



SECOND
QUARTER
REPORT

2009

BRAMPTON
BRICK
Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE SECOND QUARTER ENDED JUNE 30, 2009
PREPARED AS OF AUGUST 6, 2009

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

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30

For the second quarter ended June 30, 2009, the Company incurred a loss of \$3,245, or \$0.30 per share, on a weighted average 10,937,000 Class A Subordinate Voting shares ("Class A shares") and Class B Multiple Voting shares ("Class B shares") outstanding, compared to a net income of \$3,125, or \$0.29 per share, on a weighted average 10,940,000 Class A shares and Class B shares outstanding for the corresponding period in 2008.

Operating results for the quarter included the following unusual charges:

1. A provision of \$2,140 to record the unrealized loss on the interest rate swap contract.
2. A loss of \$269 on the sale of a portion of the promissory note receivable.
3. A loss of \$190 on the sale of the remaining surplus properties in Quebec.

All of these items are described in greater detail below and in the notes to the interim Consolidated Financial Statements.

After recording a recovery of income taxes in the estimated amount of \$845 in respect of these items, the impact on the loss for the quarter was \$1,754, or \$0.16 per share.

In addition, the loss incurred by the new Indiana clay brick plant amounted to \$1,079 in the second quarter of 2009 and the Company's share of the loss incurred by Universal was \$630.

Excluding the above noted items, net income for the second quarter of 2009 would have been \$218.

Net sales from continuing operations for the quarter were \$18,278 compared to \$29,795 in 2008. The net decrease of \$11,517 was primarily due to lower clay brick shipments in the Masonry Products business segment. Net sales of the new waste composting operations of Universal, which commenced in the second half of 2008, amounted to \$705 for the three months ended June 30, 2009.

The operating loss from continuing operations, before interest and other items, amounted to \$873 in the second quarter of 2009 compared to operating income of \$6,387 in the second quarter of 2008.

Lower cost of goods sold and a decrease in selling, general and administrative expenses were partially offset by an increase in amortization charges. Selling, general and administrative expenses decreased by \$534 from the comparative prior period primarily due to lower marketing expenditures and lower personnel costs. The increase in amortization charges relates primarily to the new Indiana

clay brick plant. Waste processing and transportation costs related to Universal's operations were \$1,054 in the second quarter of 2009 and were included in cost of goods sold.

Interest on long-term debt increased by \$213 to \$487 due to an increase in term debt outstanding during the quarter compared to 2008. Other interest reflected an expense of \$83 for the quarter compared to income of \$48 in the prior period due to a decrease in the outstanding balance of the promissory note receivable combined with a decrease in surplus cash and higher bank operating advances during the current quarter.

During the three month period ended June 30, 2009, the Company recorded a foreign currency exchange gain of \$192 primarily as a result of the impact of fluctuations in the rate of exchange between the Canadian and U.S. dollar during the quarter on foreign currency denominated monetary items. For the same period in 2008, the Company reported a foreign currency exchange loss of \$156.

Other expense of \$81 for the quarter included \$120 for fees and other expenses incurred in relation to the forbearance agreement entered into with the Company's banker pending finalization of new term financing arrangements.

On April 9, 2009, the Company sold an undivided, co-ownership interest, representing approximately 59.9%, in the promissory note receivable, including future interest payments, for cash proceeds of \$3,793 resulting in a loss of \$269. This transaction is more fully described in Note 6 to the interim Consolidated Financial Statements.

On June 17, 2009, the remaining surplus properties located in Quebec were sold for cash proceeds of \$1,200, resulting in a loss of \$190. There were no such sales in the corresponding prior period of 2008.

On June 29, 2009, the Company entered into a new \$30,000 fixed-rate, term financing agreement with a new lender and repaid its \$20,000 term bank loan. The Company holds an interest rate swap contract which was previously designated as an effective cash flow hedge against the term bank loan. The repayment of this term bank loan resulted in the swap contract no longer being an effective cash flow hedge. Consequently, the Company recorded a charge of \$2,140 to reflect the unrealized loss as at June 30, 2009 on the interest rate swap contract.

The recovery of income taxes in the second quarter of 2009 reflected an effective income tax rate of 16.17% compared to an effective rate of 41.62% for the same period in 2008.

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

For the three months ended June 30, 2008 discontinued operations incurred a loss of \$359, or \$0.03 per share.

SIX MONTHS ENDED JUNE 30

For the six months ended June 30, 2009, the Company incurred a loss of \$9,501, or \$0.87 per share, compared to a loss of \$1,066, or \$0.10 per share, for the six months ended June 30, 2008. The aggregate weighted average number of Class A shares and Class B shares outstanding for the six month periods was 10,937,000 and 10,911,000, respectively.

As discussed under Results of Operations for the three month period, the unusual charges incurred in the second quarter of 2009 increased the loss for the six months ended June 30, 2009 by \$1,754, or \$0.16 per share. The losses incurred by the new Indiana clay brick plant and by Universal increased the loss for the six month period of 2009 by \$2,652 and \$985, respectively. Excluding these items, the loss in 2009 would have been \$4,110.

Net sales from continuing operations for the six month period were \$25,735, a decrease of \$14,046 from the same period in 2008. Lower sales in the Masonry Products business segment and slightly lower second quarter sales in the Landscape Products business accounted for the decrease. Net sales attributable to the waste composting operations amounted to \$1,666 for the six month period.

Year-to-date operating results were also negatively impacted by substantially lower production volumes, in both the Masonry Products and Landscape Products business segments, which resulted in an increase in unabsorbed manufacturing costs charged against operations.

Lower cost of goods sold and a substantial decrease in selling, general and administrative expenses were partially offset by higher amortization charges. The reasons for each of these variances were substantially the same as reported above for the second quarter results. Waste processing and transportation costs related to Universal's operations included in cost of goods sold amounted to \$2,450 for the six month period.

For the six months ended June 30, 2009, the Company incurred an operating loss, before interest and other items, of \$8,124 compared to an operating income of \$624 for the six months ended June 30, 2008.

Variances in the remaining Consolidated Statement of Operations items, including interest, foreign currency, other expense and the recovery of income taxes reflect substantially the same factors as outlined above for the three month period.

For the six months ended June 30, 2008, discontinued operations incurred a loss of \$397, or \$0.04 per share.

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

MASONRY PRODUCTS

For the three months ended June 30, 2009, this business segment incurred an operating loss of \$594 on net sales of \$9,858 compared to operating income of \$7,368 on net sales of \$21,641 for the corresponding period in 2008.

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

In addition to the impact of lower net sales, lower absorption of fixed manufacturing costs in the Canadian operations, due to significantly lower production volumes, and a higher loss incurred in the U.S., due to the start-up of the Indiana brick plant, accounted for a significant portion of the increase in the operating loss.

Selling, general and administrative expenses applicable to this business segment decreased primarily due to lower sales commissions and lower personnel costs.

For the six month period, this business segment incurred an operating loss of \$4,733 on net sales of \$15,541 compared to operating income of \$5,361 on net sales of \$30,947 in 2008.

LANDSCAPE PRODUCTS

The Landscape Products business segment reported operating income of \$326 for the three month period ended June 30, 2009 compared to an operating loss of \$814 in 2008. The improvement in operating results was primarily due to lower manufacturing expenses, improved operating efficiencies and a decline in selling, general and administrative expenses.

Net sales of this highly seasonal business amounted to \$7,715 for the second quarter of 2009 compared to \$8,154 last year.

For the six month period, net sales decreased marginally from \$8,834 in 2008 to \$8,528 in 2009. To June 30, 2009, this business segment incurred an operating loss of \$2,489 compared to \$4,424 in 2008, an improvement of \$1,935. The reasons for the improvement are substantially the same as outlined above for the three month period.

OTHER OPERATIONS

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

For the three month period ended June 30, 2009, the Company's share of Universal's net sales amounted to \$705 and the operating loss amounted to \$593 compared to \$157 for the comparative period in 2008.

For the six month period, the Company's share of Universal's net sales were \$1,666 and the operating loss was \$904 compared to \$291 in 2008. There were no processing operations during the first six months of 2008 and the loss for these periods represented costs incurred prior to the commencement of operations.

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

DISCONTINUED OPERATIONS

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

The loss from discontinued operations for the three month period ended June 30, 2008 amounted to \$359, or \$0.03 per share. For the six month period the loss was \$397, or \$0.04 per share.

CASH FLOWS

Cash flow used for operating activities of continuing operations for the quarter ended June 30, 2009 totaled \$592 compared to cash provided by operating activities of continuing operations of \$4,840 for the same period last year. The decline in operating results for the quarter, excluding the non-cash charges, was the primary factor contributing to the negative variance of \$5,432 in cash flow from operations.

Cash utilized for purchases of property, plant and equipment totaled \$2,158 for the three month period ended June 30, 2009, including \$1,439 incurred in connection with the construction of the Indiana clay brick plant and \$241 pertaining to the Company's 50% share of capital expenditures incurred by Universal. Comparative amounts for the same period in 2008 were \$13,746, \$10,262 and \$2,114, respectively.

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

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

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

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

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

For the six month period ended June 30, 2009, cash used for operating activities of continuing operations totaled \$7,250 compared to \$1,505 in 2008. The increase was largely the result of the increase in the loss from operations during the period, excluding the non-cash charges.

Cash utilized for purchases of property, plant and equipment totaled \$6,616 for the six month period ended June 30, 2009 compared to \$24,503 for the same period in 2008. Expenditures pertaining to the Indiana clay brick plant were \$4,897 in 2009 and \$18,300 in 2008. Expenditures pertaining to the Company's 50% share of capital expenditures incurred by Universal were \$808 and \$3,214, respectively.

FINANCIAL CONDITION

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

The ratio of total liabilities to shareholders' equity was 0.56:1 at June 30, 2009 compared to 0.47:1 at December 31, 2008. The increase to June 30, 2009 was primarily due to the increase in term loans and lower retained earnings resulting from the loss incurred during the first six months of 2009.

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

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

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

The Company was not in compliance with certain financial covenants under its bank loan agreement as at March 31, 2009 and the \$20,000 term bank loan due June 2012 had been reclassified as a current obligation. With the completion of the new term financing and the repayment of the term bank loan, as noted above, these financial covenants are no longer applicable.

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

As at June 30, 2009, the Company had operating credit facilities totaling up to \$17,450, of which \$1,122 had been utilized, including \$392 for outstanding letters of credit. The actual amount that the Company may borrow under these facilities is determined based on standard margin formulas for accounts receivable and inventories.

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

Aggregate total capital expenditures incurred in connection with the construction of the new brick plant in Indiana were U.S. \$53,330, of which U.S. \$50,169 had been paid to June 30, 2009. The remaining balance, which is comprised primarily of final holdbacks, is expected to be funded from future cash flows from operations and the Company's credit facilities, as required. Construction is now completed.

During the second quarter of 2008, Universal finalized credit arrangements in an aggregate amount of \$20,000, including term, operating and letter of credit facilities, to fund its capital expenditure and operating requirements. As at June 30, 2009, the entire amount of the \$15,000 term loan facility had been drawn and letters of credit in the amount of \$1,123 had been issued. The Company's proportionate shares were \$7,500 and \$562, respectively. The Company and the joint venture partner have each provided a guarantee of \$6,500 as security for Universal's borrowing under this credit agreement.

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

Universal anticipates that it will require approximately \$1,815 to fund the balance of its capital expenditure requirements in 2009. This amount is expected to be funded by Universal from future cash flows from operations and the unutilized balance of its operating credit facility.

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

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

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Continuing Operations	June 30		March 31		December 31		September 30	
	2009	2008	2009	2008	2008	2007	2008	2007
Net sales	\$ 18,278	\$ 29,795	\$ 7,457	\$ 9,986	\$ 14,268	\$ 16,008	\$ 27,427	\$ 26,277
Net income (loss)	\$ (3,245)	\$ 3,484	\$ (6,256)	\$ (4,153)	\$ (9,906)	\$ (12,845)	\$ 2,458	\$ 4,491
Net income (loss) per share								
Basic	\$ (0.30)	\$ 0.32	\$ (0.57)	\$ (0.38)	\$ (0.91)	\$ (1.18)	\$ 0.23	\$ 0.42
Diluted	\$ (0.30)	\$ 0.32	\$ (0.57)	\$ (0.38)	\$ (0.91)	\$ (1.18)	\$ 0.23	\$ 0.41
<hr/>								
Total	June 30		March 31		December 31		September 30	
	2009	2008	2009	2008	2008	2007	2008	2007
Net income (loss)	\$ (3,245)	\$ 3,125	\$ (6,256)	\$ (4,191)	\$ (9,906)	\$ (5,060)	\$ 2,499	\$ 4,575
Net income (loss) per share								
Basic	\$ (0.30)	\$ 0.29	\$ (0.57)	\$ (0.39)	\$ (0.91)	\$ (0.47)	\$ 0.23	\$ 0.42
Diluted	\$ (0.30)	\$ 0.29	\$ (0.57)	\$ (0.39)	\$ (0.91)	\$ (0.47)	\$ 0.23	\$ 0.42

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

The quarterly financial information presented reflects the seasonal nature of the Company's Masonry Products and Landscape Products business segments. Historically, sales of these business segments are greater in the second and third quarters of each year than in the first and fourth quarters. Consequently, the results of operations and cash flows reported each quarter are not necessarily indicative of the results to be expected for the year and the financial condition of the Company at the end of each quarter reflects these seasonal fluctuations.

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

Quarters ended June 30

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

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

Quarters ended March 31

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

Quarters ended December 31

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

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

Quarters ended September 30

For the third quarter of 2008, net income from continuing operations was impacted primarily by lower production volumes and increased distribution costs. Pre-production costs related to the Indiana clay brick plant amounted to \$352 and were charged against operations in the period.

OTHER

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

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

Economic conditions have had a significant impact upon residential and commercial construction activity and on consumer spending and are expected to continue to affect demand for the Company's products throughout the balance of 2009. The Company will continue to monitor sales forecasts and adjust operating plans, production levels, manpower requirements and discretionary expenditures, as required, in order to minimize the impact of the slowdown on operating results and cash flows.

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

Universal has substantially completed its plan to address various issues which arose during the initial commissioning and start-up phase of these new operations. Re-commissioning is currently underway and waste processing operations are expected to re-commence shortly.

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

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

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

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

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

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

- i) an assessment of the potential financial statement impact and level of implementation effort;
- ii) assessment of the IFRS 1 exemptions available;
- iii) high level identification of system and process change requirements; and
- iv) high level identification of financial statement disclosure differences.

A comprehensive changeover plan has been prepared, responsibility for each element of the plan has been assigned and in-depth analyses of the differences identified in the initial diagnostic review are underway.

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

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

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

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)	(Unaudited) June 30 2009	December 31 2008
Assets		
Current assets		
Cash and cash equivalents	\$ 3,488	\$ 2,088
Accounts receivable	10,153	5,691
Inventories	15,894	18,062
Income taxes recoverable	1,275	10
Future income taxes	10	40
Other current assets	524	988
Promissory note receivable, current (note 6)	1,404	3,358
	32,748	30,237
Property, plant and equipment, at cost	249,687	194,157
Construction in progress	-	49,149
Less: Accumulated amortization	(91,768)	(86,308)
	157,919	156,998
Other assets		
Promissory note receivable, long-term (note 6)	1,312	3,244
Property held for sale	-	1,047
Future income taxes	828	605
	2,140	4,896
	\$ 192,807	\$ 192,131
Liabilities		
Current liabilities		
Bank operating advances (note 7)	\$ 730	\$ 2,581
Accounts payable and accrued liabilities	14,860	15,146
Income taxes payable	1,516	2,579
Long-term debt, current portion (note 7)	3,874	4,137
Derivative financial instruments, current (note 8)	925	834
Asset retirement obligation	59	245
	21,964	25,522
Long-term debt, less current portion (note 7)	37,804	25,521
Derivative financial instruments, non-current (note 8)	1,215	2,267
Future income taxes	6,707	6,552
Asset retirement obligation	510	496
	68,200	60,358
Non-controlling interests	2,489	2,526
Shareholders' Equity		
Capital stock (note 9)	33,689	33,689
Contributed surplus (note 10)	1,281	1,173
Retained earnings	90,977	100,478
Accumulated other comprehensive loss	(3,829)	(6,093)
	122,118	129,247
	\$ 192,807	\$ 192,131

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

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (in thousands of dollars, except per share amounts)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net sales from continuing operations	\$ 18,278	\$ 29,795	\$ 25,735	\$ 39,781
Cost of goods sold	13,251	17,750	22,832	27,835
Selling, general and administrative expenses	2,856	3,390	5,565	6,997
Amortization	3,044	2,268	5,462	4,325
	19,151	23,408	33,859	39,157
Operating (loss) income from continuing operations before the undernoted items	(873)	6,387	(8,124)	624
Other income (expense)				
Interest on long-term debt	(487)	(274)	(958)	(394)
Interest income (expense) (net)	(83)	48	(61)	171
Foreign currency exchange gain (loss)	192	(156)	291	(306)
Other income (expense)	(81)	10	(48)	26
	(459)	(372)	(776)	(503)
(Loss) income from continuing operations before the following items	(1,332)	6,015	(8,900)	121
(Loss) gain on sale of property held for sale (note 5)	(190)	–	(190)	136
Loss on sale of promissory note (note 6)	(269)	–	(269)	–
Loss on discontinued hedge accounting (note 8)	(2,140)	–	(2,140)	–
(Loss) income from continuing operations before income taxes and non-controlling interests	(3,931)	6,015	(11,499)	257
Recovery of (provision for) income taxes				
Current	(152)	(2,012)	1,086	(960)
Future	788	(492)	875	95
	636	(2,504)	1,961	(865)
(Loss) income from continuing operations before non-controlling interests	(3,295)	3,511	(9,538)	(608)
Non-controlling interests	50	(27)	37	(61)
(Loss) net income from continuing operations	(3,245)	3,484	(9,501)	(669)
Loss from discontinued operations (note 4)	–	(359)	–	(397)
(Loss) net income for the period	\$ (3,245)	\$ 3,125	\$ (9,501)	\$ (1,066)
(Loss) net income per Class A and Class B share (note 3)				
Basic (loss) net income from continuing operations	\$ (0.30)	\$ 0.32	\$ (0.87)	\$ (0.06)
(loss) net income for the period	\$ (0.30)	\$ 0.29	\$ (0.87)	\$ (0.10)
Diluted (loss) net income from continuing operations	\$ (0.30)	\$ 0.32	\$ (0.87)	\$ (0.06)
(loss) net income for the period	\$ (0.30)	\$ 0.29	\$ (0.87)	\$ (0.10)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Cash provided by (used for) activities of continuing operations				
Operating activities				
(Loss) net income from continuing operations for the period	\$ (3,245)	\$ 3,484	\$ (9,501)	\$ (669)
Items not affecting cash and cash equivalents				
Amortization and accretion	3,056	2,279	5,485	4,349
Future income taxes	(788)	492	(875)	(95)
Non-controlling interests	(50)	27	(37)	61
Unrealized foreign currency exchange (gain) loss	(181)	11	(296)	(106)
Loss (gain) on sale of property, plant and equipment	2	(3)	2	(3)
Loss (gain) on sale of property held for sale (note 5)	190	-	190	(136)
Loss on sale of promissory note (note 6)	269	-	269	-
Loss on discontinued hedge accounting (note 8)	2,140	-	2,140	-
Other	61	54	108	157
	1,454	6,344	(2,515)	3,558
Changes in non-cash operating items				
Accounts receivable	(4,761)	(10,493)	(4,547)	(10,737)
Inventories	1,611	1,848	2,168	2,511
Accounts payable and accrued liabilities	1,725	3,806	(103)	3,011
Income taxes payable (net)	(940)	3,342	(2,267)	79
Other	513	(7)	208	73
	(1,852)	(1,504)	(4,541)	(5,063)
Payments of asset retirement obligation	(194)	-	(194)	-
Cash provided by (used for) operating activities of continuing operations	(592)	4,840	(7,250)	(1,505)
Investing activities				
Purchase of property, plant and equipment	(2,158)	(13,746)	(6,616)	(24,503)
Proceeds from disposal of property, plant and equipment	3	12	3	12
Proceeds from sale of promissory note (note 6)	3,793	-	3,793	-
Proceeds from sale of property held for sale (note 5)	1,200	-	1,200	216
Inter-company advances repaid by discontinued operations (note 6)	-	715	-	715
Cash provided by (used for) investment activities of continuing operations	2,838	(13,019)	(1,620)	(23,560)
Financing activities				
Increase (decrease) in bank operating advances	(9,546)	400	(1,851)	1,880
Increase in term loans (note 7)	29,389	10,250	32,389	13,250
Repayment of term loans (note 7)	(20,262)	(258)	(20,264)	(272)
Payments on obligations under capital leases	(102)	(67)	(200)	(110)
Payment of dividends by subsidiary to non-controlling interests	-	-	-	(700)
Payment of dividends to shareholders	-	(1,096)	-	(1,096)
Proceeds from exercise of stock options	-	145	-	634
Class A shares repurchased	-	(106)	-	(205)
Cash provided by (used for) financing activities of continuing operations	(521)	9,268	10,074	13,381
Net cash provided by (used for) discontinued operations	-	239	(62)	111
Foreign exchange on cash held in foreign currency	127	(7)	258	166
Increase (decrease) in cash and cash equivalents	1,852	1,321	1,400	(11,407)
Cash and cash equivalents at the beginning of the period	1,636	1,132	2,088	13,860
Cash and cash equivalents at the end of the period	\$ 3,488	\$ 2,453	\$ 3,488	\$ 2,453
Supplementary information				
Interest paid	\$ 541	\$ 350	\$ 873	\$ 410
Income taxes paid	\$ 1,092	\$ 447	\$ 1,240	\$ 2,547

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

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(unaudited) (in thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Balance at the beginning of the period as previously reported	\$ 94,222	\$ 107,104	\$ 102,489	\$ 111,587
Impact of accounting standard changes under CICA Handbook Section 3064 applied retroactively (note 2)	–	–	(2,011)	(231)
Balance at the beginning of the period as restated	94,222	107,104	100,478	111,356
(Loss) net income for the period	(3,245)	3,125	(9,501)	(1,066)
Premiums paid on repurchase of capital stock	–	(65)	–	(126)
Dividends	–	(1,096)	–	(1,096)
Balance at the end of the period	\$ 90,977	\$ 109,068	\$ 90,977	\$ 109,068

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) NET INCOME

(unaudited) (in thousands of dollars)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
(Loss) net income for the period	\$ (3,245)	\$ 3,125	\$ (9,501)	\$ (1,066)
Other comprehensive income				
Gain on cash flow hedges, net of taxes (note 8)	646	113	702	158
Losses on derivatives designated as cash flow hedges in prior periods transferred to net income, net of taxes, in the current period (note 8)	1,562	–	1,562	–
Comprehensive (loss) net income for the period	\$ (1,037)	\$ 3,238	\$ (7,237)	\$ (908)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. BASIS OF PRESENTATION

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

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

2. CHANGES IN ACCOUNTING POLICIES

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

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

This standard has been adopted on a retroactive basis and accordingly, opening retained earnings as at January 1, 2009 and January 1, 2008 have been adjusted by \$2,011 and \$231, respectively, to expense all previously deferred pre-operating costs. The loss for the three and six months ended June 30, 2008, has been increased by \$123 and \$237 respectively to expense the pre-operating costs incurred in those periods.

INTERNATIONAL FINANCIAL REPORTING STANDARDS:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

3. NET INCOME PER SHARE

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

(in thousands)	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
Basic	10,937	10,940	10,937	10,911
Diluted	10,937	10,962	10,937	10,911

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

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

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

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

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

	Three months ended	Six months ended
	June 30, 2008	June 30, 2008
Net sales	143	548
Amortization of property, plant and equipment	8	49
Operating loss	(81)	(168)
Other expense	(997)	(998)
Income tax recovery	335	364
Non-controlling interests	260	281
Loss from discontinued operations	(483)	(521)
Gain on sale of Sharpsmart	255	255
Income tax provision	(64)	(64)
Non-controlling interest	(67)	(67)
Net income from sale of Sharpsmart	124	124
Total loss from discontinued operations	(359)	(397)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

5. SALE OF PROPERTY HELD FOR SALE

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

6. SALE OF PROMISSORY NOTE

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

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

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

7. BANK OPERATING ADVANCES AND TERM LOANS

Bank operating credit facilities of the Company, totaling up to \$17,450, are demand facilities and are secured primarily by accounts receivable and inventories of the Company's Masonry Products and Landscape Products businesses. The actual amount that the Company may borrow is determined based on standard margin formulas for accounts receivable and inventories. Utilization as at June 30, 2009 totaled \$1,122 including \$392 for outstanding letters of credit.

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

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

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

The Company was not in compliance with certain financial covenants under its bank loan agreement as at March 31, 2009. With the completion of the new term financing and the repayment of \$20,000, term bank loan as noted above, these financial covenants are no longer applicable.

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

In addition to the above, as at June 30, 2009 Universal had operating credit facilities of up to \$5,000, of which \$1,123 had been utilized through the issuance of letters of credit, and term loan facilities of \$15,000 which had been fully drawn. The Company's proportionate shares were \$562 and \$7,500,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

respectively. Universal's borrowings are secured by, among other things, a guarantee in the amount of \$6,500 from each of the joint venture partners.

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

8. DERIVATIVE FINANCIAL INSTRUMENTS

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

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

For the period April 1, 2009 to June 29, 2009, the Company recorded an unrealized gain of \$646 (2008 – \$229), net of income taxes of \$239 (2008 – \$89), not affecting current period earnings, in Other comprehensive income in connection with the interest rate swap. For the period January 1, 2009 to June 29, 2009, the Company recorded an unrealized gain of \$702 (2008 – \$293) net of income taxes of \$259 (2008 – \$80).

The fair value of the interest rate swap derivatives in the amounts of \$925 (December 31, 2008 – \$834) and \$1,215 (December 31, 2008 – \$2,267) have been classified as current and non-current derivative financial liabilities, respectively.

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

For the three months ended June 30, 2008, the Company recorded an unrealized loss of \$116, and an unrealized gain of \$451 for the six months ended June 30, 2008, not affecting period earnings in Other comprehensive income.

During the six month period ending June 30, 2008, the Company reclassified \$1,842 from Accumulated other comprehensive loss, of which \$1,272 was reclassified during the second quarter. This amount was added to the carrying value of the non-financial asset.

9. CAPITAL STOCK

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

No Class A shares were issued under the Company's Stock Option Incentive Plan during the three or six month periods ended June 30, 2009. For the quarter ended June 30, 2008, a total of 35,500 Class A shares were issued for cash of \$145 and for the six month period a total of 120,500 Class A shares were issued for cash of \$634.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

No Class A shares were repurchased during the three or six month periods ended June 30, 2009. In 2008 a total of 10,300 and 19,700 Class A shares were purchased under the Company's Normal Course Issuer Bid and cancelled during the three and six month periods ended June 30, 2008, respectively.

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

10. STOCK-BASED COMPENSATION

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

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

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

The total compensation cost charged against income for the quarter ended June 30, 2009 with respect to all stock options granted after January 1, 2002 was \$61 (2008 – \$54). For the year-to-date the cost was \$108 (2008 – \$157). The Company did not record a compensation cost with respect to stock options granted prior to January 1, 2002, of which 7,500 options remain outstanding at June 30, 2009.

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

11. OPERATING SEGMENT DISCLOSURES

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

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

A brief description of each business segment is as follows:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
i) Net sales	\$	\$	\$	\$
Masonry Products	9,858	21,641	15,541	30,947
Landscape Products	7,715	8,154	8,528	8,834
Other	705	-	1,666	-
Consolidated net sales from continuing operations	18,278	29,795	25,735	39,781
ii) Operating (loss) income				
Masonry Products	(594)	7,368	(4,733)	5,361
Landscape Products	326	(814)	(2,489)	(4,424)
Other	(605)	(167)	(902)	(313)
Consolidated operating (loss) income from continuing operations	(873)	6,387	(8,124)	624
			June 30 2009	Dec. 31 2008
iii) Total assets			\$	\$
Masonry and Landscape Products			171,576	169,742
Other			21,231	22,389
Consolidated total assets			192,807	192,131

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

12. COMMITMENTS AND CONTINGENCIES

Future minimum lease payments due as at June 30, 2009 under building, storage yard and vehicle operating leases are as follows:

	\$
2009	160
2010	274
2011	211
2012	165
Thereafter	33
	843

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

The Company normally enters into supply and transportation contracts for natural gas to cover future requirements. As at June 30, 2009, the Company had contracted for the balance of its estimated 2009 natural gas supply requirements at an aggregate estimated cost of \$1,353 of which approximately 53% was at fixed prices, and for the balance of its estimated 2009 transportation requirements at an aggregate estimated cost of \$315, of which approximately 64% was at fixed prices.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The potential unrealized loss on the fixed price contracts was approximately \$248 (2008 – unrealized gain of \$1,156), which was not taken to income since these are supply contracts that will be charged to operations in the period the gas is consumed.

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

Letters of credit are issued by the Company's banker to provide security to certain service providers and in connection with certain governmental operating permits. The aggregate amount of letters of credit outstanding as at June 30, 2009 was \$954 (December 31, 2008 – \$1,190). This amount included \$562 (December 31, 2008 – \$562) representing the Company's proportionate share of letters of credit issued by Universal's banker with respect to its operations.

13. RELATED PARTY TRANSACTIONS

The Company has determined which of its customers are related to the Company via common directors or shareholders. Sales to these customers are made under competitive terms and conditions. These customers accounted for 2.4% (2008 – 5.7%) of net sales from continuing operations in aggregate for the three month period ended June 30, 2009 and 3.3% (2008 – 6.4%) for the six month period. Purchases from related parties amounted to \$42 for the three month period ended June 30, 2009 (2008 – \$20) and \$68 for the six month period ended June 30, 2009 (2008 – \$53).

A director of the Company is a senior partner in the law firm which acts as general counsel to the Company. Fees for services rendered by that firm for the quarter ended June 30, 2009 amounted to \$192 (2008 – \$115) and for the six month period ended June 30, 2009 amounted to \$226 (2008 – \$147). Accounts payable to this firm as at June 30, 2009 were \$196 (2008 – \$48).

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

14. SEASONAL FLUCTUATIONS

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

15. COMPARATIVE AMOUNTS

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



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