BRAMPTON BRICK

FIRST QUARTER REPORT 2010

BRAMPTON BRICK Limited

FOR THE FIRST QUARTER ENDED MARCH 31, 2010
PREPARED AS OF MAY 6, 2010

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the interim period ended March 31, 2010 should be read in conjunction with the annual MD&A included in the Company's 2009 Annual Report. All amounts are stated in thousands of Canadian dollars, except per share amounts.

RESULTS OF OPERATIONS

For the first quarter ended March 31, 2010, the Company incurred a loss of $3,626, or $0.33 per share, compared to a loss of $6,256, or $0.57 per share, for the first quarter of 2009. The aggregate weighted average number of Class A Subordinate Voting shares ("Class A shares") and Class B Multiple Voting shares ("Class B shares") outstanding was 10,937,000 in both periods.

Net sales for the quarter were $12,825 compared to $7,457 in 2009. The net increase of $5,368 was primarily due to significantly higher shipments in the Masonry Products business segment. Net sales of the highly seasonal Landscape Products business segment were substantially the same as the first quarter of 2009. Net sales of the waste composting operations of Universal Resource Recovery Inc. ("Universal") were lower at $681 compared to $961 for the same period last year.

Higher production volumes in both the Masonry Products and Landscape Products business segments resulted in a significant reduction in per unit manufacturing costs. This, combined with the increase in net sales, led to a substantial improvement in profit margins. As a result, the operating loss for the quarter, before interest and other items, declined by $3,977 from $7,251 in the first quarter of 2009 to $3,274 in the current quarter.

Interest on long-term debt increased by $404 to $875 due to higher term debt outstanding during the quarter compared to the same period in 2009 and higher interest rates. Other interest reflected an expense of $206 for the quarter compared to income of $22 in the prior period due to lower interest income earned on the promissory note receivable and the interest differential payment on the interest rate swap contract which is now reflected in this line item.

During the quarter ended March 31, 2010, the Company recorded a foreign currency exchange gain of $102 compared to $99 in 2009.

The change in the fair value of the Company's $20,000 interest rate swap contract, which subsequent to June 29, 2009 is no longer designated an effective cash flow hedge, resulted in an unrealized gain of $209 for the quarter.

The recovery of income taxes for the quarter reflected an effective income tax rate of 10.2% in 2010 and 17.5% in 2009. Valuation allowances have been recorded in both 2010 and 2009 against the future income tax benefit that would otherwise have been reflected with respect to the non-capital losses incurred by the Company's U.S. operations and by Universal.

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

MASONRY PRODUCTS

Net sales of the Masonry Products business segment were $11,433 for the quarter ended March 31, 2010 compared to $5,683 for the same period in 2009.

An increase in residential construction activity in the Canadian market has resulted in significantly higher shipments of masonry products. Shipments in the Company's U.S. markets also improved compared to the same period last year.

Higher sales volumes combined with lower per unit manufacturing costs, which were the result of much higher production volumes, produced a corresponding improvement in profit margins. As a result, the operating loss for the quarter was $210 compared to $4,139 in 2009.

LANDSCAPE PRODUCTS

The Landscape Products business segment incurred an operating loss of $2,461 on net sales of $711 for the quarter ended March 31, 2010 compared to an operating loss of $2,815 on net sales of $813 in 2009. Higher production volumes in 2010 resulted in a decrease in costs of production charged against current period operations.

OTHER OPERATIONS

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

For the quarter ended March 31, 2010, the Company's share of Universal's net sales and operating loss amounted to $681 and $603, respectively, compared to net sales of $961 and an operating loss of $311 for the same period in 2009.

Composting operations have been operating at reduced throughput in order to address various operational and processing issues. Improvements in operational processes have been identified and are currently being implemented. These improvements are expected to produce greater operating efficiencies. The Company anticipates that it will be in a position to increase throughput by the end of the second quarter of 2010 which will generate higher net sales.

CASH FLOWS

Cash flow used for operating activities of continuing operations totaled $5,548 for the quarter ended March 31, 2010 compared to $6,658 for the same period last year. The $1,110 decrease in cash requirements was attributable to the decrease in the loss for the quarter, offset in part by the changes in non-cash working capital items.

Cash utilized for purchases of property, plant and equipment totaled $640 for the quarter compared to $4,458 in 2009, including $3,458 incurred in connection with the construction of the Indiana clay brick plant.

On February 26, 2010, the Company completed a $9,000 subordinated secured debenture financing. In connection therewith, the $3,000 unsecured promissory note payable, which was due but not paid on December 7, 2009, was refinanced.

The subordinated debenture was recorded for accounting purposes at its fair value which, net of transaction costs incurred in the amount of $395, amounted to $8,605 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 11.99%. As at March 31, 2010 the unamortized transaction costs were $383.

These transactions are described in greater detail in Note 5 to the interim Consolidated Financial Statements.

FINANCIAL CONDITION

The nature of the Company's products and primary markets dictates that its Masonry Products and Landscape Products business segments are seasonal. 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.

As noted above, the Company completed a $9,000 subordinated secured debenture financing on February 26, 2010. The new financing has enhanced the Company's overall financial position by providing additional balance sheet strength and cash availability.

The ratio of total liabilities to shareholders' equity was 0.66:1 at March 31, 2010 compared to 0.54:1 at December 31, 2009. The increase in this ratio from December 31, 2009 was primarily due to the increase in long-term financing and lower retained earnings resulting from the loss incurred in the first quarter of 2010.

As at March 31, 2010, working capital was $19,531, representing a working capital ratio of 1.87:1. Comparable figures for working capital and the working capital ratio at December 31, 2009 were $13,272 and 1.71:1, respectively. Cash and cash equivalents totaled $8,540 compared to $2,868 at December 31, 2009.

Excluding Universal, the Company had aggregate operating credit facilities as at March 31, 2010 totaling up to $12,700. These are demand facilities which 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 amounts that the Company may borrow under these facilities are 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.

Utilization at March 31, 2010 was $5,866, including $346 for outstanding letters of credit, and the mark-to-market exposure on the interest rate swap contract was $1,575.

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.

The Company was in compliance with all financial covenants under its long-term debt agreement as at March 31, 2010 and anticipates that it will maintain compliance throughout the coming year.

Universal's credit agreement provides for a non-revolving term loan facility of $15,000 which has been fully drawn. Principal repayments commenced in January 2010. The Company's proportionate share of the principal balance outstanding at March 31, 2010 was $7,235.

Borrowings under Universal's demand operating facility are available by way of a combination of overdrafts of up to $3,000 and letters of credit of up to $3,000, subject to an overall maximum of $5,000.

Overdrafts are further limited to 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. As at March 31, 2010, $1,123 had been utilized through the issuance of letters of credit. The Company's proportionate share was $562.

Universal expects that future cash flows from operations, the unutilized balance of its operating credit facility and, to the extent required, further advances from the joint venture partners, will be sufficient to satisfy its obligations as they become due.

Universal was in compliance with the financial covenants under its credit agreement as at March 31, 2010 and anticipates that it will maintain compliance throughout the coming year.

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, is disclosed in the table of contractual obligations in the annual MD&A included with the Company's 2009 Annual Report and in Note 10 to the interim Consolidated Financial Statements.

With respect to contractual obligations outstanding as at March 31, 2010, material changes during the quarter included the issuance of subordinated secured debentures on February 26, 2010. Additional changes included reductions of the remaining balances of the Company's purchase obligations under the natural gas supply and transportation contracts. These are more fully described in Note 10 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	**March 31**		**December 31**		**September 30**		**June 30**	
	2010	**2009**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Net sales	$ 12,825	$ 7,457	$ 15,009	$ 14,268	$ 19,234	$ 27,427	$ 18,278	$ 29,795
Net income (loss)	$ (3,626)	$ (6,256)	$ (2,320)	$ (9,907)	$ (77)	$ 2,458	$ (3,245)	$ 3,483
Net income (loss) per share								
Basic	$ (0.33)	$ (0.57)	$ (0.21)	$ (0.91)	$ (0.01)	$ 0.22	$ (0.30)	$ 0.32
Diluted	$ (0.33)	$ (0.57)	$ (0.21)	$ (0.91)	$ (0.01)	$ 0.22	$ (0.30)	$ 0.32

Total	**March 31**		**December 31**		**September 30**		**June 30**	
	2010	**2009**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Net income (loss)	$ (3,626)	$ (6,256)	$ (2,320)	$ (9,907)	$ (77)	$ 2,499	$ (3,245)	$ 3,125
Net income (loss) per share								
Basic	$ (0.33)	$ (0.57)	$ (0.21)	$ (0.91)	$ (0.01)	$ 0.23	$ (0.30)	$ 0.29
Diluted	$ (0.33)	$ (0.57)	$ (0.21)	$ (0.91)	$ (0.01)	$ 0.23	$ (0.30)	$ 0.29

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 March 31

Net sales in the first quarter of 2010 increased compared to the first quarter of 2009 due to significantly higher shipments of masonry products resulting from the increase in residential construction activity in Canada. The loss from continuing operations declined over the comparable period in 2009 primarily as a result of higher net sales and improved margins.

Quarters ended December 31

Net sales increased in the fourth quarter of 2009 over the same period in 2008 as a result of higher shipments of masonry and landscape products. Operating results for the quarter were impacted by higher interest costs and an increase in the provision for income taxes. In 2008, the Company recorded a goodwill impairment charge of $5,991, net of income taxes.

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 shipments of masonry products, 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.

OTHER

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.

An increase in new home sales in the second half of 2009 in the Company's primary market of Southern Ontario has produced a significant increase in residential construction activity in the early part of 2010. Sales of masonry products have increased accordingly. New home sales in the first quarter of 2010 continue to outpace sales for the same period in 2009.

Market conditions in the Company's U.S. markets remain challenging. However, sales volumes have increased over last year and the Company anticipates continued growth as the year progresses and as market conditions gradually improve.

With respect to Universal's operations, improvements to plant equipment and process flows are expected to result in increased throughput and improved operating efficiencies.

Effective July 1, 2010 the Ontario provincial government will be harmonizing its retail sales tax system with the Federal goods and services tax ("GST"). The tax base and basic operational rules of the new harmonized sales tax ("HST") will be substantially the same as the current GST.

The vast majority of goods purchased by the Company are used directly in the manufacture of goods for sale. As such, these purchases are exempt from provincial sales tax under the current regime. Under the new regime, the Company will be required to pay provincial sales tax with respect to these purchases, but will also be eligible to claim an input tax credit for the taxes paid.

Similarly, most services provided to the Company by third parties (e.g. audit and legal fees, consulting services) are currently exempt from provincial sales tax. After July 1, these services will be subject to the HST, but will also be eligible for an input tax credit.

Consequently, the impact of the HST on the Company should be tax neutral for goods purchased for use in the manufacturing process or for services provided by third parties.

Purchases of goods which are not used directly in the production of goods for sale, and upon which the Company pays provincial sales tax under the current regime, will now become eligible for an input tax credit. Previously there was no credit for the provincial sales taxes paid with respect to these purchases. However, as the Company will have annual taxable sales in excess of $10,000, the provincial portion of the HST will not be recoverable, for the first five years, for certain costs including energy (except when used to produce goods for sale), telecommunication services, automobiles (including fuel, parts and services) and food, beverages and entertainment expenses. During the subsequent three year period, input tax credits are to be phased in for these items.

Overall, the net effect of the provincial portion of the new HST is not expected to have a significant impact on the Company's operating results.

The imposition of the provincial portion of HST on goods sold by the Company, and the expected pass-through to the ultimate consumer of those goods, has likely resulted in some work (e.g. new home construction, landscaping projects) being moved forward, to the extent possible, to avoid the potential additional tax on July 1. While it is not possible to accurately project the potential shift in timing, the Company does not believe that it will have a material impact on aggregate sales volumes for the year.

Information with respect to transactions with related parties in 2010 is disclosed in Notes 4, 5 and 11 to the interim Consolidated Financial Statements.

Information with respect to transactions with related parties for the year ended December 31, 2009 is disclosed in Notes 7, 8, 23 and 25 to Consolidated Financial Statements included in the Company's 2009 Annual Report.

The aggregate number of issued and outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares as at March 31, 2010 is disclosed in Note 7 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 quarter ended March 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Effective January 1, 2011 the Company will be required to prepare and report its financial statements in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, the conversion from Canadian generally accepted accounting principles ("GAAP") to IFRS will be applicable to the Company's reporting for the first quarter ending March 31, 2011. The 2010 comparative information to be included with the 2011 interim and annual financial statements must also be prepared utilizing IFRS. However, throughout 2010, including the 2010 year-end, the Company's financial statements will continue to be reported in accordance with current GAAP.

Although IFRS uses a conceptual framework similar to GAAP, there are a number of differences in the recognition, measurement and disclosure of assets, liabilities, revenues and expenses. The Company has prepared a comprehensive changeover plan to address the impact IFRS will have on its financial statements as a result of these differences, as well as any required changes to business processes, information technology and data systems, internal controls, disclosure controls and loan covenants.

In the MD&A dated March 12, 2010 and included in the Annual Report for the year ended December 31, 2009, the Company provided a summary of progress under the changeover plan, outlined certain IFRS standards which have been identified as potentially having a significant impact on its financial statements and discussed the potential impact of the transition to IFRS on training and education, information technology and data systems, business processes and internal control over financial reporting.

Areas of accounting that may have the highest potential financial statement impact were identified to include property, plant and equipment, impairment of assets, foreign currency translation, interests in joint ventures, financial statement presentation and disclosure and the initial adoption of IFRS under the provisions of IFRS 1, *First-Time Adoption of International Financial Reporting Standards*.

Currently, the Company is conducting more detailed analyses on the various accounting policy choices and alternative methodologies provided under IFRS prior to making its selections and to estimate the financial impact thereof. As these evaluations have not yet been completed, the full financial impact of adopting IFRS cannot be determined at this time.

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

To date no material changes to internal control over financial reporting have been identified as a result of the Company's transition to IFRS.

The Company's Annual Report and Annual Information Form for the year ended December 31, 2009 and the Management Information Circular issued in connection with the Annual General Meeting of Shareholders to be held on May 12, 2010 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 2009 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 March 31, 2010 and March 31, 2009 have not been reviewed by the Company's auditors.

Consolidated Balance Sheets

BRAMPTON BRICK Limited

(in thousands of dollars)	(Unaudited) March 31 2010	December 31 2009
ASSETS		
Current assets		
Cash and cash equivalents	**$ 8,540**	$ 2,868
Accounts receivable	**9,718**	6,678
Inventories	**18,451**	17,809
Income taxes recoverable	**2,122**	1,730
Future income taxes	**892**	896
Other current assets	**885**	737
Promissory note receivable, current (note 4)	**1,351**	1,335
	41,959	32,053
Property, plant and equipment, at cost	**251,940**	251,138
Less: Accumulated amortization	**(99,714)**	(97,158)
	152,226	153,980
Other assets		
Future income taxes	**–**	21
	$ 194,185	$ 186,054
LIABILITIES		
Current liabilities		
Bank operating advances (note 5)	**$ 5,520**	$ 750
Accounts payable and accrued liabilities	**11,563**	10,866
Income taxes payable	**936**	1,572
Long-term debt, current portion (note 5)	**3,519**	4,626
Derivative financial instrument, current (note 6)	**783**	867
Asset retirement obligation	**107**	100
	22,428	18,781
Long-term debt, less current portion (note 5)	**45,758**	37,583
Derivative financial instrument, non-current (note 6)	**792**	917
Future income taxes	**6,667**	6,701
Asset retirement obligation	**830**	827
	76,475	64,809
Non-controlling interests	**1,461**	1,446
SHAREHOLDERS' EQUITY		
Capital stock (note 7)	**33,689**	33,689
Contributed surplus (note 8)	**1,435**	1,359
Retained earnings	**84,954**	88,580
Accumulated other comprehensive loss	**(3,829)**	(3,829)
	116,249	119,799
	$ 194,185	$ 186,054

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

BRAMPTON BRICK Limited

Consolidated Statements of Operations

(unaudited) (in thousands of dollars, except per share amounts)	Three months ended March 31 2010	2009
Net sales	**$ 12,825**	$ 7,457
Cost of goods sold	**10,574**	9,581
Selling, general and administrative expenses	**2,969**	2,709
Amortization	**2,556**	2,418
	16,099	14,708
Operating loss before the undernoted items	**(3,274)**	(7,251)
Other income (expense)		
Interest on long-term debt	**(875)**	(471)
Other interest (expense) income – net	**(206)**	22
Foreign currency exchange gain	**102**	99
Other income	**25**	33
	(954)	(317)
Loss before the following item	**(4,228)**	(7,568)
Gain on derivative financial instrument (note 6)	**209**	–
Loss before income taxes and non-controlling interests	**(4,019)**	(7,568)
Recovery of income taxes		
Current	**398**	1,238
Future	**10**	87
	408	1,325
Loss before non-controlling interests	**(3,611)**	(6,243)
Non-controlling interests	**(15)**	(13)
Loss for the period	**$ (3,626)**	$ (6,256)
Loss per Class A and Class B share (note 3)		
Basic	**$ (0.33)**	$ (0.57)
Diluted	**$ (0.33)**	$ (0.57)

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

BRAMPTON BRICK Limited

Consolidated Statements of Cash Flows

(unaudited) (in thousands of dollars)	Three months ended March 31 **2010**	2009
Cash provided by (used for) activities of continuing operations		
Operating activities		
Loss from continuing operations for the period	**$ (3,626)**	$ (6,256)
Items not affecting cash and cash equivalents		
Amortization and accretion	**2,565**	2,429
Future income taxes	**(10)**	(87)
Non-controlling interests	**15**	13
Unrealized foreign currency exchange gain	**(57)**	(115)
Gain on derivative financial instruments (note 6)	**(209)**	–
Other	**108**	47
	(1,214)	(3,969)
Changes in non-cash operating items		
Accounts receivable	**(3,089)**	214
Inventories	**(642)**	559
Accounts payable and accrued liabilities	**578**	(1,828)
Income taxes payable (net)	**(1,028)**	(1,326)
Other	**(152)**	(308)
	(4,333)	(2,689)
Payments of asset retirement obligation	**(1)**	–
Cash used for operating activities of continuing operations	**(5,548)**	(6,658)
Investing activities		
Purchase of property, plant and equipment	**(640)**	(4,458)
Cash used for investment activities of continuing operations	**(640)**	(4,458)
Financing activities		
Increase in bank operating advances	**4,770**	7,695
Issuance of subordinated debentures (note 5)	**7,505**	–
Increase in term bank loan	**–**	3,000
Repayment of term loans	**(325)**	(2)
Payments on obligations under capital leases	**(80)**	(98)
Cash provided by financing activities of continuing operations	**11,870**	10,595
Net cash used for discontinued operations	**–**	(62)
Foreign exchange on cash held in foreign currency	**(10)**	131
Increase (decrease) in cash and cash equivalents	**5,672**	(452)
Cash and cash equivalents at the beginning of the period	**2,868**	2,088
Cash and cash equivalents at the end of the period	**$ 8,540**	$ 1,636
Supplementary information		
Interest paid	**$ 1,001**	$ 332
Income taxes paid	**$ 654**	$ 148

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

BRAMPTON BRICK Limited

Consolidated Statements of Retained Earnings

(unaudited) (in thousands of dollars)	Three months ended March 31 **2010**	2009
Balance at the beginning of the period	**$ 88,580**	$ 100,478
Loss for the period	**(3,626)**	(6,256)
Balance at the end of the period	**$ 84,954**	$ 94,222

Consolidated Statements of Comprehensive Loss

(unaudited) (in thousands of dollars)	Three months ended March 31 **2010**	2009
Loss for the period	**$ (3,626)**	$ (6,256)
Other comprehensive income		
Gain on cash flow hedge, net of taxes (note 6)	**–**	56
Comprehensive loss for the period	**$ (3,626)**	$ (6,200)

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

1. BASIS OF PRESENTATION

The interim consolidated financial statements as at March 31, 2010 and for the three month periods ended March 31, 2010 and 2009 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 month period ended March 31, 2010 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, 2009.

2. FUTURE CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2011 the Company will be required to prepare and report its financial statements in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, the conversion from Canadian generally accepted accounting principles ("GAAP") to IFRS will be applicable to the Company's reporting for the first quarter ending March 31, 2011. The 2010 comparative information to be included with the 2011 interim and annual financial statements must also be prepared utilizing IFRS. However, throughout 2010, including the 2010 year-end, the Company's financial statements will continue to be reported in accordance with current GAAP.

The Company has not yet completed its evaluation of the various accounting policy choices and alternative methodologies provided under IFRS. Consequently, the full financial impact of adopting IFRS cannot be determined at this time.

3. LOSS 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 loss per share are as follows:

	Three months ended March 31	
(in thousands)	**2010**	2009
Basic	**10,937**	10,937
Diluted	**10,937**	10,937

4. PROMISSORY NOTE RECEIVABLE

The promissory note receivable arose on the sale of the medical waste assets and business operations in October 2007.

At March 31, 2010, the Company's share of the outstanding principal amount was $1,351 (December 31, 2009 – $1,335) which is due October 2010, 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 principal and interest are secured by a letter of credit from a major financial institution.

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

5. BANK OPERATING ADVANCES AND LONG-TERM DEBT

Bank operating credit facilities of the Company (excluding Universal) 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.

Aggregate credit facilities at March 31, 2010 totaled $12,700. Utilization as at March 31, 2010 totaled $5,866, including $346 for outstanding letters of credit, and the mark-to-market exposure on the interest rate swap contract was $1,575.

On February 26, 2010, the Company completed a subordinated secured debenture financing in the amount of $9,000. The debentures have a three year term and are secured by a second ranking security interest in the Company's real estate and production equipment utilized in the Masonry Products and Landscape Products business segments in Ontario. The rate of interest is fixed at 10.0%. In addition, the Company paid an up-front fee of 2.0% to subscribers.

The subordinated debenture was recorded for accounting purposes at its fair value which, net of transaction costs incurred in the amount of $395, amounted to $8,605 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 11.99%. As at March 31, 2010 the unamortized transaction costs were $383.

In connection with this debenture issue, parties, including a Director of the Company, holding an indirect interest in $1,100 of the $3,000 promissory note payable, which was due but not paid on December 7, 2009, subscribed for an equal or greater principal amount of the debenture issue. The remaining parties, holding an indirect interest in $1,900 of the $3,000 promissory note payable and who include a Director of the Company, agreed to accept a new unsecured promissory note with identical terms and conditions as the existing promissory note, except that the new promissory note is due and payable in full on September 30, 2010.

All of the transactions closed concurrently. Substantially all of the debentures were acquired by insiders of the Company or by persons associated with or related to them.

Universal's operating and term credit facilities 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.

Borrowings under the demand operating facility are available by way of a combination of overdrafts of up to $3,000 and letters of credit of up to $3,000, subject to an overall maximum of $5,000. Overdrafts are further limited to 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. As at March 31, 2010, $1,123 had been utilized through the issuance of letters of credit. The Company's proportionate share was $562.

6. DERIVATIVE FINANCIAL INSTRUMENTS

In July 2007, the Company entered into an interest rate swap contract to hedge the risk arising from variability of cash flows related to anticipated borrowings under its term bank facility. The swap commenced in January 2008 with a notional principal amount of $3,000, increasing to $20,000 by 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 under the swap contract is 5.16%.

On inception, the swap contract was designated as an effective cash flow hedge and unrealized gains and losses, net of related income taxes, were recorded in Other comprehensive income (loss). For the three month period ended March 31, 2009, the Company recorded an unrealized gain of $56.

On June 29, 2009, the Company entered into a new fixed-rate term financing agreement and repaid its term bank loan. The repayment of the term bank loan resulted in the interest rate swap contract no longer being an effective cash flow hedge. Consequently, the cumulative unrealized loss of $2,140 as at June 29, 2009 was charged to operations at that time and a future income tax recovery in the amount of $578 was recorded in respect of this charge.

Subsequent to June 29, 2009, changes in the fair value of the interest rate swap are reflected in the Consolidated Statements of Operations. As at March 31, 2010 the fair value of the interest rate swap was a liability of $1,575 of which $783 (December 31, 2009 – $867) and $792 (December 31, 2009 – $917) have been classified as current and non-current derivative financial liabilities, respectively.

7. CAPITAL STOCK

The authorized capital of the Company consists of an unlimited number of Preference shares, Class A shares and Class B shares. The Class B shares are convertible into Class A shares on a share-for-share basis at any time. Class A shares may be converted into Class B shares in certain circumstances in connection with a takeover bid. Class A shareholders are entitled to one vote per share and Class B shareholders are entitled to ten votes per share at any meeting of shareholders.

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.

At March 31, 2010, issued and outstanding capital stock consisted of 8,507,554 Class A shares (December 31, 2009 – 8,507,554) and 2,429,000 Class B shares (December 31, 2009 – 2,429,000).

No Class A shares were issued under the Company's Stock Option Incentive Plan during the quarter ended March 31, 2010 (March 31, 2009 – Nil).

8. 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, 2009 – 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 March 31, 2010, a total of 250,865 (December 31, 2009 – 374,865) stock options were available for grant under the Plan.

On March 24, 2010, the Company granted stock options to nine senior executive officers and to all non-management members of the Board of Directors of the Company to acquire an aggregate of 124,000 Class A shares at the market price of $5.76 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 $1.31, using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.2%
Expected life	7.9 years
Volatility	28%
Expected dividend yield	3.5%

The total compensation cost charged against income for the quarter ended March 31, 2010 with respect to all stock options granted after January 1, 2002 was $76 (2009 – $47). 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 March 31, 2010.

As at March 31, 2010, an aggregate of 603,400 stock options were outstanding, of which 357,200 were fully vested and exercisable by the holders thereof at a weighted average exercise price of $11.61.

9. 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, in the first half of 2009, property which was surplus to the Company's requirements. This property was sold in June 2009.

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, and sales of accessory products for use in residential construction and institutional, commercial and industrial building projects.

Segmented information, with comparative information for 2009, is as follows:

	Three months ended March 31 2010	2009
i) Net sales	**$**	$
Masonry Products	**11,433**	5,683
Landscape Products	**711**	813
Other	**681**	961
Consolidated net sales	**12,825**	7,457
ii) Operating loss		
Masonry Products	**(210)**	(4,139)
Landscape Products	**(2,461)**	(2,815)
Other	**(603)**	(297)
Consolidated operating loss	**(3,274)**	(7,251)
	March 31 2010	December 31 2009
iii) Total assets	**$**	$
Masonry and Landscape Products	**177,832**	169,203
Other	**16,353**	16,851
Consolidated total assets	**194,185**	186,054

Certain long-term assets are used for both the Masonry Products and Landscape Products business segments. Assets do not form part of management's evaluation of performance of individual business units and therefore are not reported on a segmented basis.

10. COMMITMENTS AND CONTINGENCIES

Future minimum lease payments due as at March 31, 2010 under mobile equipment and vehicle operating leases are as follows:

	$
2010	123
2011	108
2012	67
2013	33
	331

As at March 31, 2010, the Company had commitments with suppliers to purchase production equipment totaling $396.

The Company normally enters into supply and transportation contracts for natural gas to cover future requirements. As at March 31, 2010, the Company had contracted for the balance of its estimated 2010 natural gas supply requirements at an aggregate estimated cost of $1,675, none of which was at fixed prices, and for the balance of its estimated 2010 transportation requirements at an aggregate estimated cost of $405, of which approximately 79% was at fixed prices. The potential unrealized loss on the fixed price contracts was approximately $52 (2009 – unrealized loss of $239), 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 March 31, 2010 was $908 (December 31, 2009 – $918). This amount included $562 (December 31, 2009 – $562) representing the Company's proportionate share of letters of credit issued by Universal's banker with respect to its operations.

11. 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 10.8% (2009 – 5.6%) of net sales in aggregate for the quarter ended March 31, 2010. Purchases from related parties amounted to $113 for the three month period ended March 31, 2010 (2009 – $26).

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 quarter ended March 31, 2010 amounted to $144 (2009 – $34). Accounts payable to this firm as at March 31, 2010 was $117 (2009 – $8).

Other related party transactions have been described in notes 4 and 5.

All related party transactions are accounted for at the exchange amount which is the amount of consideration established and agreed to by the related parties.

12. SEASONAL FLUCTUATIONS

The Company's business is seasonal. Consequently, the results of operations and cash flows for the three month period ended March 31, 2010 are not necessarily indicative of the results to be expected for the full year.

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