BRAMPTON BRICK Limited

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2014 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, 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

Top Left:
Stone – Vivace, Siena and Charcoal
Pavers – Villanova, Champagne

Middle Left:
Stone – Artiste, Harbour Mist

Bottom Left:
Brick – Contemporary Series, Westville
Stone – Finesse, Polar White

Feature:
The Village by High Park – Winner of Architectural Design: Residential High Rise – 2014 Ontario Masonry Design Awards.
Brick – Designer Series, Winchester
Stone – Finesse, Standard White

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Financial Overview

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

	2014	2013
OPERATIONS		
Revenues	**$ 110,329**	$ 95,286
Operating (loss) income	**(8,366)**	6,215
Net (loss) income	**(13,961)**	2,629
Cash provided by operations	**8,713**	9,695
Purchase of property, plant and equipment	**11,377**	3,422
SHARE DATA		
Net (loss) income per share	**$ (1.28)**	$ 0.23
Book value per share	**12.17**	13.05
Weighted average number of shares outstanding (thousands)	**10,940**	10,940
FINANCIAL POSITION		
Working capital	**$ 8,878**	$ 7,766
Total assets	**217,680**	212,264
Total liabilities	**84,476**	69,514
Shareholders' equity attributable to shareholders of Brampton Brick Limited	**133,177**	142,721
Total liabilities to shareholders' equity attributable to shareholders of Brampton Brick Limited	**0.63:1**	0.49:1

SHARES OUTSTANDING

The Company has 10,940,354 common shares outstanding as at December 31, 2014 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 28, 2015 at 9:30 a.m. at the Company's head office, 225 Wanless Drive, Brampton, Ontario.

ANNUAL REPORT

Additional copies of the 2014 Annual Report may be obtained from the Vice-President, Finance, Brampton Brick Limited, 225 Wanless Drive, Brampton, Ontario L7A 1E9.

President's Message

The year 2014 proved to be another year of significant contrasts for Brampton Brick.

Most notably, we aggressively pursued and were successful in accomplishing our key strategic objective of acquiring the Hillsdale and Brockville, Ontario concrete product plants from the court appointed receiver of Atlas Block, which helped to support an increase of thirteen percent in masonry product revenues. However, operating profit declined from $5.8 million in 2013 to only $1.2 million in 2014 (excluding the Indiana plant impairment charge). Besides costs related to the above transaction, we spent a great deal of time, effort and expense in retrofitting the two acquired plants to our specific product and production requirements. In addition, new product development expenses, related in large part to the technology available from the Hillsdale plant, also proved to be significant.

Today, the majority of these costs and related operating inefficiencies are now behind us. We have been able to realign the product manufacturing profile and capabilities of our four Ontario concrete product plants and the Wixom, Michigan facility. Our overall cost structure has been reduced, capacity increased and we now have the capability to produce a completely new range of highly differentiated products.

At the same time, adverse weather conditions especially in the first and fourth quarters caused important delays in the construction of subdivision infrastructure, particularly roads, mitigating the impact of a ten percent increase in the sale of single family homes in the Ontario marketplace.

In the United States, home sales did improve in our relevant markets. However, operating margins were impacted by lower than expected capacity utilization levels and a continuation of a difficult pricing environment.

To support the increase in our production capacity and product profile, we accelerated certain ongoing initiatives directed towards enhancing our management information systems, customer service capabilities and the depth and capabilities of our key administrative staff. The majority of these efforts have now been completed.

New products provided by the Hillsdale and Brockville plants contributed to a twenty three percent increase in revenues in our landscape products segment, with a corresponding increase in operating income to $2.1 million, from $1.3 million in 2013. The nature of one-time costs referenced above prevented us from obtaining an even larger year- over-year increase.

Under International Financial Reporting Standards (IFRS), the Company is required to conduct an assessment of all of its cash generating units to determine any impairment or impairment reversals. From this assessment, it was determined that the only cash generating unit that had indicators of impairment was the Indiana clay brick plant. This was based on ongoing economic pressures impacting the construction industry in the region, poorer than expected operating results in the current year and a slower future growth rate forecasted than previously anticipated. Owing to the noted indicators of impairment, the assets were required to be tested for impairment under IFRS. This impairment testing resulted in a lower recoverable amount for the Indiana plant assets and hence, an asset impairment of $11,611 was recognized in 2014.

As we begin the 2015 construction season, we fully expect to improve on the Company's 2014 operating performance. Plant operating efficiencies, a full year of a variety of new products and enhanced sales, marketing and administrative support functions can make important contributions to both our masonry and landscape products businesses.

In our major Ontario market areas, the new homes that were sold last year have to be completed and landscaped. In our U.S. markets, residential and commercial construction activity is slowly gaining momentum, and with the growing acceptance of the Indiana plant's products, we believe the U.S. clay brick business will eventually make a meaningful contribution to the Company's overall profitability in the years ahead.

Importantly, early in 2015, the objective of restructuring the Company's existing debt profile was successfully completed. The ratio of short term to long term debt is now quite acceptable, attractive interest rate levels have been secured and the Company's financial flexibility has been enhanced.

Collectively, given the new scale of our plant network and the support structure that has been put in place, Brampton Brick is now better positioned to take advantage of both existing market conditions and new growth opportunities.

/s/Jeffrey G. Kerbel

Jeffrey G. Kerbel
President and Chief Executive Officer

FOR THE YEAR ENDED DECEMBER 31, 2014
PREPARED AS OF MARCH 24, 2015

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the year ended December 31, 2014, 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 24, 2015, 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, 2014

For the year ended December 31, 2014, the Company recorded a net loss of $13,961, or $1.28 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding, compared to net income of $2,629, or $0.23 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding in 2013. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding was 10,940,354 in both 2014 and 2013.

The major unusual factors which impacted financial results in 2014 were:

1) An asset impairment charge in the amount of $11,611 recorded against the Company's Indiana clay brick plant;
2) Equipment commissioning and retrofit costs of approximately $1 million related to the Hillsdale and Brockville, Ontario concrete plants charged against operations;
3) Land, buildings and equipment located in Milton, Ontario, were sold or disposed during the year resulting in a net gain on disposal of $1,555;
4) The payment of future interest in the amount of $3,305 on the early repayment of the Company's former term loan, together with the unamortized transaction costs in the amount of $200.

Each of these items is explained in greater detail in the analysis which follows:

Revenues grew 16% to $110,329 for the year ended December 31, 2014, compared to $95,286 for the corresponding period in 2013. Higher shipments in both the Masonry Products and Landscape Products business segments, due to more favourable weather conditions than the prior year for residential construction combined with the additional sales volume gained from the new production facilities located at Hillsdale and Brockville, Ontario, contributed to the increase in revenues for the year.

Cost of sales for the year ended December 31, 2014, amounted to $92,875, compared to $73,051 for the same period in 2013. The higher cost of sales was largely attributable to the increase in shipments during the year, higher energy costs and the costs associated with the commissioning and retrofit work for the two new concrete products manufacturing plants located in Hillsdale and Brockville, Ontario, that were acquired in January 2014. Additionally, production volumes in the Masonry Products business segment were below 2013 levels. Due to the high fixed cost nature of this business segment, lower production volumes resulted in higher costs per unit and consequently higher cost of sales.

Selling expenses for the year ended December 31, 2014, increased by $839 to $9,058 from $8,219 in 2013. This increase is primarily due to an increase in personnel costs and advertising expenses related to the additional plant facilities commissioned in 2014 and the increase in the Company's overall product portfolios.

General and administrative expenses for the year ended December 31, 2014, were $6,771 compared to $6,742 for the same period in 2013.

Gain on disposal of property, plant and equipment for the year ended December 31, 2014, amounted to $1,609 compared to a loss of $334 in 2013. During the second quarter of 2014, certain production equipment located at the Milton plant was written off amounting to $1,600. On October 1, 2014, land and buildings located in Milton, Ontario, with a carrying amount of $2,401 were sold for net proceeds of $5,556, after deducting sales transaction costs, resulting in a gain of $3,155. The net gain from these transactions, relating to the disposal of the Milton plant, was $1,555. These transactions were part of the Company's rationalization plan for its concrete products business. Plant operating synergies and volume related economies of scale were obtained by reallocating production volumes throughout the restructured plant network.

The loss on disposal of property, plant and equipment for the year ended December 31, 2013, in the amount of $334 primarily related to certain equipment that was replaced at the Brampton clay brick plant, in order to increase long-term operational efficiencies and to reduce production costs.

Other income of $11 for 2014 and $140 for 2013 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.

For 2014, the Company determined that there was no additional impairment on the secured, non-interest bearing, non-current loan receivable ('loan receivable') from Universal Resource Recovery Inc. ('Universal') as critical factors in Universal's property appraisal conducted in late 2013 were deemed to have remained generally unchanged.

For the corresponding period ended December 31, 2013, the Company had evaluated the recoverability of its loan receivable from Universal, in the amount of $7,343, based on the fair value of the underlying Universal assets, as assessed by independent professional real estate and equipment appraisers. The loan receivable was determined to be impaired and its carrying value was written down to $5,200, the fair value representing the Company's share of Universal's underlying assets. The Company recognized an accumulated impairment charge of $2,143, of which $707 was recorded in the fourth quarter of 2013 and $865 was recorded for the full year in 2013.

The asset impairment for the year ended December 31, 2014 was $11,611. As a result of ongoing economic pressures impacting the construction industry, as at December 31, 2014, the Company assessed its cash generating units ("CGUs") to determine whether there was any indication that one of these CGUs may be impaired. 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, the Canadian concrete plants and the Michigan concrete plant were impaired. Management also assessed the indicators of impairment for the Indiana clay brick plant and concluded that impairment testing was necessary.

For the year ended December 31, 2014, the recoverable amount for the Farmersburg, Indiana clay brick plant was estimated using the Company's future forecast for the period of five years from 2015 - 2019. 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. The impairment testing resulted in a lower recoverable amount for the Indiana plant assets and consequently, an asset impairment of $11,611 was recognized (see Note 8, Asset Impairment, to the Consolidated Financial Statements).

As a result, the Company's operating loss increased to $8,366 for the year ended December 31, 2014, compared to operating income of $6,215 in 2013. Excluding the asset impairment of $11,611, the Company's operations produced an operating income of $3,245.

Finance expense for the year ended December 31, 2014, was $5,699 compared to $2,736 in 2013. On January 3, 2014, the Company finalized a new $40,000 demand revolving reducing term loan. The amount of $36,595 drawn down on this loan was utilized to finance the purchase of assets from Atlas Block, a concrete masonry and landscape products company; to repay the outstanding balance of $22,500 on the then existing term loan, including the remaining unamortized transaction costs of $200; and the associated payment of future interest in the amount of $3,305. The loan was classified as a current liability due to it being a demand loan. The rate of interest on the new loan was at the bank's prime rate plus 0.70%, which was significantly more favourable than the predecessor loan which had an interest rate of 8.00%.

On November 21, 2014, the Company's $36,595 demand revolving reducing term loan was separated into a $26,000 committed revolving reducing term loan ("Committed term loan") and a $10,595 demand revolving term loan which were classified as a long-term liability and a current liability, respectively.

The Committed term loan bears interest at the bank's prime rate plus 0.30% until January 29, 2015, and thereafter at the 30 day bankers' acceptance rate plus a stamp fee of 1.80%. The demand revolving term loan bears interest at the bank's prime rate plus 0.50%.

For the year ended December 31, 2014, finance expense increased to $5,699 from $2,736 in 2013. Excluding the non-recurring expense of $3,505, noted above, finance expense incurred was $2,194. This decline in interest expense from the prior period was a result of lower interest rates, partially offset by a higher debt balance.

The recovery of income taxes amounted to $104 for the year ended December 31, 2014, compared to a provision of $850 for the 2013 fiscal year. No deferred tax assets were recorded with respect to the potential deferred tax benefit pertaining to non-capital losses carried forward by the Company's U.S. operations.

FOURTH QUARTER ENDED DECEMBER 31, 2014

For the fourth quarter ended December 31, 2014, the Company recorded a net loss of $10,232, or $0.94 per Class A Subordinate Voting share and Class B Multiple Voting share, compared to a net loss of $1,108, or $0.10 per Class A Subordinate Voting share and Class B Multiple Voting share, for the fourth quarter of 2013. Excluding the asset impairment loss of $11,611, as noted above, (see Note 8, 'Asset Impairment' in the Notes to the Consolidated Financial Statements), and the gain on sale of the Milton assets amounting to $3,155, the net loss for the fourth quarter was $1,776 or $0.16 per share. 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 2014 and 2013 was 10,940,354.

For the fourth quarter of 2014, revenues grew 27% to $27,200 from $21,489 for the same period in 2013. The increase in revenues was a result of strong growth across all product lines for the quarter. In particular, the highest quarterly growth was seen in concrete products' shipments in the Canadian market from the new plants located in Hillsdale and Brockville, Ontario.

Additionally, the gain on sale of the Milton assets was reflected in the fourth quarter and resulted in a gain of $3,155.

During the fourth quarter of 2014, no impairment loss was recognized on the loan receivable from Universal. An impairment loss of $707 was recognized in December 2013, as discussed above.

As at December 31, 2014, the Company recorded an asset impairment loss of $11,611 on its plant located in Farmersburg, Indiana, as noted earlier.

The operating loss for the fourth quarter of 2014 was $9,273 compared to operating loss of $1,182 for the corresponding quarter in 2013. Excluding the asset impairment of $11,611, noted earlier, and the gain on the sale of the Milton assets, the operating loss for the fourth quarter of 2014 was $817.

Finance expense decreased for the fourth quarter of 2014 to $466 from $632 in the comparative period of 2013 for the same reasons discussed above for the year ended December 31, 2014.

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

MASONRY PRODUCTS

For the year ended December 31, 2014, revenues increased 13% to $79,639 from $70,276 in 2013. Strong growth in Canadian market shipments was basically due to the commissioning of the plants in Hillsdale and Brockville, Ontario, during the year.

Cost of sales increased to $68,413 compared to $54,026 in 2013. This increase was attributable to the increase in sales volumes, the unfavourable impact of lower production volumes on unit costs, higher energy costs, start-up costs to commission the two new plants, noted above, and costs associated with the Company's rationalization plan to reallocate production volumes and improve production efficiencies throughout its restructured concrete plant network.

As noted earlier, an asset impairment loss of $11,611 on the Company's Farmersburg, Indiana plant was recorded in the fourth quarter of this year.

As a result, the operating loss recorded for the year ended December 31, 2014, was $10,455 compared to an operating income of $5,779 in 2013. Excluding the impairment loss of $11,611, the operating income generated by this business segment was $1,156. The decline in operating results was due to the increase in operating costs discussed above.

For the fourth quarter of 2014, revenues increased by 30% to $20,327, from $15,579, in 2013.

The operating loss for the fourth quarter of 2014 was $10,685 compared to operating loss of $96 for the corresponding quarter in 2013. Excluding the impairment loss of $11,611, discussed earlier, operating income was $926.

LANDSCAPE PRODUCTS

Revenues of the Landscape Products business segment increased 23% to $30,690, for the year ended December 31, 2014, from $25,010 in 2013.

An improved and more targeted marketing strategy, and expanded product profile, as well as the additional sales volumes from the Hillsdale and Brockville plants, contributed to the significant increase in sales revenues.

For the year ended December 31, 2014, the Landscape Products business segment recorded operating income of $2,098 compared to $1,303 in 2013. The net gain on sale and disposal of assets located in Milton during the year allocated to this business segment was $1,141. Excluding this gain, the operating income for the year from this business segment was $957. The decline in operating results compared to 2013 was due to the same higher cost factors noted above under the caption 'Masonry Products'.

The operating income of the Landscape Products business segment was $1,413 for the fourth quarter of 2014 on revenues of $6,873 compared to an operating loss of $151 on revenues of $5,910 for the fourth quarter of 2013. Excluding the gain of $2,278 allocated to this business segment, from the sale of the Milton assets recognized in the quarter, the operating loss was $865.

CASH FLOWS

For the year ended December 31, 2014, cash flow provided by operating activities totaled $8,713 compared to $9,695 in 2013. A decline in operating results and higher receivable balances were offset by lower disbursements of outstanding payables and lower amounts in other assets, due to a deposit paid in December 2013 in the amount of $1,890 pertaining to the purchase of substantially all of the assets of Atlas Block.

For the year ended December 31, 2014, income tax payable on taxable income was offset by a refund received on assessment of the 2013 tax filing. Additionally, the capital gains tax payable on the sale of the plant located in Milton, Ontario, was offset by capital losses incurred in prior years. For the year ended December 31, 2013, the income tax payable on 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 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 $11,377 in 2014, compared to $3,422 in 2013. On January 7, 2014, the Company acquired substantially all of the property, plant and equipment of Atlas Block, for an aggregate purchase price of $11,366, including $2,494 by way of finance leases. 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.

During the current year there were no advances to Universal. Advances to Universal relating to the loan receivable for the year ended December 31, 2013 amounted to $4,673. Further details are described in Note 10, 'Loan receivable' to the Consolidated Financial Statements.

Proceeds from disposal of property, plant and equipment amounted to $5,905 for the year ended December 31, 2014, compared to $62 for the prior year.

On October 1, 2014, land and buildings located in Milton, Ontario with a carrying amount of $2,401 were sold for net proceeds of $5,556, after deducting sales transaction costs, resulting in a gain of $3,155.

On January 3, 2014, the Company finalized a new $40,000 demand revolving reducing term loan with its banker at the bank's prime rate plus 0.70%. The amount of $36,595 drawn down on this loan was utilized to finance the purchase of substantially all of the assets of Atlas Block, a concrete masonry and landscape products company from the court appointed receiver and to repay the outstanding balance of the then existing term loan of $22,500 and the associated payment of future interest in the amount of $3,305.

On November 21, 2014, the Company's $36,595 demand revolving reducing term loan was separated into a $26,000 committed revolving reducing term loan ("Committed term loan") and a $10,595 demand revolving term loan. These loans were classified as a long-term liability and a current liability, respectively.

The Committed term loan bears interest at the bank's prime rate plus 0.30% until January 29, 2015 and thereafter at the 30 day bankers' acceptance rate plus a stamp fee of 1.80%. The demand revolving term loan bears interest at the bank's prime rate plus 0.50%.

On January 30, 2015, the Company entered into a floating-to-fixed interest rate swap agreement to fix the interest rate on its Committed term loan, as further described in Note 26, 'Subsequent Event' to the Consolidated Financial Statements.

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 10, 'Loan Receivable' to the Consolidated Financial Statements.

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, 2014, bank operating advances were $1,610 compared to $11,641 as at December 31, 2013.

Trade payables totaled $17,805 at December 31, 2014 compared to $11,514 at December 31, 2013.

The ratio of total liabilities to shareholders' equity was 0.63:1 at December 31, 2014 compared to 0.49:1 at December 31, 2013. The increase in this ratio from December 2013 to December 2014 was primarily due to lower retained earnings resulting from the decrease in operating results in 2014 and was offset, in part, by 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 2014, and higher outstanding debt level and payable amounts.

As at December 31, 2014, working capital was $8,878, representing a working capital ratio of 1.23:1 compared to working capital and a working capital ratio at December 31, 2013 of $7,766 and 1.25:1, respectively. The increase in working capital was primarily due to an increase in outstanding receivables and inventories offset, in part, by higher current debt. Cash and cash equivalents totaled $1,419 at December 31, 2014 compared to $1,200 at December 31, 2013.

The Company's bank credit agreement provides for operating 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, 2014, the borrowing limit was $21,742. The utilization was $2,111 and was comprised of a current account balance of $1,823, and outstanding letters of credit for $288.

The Company was in compliance with all financial covenants under its term financing agreement and operating credit facility as at December 31, 2014 and anticipates that it will maintain compliance throughout 2015.

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.

A summary of the Company's contractual obligations over the next five years and thereafter, determined as at December 31, 2014, is as follows:

	2015	2016 - 2017	2018 - 2019	Thereafter	Total
Debt[1]	$ 15,974	$ 5,658	$ 21,037	$ 52	$ 42,721
Finance lease obligations[2]	$ 1,393	$ 1,680	$ 177	–	$ 3,250
Operating leases[3]	$ 102	$ 85	$ 7	–	$ 194
Purchase obligations[4]	$ 4,810	–	–	–	$ 4,810
Other obligations[5]	$ 30	$ 348	$ 359	$ 5,406	$ 6,143
Total contractual obligations	**$ 22,309**	**$ 7,771**	**$ 21,580**	**$ 5,458**	**$ 57,118**

(1) Debt reflects the aggregate amount of future payments including interest, and includes all debt items listed in Note 13 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 commitments include purchase obligations relating to natural gas supply and transportation contracts totaling $2,907 and capital expenditure commitments of $1,903.
(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:

	2014	2013	2012
Revenues	$ 110,329	$ 95,286	$ 97,061
Total assets	$ 217,680	$ 212,264	$ 205,346
Total non-current financial liabilities	$ 26,064	$ 20,980	$ 23,554
Cash dividends declared per share	$ –	$ –	$ –
Net (loss) income attributable to shareholders of Brampton Brick Limited	$ (13,959)	$ 2,549	$ 1,483
Total net (loss) income	$ (13,961)	$ 2,629	$ 1,485
(Loss) income per share			
Basic	$ (1.28)	$ 0.23	$ 0.14
Diluted	$ (1.28)	$ 0.23	$ 0.14

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

REVENUES

The significant increase in revenues in 2014 compared to 2013 was primarily due to the acquisition and retrofit of two additional plants in Hillsdale and Brockville, Ontario during the year. The decrease in revenues in 2013 from 2012 was due to a decline in masonry product shipments in the Company's Canadian market.

TOTAL ASSETS

In 2014, total assets increased from 2013 due to an increase in outstanding receivables and an increase in inventories. The purchase of assets from Atlas Block, a concrete masonry and landscape products company, was offset by the impairment loss recorded on the Farmersburg, Indiana plant, the sale of the Milton plant and depreciation expense in 2014. The increase in total assets in 2013 from 2012 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

In January 2014, the amount of $36,595 drawn down on the demand revolving reducing term loan was utilized to finance the purchase of substantially all of the assets of Atlas Block from the court appointed receiver and to repay the outstanding balance of the then existing term loan of $22,500 and the associated payment of future interest in the amount of $3,305. The decrease in debt in 2013 from 2012 was due to repayments on the existing term loans.

CASH DIVIDENDS DECLARED PER SHARE

The Board of Directors did not declare a dividend for years 2014, 2013 and 2012. Declaration of the amount and payment of future dividends will be subject to the discretion of the Board of Directors and will be dependent upon the results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors.

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

The increase in net loss in 2014 compared to 2013 was primarily due to the impairment loss recognized on the Farmersburg, Indiana plant. In addition, the start-up costs to commission the new plants in Hillsdale and Brockville, Ontario, the impact of the high fixed cost nature of the business on lower masonry products' production volumes, and the payment of future interest in the amount of $3,305 on the early repayment of the term loan in January 2014 were partially offset by the increase in shipments from the two new concrete products' plants, noted above, the gain on sale of the Milton assets and the decrease in interest rates on the term loans outstanding.

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	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues	$ 27,200	$ 21,489	$ 37,451	$ 30,998	$ 33,066	$ 29,910	$ 12,612	$ 12,889
Net income (loss) attributable to shareholders of Brampton Brick Limited								
	$ (10,231)	$ (1,129)	$ 3,355	$ 4,151	$ 772	$ 2,101	$ (7,855)	$ (2,574)
Net income (loss)								
	$ (10,232)	$ (1,108)	$ 3,354	$ 4,209	$ 772	$ 2,102	$ (7,855)	$ (2,574)
Net income (loss) per share								
Basic	$ (0.94)	$ (0.10)	$ 0.31	$ 0.38	$ 0.07	$ 0.19	$ (0.72)	$ (0.24)
Diluted	$ (0.94)	$ (0.10)	$ 0.30	$ 0.38	$ 0.07	$ 0.19	$ (0.72)	$ (0.24)

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 increase in revenues for the fourth quarter of 2014 compared to the same period in 2013 was due to higher masonry and landscape product shipments. Cost of sales increased due to ongoing costs to retrofit the plants in Hillsdale and Brockville, Ontario and higher per unit production costs due to lower production volumes.

Operating results in the fourth quarter of 2014 decreased compared to the same period of 2013 primarily due to the impairment loss of $11,611, recognized on the Farmersburg, Indiana plant. Excluding the asset impairment loss and the gain on sale of the Milton plant recognized during the fourth quarter of 2014 amounting to $3,155, net loss for the fourth quarter of 2014 was $1,776.

QUARTERS ENDED SEPTEMBER 30

Higher revenues in the third quarter of 2014 in both the Masonry Products and Landscape Products business segments were due to higher shipments through the new facilities at Hillsdale and Brockville as well as from stronger residential construction activity.

However, higher costs of sales due to start-up and related retrofit costs of commissioning the new plants during this quarter and an increase in average per unit manufacturing costs due to lower production volumes and trial production runs offset the increase in revenues, reducing the net income for the quarter ended September 30, 2014.

QUARTERS ENDED JUNE 30

The increase in revenues in the second quarter of 2014 was primarily due to higher revenues of both masonry and landscape products. Cost of sales increased due to higher shipments, higher energy costs, certain one-time operating costs related to improving plant efficiencies, the write-off of production equipment amounting to $1,600 at the Milton facility and costs related to equipment commissioning at the Hillsdale and Brockville plants. Collectively, these factors negatively impacted net income for the second quarter of 2014 compared to the same period in 2013.

QUARTERS ENDED MARCH 31

Revenues in the first quarter of 2014 decreased slightly from 2013 levels in the Masonry Products business segment. In addition, higher per unit production costs, due to lower production volumes, negatively affected operating results.

Finance expense was also higher in the first quarter compared to the corresponding prior period due to the payment of future interest of $3,305 on the early repayment of the Company's former term loan and the unamortized transaction costs in the amount of $200 related to this replaced term loan.

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 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, Hillsdale, Brockville, 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*, ("IAS 36") determined there was no indication that the Brampton clay brick plant, the Canadian concrete plants and the Michigan concrete plant may be impaired. Management also assessed the indicators of impairment for the Indiana clay brick plant and concluded, based on various factors, that impairment testing was necessary as at December 31, 2014.

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 at December 31, 2014, impairment was recognized as a result of ongoing economic pressures impacting the construction industry, as well as poorer than expected operating results in the current year. 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 or the 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, the Canadian concrete plants and the Michigan concrete plant would be impaired.

For the year ended December 31, 2014, the recoverable amount for the Farmersburg, Indiana clay brick plant was estimated using the Company's future forecast for a period of five years from 2015 - 2019. 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. The impairment testing resulted in a reduced recoverable value and consequently, an asset impairment of $11,611 was recognized.

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, 2014.

The determination of the fair value of Universal's PP&E requires the application of professional judgment. As at December 31, 2014, the fair value of Universal's PP&E was based on the assessment performed by independent property and equipment appraisers as at December 31, 2013 with the assumption that critical factors had remained generally unchanged in the current year. Based on the appraisals and book values of other assets and liabilities, the carrying value of the loan receivable was recognized at $5,200 as at December 31, 2014 (2013 - $5,200). These appraisal estimates were based on a range of technical and economic factors and conditions in the prior year. 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 operating 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. 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, earthmoving and shale excavation.

Major production costs include natural gas, labour, electricity and depreciation of plant and equipment. The Company has contracted for its estimated 2015 Canadian natural gas supply requirements at an aggregate estimated cost of $1,615, of which 28% were at fixed prices, and for its estimated 2015 Canadian natural gas transportation requirements at an aggregate estimated cost of $1,284, of which approximately 82% was at fixed prices as at December 31, 2014. As at December 31, 2014, the Company's U.S. operations has only contracted for its January 2015 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, 2014. 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 2014, approximately 11.0% (2013 – 12.0%) 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 and the Michigan concrete products' 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, 2014.

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, 2014, however, see Note 26, 'Subsequent event' to the Consolidated Financial Statements.

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.

The Company, due to the nature of its masonry and landscape products manufacturing operations, is subject to various environmental laws and regulations. The Company maintains 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 has 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, 2014 is disclosed in Note 15 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, 2014 that were fully vested and convertible to Class A Subordinate Voting shares upon exercise by the option holders is disclosed in Note 16 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 2014 is disclosed in Note 22 to the Consolidated Financial Statements.

During the second quarter of 2014, the Toronto Stock Exchange ("TSX") accepted a notice of intention (the "Notice") filed by the Company to make a normal course issuer bid ("NCIB"). The notice provides that the Company may, during the 12 month period commencing May 6, 2014 and ending May 5, 2015, purchase on the TSX up to 460,086 Class A Subordinate Voting shares in total, being approximately 5% of the total number of Class A Subordinate Voting shares outstanding as of April 30, 2014. The price which the Company will pay for any such shares will be the market price at the time of acquisition. The actual number of Class A Subordinate Voting shares which may be purchased pursuant to the NCIB and the timing of any such purchases will be determined by management. The average daily trading volume of Class A Subordinate Voting shares ("ADTV") for the most recently completed six calendar months prior to TSX acceptance of the NCIB was 975. The maximum number of Class A Subordinate Voting shares that may be purchased in one day pursuant to the NCIB will be the greater of 1,000 and 25% of the ADTV. All Class A Subordinate Voting share purchases will be made on the open market through the facilities of the TSX and will be purchased for cancellation. As at December 31, 2014, the Company has not repurchased any Class A Subordinate Voting shares under the NCIB. Shareholders may obtain a copy of the Notice, without charge, by contacting the Company.

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, 2014 and have concluded that as at December 31, 2014 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, 2014 based on the criteria set forth in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, (1992 version). Based on that assessment, the Company's certifying officers have concluded that as at December 31, 2014, 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, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK FOR 2015

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.

Today, going into 2015 and the start of the major construction season, we maintain a positive outlook for our various market regions.

In the Company's Canadian market, housing starts in the low rise segment were relatively flat in 2014 over the same period in 2013. For 2015, the economic forecasts for single family housing starts call for an increase of approximately 3%-5%.

However, strategic initiatives, including the introduction of new products, further geographic market expansion, and continued improvements in marketing and customer service initiatives, should provide for some level of growth across all business lines in 2015.

Residential housing activity in the U.S. markets is showing signs of improvement as we experienced a high single digit gain in 2014. In 2015, we expect continued positive momentum.

Based on current industry indicators, it appears that capacity utilization levels within the Company's geographic market regions remain at historically low levels. These low levels are expected to improve over time in conjunction with higher housing starts and an improvement in commercial and industrial construction.

The Company continued to expand its U.S. market share in 2014 and should continue in that vein as its enhanced product portfolio and improved distribution profile gains market acceptance.

The rationalization of the Atlas Block assets into the Company's concrete plant network is expected to bolster the landscape and concrete masonry sales within the Company's Canadian markets. The new plant configuration established in 2014 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 in 2015. 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 should further improve the outlook for these products in 2015.

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, 2013 and Annual Information Form for the year ended December 31, 2014 may be found on SEDAR at www.sedar.com. The Company's Annual Report for the year ended December 31, 2014, and the Management Information Circular issued in connection with the Annual General Meeting of Shareholders to be held on May 28, 2015 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, 2014), 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.

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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, 2014 and 2013, and the consolidated statements of comprehensive income (loss), 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, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
March 24, 2015
Toronto, Ontario

Consolidated Balance Sheets

BRAMPTON BRICK Limited

(in thousands of Canadian dollars)	Notes	December 31, 2014	December 31, 2013
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 1,419**	$ 1,200
Trade and other receivables	5	**16,663**	9,891
Inventories	6	**28,548**	25,032
Taxes recoverable	19	**68**	281
Other assets		**546**	2,565
		47,244	38,969
Non-current assets			
Loan receivable	10	**5,200**	5,200
Property, plant and equipment	7, 8	**165,236**	168,095
		170,436	173,295
Total assets		**$ 217,680**	$ 212,264
LIABILITIES			
Current liabilities			
Bank operating advances	12	**$ 1,610**	$ 11,641
Trade payables		**17,805**	11,514
Current portion of debt	13	**16,416**	5,704
Decommissioning provisions	14	**30**	50
Other liabilities		**2,505**	2,294
		38,366	31,203
Non-current liabilities			
Non-current portion of debt	13	**26,064**	20,980
Decommissioning provisions	14	**5,213**	2,315
Deferred tax liabilities	19	**14,833**	15,016
Total liabilities		**$ 84,476**	$ 69,514
EQUITY			
Equity attributable to shareholders of Brampton Brick Limited			
Share capital	15	**$ 33,711**	$ 33,711
Contributed surplus	16	**2,293**	2,078
Accumulated other comprehensive income		**4,573**	373
Retained earnings		**92,600**	106,559
		133,177	142,721
Non-controlling interests	11	**27**	29
Total equity		**$ 133,204**	$ 142,750
Total liabilities and equity		**$ 217,680**	$ 212,264

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 (Loss)

(in thousands of Canadian dollars, except per share amounts)	Notes	Year ended December 31 2014	2013
Revenues	23	**$ 110,329**	$ 95,286
Cost of sales	6, 7, 18, 23	**92,875**	73,051
Selling expenses	18, 23	**9,058**	8,219
General and administrative expenses	7, 18, 23	**6,771**	6,742
(Gain) loss on disposal of property, plant and equipment	18, 23	**(1,609)**	334
Other income	18, 23	**(11)**	(140)
Impairment on loan receivable	10, 18, 23	**–**	865
Asset Impairment	7, 8, 18, 23	**11,611**	–
	18, 23	**118,695**	89,071
Operating (loss) income	23	**(8,366)**	6,215
Finance expense	12, 13	**(5,699)**	(2,736)
(Loss) income before income taxes		**(14,065)**	3,479
(Provision for) recovery of income taxes	19		
Current		**(79)**	739
Deferred		**183**	(1,589)
		104	(850)
Net (loss) income for the year		**$ (13,961)**	$ 2,629
Net (loss) income attributable to:			
Shareholders of Brampton Brick Limited		**$ (13,959)**	$ 2,549
Non-controlling interests		**(2)**	80
Net (loss) income for the year		**$ (13,961)**	$ 2,629
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation income		**$ 4,200**	$ 3,028
Total comprehensive (loss) income for the year		**$ (9,761)**	$ 5,657
Total comprehensive income (loss) attributable to:			
Shareholders of Brampton Brick Limited		**$ (9,759)**	$ 5,577
Non-controlling interests		**(2)**	80
Total comprehensive (loss) income for the year		**$ (9,761)**	$ 5,657
Net (loss) income per Class A Subordinate Voting share and Class B Multiple Voting share attributable to shareholders of Brampton Brick Limited			
Basic	20	**$ (1.28)**	$ 0.23
Diluted	20	**$ (1.28)**	$ 0.23

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

Consolidated Statements of Changes in Equity

		Attributable to shareholders of Brampton Brick Limited						
(in thousands of Canadian dollars)	**Notes**	**Share Capital**	**Contributed Surplus**	**Accumulated Other Comprehensive (Loss) Income**	**Retained Earnings**	**Total**	**Non-controlling interest**	**Total Equity**
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, $nil)		–	–	3,028	–	**3,028**	–	**3,028**
Comprehensive income for the year		**–**	**–**	**3,028**	**2,549**	**5,577**	**80**	**5,657**
Dividends paid to non-controlling interests	22					**–**	**(63)**	**(63)**
Share-based compensation	16	–	**183**	–	–	**183**	–	**183**
Balance – December 31, 2013		**$ 33,711**	**$ 2,078**	**$ 373**	**$ 106,559**	**$ 142,721**	**$ 29**	**$ 142,750**
Balance – January 1, 2014		**$ 33,711**	**$ 2,078**	**$ 373**	**$ 106,559**	**$ 142,721**	**$ 29**	**$ 142,750**
Net loss for the year		–	–	–	(13,959)	**(13,959)**	(2)	**(13,961)**
Other comprehensive income (net of taxes, $nil)		–	–	4,200	–	**4,200**	–	**4,200**
Comprehensive income (loss) for the year		**–**	**–**	**4,200**	**(13,959)**	**(9,759)**	**(2)**	**(9,761)**
Share-based compensation	16	–	**215**	–	–	**215**	–	**215**
Balance – December 31, 2014		**$ 33,711**	**$ 2,293**	**$ 4,573**	**$ 92,600**	**$ 133,177**	**$ 27**	**$ 133,204**

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Notes	Year ended December 31 2014	2013
Cash provided by (used for)			
Operating activities			
Net (loss) income for the year		**$ (13,961)**	$ 2,629
Items not affecting cash and cash equivalents			
Depreciation	7, 18, 23	**8,215**	7,300
Current taxes	19	**79**	(739)
Deferred taxes	19	**(183)**	1,589
(Gain) loss on disposal of property, plant and equipment	23	**(1,609)**	334
Unrealized foreign currency exchange gain		**(80)**	(272)
Impairment loss on loan receivable	10	**–**	865
Impairment loss on property, plant and equipment	7, 8, 23	**11,611**	–
Net interest expense	12, 13	**5,699**	2,737
Other	16	**215**	183
		9,986	14,626
Changes in non-cash items			
Trade and other receivables		**(6,584)**	1,020
Inventories		**(2,897)**	(2,336)
Other assets		**2,041**	(1,976)
Trade payables		**5,921**	(204)
Income tax credits applied		**22**	–
Other liabilities		**115**	218
		(1,382)	(3,278)
Income tax refunds (payments)		**109**	(1,653)
Cash provided by operating activities		**8,713**	9,695
Investing activities			
Purchase of property, plant and equipment	7	**(11,377)**	(3,422)
Loan advances to Universal Resource Recovery Inc.	10	**–**	(4,673)
Proceeds from disposal of property, plant and equipment	7	**5,905**	62
Cash used for investing activities		**(5,472)**	(8,033)
Financing activities			
(Decrease) increase in bank operating advances	12	**(10,031)**	1,206
Proceeds from issuance of the Committed term loan	13	**26,000**	–
Proceeds from issuance of the Demand revolving term loan and other loans	13	**10,635**	–
Proceeds from issuance of the Demand non-revolving loan	13	**–**	2,598
Payment of term loans	13	**(22,754)**	(2,571)
Interest paid	12, 13	**(5,433)**	(2,557)
Payments on obligations under finance leases		**(1,224)**	(540)
Payment of dividends by subsidiary to non-controlling interests	22	**–**	(63)
Cash used for financing activities		**(2,807)**	(1,927)
Foreign exchange on cash held in foreign currency		**(215)**	53
Increase (decrease) in cash and cash equivalents		**219**	(212)
Cash and cash equivalents at the beginning of the year		**1,200**	1,412
Cash and cash equivalents at the end of the year	4	**$ 1,419**	$ 1,200

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

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, Hillsdale, Brampton, Milton and Brockville, Ontario and in Wixom, Michigan manufacture concrete masonry and landscape products.

On January 7, 2014, the Company acquired substantially all of the property, plant and equipment from the court appointed receiver of Atlas Block, a concrete masonry and landscape products company located in Ontario. These assets form part of the Company's Hillsdale and Brockville plants, which were commissioned and became fully operational in mid-2014 (see Note 7, Property, plant and equipment, for details).

The land and buildings at the Company's Milton facility were sold on October 1, 2014 (see Note 7, Property, plant and equipment, for details). Production equipment was repurposed around the Company's concrete plant network, to the extent that it was reusable.

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 accordance with 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 24, 2015.

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 (loss). 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 (loss). 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 (loss).

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 (loss) as incurred. Gains and losses arising from changes in fair value are presented in the consolidated statement of comprehensive income (loss) 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 selling cost. 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 (loss) 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	10 to 20 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 consolidated statement of comprehensive income (loss).

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 consolidated statement of comprehensive income (loss) 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 (loss).

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 (loss) 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 is effective for annual periods beginning on or after January 1, 2018 and 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 other 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 is evaluating the impact of this standard on its consolidated financial statements.

IFRS 15 *Revenue from contracts with customers* is effective for annual periods beginning on or after January 1, 2017 and is based on the principle that revenues should reflect the consideration to which the entity expects to be entitled to, in exchange for the transfer of promised goods or services. The standard provides a single, principle-based five step model for revenue recognition to be applied to all customer contracts and requires enhanced disclosures. The Company has not completed evaluating the impact of this standard on the consolidated financial statements.

Amendments effective for annual periods beginning on or after January 1, 2016 are as below:

Amendment to IFRS 10, *Consolidated financial statements and* IAS 28 *Investments in associates and joint ventures* discusses the recognition of gain or loss on loss of control in a subsidiary, joint venture or associate. The gain or loss arising from the loss of control in an entity, not constituting a business, as a result of a transaction involving an associate or a joint venture, accounted for by the equity method, should be recognized only to the extent of the unrelated interest in that entity. This amendment is not expected to impact the consolidated financial statements.

Amendment to IFRS 11, *Joint arrangements* requires that on acquisition of an interest in a joint operation which constitutes a business, an entity shall apply the principles of business combinations accounting in IFRS 3 and other related standards in recognizing the extent of its share in the operation. This amendment is not expected to impact the consolidated financial statements.

Amendment to IAS 16, *Property, plant and equipment* clarifies that in determining the useful life of an asset, factors other than the impact of wear and tear on future economic benefits should be considered, such as expected future reductions in the selling price of an item if they are indicative of technical or commercial obsolescence reflecting potentially declining future economic benefits. This amendment is not expected to impact the consolidated financial statements.

Amendment to IAS 27, *Separate financial statements* states that an entity could elect to measure its investments in subsidiaries, joint ventures and associates using the equity method, in addition to the existing choices to measure at cost or in accordance with IFRS 9, *Financial Instruments*. This amendment is not expected to impact the consolidated financial statements.

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

Amendment to IFRS 2, *Share based payment* revises the definitions of the terms 'vesting conditions' and 'market condition'. Additionally, the definitions of 'performance condition' and 'service condition' have been added to clarify the definition of vesting conditions applied in the measurement of share-based payment transactions. This amendment is not expected to impact the consolidated financial statements.

Amendment to IFRS 3, *Business combinations* requires that changes in the fair value of contingent consideration relating to non-measurement period adjustments must be:

a) recognized in profit or loss, instead of recognizing gain or loss either in profit or loss or in other comprehensive income for contingent consideration within the scope of IFRS 9, *Financial Instruments*; or

b) measured at fair value at each reporting date, and changes in fair value must be recognized in profit or loss instead of recognizing a provision in accordance with IAS 37, *Provisions, contingent liabilities and contingent assets* for contingent consideration that is not within the scope of IFRS 9, *Financial Instruments*.

This amendment is not expected to impact the consolidated financial statements.

Amendment to IFRS 8, *Operating Segments* requires additional disclosure pertaining to judgments made by management in applying the aggregation criteria to the reported segments. This amendment has disclosure requirements and is not expected to impact the consolidated financial statements.

Amendment to IFRS 13, *Fair value measurement* includes other contracts within the scope of IAS 39, *Financial Instruments: Recognition and Measurement* or IFRS 9, *Financial Instruments* in addition to financial assets and financial liabilities in the measurement of the fair value of a group of financial instruments with offsetting positions in market risk or counterparty risk. This amendment is not expected to impact the consolidated financial statements.

Amendment to IAS 24, *Related party disclosures* includes within the definition of a related party an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. In addition, the reporting entity is not required to apply paragraph 17 disclosure requirements of key management personnel compensation in relation to the management personnel services provided by the related entity. However, the reporting entity must disclose the provision for key management personnel services recorded. This amendment 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, 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, Hillsdale, Brockville, 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*, ("IAS 36") determined there was no indication that the Brampton clay brick plant, the Canadian concrete plants and the Michigan concrete plant may be impaired. Management also assessed the indicators of impairment for the Indiana clay brick plant and concluded, based on various factors, that impairment testing was necessary as at December 31, 2014.

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 at December 31, 2014, impairment was recognized as a result of ongoing economic pressures impacting the construction industry, as well as poorer than expected operating results in the current year. 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.

December 31, 2014 and 2013 (in thousands of Canadian dollars, unless otherwise stated)

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, the Canadian concrete plants and the Michigan concrete plant may be impaired.

For the year ended December 31, 2014, the recoverable amount for the Farmersburg, Indiana clay brick plant was estimated using the Company's approved business plan for a period of five years from 2015 - 2019, which provides for an annual average revenue increase of 16.0%. 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 pre-tax discount rate of 15.4%. The impairment testing resulted in an impairment loss of $11,611.

(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 Resource Recovery Inc. ("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, 2014.

The determination of the fair value of Universal's PP&E requires the application of professional judgment. As at December 31, 2014, the fair value of Universal's PP&E was based on the assessment performed by independent property and equipment appraisers as at December 31, 2013 with the assumption that critical factors had remained generally unchanged in the current year. Based on the appraisals and book values of other assets and liabilities, the carrying value of the loan receivable was recognized at $5,200 as at December 31, 2014 (2013 – $5,200). These appraisal estimates were based on a range of technical and economic factors and conditions in the prior year. 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, 2014 $	December 31, 2013 $
Cash on hand and balances with banks	**719**	494
Short-term investments	**700**	706
Cash and cash equivalents	**1,419**	1,200

5. TRADE AND OTHER RECEIVABLES

	December 31, 2014 $	December 31, 2013 $
Trade receivables	**17,178**	10,177
Less: Allowance for doubtful accounts (note 24)	**(630)**	(328)
Trade receivables – net	**16,548**	9,849
Other receivables	**115**	42
Trade and other receivables	**16,663**	9,891
Trade receivables from related parties (included above)	**6**	66

6. INVENTORIES

	December 31, 2014 $	December 31, 2013 $
Merchandise	**23,955**	21,355
Raw materials and production supplies	**4,593**	3,677
Inventories	**28,548**	25,032

The cost of inventories recognized as an expense and included in cost of sales was $76,541 (2013 – $63,028), which includes inventories written off primarily for damaged or obsolete product and cycle count adjustments in the amount of $986 (2013 – $1,015).

7. PROPERTY, PLANT AND EQUIPMENT

	Land and Land Improvements	Buildings	Machinery and Equipment	Mobile Equipment	Total
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	(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, 2014					
Additions	**3,968**	**1,549**	**10,896**	**920**	**17,333**
Disposals	**(1,258)**	**(1,387)**	**(1,642)**	**(10)**	**(4,297)**
Depreciation	**(650)**	**(933)**	**(5,834)**	**(798)**	**(8,215)**
Exchange differences	**557**	**700**	**2,654**	**20**	**3,931**
Asset impairment (see note 8)	**(1,104)**	**(2,025)**	**(8,383)**	**(99)**	**(11,611)**
	1,513	**(2,096)**	**(2,309)**	**33**	**(2,859)**
As at December 31, 2014					
Cost	**83,968**	**32,114**	**140,513**	**6,444**	**263,039**
Accumulated depreciation and impairment loss	**(16,235)**	**(14,957)**	**(61,946)**	**(4,665)**	**(97,803)**
Net book value	**67,733**	**17,157**	**78,567**	**1,779**	**165,236**

For the year ended December 31, 2014, depreciation expense totaled $8,215 (2013 – $7,300) of which $7,886 (2013 – $7,016) was included in Cost of sales and $329 (2013 – $284) was included in General and administrative expenses. Refer to Note 18, 'Expenses by nature'.

On January 7, 2014, the Company acquired substantially all of the property, plant and equipment from the court appointed receiver of Atlas Block, a concrete masonry and landscape products company located in the province of Ontario for an aggregate purchase price of $11,366. Of the total assets purchased, $2,494 were acquired through a finance lease arrangement. These assets form part of two concrete manufacturing plants located in Hillsdale and Brockville, Ontario.

On October 1, 2014, land and buildings located in Milton, Ontario, with a carrying amount of $2,401 were sold for net proceeds of $5,556, after deducting sales transaction costs of $244, resulting in a gain of $3,155.

During the second quarter of 2014, obsolete equipment amounting to $1,600 was written off as part of the Company's plan to integrate the newly acquired assets with its operational objectives and is recognized in the loss on disposal of property, plant and equipment on the consolidated statements of comprehensive income (loss).

During the year, property, plant and equipment were acquired at an aggregate cost of $17,333 (2013 – $4,043), including assets purchased on January 7, 2014 as noted above, of which $2,920 (2013 – $620), was acquired by means of finance leases. Capital expenditures incurred and unpaid (paid) relating to prior years was $274 (2013 – ($13)).

Non cash capital expenditures relating to estimated future quarry rehabilitation costs recorded during the year amounted to $2,762 (2013 – $14).

Net cash flow used for the purchase of property, plant and equipment was $11,377 (2013 – $3,422).

As at December 31, 2014, the Company recognized an asset impairment of $11,611 on its Farmersburg, Indiana plant, as is described in Note 8 below.

December 31, 2014 and 2013 (in thousands of Canadian dollars, unless otherwise stated)

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

	December 31, 2014	December 31, 2013
Cost – finance leases	**$ 7,196**	$ 4,822
Accumulated depreciation	**(3,864)**	(3,344)
	$ 3,332	$ 1,478

8. ASSET IMPAIRMENT

The Company has determined that the Brampton clay brick plant, the Canadian concrete plants (Markham, Hillsdale, Brockville 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*, ("IAS 36") determined there was no indication that the Brampton clay brick plant, the Canadian concrete plants and the Michigan concrete plant may be impaired. Management also assessed the indicators of impairment for the Indiana clay brick plant and concluded that impairment testing was necessary.

Impairment was recognized in the current year as a result of ongoing economic pressures impacting the construction industry, as well as poorer than expected operating results in the current year.

Initially, the asset impairment testing with respect to the Farmersburg, Indiana clay brick plant was performed using the value in use ("VIU") methodology. The results of this methodology indicated a potential impairment. As a result, of the potential impairment, the Company performed an impairment analysis utilizing the fair value less costs to sell ("FVLCTS") methodology. This methodology also resulted in a potential impairment.

In accordance with IAS 36, the recoverable amount should be the higher of the results under the VIU and the FVLCTS methodologies. In this case, the value under the VIU methodology was higher and considered to be the recoverable amount. The carrying value of the assets were adjusted to this recoverable amount in the books and resulted in an impairment charge of $11,611. The effect of the impairment was a decrease in property, plant and equipment with a corresponding charge to the Consolidated statement of comprehensive income (loss). The impairment loss was recorded on a pro-rata basis to the individual depreciable assets of the CGU. The recoverable amount was estimated using the approved business plan for a period of five years. Cash flows beyond five years were extrapolated using an estimated terminal growth rate of 1.5%. The cash flows were discounted using a pre-tax discount rate of 15.4%.

9. 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, 2014, the Company's share of Universal's net income amounted to $41 (December 31, 2013 – loss of $1,433). As a result, the Company's total share of cumulative unrecognized losses decreased to $3,966 (2013 – $4,007) as at December 31, 2014.

On October 22, 2013, management entered into a 6 year term tenant lease arrangement, whereby the lessee has the option to purchase the entire 65 acre parcel of land and buildings, located in Welland, Ontario, at fair market value, beginning in June 2015. Based on the lease agreement, this investment property will earn rental income for the duration of the lease period which commenced on June 1, 2013.

The Company has a secured loan receivable from Universal in the amount of $5,200 which is described below in Note 10, 'Loan receivable'.

10. LOAN RECEIVABLE

During the year ended December 31, 2014, there were no additional secured advances from the Company to Universal (2013 – $4,673, of which $2,598 was financed through a demand non-revolving loan from the bank).

In relation to this secured, non-interest bearing, non-current loan receivable ("loan receivable"), the Company has registered, as security, a mortgage on Universal's property located in Welland, Ontario. The full recoverability of the loan from the sale proceeds of the property, is not expected to be received until the earlier of: the exercise of the tenant's option to purchase the property; or the expiry of the lease term.

The Company determined that there was no further impairment on the loan receivable from Universal for the year ended December 31, 2014, as critical factors in Universal's property appraisal conducted in late 2013 were deemed to have remained generally unchanged compared to the prior year.

The Company had evaluated the recoverability of its loan receivable from Universal, in the amount of $7,343 based on the estimated fair value of the underlying Universal assets. In 2013, the loan receivable was determined to be impaired and its carrying value was written down to $5,200, the fair value representing the Company's share of Universal's underlying assets. The Company recognized an accumulated impairment charge of $2,143, of which $865 was recorded for the full year in 2013.

11. INTERESTS IN SUBSIDIARIES

The Company's interest in subsidiaries as at December 31, 2014 are detailed below. These subsidiaries have share capital consisting of common 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

The non-controlling interests for the period ended December 31, 2014 was $27 (December 31, 2013 – $29).

There are no restrictions on the Company's ability to use the assets and settle the liabilities of the subsidiary companies. However, until the credit facilities are repaid in full and cancelled, without the prior consent of the bank, the Company may not permit substantially all of its assets to be acquired by another person or entity; or permit any reorganization or change in ownership or corporate structure; or conduct the purchase or sale of any assets outside the normal course of business.

12. BANK OPERATING ADVANCES

The Company's credit facility provides for borrowings of up to $22,000 (2013 – $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, 2014 and 2013, the Company is in compliance with all the financial covenants.

As at December 31, 2014, the borrowing limit was $21,742 (2013 – $18,951). The utilization was $2,111 (2013 – $11,905) and comprised of: a current account overdraft balance of $1,823 (2013 – $2,741); and outstanding letters of credit for $288 (2013 – $264). Additionally, in 2013, a $8,900 bankers' acceptance, 90 day note was utilized. There was no bankers' acceptance note utilized as at December 31, 2014.

As at December 31, 2014, the rate of interest on the current account overdraft is based on the Canadian bank prime rate plus a credit spread of 1.00%. The Company's credit spread is variable and determined by its fixed charge coverage ratio.

13. DEBT

Debt consists of the following:

		December 31, 2014 $	December 31, 2013 $
Demand revolving term loan – monthly instalments commence July 2015 to July 2019	(a)	**10,595**	–
Committed revolving reducing term loan – monthly instalments commence July 2015 to July 2019	(a)	**26,000**	
Term loan - due June 2016, repaid in January 2014	(a)	**–**	22,300
Demand non-revolving loan – monthly instalments commenced January 2014 to December 2019	(b)	**2,425**	2,598
Other term loans	(c)	**385**	417
	(d)	**39,405**	25,315
Obligations under finance leases	(e)	**3,075**	1,369
		42,480	26,684
Less: Payments due within one year – current portion		**16,416**	5,704
Non-current portion of debt		**26,064**	20,980

(a) On January 3, 2014, the Company finalized a new $40,000 demand revolving reducing term loan with its banker at the bank's prime rate plus 0.70%. The amount of $36,595 was drawn down and used to repay the existing term loan and to finance the purchase of assets.

On November 21, 2014, the Company's $36,595 demand revolving reducing term loan was separated into a $26,000 committed revolving reducing term loan ("Committed term loan") classified as a long-term liability and a $10,595 demand revolving term loan which was classified as a current liability as it is payable on demand.

December 31, 2014 and 2013 (in thousands of Canadian dollars, unless otherwise stated)

The Committed term loan bears interest at the bank's prime rate plus 0.30% until January 29, 2015, and thereafter at the 30 day bankers' acceptance rate plus a stamp fee of 1.80%. The demand revolving term loan bears interest at the bank's prime rate plus 0.50%.

On January 30, 2015, the Company entered into a floating-to-fixed interest rate swap agreement to fix the interest rate on its Committed term loan, as further described in Note 26, 'Subsequent Event'.

The term of these new loans is five years and requires monthly interest payments for the duration of the loan. The Committed term loan will be repaid by way of principal repayments of $400 per month from July to November each year, beginning in 2015 until 2018, with a balloon payment on July 31, 2019. Similarly, principal repayments of $100 per month from July to November each year, beginning in 2015 until 2018, with a balloon payment on July 31, 2019, have been scheduled on the demand revolving term loan.

The Committed term loan is secured only by a mortgage on the Company's 225 Wanless Drive, Brampton, Ontario property, while the Demand revolving term Loan is secured by a mortgage over the Company's properties located in Hillsdale, Markham, Ontario and two quarry sites located in Brampton and Cheltenham, Ontario.

The agreements for the Committed term loan and the Demand revolving term loan contain certain financial covenants. As at December 31, 2014, the Company is in compliance with all the financial covenants.

(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 bank's prime rate plus a credit spread of 1.50%. These funds were advanced to Universal in December 2013 and used, in part, to fully repay the outstanding balance of Universal's term bank loan (refer to Note 10 'Loan receivable').

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

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

	$
2015	15,128
2016	2,110
2017	2,068
2018	2,031
2019	18,020
Thereafter	48
	39,405

(e) Obligations under finance leases include the following:

Future minimum lease payments	$
2015	1,393
2016	1,149
2017	531
2018	70
2019	107
Total minimum lease payments	**3,250**
Less: Amount representing interest	**175**
	3,075

The weighted average effective interest rate for obligations under finance leases during 2014 was approximately 4.21% (2013 – 4.51%).

14. 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 1.06% to 2.33% (2013 – 1.13% to 3.20%). The total undiscounted amount of the estimated cash flows required to settle the obligations at December 31, 2014 is $6,143 (2013 – $3,181). These obligations are expected to be settled over a one to fifteen year period (2013 – 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:

	2014 $	2013 $
Balance at the beginning of the year	**2,365**	2,269
Increase in provision	**2,811**	56
Payments during the year	**–**	–
Unwinding of the discount and effect of changes in the discount rate	**67**	40
Balance at the end of the year	**5,243**	2,365
Less: Payments due within one year – current portion	**(30)**	(50)
	5,213	2,315

15. 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 2014 and 2013.

During the year, there were no Class A Subordinate Voting shares purchased under the Company's Normal Course Issuer Bid, which commenced May 6, 2014 and ends on May 5, 2015.

No stock options were exercised in 2014 and 2013.

There were no changes in the Class A Subordinate Voting shares and Class B Multiple Voting shares for the years ended December 31, 2014 and December 31, 2013.

Class A Subordinate Voting shares	**December 31, 2014**		**December 31, 2013**	
	Number of shares (thousands)	**Stated capital $**	**Number of shares (thousands)**	**Stated capital $**
Balance at the beginning of the year	**9,202**	**33,710**	9,202	33,710
Balance at the end of the year	**9,202**	**33,710**	9,202	33,710

Class B Multiple Voting shares	**December 31, 2014**		**December 31, 2013**	
	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

16. 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 (2013 – 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, 2014, a total of 315,365 (December 31, 2013 – 428,365) stock options were available for grant under the Plan.

The Company granted stock options to all executive offices, one employee 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 28, 2014**	**March 22, 2013**
Number of options granted	**174,500**	179,500
Market price	**$ 5.60**	$ 5.52
Fair value of each stock option granted	**$ 1.41**	$ 1.35
Assumptions:		
Risk-free interest rate	**2.2%**	1.7%
Expected life	**8.0 years**	7.8 years
Volatility (determined by reference to historically observed prices of the Class A Subordinate Voting shares)	**34.0%**	34.0%
Expected dividend yield	**3.6%**	3.6%
Expected forfeitures	**Nil**	Nil

For the year ended December 31, 2014, the total compensation cost charged against income with respect to all stock options granted was $215 (2013 – $183).

December 31, 2014 and 2013 (in thousands of Canadian dollars, unless otherwise stated)

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:

	2014		2013	
	Number of stock options	Weighted average exercise price $	Number of stock options	Weighted average exercise price $
Balance at the beginning of the year	**1,022,100**	**7.45**	842,600	7.87
Granted during the year	**174,500**	**5.60**	179,500	5.52
Cancelled during the year	**(61,500)**	**14.57**	–	–
Balance at the end of the year	**1,135,100**	**6.78**	1,022,100	7.45

At December 31, 2014 and 2013, outstanding stock options were as follows:

		Number of shares	
Year of expiry	**Option price $**	**2014**	**2013**
2014	14.60	–	44,000
2014	14.50	–	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	179,500
2024	5.60	174,500	–
		1,135,100	**1,022,100**

At December 31, 2014, an aggregate of 1,135,100 (2013 – 1,022,100) stock options were outstanding, of which 797,600 (2013 – 709,900) were fully vested and exercisable by the holders thereof at a weighted average exercise price of $7.47 (2013 – $8.58) per share.

17. 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 2014 totaled $668 (2013 – $583).

18. EXPENSES BY NATURE

	Year ended December 31, 2014							
	Personnel expenses	**Cost of Materials**	**Cost of Energy**	**Depreciation**	**Freight**	**Other expense**	**Asset Impairment loss**	**Total**
Cost of sales	**$ 18,588**	**$ 42,475**	**$ 8,929**	**$ 7,886**	**$ 10,916**	**$ 4,081**	**$ –**	**$ 92,875**
Selling expenses	**5,725**	**148**	**–**	**–**	**20**	**3,165**	**–**	**9,058**
General and administrative expenses	**3,557**	**208**	**–**	**329**	**60**	**2,617**	**–**	**6,771**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(1,609)**	**–**	**(1,609)**
Other income	**–**	**–**	**–**	**–**	**–**	**(11)**	**–**	**(11)**
Asset impairment loss							**11,611**	**11,611**
	$ 27,870	**$ 42,831**	**$ 8,929**	**$ 8,215**	**$ 10,996**	**$ 8,243**	**$ 11,611**	**$ 118,695**

								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**

19. 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% (2013 – 26.5%) in the Canadian jurisdictions and from 34.0% to 38.7% (2013 – 34.0% to 38.9%) in the U.S. jurisdictions.

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

	2014		2013	
	$	**%**	$	%
(Loss) income before income taxes	**(14,065)**		3,479	
Income tax recovery (provision) calculated at statutory federal and provincial income tax rates – 26.50% (2013 – 26.50%)	**3,727**	**26.5**	(922)	(26.5)
Increase (decrease) in rate resulting from:				
Manufacturing and processing profits deduction	**1**	**0.0**	90	2.6
Tax rate and other differences in foreign subsidiaries	**1,614**	**11.5**	235	6.8
Change in deferred tax assets not recognized	**(6,533)**	**(46.5)**	(2,084)	(59.9)
Change in deferred tax assets due to changes in exchange rates	**1,450**	**10.3**	1,331	38.3
Other non-taxable and non-deductible items	**(155)**	**(1.1)**	608	17.4
Non-deductible loss on loan receivable	**–**	**–**	(108)	(3.1)
Effective recovery (provision) for income taxes	**104**	**0.7**	(850)	(24.4)

The movement in deferred tax liabilities is as follows:

	2014	**2013**
As at January 1	**$ (15,016)**	$ (13,427)
Credited (debited) to the Statement of Comprehensive Income (Loss)	**183**	(1,589)
As at December 31	**$ (14,833)**	$ (15,016)

Deferred taxes applicable to temporary differences are as follows:

	December 31, 2014 $	**December 31, 2013 $**
Depreciable property, plant and equipment	**(14,555)**	(17,313)
Losses available for carry-forward	**26,527**	22,848
IFRS transition adjustment, January 1, 2010 – land	**(4,432)**	(4,421)
Cumulative eligible capital	**1,783**	2,066
Other	**(524)**	(1,097)
	8,799	2,083
Less: Deferred tax assets not recognized	**(23,632)**	(17,099)
Deferred tax liability	**(14,833)**	(15,016)

December 31, 2014 and 2013 (in thousands of Canadian dollars, unless otherwise stated)

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

Year of expiry	$
2024	**3,372**
2025	**3,816**
2026	**3,457**
2027	**1,742**
2028	**4,130**
2029	**11,972**
2030	**12,728**
2031	**10,513**
2032	**7,811**
2033	**5,967**
2034	**4,961**
	70,469

20. (LOSS) INCOME PER SHARE

Earnings per share is calculated on net (loss) 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 outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares utilized in the calculations of earnings per share is as follows:

	Year ended December 31					
	2014			2013		
	Net loss $	Shares (thousands)	Per share amount $	Net income $	Shares (thousands)	Per share amount $
Net (loss) income attributable to shareholders of Brampton Brick Limited	**(13,959)**	**10,940**	**(1.28)**	2,549	10,940	0.23
Dilutive effect of options		**–**	**0.00**		64	0.00
Diluted (loss) income per share		**10,940**	**(1.28)**		11,004	0.23

Dilutive employee stock options had no effect in the calculation of the diluted loss per share for the year ended December 31, 2014 due to the loss incurred (2013 – 603,558 options to purchase Class A Subordinate Voting shares were considered to be anti-dilutive).

21. 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:

	$
2015	**102**
2016	**67**
2017	**18**
2018	**7**
	194

As at December 31, 2014, the Company had capital expenditure commitments with suppliers totaling $1,903.

The Company normally enters into supply and transportation contracts for natural gas to satisfy its future requirements. As at December 31, 2014, the Company has contracted for its estimated 2015 Canadian natural gas supply requirements at an aggregate estimated cost of $1,615, of which 28% was at fixed prices, and for its estimated 2015 Canadian transportation requirements at an aggregate estimated cost of $1,284, of which 82% was at fixed prices. As at December 31, 2014, the Company's U.S. operations, have contracted for its January 2015 estimated natural gas transportation requirements at an estimated cost of $8 at fixed prices. The potential unrealized loss on the fixed price contracts was approximately $47 (2013 – unrealized gain of $26), 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, 2014 is $288 (2013 – $264).

22. RELATED PARTIES

a) *Compensation of key management personnel*

	Year ended December 31	
	2014	**2013**
Salaries, incentives, short-term benefits and pension expense	**$ 3,249**	$ 3,351
Share-based payments	**215**	183
Total	**$ 3,464**	$ 3,534

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 3.1% (2013 – 4.3%) of revenues in aggregate for the year ended December 31, 2014. Purchases from related parties amounted to $44 for the year ended December 31, 2014 (2013 – $70).

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, 2014, the trade receivable balance from related customers was $6 (2013 – $66). Trade payables to related parties was $92 as at December 31, 2014 (2013 – $182). During the year ended December 31, 2014, no dividends were paid to related shareholders of a subsidiary company (2013 – $63).

23. 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 2013, is as follows:

				2014
	Masonry $	**Landscape $**	**Other $**	**Total $**
Revenues	**79,639**	**30,690**	**–**	**110,329**
Cost of sales	**68,413**	**24,462**	**–**	**92,875**
Selling expenses	**5,196**	**3,862**	**–**	**9,058**
General and administrative expenses	**5,194**	**1,568**	**9**	**6,771**
Gain on disposal of property, plant and equipment	**(468)**	**(1,141)**	**–**	**(1,609)**
Other expense (income)	**148**	**(159)**	**–**	**(11)**
Asset impairment	**11,611**	**–**	**–**	**11,611**
	90,094	**28,592**	**9**	**118,695**
Operating (loss) income	**(10,455)**	**2,098**	**(9)**	**(8,366)**
Finance costs				**(5,704)**
Finance income				**5**
Loss before income taxes				**(14,065)**
Income tax recovery				**104**
Net loss for the year				**(13,961)**
Depreciation of property, plant and equipment	**6,472**	**1,743**	**–**	**8,215**

December 31, 2014 and 2013 (in thousands of Canadian dollars, unless otherwise stated)

	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 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

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.

	Masonry and Landscape $	Other $	2014 Total $
Additions to property, plant and equipment	**17,333**	**–**	**17,333**
Consolidated total assets	**211,777**	**5,903**	**217,680**

	Masonry and Landscape $	Other $	2013 Total $
Additions to property, plant and equipment	4,043	–	4,043
Consolidated total assets	206,356	5,908	212,264

Geographical information is as follows:

	2014		2013	
	Revenues $	Property, plant and equipment $	Revenues $	Property, plant and equipment $
Canada	**98,271**	**127,796**	84,188	121,668
United States	**12,058**	**37,440**	11,098	46,427
	110,329	**165,236**	95,286	168,095

24. 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, 2014 and 2013.

Assets	Fair Value Hierarchy Level	December 31, 2014		December 31, 2013	
		$	**$**	$	$
		Carrying values	**Fair values**	Carrying values	Fair values
Loans and receivables					
Cash and cash equivalents	**1**	**1,419**	**1,419**	1,200	1,200
Trade and other receivables	**2**	**16,663**	**16,663**	9,891	9,891
Loan receivable	**2**	**5,200**	**5,200**	5,200	5,200
Liabilities					
Amortized cost					
Bank operating advances	**2**	**1,610**	**1,610**	11,641	11,641
Trade payables	**2**	**17,805**	**17,805**	11,514	11,514
Other liabilities	**2**	**2,505**	**2,505**	2,294	2,294
Debt	**2**	**42,480**	**42,480**	26,684	28,200

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, 2014, four customers represented approximately 27.0%, in aggregate, (2013 – four customers – 43.5%) of the Company's trade receivables at year-end. Sales to these customers represented 18.9% (2013 – 20.6%) 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 76.9% (2013 – 74.9%) of consolidated trade and other receivables outstanding as at December 31, 2014.

The Landscape Products business segment is characterized by a larger number of customers with lower average balances outstanding. This business segment represented 23.1% (2013 – 25.1%) of consolidated trade and other receivables outstanding as at December 31, 2014.

In aggregate, approximately 93.1% (2013 – 90.5%) was due in Canadian dollars and 6.9% (2013 – 9.5%) was due in U.S. dollars.

Accounts receivable that were past due as at December 31, 2014 totaled $5,773 (2013 – $1,960), of which $4,945 (2013 – $1,809) was less than three months past due, $693 (2013 – $117) was more than three months but less than six months past due and $135 (2013 – $35) was more than six months but less than one year past due.

Of the past due amount, accounts totaling $630 (2013 – $328) 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 (loss).

December 31, 2014 and 2013 (in thousands of Canadian dollars, unless otherwise stated)

Changes in the allowance for doubtful accounts were as follows:

	2014 $	2013 $
Balance at the beginning of the year	**328**	422
Accounts added	**891**	273
Accounts removed	**(336)**	(270)
Accounts written off during the year as uncollectible	**(265)**	(105)
Foreign exchange translation loss	**12**	8
Balance at the end of the year	**630**	328

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:

	2014 $	2013 $
Not later than 3 months	**35,472**	28,686
Later than 3 months and not later than 12 months	**3,822**	4,360
Later than one year and not later than five years	**28,580**	23,333
Later than 5 years	**52**	79
	67,926	56,458

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

At December 31, 2014, the Company had a borrowing limit of $21,742 on an operating credit facility of $22,000, of which $2,111 had been utilized.

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, 2013	1.0636 CAD
December 31, 2014	1.1601 CAD
High – 2014	1.1671 CAD
Low – 2014	1.0589 CAD
Average – 2014	1.1048 CAD

Variances in the rate of exchange of USD $0.05 are considered reasonably possible.

At December 31, 2014, the Company had net monetary liabilities denominated in U.S. dollars totaling USD $1,842. A variance of USD $0.05 in the December 31, 2014 rates of exchange would have resulted in the income before income taxes being approximately $100 higher or lower, as the case may be.

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, 2014 or December 31, 2013.

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, 2014 and averaged 3.00% throughout the year. At December 31, 2014, the Company had a total of $40,843 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 $204 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, 2014 or December 31, 2013, there were no interest rate swap contracts outstanding (see Note 26).

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 (loss). There were no swap contracts outstanding as at December 31, 2014 or December 31, 2013.

25. 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 shareholders equity ratio at less than 0.4:1. The net adjusted funded debt to shareholders equity ratios at December 31, 2014 and December 31, 2013 are as follows:

	December 31, 2014 $	December 31, 2013 $
Bank operating advances	**1,610**	11,641
Debt	**42,480**	26,684
Less: Cash and cash equivalents	**(1,419)**	(1,200)
Net adjusted funded debt	**42,671**	37,125
Share capital	**33,711**	33,711
Contributed surplus	**2,293**	2,078
Accumulated other comprehensive income	**4,573**	373
Retained earnings	**92,600**	106,559
Shareholders equity	**133,177**	142,721
Net adjusted funded debt to shareholders equity ratio	**0.32:1**	0.26:1

As at December 31, 2014 and December 31, 2013, the Company's objective with respect to the net adjusted funded debt to shareholders equity ratio was achieved.

26. SUBSEQUENT EVENT

On January 30, 2015, the Company entered into a floating-to-fixed interest rate swap with a notional value of $26,000, to hedge its exposure to fluctuations in cash flows from changes in interest rates on the committed revolving reducing term loan ("Committed term loan") of the same amount. The swap notional value will decrease proportionately with the outstanding balance of the underlying Committed term loan as scheduled repayments are made over its duration. As a result of this transaction, the Company's interest rate for the Committed term loan is fixed at 3.69% and is comprised of a fixed rate of 1.89% and a stamp fee of 1.80%.

Five Year Financial Review

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

Operations	2014	2013	2012	2011	2010
Revenues	**$ 110,329**	$ 95,286	$ 97,061	$ 80,013	$ 72,623
Net income (loss)	**(13,961)**	2,629	1,485	(9,976)	(2,538)
Depreciation	**8,215**	7,300	7,070	6,756	11,074
Cash provided by (used for) operations	**8,713**	9,695	16,153	7,642	7,581
Payments for purchase of property, plant and equipment	**11,377**	3,422	3,101	2,981	2,266
Financial Position					
Current assets	**$ 47,244**	$ 38,969	$ 36,498	$ 33,290	$ 35,854
Working capital	**8,878**	7,766	7,325	13,137	18,499
Property, plant and equipment (net)	**165,236**	168,095	168,848	172,629	175,023
Total assets	**217,680**	212,264	205,346	205,919	216,439
Non-current portion of debt	**26,064**	20,980	23,554	35,166	37,271
Shareholders' equity attributable to shareholders of Brampton Brick Limited	**133,177**	142,721	136,961	136,477	145,237
Financial Ratios					
Current ratio	**1.23:1**	1.25:1	1.25:1	1.65:1	2.07:1
Total liabilities (excluding non-controlling interests) to shareholders' equity attributable to shareholders of Brampton Brick Limited	**0.63:1**	0.49:1	0.50:1	0.51:1	0.49:1
Return on average shareholders' equity attributable to shareholders of Brampton Brick Limited (%)	**(10.1)**	1.9	1.1	(7.1)	(1.9)
Share Data					
Net income (loss) per share	**$ (1.28)**	$ 0.23	$ 0.14	$ (0.91)	$ (0.24)
Book value per share	**12.17**	13.05	12.52	12.48	13.28
Dividends per share	**–**	–	–	–	–
Weighted average number of shares outstanding (thousands)	**10,940**	10,940	10,938	10,937	10,937

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Chief Operating Officer

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Senior Vice-President, Manufacturing

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

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

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STOCK LISTING

Toronto Stock Exchange

SHARE SYMBOL

"BBL.A"

REGISTRAR AND TRANSFER AGENT

CST Trust Company
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