BRAMPTON BRICK Limited

ONE Trusted Source

2013 annual report

Corporate Profile

Brampton Brick is Canada's second largest manufacturer of clay brick, serving markets in Ontario, Quebec and the Northeast and Midwestern United States from its brick manufacturing plants located in Brampton, Ontario and near Terre Haute, Indiana.

To complement the clay brick product line, the Company also manufactures a range of concrete masonry products, including concrete brick and block as well as stone veneer products.

Concrete interlocking paving stones, retaining walls, garden walls and enviro products are manufactured in Markham, Milton, Hillsdale, Brockville and Brampton, Ontario and in Wixom, Michigan and sold to markets in Ontario, Quebec, Michigan, New York, Pennsylvania, Ohio, Kentucky, Illinois and Indiana under the **Oaks**™ trade name.

The Company's products are used for residential construction and for industrial, commercial and institutional building projects.

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ON THE COVER

Clockwise from the top left:

JP Series - Old School
Crossroads Series - Shelby
Ridgefield Plus - Sandstone
JP Series - Old Chicago
Crossroads Series - White County
Enviro Midori - Champagne
Finesse Series - Polar White Suave & Ebony Quartz
Mediterranean Series - Belfast
Artiste - Harbour Mist
Select Series - Slate
Vivace - Bergamo
Rialto - Milano
Centre: Vivace - Siena

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Financial Overview

(In thousands of Canadian dollars, except per share amounts)

	2013	2012
OPERATIONS		
Revenues	**$ 95,286**	$ 97,061
Operating income	**6,215**	6,725
Net income	**2,629**	1,485
Cash provided by operations	**9,695**	16,153
Purchase of property, plant and equipment	**3,422**	3,101
SHARE DATA		
Earnings per share	**$ 0.23**	$ 0.14
Book value per share	**13.05**	12.52
Weighted average number of shares outstanding (thousands)	**10,940**	10,938
FINANCIAL POSITION		
Working capital	**$ 7,766**	$ 7,325
Total assets	**212,265**	205,346
Total liabilities	**69,515**	68,373
Shareholders' equity attributable to shareholders of Brampton Brick Limited	**142,721**	136,961
Total liabilities to shareholders' equity attributable to shareholders of Brampton Brick Limited	**0.49:1**	0.50:1

SHARES OUTSTANDING

The Company has 10,940,354 common shares outstanding as at December 31, 2013 comprised of 9,201,723 Class A Subordinate Voting shares and 1,738,631 Class B Multiple Voting shares. The Class A Subordinate Voting shares trade on the Toronto Stock Exchange under the ticker symbol "BBL.A".

ANNUAL MEETING

The Annual General Meeting of the Shareholders of the Company will be held on May 22, 2014 at 9:30 a.m. at the Company's head office, 225 Wanless Drive, Brampton, Ontario.

ANNUAL REPORT

Additional copies of the 2013 Annual Report may be obtained from the Vice-President, Finance, Brampton Brick Limited, 225 Wanless Drive, Brampton, Ontario L7A 1E9.

President's Message

Brampton Brick's performance for the 2013 year was encouraging in that the company was successful in achieving important progress in many of its corporate initiatives. At the same time, poor weather in Eastern Canada and in the Midwestern United States during the first half of the year and, most notably in the second quarter, impacted the start-up and the duration of the construction season.

Full year 2013 revenues in our masonry products segment declined by 3 percent, with operating profit decreasing from $7.2 million to $5.8 million. In Eastern Canada, sales of single family homes remained sluggish and declined by approximately 7 percent, which resulted in a decline in sales volumes and a different product sales mix than in year 2012. In the United States, clay brick sales increased by double digits, reflecting the rebound in residential construction activity. However, because of the continued imbalance between clay brick production capacity and current demand levels in our relevant U.S. market regions, price realization has been disappointing.

The landscape products segment was particularly impacted by the adverse weather in the second quarter, a critical part of its selling season. Activity did rebound in the second half of the year, supported by the introduction of new product lines, gains in manufacturing efficiencies and an upgraded customer support structure. Over the last two years we have undertaken a significant overhaul of this business segment with product innovation and development initiatives producing an expanded product profile. A renewed customer focus has been supported by specific improvements in information technology and upgrades to our reporting metrics and marketing programs.

During 2013, Universal Resource Recovery Inc., the company's joint venture, leased a majority of its buildings and property to a European manufacturer of wind turbine blades. As a result, rental income should satisfy any cash flow requirements related to our investment in this company.

One of the major corporate objectives of Brampton Brick has been to increase the scope and scale of its operations. To this end, we undertook in the fourth quarter of 2013, an initiative to acquire the assets of Atlas Block, a major Ontario manufacturer of concrete masonry and landscape products. In January 2014, we were successful in acquiring the key assets of this business, including plants in Hillsdale and Brockville, Ontario. While the acquisition did not include Atlas' Victoria Harbour facility, we did purchase all of this plant's equipment and saleable inventory. The Hillsdale plant is one of the most modern and flexible plants in North America and will greatly increase the production capabilities of the company.

As we begin the 2014 selling season, I remain cautiously optimistic for the year ahead. Brampton Brick is one of the key market participants across all its product lines and the company has successfully integrated its clay and concrete product lines, a strategy we have also now initiated in the United States. We have acquired a significant sales volume opportunity with the Atlas assets and this will allow the company to further optimize its facility network. While there has been a significant level of one-time costs associated with this acquisition and the related costs of realigning our manufacturing operations, we expect to more than offset these expenses by the end of 2014.

In the United States, the recovery appears to be on track for further gains in new housing activity and a pick up in commercial construction. We fully expect to obtain our proportionate share of this increased activity.

/s/Jeffrey G. Kerbel

Jeffrey G. Kerbel
President and Chief Executive Officer

FOR THE YEAR ENDED DECEMBER 31, 2013
PREPARED AS OF MARCH 18, 2014

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the year ended December 31, 2013 should be read in conjunction with the Company's accompanying Consolidated Financial Statements, including the summary of significant accounting policies, and the Annual Information Form dated March 18, 2014 which may be found on SEDAR at www.sedar.com. All amounts are stated in thousands of Canadian dollars, except per share amounts, unless otherwise indicated.

DISCUSSION OF OPERATIONS

YEAR ENDED DECEMBER 31, 2013

For the year ended December 31, 2013, the Company recorded net income of $2,629, or $0.23 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding, compared to net income of $1,485, or $0.14 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding in 2012. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding was 10,940,354 in 2013 and 10,937,717 in 2012.

Revenues were $95,286 compared to $97,061 in 2012, representing a slight decline of $1,775, or 2%. Revenues in the Masonry Products business segment declined by $1,830. In the Landscape Products business segment, revenues increased marginally.

Cost of sales for the 2013 year amounted to $73,051, compared to $75,160 for 2012. The decrease in cost of sales was due to lower sales volumes of masonry products and lower yard and delivery expenses as a result of the decreased shipments.

Selling expenses for the year ended December 31, 2013 increased by $1,003. This increase is primarily due to an increase in personnel costs and the Company's ongoing investment in upgrading its information systems and enhancing its customer support capabilities.

General and administrative expenses increased by $63, to $6,742 for the year ended December 31, 2013 from $6,679 for the same period in 2012.

Loss on disposal of property, plant and equipment amounted to $334. The loss largely relates to certain equipment which was replaced at the Brampton clay brick plant in order to increase long-term operational efficiencies and to reduce production costs.

Other income of $140 for 2013 and $93 for 2012 includes the net of gains and losses on the translation of foreign currency transactions translated into the functional currency using exchange rates prevailing at the dates of the transactions.

As at December 31, 2013, the Company evaluated the recoverability of its secured, non-interest bearing, non-current loan receivable from Universal Resource Recovery Inc. ("Universal"), in the amount of $7,343. The recoverability of the loan was evaluated based on the fair value of the underlying Universal assets. The value of the assets was assessed by independent professional real estate and equipment appraisers. Accordingly, as at December 31, 2013, the Company determined that the loan receivable was impaired and reduced the carrying value of the loan receivable to $5,200, the fair value representing the Company's share of Universal's underlying assets. Accordingly the Company has recognized an accumulated impairment charge of $2,143, of which $707 was recorded in the fourth quarter and $865 was recorded for the full year.

Operating income decreased to $6,215 compared to $6,725 in 2012, largely due to the decrease in revenues, partially offset by improved operating margins.

Finance costs of $2,736 for the year ended December 31, 2013 decreased by $938 from 2012. The decrease was due to lower interest expense attributable to lower debt balances outstanding on the Company's term loans due to principal payments made during the year, and the redemption of all the subordinated secured debentures in the principal amount of $9,000 in the latter half of 2012.

Provision for income taxes totaling $850 for the 2013 year related solely to the pre-tax income of the Company's Canadian operations compared to $1,566 for the same period in 2012. The effective income tax rate was 24.4% in 2013 compared to 51.3% in 2012. Losses incurred in the U.S. subsidiaries were lower in 2013 compared to 2012. The Company has not recorded a deferred tax asset with respect to the potential deferred tax benefit pertaining to non-capital losses carried forward by its U.S. operations.

FOURTH QUARTER ENDED DECEMBER 31, 2013

For the fourth quarter ended December 31, 2013, the Company recorded a loss of $1,108, or $0.10 per Class A Subordinate Voting share and Class B Multiple Voting share, compared to a loss of $1,708, or $0.16 per Class A Subordinate Voting share and Class B Multiple Voting share, for the fourth quarter of 2012. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding for the fourth quarter of each of 2013 and 2012 was 10,940,354.

For the fourth quarter of 2013, revenues decreased by $1,253 to $21,489 from $22,742 for the same period in 2012. The decrease in revenues was a result of lower masonry products shipments in the Canadian market.

An impairment loss of $707 on the Universal loan receivable was recognized in December 2013 compared to $656 in the fourth quarter of 2012 as discussed above.

Finance costs decreased for the fourth quarter of 2013 compared to the same period in 2012 for the same reasons discussed above for the year ended December 31, 2013.

A more detailed discussion with respect to each operating business segment follows:

MASONRY PRODUCTS

For the year ended December 31, 2013, revenues decreased by $1,830, or 3%, to $70,276 from $72,106 in 2012. A decrease in masonry products shipments in the Canadian market was offset, partially by increases in masonry product shipments in the U.S. market.

For the year ended December 31, 2013, this business segment reported operating earnings of $5,779, compared to $7,246 in 2012. Cost of sales decreased by $1,492 to $54,026 compared to $55,518 in 2012. The decrease in cost of sales due to lower shipments was offset by an increase in the per unit cost of production. Lower production volumes compared to 2012 negatively affected the operating margins and consequently operating income.

For the fourth quarter of 2013, revenues decreased by 14% to $15,579, from $18,097, in 2012 due to the same reasons as discussed above for fiscal 2013.

Fourth quarter operations in 2013 were negatively impacted by lower shipments and lower operating margins resulting in an operating loss of $96 compared to an operating income of $146 for the same period in 2012.

LANDSCAPE PRODUCTS

Revenues of the Landscape Products business segment increased slightly to $25,010, for the year ended December 31, 2013, from $24,955 in 2012.

The increase in revenues in this business segment occurred in the second half of the year and was due to new product introductions and a catch up in sales impacted by poor weather through the first two quarters in 2013.

For the year ended December 31, 2013, the Landscape Products business segment recorded operating income of $1,303 compared to $757 in 2012.

The Landscape Products business segment reported an operating loss of $151 on revenues of $5,910 for the fourth quarter ended December 31, 2013 compared to an operating loss of $568 on revenues of $4,645 in 2012. The improvement in operating results was due to the same reasons discussed above for the year ended December 31, 2013.

CASH FLOWS

For the year ended December 31, 2013, cash flow provided by operating activities totaled $9,695 compared to $16,153 in 2012. Higher payables disbursements and higher amounts in other assets related to a deposit paid in December 2013 in the amount of $1,890 pertaining to the Atlas Block asset acquisition contributed to the decrease in cash flows from operations. This transaction is further described in note 25 'Subsequent events' to the consolidated financial statements.

The income tax payable on 2013 taxable income was offset by the utilization of a deferred tax asset in the amount of $2,031, thus reducing the net income tax payments to $1,653 for 2013. This deferred tax asset relates to the cumulative advances to Universal totaling $16,251 which were determined under taxation rules to be an allowable business investment loss and accordingly this deferred tax asset was recognized in 2011.

Cash utilized for purchases of property, plant and equipment totaled $3,422 in 2013, compared to $3,101 in 2012. In 2013, capital expenditures included approximately $490 relating to new quarry development costs, $646 relating to new products and equipment upgrades and $409 for upgrading the Company's management information systems.

Advances to Universal relating to the loan receivable for the year ended December 31, 2013 amounted to $4,673 compared to $2,670 in 2012. Further details are described in note 9 to the consolidated financial statements.

Cash received from sale of property, plant and equipment in 2013, amounted to $62. In 2012, proceeds totaled $520 of which $461 pertained to the sale of certain obsolete production equipment no longer supported by the Company's operational processes.

Proceeds from issuance of a demand non-revolving loan amounted to $2,598 in December 2013. These funds were advanced to Universal and used, in part, to fully repay the outstanding balance of Universal's term bank loan and to facilitate the completion of the lease arrangement with Universal's new tenant at its Welland, Ontario facility. This is further discussed in note 9, 'Loan Receivable' to the consolidated financial statements.

Payments of term loans during 2013 and 2012 totaled $2,571 and $2,730, respectively.

In August and October 2012, the Company redeemed all of the subordinated secured debentures in the amount of $9,000. In addition, a 2% early redemption fee on the principal amount was paid to all debenture holders, as the debentures were to have matured in February 2013.

FINANCIAL CONDITION

The Company's Masonry Products and Landscape Products business segments are seasonal in nature. 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 at December 31, 2013, bank operating advances were $11,641 compared to $10,435 as at December 31, 2012.

Trade payables totaled $11,514 at December 31, 2013 compared to $11,675 at December 31, 2012.

The ratio of total liabilities to shareholders' equity was 0.49:1 at December 31, 2013 compared to 0.50:1 at December 31, 2012. The decrease in this ratio from December 2012 to December 2013 was primarily due to higher retained earnings resulting from the improvement in operating results in 2013 and the increase in the foreign currency translation gain in 'Accumulated other comprehensive income' due to the weakening of the Canadian dollar against the U.S. dollar in 2013.

As at December 31, 2013, working capital was $7,766, representing a working capital ratio of 1.25:1 compared to working capital and a working capital ratio at December 31, 2012 of $7,325 and 1.25:1, respectively. The increase in working capital was primarily due to an increase in inventories offset, in part, by higher current debt. Cash and cash equivalents totaled $1,200 at December 31, 2013 compared to $1,412 at December 31, 2012.

The Company's bank credit agreement provides for borrowings up to $22,000 based on margin formulae for trade receivables and inventories, less priority claims and the mark-to-market exposure on swap contracts, if applicable. It is a demand facility secured by a general security agreement over all assets. The agreement also contains certain financial covenants.

As at December 31, 2013, the borrowing limit was $18,951. The utilization was $11,905 and was comprised of a $8,900 banker's acceptance 90 day note, a current account balance of $2,741, and outstanding letters of credit for $264.

The Company was in compliance with all financial covenants under its term financing agreement and operating credit facility as at December 31, 2013 and anticipates that it will maintain compliance throughout 2014.

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

On January 3, 2014, the Company completed its new $40,000 demand revolving reducing loan (the "Loan"). The proceeds were utilized to finance the purchase of the Atlas Block assets and to repay the outstanding balance of the term loan and an associated prepayment penalty.

The term of the new loan is nine years with interest payments only for the first year. Principal repayments commence in July 2015 at $500 per month in the months of July to November inclusive ($2,500 per year) to 2022, and a balloon payment in November 2022. The rate of interest is floating at the bank's prime rate plus a credit spread of 0.70% or at Banker's Acceptance rates plus a credit spread of 2.25%. The Company's credit spread is variable and determined by its interest coverage ratio. This 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 the U.S. This liability will be classified as current on the consolidated balance sheets in 2014. Notwithstanding the classification of the loan as a current liability, the Company's new debt affords it many benefits including a lower interest rate, flexibility to have interest rates at either floating or fixed and flexibility to accelerate principal payments without any penalty. The Company is also permitted to redraw under the loan for the purchase of capital assets.

On January 7, 2014, the Company acquired substantially all of the assets of a concrete masonry and landscape products company located in the province of Ontario. The assets acquired included two concrete products manufacturing plants located in Hillsdale and Brockville, Ontario, plus inventory for a purchase price of $13,288 (refer to note 25 to the consolidated financial statements).

A summary of the Company's contractual obligations over the next five years and thereafter, determined as at December 31, 2013, is as follows:

	2014	2015 - 2016	2017 - 2018	Thereafter	Total
Debt(1)	$ 6,961	$ 22,480	$ 46	$ 79	$ 29,566
Finance lease obligations(2)	$ 638	$ 759	$ 47	–	$ 1,444
Operating leases(3)	$ 93	$ 104	$ 2	–	$ 199
Purchase obligations(4)	$ 4,365	–	–	–	$ 4,365
Other obligations(5)	$ 50	$ 253	$ 329	$ 2,549	$ 3,181
Total contractual obligations	**$ 12,107**	**$ 23,596**	**$ 424**	**$ 2,628**	**$ 38,755**

(1) Debt reflects the aggregate amount of future payments including interest, and includes all debt items listed in Note 12 to the Consolidated Financial Statements, except finance lease obligations.
(2) Finance lease obligations disclosed above reflect the aggregate amount of future payments including principal and interest.
(3) Operating leases represent future aggregate minimum lease payments (office and yard space, mobile equipment and vehicles), which are off balance sheet transactions.
(4) Off balance sheet transactions include purchase obligations relating to natural gas supply and transportation contracts totaling $3,011 and capital expenditure commitments of $1,354.
(5) Other obligations represent the undiscounted estimated future costs for the decommissioning provisions with respect to the Company's shale quarries.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is a summary of selected annual financial information of the Company for each of the three most recently completed financial years prepared in accordance with IFRS:

	2013	2012	2011
Revenues	**$ 95,286**	$ 97,061	$ 80,013
Total assets	**$ 212,265**	$ 205,346	$ 205,919
Total non-current financial liabilities	**$ 20,980**	$ 23,554	$ 35,166
Cash dividends declared per share	**$ –**	$ –	$ –
Net Income (loss) attributable to shareholders of Brampton Brick Limited	**$ 2,549**	$ 1,483	$ (9,979)
Total net income (loss)	**$ 2,629**	$ 1,485	$ (9,976)
Earnings (loss) per share			
Basic	**$ 0.23**	$ 0.14	$ (0.91)
Diluted	**$ 0.23**	$ 0.14	$ (0.91)

The major factors which affect the comparability of the above data are as follows:

REVENUES

Revenues increased significantly from 2011 to 2012 due to an increase in shipping volumes of masonry products, including the sale of concrete block. The decrease from 2012 to 2013 was due to a decline in masonry products shipments in the Company's Canadian market.

TOTAL ASSETS

The slight decrease in total assets from 2011 to 2012 was due to the impact of depreciation, offset in part by capital expenditures and an increase in trade receivables, inventories and the loan receivable from Universal. The increase in total assets from 2012 to 2013 was due to an increase in inventories, the deposit paid on the impending purchase of the Atlas Block assets and the increase in the loan receivable from Universal.

TOTAL NON-CURRENT FINANCIAL LIABILITIES

The decrease in debt from 2011 to 2012 and from 2012 to 2013 was due to repayments of the term loans. In addition, in 2012, the redemption of the subordinated secured debentures in the principal amount of $9,000 caused a reduction in the non-current portion of debt.

CASH DIVIDENDS DECLARED PER SHARE

Due to economic conditions, the Board of Directors of the Company had determined not to declare a dividend in the years 2011, 2012 and 2013.

NET INCOME (LOSS) AND EARNINGS (LOSS) PER SHARE

The increase in net income in 2012 compared to the loss incurred in 2011 was due to strong growth in revenues and lower average manufacturing costs per unit consistent with increased plant capacity utilization. Additionally, the impairment loss recorded relating to Universal was lower compared to 2011.

The increase in net income in 2013 compared to 2012 was due to lower interest expense attributable to lower debt balances outstanding on the Company's term loans. In addition, the effective income tax rate was 24.4% in 2013 compared to 51.3% in 2012. Losses incurred in the U.S. subsidiaries were lower in 2013 compared to 2012 and the Company did not record any recovery of income taxes on losses pertaining to its U.S. operations.

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):

TOTAL OPERATIONS	December 31		September 30		June 30		March 31	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues	$ 21,489	$ 22,742	$ 30,998	$ 27,270	$ 29,910	$ 31,054	$ 12,889	$ 15,995
Net income (loss) attributable to shareholders of Brampton Brick Limited								
	$ (1,129)	$ (1,709)	$ 4,151	$ 2,215	$ 2,101	$ 3,771	$ (2,574)	$ (2,794)
Net income (loss)								
	$ (1,108)	$ (1,708)	$ 4,209	$ 2,215	$ 2,102	$ 3,771	$ (2,574)	$ (2,793)
Net income (loss) per share								
Basic	$ (0.10)	$ (0.16)	$ 0.38	$ 0.20	$ 0.19	$ 0.35	$ (0.24)	$ (0.26)
Diluted	$ (0.10)	$ (0.16)	$ 0.38	$ 0.20	$ 0.19	$ 0.34	$ (0.24)	$ (0.26)

Due to changes in the weighted average number of shares outstanding during the period or due to rounding, the basic and diluted net income (loss) per share by quarter may not add up precisely to the total for each year.

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 DECEMBER 31

The decrease in revenues for the fourth quarter of 2013 compared to the same period in 2012 was due to lower masonry product shipments in the Company's Canadian markets which were offset, in part, by an increase in shipments of masonry and landscape products. Cost of sales decreased compared to the same period in 2012 due to lower sales volumes and changes in the operations that improved operating costs.

Operating results in the fourth quarter of 2013 improved compared to the same period of 2012. Operating income in the fourth quarter of 2012 was negatively impacted by the write-off of certain obsolete and discontinued merchandise inventory and an increase in plant repair and maintenance expenses, including roof repair costs incurred at the Brampton clay brick facility.

QUARTERS ENDED SEPTEMBER 30

Higher revenues in the third quarter of 2013 in both the Masonry Products and Landscape Products business segments due to comparatively favourable weather conditions and higher product shipments improved gross margins for the quarter ended September 30, 2013.

QUARTERS ENDED JUNE 30

The decrease in revenues in the second quarter of 2013 was due to lower revenues in the Landscape Products business segment as a result of comparatively unfavourable weather conditions. Lower clay brick production volumes in conjunction with the high fixed cost nature of the business increased per unit production costs. Finance costs for the current quarter were comparatively lower, as described under the caption "Quarters ended March 31", which partially offset the negative impact on net income for the quarter.

QUARTERS ENDED MARCH 31

Revenues decreased due to lower volumes resulting from comparatively unfavourable weather conditions in both the Masonry Products and Landscape Products business segments in 2013. This was offset to some degree by the favorable impact on unit costs at the clay brick facilities resulting from an increase in production levels.

Finance costs were lower in the current quarter compared to the prior period. Utilization of the Company's operating line of credit to redeem the subordinated secured debentures achieved significant savings in interest costs because of the reduction in the comparable interest rates. In addition, lower term debt balances due to repayments totaling $2,500 in the second half of 2012 contributed to the lower interest expense levels.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

JUDGMENTS

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date the Company evaluates the carrying value of property, plant and equipment to determine whether there is any indication that an asset may be impaired. Impairment is measured as the amount by which the carrying value of the property, plant and equipment exceeds the recoverable values. In deriving the recoverable value of the property, plant and equipment, management makes judgments such as determining the cash generating units ("CGUs") based on the lowest group of assets to which cash flows can be reliably attributed and the estimated future cash flows and discount rates to be used in the impairment models. Management has determined that the Brampton clay brick plant, the Canadian concrete plants (Markham, Milton and Brampton), the Farmersburg, Indiana clay brick plant and the Wixom, Michigan concrete plant were the cash generating units ("CGUs") for the purposes of asset impairment testing.

Management's assessment of the external and internal indicators of impairment, as per IAS 36, *Impairment of Assets* determined there was no indication that the Brampton clay brick plant and the Canadian concrete plants may be impaired. Management also assessed the indicators of impairment for the Company's U.S. plants and concluded, based on various factors, that impairment tests were necessary for those CGUs as at December 31, 2013.

Management's judgments are based on significant industry experience and expectations of future economic conditions.

DEFERRED TAXES

Management makes judgments in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

The Company is subject to taxation in a number of jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination requires judgment. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Changes in rates of taxation, changes in the estimated timing or realization of reversals and differences in interpretation by tax authorities could result in higher or lower income tax amounts paid or deducted against future tax payables.

ESTIMATES

DEPRECIATION

Depreciation is measured as the economic benefit consumed from the use of the Company's property, plant and equipment. This amount is determined by apportioning the cost net of residual value over the useful life of the individual assets according to an appropriate depreciation method. Estimates of the useful lives of the components of property, plant and equipment and the residual values are based on industry practice and expected utilization.

IMPAIRMENT OF NON-FINANCIAL ASSETS

As a result of ongoing economic pressures impacting the construction industry, as at December 31, 2013, the Company assessed property, plant and equipment to determine whether there was any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In the absence of an arm's length transaction, fair value for assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is determined as the present value of estimated future cash flows arising from continued use and eventual disposition of the asset, which excludes future capital expenditures that would increase the service potential of the asset. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset. To the extent that future cash flows or discount rates differ from management estimates at the balance sheet date, the impairment results may be subject to change.

The Company's assessment of the external and internal indicators of impairment, as per IAS 36, determined there was no indication that the Brampton clay brick plant and the Canadian concrete plants may be impaired.

For the year ended December 31, 2013, the recoverable amount for the Farmersburg, Indiana clay brick plant and the Wixom, Michigan concrete plant was estimated using the Company's approved business plan for a period of five years from 2014 - 2018 which results in an annual average revenue increase of 23%. The Company makes various assumptions regarding, among other things, future sales volumes, selling prices, costs of manufacturing and operations including raw materials, labour, overhead, selling and general and administrative expenses, capital expenditures and proceeds of disposition, if any, as well as estimated future growth. Cash flows beyond five years were extrapolated using an estimated growth rate of 1.5%. The cash flows were discounted using a discount rate of 12.44%. The impairment tests did not result in any impairment losses.

An increase by 0.50% in the estimated discount rate, for the Farmersburg, Indiana clay brick plant would have resulted in an impairment loss, reducing the carrying value of property, plant and equipment by $1,669. If the estimated discount rate decreased by 0.50%, the Farmersburg, Indiana clay brick plant would have recognized an impairment reversal of $2,778. The Wixom, Michigan concrete plant would not result in an impairment loss if the estimated discount rate increased by 0.50%.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, the Company must determine the fair value of the non-interest bearing loan advanced to Universal in order to assess its recoverability and the resulting impairment, if any. The recoverability of the loan to Universal is determined, in part, by calculating the estimated fair value of Universal's property, plant and equipment ("PP&E") as at December 31, 2013.

The determination of the fair value of Universal's PP&E requires the application of professional judgment. As at December 31, 2013, the fair value of Universal's PP&E was evaluated by independent property and equipment appraisers. Based on the appraisals and book values of other assets and liabilities, the carrying value of the loan receivable was $5,200 as at December 31, 2013. These estimates are based on a range of technical and economic factors and conditions as at December 31, 2013. Changes to these factors or conditions in future periods could alter the fair value assessment of these assets. A decrease in the estimated PP&E disposition proceeds would increase the potential shortfall in cash inflows required to repay the loan.

DECOMMISSIONING PROVISIONS

The Company is obligated to rehabilitate its shale quarry properties in Cheltenham, Ontario and Farmersburg, Indiana, as a condition of its licenses to mine shale. Significant estimates and assumptions are made in determining the provision for quarry rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, cost increases as compared to the inflation rates, and changes in the discount rate. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents the Company's best estimate of the present value of the future rehabilitation costs required.

RISKS AND UNCERTAINTIES

The Masonry Products business is cyclical in that it fluctuates in accordance with the level of new residential and commercial construction within the Company's primary market areas. Sales of new homes are influenced by many factors, including general economic conditions, interest rates and the availability of serviced land in urban areas, with the level of interest rates historically considered to be one of the most significant. This business segment is also seasonal. Sales are greatest in the second and third quarters of each year and less in the first and fourth quarters.

The principal raw material in the manufacture of clay bricks is clay. The Company owns its own quarries in Cheltenham, Ontario and Farmersburg, Indiana which it believes contain sufficient reserves to supply its requirements for these manufacturing plants for approximately the next 20 years and 40 years, respectively. In 2006, an additional 86 acre property was acquired in Brampton. The Company is in the process of re-zoning and licensing this property for shale extraction. The shale quarry operations in both Ontario and Indiana are outsourced. The contracted services include quarry preparation, earth-moving and shale excavation.

Major production costs include natural gas, labour, electricity and depreciation of plant and equipment. The Company's estimated Canadian natural gas supply requirements for 2014 have been secured under contracts, none of which were at fixed prices as at December 31, 2013. The Company contracted for substantially all of its estimated 2014 Canadian natural gas transportation requirements, of which approximately 84% was at a fixed price as at December 31, 2013. As at December 31, 2013, the Company's U.S. operations has only contracted for its January 2014 estimated natural gas transportation requirements.

From time to time the Company may enter into swap contracts to fix the price of its electricity requirements. No such contracts were in effect as at December 31, 2013. The Company may enter into such contracts in the future if it deems it appropriate to do so.

The Masonry Products business segment requires significant capital investment in property, plant and equipment. In addition, due to the nature of the operation of its kilns, the clay brick business can be characterized as a relatively high fixed cost business. Consequently, large fluctuations in production levels may have a material impact on per unit manufacturing costs and gross margins.

The Landscape Products business is cyclical in that it fluctuates in accordance with the level of industrial, commercial and institutional construction and consumer spending. This business segment is highly seasonal.

The principal raw materials utilized in the manufacture of concrete paving stone, retaining wall and masonry concrete products are cement, aggregates (including sand and stone of various sizes) and pigments. Some of the cement and aggregate requirements are purchased under long-term supply contracts. However, there are no minimum purchase requirements under these contracts. Prices are negotiated annually and the Company retains the right to solicit tenders from alternative suppliers. Pigments are usually purchased under blanket purchase orders covering estimated annual usage.

The Landscape Products business also requires significant capital investment in property, plant and equipment. Consequently, large fluctuations in production levels may have a material impact on per unit manufacturing costs and gross margins.

The Company has exposure to exchange rate fluctuations as a result of its investment in U.S. businesses and from holding monetary assets and liabilities denominated in U.S. dollars. All foreign currency denominated monetary assets and liabilities are translated at the current exchange rates in effect at the balance sheet date. Revenue and expense transactions are translated at average exchange rates prevailing during the period. Gains and losses on translation of transactions are included in income. A strengthening in the value of the U.S. dollar against the Canadian dollar results in higher revenues and earnings or losses, as the case may be, when translated into Canadian dollars.

In 2013, approximately 12.0% (2012 – 10.0%) of the Company's revenues were made in the U.S. or through exports to the U.S. This percentage is expected to grow with increased sales from the Indiana clay brick plant.

Foreign currency forward purchase contracts are occasionally utilized to manage the foreign currency exchange exposure resulting from significant, anticipated future cash inflows and/or outflows denominated in a foreign currency. There were no such contracts outstanding at December 31, 2013.

Interest rate swap agreements are occasionally utilized to reduce interest rate risk arising from fluctuations in interest rates and to manage the fixed and floating interest rate mix of the Company's total debt portfolio and the related overall cost of borrowing. There were no such contracts outstanding at December 31, 2013.

The Company has a transportation contract with a third party to outsource shale transport from the quarry to the Brampton clay brick plant and delivery of finished products from its plants in Ontario. Customers may also make their own arrangements to pick up finished products.

The Company has not experienced any disruption in deliveries of either shale or finished products as a result of the outsourcing arrangement and does not anticipate any disruption in its future transportation requirements.

Due to the nature of the Company's masonry and landscape products manufacturing operations, environmental laws and regulations have not had a significant impact on such operations. The Company is subject to ongoing monitoring and testing by its own staff and selective external environmental consultants and must remain in compliance as a condition of retaining its Certificates of Approval to operate. In an effort to ensure environmental compliance, the Company established an Environmental Management System that includes procedures on those processes and preventive maintenance plans for equipment that are listed in its Certificates of Approval, as well as emergency spill response and compliant handling processes.

The Company does not anticipate any material costs or any significant impact on its operations to remain in compliance with current environmental regulations.

The Company owns its own quarries in Cheltenham, Ontario and Farmersburg, Indiana to provide shale for the manufacture of clay brick. Quarry operations are required to comply with environmental standards established by provincial and state regulatory authorities, as the case may be. Among other things, these standards require the Company to undertake rehabilitation activities when mining operations are completed. Rehabilitation activities typically take place in phases over the life of the quarry. Estimated costs to rehabilitate the quarries are reflected in the Consolidated Financial Statements.

OTHER

Information relating to changes in accounting standards issued but not yet applied may be found in Note 2 to the Consolidated Financial Statements.

The aggregate number of issued and outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares as at December 31, 2013 is disclosed in Note 14 to the Consolidated Financial Statements. There were no changes to share capital to the date of this MD&A.

The aggregate number of outstanding stock options as at December 31, 2013 that were fully vested and convertible to Class A Subordinate Voting shares upon exercise by the option holders is disclosed in Note 15 to the Consolidated Financial Statements. There were no changes to the outstanding number of stock options to the date of the MD&A.

Information with respect to transactions with related parties in 2013 is disclosed in Note 21 to the Consolidated Financial Statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Pursuant to National Instrument 52-109 *"Certification of Disclosure in Issuers' Annual and Interim Filings"*, the Company's certifying officers have evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2013 and have concluded that as at December 31, 2013 such disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers on a timely basis.

The Company's certifying officers have assessed the effectiveness of the Company's internal control over financial reporting as at December 31, 2013 based on the criteria set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, the Company's certifying officers have concluded that as at December 31, 2013, the Company's internal control over financial reporting was effective.

There have been no changes in the Company's internal control over financial reporting during the period ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK FOR 2014

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 construction as well as industrial, commercial and institutional construction activity. Demand for landscape products fluctuates in accordance with the level of industrial, commercial and institutional construction activity, as well as consumer spending patterns.

Both business segments are seasonal with the Landscape Products business affected to a greater degree than the Masonry Products business.

We are cautiously optimistic about our expectations of the 2014 outlook for our businesses in our various market regions.

Housing starts in the low rise segment were 9% lower in 2013 than in the same period in 2012 in the Company's primary Canadian market areas. The economic forecasts for 2014 are for single family housing starts to decline again albeit by a smaller number of 4%.

Recent strategic initiatives, including the introduction of new products, further geographic market expansion and continued improvements in marketing and customer service initiatives, should provide for positive business momentum notwithstanding the softer economic outlook in this sector.

Residential housing activity in the U.S. markets is showing signs of improvement as we experienced a high single digit gain in 2013. In 2014, we expect continued positive momentum.

Based on current industry indicators it appears that capacity utilization levels within the Company's geographic market regions are improving and prices are gradually stabilizing but still off from the price levels seen before the onset of the recession in 2009.

The Company continued to expand its U.S. market share in 2013 and should continue in that vein as its enhanced product portfolio and improved distribution profile gains market appreciation and acceptance.

The acquisition of the former Atlas Block assets will bolster the landscape and concrete block sales within the Company's Canadian markets. This acquisition allows the Company to add production capacity to its facilities and take advantage of cost-saving synergies by consolidating production of similar items resulting in greater economies of scale. The enhanced technology at the Hillsdale facility will support the Company in its initiatives to expand its product portfolio and sales accordingly. It should also result in operating cost synergies which will be reflected in higher margins and profitability for those segments. The aforementioned company-wide initiatives including expanding product lines and enhanced marketing and customer service initiatives along with improved customer sentiment in the U.S. and Canada will further improve the outlook for these products in 2014.

Since the signing of the Universal lease with its tenant, Universal is now self sufficient on a cash basis. As a result, the Company will not likely be required to fund any cash shortfalls. Additionally, excess cash flow at Universal will be used to repay the loan receivable of the Company and the other joint venture partner during the lease period.

Additional information about the Company, including the Company's Annual Report for the year ended December 31, 2012 and Annual Information Form for the year ended December 31, 2013 may be found on SEDAR at www.sedar.com. The Company's Annual Report for the year ended December 31, 2013 and the Management Information Circular issued in connection with the Annual General Meeting of Shareholders to be held on May 22, 2014 will later be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute "forward-looking statements". All statements that are not historical facts are forward-looking statements, including, among others, statements regarding the expected repayment of the loan receivable from Universal, forecasts of sufficient cash flows from operations and other sources of financing, anticipated compliance with financial covenants under debt agreements, anticipated sales of masonry and landscape products, and other statements regarding future plans, objectives, results, business outlook and financial performance. There can be no assurance that such forward-looking statements will prove to be accurate.

Such forward-looking statements are based on information currently available to management, and are based on assumptions and analyses made by management in light of its experience and its perception of historical trends, current conditions and expected future developments, including, among others, assumptions regarding pricing, weather and seasonal expectations, production efficiency, and there being no significant disruptions affecting operations or other material adverse changes.

Such forward-looking statements also involve known and unknown risks, uncertainties and other factors 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. Such risks and uncertainties include, among others: changes in economic conditions, including the demand for the Company's primary products and the level of new home, commercial and other construction; large fluctuations in production levels; fluctuations in energy prices and other production costs; changes in transportation costs; foreign currency exchange and interest rate fluctuations; legislative and regulatory developments; as well as those assumptions, risks, uncertainties and other factors identified and discussed above under "Risks and Uncertainties" and those identified and reported in the Company's other public filings (including the Annual Information Form for the year ended December 31, 2013), which may be accessed at www.sedar.com.

The forward-looking information contained herein is made as of the date hereof. Other than as specifically required by law, the Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements.

Annual Consolidated Financial Statements
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Consolidated Balance Sheets

BRAMPTON BRICK Limited

(in thousands of Canadian dollars)	Notes	December 31, 2013	December 31, 2012
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 1,200**	$ 1,412
Trade and other receivables	5	**9,891**	10,832
Inventories	6	**25,032**	22,287
Taxes recoverable	18	**282**	–
Loan receivable	9	**–**	1,392
Other assets	25	**2,565**	575
		38,970	36,498
Non-current assets			
Loan receivable	9	**5,200**	–
Property, plant and equipment	7	**168,095**	168,848
Total assets		**$ 212,265**	$ 205,346
LIABILITIES			
Current liabilities			
Bank operating advances	11	**$ 11,641**	$ 10,435
Trade payables		**11,514**	11,675
Income taxes payable	18	**1**	2,110
Current portion of debt	12	**5,704**	2,928
Decommissioning provisions	13	**50**	50
Other liabilities		**2,294**	1,975
		31,204	29,173
Non-current liabilities			
Non-current portion of debt	12	**20,980**	23,554
Decommissioning provisions	13	**2,315**	2,219
Deferred tax liabilities	18	**15,016**	13,427
Total liabilities		**$ 69,515**	$ 68,373
EQUITY			
Equity attributable to shareholders of Brampton Brick Limited			
Share capital	14	**$ 33,711**	$ 33,711
Contributed surplus	15	**2,078**	1,895
Accumulated other comprehensive income (loss)		**373**	(2,655)
Retained earnings		**106,559**	104,010
		142,721	136,961
Non-controlling interests		**29**	12
Total equity		**$ 142,750**	$ 136,973
Total liabilities and equity		**$ 212,265**	$ 205,346

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

Approved by the Board of Directors **/s/Jeffrey G. Kerbel** Jeffrey G. Kerbel, Director **/s/John M. Piecuch** John M. Piecuch, Director

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)	Notes	Year ended December 31 2013	2012
Revenues	22	**$ 95,286**	$ 97,061
Cost of sales	6, 17, 22	**73,051**	75,160
Selling expenses	17, 22	**8,219**	7,216
General and administrative expenses	17, 22	**6,742**	6,679
Loss on disposal of property, plant and equipment	22	**334**	96
Other income	22	**(140)**	(93)
Impairment loss on loan receivable	9, 22	**865**	1,278
		89,071	90,336
Operating income	22	**6,215**	6,725
Finance expense	11, 12	**(2,736)**	(3,674)
Income before income taxes		**3,479**	3,051
(Provision for) recovery of income taxes	18		
Current		**739**	(1,301)
Deferred		**(1,589)**	(265)
		(850)	(1,566)
Net income for the year		**$ 2,629**	$ 1,485
Net income attributable to:			
Shareholders of Brampton Brick Limited		**$ 2,549**	$ 1,483
Non-controlling interests		**80**	2
Net income for the year		**$ 2,629**	$ 1,485
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation income (loss)		**$ 3,028**	$ (1,115)
Total comprehensive income for the year		**$ 5,657**	$ 370
Total comprehensive income attributable to:			
Shareholders of Brampton Brick Limited		**$ 5,577**	$ 368
Non-controlling interests		**80**	2
Total comprehensive income for the year		**$ 5,657**	$ 370
Net income per Class A Subordinate Voting share and Class B Multiple Voting share attributable to shareholders of Brampton Brick Limited			
Basic	19	**$ 0.23**	$ 0.14
Diluted	19	**$ 0.23**	$ 0.14

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

Consolidated Statements of Changes in Equity

BRAMPTON BRICK Limited

(in thousands of Canadian dollars)	Notes	Attributable to shareholders of Brampton Brick Limited						
		Share Capital	**Contributed Surplus**	**Accumulated Other Comprehensive Income (Loss)**	**Retained Earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Balance – January 1, 2012		**$ 33,689**	**$ 1,801**	**$ (1,540)**	**$ 102,527**	**$ 136,477**	**$ 10**	**$ 136,487**
Net income for the year		–	–	–	1,483	**1,483**	2	**1,485**
Other comprehensive loss (net of taxes, $nil)		–	–	(1,115)	–	**(1,115)**	–	**(1,115)**
Comprehensive (loss) income for the year		**–**	**–**	**(1,115)**	**1,483**	**368**	**2**	**370**
Stock options exercised	14	**22**	**(3)**			**19**	–	**19**
Share-based compensation	15	–	**97**	–	–	**97**	–	**97**
Balance – December 31, 2012		**$ 33,711**	**$ 1,895**	**$ (2,655)**	**$ 104,010**	**$ 136,961**	**$ 12**	**$ 136,973**
Balance – January 1, 2013		**$ 33,711**	**$ 1,895**	**$ (2,655)**	**$ 104,010**	**$ 136,961**	**$ 12**	**$ 136,973**
Net income for the year		–	–	–	**2,549**	**2,549**	**80**	**2,629**
Other comprehensive income (net of taxes, $nil)		–	–	**3,028**	–	**3,028**	–	**3,028**
Comprehensive income for the year		**–**	**–**	**3,028**	**2,549**	**5,577**	**80**	**5,657**
Dividends paid to non-controlling interests	21					–	**(63)**	**(63)**
Share-based compensation	15	–	**183**	–	–	**183**	–	**183**
Balance – December 31, 2013		**$ 33,711**	**$ 2,078**	**$ 373**	**$ 106,559**	**$ 142,721**	**$ 29**	**$ 142,750**

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

BRAMPTON BRICK Limited

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Notes	Year ended December 31 2013	2012
Cash provided by (used for)			
Operating activities			
Net income for the year		**$ 2,629**	$ 1,485
Items not affecting cash and cash equivalents			
Depreciation	7	**7,300**	7,070
Current taxes	18	**(739)**	1,301
Deferred taxes	18	**1,589**	265
Loss on disposal of property, plant and equipment		**334**	96
Unrealized foreign currency exchange gain		**(272)**	(36)
Impairment loss on loan receivable	9	**865**	1,278
Net interest expense	11, 12	**2,737**	3,674
Other		**183**	97
		14,626	15,230
Changes in non-cash items			
Trade and other receivables		**1,020**	(884)
Inventories		**(2,336)**	(1,614)
Other assets		**(1,976)**	18
Trade payables		**(204)**	2,582
Income tax credits applied		**–**	731
Other liabilities		**218**	141
		(3,278)	974
Income tax payments		**(1,653)**	(7)
Payments for decommissioning of assets		**–**	(44)
Cash provided by operating activities		**9,695**	16,153
Investing activities			
Purchase of property, plant and equipment	7	**(3,422)**	(3,101)
Loan advances to Universal Resource Recovery Inc.	9	**(4,673)**	(2,670)
Proceeds from disposal of property, plant and equipment		**62**	520
Cash used for investing activities		**(8,033)**	(5,251)
Financing activities			
Increase in bank operating advances		**1,206**	5,288
Proceeds from issuance of demand non-revolving loan		**2,598**	–
Payment of term loans		**(2,571)**	(2,730)
Payment of subordinated secured debentures	12	**–**	(9,000)
Interest paid	11, 12	**(2,557)**	(3,534)
Payments on obligations under finance leases		**(540)**	(638)
Payment of dividends by subsidiary to non-controlling interests	21	**(63)**	(75)
Proceeds from exercise of stock options	14	**–**	19
Cash used for financing activities		**(1,927)**	(10,670)
Foreign exchange on cash held in foreign currency		**53**	–
(Decrease) increase in cash and cash equivalents		**(212)**	232
Cash and cash equivalents at the beginning of the year		**1,412**	1,180
Cash and cash equivalents at the end of the year		**$ 1,200**	$ 1,412

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

Notes to Consolidated Financial Statements

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

1. GENERAL INFORMATION

Brampton Brick Limited and its subsidiaries, together referred to as the ("Company") primarily manufacture and sell masonry and landscape products. The Company has clay brick manufacturing plants located in Brampton, Ontario and in Farmersburg, Indiana. Plants located in Markham, Milton and Brampton, Ontario and in Wixom, Michigan manufacture concrete products. Subsequent to year end the Company acquired the assets of two additional concrete products manufacturing plants located in Hillsdale and Brockville, Ontario (refer to note 25 'Subsequent Events'). Brampton Brick Limited is incorporated and domiciled in Canada. The address of its registered office is 225 Wanless Drive, Brampton, Ontario.

The Company's Class A Subordinate Voting shares trade on the Toronto Stock Exchange under the ticker symbol "BBL.A". The Company's Class B Multiple Voting shares do not trade on any public market.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in compliance with generally accepted accounting principles in Canada as set out in Part 1 of the Chartered Professional Accountants of Canada (CPA Canada) Handbook – Accounting, which incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are based on the accounting policies as described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 18, 2014.

BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value through profit or loss.

BASIS OF CONSOLIDATION

The Company consolidates an entity when it exercises power over the entity and is exposed, or has rights, to variable returns and has the ability to affect those returns through its control. These entities are deconsolidated from the date that control ceases.

These consolidated financial statements include the accounts of Brampton Brick Limited and its wholly-owned operating subsidiaries, Brampton Brick Inc. and Oaks Concrete Products Inc. In addition, the Company holds a 65% interest in 1813435 Ontario Limited. All significant intercompany transactions, balances and gains and losses from intercompany transactions are eliminated on consolidation.

NON-CONTROLLING INTERESTS

Non-controlling interests represent outside parties' equity interests in 1813435 Ontario Limited (65% owned). The share of net assets of this subsidiary attributable to non-controlling interests is presented as a separate component of equity. The share of net income (loss) and comprehensive income (loss) attributable to non-controlling interests is recognized directly in equity. Changes in the Company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

BUSINESS COMBINATIONS

Acquisition of a business or entity by the Company is reported as a business combination, applying the acquisition method. Under this method, assets, liabilities and contingent liabilities acquired are brought into the Company's consolidated financial statements at the fair value as of the acquisition date. Transaction costs are expensed as incurred.

INVESTMENT IN JOINT VENTURE

The Company's interest in Universal Resource Recovery Inc. ("Universal"), a 50/50 joint venture of the Company, is accounted for using the equity method of accounting.

Under the equity method of accounting, the consolidated balance sheet carrying amount of the investment in Universal is increased or decreased to recognize the Company's share of the profit or loss of Universal. The Company's share of the profit or loss of Universal is recognized in the consolidated statement of comprehensive income. If the Company's share of losses equals or exceeds its interest in Universal, including unsecured advances, the Company would not recognize further losses, unless it had incurred obligations or made payments on behalf of Universal. Dividends received from Universal reduce the carrying amount of the investment. Additional advances to Universal increase the carrying amount of the investment.

The Company assesses at each reporting period whether there is objective evidence that its interest in Universal is impaired. If impaired, the carrying value of the Company's share of the underlying assets of Universal is written down to its estimated recoverable amount (being the higher of fair value less costs to sell and value in use) and charged to the consolidated statement of comprehensive income. Reversals of impairments are permitted when events or circumstances warrant.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity of Brampton Brick Limited are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Canadian dollars, which is Brampton Brick Limited's functional currency. The financial statements of the Company's U.S. subsidiaries, (Brampton Brick Inc. and Oaks Concrete Products Inc.) which have the U.S. dollar as the functional currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the balance sheet statement date, and income and expenses – at the average rate of the reporting period (as this is considered a reasonable approximation of actual rates). All foreign currency differences are recognized in other comprehensive income.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at month-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in 'Other income' in the consolidated statement of comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash and short-term deposits with original maturities of three months or less that are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value.

FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

(i) *Financial assets and liabilities at fair value through profit or loss:* A financial asset or liability is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Derivatives are also included in this category unless they are designated as hedges.

    Financial instruments in this category are recognized both initially and subsequently at fair value. Upon initial recognition, attributable transaction costs are recognized in the consolidated statement of comprehensive income as incurred. Gains and losses arising from changes in fair value are presented in the consolidated statement of comprehensive income in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) *Available-for-sale financial assets:* Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income. Available-for-sale investments are classified as non-current, unless the investment matures within twelve months, or management expects to dispose of them within twelve months.

(iii) *Loans and receivables:* Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of trade and other receivables, loan receivable and cash and cash equivalents. Such assets are recognized initially at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(iv) *Financial liabilities at amortized cost:* Financial liabilities at amortized cost include trade payables, other liabilities, bank debt and term debt. Trade payables and other liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. Subsequently, these liabilities are measured at amortized cost using the effective interest method. Bank debt and term debt are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

    Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets: At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss or as available for sale) is impaired. The criteria used to determine if there is objective evidence of an impairment loss include:

i) Significant financial difficulty of the obligor;

ii) Delinquencies in interest or principal payments; and

iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganization.

If such evidence exists, the Company recognizes an impairment loss, as the difference between the carrying value and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the normal course of business, net of any allowance for doubtful accounts and sales discounts.

INVENTORIES

Inventories of manufactured items and work-in-process are recorded at the lower of cost, determined on an average production cost basis, and net realizable value.

Raw materials and resale inventories are recorded at the lower of cost, determined on a first-in, first-out basis, and replacement cost for raw materials and net realizable value for resale inventory.

Average production cost comprises raw materials, direct labour, other direct costs and related production overheads, based on normal production capacity, including applicable depreciation on property, plant and equipment. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of making the sale. If the carrying value exceeds the net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of comprehensive income during the period in which they are incurred.

Depreciation

Asset classes are sub-divided into major components to recognize differences in the useful life of the components identified. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and each component is depreciated separately. Residual values, the method of depreciation and useful lives of assets are reviewed annually and adjusted if appropriate.

Depreciation is provided on a straight-line basis at rates designed to write off the property, plant and equipment components over their estimated useful lives, as follows:

Land improvements	5 to 10 years
Buildings	10 to 40 years
Machinery and equipment	3 to 40 years
Mobile equipment	4 to 10 years

Quarries are amortized on the unit of production method based on shale extraction and estimated remaining shale reserves.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are presented as 'gains and losses on disposal of property, plant and equipment' in the statement of comprehensive income.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment are assessed at the end of each reporting period to determine whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

LEASES

Leases are classified as finance or operating depending upon the terms and conditions of the contracts. Leases that transfer substantially all of the risks and rewards of ownership of the asset and to which the criteria as described under IAS 17, *Leases*, apply are classified as finance leases and are accounted for as an acquisition of a non-current asset and an assumption of an obligation at the inception of the lease, measured at the present value of minimum lease payments. Asset values recorded under finance leases are amortized on a straight-line basis over the period of expected use. Obligations recorded under finance leases are reduced by lease payments net of imputed interest.

Other leases are operating leases and are not recognized in the Company's balance sheet and are expensed over the lease term on a straight-line basis.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the normal course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

PROVISIONS

Provisions, where applicable, are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

BORROWING COSTS

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of comprehensive income in the period in which they are incurred.

DECOMMISSIONING PROVISIONS

The cost of the Company's obligation to rehabilitate its shale quarries is estimated based on the present value of expected future rehabilitation costs and is recognized in the period in which the obligation is incurred. The present value of these costs is added to the cost of the associated asset and amortized over its useful life, while the corresponding liability will accrete to its future value over the same period.

The present value of the rehabilitation liability is determined based on a pre-tax discount rate that takes into account the time value of money and the risks specific to the liability. The liability is reviewed at each reporting date to determine if the discount rate is still applicable and to determine if changes are required to the original estimate.

Changes to estimated future costs are recognized on the balance sheet by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16, *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive income.

INCOME TAXES

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized, using the liability method, in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to be in effect in the periods in which the deferred tax assets and liabilities are expected to be realized or settled.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority or either the same taxable group company; or different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

SHARE CAPITAL

Class A Subordinate Voting shares and Class B Multiple Voting shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

DIVIDENDS

Dividends on Class A Subordinate Voting shares and Class B Multiple Voting shares are recognized in the Company's consolidated financial statements in the period in which the dividends are approved by the Board of Directors of the Company.

REVENUE RECOGNITION

For masonry and landscape product sales, revenue is recognized when the sales price can be measured reliably and collectibility is reasonably assured. These criteria are generally met at the time the product is shipped to the customer or picked up by the customer or when contractual conditions are met in the case of the Dealer Stocking Program, as described below.

Shipments arranged by the Company are sold F.O.B. job site. Customers therefore take ownership and assume the risk of loss upon delivery and all products are invoiced on the same date as they are shipped. Cartage charges are invoiced at the time of shipment.

Pick ups arranged by the customer are sold F.O.B. plant. Customers take ownership and assume the risk of loss upon the shipment leaving the Company's yard.

The Company offers a Dealer Stocking Program to a limited number of customers. Under this program, these customers may purchase up to a specific quantity of product that the Company will store on its site for a specified period of time. These transactions meet the criteria outlined in the Appendix to IAS 18, *Revenue*, for "Bill and Hold" arrangements. In these instances, revenue is recognized at the time the product is manufactured and placed into the designated area in the yard. If ultimate delivery is arranged by the Company, cartage is charged and revenue for cartage is recognized at the time of delivery.

The Company does not record a provision for product returns or defective products at the time of sale, as the amounts are not significant.

Sales discounts, including volume rebates, sales incentives and prompt payment discounts, are classified in revenues. Volume rebates and sales incentive credits are computed quarterly, on a customer by customer basis, and the provision is adjusted as required. Credit notes are issued quarterly and processed against the applicable customer account. Prompt payment discounts are recorded at the time payment is received. A general provision, based on historical payment patterns, is reviewed quarterly and adjusted as required.

COST OF SALES

Cost of sales includes cost of finished goods sold, costs related to shipping, handling of product and inventory write-downs.

EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to shareholders of Brampton Brick Limited by the weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding to assume conversion of all dilutive outstanding stock options. The number of shares outstanding is increased by the number of additional shares that would be issued upon the exercise of "in-the-money" stock options, if dilutive, and is reduced by the number of shares that could be repurchased, at the average market price, with the cash proceeds therefrom.

SHARE-BASED COMPENSATION

Stock options are accounted for under the fair value method. Each tranche in a grant is considered a separate grant with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Forfeitures are estimated for the purposes of determining the fair value of each tranche. Compensation expense is recognized over the vesting period of each tranche based on the number of options expected to vest with a corresponding credit to contributed surplus. The number of options expected to vest is reviewed at least annually, with any impact being recognized immediately. No compensation expense is recognized for options that do not ultimately vest. For expired and cancelled options, compensation expense is not reversed and the related credit remains in contributed surplus.

When options are exercised, the Company issues new Class A Subordinate Voting shares. The proceeds received are credited to share capital, together with the related amounts previously added to contributed surplus.

EMPLOYEE BENEFITS – DEFINED CONTRIBUTION PENSION PLANS

The Company's employee pension plans are defined contribution plans. The Company pays contributions into separate entities and does not have any legal or constructive obligation to pay further amounts. The obligations are recognized as an employee benefit expense in the consolidated statement of comprehensive income in the periods during which services are rendered by employees.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

The following is a brief overview of accounting standard changes and amendments that the Company will be required to adopt in future years.

IFRS 9 *Financial Instruments* addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities largely carry forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The Company will continue to monitor and evaluate the amendments to this standard under consideration by IASB. Although the full impact of the final standard cannot be determined, it is not expected to materially impact the consolidated financial statements.

The IASB recently suspended the originally planned effective date of the new standard of January 1, 2015 and at present the effective date has not been determined.

IFRIC 21 *Levies* is effective for annual periods beginning on or after January 1, 2014 and clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. This interpretation is not expected to impact the consolidated financial statements.

Amendments effective for annual periods beginning on or after January 1, 2014 are as below:

Amendment to IAS 32 *Financial Instruments – Presentation* requires retrospective application and clarifies the meaning of the phrases 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. This amendment is not expected to impact the consolidated financial statements.

Amendment to IAS 36 *Impairment of Assets* requires disclosure of the recoverable amount of the assets in periods in which impairment has been recorded or reversed. Expanded disclosure is required when the recoverable value of the asset is based on fair value less disposal. This amendment has disclosure requirements and is not expected to impact the consolidated financial statements.

3. SUMMARY OF CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The following are the judgments and estimates applied by management that most significantly affect the Company's consolidated financial statements:

Judgments

i) *Impairment of non-financial assets*

At each reporting date the Company evaluates the carrying value of property, plant and equipment to determine whether there is any indication that an asset may be impaired. Impairment is measured as the amount by which the carrying value of the property, plant and equipment exceeds the recoverable value. In deriving the recoverable value of the property, plant and equipment, management makes judgments such as determining the cash generating units ("CGUs") based on the lowest group of assets to which cash flows can be reliably attributed and the estimated future cash flows and discount rates to be used in the impairment models. Management has determined that the Brampton clay brick plant, the Canadian concrete plants (Markham, Milton and Brampton), the Farmersburg, Indiana clay brick plant and the Wixom, Michigan concrete plant were the cash generating units ("CGUs") for the purposes of asset impairment testing.

Management's assessment of the external and internal indicators of impairment, as per IAS 36, *Impairment of Assets* determined there was no indication that the Brampton clay brick plant and the Canadian concrete plants may be impaired. Management also assessed the indicators of impairment for the Company's U.S. plants and concluded, based on various factors, that impairment tests were necessary for those CGUs as at December 31, 2013.

Management's judgments are based on significant industry experience and expectations of future economic conditions.

ii) *Deferred taxes*

Management makes judgments in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

The Company is subject to taxation in a number of jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination requires judgment. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Changes in rates of taxation, changes in the estimated timing or realization of reversals and differences in interpretation by tax authorities could result in higher or lower income tax amounts paid or deducted against future tax payables.

Estimates

i) *Depreciation*

Depreciation is measured as the economic benefit consumed from the use of the Company's property, plant and equipment. This amount is determined by apportioning the cost net of residual value over the useful life of the individual assets according to an appropriate depreciation method. Estimates of the useful lives of the components of property, plant and equipment and the residual values are based on industry practice and expected utilization.

ii) *Impairment of non-financial assets*

As a result of ongoing economic pressures impacting the construction industry, as at December 31, 2013, the Company assessed property, plant and equipment to determine whether there was any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset). Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In the absence of an arm's length transaction, fair value for assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value in use is determined as the present value of estimated future cash flows arising from continued use and eventual disposition of the asset, which excludes future capital expenditures that would increase the service potential of the asset. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset. To the extent that future cash flows or discount rates differ from management estimates at the balance sheet date, the impairment results may be subject to change.

The Company's assessment of the external and internal indicators of impairment, as per IAS 36, determined there was no indication that the Brampton clay brick plant and the Canadian concrete plants may be impaired.

For the year ended December 31, 2013, the recoverable amount for the Farmersburg, Indiana clay brick plant and the Wixom, Michigan concrete plant was estimated using the Company's approved business plan for a period of five years from 2014 - 2018 which results in an annual average revenue increase of 23%. The Company makes various assumptions regarding, among other things, future sales volumes, selling prices, costs of manufacturing and operations including raw materials, labour, overhead, selling and general and administrative expenses, capital expenditures and proceeds of disposition, if any, as well as estimated future growth. Cash flows beyond five years were extrapolated using an estimated growth rate of 1.5%. The cash flows were discounted using a discount rate of 12.44%. The impairment tests did not result in any impairment losses.

An increase by 0.50% in the estimated discount rate, for the Farmersburg, Indiana clay brick plant would have resulted in an impairment loss, reducing the carrying value of property, plant and equipment by $1,669. If the estimated discount rate decreased by 0.50%, the Farmersburg, Indiana clay brick plant would have recognized an impairment reversal of $2,778. The Wixom, Michigan concrete plant would not result in an impairment loss if the estimated discount rate increased by 0.50%.

(iii) *Impairment of financial assets*

At each reporting date, the Company must determine the fair value of the non-interest bearing loan advanced to Universal in order to assess its recoverability and the resulting impairment, if any. The recoverability of the loan from Universal is determined, in part, by calculating the estimated fair value of Universal's property, plant and equipment ("PP&E") as at December 31, 2013.

The determination of the fair value of Universal's PP&E requires the application of professional judgment. As at December 31, 2013, the fair value of Universal's PP&E was evaluated by independent property and equipment appraisers. Based on the appraisals and book values of other assets and liabilities, the carrying value of the loan receivable was $5,200 as at December 31, 2013. These estimates are based on a range of technical and economic factors and conditions as at December 31, 2013. Changes to these factors or conditions in future periods could alter the fair value assessment of these assets. A decrease in the estimated PP&E disposition proceeds would increase the potential shortfall in cash inflows required to repay the loan.

iv) *Decommissioning provisions*

The Company is obligated to rehabilitate its shale quarry properties in Cheltenham, Ontario and Farmersburg, Indiana, as a condition of its licenses to mine shale. Significant estimates and assumptions are made in determining the provision for quarry rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, cost increases as compared to the inflation rates, and changes in the discount rate. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents the Company's best estimate of the present value of the future rehabilitation costs required.

4. CASH AND CASH EQUIVALENTS

	December 31, 2013 $	December 31, 2012 $
Cash on hand and balances with banks	**494**	528
Short-term investments	**706**	884
Cash and cash equivalents	**1,200**	1,412

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

5. TRADE AND OTHER RECEIVABLES

	December 31, 2013 $	December 31, 2012 $
Trade receivables	**10,177**	11,166
Less: Allowance for doubtful accounts (note 23)	**(328)**	(422)
Trade receivables – net	**9,849**	10,744
Other receivables	**42**	88
Trade and other receivables	**9,891**	10,832
Trade receivables from related parties (included above)	**66**	5

6. INVENTORIES

	December 31, 2013 $	December 31, 2012 $
Merchandise	**21,355**	18,259
Raw materials and production supplies	**3,677**	4,028
Inventories	**25,032**	22,287

The cost of inventories recognized as an expense and included in cost of sales was $63,028 (2012 – $64,699), which includes inventories written off primarily for damaged or obsolete product and cycle count adjustments in the amount of $1,015 (2012 – $1,834).

7. PROPERTY, PLANT AND EQUIPMENT

	Land and Land Improvements	Buildings	Machinery and Equipment	Mobile Equipment	Total
As at January 1, 2012					
Cost	77,258	31,694	125,471	5,594	240,017
Accumulated depreciation and impairment loss	(12,709)	(10,913)	(40,020)	(3,746)	(67,388)
Net book value	**$ 64,549**	**$ 20,781**	**$ 85,451**	**$ 1,848**	**$ 172,629**
For the year ended December 31, 2012					
Additions	2,134	–	2,118	616	4,868
Disposals	–	(68)	(491)	(51)	(610)
Depreciation for the year	(698)	(894)	(4,625)	(853)	(7,070)
Exchange differences	(131)	(179)	(714)	55	(969)
	1,305	**(1,141)**	**(3,712)**	**(233)**	**(3,781)**
As at December 31, 2012					
Cost	79,213	31,381	126,007	5,898	242,499
Accumulated depreciation and impairment loss	(13,359)	(11,741)	(44,268)	(4,283)	(73,651)
Net book value	**$ 65,854**	**$ 19,640**	**$ 81,739**	**$ 1,615**	**$ 168,848**
For the year ended December 31, 2013					
Additions	**657**	**–**	**2,633**	**753**	**4,043**
Disposals	**–**	**–**	**(375)**	**(21)**	**(396)**
Depreciation for the year	**(698)**	**(904)**	**(5,081)**	**(617)**	**(7,300)**
Exchange differences	**407**	**517**	**1,960**	**16**	**2,900**
	366	**(387)**	**(863)**	**131**	**(753)**
As at December 31, 2013					
Cost	**80,456**	**32,118**	**131,155**	**6,237**	**249,966**
Accumulated depreciation and impairment loss	**(14,236)**	**(12,865)**	**(50,279)**	**(4,491)**	**(81,871)**
Net book value	**$ 66,220**	**$ 19,253**	**$ 80,876**	**$ 1,746**	**$ 168,095**

For the year ended December 31, 2013, depreciation expense totaled $7,300 (2012 – $7,070) of which $7,016 (2012 – $6,803) was included in Cost of sales and $284 (2012 – $267) was included in General and administrative expenses. Refer to note 17, 'Expenses by nature'.

During the year, property, plant and equipment were acquired at an aggregate cost of $4,043 (2012 – $4,868) of which $620 (2012 – $362) was acquired by means of finance leases. Capital expenditures incurred and paid (unpaid) relating to prior years was $13 (2012 – $128 unpaid).

Non cash capital expenditures relating to estimated future quarry rehabilitation costs recorded during the year amounted to $14 (2012 – $1,277). Net cash flow used for the purchase of property, plant and equipment was $3,422 (2012 – $3,101).

Mobile equipment and machinery and equipment includes the following amounts acquired by means of finance leases:

	December 31, 2013	December 31, 2012
Cost – finance leases	**$ 4,822**	$ 5,106
Accumulated depreciation	**(3,344)**	(3,593)
	$ 1,478	$ 1,513

8. INVESTMENT IN UNIVERSAL RESOURCE RECOVERY INC.

The Company's investment in Universal is accounted for using the equity method of accounting. Under this method, if the Company's share of losses equals or exceeds the investment value of its interest in Universal, including long-term unsecured advances, the Company does not recognize further losses, unless it had incurred obligations or made payments on behalf of Universal. The Company's share of losses incurred by Universal is limited to the value of its investment in Universal which was reduced to nil as at December 31, 2011. For the year ended December 31, 2013, the Company's share of Universal's loss net of lease rental income amounted to $1,433 (December 31, 2012 – loss of $783). As a result, the Company's total share of cumulative unrecognized losses increased to $4,007 (2012 - $2,574) as at December 31, 2013.

Since January 1, 2012, management of Universal has attempted to locate a suitable buyer for its property, plant and equipment. In pursuit of this objective, management entered into a lease arrangement for its facility located at Welland, Ontario with a purchase option after two years. The lease agreement was executed on October 22, 2013. Based on the lease, this investment property will earn rental income for the duration of the lease period which commenced on June 1, 2013 and extends up to six years. The lessee has an option to purchase the entire 65 acre parcel of land and buildings at fair market value beginning in June 2015.

The Company has a secured loan receivable from Universal in the amount of $7,343 which is described below in note 9, 'Loan receivable'.

9. LOAN RECEIVABLE

For the year ended December 31, 2013, additional secured advances from the Company to Universal totaled $4,673, of which $2,598 was financed through a demand non-revolving loan from the bank.

The Company's joint venture partner in Universal matched these advances to Universal. In relation to this loan receivable, the Company has registered, as security, a mortgage on Universal's property located in Welland, Ontario.

The recoverability of the loan from the sale proceeds of the property is expected to be deferred until the earlier of: the exercise of the tenant's option to purchase the property; or the expiry of the lease term. The loan receivable has been reclassified as a non-current financial asset.

As at December 31, 2013, the Company evaluated the recoverability of its secured, non-interest bearing, non-current loan receivable from Universal, in the amount of $7,343. The recoverability of the loan was evaluated based on the fair value of the underlying Universal assets. The assets value was assessed by independent professional real estate and equipment appraisers. Accordingly, as at December 31, 2013, the Company determined that the loan receivable was impaired and reduced the carrying value of the loan receivable to $5,200, the fair value representing the Company's share of Universal's underlying assets. Accordingly the Company has recognized an accumulated impairment charge of $2,143, of which $707 was recorded in the fourth quarter and $865 was recorded for the full year.

10. INTERESTS IN SUBSIDIARIES

The Company's interest in subsidiaries as at December 31, 2013 are detailed below. These subsidiaries have share capital consisting of common and preferred shares and are held by the Company as noted below. The proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business/ country of incorporation	Parent	% of ownership interest held by the parent	% of ownership interest held by non-controlling interests	Principal activities
Oaks U.S. Holdings Inc.	United States	Brampton Brick Limited	100	0	Holding company
Brampton Brick Inc.	United States	Oaks U.S. Holdings Inc.	100	0	Manufacture of clay brick
Oaks Concrete Products Inc.	United States	Oaks U.S. Holdings Inc.	100	0	Manufacture of concrete paving stones, retaining and garden walls
1813435 Ontario Limited	Canada	Brampton Brick Limited	65	35	Non-operating

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

The non-controlling interests for the period ended December 31, 2013 was $29 (December 31, 2012 – $12).

Effective January 1, 2013, the Company's wholly owned subsidiary, 2009616 Ontario Limited, was amalgamated with Brampton Brick Limited.

There are no restrictions on the Company's ability to use the assets and settle the liabilities of the subsidiary companies.

11. BANK OPERATING ADVANCES

The Company's credit facility provides for borrowings of up to $22,000 (2012 – $20,000) based on margin formulae for trade receivables and inventories, less priority claims and the mark-to-market exposure on swap contracts, if applicable. It is a demand facility secured by a general security agreement over all assets. The agreement also contains certain financial covenants. As at December 31, 2013, the Company is in compliance with all the financial covenants.

As at December 31, 2013, the borrowing limit was $18,951 (2012 – $17,864). The utilization was $11,905 (2012 – $10,682) and comprised of: a $8,900 (2012 – $8,900) banker's acceptance 90 day note; a current account balance of $2,741 (2012 – $1,535); and outstanding letters of credit for $264 (2012 – $247).

As at December 31, 2013 the rate of interest on the banker's acceptance note is based on prevailing banker's acceptance rates plus a credit spread of 2.00% and the rate of interest on the current account is based on the Canadian bank prime rate plus a credit spread of 0.75%. The Company's credit spread is variable and determined by its interest coverage ratio.

12. DEBT

Debt consists of the following:

		December 31, 2013 $	December 31, 2012 $
Term loan – due June 2016, instalments commenced in July 2011	(a)	**22,300**	24,711
Demand non-revolving loan – monthly instalments commence January 2014 to December 2019	(b)	**2,598**	–
Other term loans	(c)	**417**	482
	(d)	**25,315**	25,193
Obligations under finance leases	(e)	**1,369**	1,289
		26,684	26,482
Less: Payments due within one year – current portion		**5,704**	2,928
		20,980	23,554

(a) The term loan, acquired in June 2009 and due in June 2016, is secured primarily by real estate and production equipment of the Company's Masonry Products and Landscape Products business segments in both Canada and the U.S. Principal repayments commenced 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%.

This term loan was recorded for accounting purposes initially at its fair value which, net of transaction costs incurred in the amount of $611, amounted to $29,389 and is being carried at amortized cost. The transaction costs are amortized over the term of the loan resulting in an effective interest rate of 8.40%. As at December 31, 2013, the unamortized transaction costs were $200 (2012 – $289).

The term loan agreement contains various financial covenants. As at December 31, 2013, the Company was in compliance with all the financial covenants.

On January 3, 2014, the Company finalized a new $40,000 financing arrangement with another lender and repaid the outstanding balance of this term loan of $22,500 including unamortized transaction costs of $200. The prepayment penalty paid on the early redemption of the loan was $3,305. In addition to the repayment of the term loan, the proceeds from the new financing arrangement were utilized to finance the purchase of the Atlas Block assets (refer to note 25 'Subsequent events').

This liability will be classified as current on the consolidated balance sheets in 2014. Notwithstanding the classification of the loan as a current liability, the Company's new debt affords it many benefits including a lower interest rate, flexibility to have interest rates at either floating or fixed and flexibility to accelerate principal payments without any penalty. The Company is also permitted to redraw under the loan for the purchase of capital assets.

(b) On December 19, 2013, the Company acquired a demand non-revolving loan from its bank amounting to $2,598. This loan bears interest at an annual rate equal to the Canadian bank prime rate plus a credit spread of 1.50% and is secured by Universal's property, plant and equipment. These funds were advanced to Universal and used in part to fully repay the outstanding balance of Universal's term bank loan (refer to note 9 'Loan receivable').

(c) Other term loans represent vendor financing to acquire certain production assets.

(d) Repayments on debt (excluding finance leases) include the following:

	$
2014	5,195
2015	2,600
2016	17,594
2017	19
2018	19
Thereafter	88
Total debt repayments	**25,515**
Less: Amount representing transaction costs	**200**
Present value of debt repayments including $5,112 classified as current	**25,315**

(e) Obligations under finance leases include the following:

Future minimum lease payments	$
2014	638
2015	502
2016	257
2017	47
2018	–
Total minimum lease payments	**1,444**
Less: Amount representing interest	**75**
Present value of minimum lease payments including $592 classified as current	**1,369**

The weighted average effective interest rate for obligations under finance leases during 2013 was approximately 4.51% (2012 – 4.90%).

13. DECOMMISSIONING PROVISIONS

The Company makes a provision for the future rehabilitation of its shale quarries. The present value of the obligations was estimated using discount rates ranging from 1.13% to 3.20%, (2012 – 1.13% to 2.38%). The total undiscounted amount of the estimated cash flows required to settle the obligations at December 31, 2013 is $3,181 (2012 – $2,763). These obligations are expected to be settled over a one to sixteen year period (2012 – one to sixteen year period) and are expected to be funded from general Company resources.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the decommissioning provisions:

	2013 $	2012 $
Balance at the beginning of the year	**2,269**	1,000
Increase in provision	**56**	1,277
Payments during the year	**–**	(44)
Unwinding of the discount and effect of changes in the discount rate	**40**	36
Balance at the end of the year	**2,365**	2,269
Less: Payments due within one year – current portion	**(50)**	(50)
	2,315	2,219

14. SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of Preference shares, Class A Subordinate Voting shares and Class B Multiple Voting shares. The Class B Multiple Voting shares are convertible into Class A Subordinate Voting shares on a share-for-share basis at any time. Class A Subordinate Voting shares may be converted into Class B Multiple Voting shares in certain circumstances in connection with a takeover bid. Class A Subordinate Voting shareholders are entitled to one vote per share and Class B Multiple Voting shareholders are entitled to ten votes per share at any meeting of shareholders. The shares issued do not have a specified par value.

No dividends were paid in 2013 and 2012.

In 2013 no stock options were exercised. In the third quarter of 2012, 3,800 stock options were exercised at an average exercise price of $4.94. Proceeds from the issue of an equal number of Class A Subordinate Voting shares amounted to $19.

There were no changes in the Class B Multiple Voting shares for the years ended December 31, 2013 and December 31, 2012.

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

Class A Subordinate Voting shares	December 31, 2013		December 31, 2012	
	Number of shares (thousands)	Stated capital $	Number of shares (thousands)	Stated capital $
Balance at the beginning of the year	**9,202**	**33,710**	9,198	33,688
Stock options exercised	-	-	4	22
Balance at the end of the year	**9,202**	**33,710**	9,202	33,710

Class B Multiple Voting shares	December 31, 2013		December 31, 2012	
	Number of shares (thousands)	Stated capital $	Number of shares (thousands)	Stated capital $
Balance at the beginning of the year	**1,739**	**1**	1,739	1
Balance at the end of the year	**1,739**	**1**	1,739	1

15. SHARE-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 1,680,965 (December 31, 2012 – 1,680,965) 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 the grant and the maximum term of each option is ten years. As at December 31, 2013, a total of 428,365 (December 31, 2012 – 607,865) stock options were available for grant under the Plan.

The Company granted stock options to nine executive officers, two employees and to all non-management members of the Board of Directors of the Company. Options in each grant vest as follows: 20% on the date immediately following the date of the grant and an additional 20% on each anniversary of the grant date thereof until fully vested.

Date of grant	March 22, 2013	June 4, 2012	March 30, 2012
Number of options granted	**179,500**	38,000	142,500
Market price	**$ 5.52**	$ 4.61	$ 3.60
Fair value of each stock option granted	**$ 1.35**	$ 0.92	$ 0.54
Assumptions:			
Risk-free interest rate	**1.7%**	1.5%	1.8%
Expected life	**7.8 years**	7.9 years	7.9 years
Volatility (determined by reference to historically observed prices of the Class A Subordinate Voting shares)	**34%**	32%	29%
Expected dividend yield	**3.6%**	4.3%	5.5%
Expected forfeitures	**Nil**	Nil	Nil

For the year ended December 31, 2013, the total compensation cost charged against income with respect to all stock options granted was $183 (2012 – $97).

Information with respect to stock option transactions in each of the past two years and stock options outstanding at the end of the year is as follows:

	2013		2012	
	Number of stock options	Weighted average exercise price $	Number of stock options	Weighted average exercise price $
Balance at the beginning of the year	**842,600**	**7.87**	683,400	9.07
Granted during the year	**179,500**	**5.52**	180,500	3.81
Expired during the year	–	–	(17,500)	13.75
Exercised during the year	–	–	(3,800)	4.94
Balance at the end of the year	**1,022,100**	**7.45**	842,600	7.87

At December 31, 2013 and 2012, outstanding stock options were as follows:

		Number of shares	
Year of expiry	**Option price $**	**2013**	**2012**
2014	14.60	44,000	44,000
2014	14.50	17,500	17,500
2015	14.00	43,500	43,500
2015	11.55	25,000	25,000
2016	11.50	32,400	32,400
2017	13.00	74,000	74,000
2018	10.51	105,500	105,500
2019	4.99	110,500	110,500
2020	5.76	114,000	114,000
2020	6.01	7,500	7,500
2021	5.10	89,000	89,000
2022	3.60	142,500	142,500
2022	4.61	37,200	37,200
2023	5.52	179,500	–
		1,022,100	**842,600**

At December 31, 2013, an aggregate of 1,022,100 (2012 – 842,600) stock options were outstanding, of which 709,900 (2012 – 573,100) were fully vested and exercisable by the holders thereof at a weighted average exercise price of $8.58 (2012 – $9.44) per share.

16. PENSION PLAN EXPENSE

The Company has a defined contribution pension plan covering all participating Canadian employees and a 401(k) plan covering all participating U.S. employees. The Company's pension plan expense in 2013 totaled $583 (2012 – $543).

17. EXPENSES BY NATURE

								Year ended December 31, 2013
	Personnel expenses	**Cost of materials**	**Cost of energy**	**Depreciation**	**Freight**	**Other expense**	**Asset impairment loss**	**Total**
Cost of sales	**$ 15,689**	**$ 32,785**	**$ 7,935**	**$ 7,016**	**$ 6,027**	**$ 3,599**	**$ –**	**$ 73,051**
Selling expenses	**5,275**	**257**	**–**	**–**	**13**	**2,674**	**–**	**8,219**
General and administrative expenses	**3,818**	**227**	**–**	**284**	**60**	**2,353**	**–**	**6,742**
Loss on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**334**	**–**	**334**
Other income	**–**	**–**	**–**	**–**	**–**	**(140)**	**–**	**(140)**
Impairment loss on loan receivable							**865**	**865**
	$ 24,782	**$ 33,269**	**$ 7,935**	**$ 7,300**	**$ 6,100**	**$ 8,820**	**$ 865**	**$ 89,071**

								Year ended December 31, 2012
	Personnel expenses	**Cost of materials**	**Cost of energy**	**Depreciation**	**Freight**	**Other expense**	**Asset impairment loss**	**Total**
Cost of sales	$ 16,262	$ 34,696	$ 7,671	$ 6,803	$ 6,161	$ 3,567	$ –	$ 75,160
Selling expenses	4,271	111	–	–	19	2,815	–	7,216
General and administrative expenses	3,538	287	-	267	53	2,534	–	6,679
Loss on disposal of property, plant and equipment	–	–	–	–	–	96	–-	96
Other income	–	–	–	–	–	(93)	–	(93)
Impairment loss on loan receivable							1,278	1,278
	$ 24,071	**$ 35,094**	**$ 7,671**	**$ 7,070**	**$ 6,233**	**$ 8,919**	**$ 1,278**	**$ 90,336**

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

18. INCOME TAX

The Company computes an income tax provision in each of the jurisdictions in which it operates. The operations in Canada and the United States are subject to income tax at the following rates 26.5% (2012 – 26.5%) in the Canadian jurisdictions and from 34.0% to 38.9% (2012 – 34.0% to 39.3%) in the U.S. jurisdictions.

The (provision for) recovery of income taxes recorded in the consolidated statements of operations differs from the statutory federal and provincial income tax, as follows:

	2013		2012	
	$	**%**	$	%
Income before income taxes	**3,479**		3,051	
Income tax provision calculated at statutory federal and provincial income tax rates – 26.50% (2012 – 26.50%)	**(922)**	**(26.5)**	(808)	(26.5)
Increase (decrease) in rate resulting from				
Manufacturing and processing profits deduction	**90**	**2.6**	99	3.2
Tax rate and other differences in foreign subsidiaries	**235**	**6.8**	287	9.4
Difference in current and deferred income tax rates	**–**	**–**	(19)	(0.6)
Change in deferred tax assets not recognized	**(2,084)**	**(59.9)**	(1,715)	(56.2)
Change in deferred tax assets due to changes in exchange rates	**1,331**	**38.3**	777	25.4
Other non-taxable and non-deductible items	**608**	**17.4**	(27)	(0.8)
Non-deductible loss on loan receivable	**(108)**	**(3.1)**	(160)	(5.2)
Effective provision for income taxes	**(850)**	**(24.4)**	(1,566)	(51.3)

The movement in deferred tax liabilities is as follows:

	2013	**2012**
As at January 1	**$ (13,427)**	$ (13,163)
Debited to the Statement of Comprehensive Income	**(1,589)**	(264)
As at December 31	**$ (15,016)**	$ (13,427)

Deferred taxes applicable to temporary differences are as follows:

	December 31, 2013 $	**December 31, 2012 $**
Depreciable property, plant and equipment	**(17,313)**	(16,556)
Losses available for carry-forward	**22,848**	21,199
IFRS transition adjustment, January 1, 2010 – land	**(4,421)**	(4,421)
Cumulative eligible capital	**2,066**	2,345
Other	**(1,097)**	(979)
	2,083	1,588
Less: Deferred tax assets not recognized	**(17,099)**	(15,015)
Deferred tax liability	**(15,016)**	(13,427)

Deferred tax assets were not recorded on the following non-capital losses carried forward relating to the U.S. subsidiaries:

Year of expiry	**$**
2024	**3,091**
2025	**3,499**
2026	**3,170**
2027	**1,597**
2028	**3,787**
2029	**10,976**
2030	**11,670**
2031	**9,639**
2032	**7,165**
2033	**5,469**
	60,063

19. EARNINGS PER SHARE

Earnings per share is calculated on net income attributable to the shareholders of Brampton Brick Limited using the weighted average number of shares outstanding for the year. As referred to in Note 2, the diluted earnings per share is calculated to reflect the dilutive effect of the exercise of the outstanding stock options on earnings per share.

The weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding utilized in the calculations of earnings per share is as follows:

	Year ended December 31					
	2013			2012		
	Net income $	Shares (thousands)	Per share amount $	Net income $	Shares (thousands)	Per share amount $
Net income attributable to shareholders of Brampton Brick Limited	**2,549**	**10,940**	**0.23**	1,483	10,938	0.14
Dilutive effect of options		**64**	**0.00**		31	0.00
Diluted earnings per share		**11,004**	**0.23**		10,969	0.14

In determining the diluted earnings per share, for the year ended December 31, 2013, 603,558 options to purchase Class A Subordinate Voting shares (2012 – 664,982) were considered to be anti-dilutive.

20. COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position or liquidity.

The future aggregate minimum lease payments under operating leases, (office and yard space, mobile equipment and vehicles) are as follows:

	$
2014	**93**
2015	**67**
2016	**37**
2017	**2**
2018	**–**
	199

As at December 31, 2013, the Company had capital expenditure commitments with suppliers totaling $1,354.

The Company normally enters into supply and transportation contracts for natural gas to satisfy its future requirements. As at December 31, 2013, the Company has contracted for its estimated 2014 Canadian natural gas supply requirements at an aggregate estimated cost of $2,161, none of which was at fixed prices, and for its estimated 2014 Canadian transportation requirements at an aggregate estimated cost of $850, of which 84% was at fixed prices. As at December 31, 2013, the Company's U.S. operations, have contracted for its January 2014 estimated natural gas transportation requirements at an estimated cost of $8 at fixed prices. The potential unrealized gain on the fixed price contracts was approximately $26 (2012 – unrealized loss of $23), which was not taken to income since these are supply contracts that will be charged to operations in the period the gas is consumed.

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 December 31, 2013 is $264 (2012 – $247).

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

21. RELATED PARTIES

a) Compensation of key management personnel

	Year ended December 31	
	2013	**2012**
Salaries, incentives, short-term benefits and pension expense	**$ 3,351**	$ 2,672
Share-based payments	**183**	97
Total	**$ 3,534**	$ 2,769

Key management personnel is comprised of the Company's directors and executive officers.

b) Other 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 4.3% (2012 – 4.4%) of revenues in aggregate for the year ended December 31, 2013. Purchases from related parties amounted to $70 for the year ended December 31, 2013 (2012 – $238).

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.

c) Other related party balances

As at December 31, 2013 the trade receivable balance from related customers was $66 (2012 – $5). Trade payables to related parties was $182 as at December 31, 2013 (2012 – $125). During the year ended December 31, 2013, dividends were paid to related shareholders of a subsidiary company amounting to $63 (2012 – $75) which were declared in 2011.

22. OPERATING SEGMENTS

The Company considers that for purposes of operating decision making and assessing performance it operates within two dominant business segments: Masonry Products and Landscape Products.

MASONRY PRODUCTS

Manufacture of clay brick and a range of concrete masonry products including stone veneer, concrete brick and block 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.

OTHER

Other business operations and assets consist of a loan receivable from Universal and a short term investment pertaining to 1813435 Ontario Limited.

Segmented information, with comparative information for 2012, is as follows:

	Masonry $	**Landscape $**	**Other $**	**2013 Total $**
Revenues	**70,276**	**25,010**	**–**	**95,286**
Cost of sales	**54,026**	**19,025**	**–**	**73,051**
Selling expenses	**5,045**	**3,174**	**–**	**8,219**
General and administrative expenses	**5,219**	**1,521**	**2**	**6,742**
Loss on disposal of property, plant and equipment	**333**	**1**	**–**	**334**
Other income	**(126)**	**(14)**	**–**	**(140)**
Impairment loss on loan receivable	**–**	**–**	**865**	**865**
	64,497	**23,707**	**867**	**89,071**
Operating income (loss)	**5,779**	**1,303**	**(867)**	**6,215**
Finance costs				**(2,743)**
Finance income				**7**
Income before income taxes				**3,479**
Income tax provision				**(850)**
Net income for the year				**2,629**
Depreciation of property, plant and equipment	**6,034**	**1,266**	**–**	**7,300**

	Masonry $	Landscape $	Other $	2012 Total $
Revenues	72,106	24,955	–	97,061
Cost of sales	55,518	19,642	–	75,160
Selling expenses	4,356	2,860	–	7,216
General and administrative expenses	5,032	1,647	–	6,679
Loss on disposal of property, plant and equipment	49	47	–	96
Other (income) expense	(95)	2	–	(93)
Impairment loss on loan receivable	–	–	1,278	1,278
	64,860	24,198	1,278	90,336
Operating income (loss)	7,246	757	(1,278)	6,725
Finance costs				(3,682)
Finance income				8
Income before income taxes				3,051
Income tax provision				(1,566)
Net income for the year				1,485
Depreciation of property, plant and equipment	5,756	1,314	–	7,070

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

			2013
	Masonry and Landscape $	**Other $**	**Total $**
Additions to property, plant and equipment	**4,043**	**–**	**4,043**
Consolidated total assets	**206,357**	**5,908**	**212,265**

			2012
	Masonry and Landscape $	Other $	Total $
Additions to property, plant and equipment	4,868	–	4,868
Consolidated total assets	203,068	2,278	205,346

Geographical information is as follows:

	2013		2012	
	Revenues $	**Property, plant and equipment $**	Revenues $	Property, plant and equipment $
Canada	**84,188**	**121,668**	87,521	123,808
United States	**11,098**	**46,427**	9,540	45,040
	95,286	**168,095**	97,061	168,848

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

23. FINANCIAL INSTRUMENT DISCLOSURES

MEASUREMENT CATEGORIES

Financial assets and liabilities have been classified into categories which determine the basis of measurement. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; and, for liabilities, amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2013 and 2012.

Assets	Fair Value Hierarchy Level	December 31, 2013 $ Carrying values	December 31, 2013 $ Fair values	December 31, 2012 $ Carrying values	December 31, 2012 $ Fair values
Loans and receivables					
Cash and cash equivalents	1	1,200	1,200	1,412	1,412
Trade and other receivables	2	9,891	9,891	10,832	10,832
Loan receivable	2	5,200	5,200	1,392	1,392
Liabilities					
Amortized cost					
Bank operating advances	2	11,641	11,641	10,435	10,435
Trade payables	2	11,514	11,514	11,675	11,675
Other liabilities	2	2,294	2,294	1,975	1,975
Debt	2	26,684	28,200	26,482	27,830

The carrying values of the cash and cash equivalents, trade and other receivables, bank operating advances, trade payables and other liabilities approximate their fair values due to the short term nature of these financial instruments.

The fair values of the loan receivable and debt were determined based on observable market data for similar instruments which is considered comparable for the estimation of fair values.

FAIR VALUE HIERARCHY

Fair value measurements recognized in the consolidated balance sheets are categorized in accordance with the following levels:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Company's overall risk management program seeks to minimize potential adverse effects on the company's financial performance.

a) Credit Risk

The Company has credit risk exposure with respect to trade receivables, cash and cash equivalents and the counterparties to its financial instruments.

i) Trade receivables

The Company grants credit to its customers in the normal course of business on terms that are consistent with the industries in which it operates. Credit evaluations are performed on a regular basis taking into consideration the customer's financial position, past experience and other factors which form part of the ongoing credit evaluations. Based on these evaluations, credit limits were established for each customer and are monitored and amended as appropriate throughout the year. The financial statements take into account an allowance for bad debts. At December 31, 2013, four customers represented approximately 43.5%, in aggregate, (2012 – four customers – 37.4%) of the Company's trade receivables at year-end. Sales to these customers represented 20.6% (2012 – 21.1%) of the Company's revenues.

The Masonry Products business segment is characterized by a relatively small number of customers with higher average balances outstanding. Trade receivables attributable to this business segment represented 74.9% (2012 – 78.5%) of consolidated trade and other receivables outstanding as at December 31, 2013.

The Landscape Products business segment is characterized by a larger number of customers with lower average balances outstanding. This business segment represented 25.1% (2012 – 21.5%) of consolidated trade and other receivables outstanding as at December 31, 2013.

In aggregate, approximately 90.5% (2012 – 92.0%) was due in Canadian dollars and 9.5% (2012 – 8.0%) was due in U.S. dollars.

Accounts receivable that were past due as at December 31, 2013 totaled $1,960 (2012 – $2,115), of which $1,809 (2012 – $1,813) was less than three months past due, $117 (2012 – $13) was more than three months but less than six months past due and $35 (2012 – $289) was more than six months but less than one year past due.

Of the past due amount, accounts totaling $328 (2012 – $422) were considered to be impaired and were recorded in the allowance for doubtful accounts and charged to general and administrative expenses in the Consolidated Statements of Comprehensive Income.

Changes in the allowance for doubtful accounts were as follows:

	2013 $	2012 $
Balance at the beginning of the year	**422**	307
Accounts added	**273**	469
Accounts removed	**(270)**	(247)
Accounts written off during the year as uncollectible	**(105)**	(100)
Foreign exchange translation loss (gain)	**8**	(7)
Balance at the end of the year	**328**	422

ii) *Cash and counterparties*

The Company's credit risk with respect to its cash and cash equivalents and counterparties to its financial instruments is minimized substantially by seeking to ensure that these financial instruments are placed with well capitalized financial institutions and other creditworthy counterparties.

b) ***Liquidity Risk***

Liquidity risk is the risk that the Company will encounter difficulty in discharging its financial liabilities as they become due. The Company manages liquidity risk by maintaining cash balances, adequate borrowing facilities and monitoring forecast and actual cash flows.

The summary of financial obligations and contractual maturities relating to undiscounted non-derivative financial liabilities is as follows:

	2013 $	2012 $
Not later than 3 months	**28,686**	24,763
Later than 3 months and not later than 12 months	**4,360**	4,498
Later than one year and not later than five years	**23,333**	27,895
Later than 5 years	**79**	134
	56,458	57,290

Non-derivative financial liabilities include bank operating advances, trade payables and accrued liabilities, other liabilities, debt and operating lease commitments.

At December 31, 2013, the Company had an operating credit facility of $22,000, of which $11,905 had been utilized. This facility was increased to $22,000 from $20,000 in January 2013.

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

c) Market Risk

i) *Foreign exchange risks*

The Company has exposure to exchange rate fluctuations as a result of holding monetary assets and liabilities denominated in U.S. dollars.

Currency exchange rate conversions utilized in the preparation of the consolidated financial statements are as follows:

	USD $1 =
December 31, 2012	0.9949 CAD
December 31, 2013	1.0636 CAD
High – 2013	1.0637 CAD
Low – 2013	0.9919 CAD
Average – 2013	1.0301 CAD

Variances in the rate of exchange of USD $0.04 are considered reasonably possible.

At December 31, 2013, the Company had net monetary liabilities denominated in U.S. dollars totaling USD $632. A variance of USD $0.04 in the December 31, 2013 rates of exchange would have resulted in the income before income taxes being approximately $23 higher or lower, as the case may be.

December 31, 2013 and 2012 (in thousands of Canadian dollars, unless otherwise stated)

Foreign currency forward purchase contracts are occasionally utilized to manage the foreign currency exchange exposure resulting from future cash flows. There were no contracts outstanding as at December 31, 2013 or December 31, 2012.

ii) Interest rates

The Company has exposure to interest rate fluctuations as a result of having variable interest rate bearing financial liabilities.

The Canadian bank prime interest rate was 3.00% on December 31, 2013 and averaged 3.00% throughout the year. At December 31, 2013, the Company had a total of $14,240 of variable interest rate bearing debt outstanding. A variance of 0.50% in the rate of interest would have resulted in the income before income taxes being approximately $71 higher or lower, as the case may be, on an annualized basis.

Interest rate swap agreements are occasionally utilized to reduce interest rate risk arising from fluctuations in interest rates and to manage the fixed and floating interest rate mix of the Company's total debt portfolio and related overall cost of borrowing. Interest rate swap agreements involve the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. These payments are recorded as an adjustment of interest expense. As at December 31, 2013, there were no interest rate swap contracts outstanding.

iii) Energy contracts

The Company occasionally enters into fixed price swap contracts to fix the price of its electricity requirements. Settlements on the swap contracts are made monthly and recorded in the consolidated statements of comprehensive income. There were no swap contracts outstanding as at December 31, 2013.

24. CAPITAL MANAGEMENT

The Company's primary business segments are both seasonal and cyclical. The Company manages its capital structure to reflect the underlying risk characteristics of the industries in which it operates. Its strategy is to maintain a conservatively structured balance sheet in order to secure access to financing at a reasonable cost.

The Company monitors capital on the basis of net adjusted funded debt to equity ratio. This ratio is calculated as net funded debt divided by shareholders equity. Net adjusted funded debt is calculated as total interest-bearing debt and as shown in the consolidated balance sheets Shareholders equity includes all components of equity.

The Company's objective is to maintain the net adjusted funded debt to equity ratio at less than 0.4:1. The net adjusted funded debt to adjusted capital ratios at December 31, 2013 and December 31, 2012 are as follows:

	December 31, 2013 $	December 31, 2012 $
Bank operating advances	**11,641**	10,435
Debt	**26,684**	26,482
Less: Cash and cash equivalents	**(1,200)**	(1,412)
Net adjusted funded debt	**37,125**	35,505
Share capital	**33,711**	33,711
Contributed surplus	**2,078**	1,895
Accumulated other comprehensive income (loss)	**373**	(2,655)
Retained earnings	**106,559**	104,010
Shareholders equity	**142,721**	136,961
Net adjusted funded debt to equity ratio	**0.26:1**	0.26:1

As at December 31, 2013 and December 31, 2012, the Company's objective with respect to the net adjusted funded debt to equity ratio was achieved.

25. SUBSEQUENT EVENTS

NEW $40,000 FINANCING:

On January 3, 2014, the Company completed its new $40,000 financing arrangement. The proceeds were utilized to finance the purchase of the Atlas Block asset purchase, to repay the outstanding balance of the then existing term loan and the associated prepayment penalty.

The term of the new demand revolving reducing loan is nine years with interest payments only for the first year. Principal repayments commence in July 2015 at $500 per month in the months of July to November inclusive ($2,500 per year) to 2022, and a balloon payment in November 2022. The rate of interest is floating at the bank's prime rate plus a credit spread of 0.70% or at Banker's Acceptance rates plus a credit spread of 2.25%. The Company's credit spread is variable and determined by its interest coverage ratio. This 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 the U.S. This liability will be classified as current on the consolidated balance sheets in 2014. Notwithstanding the classification of the loan as a current liability, the Company's new debt affords it many benefits including a low interest rate opportunity, flexibility to have interest rates at either floating or fixed and flexibility to accelerate principal payments without any penalty. The Company is also permitted to redraw under the loan for the purchase of capital assets.

ACQUISITION OF ATLAS BLOCK ASSETS:

On January 7, 2014, the Company acquired substantially all of the assets of a concrete masonry and landscape products company located in the province of Ontario. The assets acquired included two concrete products manufacturing plants located in Hillsdale and Brockville, Ontario, plus inventory for a purchase price of $13,288.

In December 2013, a deposit in the amount of $1,890 was paid pertaining to the Atlas Block transaction and is included in 'Other assets' in the consolidated balance sheets.

Independent Auditor's Report to the Shareholders of Brampton Brick Limited

We have audited the accompanying consolidated financial statements of Brampton Brick Limited, which comprise of the consolidated balance sheets as at December 31, 2013 and 2012, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Brampton Brick Limited as at December 31, 2013 and 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants
March 18, 2014
Toronto, Ontario

Five Year Financial Review

(In thousands of Canadian dollars, except per share amounts)	IFRS	IFRS	IFRS	IFRS	GAAP*
Operations	**2013**	**2012**	**2011**	2010	2009
Revenues	**$ 95,286**	$ 97,061	$ 80,013	$ 72,623	$ 59,978
Net income (loss)	**2,629**	1,485	(9,976)	(2,538)	(11,898)
Depreciation	**7,300**	7,070	6,756	11,074	11,329
Cash provided by (used for) operations	**9,695**	16,153	7,642	7,581	(3,450)
Payments for purchase of property, plant and equipment	**3,422**	3,101	2,981	2,266	11,013
Dividends	**–**	–	–	–	–
Financial Position					
Current Assets	**$ 38,970**	$ 36,498	$ 33,290	$ 35,854	$ 32,053
Working Capital	**7,766**	7,325	13,137	18,499	13,272
Property, plant and equipment (net)	**168,095**	168,848	172,629	175,023	153,980
Total assets	**212,265**	205,346	205,919	216,439	186,054
Non-current portion of debt	**20,980**	23,554	35,166	37,271	37,583
Shareholders' equity attributable to shareholders of Brampton Brick Limited	**142,721**	136,961	136,477	145,237	119,799
Financial Ratios					
Current ratio	**1.25:1**	1.25:1	1.65:1	2.07:1	1.71:1
Total liabilities (excluding non-controlling interests) to shareholders' equity attributable to shareholders of Brampton Brick Limited	**0.49:1**	0.50:1	0.51:1	0.49:1	0.54:1
Return on average shareholders' equity attributable to shareholders of Brampton Brick Limited (%)	**1.9**	1.1	(7.1)	(1.9)	(9.6)
Share Data					
Net income (loss) per share	**$ 0.23**	$ 0.14	$ (0.91)	$ (0.24)	$ (1.09)
Book value per share	**13.05**	12.52	12.48	13.28	10.95
Dividends per share	**–**	–	–	–	–
Weighted average number of shares outstanding (thousands)	**10,940**	10,938	10,937	10,937	10,937

*The term GAAP refers to Canadian GAAP before the adoption of IFRS.

Corporate Directory

DIRECTORS

Rudolph P. Bratty, Q.C.*†

Douglas J. Buhler

Jim V. De Gasperis

P. David Grant, CPA, CA*

Howard C. Kerbel

Jeffrey G. Kerbel

John M. Piecuch*†

Peter R. Smith

Kenneth M. Tanenbaum

*Member of Audit Committee
†Member of Compensation Committee

SENIOR OFFICERS

Jeffrey G. Kerbel
President and Chief Executive Officer

Trevor M. Sandler
Vice-President, Finance and Chief Financial Officer

David R. Carter
Chief Operating Officer

J. Bradley Duke
Senior Vice-President, Manufacturing

Judy H. Pryma
Vice-President, Sales and Marketing, Masonry Clay Products

Antonio M. Neves
Vice-President, Sales and Marketing, Masonry Concrete Products

George S. Housh
Vice-President, Manufacturing, Concrete Products

Elliot C. Bender
Vice-President, Sales and Marketing, Landscape Products

Marilia Macias
Controller

Bradley S. Cobbledick
Vice-President, Technical Services

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STOCK LISTING

Toronto Stock Exchange

SHARE SYMBOL

"BBL.A"

REGISTRAR AND TRANSFER AGENT

CST Trust Company
Halifax, Montreal, Toronto, Calgary and Vancouver

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