





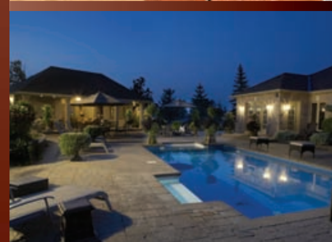

Third Quarter Report 2009

BRAMPTON BRICK Limited

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the interim period ended September 30, 2009 should be read in conjunction with the annual MD&A included in the Company's 2008 Annual Report. All amounts are stated in thousands of Canadian dollars, except per share amounts, unless otherwise indicated.

Effective with the adoption of the new Canadian Institute of Chartered Accountants Handbook Section 3064, *Goodwill and Intangible Assets*, on January 1, 2009, operating costs in the amount of $1,832 pertaining to the pre-production period of the new Indiana clay brick plant and the Company's share of the unamortized balance of start-up costs related to Universal Resource Recovery Inc. ("Universal") in the amount of $179 were adjusted to opening retained earnings. As at December 31, 2008 these costs were included in the Consolidated Balance Sheet under Other assets. This change has been applied retroactively and the prior year comparative financial statements have been restated accordingly. Commencing in 2009 any such costs are charged to operations as incurred.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30

For the third quarter ended September 30, 2009, the Company reported a loss of $77, or $0.01 per share, on a weighted average 10,937,000 Class A Subordinate Voting shares ("Class A shares") and Class B Multiple Voting shares ("Class B shares") outstanding, compared to net income of $2,499, or $0.23 per share, on a weighted average 10,952,000 Class A shares and Class B shares outstanding for the corresponding period in 2008.

Net sales from continuing operations for the quarter were $19,234 compared to $27,427 in 2008. The net decrease of $8,193 was primarily due to lower clay brick shipments which resulted in a decrease of $8,396 in net sales attributable to the Masonry Products business segment. Net sales of the Landscape Products business segment increased marginally from $8,019 in the third quarter of 2008 to $8,042 in the third quarter this year. Net sales of the new waste composting operations of Universal, which commenced in the second half of 2008, amounted to $337 for the three months ended September 30, 2009 compared to $157 for the same period last year.

Operating income from continuing operations, before interest and other items, amounted to $1,118 in the third quarter of 2009 compared to $4,271 in the third quarter of 2008.

Lower cost of goods sold, corresponding to the decrease in sales volumes, and a reduction in selling, general and administrative expenses were partially offset by higher amortization charges. Selling, general and administrative expenses decreased primarily due to lower marketing expenditures and lower personnel costs. The increase in amortization charges relates to the new Indiana clay brick plant and to the operations of Universal. Waste processing and transportation costs associated with Universal's operations were $528 in the third quarter of 2009 compared to $261 in 2008. These amounts are included in cost of goods sold.

Interest on long-term debt increased by $339 to $777 due to higher term debt outstanding during the quarter compared to the same period in 2008. Other interest reflected an expense of $175 for the quarter compared to income of $159 in the prior period due to lower interest income earned on the promissory note receivable and the cost of the net cash settlement under the interest rate swap contract which is now reflected in this line item.

During the three month period ended September 30, 2009, the Company recorded a foreign currency exchange gain of $161 primarily as a result of the impact of fluctuations in the rate of exchange between the Canadian and U.S. dollar during the quarter on foreign currency denominated monetary items. For the same period in 2008, the Company reported a foreign currency exchange loss of $69.

During the quarter, the Company recorded an unrealized gain of $142, reflecting the change in fair value during the period, on the $20,000 interest rate swap contract which is no longer designated as an effective cash flow hedge.

The provision for income taxes in the third quarter of 2009 reflected an effective income tax rate of 114.9%, primarily as a result of the valuation allowances that have been recorded against the future income tax benefit that would otherwise have been reflected with respect to the non-capital losses of the Company's U.S. operations and Universal.

NINE MONTHS ENDED SEPTEMBER 30

For the nine months ended September 30, 2009, the Company incurred a loss of $9,578, or $0.88 per share, compared to net income of $1,433, or $0.13 per share, for the nine months ended September 30, 2008. The weighted average number of Class A shares and Class B shares outstanding for the nine month periods was 10,937,000 and 10,925,000, respectively.

Operating results for the nine month period included the following unusual charges:

1. A provision of $1,998 to reflect the unrealized loss on the interest rate swap contract.

2. A loss of $269 on the sale of a portion of the promissory note receivable.

3. A loss of $190 on the sale of the remaining surplus properties in Quebec.

The Company has recorded an income tax recovery in the estimated amount of $807 in respect of these items. Consequently, the impact on the loss to September 30, 2009 was $1,650, or $0.15 per share.

Each of these items is described in greater detail in the notes to the interim Consolidated Financial Statements.

In addition, the loss incurred by the new Indiana clay brick plant for the nine month period in 2009 amounted to approximately $3,502, including pre-production costs in the estimated amount of $1,478 charged against operations, compared to $816 in 2008. The Company's share of the loss incurred by Universal was $1,499 compared to $453 last year.

Net sales from continuing operations for the nine month period were $44,969, which represented a decrease of $22,239 from the same period in 2008. Substantially lower sales in the Masonry Products business segment and a small reduction in sales in the Landscape Products business accounted for the decrease. Net sales attributable to the new waste composting operations, which commenced in the third quarter of 2008, amounted to $2,003 compared to $157 in 2008.

Lower cost of goods sold and a significant decrease in selling, general and administrative expenses were partially offset by higher amortization charges. The reasons for each of these variances were substantially the same as reported above for the third quarter results, except that year-to-date operating results were also negatively impacted by substantially lower production volumes in both the Masonry Products and Landscape Products business segments. This resulted in an increase in unabsorbed manufacturing costs charged against operations. Waste processing and transportation costs related to Universal's operations included in cost of goods sold amounted to $2,599 for the nine month period compared to $414 in 2008.

For the nine months ended September 30, 2009, the Company incurred an operating loss, before interest and other items, of $7,006 compared to operating income of $4,895 for the nine months ended September 30, 2008.

The variances in interest on long-term debt, other interest income (expense), foreign currency exchange gain (loss) and other income (expense) for the nine month period reflect substantially the same factors as outlined above for the three month period.

The recovery of income taxes relates primarily to the Company's Canadian Masonry Products and Landscape Products operations. As noted above, valuation allowances have been recorded in both the current and prior period against the future income tax benefit that would otherwise have been reflected with respect to the non-capital losses incurred in the U.S. operations and by Universal. The losses incurred by the new Indiana clay brick plant, which commenced commercial production during the second quarter of 2009, and by Universal, which commenced operations in the second half of 2008, were much higher in the current period than in the corresponding prior period.

For the nine months ended September 30, 2008, discontinued operations incurred a loss of $355, or $0.03 per share.

More detailed discussion with respect to each operating business segment follows:

MASONRY PRODUCTS

Net sales of the Masonry Products business segment were $10,855 for the three months ended September 30, 2009, compared to $19,251 for the same period in 2008. Operating income was $535 compared to $4,340 last year.

For the nine month period to September 30, 2009, this business segment incurred an operating loss of $4,198 on net sales of $26,396 compared to operating income of $9,701 on net sales of $50,198 in 2008.

The decrease in net sales was due to lower clay brick shipments which, in turn, was attributable to a substantial decline in residential construction activity in both the Canadian and U.S. markets.

In addition to the impact of significantly lower net sales, lower absorption of fixed manufacturing costs due to much lower production volumes in the Canadian operations and a higher loss incurred in the U.S. operations, also contributed to the decrease in the operating income.

Selling, general and administrative expenses applicable to this business segment were lower in both the three and nine month periods of 2009 than in 2008, primarily due to lower sales commissions and lower personnel costs.

LANDSCAPE PRODUCTS

The Landscape Products business segment reported operating income of $1,039 on net sales of $8,042 for the three month period ended September 30, 2009 compared to operating income of $118 on net sales of $8,019 in 2008. The improvement in operating results was primarily due to lower cost of goods sold which, in turn, was due to improved manufacturing efficiencies and other cost reduction initiatives.

Net sales increased in the Canadian market as a result of higher sales volumes. Net sales in the U.S. market were lower due to the economic factors which continue to impact upon the Michigan market.

For the nine month period, net sales decreased marginally from $16,853 in 2008 to $16,570 in 2009 and the operating loss was reduced from $4,306 in 2008 to $1,450 in 2009.

The $2,856 improvement in operating results was due to improved manufacturing efficiencies and other cost reduction initiatives as well as lower marketing expenditures and lower personnel costs.

OTHER OPERATIONS

Other operations include the Company's 50% joint venture interest in Universal. This investment is accounted for using the proportionate consolidation method. Commercial operations commenced in August 2008.

For the three month period ended September 30, 2009, the Company's share of Universal's net sales and operating loss amounted to $337 and $445, respectively, compared to net sales of $157 and an operating loss of $161 for the same period in 2008.

For the nine month period, the Company's share of Universal's net sales were $2,003 and the share of the operating loss was $1,349 compared to $157 and $452, respectively, in 2008.

Composting operations at Universal's site in Welland were temporarily suspended in early May 2009, in order to construct and install capital improvements and to modify operating processes to address various issues which arose during the commissioning and start-up phase of these new operations. Composting operations resumed in early August 2009.

DISCONTINUED OPERATIONS

Discontinued operations represent the Company's former joint venture interest in Sharpsmart Canada Limited, which was sold in April 2008, and its interest in certain small quantity generator accounts which were disposed of effective September 1, 2008.

For the three month period ended September 30, 2008, discontinued operations reported net income of $41, or $0.01 per share. For the nine month period, the loss from discontinued operations was $355, or $0.03 per share.

CASH FLOWS

Cash flow provided by operating activities of continuing operations totaled $3,814 for the quarter ended September 30, 2009 compared to $11,311 for the same period last year. The decline in operating results for the quarter and changes in non-cash operating items relative to the comparative period in the prior year were the primary factors contributing to the decline. Fiscal 2008 results reflected cash generated by a significant reduction in working capital which was attributable to the economic slow-down.

Cash utilized for purchases of property, plant and equipment totaled $2,765 for the three month period ended September 30, 2009, including payments of $2,115 with respect to the Indiana clay brick plant and $489 pertaining to the Company's 50% share of capital expenditures incurred by Universal. Comparative amounts for the same period in 2008 were $17,693, $11,868 and $4,511, respectively.

For the nine month period ended September 30, 2009, cash used for operating activities of continuing operations totaled $3,434 compared to cash provided by operations of $9,806 in 2008. The variance was largely the result of the increase in the loss from operations and changes in non-cash operating items.

Cash utilized for purchases of property, plant and equipment totaled $9,381 compared to $42,197 in 2008. Expenditures pertaining to the Indiana clay brick plant were $7,012 in 2009 and $30,168 in 2008. Expenditures pertaining to the Company's 50% share of capital expenditures incurred by Universal in the periods were $1,297 and $7,725, respectively.

The sale on April 9, 2009, of an undivided, co-ownership interest, representing approximately 59.9%, in the proceeds of the promissory note receivable, including future interest payments, generated cash proceeds of $3,793. The proceeds were utilized to reduce bank operating advances. The Company has provided a guarantee to secure repayment of the proceeds to the purchaser when due.

The promissory note receivable arose on the sale of the medical waste assets and business operations in October 2007. The outstanding principal amount of $6,667 bears interest at a fixed rate of 3.5% per annum and has been discounted for accounting purposes at an effective rate of 5.0% per annum. The balance is to be paid in annual principal instalments of $3,333.5 each, plus interest, in October 2009 and October 2010. The principal and interest are secured by a letter of credit from a major financial institution. The principal and interest due in October 2009, of which the Company's share was $1,433, were received as scheduled.

The sale of the remaining surplus properties in Quebec held for sale generated cash proceeds of $1,200. The proceeds were utilized to reduce bank operating advances.

On June 29, 2009, the Company completed a new $30,000 term financing arrangement. Proceeds of the new financing were utilized to repay a $20,000 term bank loan with the balance utilized to reduce bank operating advances. This transaction is more fully described in Note 7 to the interim Consolidated Financial Statements.

Due to current economic conditions, the Board of Directors of the Company had previously determined and announced its decision to not declare a dividend in 2009. In each of the past four years the Company had paid semi-annual dividends of $0.10 per Class A share and $0.10 per Class B share.

FINANCIAL CONDITION

The nature of the Company's products and primary markets dictates that its Masonry Products and Landscape Products business segments are seasonal. Historically, sales are much lower in the first and fourth quarters of the year than in the second and third quarters. The Landscape Products business is affected to a greater degree than the Masonry Products business. As a result of this seasonality, operating results are impacted accordingly and cash requirements are generally expected to increase through the first half of the year and decline through the second half of the year.

The ratio of total liabilities to shareholders' equity was 0.55:1 at September 30, 2009 compared to 0.47:1 at December 31, 2008. The increase in this ratio to September 30, 2009 was primarily due to the increase in long-term financing and lower retained earnings resulting from the loss incurred in 2009.

As at September 30, 2009, working capital was $12,870 compared to $4,715 at December 31, 2008.

As noted above, the Company completed a new $30,000 long-term financing arrangement with a new lender on June 29, 2009. A portion of the proceeds of the new financing were utilized to repay a $20,000 term bank loan with the balance to be utilized for general corporate purposes.

The term of the new loan is seven years with payments of interest only for the first two years. Principal repayments commence in July 2011 at $500 per month in the months of July to November inclusive ($2,500 per year) to 2015, and a balloon payment of $17,500 in June 2016. The rate of interest is fixed at 8.00%.

The term loan is secured primarily by real estate and production equipment of the Company's Masonry Products and Landscape Products business segments in both Canada and U.S.

The new term loan was initially recorded for accounting purposes at its fair value, which net of various transaction costs in the amount of $611 amounted to $29,389, and is being carried at its amortized cost. The transaction costs are being amortized over the term of the loan resulting in an effective interest rate of 8.40%.

The term loan agreement contains various financial covenants and the Company was in compliance with all financial covenants as at September 30, 2009.

Due to the seasonality of the Company's primary business segments and the low level of residential construction activity, the Company anticipates that it may not be able to maintain compliance with the minimum interest coverage requirement, as stipulated in the agreement, as at December 31, 2009 and March 31, 2010. Consequently, the Company sought and obtained an amendment to this financial covenant. Based upon its current forecast, the Company anticipates that it will be able to maintain compliance with the amended interest coverage requirement and with all other financial covenants.

In August 2009, the Company entered into a new credit agreement with its banker pertaining to its $16,000 operating credit facility. This is a demand facility which is secured primarily by accounts receivable and inventories of the Company's Masonry Products and Landscape Products business segments in both Canada and the U.S. The actual amount that the Company may borrow under this facility is determined based on standard margin formulas for accounts receivable and inventories. The borrowing limit is reduced by the amount of the mark-to-market exposure on the interest rate swap contract. At September 30, 2009 this amount was $1,998.

Excluding Universal, the Company had aggregate operating credit facilities as at September 30, 2009 totaling up to $17,450, of which $1,083 had been utilized, including $363 for outstanding letters of credit.

The Company expects that future cash flows from operations, cash and cash equivalents on hand and the unutilized balances of its operating credit facilities will be sufficient to satisfy its obligations as they become due.

Aggregate capital expenditures incurred in connection with the construction of the new brick plant in Indiana were U.S. $53,330, of which U.S. $51,954 had been paid to September 30, 2009. The remaining balance, which is comprised primarily of final holdbacks, is expected to be funded from future cash flows from operations and the Company's credit facilities, as required. Construction is now completed.

Universal's credit agreement provides for an aggregate amount of $20,000, including term, operating and letter of credit facilities. As at September 30, 2009, the entire amount of the $15,000 term loan facility had been drawn and letters of credit in the amount of $1,123 had been issued. The Company's proportionate shares were $7,500 and $562, respectively.

Borrowings under these facilities are secured by substantially all of the assets and undertakings of Universal. In addition, the Company and the joint venture partner have each provided a guarantee of $6,500.

The actual amount that may be borrowed by Universal under its demand operating facility is the lesser of (i) 75% of under 90 day accounts receivable minus the face value of letters of credit in excess of $1,000, and (ii) $3,000.

During the second quarter ended June 30, 2009, Universal's term loan facility was amended to commence monthly principal repayments in January 2010. Previously, the repayments were scheduled to commence in May 2009. Interest is based on bank prime plus Universal's credit spread, which may vary based on its ratio of debt to tangible net worth. Currently the credit spread is 1.75%.

Universal's credit agreement contains various financial covenants and it was in compliance with the financial covenants as at September 30, 2009.

As a result of the losses incurred to date in 2009, which were due to the additional costs incurred during the commissioning and start-up phase of this new operation and the temporary suspension of composting operations for a portion of the year, Universal anticipates that it will not be in compliance with the debt service coverage requirement which becomes effective for the year ending December 31,

2009. Failure to achieve compliance would give the lender the right to demand repayment and to realize upon its security. Universal has entered into discussions with its lender to seek temporary relief with respect to this financial covenant.

Universal anticipates that it will require approximately $1,363 to fund the balance of its capital expenditure requirements. This amount is expected to be funded by Universal from future cash flows from operations and the unutilized balance of its operating credit facility and, to the extent required, from further advances from the joint venture partners.

Information with respect to the Company's material off-balance sheet arrangements, which consist primarily of operating leases and natural gas supply and transportation contracts, are disclosed in the table of contractual obligations in the annual MD&A included with the Company's 2008 Annual Report and in Note 12 to the interim Consolidated Financial Statements.

With respect to contractual obligations outstanding as at December 31, 2008, material changes during the nine month period ended September 30, 2009 included the changes to the Company's term financing arrangements as noted above. Additional changes included reductions of the remaining balances of the Company's purchase obligations under the natural gas supply and transportation contracts and the reduction in capital expenditure commitments related to construction of the Indiana clay brick plant. These are more fully described in Note 12 to the interim Consolidated Financial Statements.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly financial information for each of the eight most recently completed quarters (in thousands of dollars, except per share amounts):

Continuing Operations	**September 30**		**June 30**		**March 31**		**December 31**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2008**	**2007**
Net sales	$ 19,234	$ 27,427	$ 18,278	$ 29,795	$ 7,457	$ 9,986	$ 14,268	$ 16,008
Net income (loss)	$ (77)	$ 2,458	$ (3,245)	$ 3,484	$ (6,256)	$ (4,153)	$ (9,906)	$ (12,845)
Net income (loss) per share								
Basic	$ (0.01)	$ 0.22	$ (0.30)	$ 0.32	$ (0.57)	$ (0.38)	$ (0.91)	$ (1.18)
Diluted	$ (0.01)	$ 0.22	$ (0.30)	$ 0.32	$ (0.57)	$ (0.38)	$ (0.91)	$ (1.18)

Total	**September 30**		**June 30**		**March 31**		**December 31**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2008**	**2007**
Net income (loss)	$ (77)	$ 2,499	$ (3,245)	$ 3,125	$ (6,256)	$ (4,191)	$ (9,906)	$ (5,060)
Net income (loss) per share								
Basic	$ (0.01)	$ 0.23	$ (0.30)	$ 0.29	$ (0.57)	$ (0.39)	$ (0.91)	$ (0.47)
Diluted	$ (0.01)	$ 0.23	$ (0.30)	$ 0.29	$ (0.57)	$ (0.39)	$ (0.91)	$ (0.47)

The financial information presented above has been restated to reflect the current year financial statement presentation with respect to the change in accounting policy regarding pre-operating costs effective January 1, 2009 and the presentation of the medical waste operations sold in 2008 as discontinued operations.

The quarterly financial information presented reflects the seasonal nature of the Company's Masonry Products and Landscape Products business segments. Historically, sales of these business segments are greater in the second and third quarters of each year than in the first and fourth quarters.

Consequently, the results of operations and cash flows reported each quarter are not necessarily indicative of the results to be expected for the year and the financial condition of the Company at the end of each quarter reflects these seasonal fluctuations.

Major factors affecting the comparability of the quarterly results are as follows:

Quarters ended September 30

Operating results of continuing operations for the third quarter of 2009 compared to the third quarter of 2008 were impacted primarily by significantly lower clay brick shipments, higher amortization charges and an increase in the loss incurred by Universal offset, in part, by improved operating performance in the Landscape Products business segment.

Quarters ended June 30

The loss from continuing operations for the second quarter of 2009 compared to the second quarter of 2008 was impacted by much lower sales, the unrealized loss due to discontinued hedge accounting, the loss on sale of a portion of the promissory note, the loss on sale of properties and the valuation allowances recorded in respect of the future income tax benefit that would otherwise have been recorded with respect to losses incurred in the Company's U.S. operations and Universal's operations.

During the second quarter of 2008, the Company incurred a loss from discontinued operations in the amount of $359.

Quarters ended March 31

Net sales in the first quarter of 2009 declined compared to the first quarter of 2008 due to lower clay brick shipments. The Company's share of net sales generated by the new waste processing operations amounted to $961 in 2009. There were no sales from these operations in the first quarter of 2008. The loss from continuing operations increased over the comparable period in 2008 primarily as a result of lower net sales and pre-production costs in the estimated amount of $1,278 incurred in connection with the start-up of the Indiana clay brick plant.

Quarters ended December 31

Net sales for 2008 declined due to lower sales volumes in both the Masonry Products and Landscape Products business segments, offset, in part, by net sales generated by the new waste composting business. The loss from continuing operations for the fourth quarter of 2008 included a write-off of goodwill in the amount of $5,991, net of the income tax recovery of $720, an additional valuation allowance of $1,903 against the future tax asset related to U.S. operations and Indiana pre-production costs totaling $1,234. Excluding these items, the loss from continuing operations would have been $822, or $0.08 per share.

The loss for the fourth quarter in 2007 included a goodwill impairment charge of $13,068, net of the income tax recovery of $432. This charge was partially offset by a reduction of future income tax liabilities in the amount of $1,039 resulting from changes in future income tax rates which were substantively enacted. Excluding these items, the loss from continuing operations would have been $816, or $0.08 per share. Net income for the quarter included a gain of $7,942, net of income taxes and after deducting the non-controlling interest therein, on the sale of the medical waste business operations and assets.

OTHER

The Company has recently added to the strength of its executive management team with the addition of Mr. Frank Buck as Senior Vice-President, Strategic Development for the Masonry Products business segment. His responsibilities include the development and implementation of sales and marketing strategies for both the Canadian and U.S. markets. He has over 30 years of experience in the building products industry, including nine years in the brick industry in Canada and the U.S. This background will provide valuable experience as the Company continues to develop its strategies to expand its markets and achieve growth in both its traditional clay brick products as well as the many new concrete masonry products.

The Company's Masonry Products and Landscape Products business segments are cyclical. Demand for masonry products fluctuates in accordance with the level of new residential and commercial construction activity. Demand for landscape products fluctuates in accordance with the level of industrial, commercial and institutional construction activity and consumer spending.

These business segments are also seasonal. Historically, sales are greatest in the second and third quarters of each year and are less in the first and fourth quarters. The Landscape Products business segment is affected to a greater extent than the Masonry Products business segment.

To date economic conditions have continued to have a significant impact upon residential and commercial construction activity and on consumer spending. Demand for the Company's products has been affected accordingly.

In recent months there has been a notable increase in new home sales, compared to the latter part of 2008 and the early part of 2009, in the Company's primary market of Southern Ontario. While this upturn may be expected to have some impact on new home construction in the fourth quarter of 2009, the Company believes that the majority of the impact will occur in 2010. Consequently, the Company continues to monitor sales forecasts and cash flows and adjust operating plans, production levels, manpower requirements and discretionary expenditures, as required, in order to minimize the financial impact of the slowdown on operating results and cash flows.

Construction of the Indiana clay brick manufacturing plant is now completed. Testing and commissioning of the production equipment was carried out throughout much of the first quarter. Commercial production began in April.

During the third quarter, Universal completed its plan to address various issues affecting composting operations which arose during the initial commissioning and start-up phase. Composting operations resumed in August.

Information with respect to transactions with related parties in 2009 is disclosed in Notes 5, 6 and 13 to the interim Consolidated Financial Statements.

Information with respect to transactions with related parties for the year ended December 31, 2008 is disclosed in Note 23 to Consolidated Financial Statements included in the Company's 2008 Annual Report.

The aggregate number of issued and outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares as at September 30, 2009 is disclosed in Note 9 to the interim Consolidated Financial Statements. There have been no changes to the date of the MD&A.

There have been no changes in the Company's internal control over financial reporting during the period ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (IFRS) will be required effective January 1, 2011 for publicly accountable profit-oriented enterprises. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Company is currently assessing the impact that IFRS will have on its consolidated financial statements.

A diagnostic analysis was completed in the fourth quarter of 2008 to identify the potential differences between IFRS and Canadian GAAP as they relate to the Company and its subsidiaries including;

i) an assessment of the potential financial statement impact and level of implementation effort;

ii) assessment of the IFRS 1 exemptions available;

iii) high level identification of system and process change requirements; and

iv) high level identification of financial statement disclosure differences.

A comprehensive changeover plan has been prepared and responsibility for each element of the plan has been assigned. In-depth analyses of the differences identified in the initial diagnostic review are underway and a number of these analyses have been completed. However, at this time sufficient information has not been assembled to provide a meaningful assessment of the potential impact IFRS will have on the Company's Consolidated Financial Statements.

All accounting and financial reporting personnel have received training in IFRS through attendance at both internal and external training seminars, as well as being provided with extensive research material. Further training is planned for all affected personnel including accounting, financial reporting, IT, operations managers, supervisors and other personnel and the members of the Audit Committee of the Board of Directors.

In addition, the Company has engaged its auditors, Pricewaterhouse Coopers LLP, to provide certain advisory services, primarily with respect to component evaluations and related issues.

The Company's Annual Report and Annual Information Form for the year ended December 31, 2008 and the Management Information Circular issued in connection with the Annual General Meeting of Shareholders held on May 13, 2009 may be found on SEDAR at www.sedar.com.

Certain statements contained herein constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors including, but not limited to, those identified under "Risks and Uncertainties" in the Company's 2008 Annual Report, which may cause actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements.

The Consolidated Financial Statements as at and for the periods ended September 30, 2009 and September 30, 2008 have not been reviewed by the Company's auditors.

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)	(Unaudited) **September 30 2009**	December 31 2008
Assets		
Current assets		
Cash and cash equivalents	**$ 4,402**	$ 2,088
Accounts receivable	**8,999**	5,691
Inventories	**17,209**	18,062
Income taxes recoverable	**974**	10
Future income taxes	**6**	40
Other current assets	**787**	988
Promissory note receivable, current (note 6)	**1,433**	3,358
	33,810	30,237
Property, plant and equipment, at cost	**250,410**	194,157
Construction in progress	**–**	49,149
Less: Accumulated amortization	**(94,782)**	(86,308)
	155,628	156,998
Other assets		
Promissory note receivable, long-term (note 6)	**1,317**	3,244
Property held for sale	**–**	1,047
Future income taxes	**828**	605
	2,145	4,896
	$ 191,583	$ 192,131
Liabilities		
Current liabilities		
Bank operating advances (note 7)	**$ 720**	$ 2,581
Accounts payable and accrued liabilities	**13,589**	15,146
Income taxes payable	**1,608**	2,579
Long-term debt, current portion (note 7)	**4,132**	4,137
Derivative financial instruments, current (note 8)	**801**	834
Asset retirement obligation	**90**	245
	20,940	25,522
Long-term debt, less current portion (note 7)	**37,429**	25,521
Derivative financial instruments, non-current (note 8)	**1,197**	2,267
Future income taxes	**6,698**	6,552
Asset retirement obligation	**717**	496
	66,981	60,358
Non-controlling interests	**2,522**	2,526
Shareholders' Equity		
Capital stock (note 9)	**33,689**	33,689
Contributed surplus (note 10)	**1,320**	1,173
Retained earnings	**90,900**	100,478
Accumulated other comprehensive loss	**(3,829)**	(6,093)
	122,080	129,247
	$ 191,583	$ 192,131

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (in thousands of dollars, except per share amounts)	Three months ended September 30 **2009**	2008	Nine months ended September 30 **2009**	2008
Net sales from continuing operations	**$ 19,234**	$ 27,427	**$ 44,969**	$ 67,208
Cost of goods sold	**12,481**	18,024	**35,312**	45,859
Selling, general and administrative expenses	**2,620**	3,029	**8,186**	10,026
Amortization	**3,015**	2,103	**8,477**	6,428
	18,116	23,156	**51,975**	62,313
Operating income (loss) from continuing operations before the undernoted items	**1,118**	4,271	**(7,006)**	4,895
Other income (expense)				
Interest on long-term debt	**(777)**	(438)	**(1,735)**	(832)
Other interest income (expense) (net)	**(175)**	159	**(236)**	330
Foreign currency exchange gain (loss)	**161**	(69)	**452**	(375)
Other income (expense)	**(174)**	23	**(222)**	48
	(965)	(325)	**(1,741)**	(829)
Income (loss) from continuing operations before the following items	**153**	3,946	**(8,747)**	4,066
(Loss) gain on sale of property held for sale (note 5)	**–**	–	**(190)**	136
Loss on sale of promissory note (note 6)	**–**	–	**(269)**	–
(Loss) gain on discontinued hedge accounting (note 8)	**142**	–	**(1,998)**	–
Income (loss) from continuing operations before income taxes and non-controlling interests	**295**	3,946	**(11,204)**	4,202
(Provision for) recovery of income taxes				
Current	**(344)**	(1,301)	**742**	(2,261)
Future	**5**	(169)	**880**	(74)
	(339)	(1,470)	**1,622**	(2,335)
(Loss) income from continuing operations before non-controlling interests	**(44)**	2,476	**(9,582)**	1,867
Non-controlling interests	**(33)**	(18)	**4**	(79)
(Loss) net income from continuing operations	**(77)**	2,458	**(9,578)**	1,788
(Loss) net income from discontinued operations (note 4)	**–**	41	**–**	(355)
(Loss) net income for the period	**$ (77)**	$ 2,499	**$ (9,578)**	$ 1,433
(Loss) net income per Class A and Class B share (note 3)				
Basic (loss) net income from continuing operations	**$ (0.01)**	$ 0.22	**$ (0.88)**	$ 0.16
(loss) net income for the period	**$ (0.01)**	$ 0.23	**$ (0.88)**	$ 0.13
Diluted (loss) net income from continuing operations	**$ (0.01)**	$ 0.22	**$ (0.88)**	$ 0.16
(loss) net income for the period	**$ (0.01)**	$ 0.23	**$ (0.88)**	$ 0.13

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands of dollars)	Three months ended September 30 **2009**	2008	Nine months ended September 30 **2009**	2008
Cash provided by (used for) activities of continuing operations				
Operating activities				
(Loss) net income from continuing operations for the period	**$ (77)**	$ 2,458	**$ (9,578)**	$ 1,788
Items not affecting cash and cash equivalents				
Amortization and accretion	**3,021**	2,116	**8,507**	6,465
Future income taxes	**(5)**	169	**(880)**	74
Non-controlling interests	**33**	18	**(4)**	79
Unrealized foreign currency exchange gain	**26**	(69)	**(270)**	(175)
Loss (gain) on sale of property, plant and equipment	**–**	(1)	**2**	(4)
Loss (gain) on sale of property held for sale (note 5)	**–**	–	**190**	(136)
Loss on sale of promissory note (note 6)	**–**	–	**269**	–
Loss (gain) on discontinued hedge accounting (note 8)	**(142)**	–	**1,998**	–
Other	**61**	22	**167**	179
	2,917	4,713	**401**	8,270
Changes in non-cash operating items				
Accounts receivable	**1,130**	3,117	**(3,417)**	(7,620)
Inventories	**(1,316)**	2,795	**852**	5,306
Accounts payable and accrued liabilities	**1,025**	(973)	**925**	2,038
Income taxes payable (net)	**393**	2,169	**(1,874)**	2,248
Other	**(276)**	(510)	**(68)**	(436)
	956	6,598	**(3,582)**	1,536
Payments of asset retirement obligation	**(59)**	–	**(253)**	–
Cash provided by (used for) operating activities of continuing operations	**3,814**	11,311	**(3,434)**	9,806
Investing activities				
Purchase of property, plant and equipment	**(2,765)**	(17,693)	**(9,381)**	(42,197)
Proceeds from disposal of property, plant and equipment	**–**	–	**3**	12
Proceeds from sale of promissory note (note 6)	**–**	–	**3,793**	–
Proceeds from sale of property held for sale (note 5)	**–**	–	**1,200**	216
Inter-company advances repaid by discontinued operations (note 6)	**–**	–	**–**	715
Cash used for investment activities of continuing operations	**(2,765)**	(17,693)	**(4,385)**	(41,254)
Financing activities				
Increase (decrease) in bank operating advances	**(10)**	(851)	**(1,861)**	1,029
Increase in term loans (note 7)	**–**	6,925	**32,388**	20,175
Repayment of term loans (note 7)	**–**	(17)	**(20,264)**	(289)
Payments on obligations under capital leases	**(85)**	(70)	**(286)**	(180)
Payment of dividends by subsidiary to non-controlling interests	**–**	–	**–**	(700)
Payment of dividends to shareholders	**–**	–	**–**	(1,096)
Proceeds from exercise of stock options	**–**	–	**–**	634
Class A shares repurchased	**–**	(134)	**–**	(339)
Cash provided by (used for) financing activities of continuing operations	**(95)**	5,853	**9,977**	19,234
Net cash used for discontinued operations	**–**	(181)	**(62)**	(70)
Foreign exchange on cash held in foreign currency	**(40)**	52	**218**	218
Increase (decrease) in cash and cash equivalents	**914**	(658)	**2,314**	(12,066)
Cash and cash equivalents at the beginning of the period	**3,488**	2,452	**2,088**	13,860
Cash and cash equivalents at the end of the period	**$ 4,402**	$ 1,794	**$ 4,402**	$ 1,794
Supplementary information				
Interest paid	**$ 870**	$ 291	**$ 1,743**	$ 701
Income taxes paid	**$ –**	$ 369	**$ 1,240**	$ 2,916

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(unaudited) (in thousands of dollars)	Three months ended September 30 **2009**	2008	Nine months ended September 30 **2009**	2008
Balance at the beginning of the period as previously reported	**$ 90,977**	$ 109,068	**$ 102,489**	$ 111,587
Impact of accounting standard changes under CICA Handbook Section 3064 applied retroactively (note 2)	**–**	–	**(2,011)**	(231)
Balance at the beginning of the period as restated	**90,977**	109,068	**100,478**	111,356
(Loss) net income for the period	**(77)**	2,499	**(9,578)**	1,433
Premiums paid on repurchase of capital stock (note 9)	**–**	(74)	**–**	(200)
Dividends	**–**	–	**–**	(1,096)
Balance at the end of the period	**$ 90,900**	$ 111,493	**$ 90,900**	$ 111,493

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) NET INCOME

(unaudited) (in thousands of dollars)	Three months ended September 30 **2009**	2008	Nine months ended September 30 **2009**	2008
(Loss) net income for the period	**$ (77)**	$ 2,499	**$ (9,578)**	$ 1,433
Other comprehensive income (loss)				
(Loss) gain on cash flow hedges, net of taxes (note 8)	**–**	(104)	**702**	54
Losses on derivatives designated as cash flow hedges in prior periods transferred to net income, net of taxes, in the current period (note 8)	**–**	–	**1,562**	–
Comprehensive (loss) net income for the period	**$ (77)**	$ 2,395	**$ (7,314)**	$ 1,487

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2009 and 2008 (Unaudited) (in thousands of dollars)

1. BASIS OF PRESENTATION

The interim consolidated financial statements as at September 30, 2009 and for the three and nine month periods ended September 30, 2009 and 2008 are unaudited and include all adjustments that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows. Results for the three and nine month periods ended September 30, 2009 are not necessarily indicative of results expected for the full fiscal year or any other future period.

The disclosures provided in these interim consolidated financial statements do not conform in all respects to the requirements of Canadian generally accepted accounting principles for annual financial statements and, accordingly, the interim consolidated financial information should be read in conjunction with the annual consolidated financial statements. The interim consolidated financial information has been prepared using the same accounting principles as applied to the Company's annual consolidated financial statements for the year ended December 31, 2008, except as described below in Note 2.

2. CHANGES IN ACCOUNTING POLICIES

On January 1, 2009, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, *Goodwill and Intangible Assets* which replaces CICA Handbook Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development*. The Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Financial Reporting Standards, IAS 38, Intangible Assets. CICA Handbook Section 1000, *Financial Statement Concepts* is amended to clarify criteria for recognition of an asset while the Emerging Issues Committee Abstract (EIC), EIC 27 *Revenues and Expenditures During the Pre-operating period* is no longer applicable for entities that have adopted CICA 3064. The CICA Handbook Accounting Guideline (AcG) 11 *Enterprises in the Development Stage* is also amended to delete references to deferred costs and to provide guidance on development costs as intangible assets under CICA 3064.

Deferred costs pertaining to the pre-production period of the Indiana plant amounted to $1,832 and $8 as at December 31, 2008 and 2007 respectively and were included in Other assets. Similarly, the Company's share of the unamortized balance of start-up costs related to Universal Resource Recovery Inc. ("Universal") amounted to $179 and $223 as at December 31, 2008 and 2007, respectively, and were also included in Other assets.

This standard has been adopted on a retroactive basis and accordingly, opening retained earnings as at January 1, 2009 and January 1, 2008 have been adjusted by $2,011 and $231, respectively, to expense all previously deferred pre-operating costs. The loss for the three and nine months ended September 30, 2008, has been increased by $352 and $589 respectively to expense the pre-operating costs incurred in those periods.

INTERNATIONAL FINANCIAL REPORTING STANDARDS:

In February 2008, the Canadian Accounting Standards Board confirmed that the use of International Financial Reporting Standards (IFRS) will be required effective January 1, 2011, for publicly accountable profit-oriented enterprises. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Company has prepared a comprehensive changeover plan and is currently conducting in-depth analyses of the differences in order to assess the impact IFRS will have on its consolidated financial statements.

3. NET INCOME PER SHARE

The weighted average number of Class A Subordinate Voting shares ("Class A shares") and Class B Multiple Voting shares ("Class B shares") outstanding (in thousands) utilized in the calculations of net income (loss) per share are as follows:

	Three months ended September 30		Nine months ended September 30	
(in thousands)	**2009**	2008	**2009**	2008
Basic	**10,937**	10,952	**10,937**	10,925
Diluted	**10,937**	10,954	**10,937**	10,963

4. SALE OF SHARPSMART CANADA LIMITED AND DISPOSAL OF MEDICAL WASTE ASSETS

On April 21, 2008, the Company sold its joint venture interest in Sharpsmart Canada Limited ("Sharpsmart"), excluding the Company's interest in certain small quantity generator accounts which were disposed of effective September 1, 2008 as noted below. In accordance with the CICA Handbook Section 3475, "Disposal of Long-Term Assets and Discontinued Operations", the assets and liabilities, operating results and cash flows of these businesses were classified as discontinued operations and the prior period comparative financial information has been restated.

The aggregate sale proceeds of $1,180 included the repayment of shareholder advances of $715, proceeds from the sale of shares of $385 and proceeds from the sale of certain other assets of $80.

The sale and all related transactions were reported in the second quarter of 2008 at which time the Company recorded an accounting gain on the sale of $127, or $0.01 per share, after deducting income taxes of $60 and the non-controlling interests' 35% share of the net after-tax gain.

Certain financial information with respect to discontinued operations for the three and nine month periods ended September 30, 2008 was as follows:

	Three months ended September 30, 2008	Nine months ended September 30, 2008
Net sales	84	632
Amortization of property, plant and equipment	–	49
Operating income (loss)	74	(119)
Other income (expense)	1	(999)
Income tax (provision) recovery	(12)	381
Non-controlling interests	(22)	258
Net income (loss) from discontinued operations	**41**	**(479)**
Gain on sale of Sharpsmart	–	255
Income tax provision	–	(64)
Non-controlling interest	–	(67)
Net income from sale of Sharpsmart	**–**	**124**
Total net income (loss) from discontinued operations	**41**	**(355)**

During the second quarter of 2008, the Company agreed to settle a dispute with the purchaser of the medical waste assets and business operations which were sold in October, 2007 by reducing the principal amount of the $10,000 promissory note by $375 and by transferring to the purchaser, effective September 1, 2008, the Company's interest in certain small quantity generator accounts which it had retained as part of the sale of its interest in Sharpsmart. The Company also recorded a provision of $625 with respect to certain other expenditures which are expected to be incurred.

5. SALE OF PROPERTY HELD FOR SALE

All of the remaining properties located in Quebec, which were surplus to the Company's requirements, were sold on June 17, 2009 for net proceeds of $1,200, resulting in a loss of $190. Two directors of the Company have a minority interest in the purchaser. For the nine months ended September 30, 2008, certain properties were sold for net proceeds of $216, resulting in a gain of $136.

6. SALE OF PROMISSORY NOTE

On April 9, 2009, the Company sold an undivided, co-ownership interest, representing approximately 59.9%, in the proceeds of the promissory note receivable, including future interest payments, for cash proceeds of $3,793 resulting in a loss of $269. The proceeds were utilized to reduce bank operating advances.

The Company has provided a guarantee to secure repayment of the proceeds to the purchaser when due. Three directors of the Company have a minority interest in the purchaser.

The promissory note receivable arose on the sale of the medical waste assets and business operations in October 2007. The outstanding principal amount of $6,667 (of which the Company's share is 40.1%) bears interest at a fixed rate of 3.5% per annum and has been discounted for accounting purposes at an effective rate of 5.0% per annum. The balance is to be paid in annual principal instalments of $3,333.5 each, plus interest, in October 2009 and 2010. The principal and interest are secured by a letter of credit from a major financial institution.

7. BANK OPERATING ADVANCES AND TERM LOANS

Bank operating credit facilities of the Company, totaling up to $17,450, are demand facilities and are secured primarily by accounts receivable and inventories of the Company's Masonry Products and Landscape Products business segments in both Canada and the U.S. The actual amount that the Company may borrow is determined based on standard margin formulas for accounts receivable and inventories, which amount is reduced by the amount of the mark-to-market exposure of the interest rate swap contract. Utilization as at September 30, 2009 totaled $1,083 including $363 for outstanding letters of credit.

On June 29, 2009, the Company completed a new $30,000 term financing with a new lender. A portion of the proceeds were utilized to repay a $20,000 term bank loan and the balance was utilized to reduce bank operating advances.

The term of the new loan is seven years with interest only for the first two years. Principal repayments commence in July 2011 at $500 per month in the months of July to November inclusive ($2,500 per year) to 2015, and a balloon payment of $17,500 in June 2016. The rate of interest is fixed at 8.00%. The term loan is secured primarily by real estate and production equipment of the Company's Masonry Products and Landscape Products business segments in both Canada and U.S.

The new term loan was initially recorded for accounting purposes at its fair value, which net of various transaction costs incurred in the amount of $611 amounted to $29,389, and is being carried at amortized cost. The transaction costs are being amortized over the term of the loan resulting in an effective interest rate of 8.40%.

In addition to the above, as at September 30, 2009, Universal had operating credit facilities of up to $5,000, of which $1,123 had been utilized through the issuance of letters of credit, and term loan facilities of $15,000 which had been fully drawn. The Company's proportionate shares were $562 and $7,500, respectively. Universal's borrowings are secured by substantially all of its assets and undertakings and a guarantee in the amount of $6,500 from each of the joint venture partners.

In April 2009, Universal's term loan facility was amended to commence monthly principal repayments in January 2010. Previously, the repayments were scheduled to commence in May 2009. Interest is based on bank prime plus Universal's credit spread, which may vary based on its ratio of debt to tangible net worth. Currently the credit spread is 1.75%.

As a result of the losses incurred to date in 2009, which were due to the additional costs incurred during the commissioning and start-up phase of this new operation and the temporary suspension of composting operations for a portion of the year, Universal anticipates that it will not be in compliance with the debt service coverage requirement which becomes effective for the year ending December 31, 2009. Failure to achieve compliance would give the lender the right to demand repayment and to realize upon its security. Universal has entered into discussions with its lender to seek temporary relief with respect to this financial covenant.

8. DERIVATIVE FINANCIAL INSTRUMENTS

As referred to in note 7 above, the Company entered into a new fixed-rate term financing agreement on June 29, 2009. The repayment of the $20,000 term bank loan has resulted in an interest rate swap contract no longer being an effective cash flow hedge. Consequently, the unrealized loss of $2,140 as at June 29, 2009 was charged to operations at that time. A future income tax recovery in the amount of $578 was recorded in respect of this charge.

Prior to June 29, 2009, the interest rate swap contract was designated as an effective cash flow hedge. The swap commenced in January 2008 with a notional principal amount of $3,000, increasing at various intervals and amounts to a total of $20,000 in September 2008. The notional principal amount reduces by $3,000 per year from December 2010 to December 2013 and by $8,000 in December 2014. The fixed rate of interest under the swap contract is 5.16%.

To June 29, 2009, the Company had recorded an unrealized gain of $702, not affecting current period earnings, in Other comprehensive income in connection with the interest rate swap. Subsequent to June 29, 2009, changes in the fair value of the interest rate swap are reflected in current period earnings.

The fair value of the interest rate swap derivatives in the amounts of $801 (December 31, 2008 – $834) and $1,197 (December 31, 2008 – $2,267) have been classified as current and non-current derivative financial liabilities, respectively.

As at January 1, 2008 the Company had certain U.S. dollar foreign exchange forward contracts totaling U.S. $16,100 to hedge the underlying exposure on a portion of its anticipated future cash outflows. These contracts were designated as effective cash flow hedges. All of the contracts were executed prior to December 31, 2008.

For the three month and nine month periods ended September 30, 2008, the Company recorded unrealized gains of $120 and $571, respectively, not affecting period earnings, in Other comprehensive income.

During the nine month period ending September 30, 2008, the Company reclassified $3,046 from Accumulated other comprehensive loss, of which $1,204 was reclassified during the third quarter. This amount was added to the carrying value of the non-financial asset.

9. CAPITAL STOCK

At September 30, 2009, issued and outstanding capital stock consisted of 8,507,554 Class A shares (December 31, 2008 – 8,507,554) and 2,429,000 Class B shares (December 31, 2008 – 2,429,000).

September 30, 2009 and 2008 (Unaudited) (in thousands of dollars)

No Class A shares were issued under the Company's Stock Option Incentive Plan during the three or nine month periods ended September 30, 2009. For the three month period ended September 30, 2008, no Class A shares were issued and for the nine month period a total of 120,500 Class A shares were issued for cash of $634.

No Class A shares were repurchased during the three or nine month periods ended September 30, 2009. In 2008, a total of 15,100 and 34,800 Class A shares were purchased under the Company's Normal Course Issuer Bid and cancelled during the three and nine month periods ended September 30, 2008, respectively. These share purchases resulted in premiums of $74 and $200 for the three and nine month periods ended September 30, 2008, respectively.

The Class B shares are convertible into Class A shares at any time. The Class A shares trade on the Toronto Stock Exchange under the symbol BBL.A. The Class B shares do not trade on any public market.

10. STOCK-BASED COMPENSATION

Under the Brampton Brick Limited Stock Option Incentive Plan (the Plan), the Company may grant stock options to the directors, officers and full-time employees of the Company and its subsidiaries up to an aggregate of 1,080,965 (December 31, 2008 – 1,080,965) Class A Subordinate Voting shares. The exercise price of each stock option is equal to the volume weighted average trading price of the Company's Class A Subordinate Voting shares for the five trading days immediately preceding the date of grant and the maximum term of each option is 10 years. As at September 30, 2009, a total of 374,865 (December 31, 2008 – 487,365) stock options were available for grant under the Plan.

On April 3, 2009, the Company granted stock options to eight senior officers and to all non-management members of the Board of Directors of the Company to acquire an aggregate of 112,500 Class A shares at the market price of $4.99 per share. Each option vested 20% on the date immediately following the date of the grant and an additional 20% shall vest on each anniversary thereof until fully vested. As of the date of the grant, the fair value of each stock option granted was estimated to be $0.83, using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.34%
Expected life	7.9 years
Volatility	27%
Expected dividend yield	4%

The total compensation cost charged against income for the three month period ended September 30, 2009 with respect to all stock options granted after January 1, 2002 was $39 (2008 – $22). For the nine month period the cost was $147 (2008 – $179). The Company did not record a compensation cost with respect to stock options granted prior to January 1, 2002, of which 7,500 options remain outstanding at September 30, 2009.

As at September 30, 2009, an aggregate of 479,400 stock options were outstanding, of which 290,020 were fully vested and exercisable by the holders thereof at a weighted average exercise price of $12.12.

11. OPERATING SEGMENT DISCLOSURES

For purposes of operating decision making and assessing performance, management considers that the Company operates within two dominant business segments; Masonry Products and Landscape Products.

Other business operations and assets consist primarily of the Company's 50% joint venture interest in Universal, the promissory note receivable and property surplus to the Company's requirements which was sold in June 2009.

September 30, 2009 and 2008 (Unaudited) (in thousands of dollars)

A brief description of each business segment is as follows:

Masonry Products – manufacture of clay brick and a range of concrete masonry products including stone veneer, window sills and concrete brick for use in residential construction and institutional, commercial and industrial building projects.

Landscape Products – manufacture of concrete paving stones, retaining walls, garden walls, fireplace surrounds, wall tiles and sales of accessory products for use in residential construction and institutional, commercial and industrial building projects.

Segmented information, with comparative information for 2008, is as follows:

	Three months ended September 30		**Nine months ended September 30**	
	2009	2008	**2009**	2008
i) Net sales	**$**	$	**$**	$
Masonry Products	**10,855**	19,251	**26,396**	50,198
Landscape Products	**8,042**	8,019	**16,570**	16,853
Other	**337**	157	**2,003**	157
Consolidated net sales from continuing operations	**19,234**	27,427	**44,969**	67,208
ii) Operating income (loss)				
Masonry Products	**535**	4,340	**(4,198)**	9,701
Landscape Products	**1,039**	118	**(1,450)**	(4,306)
Other	**(456)**	(187)	**(1,358)**	(500)
Consolidated operating income (loss) from continuing operations	**1,118**	4,271	**(7,006)**	4,895

	September 30 2009	Dec. 31 2008
iii) Total assets	**$**	$
Masonry and Landscape Products	**173,839**	169,742
Other	**17,744**	22,389
Consolidated total assets	**191,583**	192,131

Assets do not form part of management's evaluation of performance of individual business units and therefore are not reported on a segmented basis.

12. COMMITMENTS AND CONTINGENCIES

Future minimum lease payments due as at September 30, 2009 under building, mobile equipment and vehicle operating leases are as follows:

	$
2009	77
2010	286
2011	223
2012	173
Thereafter	33
	792

To September 30, 2009, all costs with respect to the U.S. $38,018 contract, including approved change orders, for the design, supply and assembly of equipment and building for the Company's new clay brick manufacturing plant in Indiana had been incurred.

As at September 30, 2009, the Company had commitments with suppliers to purchase production equipment totaling approximately $1,351 of which approximately $428 was applicable to Universal.

The Company normally enters into supply and transportation contracts for natural gas to cover future requirements. As at September 30, 2009, the Company had contracted for the balance of its estimated 2009 natural gas supply requirements at an aggregate estimated cost of $681 of which approximately 27% was at fixed prices, and for the balance of its estimated 2009 transportation requirements at an aggregate estimated cost of $153, of which approximately 33% was at fixed prices. The potential unrealized loss on the fixed price contracts was approximately $57 (2008 – unrealized loss of $158), which was not taken to income since these are supply contracts that will be charged to operations in the period the gas is consumed.

Under the contract for trucking services entered into in 2006, the Company retains the right to acquire the transportation equipment if the contract is cancelled by the service provider before the end of the term in February 2011. Similarly, the Company may be obligated to acquire the transportation equipment if the Company cancels the contract before the end of the term.

Letters of credit are issued by the Company's banker to provide security to certain service providers and in connection with certain governmental operating permits. The aggregate amount of letters of credit outstanding as at September 30, 2009 was $925 (December 31, 2008 – $1,190). This amount included $562 (December 31, 2008 – $562) representing the Company's proportionate share of letters of credit issued by Universal's banker with respect to its operations.

13. RELATED PARTY TRANSACTIONS

The Company has determined which of its customers are related to the Company via common directors or shareholders. Sales to these customers are made under competitive terms and conditions. These customers accounted for 1.8% (2008 – 5.6%) of net sales from continuing operations in aggregate for the three month period ended September 30, 2009 and 2.7% (2008 – 6.1%) for the nine month period. Purchases from related parties amounted to $66 for the three month period ended September 30, 2009 (2008 – $71) and $108 for the nine month period ended September 30, 2009 (2008 – $124).

A director of the Company is a senior partner in the law firm which acts as general counsel to the Company. Fees for services rendered by that firm for the three month period ended September 30, 2009 amounted to $93 (2008 – $39) and for the nine month period ended September 30, 2009 amounted to $285 (2008 – $186). Accounts payable to this firm as at September 30, 2009 was $98 (2008 – $1).

Two directors of the Company hold a minority interest in the purchaser of properties held for sale as described in Note 5 and three directors of the Company hold a minority interest in the purchaser of a portion of the promissory note as described in Note 6.

14. SEASONAL FLUCTUATIONS

The Company's business is seasonal. Consequently, the results of operations and cash flows for the three and nine month periods ended September 30, 2009 are not necessarily indicative of the results to be expected for the full year.

15. COMPARATIVE AMOUNTS

Certain comparative amounts in the financial statements have been reclassified to conform with the current period financial statement presentation.

BRAMPTON BRICK Limited

225 Wanless Drive
Brampton, ON
L7A 1E9

www.bramptonbrick.com