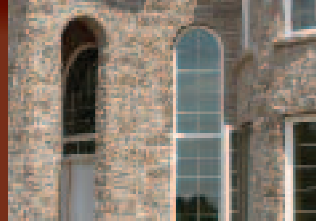

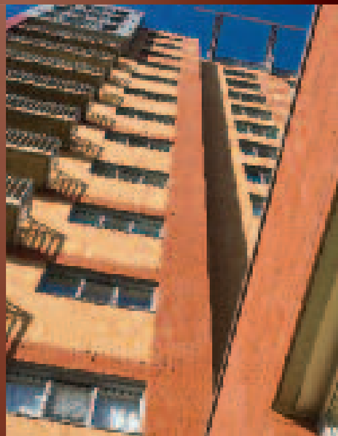

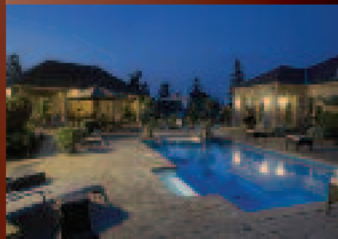

First Quarter Report 2009

BRAMPTON BRICK Limited

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the interim period ended March 31, 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.

Prior period comparative financial information for the first quarter ended March 31, 2008 has also been restated to reflect as discontinued operations, the assets and liabilities, operating results and cash flows of the Company's joint venture interest in Sharpsmart Canada Limited, which was sold on April 21, 2008, and the Company's remaining interest in certain small quantity generator accounts, which were disposed of effective September 1, 2008, all as more fully described in Note 4 to the interim Consolidated Financial Statements.

RESULTS OF OPERATIONS

For the first quarter ended March 31, 2009, the Company incurred a loss of $6,256, or $0.57 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 loss of $4,191, or $0.39 per share, on a weighted average 10,882,000 Class A shares and Class B shares outstanding for the corresponding period in 2008.

Net sales from continuing operations for the quarter were $7,457 compared to $9,986 in 2008. The net decrease of $2,529 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 $961 for the three months ended March 31, 2009.

The operating loss from continuing operations, before interest and other items, was $7,251, an increase of $1,488 over the same period last year. Included in cost of goods sold in the first quarter of 2009 were pre-production costs related to testing and commissioning of the new Indiana clay brick plant in the estimated amount of $1,278, as compared to $114 in the first quarter of 2008. Waste processing and transportation costs related to Universal's operations amounted to $1,018 in the first quarter of 2009 and were also included in cost of goods sold. No such costs were incurred in the first quarter of 2008.

Lower cost of goods sold, in total, and a significant decrease in selling, general and administrative expenses were partially offset by an increase in amortization charges. Selling, general and administrative expenses decreased by $898 from the comparative prior period primarily due to lower marketing expenditures and lower personnel costs.

Interest on long-term debt increased by $351 to $471 due to the increase in term bank loans. Net interest income decreased due to a decrease in the outstanding balance of the promissory note receivable and lower cash balances.

During the three month period ended March 31, 2009, the Company recorded a foreign currency exchange gain of $99 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 $182.

During the first quarter of 2008, certain properties located in the province of Quebec, which are surplus to the Company's requirements, were sold, resulting in a gain of $136.

The recovery of income taxes in the first quarter of 2009 reflected an effective income tax rate of 17.5% compared to 28.5% for the same period in 2008. The Company has recorded valuation allowances against the future income tax benefit that would otherwise be recorded in the first quarter with respect to the non-capital losses incurred by its U.S. operations and the new Universal operations.

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

MASONRY PRODUCTS

For the three months ended March 31, 2009, this business segment incurred an operating loss of $4,139 on net sales of $5,683 compared to an operating loss of $2,007 on net sales of $9,306 for the corresponding period in 2008.

The decrease in net sales was due to lower clay brick shipments. Sales in both the Canadian and U.S. markets continued to be impacted by the downturn in residential construction activity.

In addition to the impact of lower net sales, pre-production costs related to testing and commissioning of the new Indiana clay brick plant amounted to approximately $1,278 in the first quarter of 2009 compared to $114 in the first quarter of 2008. As such, this represented 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 personnel costs.

LANDSCAPE PRODUCTS

The Landscape Products business segment incurred an operating loss of $2,815 for the three month period ended March 31, 2009 compared to $3,610 in 2008. The improvement in operating results was due to significantly lower production volumes, which lowered total manufacturing expenses, and a reduction in selling, general and administrative expenses.

Net sales of this highly seasonal business amounted to $813 for the first quarter of 2009 compared to $680 last year.

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 March 31, 2009, the Company's share of Universal's net sales amounted to $961. There were no sales in the first quarter of 2008.

The Company's share of Universal's operating loss for the first quarter of 2009 was $311 compared to $134 for the comparative prior period in 2008.

DISCONTINUED OPERATIONS

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

For the three months ended March 31, 2008, the loss from discontinued operations amounted to $38.

CASH FLOWS

Cash flow used by operating activities of continuing operations for the period ended March 31, 2009 totaled $6,658 compared to $6,345 for the same period last year. The increase in the loss from continuing operations was substantially offset by the changes in non-cash working capital items.

Cash utilized for purchases of property, plant and equipment totaled $4,458 for the first quarter of 2009, including $3,458 incurred in connection with the construction of the Indiana clay brick plant. Comparative amounts for the same period in 2008 were $10,757 and $8,038, respectively.

Purchases of property, plant and equipment in 2009 also included an amount of $567, compared to $1,100 in 2008, related to the Company's 50% share of capital expenditures incurred by Universal.

During the three months ended March 31, 2009, operating bank advances and term bank loans increased by $7,695 (2008 – $1,480) and $3,000 (2008 – $3,000), respectively.

Other cash inflows for the three months ended March 31, 2008 included proceeds of $216 from the sale of property held for sale and $489 from the issuance of Class A shares upon the exercise of stock options under the Company's Stock Option Incentive Plan.

Also in 2008, a portion of the cash proceeds received from the sale of the medical waste business operations and assets was distributed by way of a cash dividend. The non-controlling interests' share was $700.

FINANCIAL CONDITION

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

As at March 31, 2009, bank operating advances were $10,276. This represented an increase of $7,695 from the amount outstanding at December 31, 2008. Accounts payable and accrued liabilities totaled $9,037 at March 31, 2009 compared to $14,478 at December 31, 2008. The decrease was primarily due to lower outstanding accounts payable related to the Company's major capital expenditure projects.

The ratio of total liabilities to shareholders' equity was 0.52:1 at March 31, 2009 compared to 0.47:1 at December 31, 2008. The increase to March 31, 2009 was primarily due to the increase in operating bank loans and term bank loans and lower retained earnings resulting from the operating loss.

As at March 31, 2009, the Company had operating credit facilities totaling up to $17,450, of which $10,952 had been utilized, including $676 for outstanding letters of credit, and a term loan facility of $20,000 which had been fully utilized.

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. The proceeds were utilized to reduce bank operating advances.

As at March 31, 2009, the Company was not in compliance with certain financial covenants under its credit agreement. Consequently, the $20,000 term bank loan due June 2012 has been reclassified as a current obligation. The bank has agreed to enter into a forbearance agreement to June 30, 2009 to allow the Company to complete its refinancing plan referred to below.

In April 2009, the Company executed a Commitment Letter with a third party lender to secure new long-term financing in the amount of $30,000. Proceeds of the new financing, which is expected to be completed by June 30, 2009, will be utilized to repay the $20,000 term bank loan and for general corporate purposes.

The term of the loan is seven years with interest only for the first two years, five payments totaling $2,500 each year commencing in July, 2011 and a final payment of $17,500 in June 2016. Interest is to be based on equivalent term Government of Canada bonds plus 5.25%, but not less than 7.50%.

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

Total capital expenditures to be incurred in connection with the construction of the new brick plant in Indiana are estimated to be approximately U.S. $53,000. A total of U.S. $48,842 had been expended to March 31, 2009. The balance is expected to be funded from future cash flows from operations and the Company's credit facilities, as required.

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 March 31, 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.

The failure by the Company to maintain compliance with all financial covenants under its credit agreement, has resulted in a cross-default under the Universal credit agreement. However, Universal's lender has provided a waiver of this event of default and, based on the expected refinancing referred to above, Universal is expected to maintain compliance with its covenants throughout the coming year.

Universal anticipates that it will require approximately $2,600 to fund capital expenditures in 2009. This amount is expected to be funded by Universal from future cash flows from operations, cash advances from the joint venture partners and the unutilized balance of its operating credit facility.

The Company holds an interest rate swap contract to fix the rate of interest on an aggregate of $20,000 of currently outstanding and anticipated future borrowings. The contract has been designated as an effective cash flow hedge and is more fully described in Note 6 to the interim Consolidated Financial Statements.

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 10 to the interim Consolidated Financial Statements.

With respect to contractual obligations outstanding as at December 31, 2008, material changes during the three month period ended March 31, 2009 included reductions of the remaining balances of the Company's purchase obligations under the natural gas supply and transportation contracts and the reduction in the remaining capital expenditure commitments related to construction of the Indiana

clay brick plant. These are more fully described in Note 10 to the interim Consolidated Financial Statements.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

Continuing Operations	March 31		December 31		September 30		June 30	
	2009	2008	2008	2007	2008	2007	2008	2007
Net sales	$ 7,457	$ 9,986	$ 14,268	$ 16,008	$ 27,427	$ 26,277	$ 29,795	$ 29,250
Net income (loss)	$ (6,256)	$ (4,153)	$ (9,906)	$ (12,845)	$ 2,458	$ 4,491	$ 3,484	$ 6,258
Net income (loss) per share								
Basic	$ (0.57)	$ (0.38)	$ (0.91)	$ (1.18)	$ 0.23	$ 0.42	$ 0.32	$ 0.58
Diluted	$ (0.57)	$ (0.38)	$ (0.91)	$ (1.18)	$ 0.23	$ 0.41	$ 0.32	$ 0.58

Total	March 31		December 31		September 30		June 30	
	2009	2008	2008	2007	2008	2007	2008	2007
Net income (loss)	$ (6,256)	$ (4,191)	$ (9,906)	$ (5,060)	$ 2,499	$ 4,575	$ 3,125	$ 6,501
Net income (loss) per share								
Basic	$ (0.57)	$ (0.39)	$ (0.91)	$ (0.47)	$ 0.23	$ 0.42	$ 0.29	$ 0.60
Diluted	$ (0.57)	$ (0.39)	$ (0.91)	$ (0.47)	$ 0.23	$ 0.42	$ 0.29	$ 0.60

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 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, pre-production costs incurred in connection with the start-up of the Indiana clay brick plant and an increase in the loss incurred by Universal.

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.

Quarters ended June 30

Net income from continuing operations for the second quarter of 2008 compared to the second quarter of 2007 was impacted by lower production volumes, increased distribution costs, higher selling expenses, pre-production costs relating to the start-up of the Indiana clay brick plant and a valuation allowance 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.

The loss from discontinued operations for the second quarter of 2008 included a $375 reduction in the principal amount of the promissory note taken back on the sale of the medical waste business in October 2007 and a $625 provision for other anticipated costs. These adjustments resulted in a net charge of approximately $473, after deducting income taxes and the 35% non-controlling interest therein.

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 continue to impact upon residential and commercial construction activity and on consumer spending. Demand for the Company's products is expected to be affected accordingly. As a result, the Company continues 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.

Due to current economic conditions, the Board of Directors of the Company has determined 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.

Construction of the Indiana clay brick manufacturing plant is substantially 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 continues to make progress in its plan to address various issues which arose during the commissioning and start-up phase of these new operations.

Information with respect to transactions with related parties in 2009 is disclosed in Notes 11 and 14 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 shares and Class B shares as at March 31, 2009 is disclosed in Note 7 to the interim Consolidated Financial Statements. There have been no changes to the date of the MD&A.

There have been no changes in the Company's internal control over financial reporting during the period ended March 31, 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.

The Company has conducted a diagnostic analysis 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) identification of high level financial statement disclosure differences.

Commencing in the second quarter of 2009 the Company will undertake more detailed analysis and development of its implementation plan and timetable.

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 to be 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 March 31, 2009 and March 31, 2008 have not been reviewed by the Company's auditors.

CONSOLIDATED BALANCE SHEETS

(in thousands of dollars)	(Unaudited) **March 31 2009**	December 31 2008
Assets		
Current assets		
Cash and cash equivalents	**$ 1,636**	$ 2,088
Accounts receivable	**5,417**	5,691
Inventories	**17,503**	18,062
Income taxes recoverable	**367**	10
Future income taxes	**32**	40
Other current assets	**1,274**	988
Promissory note receivable, current (note 14)	**3,427**	3,358
	29,656	30,237
Property, plant and equipment, at cost	**194,533**	193,466
Construction in progress	**49,617**	49,149
Less: Accumulated amortization	**(88,726)**	(86,308)
	155,424	156,307
Other assets		
Promissory note receivable, long-term (note 14)	**3,256**	3,244
Property held for sale	**1,047**	1,047
Future income taxes	**605**	605
Other	**–**	691
	4,908	5,587
	$ 189,988	$ 192,131
Liabilities		
Current liabilities		
Bank operating advances (note 5)	**$ 10,276**	$ 2,581
Accounts payable and accrued liabilities	**9,037**	14,478
Liabilities related to discontinued operations (note 4)	**625**	730
Income taxes payable	**1,548**	2,517
Long-term debt, current portion (note 5)	**24,368**	4,137
Derivative financial instruments, current (note 6)	**913**	834
Asset retirement obligation	**249**	245
	47,016	25,522
Long-term debt, less current portion (note 5)	**8,247**	25,521
Derivative financial instruments, non-current (note 6)	**2,112**	2,267
Future income taxes	**6,477**	6,552
Asset retirement obligation	**503**	496
	64,355	60,358
Non-controlling interests	**2,539**	2,526
Shareholders' Equity		
Capital stock (note 7)	**33,689**	33,689
Contributed surplus (note 8)	**1,220**	1,173
Retained earnings	**94,222**	100,478
Accumulated other comprehensive loss	**(6,037)**	(6,093)
	123,094	129,247
	$ 189,988	$ 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 March 31 **2009**	2008
Net sales from continuing operations	**$ 7,457**	$ 9,986
Cost of goods sold	**9,581**	10,085
Selling, general and administrative expenses	**2,709**	3,607
Amortization	**2,418**	2,057
	14,708	15,749
Operating loss from continuing operations before the undernoted items	**(7,251)**	(5,763)
Other income (expense)		
Interest on long-term debt	**(471)**	(120)
Interest income (net)	**22**	123
Foreign currency exchange gain (loss)	**99**	(182)
Foreign currency exchange gain on cash flow hedges (note 6)	**–**	32
Other income	**33**	16
	(317)	(131)
Loss from continuing operations before the following items	**(7,568)**	(5,894)
Gain on sale of property held for sale	**–**	136
Loss from continuing operations before income taxes and non-controlling interests	**(7,568)**	(5,758)
Recovery of income taxes		
Current	**1,238**	1,052
Future	**87**	587
	1,325	1,639
Loss from continuing operations before non-controlling interests	**(6,243)**	(4,119)
Non-controlling interests	**(13)**	(34)
Loss from continuing operations	**(6,256)**	(4,153)
Loss from discontinued operations (note 4)	**–**	(38)
Loss for the period	**$ (6,256)**	$ (4,191)
Loss per Class A and Class B share (note 3)		
Basic (loss from continuing operations)	**$ (0.57)**	$ (0.38)
(loss for the period)	**$ (0.57)**	$ (0.39)
Diluted (loss from continuing operations)	**$ (0.57)**	$ (0.38)
(loss for the period)	**$ (0.57)**	$ (0.39)

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 March 31 2009	2008
Cash provided by (used for) activities of continuing operations		
Operating activities		
Loss from continuing operations for the period	**$ (6,256)**	$ (4,153)
Items not affecting cash and cash equivalents		
Amortization and accretion	**2,429**	2,070
Future income taxes	**(87)**	(587)
Non-controlling interests	**13**	34
Unrealized foreign currency exchange gain	**(115)**	(117)
Gain on sale of property held for sale	**–**	(136)
Other	**47**	103
	(3,969)	(2,786)
Changes in non-cash operating items		
Accounts receivable	**214**	(244)
Inventories	**559**	663
Accounts payable and accrued liabilities	**(1,828)**	(795)
Income taxes payable (net)	**(1,326)**	(3,263)
Other	**(308)**	80
	(2,689)	(3,559)
Cash used for operating activities of continuing operations	**(6,658)**	(6,345)
Investing activities		
Purchase of property, plant and equipment	**(4,458)**	(10,757)
Proceeds from sale of property held for sale	**–**	216
Cash used for investment activities of continuing operations	**(4,458)**	(10,541)
Financing activities		
Increase in bank operating advances	**7,695**	1,480
Increase in term bank loans	**3,000**	3,000
Repayment of term loans	**(2)**	(14)
Payments on obligations under capital leases	**(98)**	(43)
Payment of dividends by subsidiary to non-controlling interests	**–**	(700)
Proceeds from exercise of stock options	**–**	489
Class A shares repurchased	**–**	(99)
Cash provided by financing activities of continuing operations	**10,595**	4,113
Net cash used for discontinued operations	**(62)**	(128)
Foreign exchange on cash held in foreign currency	**131**	173
Decrease in cash and cash equivalents	**(452)**	(12,728)
Cash and cash equivalents at the beginning of the period	**2,088**	13,860
Cash and cash equivalents at the end of the period	**$ 1,636**	$ 1,132
Supplementary information		
Interest paid	**$ 332**	$ 60
Income taxes paid	**$ 148**	$ 2,100

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 March 31 2009	2008
Balance at the beginning of the period as previously reported	**$ 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	**100,478**	111,356
Loss for the period	**(6,256)**	(4,191)
Premiums paid on repurchase of capital stock	**–**	(61)
Balance at the end of the period	**$ 94,222**	**$ 107,104**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(unaudited) (in thousands of dollars)	Three months ended March 31 2009	2008
Loss for the period	**$ (6,256)**	$ (4,191)
Other comprehensive income		
Gain on cash flow hedges, net of taxes (note 6)	**56**	45
Net comprehensive loss for the period	**$ (6,200)**	$ (4,146)

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

1. BASIS OF PRESENTATION

The interim consolidated financial statements as at March 31, 2009 and for the three month periods ended March 31, 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 month period ended March 31, 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 months ended March 31, 2008 has been increased by $114 to expense the pre-operating costs incurred in that period.

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 is currently assessing the impact IFRS will have on its consolidated financial statements.

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:

	Three months ended March 31	
(in thousands)	**2009**	2008
Basic	**10,937**	10,882
Diluted	**10,937**	10,882

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 month period ended March 31, 2008 was as follows:

	2008 $
Net sales	405
Amortization of property, plant and equipment	41
Operating loss	(87)
Other expense	(1)
Income tax recovery	29
Non-controlling interests	21
Loss from discontinued operations	**(38)**

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.

5. BANK OPERATING ADVANCES AND TERM BANK LOANS

As at March 31, 2009, the Company had operating credit facilities totaling up to $17,450, of which $10,952 had been utilized, including $676 for outstanding letters of credit, and a term loan facility of $50,000, of which $20,000 had been utilized.

As at March 31, 2009, the Company was not in compliance with certain financial covenants under its credit agreement. Consequently, the $20,000 term bank loan due June 2012 has been reclassified as a current obligation. The bank has agreed to enter into a forbearance agreement to June 30, 2009 to allow the Company to complete its refinancing plan referred to below.

In April 2009, the Company executed a Commitment Letter with a third party lender to secure new long-term financing in the amount of $30,000. Proceeds of the new financing, which is expected to be finalized by June 30, 2009, will be utilized to repay the $20,000 term bank loan and for general corporate purposes.

As at March 31, 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, 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.

The failure by the Company to maintain compliance with all financial covenants under its credit agreement, has resulted in a cross-default under the Universal credit agreement. However, Universal's lender has provided a waiver of this event of default and, based on the expected refinancing referred to above, Universal is expected to maintain compliance with its covenants throughout the coming year.

6. DERIVATIVE FINANCIAL INSTRUMENTS

The Company holds an interest rate swap contract to hedge the risk arising from variability of cash flows relating to outstanding future borrowings. The 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%. The total cost of borrowing includes the Company's credit spread, which may vary based on the ratio of Net Funded Debt to EBITDA, as those terms are defined under the Company's credit agreement. Currently the credit spread is 2.00%.

During the three months ended March 31, 2009, the Company recorded an unrealized gain of $56 (2008 – unrealized loss of $522), net of income taxes of $20 (2008 – $169), not affecting current period earnings, in Other comprehensive income in connection with the interest rate swap.

The fair value of the interest rate swap derivatives in the amounts of $913 (December 31, 2008 – $834) and $2,112 (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. $30,000 to hedge the underlying exposure on a portion of its anticipated future cash outflows. These contracts were designated as effective cash flow hedges. As at March 31, 2009, the Company did not have any U.S. dollar foreign exchange forward contracts outstanding.

For the three months ended March 31, 2008, the Company recorded an unrealized gain of $567 not affecting period earnings in Other comprehensive income and an exchange gain of $32 was recognized in net income, representing the ineffective portion of these derivative financial instruments.

During the three month period ended March 31, 2008, the Company reclassified $570 from Accumulated other comprehensive loss. This amount was added to the carrying value of the non-financial asset.

7. CAPITAL STOCK

At March 31, 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 quarter ended March 31, 2009 (2008 – 85,000 for cash of $489).

No Class A shares were repurchased during the quarter ended March 31, 2009. A total of 9,400 Class A shares were purchased under a Normal Course Issuer Bid and cancelled during the quarter ended March 31, 2008.

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.

8. STOCK-BASED COMPENSATION

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

The total compensation cost charged against income for the quarter ended March 31, 2009 with respect to all stock options granted after January 1, 2002 was $47 (2008 – $103). The Company did not record a compensation cost with respect to stock options granted prior to January 1, 2002, of which 7,500 options remain outstanding at March 31, 2009.

As at March 31, 2009, an aggregate of 366,900 stock options were outstanding, of which 262,520 were fully vested and exercisable by the holders thereof at a weighted average exercise price of $12.75.

9. OPERATING SEGMENT DISCLOSURES

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

Other business operations and assets consist primarily of the Company's 50% joint venture interest in Universal, the promissory note receivable and property held for sale.

A brief description of each business segment is as follows:

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

Landscape Products – manufacture of concrete paving stones, retaining walls, garden walls, 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 March 31	
	2009	2008
i) Net sales	**$**	$
Masonry Products	**5,683**	9,306
Landscape Products	**813**	680
Other	**961**	–
Consolidated net sales from continuing operations	**7,457**	9,986
ii) Operating loss		
Masonry Products	**(4,139)**	(2,007)
Landscape Products	**(2,815)**	(3,610)
Other	**(297)**	(146)
Consolidated operating loss from continuing operations	**(7,251)**	(5,763)
	March 31 2009	December 31 2008
iii) Total assets	**$**	$
Masonry and Landscape Products	**167,749**	169,742
Other	**22,239**	22,389
Consolidated total assets	**189,988**	192,131

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 segments and therefore are not reported on a segmented basis.

10. COMMITMENTS AND CONTINGENCIES

Future minimum lease payments due as at March 31, 2009 under building, storage yard and vehicle operating leases are as follows:

	$
2009	240
2010	230
2011	172
2012	153
Thereafter	29
	824

To March 31, 2009, capital expenditures in the amount of U.S. $34,240 had been incurred with respect to the U.S. $38,019 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.

The Company normally enters into supply and transportation contracts for natural gas to cover future requirements. As at March 31, 2009, the Company had contracted for the balance of its estimated 2009 natural gas supply requirements at an aggregate estimated cost of $2,099 of which approximately 62% was at fixed prices, and for the balance of its estimated 2009 transportation requirements at an aggregate estimated cost of $465, of which approximately 75% was at fixed prices. The potential unrealized loss on the fixed price contracts was approximately $239 (2008 – unrealized gain of $998), 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 principal and interest on the term loan due in May 2009 is also secured by a letter of credit issued by the Company's banker. The aggregate amount of letters of credit outstanding as at March 31, 2009 was $1,238 (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.

11. RELATED PARTY TRANSACTIONS

The Company has determined which of its customers are related to the Company via common directors or shareholders. Sales to these customers are made under competitive terms and conditions. These customers accounted for 5.6% (2008 – 8.6%) of net sales from continuing operations in aggregate for the period ended March 31, 2009. Purchases from related parties amounted to $26 for the quarter ended March 31, 2009 (2008 – $33).

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 during the three months ended March 31, 2009 amounted to $34 (2008 – $32). Accounts payable to this firm as at March 31, 2009 was $8 (2008 – $23).

12. SEASONAL FLUCTUATIONS

The Company's business is seasonal. Consequently, the results of operations and cash flows for the three month period ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year.

13. COMPARATIVE AMOUNTS

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

14. SUBSEQUENT EVENT

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. 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.

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