BRAMPTON BRICK Limited

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2014

second quarter report

FOR THE SECOND QUARTER ENDED JUNE 30, 2014
PREPARED AS OF AUGUST 7, 2014

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and six month interim periods ended June 30, 2014 should be read in conjunction with the condensed interim consolidated financial statements as at and for the three and six month periods ended June 30, 2014, and with the audited 2013 annual consolidated financial statements and the 2013 annual MD&A included in the Company's 2013 Annual Report, 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

THREE MONTHS ENDED JUNE 30, 2014

The Company recorded net income of $772, or $0.07 per share for the second quarter ended June 30, 2014, compared to net income of $2,102, or $0.19 per share for the second quarter of 2013. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding for the second quarter of each of 2014 and 2013 was 10,940,354.

Revenues for the second quarter of 2014 increased by 11% to $33,066 compared to $29,910 for the same period in 2013. Increases in revenues were due to expanded products portfolios in both the landscape and masonry market segments, the additional sales volume gained from new production facilities located in Hillsdale and Brockville, Ontario, and the catch-up of building projects that were delayed due to extreme winter conditions in the first quarter of this year.

For the quarter ended June 30, 2014, cost of sales amounted to $26,206, compared to $22,129 for the same period in 2013. The increase in cost of sales was due to the following:

- higher shipping volumes in the current quarter;
- natural gas costs, which represent one of the largest components in the cost of manufacturing, increased from the prior period by approximately 35%;
- start-up costs related to commissioning of the two concrete manufacturing plants located in Hillsdale and Brockville, Ontario. These plants operated well below capacity because of initial trial production runs associated with several new products, and consequently the low production volumes resulted in higher fixed costs per unit sold. These manufacturing plants are expected to be fully operational during the third quarter of the current year; and
- a number of one-time operating costs in the quarter related to improving plant efficiencies which contributed to the higher cost of sales. During the quarter, the Company began consolidating its concrete plants in order to improve capacity utilization levels and associated plant costs. This consolidation process is expected to be completed in the third quarter.

Selling expenses increased to $2,337 in the second quarter of 2014 from $1,996 in the same quarter of 2013. This increase was due to an increase in personnel costs and advertising expenses related to the additional plant facilities and expanded products' portfolios.

General and administrative expenses amounted to $1,641 for the second quarter ended June 30, 2014 compared to $1,646 for the corresponding quarter in 2013.

Loss on disposal of property, plant and equipment increased to $1,588 for the second quarter of 2014 compared to $354 for the corresponding period in 2013 due to the write-off of certain production equipment amounting to $1,600. This will permit the Company to reallocate production volumes throughout its plant network, improving capacity utilization levels at each plant and increasing logistics and production efficiencies.

Operating income for the quarter ended June 30, 2014, amounted to $1,508 compared to $3,799 for the second quarter of 2013.

The decrease in the provision for income taxes to $133 for the second quarter of 2014 compared to $981 for the same period in 2013 was a result of a decrease in operating results of the Canadian operations. The income tax provision in both periods relates to the pre-tax income of the Company's Canadian operations. The Company has not recorded a deferred tax asset with respect to the potential deferred tax benefit pertaining to losses incurred by its U.S. operations.

SIX MONTHS ENDED JUNE 30, 2014

For the six months ended June 30, 2014, the Company recorded a net loss of $7,083, or $0.65 per share, compared to a net loss of $472, or $0.04 per share, for the first half of 2013. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding for the six months ended June 30, of each of 2014 and 2013 was 10,940,354.

Revenues grew 7% to $45,678 for the six months ended June 30, 2014, compared to $42,799 for the same period in 2013 due to increases in shipments of both masonry concrete products and landscape products.

Cost of sales for the six months ended June 30, 2014, amounted to $40,625, compared to $33,903 for the same period in 2013. The increase in cost of sales was due to higher shipments, significantly lower production volumes in both the Masonry Products and Landscape Products business segments and the reasons noted above under the caption "Three months ended June 30, 2014". Additionally, the extreme winter conditions during the first quarter of 2014 significantly impacted operations at the Company's concrete products plants, resulting in higher costs and reduced production volumes.

Selling expenses for the six month period of 2014 increased to $4,487 from $3,781 for the same period of 2013. This increase is due to similar factors as discussed above under the caption "Three months ended June 30, 2014".

General and administrative expenses increased to $3,342 for the first half of 2014 from $3,204 for the corresponding period in 2013 due to an increase in the provision for bad debts.

The increase in loss on disposal of property, plant and equipment of $1,594 for the six month period in 2014 compared to $349 in the corresponding prior period was due to the write-off of certain production equipment as described above under the caption "Three months ended June 30, 2014".

As a result, for the six month period ended June 30, 2014, the operating loss increased to $4,269, compared to operating income of $1,415 for the same period in 2013.

On January 3, 2014, the Company finalized a new $40,000 demand revolving reducing term loan with its banker. The amount of $36,595 drawn down on this loan was utilized to finance the purchase of the Atlas Block assets, and to repay the outstanding balance of $22,500 on the then existing term loan and the associated prepayment of future interest in the amount of $3,305.

As a result, for the first six months of 2014, finance expense increased to $4,640 from $1,380 for the same period in 2013. Also included in the expense for the period were the remaining unamortized transaction costs in the amount of $200 related to the replaced term loan.

A recovery of income taxes of $1,826 was recorded for the first half of 2014 compared to a provision of $507 for the same period in 2013. The income tax recovery (provision) in both periods relates to the Company's Canadian operations. The Company has not recorded a deferred tax asset with respect to the potential deferred tax benefit pertaining to losses incurred by its U.S. operations.

More details with respect to each operating business segment follows:

MASONRY PRODUCTS

Revenues of the Masonry Products business segment increased to $21,987 for the quarter ended June 30, 2014 compared to $21,123 for the same period in 2013. Revenues increased because of higher shipments across most of the masonry product lines. Increases in costs were due to the commissioning of production equipment at the Hillsdale and Brockville plants which continued into the second quarter, certain one-time costs to improve plant efficiencies and higher energy costs. As a result, operating income amounted to $923 for the current quarter compared to $2,146 in the prior period.

For the six month period ended June 30, 2014, revenues increased to $34,009 from $33,435 in the corresponding period of 2013 due to an increase in sales of masonry products, as residential construction gained momentum in the second quarter, both from anticipated seasonal activity as well as the completion of building projects affected by the extreme winter conditions during the first quarter of 2014.

Cost of sales increased to $31,167 from $26,205 in the corresponding period in 2013. Due to the relatively high-fixed cost nature of the Company's manufacturing facilities, large fluctuations in production levels have a material impact on per unit manufacturing costs. As production volumes decrease, the average production cost per unit increases, because fixed plant overhead is apportioned over a lower number of production units, thus increasing cost of sales. In addition, higher energy costs, yard and delivery expenses, certain non-recurring expenses and commissioning costs associated with the Hillsdale and Brockville plants contributed to the unfavourable cost variances.

For the six month period ended June 30, 2014, the operating loss was $2,918 compared to operating income of $2,152 for the same period in 2013.

LANDSCAPE PRODUCTS

Revenues of the Landscape Products business segment for the three month period ended June 30, 2014, increased by 26% to $11,079 from $8,787 in the corresponding period of 2013 reflecting relatively favourable year over year weather conditions and, in part, the additional business generated at the Hillsdale and Brockville plants. For the second quarter of 2014, an operating income of $585 was recorded compared to $1,653 for the same period in 2013. The decrease was primarily due to recognition of a non-recurring loss on disposal of property, plant and equipment relating largely to this business segment as noted earlier. Additionally, commissioning costs of the new plants at Hillsdale and Brockville related to this business segment were incurred during the current quarter.

For the six month period ended June 30, 2014, revenues increased to $11,669 from $9,364 in the corresponding period of 2013. The operating loss increased to $1,351 from $579 for the same period in 2013. The increase in revenues for the six month period were largely from sales transactions recorded during the second quarter of 2014. Similarly, the increase in operating loss was due to the non-recurring loss on disposal of property, plant and equipment recorded in the second quarter of 2014. Additionally, commissioning costs of the new plants at Hillsdale and Brockville for the six month period in 2014 were higher than costs of equipment overhaul and new equipment commissioning costs incurred in the first half of 2013.

CASH FLOWS

Cash flow used for operating activities increased to $5,521 for the six month period ended June 30, 2014 compared to $3,097 for the same period in 2013 due to the decline in operating results.

Cash utilized for purchases of property, plant and equipment totaled $10,059 in the first half of 2014, compared to $1,646 for the corresponding period in 2013. On January 7, 2014, the Company acquired substantially all of the property, plant and equipment of Atlas Block, a concrete masonry and landscape products company for an aggregate purchase price of $11,366, including $2,494 by way of finance leases.

During the six months ended June 30, 2014, Universal Resource Recovery Inc. ('Universal'), the Company's 50% owned joint venture, generated sufficient cash inflows to meet its obligations as they became due and consequently, the Company made no advances to Universal. Loans advanced to Universal during the comparative period in 2013 were $1,375.

On January 3, 2014, the Company drew down an amount of $36,595 on the new $40,000 demand revolving reducing term loan as noted above under the caption "Discussion of Operations".

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 June 30, 2014, bank operating advances were $17,931 compared to $11,641 as at December 31, 2013.

Trade payables totaled $15,426 at June 30, 2014 compared to $11,514 at December 31, 2013.

The ratio of total liabilities to shareholders' equity was 0.71:1 at June 30, 2014 compared to 0.49:1 at December 31, 2013. The increase in this ratio from December 2013 to June 2014 was primarily due to a higher debt balance outstanding and lower retained earnings resulting from a decline in operating results in the first six months of 2014.

As at June 30, 2014, excluding the new demand revolving reducing term loan classified as a current liability, the adjusted working capital[1)] was $10,985, representing an adjusted working capital ratio[1)] of 1.27:1 compared to working capital and a working capital ratio at December 31, 2013 of $7,766 and 1.25:1, respectively. The increase in adjusted working capital[1)] was due to an increase in inventories, primarily related to the Atlas Block acquisition as well as higher trade and other receivables offset, in part, by higher bank operating advances and trade payables. Cash and cash equivalents totaled $1,231 at June 30, 2014 compared to $1,200 at December 31, 2013.

The Company's demand operating facility provides for borrowings of up to $22,000 based on margin formulae for trade receivables, certain other qualified 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 June 30, 2014, the borrowing limit was $22,000. The utilization was $17,234 and was comprised of a $15,000 banker's acceptance 90 day note, a current account balance of $1,969, and outstanding letters of credit of $265.

1) "Adjusted working capital" and "adjusted working capital ratio" are non-IFRS financial measures. See the section "Non-IFRS Measures" below for a definition of such measures and for a quantitative reconciliation of such measures to the most directly comparable IFRS measures.

As previously discussed, on January 3, 2014, the Company finalized a new $40,000 demand revolving reducing term loan with its banker. The term of the new loan is nine years and requires monthly interest payments for the duration of the loan. Principal repayments of $500 per month will be paid from July 2015 to November 2022, but only during the months of July to November inclusive, for a total of $2,500 per annum, and a balloon payment of the then remaining principal will be paid in November 2022. The rate of interest is floating at the bank's prime rate plus a credit spread of 0.70% or at Banker's Acceptance rates plus a credit spread of up to 2.50%. The Company's credit spread is variable and determined by its fixed charge coverage ratio. This loan is secured primarily by real estate and production equipment of the Company's Masonry Products and Landscape Products business segments in both Canada and the U.S.

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

The Company was in compliance with all financial covenants under its term financing agreement and operating credit facility as at June 30, 2014 and anticipates that it will maintain compliance throughout the year.

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

On January 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 masonry and landscape products manufacturing plants located in Hillsdale and Brockville, Ontario.

Information with respect to the Company's material off-balance sheet arrangements, which consist primarily of operating leases and natural gas supply and transportation contracts, is disclosed in the table of contractual obligations in the annual MD&A included with the Company's 2013 Annual Report and in Note 13 to the condensed interim consolidated financial statements.

With respect to contractual obligations outstanding as at June 30, 2014, changes during the first six month period include payments of principal and interest on debt and finance lease obligations and operating leases. Additional changes included reductions of the remaining balances of the Company's purchase obligations under its natural gas supply and transportation contracts. These are more fully described in Note 13 to the condensed interim consolidated financial statements.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

TOTAL OPERATIONS	June 30		March 31		December 31		September 30	
	2014	2013	2014	2013	2013	2012	2013	2012
Revenues	$ 33,066	$ 29,910	$ 12,612	$ 12,889	$ 21,489	$ 22,742	$ 30,998	$ 27,270
Net income (loss) attributable to shareholders of Brampton Brick Limited								
	$ 772	$ 2,101	$ (7,855)	$ (2,574)	$ (1,129)	$ (1,709)	$ 4,151	$ 2,215
Net income (loss)								
	$ 772	$ 2,102	$ (7,855)	$ (2,574)	$ (1,108)	$ (1,708)	$ 4,209	$ 2,215
Net income (loss) per share								
Basic	$ 0.07	$ 0.19	$ (0.72)	$ (0.24)	$ (0.10)	$ (0.16)	$ 0.38	$ 0.20
Diluted	$ 0.07	$ 0.19	$ (0.72)	$ (0.24)	$ (0.10)	$ (0.16)	$ 0.38	$ 0.20

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 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 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 on lower production volumes due to the high fixed cost nature of the business increased the cost of sales, negatively affecting operating results.

Finance expense was also higher in the first quarter compared to the corresponding prior period due to the prepayment 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.

QUARTERS ENDED DECEMBER 31

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

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

QUARTERS ENDED SEPTEMBER 30

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

OTHER

Information with respect to 'Changes in Accounting Policies' is contained in Note 2 to the 2013 annual consolidated financial statements included in the Company's 2013 Annual Report. The condensed interim consolidated financial statements as at and for the three and six month periods ended June 30, 2014 have been prepared using the same accounting policies applied to the Company's annual consolidated financial statements for the year ended December 31, 2013.

Information with respect to 'Critical Accounting Judgments and Estimates' is disclosed in the 2013 annual MD&A and in Note 3 to the 2013 annual consolidated financial statements included in the Company's 2013 Annual Report. To date, there have not been any significant changes to the Company's critical accounting judgments and estimates.

Information with respect to transactions with related parties in 2014 is disclosed in Note 14 to the condensed interim consolidated financial statements.

Information with respect to transactions with related parties for the year ended December 31, 2013 is disclosed in Note 21 to the 2013 annual consolidated financial statements included in the Company's 2013 Annual Report.

The aggregate number of issued and outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares as at June 30, 2014 is disclosed in Note 9 to the condensed interim consolidated financial statements. There have been no changes to the issued and outstanding shares to the date of the MD&A.

The aggregate number of outstanding stock options as at June 30, 2014 that were fully vested and convertible to Class A Subordinate Voting shares upon exercise by the option holders is disclosed in Note 10 to the condensed interim consolidated financial statements for the six month period ended June 30, 2014. There have been no changes to the outstanding number of stock options to the date of this MD&A.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the three month period ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

NON-IFRS MEASURES

In addition to the International Financial Reporting Standards ("IFRS") measures, this MD&A contains certain financial measures that do not have any standardized meaning prescribed by IFRS. Therefore, these financial measures may not be comparable to similar measures presented by other issuers. These measures are listed and defined below.

The Company uses the non-IFRS measure "adjusted working capital" and "adjusted working capital ratio". "Adjusted working capital" is defined by management as current assets less adjusted current liabilities, where adjusted current liabilities are current liabilities excluding the new demand revolving reducing term loan classified as a current liability. Management believes adjusted working capital is more indicative of the Company's working capital position pending the outcome of on-going discussions to revise the terms of the demand loan. Adjusted working capital does not have a standardized meaning prescribed by IFRS. Readers are cautioned that adjusted working capital should not be construed as an alternative to working capital determined in accordance with IFRS as a measure of the Company's liquidity or cash flows. The Company's method of calculating adjusted working capital may differ from that of other issuers or companies operating in similar sectors and, accordingly, may not be comparable to similar measures presented by other issuers. Management's calculation of adjusted working capital is provided in the table below:

Adjusted working capital	**June 30, 2014**
Current assets	**$ 51,367**
Current liabilities	76,977
Less: Demand revolving reducing term loan	(36,595)
Less: Adjusted current liabilities	**$ 40,382**
Adjusted working capital	**$ 10,985**

OUTLOOK

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.

Despite the long winter that contributed to a slow start for the Canadian masonry business, construction activity did pick up in the second quarter and is expected to continue through the third quarter and, weather permitting, into the fall and early winter months. This should allow the Company to record better results for the remainder of the year.

The Company is finalizing its concrete plant rationalization strategy incorporating the Atlas Block assets purchased at the start of 2014. The result of this program should see the Company operating with its most efficient assets, allowing for greater capacity utilization levels and an improved overall cost structure.

Volumes of some of the masonry products have grown since the Atlas Block transaction. For the balance of 2014, price stability, sales volumes and plant capacity utilization are expected to result in higher operating margins.

Volumes and prices in the United States remain well below historic levels notwithstanding a perceived strengthening of the overall U.S. housing market. Supply conditions remain very competitive resulting in continued pricing instability.

Sales of landscape products are expected to grow for the second half of 2014 as delayed projects begin in the third quarter. The Company's expanded product portfolio and enhanced marketing programs should support more growth going forward.

The Company is not expected to fund any additional cash shortfalls associated with Universal Resource Recovery Inc. ("Universal"). The lease recently signed with the new tenant should allow Universal to be self sufficient on a cash basis.

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 is 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 June 30, 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.

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, and the expected self-sufficiency on a cash basis of 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 under "Risks and Uncertainties" in the 2013 annual MD&A included in the Company's 2013 Annual Report and those identified and reported in the Company's other public filings (including the Annual Information Form for the year ended December 31, 2013), which may be accessed at www.sedar.com.

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of an interim financial report, the interim financial report must be accompanied by a notice indicating that the interim financial report has not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the company have been prepared by and are the responsibility of the company's management.

No auditor has performed a review of these condensed interim consolidated financial statements.

Jeffrey G. Kerbel
President and Chief Executive Officer

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

Dated as of the 7th day of August, 2014.

Condensed Interim Consolidated Balance Sheets

(unaudited)(in thousands of Canadian dollars)	Notes	June 30, 2014	December 31, 2013
ASSETS			
Current Assets			
Cash and cash equivalents		**$ 1,231**	$ 1,200
Trade and other receivables		**20,768**	9,891
Inventories		**27,629**	25,032
Taxes recoverable	11, 17	**978**	281
Other assets		**761**	2,565
		51,367	38,969
Non-current assets			
Loan receivable		**5,200**	5,200
Property, plant and equipment	4	**175,275**	168,095
Total assets		**$ 231,842**	$ 212,264
LIABILITIES			
Current liabilities			
Bank operating advances	7	**$ 17,931**	$ 11,641
Trade payables		**15,426**	11,514
Current portion of debt	8	**40,511**	5,704
Decommissioning provisions		**50**	50
Other liabilities		**3,059**	2,294
		76,977	31,203
Non-current liabilities			
Non-current portion of debt	8	**2,739**	20,980
Decommissioning provisions		**2,347**	2,315
Deferred tax liabilities	11	**13,886**	15,016
Total liabilities		**$ 95,949**	$ 69,514
EQUITY			
Equity attributable to shareholders of Brampton Brick Limited			
Share capital	9	**$ 33,711**	$ 33,711
Contributed surplus	10	**2,207**	2,078
Accumulated other comprehensive income		**470**	373
Retained earnings		**99,476**	106,559
		135,864	142,721
Non-controlling interests		**29**	29
Total equity		**$ 135,893**	$ 142,750
Total liabilities and equity		**$ 231,842**	$ 212,264

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

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)

BRAMPTON BRICK Limited

(unaudited)(in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Revenues	15, 16	**$ 33,066**	$ 29,910	**$ 45,678**	$ 42,799
Cost of sales		**26,206**	22,129	**40,625**	33,903
Selling expenses		**2,337**	1,996	**4,487**	3,781
General and administrative expenses		**1,641**	1,646	**3,342**	3,204
Loss on disposal of property, plant and equipment		**1,588**	354	**1,594**	349
Other income		**(214)**	(14)	**(101)**	(11)
Impairment loss on loan receivable		**–**	–	**–**	158
		31,558	26,111	**49,947**	41,384
Operating income (loss)	15	**1,508**	3,799	**(4,269)**	1,415
Finance expense	7, 8	**(603)**	(716)	**(4,640)**	(1,380)
Income (loss) before income taxes		**905**	3,083	**(8,909)**	35
(Provision for) recovery of income taxes	11				
Current		**(457)**	(313)	**695**	45
Deferred		**324**	(668)	**1,131**	(552)
		(133)	(981)	**1,826**	(507)
Net income (loss) for the period		**$ 772**	$ 2,102	**$ (7,083)**	$ (472)
Net income (loss) attributable to:					
Shareholders of Brampton Brick Limited		**$ 772**	$ 2,101	**$ (7,083)**	$ (473)
Non-controlling interests		**–**	1	**–**	1
Net income (loss) for the period		**$ 772**	$ 2,102	**$ (7,083)**	$ (472)
Other comprehensive income (loss)					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation income (loss)		**(1,826)**	1,695	**$97**	$ 2,674
Total comprehensive income (loss) for the period		**$ (1,054)**	$ 3,797	**$ (6,986)**	$ 2,202
Total comprehensive income (loss) attributable to:					
Shareholders of Brampton Brick Limited		**$ (1,054)**	$ 3,796	**$ (6,986)**	$ 2,201
Non-controlling interests		**–**	1	**–**	1
Total comprehensive income (loss) for the period		**$ (1,054)**	$ 3,797	**$ (6,986)**	$ 2,202
Net income (loss) per Class A Subordinate Voting share and Class B Multiple Voting share attributable to shareholders of Brampton Brick Limited					
Basic	12	**$ 0.07**	$ 0.19	**$ (0.65)**	$ (0.04)
Diluted	12	**$ 0.07**	$ 0.19	**$ (0.65)**	$ (0.04)

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

Condensed Interim Consolidated Statements of Changes in Equity

(unaudited) (in thousands of Canadian dollars)	Notes	Attributable to shareholders of Brampton Brick Limited						
		Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total	Non-Controlling interest	Total Equity
Balance – January 1, 2013		**$ 33,711**	**$ 1,895**	**$ (2,655)**	**$104,010**	**$136,961**	**$ 12**	**$136,973**
Net (loss) income for the period		–	–	–	(473)	**(473)**	1	**(472)**
Other comprehensive income (net of taxes, $nil)		–	–	2,674	–	**2,674**	–	**2,674**
Comprehensive income (loss) for the period		**–**	**–**	**2,674**	**(473)**	**2,201**	**1**	**2,202**
Share-based compensation	10	–	110	–	–	**110**	–	**110**
Balance – June 30, 2013		**$ 33,711**	**$ 2,005**	**$ 19**	**$103,537**	**$139,272**	**$ 13**	**$139,285**
Balance – January 1, 2014		**$ 33,711**	**$ 2,078**	**$ 373**	**$106,559**	**$142,721**	**$ 29**	**$142,750**
Net loss for the period		–	–	–	(7,083)	**(7,083)**	–	**(7,083)**
Other comprehensive income (net of taxes, $nil)		–	–	97	–	**97**	–	**97**
Comprehensive income (loss) for the period		**–**	**–**	**97**	**(7,083)**	**(6,986)**	–	**(6,986)**
Share-based compensation	10	–	129	–	–	**129**	–	**129**
Balance – June 30, 2014		**$ 33,711**	**$ 2,207**	**$ 470**	**$ 99,476**	**$135,864**	**$ 29**	**$135,893**

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

Condensed Interim Consolidated Statements of Cash Flows

BRAMPTON BRICK Limited

(unaudited)(in thousands of Canadian dollars)	Notes	Six months ended June 30, 2014	2013
Cash provided by (used for)			
Operating activities			
Net loss for the period		**$ (7,083)**	$ (472)
Items not affecting cash and cash equivalents			
Depreciation	4	**4,072**	3,611
Current taxes	11	**(695)**	(45)
Deferred taxes	11	**(1,131)**	552
Loss on disposal of property, plant and equipment		**1,594**	349
Unrealized foreign currency exchange gain		**(15)**	(96)
Impairment loss on loan receivable		**–**	158
Net interest expense	7, 8	**4,640**	1,380
Other		**129**	110
		1,511	5,547
Changes in non-cash items			
Trade and other receivables		**(10,918)**	(5,896)
Inventories		**(2,624)**	(2,754)
Other assets		**1,804**	(203)
Trade payables		**4,060**	756
Other liabilities		**648**	692
		(7,030)	(7,405)
Income tax payments		**(2)**	(1,239)
Cash used for operating activities		**(5,521)**	(3,097)
Investing activities			
Purchase of property, plant and equipment	4	**(10,059)**	(1,646)
Loan advances to Universal Resource Recovery Inc.		**–**	(1,375)
Proceeds from disposal of property, plant and equipment		**57**	44
Cash used for investing activities		**(10,002)**	(2,977)
Financing activities			
Increase in bank operating advances		**6,290**	7,298
Proceeds from issuance of the demand revolving reducing term loan	8	**36,595**	–
Payment of term loans	8	**(22,635)**	(41)
Interest paid	7, 8	**(4,322)**	(1,282)
Payments on obligations under finance leases		**(369)**	(248)
Cash provided by financing activities		**15,559**	5,727
Foreign exchange on cash held in foreign currency		**(5)**	42
Increase (decrease) in cash and cash equivalents		**31**	(305)
Cash and cash equivalents at the beginning of the period		**1,200**	1,412
Cash and cash equivalents at the end of the period		**$ 1,231**	$ 1,107

The accompanying notes are an integral part of these condensed interim 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, Brockville, Milton and Brampton, Ontario and in Wixom, Michigan manufacture concrete products. 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

These condensed interim consolidated financial statements as at June 30, 2014 and for the three and six month periods ended June 30, 2014 are unaudited and include all adjustments that management considers necessary for a fair presentation in accordance with IAS 34 *Interim Financial Reporting*. The Company's business is seasonal. Results for the three and six month periods ended June 30, 2014 are not necessarily indicative of results for the full fiscal year or any other future period.

These condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements. The condensed interim consolidated financial statements as at and for the three and six month periods ended June 30, 2014 have been prepared using the same accounting policies applied to the Company's annual consolidated financial statements for the year ended December 31, 2013.

STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements as at June 30, 2014 and for the three and six month periods ended June 30, 2014 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

These condensed interim consolidated financial statements were approved by the Board of Directors on August 7, 2014.

3. ACCOUNTING STANDARDS 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 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 although it is not expected to materially impact the 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 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:

a) must be 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) must be 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 judgements 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.

4. PROPERTY, PLANT AND EQUIPMENT

	Land and Land Improvements	Buildings	Machinery and Equipment	Mobile Equipment	Total
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 six months ended June 30, 2014					
Additions	875	564	10,540	755	12,734
Disposals	–	–	(1,641)	(10)	(1,651)
Depreciation for the period	(284)	(472)	(2,922)	(394)	(4,072)
Exchange differences	27	30	112	–	169
	618	**122**	**6,089**	**351**	**7,180**
As at June 30, 2014					
Cost	81,360	32,719	138,974	6,769	259,822
Accumulated depreciation and impairment loss	(14,522)	(13,344)	(52,009)	(4,672)	(84,547)
Net book value	**$ 66,838**	**$ 19,375**	**$ 86,965**	**$ 2,097**	**$ 175,275**

For the three and six month periods ended June 30, 2014, depreciation expense totaled $2,068 (2013 – $1,846) and $4,072 (2013 – $3,611), respectively of which $1,992 (2013 – $1,780) and $3,920 (2013 – $3,480), respectively were included in Cost of sales and $76 (2013 – $66) and $152 (2013 – $131), respectively were included in General and administrative expenses.

On January 7, 2014, the Company acquired substantially all of the property, plant and equipment from the court appointed receiver of 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.

During the quarter ended June 30, 2014, obsolete equipment amounting to $1,600 was written off as part of the Company's plan to integrate the newly acquired facilities with its operational objectives and is recognized in the loss on disposal of property, plant and equipment on the condensed interim consolidated statements of comprehensive income (loss).

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

	June 30, 2014	December 31, 2013
Cost – financed leases	$ 7,596	$ 4,822
Accumulated depreciation	(3,822)	(3,344)
	$ 3,774	**$ 1,478**

5. INVESTMENT IN UNIVERSAL RESOURCE RECOVERY INC.

For the three and six months ended June 30, 2014, the Company's share of Universal's net income amounted to $6 and $37, respectively (three and six months ended June 30, 2013 – loss of $45 and $191, respectively). As a result, the Company's total share of cumulative unrecognized losses decreased to $3,970 (December 31, 2013 – $4,007) as at June 30, 2014.

6. LOAN RECEIVABLE

For the quarter ended June 30, 2014, secured advances from the Company to Universal totaled $5,200 (December 31, 2013 – $5,200). In relation to this loan receivable, the Company has registered, as security, a mortgage on Universal's property located in Welland, Ontario. The recoverability of the loan from the sale proceeds of the property, is expected to be deferred until the earlier of: the exercise of the tenant's option to purchase the property; or the expiry of the lease term.

7. BANK OPERATING ADVANCES

The Company's credit facility provides for borrowings of up to $22,000 based on margin formulae for trade receivables, certain other qualified 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 June 30, 2014, the Company is in compliance with all the financial covenants.

As at June 30, 2014, the borrowing limit was $22,000 (December 31, 2013 – $18,951). The utilization was $17,234 (December 31, 2013 – $11,905) and comprised of: a $15,000 (December 31, 2013 – $8,900) banker's acceptance, 90 day note; a current account balance of $1,969 (December 31, 2013 – $2,741); and outstanding letters of credit for $265 (December 31, 2013 – $264).

As at June 30, 2014, the rate of interest on the banker's acceptance note is based on prevailing banker's acceptance rates plus a credit spread of 2.25% and the rate of interest on the current account is based on the Canadian bank prime rate plus a credit spread of 0.75%. The Company's credit spread is variable and determined by its fixed charge coverage ratio.

8. DEBT

Debt consists of the following:

	June 30, 2014 $	December 31, 2013 $
Demand revolving reducing term loan – monthly instalments commence June 2015 to November 2022 (a)	**36,595**	–
Term loan – due June 2016, repaid in January 2014 (a)	**–**	22,300
Demand non-revolving loan – monthly instalments commenced January 2014 to December 2019	**2,512**	2,598
Other term loans	**369**	417
	39,476	25,315
Obligations under finance leases	**3,774**	1,369
	43,250	26,684
Less: Payments due within one year – current portion	**40,511**	5,704
Non-current portion of debt	**2,739**	20,980

(a) On January 3, 2014, the Company finalized a new $40,000 demand revolving reducing term loan with its banker. The amount of $36,595 drawn down on this loan was utilized to finance the purchase of substantially all of the assets of 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 prepayment of future interest in the amount of $3,305.

The term of the new loan is nine years and requires monthly interest payments for the duration of the loan. Principal repayments of $500 per month will be paid from July 2015 to November 2022, but only during the months of July to November inclusive, for a total of $2,500 per annum, and a balloon payment of the then remaining principal will be paid in November 2022. The rate of interest is floating at the bank's prime rate plus a credit spread of 0.70% or at Banker's Acceptance rates plus a credit spread of up to 2.50%. The Company's credit spread is variable and determined by its fixed charge coverage ratio. This loan is secured primarily by real estate and production equipment of the Company's Masonry Products and Landscape Products business segments in both Canada and the U.S.

9. 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.

As at June 30, 2014, issued and outstanding share capital consisted of 9,201,723 Class A Subordinate Voting shares (December 31, 2013 – 9,201,723) and 1,738,631 Class B Multiple Voting shares (December 31, 2013 – 1,738,631).

There were no changes in the Class A Subordinate Voting shares and Class B Multiple Voting shares during the period ended June 30, 2014.

10. SHARE-BASED COMPENSATION

Under the Brampton Brick Limited Stock Option Incentive Plan ("the Plan"), the Company may grant stock options to the directors, officers and full-time employees of the Company and its subsidiaries up to an aggregate of 1,680,965 (December 31, 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 June 30, 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 officers, one employee and to all non-management members of the Board of Directors of the Company on March 28, 2014. 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**
Number of options granted	**174,500**
Market price	**$ 5.60**
Fair value of each stock option granted	**$ 1.41**
Assumptions:	
Risk-free interest rate	**2.15%**
Expected life	**8 years**
Volatility (determined by reference to historically observed prices of the Class A Subordinate Voting shares)	**34%**
Expected dividend yield	**3.57%**
Expected forfeitures	**Nil**

The total compensation cost charged against income for the three and six month periods ended June 30, 2014, with respect to all stock options granted was $44 and $129 (2013 – $37 and $110) respectively.

As at June 30, 2014, an aggregate of 1,135,100 (December 31, 2013 – 1,022,100) stock options were outstanding, of which 796,100 (December 31, 2013 – 709,900) were fully vested and exercisable by the holders thereof at a weighted average exercise price of $7.47 (December 31, 2013 – $8.58) per share.

11. INCOME TAX

The Company computes an income tax recovery (provision) in each of the jurisdictions in which it operates. However, actual amounts of income tax expense only become final upon filing and acceptance of the tax return by the relevant authorities, which occur subsequent to the issuance of the financial statements. Additionally, estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions before they expire against future taxable income. The assessment is based upon existing tax laws and estimates of future taxable income. To the extent estimates differ from the final tax return, earnings would be affected in a subsequent period. 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 38.9% (2013 – 34.0% to 38.9%) in the U.S. jurisdictions.

In interim periods, the income tax recovery (provision) is based on actual earnings by jurisdiction. The Company has not recorded a deferred tax asset with respect to the potential future income tax benefit pertaining to the losses incurred by its U.S. operations.

12. NET INCOME (LOSS) PER SHARE

Net income (loss) per share is calculated on net income (loss) attributable to the shareholders of Brampton Brick Limited using the weighted average number of shares outstanding for the period. The diluted earnings (loss) per share is calculated to reflect the dilutive effect of the exercise of the outstanding stock options on earnings per share.

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

	Three months ended June 30					
	2014			2013		
	Net Income $	Shares (thousands)	Per share amount $	Net Income $	Shares (thousands)	Per share amount $
Basic earnings attributable to shareholders of Brampton Brick Limited	**772**	**10,940**	**0.07**	2,101	10,940	0.19
Dilutive effect of stock options		**107**	**–**		48	–
Diluted earnings per share attributable to shareholders of Brampton Brick Limited	**772**	**11,047**	**0.07**	2,101	10,988	0.19

In determining the diluted earnings per share, for the three month periods ended June 30, 2014, 287,900 options to purchase Class A Subordinate Voting shares (2013 – 463,400) were considered anti-dilutive.

	Six months ended June 30					
	2014			2013		
	Net Loss $	Shares (thousands)	Per share amount $	Net loss $	Shares (thousands)	Per share amount $
Basic and diluted loss per share attributable to shareholders of Brampton Brick Limited	**(7,083)**	**10,940**	**(0.65)**	(473)	10,940	(0.04)

Dilutive employee stock options had no effect in the calculation of the diluted loss per share for the six month periods ended June 30, 2014 and June 30, 2013, respectively due to losses incurred.

13. COMMITMENTS AND CONTINGENCIES

As at June 30, 2014, the Company had capital expenditure commitments with suppliers totaling $1,700.

The Company normally enters into supply and transportation contracts for natural gas to satisfy its future requirements. As at June 30, 2014, the Company has contracted for its estimated remaining 2014 Canadian natural gas supply requirements at an aggregate estimated cost of $1,231, none of which was at fixed prices, and for its estimated remaining 2014 Canadian transportation requirements at an aggregate estimated cost of $470, of which 62% was at fixed prices. As at June 30, 2014, the Company's U.S. operations, have contracted for its July 2014 estimated natural gas transportation requirements at an estimated cost of $9 at fixed prices. The potential unrealized gain on the fixed price contracts was approximately $10 (2013 – unrealized loss of approximately $3), 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 June 30, 2014 is $265 (December 31, 2013 – $264).

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.

14. 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 2.6% (2013 – 4.3%) of revenues in aggregate for the three month period and 3.5% (2013 – 4.7%) for the six month period ended June 30, 2014. As at June 30, 2014 the trade receivable balance from related customers was $nil (December 31, 2013 – $66).

Purchases from related parties amounted to $13 (2013 – $8) for the three month period and $35 for the six month period ended June 30, 2014 (2013 – $44). Trade payables to related parties was $168 as at June 30, 2014 (December 31, 2013 – $182).

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.

15. 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:

	Three months ended June 30		Six months ended June 30	
i) Revenues	**2014 $**	2013 $	**2014 $**	2013 $
Masonry Products	**21,987**	21,123	**34,009**	33,435
Landscape Products	**11,079**	8,787	**11,669**	9,364
Revenues	**33,066**	29,910	**45,678**	42,799
ii) Operating income (loss)				
Masonry Products	**923**	2,146	**(2,918)**	2,152
Landscape Products	**585**	1,653	**(1,351)**	(579)
Other	**–**	–	**–**	(158)
Operating income (loss)	**1,508**	3,799	**(4,269)**	1,415
Finance expense	**(603)**	(716)	**(4,640)**	(1,380)
(Provision for) recovery of income taxes	**(133)**	(981)	**1,826**	(507)
Net income (loss) for the period	**772**	2,102	**(7,083)**	(472)

iii) Total assets	**June 30, 2014 $**	December 31, 2013 $
Masonry and Landscape Products	**225,936**	206,357
Other	**5,906**	5,907
Total assets	**231,842**	212,264

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

Geographical information is as follows:

	Three months ended June 30		Six months ended June 30	
	2014 Revenues $	**2013 Revenues $**	**2014 Revenues $**	**2013 Revenues $**
Canada	**29,092**	26,351	**40,982**	38,106
United States	**3,974**	3,559	**4,696**	4,693
	33,066	29,910	**45,678**	42,799

	June 30, 2014 Property, plant and equipment $	**December 31, 2013 Property, plant and equipment $**
Canada	**129,171**	121,668
United States	**46,104**	46,427
	175,275	168,095

16. SEASONAL FLUCTUATIONS

The Company's business is seasonal. Historically, sales are greater in the second and third quarters of each year than in the first and fourth quarters. The Landscape Products business segment is affected to a greater degree than the Masonry Products business. Consequently, the results of operations and cash flows for the three and six month periods ended June 30, 2014 are not necessarily indicative of the results to be expected for the full year.

17. COMPARATIVE AMOUNTS

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

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