arranges for the provision of services required in the administration of the Fund.

Included in current liabilities is \$66,000 (December 31, 2008 - \$36,000) due to Trade Marks without interest and on demand.

5. Subsequent events

On April 1, 2009, the Fund declared a distribution to Unitholders of \$0.106 per Unit or \$884,000, payable on April 30, 2009 to Unitholders of record as at April 15, 2009.

On April 28, 2009, the Fund declared a Special Distribution of \$0.100 per unit, payable on May 29, 2009 to unitholders of record on May 15, 2009.

A&W Trade Marks Inc.

Consolidated Financial Statements

For the first quarter ended March 22, 2009

Consolidated Balance Sheets

Unaudited

(in thousands of dollars)

	March 22 2009	December 31 2008
Assets		
Current assets		
Cash and cash equivalents	\$ 4,899	\$ 3,405
Accounts receivable (note 8)	1,655	1,926
Prepaid interest	8	48
Income taxes recoverable	56	-
	6,618	5,379
Intangible assets (note 2)	160,074	156,561
	\$ 166,692	\$ 161,940
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 1,528	\$ 951
Dividends payable (notes 6 and 7)	765	503
Income taxes payable	-	43
Future income taxes	215	-
	2,508	1,497
Net liabilities due to A&W Food Services of Canada Inc. (note 3)	45	
Term loan (note 4)	10,672	10,684
Future income taxes	13,971	13,767
A&W notes payable (note 5)	83,399	83,399
Class A and Class B preferred shares (note 6)	63,958	60,617
	174,553	169,964
Shareholders' deficiency		
Common shares (note 7)	3,513	2,989
Deficit	(10,816)	(10,447)
Accumulated other comprehensive loss	(558)	(566)
	(7,861)	(8,024)
	\$ 166,692	\$ 161,940

Subsequent events (note 11)

These unaudited interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management. As the company is a private entity, the company's auditor has not performed a review of these financial statements.

See accompanying notes to these financial statements.

A&W Trade Marks Inc.

Consolidated Statements of Earnings and Deficit

Unaudited

(in thousands of dollars)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Gross sales reported by A&W restaurants in the Royalty Pool	\$ 146,065	\$ 138,539
Royalty income	\$ 4,382	\$ 4,156
Expenses		
General and administrative	338	240
Interest expense		
- term loan and other (note 10)	125	111
- A&W notes payable	1,990	2,033
- Class A and B preferred share dividends	1,414	1,361
	3,867	3,745
Earnings before income taxes	515	411
Provision for (recovery of) income taxes		
Current	(43)	-
Future	421	355
	378	355
Earnings before non-controlling interests	137	56
A&W Food Services of Canada Inc.'s non-controlling interest in earnings of A&W Trade Marks Limited Partnership	(3)	-
Net earnings for the period	134	56
Deficit - beginning of period	(10,447)	(8,679)
Adjustment on entering A&W Trade Marks Limited Partnership	(35)	-
Dividends declared on voting common shares	(468)	(1,850)
Deficit - end of period	\$ (10,816)	\$ (10,473)

See accompanying notes to these financial statements.

A&W Trade Marks Inc.

Consolidated Statements of Accumulated Other Comprehensive Loss

Unaudited

(in thousands of dollars)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Accumulated other comprehensive loss - beginning of period	\$ (566)	\$ -
Other comprehensive income (loss)		
Change in fair value of the interest rate swap, net of income taxes	8	(234)
Accumulated other comprehensive loss - end of period	\$ (558)	\$ (234)

Consolidated Statements of Comprehensive Earnings

Unaudited

(in thousands of dollars)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Net earnings for the period	\$ 134	\$ 56
Other comprehensive income (loss)		
Change in fair value of the interest rate swap, net of income taxes	8	(234)
Comprehensive earnings (loss) for the period	\$ 142	\$ (178)

See accompanying notes to these financial statements.

A&W Trade Marks Inc.

Consolidated Statements of Cash Flows

Unaudited

(in thousands of dollars)

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
Cash flows from operating activities		
Net earnings for the period	\$ 134	\$ 56
Items not affecting cash		
Amortization of deferred financing fees	2	5
Provision for future income taxes	421	355
Change in accrued dividends	352	361
A&W Food Services of Canada Inc.'s non-controlling interest in earnings of A&W Trade Marks Limited Partnership	3	-
	912	777
Changes in non-cash working capital	816	708
	1,728	1,485
Cash flows from financing activities		
Financing fees paid	-	(25)
Dividends paid on voting common shares	(234)	(1,841)
	(234)	(1,866)
Increase (decrease) in cash for the period	1,494	(381)
Cash - beginning of period	3,405	4,039
Cash - end of period	\$ 4,899	\$ 3,658
Supplementary cash flow information		
Income taxes paid	\$ (56)	\$ -
Interest paid on term loan and A&W notes payable	\$ (1,620)	\$ (1,606)
Dividends paid on Class A and B preferred shares	\$ (1,034)	\$ (960)
Non-cash financing activities		
Issuance of Class B preferred and voting common shares	\$ 3,513	\$ 6,467
Adjustment on entering A&W Trade Marks Limited Partnership	\$ (35)	\$ -

See accompanying notes to these financial statements.

A&W Trade Marks Inc.

Notes to the Interim Consolidated Financial Statements

For the first quarter ended March 22, 2009

Unaudited

(figures in tables are expressed in thousands of dollars)

1. Nature of operations and basis of presentation

Nature of operations

The business of A&W Trade Marks Inc. (the company or Trade Marks) is the ownership of the A&W trade-marks through its ownership interest in A&W Trade Marks Limited Partnership (TMLP). The business of TMLP, through a Licence and Royalty Agreement with A&W Food Services of Canada Inc. (Food Services), is the exploitation of the A&W trade-marks including the development of new A&W restaurants by Food Services, and the collection of the royalty payable under the Licence and Royalty Agreement. Food Services is a leading franchisor of hamburger quick service restaurants in Canada.

The voting common shares of Trade Marks are owned by A&W Revenue Royalties Income Fund (the Fund) (58.5%) and Food Services (41.50%).

Basis of presentation

Trade Marks prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP) and has applied the accounting policies described in its annual audited financial statements for the year ended December 31, 2008 except as noted below. These interim unaudited consolidated financial statements do not include all of the disclosure requirements of GAAP for annual financial statements.

These interim unaudited consolidated financial statements should be read in conjunction with the annual audited financial statements of the Trade Marks for the year ended December 31, 2008, the annual audited financial statements of the Fund for the year ended December 31, 2008, and the interim unaudited financial statements of the Fund for the quarter ended March 22, 2009.

Basis of consolidation

These consolidated financial statements include the accounts of the company and its 99.9% ownership interest in TMLP. The non-controlling interest comprises the common equity of TMLP held by Food Services.

Fiscal year

Trade Marks uses a fiscal year ending December 31. Food Services uses a fiscal year comprising a 52 or 53 week period ending on the Sunday nearest December 31, therefore Food Services' 2008 fiscal year ended December 28, 2008 (2007 – December 30, 2007). To align its financial reporting with that of Food Services, Trade Marks' first quarter of 2009 ended March 22, 2009 (2008 – March 23, 2008), 12 weeks after Food Services' fiscal year end.

A&W Trade Marks Inc.

Notes to the Interim Financial Statements

1. Nature of operations and basis of presentation (con'd)

Adoption of new accounting standards

On January 1, 2009, Trade Marks adopted the new accounting standard CICA Handbook Section 3064 “Goodwill and Intangible Assets” which replaces CICA Handbook Section 3062 “Goodwill and Other Intangible Assets” and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrently, Emerging Issues Committee abstract 27 “Revenues and Expenses During the Pre-Operating Period” has been withdrawn which results in these costs being expensed as incurred. The adoption of this new standard had no impact on Trade Marks’ financial results.

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that January 1, 2011 is the transition date for publicly reported companies to adopt IFRS. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by Trade Marks for the year ended December 31, 2010.

Trade Marks has commenced the process to transition from current Canadian GAAP to IFRS. Regular progress reporting to the audit committee on the status of the IFRS implementation project has been instituted. A third party consultant has been engaged to carry out a diagnostic review which includes the determination, at a high level, of the financial reporting differences under IFRS and the key areas that may be impacted. Concurrently, Trade Marks will be assessing the impact of the conversion on information technology and systems, financial reporting expertise, internal controls over financial reporting and disclosure controls.

Trade Marks anticipates that there will be changes in accounting policies and that these changes may materially impact the consolidated financial statements.

The International Accounting Standard Board currently has projects underway that are expected to result in new pronouncements and as a result, IFRS as at the transition date is expected to differ from its current form.

2. Intangible Assets

On February 15, 2002, Trade Marks acquired the A&W trade-marks used in the A&W quick service restaurant business in Canada for \$152,676,000, of which \$84,876,000 was paid in cash, \$27,800,000 was paid by the issuance of 2,779,975 Class A preferred shares and 2,780,000 voting common shares of Trade Marks, and the balance of the purchase price (the Balance) of \$40,000,000 is due, without interest, on January 31, 2010.

A&W Trade Marks Inc.
Notes to the Interim Financial Statements
2. *Intangible Assets (con'd)*

Concurrent with the purchase of the A&W trade-marks, Trade Marks granted Food Services a licence to use the A&W trade-marks in Canada for a term of 99 years, for which Food Services pays Trade Marks a royalty of three per cent of the sales reported to Food Services by A&W restaurants in the Royalty Pool (the Licence and Royalty Agreement).

The Royalty Pool is adjusted annually to reflect sales from new A&W restaurants, net of the sales of any A&W restaurants that have permanently closed. Trade Marks pays Food Services for the additional royalty stream related to the sales of the net new restaurants, based on a formula set out in the Licence and Royalty Agreement. The formula provides for a payment to Food Services based on the amount of estimated sales from the net new restaurants and the current yield on the units of the Fund, discounted by 7.5%. The payment is in the form of voting common shares and Class B preferred shares of Trade Marks which are the economic equivalent of units of the Fund. Twenty percent of the shares are held in escrow for a year until the actual sales of the new restaurants are known and the corresponding adjustment is made to the consideration.

The Balance of the purchase price is reduced by all amounts Trade Marks is required to pay Food Services in respect of these annual adjustments to the Royalty Pool up to January 31, 2010. If the total annual adjustments are less than the Balance, the obligation of Trade Marks to pay the remaining Balance of the purchase price is extinguished.

For accounting purposes, the Balance and related intangible assets are recognized in the periods such adjustments become payable. The annual adjustments to the Royalty Pool are as follows:

	New restaurants	Closed restaurants	Royalty Pool	Share consideration			Amount \$
				Voting common shares	Class A shares	Class B shares	
Initial consideration							
Cash	585	-	585	-	-	-	84,876
Shares	-	-	-	2,780,000	2,779,975	-	27,800
Future income taxes	-	-	-	-	-	-	8,080
	585	-	585	2,780,000	2,779,975	-	120,756
Adjustments:							
January 5, 2003	27	(8)	19	452,469	-	452,469	5,108
January 5, 2004	28	(12)	16	495,681	-	495,681	5,210
January 5, 2005	27	(9)	18	511,337	-	511,337	6,197
January 5, 2006	27	(11)	16	558,993	-	558,993	6,915
December 31, 2006	19	(13)	6	335,456	-	335,456	5,908
January 5, 2008	23	(7)	16	484,051	-	484,051	6,467
January 5, 2009	17	(8)	9	308,419	-	308,419	3,513
	753	(68)	685	5,926,406	2,779,975	3,146,406	160,074

On January 5, 2009, the number of A&W restaurants for which royalties are paid to Trade Marks was increased by 17 new restaurants, less 8 restaurants that permanently closed during 2008. Trade Marks paid Food Services \$3,513,000, by issuance of 308,419 Class B preferred shares valued at \$2,989,000 and

A&W Trade Marks Inc.
Notes to the Interim Financial Statements

2. *Intangible Assets (con'd)*

308,419 voting common shares valued at \$524,000, as initial consideration for the estimated royalty stream from the 9 net restaurants added to the Royalty Pool. After this adjustment to the Royalty Pool, the remaining Balance of the purchase price is \$682,000.

A final adjustment to the share consideration will be made in December 2009 based upon the actual annual sales reported by the new restaurants. Until then, 20% of the shares will be held in escrow.

On January 21, 2009, Trade Marks and Food Services entered into a limited partnership, TMLP, in which Trade Marks is the general partner with a 99.9% interest and Food Services is the limited partner with a 0.1% interest. The A&W trade-marks owned by Trade Marks were transferred to TMLP in exchange for the general partnership interest held by Trade Marks. The existing Licence and Royalty Agreement between Trade Marks and Food Services was assumed by TMLP with the result that the royalty paid by Food Services for the use of the A&W trade-marks is now paid to TMLP rather than Trade Marks. TMLP in turn pays partnership distributions to Trade Marks (99.9%) and Food Services (0.1%). The consideration for the annual adjustments to the Royalty Pool will now be paid by TMLP in the form of an increase in the limited partnership interest of Food Services. Food Services' limited partnership interest may be exchanged for additional preferred and non-voting common shares of Trade Marks which are exchangeable for Units of the Fund.

3. Net liabilities due to A&W Food Services of Canada Inc.

The net liabilities due to Food Services by TMLP are comprised of:

	March 22, 2009	December 31, 2008
	\$	\$
Intercompany advance (note 8)	43	-
Food Services' equity interest in TMLP	2	-
	45	-

4. Term loan and operating bank line of credit

Trade Marks has a demand operating loan facility with HSBC Bank Canada (the Bank) of \$2,000,000 to fund working capital requirements and for general corporate purposes. The operating loan bears interest at the bank prime rate plus 0.5% and is repayable on demand. As at March 22, 2009, the full amount of the facility was available.

Trade Marks has a term loan in the amount of \$10,000,000 with the Bank. The term loan is repayable on February 18, 2011 and bears interest at bank prime rate plus between 0% and 0.5% depending on specified financial ratios. Interest only is payable monthly, providing that 12 month trailing earnings before interest, taxes, depreciation and amortization (EBITDA) at any time are not less than \$10,000,000. In the event that EBITDA is less than \$10,000,000, the term loan will be fully amortized over the remaining term and repayment will be by way of blended monthly instalments of principal and interest.

A&W Trade Marks Inc.**Notes to the Interim Financial Statements****4. Term loan and operating bank line of credit (con'd)**

Trade Marks uses an interest rate swap agreement to manage risks from fluctuations in interest rates. The term loan bears interest at 5.82% per annum, of which 4.42% per annum is fixed under an interest rate swap agreement that matures February 18, 2011 and 1.40% per annum is subject to an annual review by the Bank. The interest rate swap agreement is considered to be a cash flow hedge; as a result, changes in the fair value, to the extent it is an effective hedge, are recorded in other comprehensive earnings (loss) and are only recognized in earnings when the hedged item is realized. Any ineffectiveness in the hedging relationship is recognized in earnings immediately.

The fair value of the interest rate swap as at March 22, 2009 is \$689,000 unfavourable, and the change in fair value is recorded in other comprehensive income (loss), net of tax.

A general security agreement over the assets of Trade Marks has been provided as security for the demand operating facility and term loan. TMLP has provided its guarantee in favour of the Bank of all of the indebtedness, covenants and obligations of Trade Marks to the Bank.

Trade Marks' term loan is comprised of:

	March 22, 2009	December 31, 2008
	\$	\$
Term loan	10,000	10,000
Deferred financing fees	(17)	(19)
Fair value of the interest rate swap	689	703
	10,672	10,684

5. A&W notes payable

The A&W notes, held by the Fund, amount to \$83,399,000, bear interest at 10.75% per annum and mature on February 15, 2034. Interest only is payable monthly in arrears.

The A&W notes are unsecured debt obligations of Trade Marks and are subordinated to all other indebtedness and liabilities of Trade Marks.

6. Class A and Class B preferred shares

The preferred shares are owned by Food Services and comprise:

	March 22, 2009		December 31, 2008	
	#	\$	#	\$
Class A shares - at cost	2,779,975	27,800	2,779,975	27,800
Class B shares - at cost:				
January 5, 2003 adjustment	452,469	5,108	452,469	5,108
January 5, 2004 adjustment	495,681	5,210	495,681	5,210
January 5, 2005 adjustment	511,337	6,197	511,337	6,197
January 5, 2006 adjustment	558,993	6,915	558,993	6,915
December 31, 2006 adjustment	335,456	3,989	335,456	3,989
January 5, 2008 adjustment	484,051	5,398	484,051	5,398
January 5, 2009 adjustment	308,419	2,989	-	-
	3,146,406	35,806	2,837,987	32,817
Accrued dividends		352	-	-
	5,926,381	63,958	5,617,962	60,617

A&W Trade Marks Inc.**Notes to the Interim Financial Statements**6. *Class A and Class B preferred shares (con'd)*

The Class A and Class B shares entitle Food Services to a fixed cumulative preferential cash dividend at a rate of \$1.075 per share per annum. The Class A and Class B shares may be redeemed at the option of Food Services into A&W notes of Trade Marks on the basis of \$10 principal amount of A&W notes for one Class A or Class B share and, in turn, one voting common share of Trade Marks and a \$10 A&W note are exchangeable for a unit in the Fund. The Class A and Class B shares are classified as liabilities of Trade Marks and the cumulative dividends are classified as interest expense in the consolidated statement of earnings.

During the quarter, Trade Marks declared dividends on its Class A and Class B preferred shares totaling \$1,062,000 or \$0.1792 per share. The February dividends of \$531,000 which were declared on March 3, 2009 and paid to Food Services on March 31, 2009 are reported as a current liability at March 22, 2009.

7. Common shares

Authorized

Unlimited number of voting common shares

Unlimited number of non-voting common shares

Issued

The voting common shares are owned by the Fund and Food Services as follows:

	The Fund		Food Services		Total	
	#	%	#	%	#	\$
February 15, 2002	8,340,000	75.0%	2,780,000	25.0%	11,120,000	1
January 5, 2003 adjustment		-2.9%	452,469	2.9%	452,469	-
January 5, 2004 adjustment		-3.0%	495,681	3.0%	495,681	-
January 5, 2005 adjustment		-2.8%	511,337	2.8%	511,337	-
January 5, 2006 adjustment		-2.8%	558,993	2.8%	558,993	-
December 31, 2006 adjustment		-1.6%	335,456	1.6%	335,456	1,919
January 5, 2008 adjustment		-2.1%	484,051	2.1%	484,051	1,069
January 5, 2009 adjustment		-1.3%	308,419	1.3%	308,419	524
	8,340,000	58.5%	5,926,406	41.5%	14,266,406	3,513

During the quarter, Trade Marks declared monthly dividends on its voting common shares totaling \$468,000 or \$0.0328 per share. The February 2009 dividend of \$234,000 which was declared on March 3, 2009 and paid to Food Services and the Fund on March 31, 2009 is reported as a current liability as at March 22, 2009.

8. Related party transactions and balances

During the quarter, royalty income of \$4,382,000 (2008 - \$4,156,000) was earned from Food Services, of which \$1,589,000 (December 31, 2008 - \$1,890,000) is receivable at March 22, 2009.

A&W Trade Marks Inc.**Notes to the Interim Financial Statements****8. Related party transactions and balances (con'd)**

Trade Marks has entered into an administration agreement with the Fund whereby Trade Marks, at its expense, provides or arranges for the provision of services required in the administration of the Fund. In turn, Trade Marks has arranged for certain of these services to be provided by Food Services until 2011.

Interest expense on the A&W notes for the quarter was \$1,990,000 (2008 - \$2,033,000), of which \$1,228,000 (December 31, 2008 - \$759,000) is payable to the Fund at March 22, 2009.

Included in accounts receivable is \$66,000 (December 31, 2008 - \$36,000) due from the Fund without interest and on demand.

During the quarter, TMLP declared a distribution of \$1,000 (2008 - \$nil) on Food Services' limited partnership interest, of which \$1,000 (December 31, 2008 - \$nil) is payable to Food Services as at March 22, 2009.

As at March 22, 2009, \$43,000 (December 31, 2008 - \$nil) is due to Food Services by TMLP without interest and on demand.

9. Seasonality

Trade Marks' revenue is subject to variances due to the seasonality of sales in the quick service restaurant industry. In freestanding restaurants, weather impacts sales. In shopping centres, sales fluctuate due to higher traffic during back to school and Christmas shopping seasons.

10. Term loan and other interest

	Period from Jan 1, 2009 to Mar 22, 2009	Period from Jan 1, 2008 to Mar 23, 2008
	\$	\$
Interest expense	129	133
Interest income	(6)	(27)
Amortization of deferred financing fees	2	5
	125	111

11. Subsequent events

On April 1, 2009, Trade Marks declared dividends on its Class A and Class B preferred shares of \$531,000 or \$0.0896 per share, payable to Food Services on April 30, 2009. On April 1, 2009, Trade Marks declared a dividend on its voting common shares of \$234,000 or \$0.0164 per share, payable to Food Services and the Fund on April 30, 2009.

On April 28, 2009, Trade Marks declared a dividend on its voting common shares of \$1,427,000, payable to Food Services and the Fund on May 29, 2009.

Unitholder Information

Corporate Head Office

A&W Trade Marks Inc.
c/o 26th Floor
Toronto-Dominion Bank Tower
700 West Georgia Street
Vancouver, BC, V7Y 1B3

Registrar and Transfer Agent

Computershare Investor Services Inc.

Mailing Address

A&W Revenue Royalties Income Fund
300 – 171 West Esplanade
North Vancouver, BC, V7M 3K9

Market Information

Units Listed:
Toronto Stock Exchange
Symbol: AW.UN

A&W Revenue Royalties Income Fund Board of Trustees

John R. McLernon ⁽¹⁾
Conrad A. Pinette ⁽¹⁾
Carl P. Vanderspek⁽¹⁾

Investor Enquiries

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A&W Trade Marks Inc. Board of Directors

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Chairman
Conrad A. Pinette ⁽²⁾
Carl P. Vanderspek ⁽²⁾
Jefferson J. Mooney
David A. Mindell

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Committees of the Board
⁽¹⁾ Audit Committee and
⁽²⁾ Governance Committee



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A&W Food Services of Canada Inc.

Q1/2009

**Consolidated Financial
Statements**

For the first quarter ended
March 22, 2009

Provided as a supplement to the
financial statements of A&W
Revenue Royalties Income Fund



A&W Food Services of Canada Inc.

Report to Unitholders of A&W Revenue Royalties Income Fund December 29, 2008 to March 22, 2009

This report and the unaudited interim consolidated financial statements of A&W Food Services of Canada Inc. are provided as a supplement to the quarterly report of the A&W Revenue Royalties Income Fund for the quarter ended March 22, 2009. This report is dated April 28, 2009 and should be read in conjunction with the unaudited interim consolidated financial statements for A&W Food Services of Canada Inc. for the quarter ended March 22, 2009 and the audited annual consolidated financial statements for A&W Food Services of Canada Inc. for the year ended December 28, 2008. A copy of this report and additional information about the Fund and Food Services is available at www.sedar.com or www.awincomefund.ca.

Glossary

Consolidated Financial Statements	Consolidated financial statements which include the accounts of A&W Food Services of Canada Inc., its 60% owned subsidiary, A&W Root Beer Beverages of Canada Inc., and its 41.5% ownership interest in A&W Trade Marks Inc., a “variable interest entity” in which Food Services is the “primary beneficiary” as these terms are defined in the Canadian Institute of Chartered Accountants (CICA) Accounting Guideline 15 “Consolidation of Variable Interest Entities”.
Food Services	Financial results of A&W Food Services of Canada Inc. and A&W Root Beer Beverages of Canada Inc.
The Fund	A&W Revenue Royalties Income Fund
Trade Marks	Consolidated financial results of A&W Trade Marks Inc. and its 99.9% interest in A&W Trade Marks Limited Partnership
TMLP	A&W Trade Marks Limited Partnership
Beverages	A&W Root Beer Beverages of Canada Inc.

To align its financial reporting with the business cycle of its operations, Food Services uses a fiscal year comprising a 52 or 53 week period ending on the Sunday nearest December 31. Food Services’ first quarter ends 12 weeks after its fiscal year which was December 28, 2008 (2007 – December 30, 2007).

Same Store Sales

Same store sales at A&W restaurants grew by 6.6% in the first quarter of 2009. This marks the 24th consecutive quarter of positive same store sales growth.

System Sales

For the 12 weeks ended March 22, 2009, total system sales for all A&W restaurants in Canada were \$155,561,000, an increase of \$12,775,000 or 8.9% from the same period in 2008. This increase was due to the increase in the number of restaurants from 685 to 697 and the 6.6% same store sales growth.

New Restaurant Development and Restaurant Closures

Food Services opened two new A&W restaurants in the first quarter of 2009, compared to two new restaurants opened in the first quarter of 2008. No restaurants were closed in the first quarters of both years. As at March 22, 2009, there were 697 A&W restaurants in Canada, of which 687 were operated by franchisees, nine were corporately owned and operated in the Ottawa region, and one was operated corporately while being held for refranchising.

Consolidated Financial Highlights

(dollars in thousands)	12 week period ended March 22, 2009	12 week period ended March 23, 2008
System sales	\$155,561	\$142,786
System sales growth	8.9%	8.6%
Same store sales growth	6.6%	6.3%
New restaurants opened	2	2
Restaurants closed	-	-
Number of restaurants	697	685
Franchising & corporate restaurant revenue	\$14,508	\$12,891
Direct costs and administrative expenses	\$10,600	\$8,854
Earnings before interest, amortization, taxes and non-controlling interests	\$3,908	\$4,037
Net earnings	\$1,113	\$1,250

Overview

Food Services is the franchisor of the A&W restaurant chain in Canada and derives revenues from franchise fees, sales in corporately operated restaurants, sales of goods and services to franchisees, initial and regrant franchise fees, lease guarantee fees and other fees. Food Services also receives revenue from its subsidiary's sales of flavour concentrate to licensed bottlers who produce and distribute A&W Root Beer for sale in retail grocery stores.

Food Services' direct costs and administrative expenses include the cost of materials and supplies and equipment sold either directly to franchisees or to distributors that service the restaurants or that are sold to the licenced bottlers. In addition, direct costs include the expenses and costs of the restaurants operated corporately by Food Services and salaries and general and administrative costs

associated with providing services to the franchised A&W restaurants and establishing new A&W restaurants.

Also included in direct costs and administrative expenses in the Consolidated Financial Statements are Trade Marks' general and administrative expenses. Trade Marks' general and administrative expenses include the expenses of the Fund under an administration agreement between Trade Marks and the Fund. Under this agreement, Trade Marks, at its expense, provides or arranges for the provision of services required in the administration of the Fund.

Sale of A&W Trade-marks and Licence and Royalty Agreement

On February 15, 2002, Food Services sold the A&W trade-marks used in the A&W quick service restaurant business in Canada to Trade Marks for \$152,676,000, of which \$84,876,000 was paid in cash, \$27,800,000 was paid by the issuance of 2,779,975 Class A preferred shares and 2,780,000 voting common shares of Trade Marks and the balance (the Balance) of \$40,000,000 is due without interest on January 31, 2010.

Concurrent with the purchase of the trade-marks, Trade Marks granted Food Services a licence to use the A&W trade-marks in Canada for a term of 99 years, for which Food Services pays Trade Marks a royalty of 3% of the sales reported to Food Services by A&W restaurants in the Royalty Pool (the Licence and Royalty Agreement). In the event a restaurant in the Royalty Pool closes, Food Services pays the royalties that would have been paid to Trade Marks if the restaurant had not closed, until the next adjustment to the Royalty Pool.

The Balance of the purchase price is reduced by all amounts Trade Marks is required to pay Food Services in respect of annual adjustments to the Royalty Pool up to January 31, 2010. If the total annual adjustments are less than the Balance, the obligation of Trade Marks to pay the remaining Balance is extinguished.

The Royalty Pool is adjusted annually to reflect sales from new A&W restaurants added to the Royalty Pool, net of the sales of any A&W restaurants that have permanently closed. Trade Marks pays Food Services for the additional royalty stream related to the sales of the net new restaurants, based on a formula set out in the Licence and Royalty Agreement. The formula provides for a payment to Food Services based on the amount of estimated sales from the net new restaurants and the current yield on the units of the Fund, discounted by 7.5%. The payment is in the form of voting common shares and Class B preferred shares of Trade Marks which are the economic equivalent of units of the Fund. Twenty percent of the shares are held in escrow for a year until the actual sales of the new restaurants are known and the corresponding adjustment is made to the consideration.

On January 21, 2009, Trade Marks and Food Services entered into a limited partnership, TMLP in which Trade Marks is the general partner with a 99.9% interest and Food Services is the limited partner with a 0.1% interest. The A&W trade-marks owned by Trade Marks were transferred to TMLP in exchange for the general partnership interest held by Trade Marks. The existing Licence and Royalty

Agreement between Trade Marks and Food Services was assumed by TMLP with the result that the royalty paid by Food Services for the use of the A&W trademarks is now paid to TMLP rather than Trade Marks. TMLP in turn pays partnership distributions to Trade Marks (99.9%) and Food Services (0.1%). The consideration for the annual adjustments to the Royalty Pool will now be paid by TMLP in the form of an increase in the limited partnership interest of Food Services. Food Services' limited partnership interest may be exchanged for additional preferred and non-voting common shares of Trade Marks which are exchangeable for Units of the Fund.

Expansion of the Royalty Pool

On January 5, 2009, the number of A&W restaurants in the Royalty Pool was increased by 17 new restaurants less 8 restaurants which permanently closed during 2008. The estimated annual sales of the 17 new A&W restaurants are \$19,664,000 and annual sales for the 8 permanently closed restaurants were \$4,415,000. The net sales of \$15,249,000 translate into estimated additional annual royalty payments of \$457,000 on the basis of the royalty of 3% of sales. The royalty revenue for the purposes of calculating the additional shares is \$423,000 or 92.5%. The initial consideration paid by Trade Marks to Food Services for this estimated additional royalty stream was \$3,513,000, by issuance of 308,419 Class B shares valued at \$2,989,000 and 308,419 voting common shares of Trade Marks valued at \$524,000. A final adjustment to the share consideration will be made in December 2009 based upon the actual annual sales reported by the new restaurants. Until then, 20% of the shares will be held in escrow.

After the January 5, 2009 expansion of the Royalty Pool, there are 685 A&W restaurants in the Royalty Pool and the remaining Balance of the purchase price is \$682,000. Food Services owns 41.5% of the voting common shares of Trade Marks with the majority interest held by the Fund as follows:

(dollars in thousands)	The Fund		Food Services		Total	
	#	%	#	%	#	\$
February 15, 2002	8,340,000	75.0%	2,780,000	25.0%	11,120,000	1
January 5, 2003 adjustment		-2.9%	452,469	2.9%	452,469	-
January 5, 2004 adjustment		-3.0%	495,681	3.0%	495,681	-
January 5, 2005 adjustment		-2.8%	511,337	2.8%	511,337	-
January 5, 2006 adjustment		-2.8%	558,993	2.8%	558,993	
December 31, 2006 adjustment		-1.6%	335,456	1.6%	335,456	1,919
January 5, 2008 adjustment		-2.1%	484,051	2.1%	484,051	1,069
January 5, 2009 adjustment		-1.3%	308,419	1.3%	308,419	524
	8,340,000	58.5%	5,926,406	41.5%	14,266,406	3,513

Trade Marks' Class A and Class B preferred shares are owned by Food Services as follows:

(dollars in thousands)	March 22, 2009		December 28, 2008	
	#	\$	#	\$
Class A shares - at cost	2,779,975	27,800	2,779,975	27,800
Class B shares - at cost:				
January 5, 2003 adjustment	452,469	5,108	452,469	5,108
January 5, 2004 adjustment	495,681	5,210	495,681	5,210
January 5, 2005 adjustment	511,337	6,197	511,337	6,197
January 5, 2006 adjustment	558,993	6,915	558,993	6,915
December 31, 2006 adjustment	335,456	3,989	335,456	3,989
January 5, 2008 adjustment	484,051	5,398	484,051	5,398
January 5, 2009 adjustment	308,419	2,989	-	-
	3,146,406	35,806	2,837,987	32,817
Accrued dividends		352		-
	5,926,381	63,958	5,617,962	60,617

The Class A and Class B preferred shares entitle Food Services to a fixed cumulative preferential cash dividend at a rate of \$1.075 per share per annum. The Class A and Class B preferred shares may be redeemed at the option of Food Services into A&W notes of Trade Marks on the basis of \$10 principal amount of A&W notes for one Class A or Class B preferred share and, in turn, a \$10 A&W note plus one voting common share of Trade Marks are exchangeable for a unit in the Fund. Therefore Food Services, through its investment in Trade Marks, owns the equivalent of 41.5% of the units of the Fund.

Basis of Consolidation

Food Services, the Fund and Trade Marks have adopted the CICA Accounting Guideline 15 “Consolidation of Variable Interest Entities” (AcG-15).

AcG-15 expands upon existing accounting guidance in CICA Handbook Section 1590 that addresses when an enterprise should consolidate another entity in its financial statements. Under CICA 1590, an enterprise generally consolidates another entity when it controls the entity through a majority voting interest. AcG-15 clarifies this guidance when the entity being consolidated is a “Variable Interest Entity” (VIE) which is defined to be an entity that, by design, does not have sufficient equity at risk to finance its activities without additional subordinated financial support. If the entity being consolidated is a VIE, under AcG-15 the “primary beneficiary” of that entity should consolidate the VIE and not necessarily the shareholder with the majority voting interest.

The Fund and Food Services have determined that Trade Marks is a VIE and that Food Services is the “primary beneficiary” of Trade Marks. As a result, Food Services consolidates Trade Marks (which includes the accounts of TMLP), and the Fund accounts for its investment in Trade Marks using the equity method.

As a result of AcG-15, all intercompany accounts and transactions between Food Services, Trade Marks and TMLP are eliminated in the Consolidated Financial Statements. The trade-marks are recorded on the consolidated balance sheet at their book value at the time of their sale to Trade Marks. Food Services’ investments in Trade Marks and TMLP, its deferred gain on the sale of the trade-marks, and Trade Marks’ intangible assets and Class A and Class B preferred shares held by Food Services are eliminated upon consolidation.

The adoption of AcG-15 does not change the contractual obligations nor the cash flows between Food Services, TMLP and Trade Marks. It is important to note that TMLP legally owns the A&W trade-marks, receives royalty income from Food Services and pays distributions to Trade Marks and Food Services. Trade Marks in turn pays dividends to Food Services, and interest on the A&W notes and dividends to the Fund. The liabilities of Trade Marks, comprising the A&W notes payable to the Fund and the term loan, are obligations of Trade Marks, not Food Services. For further information on the financial results of the Fund and Trade Marks, readers are referred to the Fund's quarterly report for the quarter ended March 22, 2009, (which includes the consolidated financial statements of Trade Marks) which is available at www.sedar.com or on the Fund's website at www.awincomefund.ca.

Adoption of New Accounting Standards

On December 29, 2009, Food Services adopted the new accounting standard CICA Handbook Section 3064 "Goodwill and Intangible Assets" which replaces CICA Handbook Section 3062 "Goodwill and Other Intangible Assets" and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrently, Emerging Issues Committee abstract 27 "Revenues and Expenses During the Pre-Operating Period" has been withdrawn which results in these costs being expensed as incurred. The adoption of this new standard had no impact on Food Services' financial results.

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that January 1, 2011 is the transition date for publicly reported companies to adopt IFRS. Food Services, as a private company, has begun assessing whether it will adopt or be required to adopt IFRS in 2011.

2009 Operating Results

Revenue

Food Services' revenue for the first quarter of 2009 was \$14,508,000, compared to \$12,891,000 for the first quarter of 2008. Franchising revenue increased by \$1,736,000 from \$10,509,000 for the first quarter of 2008 to \$12,245,000 for the first quarter of 2009. The increase was due to the system sales growth and resulting higher fees from franchisees and higher sales of materials to franchisees and distributors. In addition, revenue earned from sales of miscellaneous equipment was higher in the first quarter of 2009 than the first quarter of 2008. Corporate restaurant revenue decreased by \$119,000 from \$2,382,000 for the first quarter of 2008 to \$2,263,000 for the first quarter of 2009. Sales growth in the Ottawa region was offset by a decrease in sales from restaurants being operated corporately while held for refranchising. During the first quarter of 2008, two restaurants were operated corporately until they were refranchised; one of these restaurants was refranchised later in 2008.

Expenses and Operating Contribution Margin

Direct costs and administrative expenses increased by \$1,746,000 from \$8,854,000 for the first quarter of 2008 to \$10,600,000 for the first quarter of 2009. The increase was due to a number of factors including higher costs of sales resulting from the system sales growth and higher equipment sales, timing of spending on strategic initiatives, expenses for the national convention which is held every two years and was held in March this year, and an increase in Trade Marks' general and administration expenses resulting from the formation of TMLP.

The operating contribution margin decreased from 31.3% for 2008 to 26.9% for 2009 as direct costs and administrative expenses increased at a higher rate than the increase in revenue. Earnings before interest, amortization, taxes and non-controlling interests decreased by \$129,000 to \$3,908,000 for the first quarter of 2009 from \$4,037,000 for the same quarter in 2008 due to the lower operating contribution margin.

Interest Expense

Interest expense is comprised primarily of Trade Marks' interest expense on its term loan and the A&W notes payable.

	12 Week Period Ended Mar 22, 2009	12 Week Period Ended Mar 23, 2008
Interest		
Interest income	\$ (11)	\$ (52)
Term loan	129	133
A&W notes payable	1,990	2,033
Amortization of deferred financing fees	2	5
	<u>\$ 2,110</u>	<u>\$ 2,119</u>

The decrease in Trade Marks' interest expense on its term loan and A&W notes resulted from there being two fewer days in Trade Marks' first quarter in 2009 compared to 2008. Interest income is lower in 2009 compared to 2008 due to lower interest rates.

Income Taxes

Income tax expense decreased by \$42,000 from \$399,000 for the first quarter of 2008 to \$357,000 for the first quarter of 2009 due to the lower earnings before taxes.

Non-controlling Interests

The non-controlling interest in Beverages represents the 40% interest of Beverages owned by Unilever Canada.

The Fund's interest in Trade Marks' earnings represents the common equity of Trade Marks held by the Fund. The Fund's share of Trade Marks' earnings increased by \$44,000 from \$34,000 for the first quarter of 2008 to \$78,000 for the same quarter of 2009. The increase in Trade Marks' earnings was primarily due to higher royalty income.

Net Earnings and Comprehensive Earnings

Net earnings for the quarter decreased by \$137,000, from \$1,250,000 in 2008 to \$1,113,000 in 2009.

In accordance with CICA Handbook Section 3865 "Hedges", other comprehensive income of \$3,000 was recorded in the quarter compared to an other comprehensive loss of \$94,000 in the same quarter last year to reflect the change in the fair value of Trade Marks' interest rate swap agreement, net of tax and the Fund's equity interest. Comprehensive earnings for the quarter were \$1,116,000, compared to comprehensive earnings of \$1,156,000 for the same quarter of 2008.

Liquidity and Capital Resources

Food Services is primarily a franchise business with 687 of its 697 restaurants franchised. Food Services has minimal capital requirements related to its corporate restaurants and head office, and future restaurant growth will continue to be funded by franchisees although Food Services may from time to time choose to open new corporate restaurants in the Ottawa market or carry out renovations of its head office. Food Services expects to have sufficient capital resources to fund the expansion of corporate restaurants and has no long term debt obligations. Food Services expects to have sufficient cash on hand to meet its obligations and has a demand operating loan facility available of up to \$5,000,000 to fund its working capital requirements and for general corporate purposes. Food Services has provided its Class A preferred shares and 2,780,000 voting common shares of Trade Marks as collateral. As at March 22, 2009, the full amount of the facility was available.

Trade Marks expects to have sufficient financial resources to fund its working capital requirements and to meet its cash flow needs including ongoing common share dividends. Trade Marks has a demand operating loan facility with HSBC Bank Canada (the Bank) of up to \$2,000,000 which bears interest at bank prime rate plus 0.5% and is repayable on demand. As at March 22, 2009, the full amount of the facility was available.

Trade Marks has a term loan with the Bank in the amount of \$10,000,000. The term loan bears interest at bank prime rate plus between 0.0% and 0.5% depending on specified financial ratios and is repayable on February 18, 2011. Interest only is payable monthly, provided that 12 month trailing earnings before interest, taxes, depreciation and amortization (EBITDA) at any time are not less than \$10,000,000. In the event that EBITDA is less than \$10,000,000, the term loan will be fully amortized over the remaining term and repayment will be by way of blended monthly instalments of principal and interest. Trailing EBITDA as at March 22, 2009 was \$20,938,000.

Trade Marks uses an interest rate swap agreement to manage risks from fluctuations in interest rates. The term loan bears interest at 5.82% per annum, of which 4.42% per annum is fixed under an interest rate swap agreement that matures February 18, 2011 and 1.40% per annum is subject to an annual review by the Bank. The interest rate swap agreement is considered to be a cash flow hedge and in accordance with

CICA Handbook Section 3865 “Hedges”, qualifies for hedge accounting. Changes in the fair value of the interest rate swap agreement, to the extent it is an effective hedge, are recorded in other comprehensive earnings (loss) and are only recognized in earnings when the hedged item is realized. Any ineffectiveness in the hedging relationship is recognized in earnings immediately.

The fair value of the interest rate swap as at March 22, 2009 is \$689,000 unfavourable and the change in fair value is recorded in other comprehensive earnings (loss), net of tax and the Fund’s equity interest.

A general security agreement over the assets of Trade Marks was provided as security for the demand operating loan facility and term loan. TMLP has provided its guarantee in favour of the Bank of all of the indebtedness, covenants and obligations of Trade Marks to the Bank.

The A&W notes, issued by Trade Marks and held by the Fund, amount to \$83,399,000, bear interest at 10.75% per annum and mature on February 15, 2034. Interest only is payable monthly in arrears.

The liabilities of Trade Marks, including the A&W notes payable to the Fund, the operating facility and the term loan, are obligations of Trade Marks, not Food Services.

Trade Marks has no other contractual or purchase obligations except as described under the section Related Party Transactions and Balances. Trade Marks does not have any capital expenditures; its operating and administrative expenses are expected to be stable and reasonably predictable and are considered to be in the ordinary course of business.

Payments due by period (dollars in thousands)	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
Term loan	\$10,000	\$0	\$10,000	\$0	\$0
A&W notes payable	\$83,399	\$0	\$0	\$0	\$83,399

Off-Balance Sheet Arrangements

Food Services and Trade Marks have no off-balance sheet arrangements.

Related Party Transactions and Balances

Trade Marks’ interest expense on the A&W notes for the quarter was \$1,990,000 (2008 - \$2,033,000), of which \$1,228,000 (December 28, 2008 - \$759,000) is payable to the Fund by Trade Marks at March 22, 2009 and is included in accounts payable and accrued liabilities.

Included in accounts receivable is \$66,000 (December 28, 2008 - \$36,000) due to Trade Marks by the Fund without interest and on demand.

Trade Marks has entered into an administration agreement with the Fund whereby Trade Marks, at its expense, will provide or arrange for the provision of services required in the administration of the Fund. Trade Marks has arranged for

management, administrative and accounting services to be provided by Food Services at no cost until 2011.

During the quarter, Food Services contracted with Air 700 Ltd. for rental of a private plane and crew for business travel. A shareholder, director and officer of Food Services who is also a director of Trade Marks, and a director of Trade Marks are shareholders of Air 700 Ltd. The cost of the services provided under the contract during the quarter totalled \$60,000 (2008 - \$111,000) and was negotiated on normal commercial terms. At March 22, 2009, \$60,000 (December 28, 2008 - \$nil) is payable to Air 700 Ltd. by Food Services.

During the quarter, Trade Marks declared monthly dividends on its voting common shares of \$468,000 (2008 - \$458,000), of which \$274,000 (2008 - \$274,000) was earned by the Fund and \$194,000 (2008 - \$184,000) was earned by Food Services. The February 2009 dividend of \$234,000 was declared on March 3, 2009 and paid on March 31, 2009, and the Fund's share of \$137,000 (December 28, 2008 - \$nil) is reported as a current liability at March 22, 2009.

Other related party transactions and balances are referred to elsewhere in this report.

Related party transactions and balances that were eliminated upon the consolidation of Food Services and Trade Marks are as follows:

- during the quarter, royalty income of \$4,382,000 (2008 - \$4,156,000) was earned by Trade Marks from Food Services, of which \$1,589,000 (December 28, 2008 - \$1,890,000) is payable by Food Services to Trade Marks at March 22, 2009.
- during the quarter, dividends of \$1,414,000 (2008 - \$1,361,000) were accrued by Trade Marks on its Class A and Class B preferred shares held by Food Services, of which \$1,062,000 (2008 - \$1,000,000) was declared payable by Trade Marks to Food Services during the quarter. The February 2009 dividends of \$531,000 which were declared on March 3, 2009 and paid to Food Services on March 31, 2009 are a current liability of Food Services as at March 22, 2009 (December 28, 2008 - \$503,000). Dividends accrued but not yet declared total \$352,000 (December 28, 2008 - \$nil).
- during the quarter, partnership distributions of \$1,520,000 (2008 - \$nil) were declared payable to Trade Marks and Food Services by TMLP, of which \$1,000 (December 28, 2008 - \$nil) is payable by TMLP to Food Services at March 22, 2009.
- \$43,000 (December 28, 2008 - \$43,000) is due to Food Services by TMLP without interest and on demand.
- during the quarter, Trade Marks issued to Food Services 308,419 Class B shares valued at \$2,989,000 and 308,419 voting common shares valued at \$524,000 as initial consideration for the January 5, 2009 expansion of the Royalty Pool.

Critical Accounting Estimates

The intangible assets consist of the A&W trade-marks and are recorded at their book value at the time of the sale of the trade-marks to Trade Marks. Management

tests the intangible assets annually for impairment or more frequently if events or changes in circumstances indicate that the assets might be impaired. The impairment test compares the carrying amount of the intangible asset with its fair value, and an impairment loss is recognized in income for the excess, if any. Management believes that there has been no impairment of the intangible assets during the period ended March 22, 2009.

Risks and Uncertainties

The success of Food Services is dependent on the ability of Food Services to (i) grow same store sales, (ii) maintain and grow the current system of franchises, (iii) locate new retail sites in prime locations and (iv) obtain qualified operators to become A&W franchisees. Sales are subject to a number of factors that affect the restaurant industry generally and the quick service segment of this industry in particular, including the highly competitive nature of the industry, traffic patterns, demographic considerations, and the type, number and proximity of competing quick service restaurants. Any significant event that adversely affects consumption of hamburgers, chicken, fries and soft drinks, such as increased food and labour costs, changing tastes or health concerns, publicity from any food borne illness, economic conditions, the availability of experienced management and hourly employees, and government regulations concerning smoking bans, menu labelling, drive-thru restrictions and elimination of trans fats, could adversely impact the sales of A&W restaurants. In addition, factors such as harmonization of GST with British Columbia, Saskatchewan and/or Manitoba provincial sales taxes would effectively add a new tax on restaurant meals in those provinces, and Ontario's proposal to harmonize GST and PST would effectively add a new tax on meals under \$4.00 which are currently not subject to PST. These proposed or potential harmonizations of GST and PST may adversely affect the gross sales of the quick service restaurant industry in general and the gross sales by A&W restaurants in particular.

Food Services competes with other companies, including other well-capitalized franchisors with extensive financial, technological, marketing and personnel resources and high brand name recognition and awareness. There can be no assurance that Food Services will be able to respond to various competitive factors affecting the franchise operations of Food Services in the quick service restaurant industry.

Food Services faces competition for retail locations and franchisees from its competitors and from franchisors of other businesses. Food Services' inability to successfully obtain qualified franchisees could adversely affect its business development. The opening and success of franchised restaurants is dependent on a number of factors, including availability of suitable sites, negotiations of acceptable lease or purchase terms for new locations, permits and government regulatory compliance, availability of financing and the ability to meet construction schedules. A&W franchisees may not have all these business abilities or access to financial resources necessary to open an A&W restaurant or to successfully develop or operate an A&W restaurant in their franchise areas in a manner consistent with Food Services' standards.

Food Services and A&W franchisees may be the subject of complaints or litigation from guests alleging food-related illnesses, injuries suffered on the premises or other food quality, health or operational concerns. Adverse publicity resulting from such allegations may materially affect the sales of A&W restaurants, regardless of whether such allegations are true or whether Food Services or an A&W franchisee is ultimately held liable.

Outlook

A&W's strategy is focused on its mission to "together make A&W the number one national burger choice for baby boomers and the fastest growing and most successful burger businesses in Canada". A&W's strategic initiatives include differentiating the A&W brand through successful advertising and marketing campaigns, menu innovation, facilities design and expanding to serve customers in new markets. Further information on these initiatives is contained in the Fund's Management Discussion and Analysis for the quarter ended March 22, 2009.

Subsequent Events

On April 1, 2009, Trade Marks declared dividends on its Class A and Class B preferred shares of \$531,000 payable to Food Services on April 30, 2009 and a dividend on voting common shares of \$234,000, payable to Food Services and the Fund on April 30, 2009.

On April 28, 2009, Trade Marks declared a dividend on its voting common shares of \$1,427,000, payable to Food Services and the Fund on May 29, 2009.

On April 28, 2009, Food Services declared a dividend on its common shares of \$3,500,000 payable to its shareholder on April 30, 2009.

FORWARD LOOKING INFORMATION

Certain statements in this report contain forward-looking information within the meaning of applicable securities laws in Canada (forward-looking information). The words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words.

The forward-looking information in this report includes, but is not limited to: Food Services' Mission and strategy to focus on becoming "the number one national burger choice for baby boomers and the fastest growing and most successful burger businesses in Canada", Food Services expects to have sufficient capital resources to fund the expansion of corporate restaurants; Trade Marks expects to have sufficient financial resources to fund its working capital requirements and to meet its cash flow needs including ongoing common share dividends; Food Services' plans to differentiate the A&W brand through advertising and marketing campaigns, menu innovation, facilities design and expanding to serve customers in new markets; and Food Services' plans to pursue new restaurant development in 2009.

The forecasts and projections that make up the forward-looking information are based on assumptions which include, but are not limited to: the general risks that affect the restaurant industry will not arise; no changes in competition; no increases in food and labour costs; no changes in consumer taste or health concerns; no publicity from any food borne illness; no changes in economic conditions; no changes in availability of experienced management and hourly employees; no changes in government regulations concerning smoking bans, menu

labeling and disclosure, drive-thru restrictions and elimination of trans fats; the continued availability of quality raw materials; continued additional franchise sales and maintenance of franchise operations; no closures of A&W restaurants that materially affect the amount of the Royalty; franchisees duly pay franchise fees and other amounts; no new or increased or harmonization of sales taxes; continued availability of key personnel; continued ability to preserve intellectual property; Food Services is able to grow same store sales; Food Services is able to maintain and grow the current system of franchises; Food Services is able to locate new retail sites in prime locations; Food Services is able to obtain qualified operators to become A&W franchisees; no litigation alleging food-related illness, injuries suffered on the premises or other food quality, health or operations concerns or other complaints; Food Services continues to pay the Royalty; Trade Marks continues to pay its obligations under the A&W Notes and pay dividends on the common shares; Trade Marks can continue to comply with its obligations under its credit arrangements; and, Trade Marks' performance does not fluctuate such that cash distributions are affected.

The forward-looking information is subject to risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated by the forward-looking information. The factors which could cause results to differ from current expectations include, but are not limited to: general risks that affect the restaurant industry; competition; increases in food and labour costs; changes in consumer taste or health concerns; publicity from any food-borne illness; changes in economic conditions; changes in availability of experienced management and hourly employees; changes in government regulations concerning smoking bans, menu labeling and disclosure, drive-thru restrictions and elimination of trans fats; availability and quality of raw materials; dependence on additional franchise sales and franchise operations; the closure of A&W restaurants may affect the amount of the Royalty; dependence on A&W franchisees' ability to pay franchise fees and other amounts; the impact of new or increased or harmonization of sales taxes upon gross sales; dependence on key personnel; dependence on intellectual property; Food Services' ability to grow same store sales; Food Services' ability to maintain and grow the current system of franchises; Food Services' ability to locate new retail sites in prime locations; Food Services' ability to obtain qualified operators to become A&W franchisees; litigation alleging food-related illness, injuries suffered on the premises or other food quality, health or operations concerns or other complaints; dependence of the Fund on Trade Marks and Food Services; dependence of Trade Marks on Food Services; risks related to leverage and restrictive covenants; the risk that cash distributions are not guaranteed and will fluctuate with Trade Marks' performance; risks relating to the nature of units; risks relating to the distribution of securities on redemption or termination of the Fund; the Fund may issue additional units diluting existing unitholders' interests; changes in investment eligibility and penalties for foreign property; and proposed changes to the Canadian federal income tax treatment of publicly listed trusts and other income tax matters, all as more particularly described in this report under the heading "Risks and Uncertainties".

All forward-looking information in this report is qualified in its entirety by this cautionary statement and, except as required by law, Food Services undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

A&W Food Services of Canada Inc. Consolidated Financial Statements

For the first quarter ended March 22, 2009

Consolidated Balance Sheets

Unaudited

(in thousands of dollars)

	March 22 2009	December 28 2008
Assets		
Current assets		
Cash and cash equivalents	\$ 11,911	\$ 9,183
Accounts receivable	9,721	12,514
Inventories	1,221	1,246
Prepaid expenses	71	103
Income taxes recoverable	229	-
Future income taxes	151	372
	23,304	23,418
Intangible assets	83,181	82,826
Future income taxes	894	1,148
Property, plant and equipment	3,430	3,097
Notes receivable	134	130
	\$ 110,943	\$ 110,619
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,540	\$ 17,394
Deposits on franchise and equipment sales	2,073	1,011
Income taxes payable	-	245
	17,613	18,650
Net liabilities due to A&W Revenue Royalties Income Fund (note 3)	76,184	76,073
Term loan (note 4)	10,672	10,684
Long-term liabilities	7,326	7,228
Obligations under capital leases	531	567
Non-controlling interest	175	91
	112,501	113,293
Shareholders' Deficiency		
Capital stock	10,500	10,500
Deficit	(11,833)	(12,946)
Accumulated other comprehensive loss	(225)	(228)
	(1,558)	(2,674)
	\$ 110,943	\$ 110,619

Subsequent events (note 7)

These unaudited interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management. As the company is a private entity the company's auditor has not performed a review of these financial statements.

See accompanying notes to these financial statements.

Consolidated Statements of Earnings and Deficit

Unaudited

(in thousands of dollars)

	12 Week Period Ended Mar 22, 2009	12 Week Period Ended Mar 23, 2008
Revenue		
Franchising	\$ 12,245	\$ 10,509
Corporate restaurants	2,263	2,382
	14,508	12,891
Direct costs and administrative expenses	10,600	8,854
Earnings before the following:	3,908	4,037
Interest expense (note 6)	2,110	2,119
Amortization of property, plant and equipment	166	146
Earnings before income taxes and non-controlling interests	1,632	1,772
Provision for (recovery of) income taxes		
Current	(59)	65
Future income taxes	416	334
	357	399
Earnings for the period before non-controlling interests	1,275	1,373
Non-controlling interest in A&W Root Beer Beverages of Canada Inc.	(84)	(89)
A&W Revenue Royalties Income Fund's interest in earnings of A&W Trade Marks Inc.	(78)	(34)
Net earnings for the period	1,113	1,250
Deficit - beginning of period	(12,946)	(14,775)
Deficit - end of period	\$ (11,833)	\$ (13,525)

See accompanying notes to these financial statements.

Consolidated Statements of Accumulated Other Comprehensive Loss

Unaudited
(in thousands of dollars)

	12 Week Period Ended Mar 22, 2009	12 Week Period Ended Mar 23, 2008
Accumulated other comprehensive loss - beginning of period	\$ (228)	\$ -
Other comprehensive income (loss)		
Change in fair value of the interest rate swap, net of income taxes	8	(234)
A&W Revenue Royalties Income Fund's interest in other comprehensive (income) loss of A&W Trade Marks Inc.	(5)	140
	3	(94)
Accumulated other comprehensive loss - end of period	\$ (225)	\$ (94)

Consolidated Statements of Comprehensive Earnings

Unaudited
(in thousands of dollars)

	12 Week Period Ended Mar 22, 2009	12 Week Period Ended Mar 23, 2008
Net earnings for the period	\$ 1,113	\$ 1,250
Change in fair value of the interest rate swap, net of income taxes	8	(234)
A&W Revenue Royalties Income Fund's interest in other comprehensive (income) loss of A&W Trade Marks Inc.	(5)	140
	3	(94)
Comprehensive earnings for the period	\$ 1,116	\$ 1,156

See accompanying notes to these financial statements.

Consolidated Statements of Cash Flows

Unaudited

(in thousands of dollars)

	12 Week Period Ended Mar 22, 2009	12 Week Period Ended Mar 23, 2008
Cash flows from operating activities		
Net earnings for the period	\$ 1,113	\$ 1,250
Items not affecting cash		
Amortization of deferred financing fees	2	5
Amortization of property, plant and equipment	166	146
Future income taxes	416	334
Gain on disposal of property, plant and equipment	(1)	(6)
Increase in long-term liabilities	98	105
Decrease in obligation under capital lease	(58)	(4)
Non-controlling interest in A&W Root Beer Beverages of Canada Inc.	84	89
A&W Revenue Royalties Income Fund's interest in earnings of A&W Trade Marks Inc.	78	34
	1,898	1,953
Net changes in non-cash working capital	1,439	(566)
	3,337	1,387
Cash flows from investing activities		
(Increase) decrease in notes receivable	(4)	15
Purchase of property, plant and equipment	(471)	(47)
Proceeds from disposal of property, plant and equipment	3	6
	(472)	(26)
Cash flows from financing activities		
Dividends paid to A&W Revenue Royalties Income Fund	(137)	(1,107)
Financing fees paid	-	(25)
	(137)	(1,132)
Increase in cash and cash equivalents	2,728	229
Cash and cash equivalents - beginning of period	9,183	7,331
Cash and cash equivalents - end of period	\$ 11,911	\$ 7,560
Supplementary cash flow information		
Net interest paid	\$ (1,594)	\$ (1,564)
Net income taxes paid	\$ (415)	\$ (250)
Non-cash investing activities		
Non-cash acquisition of assets through capital leases	\$ (30)	\$ (62)

See accompanying notes to these financial statements.

A&W Food Services of Canada Inc.

Notes to the Interim Consolidated Financial Statements

For the first quarter ended March 22, 2009

Unaudited

(figures in tables are expressed in thousands of dollars)

1. Nature of operations and basis of presentation

Nature of operations

A&W Food Services of Canada Inc. (Food Services) is in the business of developing and franchising quick service restaurants in Canada.

Basis of presentation

Food Services prepares its interim consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP) and has applied the accounting policies described in its annual audited consolidated financial statements except as noted below. These interim unaudited consolidated financial statements do not include all of the disclosure requirements of GAAP for annual financial statements.

These interim unaudited consolidated financial statements include the accounts of Food Services, its 60% owned subsidiary, A&W Root Beer Beverages of Canada Inc. (Beverages) and its 41.5% ownership interest in A&W Trade Marks Inc. (Trade Marks), a “variable interest entity” in which Food Services is the “primary beneficiary” as these terms are defined in the Canadian Institute of Chartered Accountants’ Accounting Guideline AcG-15 “Consolidation of Variable Interest Entities”. The non-controlling interests comprise the common equity of Beverages held by Unilever Canada Inc. and the common equity of Trade Marks held by the A&W Revenue Royalties Income Fund (the Fund).

These interim unaudited consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 28, 2008.

Fiscal year

Food Services uses a fiscal year comprising a 52 or 53 week period ending on the Sunday nearest December 31, therefore Food Services’ 2008 fiscal year ended December 28, 2008 (2007 – December 30, 2007). Food Services’ first quarter ends 12 weeks after its fiscal year end.

Adoption of new accounting standards

On December 29, 2008, Food Services adopted CICA Handbook Section 3064 “Goodwill and Intangible Assets” which replaces CICA Handbook Section 3062 “Goodwill and Intangible Assets” and establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrently, Emerging Issues Committee abstract 27 “Revenues and Expenses During the Pre-Operating Period” has been

withdrawn which results in these costs being expensed as incurred. The adoption of this new standard had no impact on Food Services' financial results.

International Financial Reporting Standards (IFRS)

In 2006, the Canadian Accounting Standards Board (AcSB) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five-year transitional period. In February 2008, the AcSB announced that January 1, 2011 is the transition date for publicly reported companies to adopt IFRS. Food Services, as a private company, has begun assessing whether it will adopt or be required to adopt IFRS in 2011.

2. Seasonality

Food Services' revenue is subject to variances due to the seasonality of sales in the quick service restaurant industry. In freestanding restaurants, weather impacts sales. In shopping centres, sales fluctuate due to higher traffic during back to school and Christmas shopping seasons.

3. Net liabilities due to A&W Revenue Royalties Income Fund

The Class A and Class B preferred shares of Trade Marks are owned by Food Services and the voting common shares of Trade Marks are owned by Food Services and the Fund. As a result, the Fund has an equity interest in Trade Marks. The issued and outstanding voting common shares of Trade Marks are as follows:

	The Fund		Food Services		Total
	#	%	#	%	#
February 15, 2002	8,340,000	75.0%	2,780,000	25.0%	11,120,000
Adjustments:					
January 5, 2003		-2.9%	452,469	2.9%	452,469
January 5, 2004		-3.0%	495,681	3.0%	495,681
January 5, 2005		-2.8%	511,337	2.8%	511,337
January 5, 2006		-2.8%	558,993	2.8%	558,993
December 31, 2006		-1.6%	335,456	1.6%	335,456
January 5, 2008		-2.1%	484,051	2.1%	484,051
January 5, 2009		-1.3%	308,419	1.3%	308,419
	8,340,000	58.5%	5,926,406	41.5%	14,266,406

The net liabilities due to the Fund by Trade Marks are comprised of:

	March 22, 2009	December 28, 2008
A&W notes payable	\$83,399	\$83,399
The Fund's equity interest in A&W Trade Marks Inc.	(7,215)	(7,326)
	\$76,184	\$76,073

The A&W notes, issued by Trade Marks and held by the Fund, amount to \$83,399,000, bear interest at 10.75% per annum and mature on February 15, 2034. Interest only is payable monthly in arrears.

The A&W notes are unsecured debt obligations of Trade Marks and are subordinated to all other indebtedness and liabilities of Trade Marks.

4. Term loan and operating bank line of credit

Food Services has a demand operating facility of \$5,000,000 to fund working capital requirements and for general corporate purposes. The operating loan bears interest at the bank prime rate plus 0.5% and is repayable on demand. As at March 22, 2009, the full amount of the facility was available. Food Services' operating facility is secured by the Class A shares and 2,780,000 voting common shares of Trade Marks owned by Food Services.

Trade Marks has a demand operating loan facility with HSBC Bank Canada (the Bank) of \$2,000,000 to fund working capital requirements and for general corporate purposes. The operating loan bears interest at the bank prime rate plus 0.5% and is repayable on demand. As at March 22, 2009, the full amount of the facility was available.

Trade Marks has a term loan in the amount of \$10,000,000 with the Bank. The term loan is repayable on February 18, 2011 and bears interest at bank prime rate plus between 0% and 0.5% depending on specified financial ratios of Trade Marks. Interest only is payable monthly, provided that 12 month trailing earnings before interest, taxes, depreciation and amortization (EBITDA) at any time are not less than \$10,000,000. In the event that EBITDA is less than \$10,000,000, the term loan will be fully amortized over the remaining term and repayment will be by way of blended monthly instalments of principal and interest.

Trade Marks uses an interest rate swap agreement to manage risks from fluctuations in interest rates. The term loan bears interest at 5.82% per annum, of which 4.42% per annum is fixed under an interest rate swap agreement that matures February 18, 2011 and 1.40% per annum is subject to an annual review by the Bank. The interest rate swap agreement is considered to be a cash flow hedge; as a result, changes in the fair value, to the extent it is an effective hedge, are recorded in other comprehensive earnings (loss) and are only recognized in earnings when the hedged item is realized. Any ineffectiveness in the hedging relationship is recognized in earnings immediately.

The fair value of the interest rate swap as at March 22, 2009 is \$689,000 unfavourable, and the change in fair value is recorded in other comprehensive income (loss), net of tax and the Fund's equity interest.

Trade Marks' term loan is comprised of:

	March 22, 2009	December 28, 2008
Term loan	\$10,000	\$10,000
Deferred financing fees	(17)	(19)
Fair value of the interest rate swap	689	703
	<u>\$10,672</u>	<u>\$10,684</u>

A general security agreement over the assets of Trade Marks has been provided as security for Trade Marks' demand operating loan facility and term loan.

5. Related party transactions and balances

Trade Marks' interest expense on the A&W notes for the quarter was \$1,990,000 (2008 - \$2,033,000), of which \$1,228,000 (December 30, 2008 - \$759,000) is payable to the Fund at March 22, 2009 and is included in accounts payable and accrued liabilities.

Included in accounts receivable is \$66,000 (December 28, 2008 - \$36,000) due from the Fund without interest and due on demand.

Trade Marks has entered into an administration agreement with the Fund whereby Trade Marks, at its expense, provides or arranges for the provision of services required in the administration of the Fund. In turn, Trade Marks has arranged for certain of these services to be provided by Food Services until 2011.

During the quarter, Food Services contracted with Air 700 Ltd. for rental of a private plane and crew for business travel. A shareholder, director and officer of Food Services who is also a director of Trade Marks, and a director of Trade Marks are shareholders of Air 700 Ltd. The cost of the services provided under the contract during the quarter totalled \$60,000 (2008 - \$111,000) and was negotiated on normal commercial terms. At March 22, 2009, \$60,000 (December 28, 2008 - \$nil) is payable to Air 700 Ltd. by Food Services.

During the quarter, Trade Marks declared monthly dividends on its voting common shares totaling \$468,000 (2008 - \$458,000) of which \$274,000 (2008 - \$274,000) was earned by the Fund and \$194,000 (2008 - \$184,000) was earned by Food Services. The February 2009 dividend of \$234,000 was paid on March 31, 2009, and the Fund's share of \$137,000 is reported as a current liability at March 22, 2009.

6. Interest expense

	12 Week Period Ended Mar 22, 2009	12 Week Period Ended Mar 23, 2008
Interest		
Interest income	\$ (11)	\$ (52)
Term loan	129	133
A&W notes payable	1,990	2,033
Amortization of deferred financing fees	2	5
	<u>\$ 2,110</u>	<u>\$ 2,119</u>

7. Subsequent events

On April 1, 2009, Trade Marks declared the March dividend on its voting common shares of \$234,000, payable to Food Services and the Fund on April 30, 2009.

On April 28, 2009, Trade Marks declared a dividend on its voting common shares of \$1,427,000, payable to Food Services and the Fund on May 29, 2009.

On April 28, 2009, Food Services declared a dividend on its common shares of \$3,500,000, payable to its shareholder on April 30, 2009.



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