

*Interim Consolidated Financial Statements of*

**THE BRICK GROUP INCOME FUND**

*For the three month period ended March 31, 2010  
(Unaudited)*

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**The Brick Group Income Fund**  
**Interim Consolidated Balance Sheets**  
(thousands of Canadian dollars)  
*(unaudited)*

	March 31, 2010	December 31, 2009
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 9,567	\$ 19,548
Accounts receivable (Note 4)	63,680	71,504
Inventory	157,399	170,862
Deferred issuance costs	-	1,654
Prepaid expenses and deposits	7,588	6,264
	<b>238,234</b>	<b>269,832</b>
NET INVESTMENT IN LEASE RECEIVABLES	27	139
MARKETABLE SECURITIES	16,790	16,703
DEFERRED ACQUISITION COSTS	24,347	24,590
CAPITAL ASSETS	121,227	125,175
INTANGIBLE ASSETS AND DEFERRED CHARGES	62,035	63,057
FUTURE INCOME TAXES	37	36
	<b>\$ 462,697</b>	<b>\$ 499,532</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 131,156	\$ 161,305
Customers' deposits	53,093	62,470
Unpaid claims reserve	2,844	2,528
	<b>187,093</b>	<b>226,303</b>
DEFERRED SERVICE REVENUE	52	33
DEFERRED LEASE INDUCEMENTS AND RENT LIABILITIES	48,392	47,816
DEFERRED WARRANTY PLAN REVENUE AND UNEARNED INSURANCE REVENUE	129,350	130,047
LONG-TERM DEBT	112,139	111,683
FUTURE INCOME TAXES	3,167	3,972
	<b>480,193</b>	<b>519,854</b>
GUARANTEES (Note 10)		
<b>UNITHOLDERS' DEFICIT</b>		
Trust units (Note 6)	529,538	529,324
Warrants (Note 7)	7,245	7,249
Deficit	(554,315)	(556,871)
Accumulated other comprehensive income (loss)	36	(24)
	<b>(17,496)</b>	<b>(20,322)</b>
	<b>\$ 462,697</b>	<b>\$ 499,532</b>

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

**The Brick Group Income Fund**  
**Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)**  
(thousands of Canadian dollars except unit and per unit amounts)  
*(unaudited)*

	March 31, 2010	March 31, 2009
<b>Consolidated Statements of Income (Loss)</b>	<b>(3 months)</b>	<b>(3 months)</b>
SALES AND OPERATING REVENUE	\$ 306,248	\$ 271,599
COST OF SALES	173,331	161,587
GROSS MARGIN	132,917	110,012
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	119,190	112,485
	13,727	(2,473)
OTHER INCOME (EXPENSE)		
Investment and other income	211	43
Other interest	(316)	(807)
Interest on long-term debt	(3,953)	(1,425)
Amortization of deferred issuance costs	(1,654)	-
Amortization	(6,111)	(6,721)
	(11,823)	(8,910)
INCOME (LOSS) BEFORE UNDERNOTED ITEMS	1,904	(11,383)
Intangible asset impairment (Note 5)	-	(25,000)
INCOME (LOSS) BEFORE INCOME TAXES	1,904	(36,383)
INCOME TAX (EXPENSE) RECOVERY		
Current	(152)	(221)
Future	806	7,254
	654	7,033
NET INCOME (LOSS)	\$ 2,558	\$ (29,350)
Basic net income (loss) per unit	\$ 0.05	\$ (0.54)
Diluted net income (loss) per unit	\$ 0.02	\$ (0.54)
Basic average number of units outstanding	55,350,546	54,171,133
Plus incremental units from assumed conversion of warrants	55,135,177	-
Diluted average number of units outstanding	110,485,724	54,171,133
<b>Consolidated Statements of Comprehensive Income (Loss)</b>		
NET INCOME (LOSS)	\$ 2,558	\$ (29,350)
Other comprehensive income (loss), net of income taxes		
Net increase in unrealized fair value of available for sale securities	60	116
Net change in cash flow hedge	-	27
Other comprehensive income	60	143
COMPREHENSIVE INCOME (LOSS)	\$ 2,618	\$ (29,207)

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

**The Brick Group Income Fund**  
**Interim Consolidated Statements of Changes in Unitholders' (Deficit) Equity**  
(thousands of Canadian dollars)  
*(unaudited)*

	March 31, 2010 (3 months)	March 31, 2009 (3 months)
<b>Trust units</b>		
Balance at beginning of period	\$ 529,324	\$ 528,213
Exercise of warrants (Note 6)	214	-
Balance at end of period	529,538	528,213
<b>Deficit</b>		
Balance at beginning of period as restated	(556,873)	(391,144)
Net income (loss)	2,558	(29,350)
Distributions declared	-	(2,710)
Balance at end of period	(554,315)	(423,204)
<b>Warrants</b>		
Balance at beginning of period	7,249	-
Warrants exercised (Note 7)	(4)	-
Balance at end of period	7,245	-
<b>Accumulated other comprehensive gain (loss) on available for sale securities</b>		
Balance at beginning of period	(24)	(1,937)
Unrealized gain arising during the period	92	7
Income taxes on unrealized gain arising during the period	(16)	(3)
Reclassification of realized (gains) losses to net income	(19)	201
Income taxes on reclassification of realized gains (losses) to net income	3	(89)
Balance at end of period	36	(1,821)
<b>Accumulated other comprehensive loss on cash flow hedge</b>		
Balance at beginning of period	-	(581)
Reclassification of loss on cash flow hedge to net income (net of income taxes of \$NIL)	-	27
Balance at end of period	-	(554)
<b>Total accumulated other comprehensive income (loss)</b>	<b>36</b>	<b>(2,375)</b>
<b>Total unitholders' (deficit) equity</b>	<b>\$ (17,496)</b>	<b>\$ 102,634</b>

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

**The Brick Group Income Fund**  
**Interim Consolidated Statements of Cash Flow**  
(thousands of Canadian dollars)  
*(unaudited)*

	March 31, 2010 (3 months)	March 31, 2009 (3 months)
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 2,558	\$ (29,350)
Add (deduct) items not affecting cash		
Amortization	6,111	6,759
Amortization of deferred lease inducements	(609)	(488)
Amortization of deferred warranty revenue	(13,011)	(11,707)
Amortization of deferred acquisition costs	2,206	2,140
Amortization of financing fee and transaction costs	339	46
Amortization of deferred issuance costs	1,654	-
Accretion expense on debenture	115	-
Future income taxes	(806)	(7,254)
Reclassification from other comprehensive loss related to hedging activity	-	27
Amortization of preferred share premiums	4	23
Loss on disposal of capital assets	18	176
Loss on sale of marketable securities	(18)	216
Intangible asset impairment (Note 5)	-	25,000
Income taxes related to other comprehensive income	(13)	-
Change in deferred service revenue	19	(2)
Change in deferred rent liabilities	733	(3,054)
Change in lease receivables, long-term portion	112	(611)
Cash received for leasehold inducements	452	3,283
Cash paid for deferred acquisition costs	(1,963)	(2,268)
Cash received on warranty and insurance sales	12,314	10,819
	<b>10,215</b>	<b>(6,245)</b>
Changes in non-cash operating working capital items (Note 9)	<b>(18,191)</b>	<b>(27,962)</b>
	<b>(7,976)</b>	<b>(34,207)</b>
<b>FINANCING ACTIVITIES</b>		
Net increase in bank indebtedness	-	39,010
Borrowings under asset-based credit facility	57,224	-
Repayments under asset-based credit facility	(57,224)	-
Financing fees paid (Note 8)	(200)	(665)
Financing fees recovered (Note 8)	200	-
Distributions paid	-	(5,419)
Proceeds from exercise of warrants (Note 6)	210	-
	<b>210</b>	<b>32,926</b>
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	(742)	(3,840)
Change in accounts payable and accrued liabilities related to capital assets	(1,056)	(2,504)
Additions to marketable securities	(319)	(1,912)
Proceeds from sale of marketable securities	319	433
Additions to intangible assets	(416)	(2,042)
Proceeds on disposal of capital assets	-	64
	<b>(2,214)</b>	<b>(9,801)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>		
	<b>(9,980)</b>	<b>(11,082)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>19,547</b>	<b>14,419</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 9,567</b>	<b>\$ 3,337</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest and dividends received	\$ 183	\$ 251
Interest paid	\$ 384	\$ 2,991
Income taxes paid	\$ 923	\$ 209

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

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
**(thousands of Canadian dollars except unit and per unit amounts)**  
**(unaudited)**

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**1. DESCRIPTION OF THE BUSINESS**

The Brick Group Income Fund (the “Fund”) is an unincorporated, open-ended, limited purpose trust created by the Declaration of Trust made as at May 25, 2004, as amended and restated, and governed by the laws of Alberta. The Fund is authorized to issue an unlimited number of Class A and Class B trust units (the “Trust units.”) The Fund was created to invest in the retail furniture, mattress, appliance and electronics industry initially through the indirect acquisition on July 20, 2004 of the limited partnership units of The Brick Warehouse LP together with its general partner and subsidiaries (the “Brick LP”). The Fund remained inactive until the acquisition on July 20, 2004.

The business of the Fund includes the operations of The Brick Warehouse LP, United Furniture Warehouse LP, First Oceans Trading Corporation, Trans Global Warranty Corp., Trans Global Insurance Company and Trans Global Life Insurance Company whose principal business activities are retail sales of furniture, mattresses, appliances and electronics, and the marketing of warranty plans and retail credit insurance plans.

**2. BASIS OF PRESENTATION**

These unaudited interim consolidated financial statements (the “financial statements”) have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”), and include the accounts of the Fund and its wholly owned subsidiaries, including The Brick Trust, The Brick Warehouse LP, United Furniture Warehouse LP, First Oceans Trading Corporation, and Trans Global Warranty Corp. and its subsidiaries: Trans Global Life Insurance Company and Trans Global Insurance Company. All intercompany transactions and balances have been appropriately eliminated. These financial statements follow the same accounting policies and methods of application as the most recent annual consolidated financial statements for the year ended December 31, 2009. These financial statements do not contain all disclosures required by GAAP for annual financial statements and, accordingly, the financial statements should be read in conjunction with the most recently prepared audited annual consolidated financial statements for the year ended December 31, 2009.

*Uncertainties and risks*

These financial statements have been prepared assuming the Fund will continue as a going concern which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
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**BASIS OF PRESENTATION (continued)**

During 2009, the Fund reported, in its interim and annual consolidated financial statements, risks to its ability to continue as a going concern. As previously disclosed, the Fund has taken significant proactive steps to improve its financial results and liquidity position. At March 31, 2010 and at December 31, 2009, the Fund had no borrowings under its Asset-Based Credit Facility, and available borrowing capacity of \$68,922 and \$69,226 respectively. Further, the Fund believes that it has sufficient borrowing capacity to meet its expected working capital requirements for 2010. On this basis, the Fund believes that the liquidity and recession-related factors experienced primarily in the first half of the 2009 have abated and pose reduced risks to the Fund's operations. Remaining risks to the Fund's operations and liquidity relate generally to the risk of a reversal in the current trend of improvement in the economy.

**3. PENDING CHANGES TO ACCOUNTING POLICIES**

*Section 1582 – Business Combinations*

In January 2009, the Canadian Institute of Chartered Accountants (“CICA”) issued new Handbook Section 1582, Business Combinations, replacing the existing Handbook Section 1581, Business Combinations. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3, “Business Combinations” (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. If an entity applies this section before January 1, 2011, it shall disclose that fact and apply Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, at the same time. The Fund does not expect the new section to have any impact on its financial position or results of operations. The Fund plans to adopt this new section for its fiscal year beginning January 1, 2011.

*Section 1601 – Consolidated Financial Statements*

In January 2009, the CICA issued new Handbook Section 1601, Consolidated Financial Statements. This section, together with new Handbook Section 1602, Non-controlling interests, replaces existing Section 1600, Consolidated Financial Statements, and establishes standards for the preparation of consolidated financial statements. The section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this section for a fiscal year beginning before January 1, 2011 also adopts Section 1582, Business Combinations, and Section 1602, Non-Controlling Interests. The Fund does not expect the new section to have any impact on its financial position or results of operations. The Fund plans to adopt this new Section for its fiscal year beginning January 1, 2011.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
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**PENDING CHANGES TO ACCOUNTING POLICIES (continued)**

*Section 1602 – Non-controlling interests*

In January 2009, the CICA issued new Handbook Section 1602, Non-Controlling Interests. This new Section establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, “Consolidated and Separate Financial Statements” (January 2008). This Section applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. An entity adopting this Section for a fiscal year beginning before January 1, 2011 also adopts Section 1582, Business Combinations, and Section 1601, Consolidated Financial Statements. The Fund does not expect the new Section to have any impact on its financial position or results of operations. The Fund plans to adopt this new Section for its fiscal year beginning January 1, 2011.

*Section 1625 - Comprehensive Revaluation of Assets and Liabilities*

CICA Handbook Section 1625, Comprehensive Revaluation of Assets and Liabilities, was amended to be consistent with Handbook Section 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements and Section 1602 – Non-controlling Interests, which were issued in January 2009. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. The Fund does not expect the new Section to have any impact on its financial position or results of operations. The Fund plans to adopt this new Section for its fiscal year beginning January 1, 2011.

*Section 3251 – Equity*

In August 2009, the CICA issued amendments to CICA Handbook Section 3251, Equity, as a result of issuing Section 1602, Non-controlling Interests. The amendments require non-controlling interests to be recognized as a separate component of equity. The amendments apply only to entities that have adopted Section 1602. The Fund does not expect the new Section to have any impact on its financial position or results of operations. The Fund plans to adopt this new Section for its fiscal year beginning January 1, 2011.

**The Brick Group Income Fund**  
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**PENDING CHANGES TO ACCOUNTING POLICIES (continued)**

*Section 3855 - Financial Instruments – Recognition and Measurement*

In June 2009, CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement, was amended to clarify when an embedded prepayment option is separated from its host debt instrument for accounting purposes and the application of the effective interest method after a debt instrument has been impaired. These amendments apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Fund does not expect the amended Section to have any impact on its financial position or results of operations. The Fund plans to adopt the amended Section for its fiscal year beginning January 1, 2011.

*International Financial Reporting Standards*

In March 2007, the CICA announced that Canadian publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) effective January 1, 2011. Although IFRS employs a conceptual framework that is similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure.

During the year ended December 31, 2008, the Fund commenced its IFRS implementation project to assess the potential impacts of the transition to IFRS and developed a detailed project plan to ensure compliance with the new standards. The Fund has completed the initial phase of the implementation project including a detailed diagnostic analysis which includes a high-level impact assessment to identify key areas that may be impacted by the adoption of IFRS. Areas identified which may have the most significant impact on the Fund include, development of opening balances in the consolidated balance sheet, measurement of capital assets, asset impairment measurements, and leases. The initial phase of the analysis resulted in the prioritization of areas to be evaluated in the next phase of the project plan and component evaluation. This phase, which is currently in progress, includes the analysis of accounting policy alternatives available under IFRS as well as the determination of changes required to existing information systems and business processes. In this phase the Fund will continue to assess the impact of the adoption of IFRS on its results of operations, financial position and financial statement disclosures.

As well, the Fund continues to assess the impact of the conversion to IFRS on internal controls over financial reporting and disclosure controls and procedures, investor relations, human resources, contractual relations, and other areas that could potentially be impacted.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
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**4. ACCOUNTS RECEIVABLE**

The Brick LP has entered into agreements with specific vendors that require the vendor to pay a rebate provided a certain specified cumulative level of purchases is achieved over a certain period of time. The Brick LP recognizes the rebate amounts based on anticipated purchase volumes and historical results. For the three month period ended March 31, 2010, accrued vendor rebates of \$939 have been recognized in income for which full requirements for entitlement have not yet been met (Three month period ended March 31, 2009: \$847).

**5. INTANGIBLE ASSET IMPAIRMENT**

At March 31, 2009, the Fund performed an interim review of its goodwill and indefinite life intangible assets to determine whether an impairment charge was necessary, and found that the carrying values of its brand intangible assets exceeded their fair values. Accordingly, an impairment write down of \$25,000 with respect to the Fund's brands (the "Brick" and "United Furniture Warehouse"), and a related future income tax recovery of \$4,690, have been recognized in the Fund's consolidated statement of income (loss) for the three month period ended March 31, 2009.

**6. TRUST UNITS**

The Declaration of Trust provides that an unlimited number of units may be issued.

<i>Issued</i>	<b>March 31, 2010</b>		December 31, 2009
	<b>Number of Units</b>	<b>Amount</b>	Amount
<b>Class A Trust Units</b>			
Balance at December 31, 2009	55,261,333	\$ <b>529,324</b>	\$ 528,213
Exercise of warrants	210,000	<b>214</b>	1,111
Balance at end of period	55,471,333	\$ <b>529,538</b>	\$ 529,324

During three months ended March 31, 2010, the Fund issued 210,000 Class A Trust Units upon the exercise of Debenture Warrants for total cash consideration of \$210. In addition an amount of \$4, being a prorata portion of the value previously attributed to the Debenture Warrants (Note 7), was reallocated to Class A Trust Units.

In 2009, 6,000,000 options to purchase Class A Trust Units of the Fund were granted under a stock option plan, subject to unitholder and TSX approval, pursuant to an employment agreement with the Fund's President and Chief Executive Officer. These options vest December 1, 2011 and expire December 1, 2013. As the options are subject to unitholder approval, there has been no impact on these financial statements.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
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**TRUST UNITS (continued)**

In March 2010, the Board of Trustees approved the following plans:

- a) a unit option plan for certain eligible officers and employees. Under the unit option plan, options to purchase Class A trust units of the Fund may be granted to participants. The aggregate number of units reserved for issuance upon the exercise of all options granted under the plan may not exceed 2,350,000 units. The options will have a maximum term of seven years. As the option plan is subject to unitholder approval, there has been no impact on these interim consolidated financial statements.
- b) a performance share unit (“PSU”) plan for certain eligible officers and employees. PSUs granted to eligible participants are credited to them by means of an entry in a notional account in their favour on the books of the Fund. Each PSU awarded conditionally entitles the eligible person to the delivery of one Class A trust unit of the Fund upon attainment of the PSU vesting conditions, or the cash equivalent thereof. The aggregate number of units reserved for issuance upon the vesting of all PSUs granted under the PSU plan may not exceed 1,000,000 units. As the PSU Plan is subject to unitholder approval, there has been no impact on these interim consolidated financial statements.
- c) a deferred share unit plan (“DSU Plan”) for the benefit of the Funds’ non-management trustees. The aggregate number of Class A trust units reserved for issuance under the DSU Plan may not exceed 650,000. As the DSU Plan is subject to unitholder approval, there has been no impact on these interim consolidated financial statements.

**7. WARRANTS**

Warrants are recognized in these consolidated financial statements as a separate component of equity. The following warrants were outstanding for the three month period ended March 31, 2010:

	<b>Number of Warrants</b>	<b>Amount</b>	<b>Weighted Average Exercise Price</b>
<b>Debenture Warrants</b>			
Balance at December 31, 2009	118,909,800	\$ 2,263	\$ 1.00
Exercised	(210,000)	(4)	1.00
	118,699,800	2,259	1.00
<b>Fairfax LC Warrants</b>			
Balance at December 31, 2009	5,317,100	4,986	0.82
<b>Balance at end of period</b>	<b>124,016,900</b>	<b>\$ 7,245</b>	<b>\$ 0.99</b>

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
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**8. RELATED PARTY TRANSACTIONS**

Included in selling, general and administrative expenses is rent expense of \$257 for the three month period ended March 31, 2010 (Three month period ended March 31, 2009: \$257), paid to a joint venture partially owned by an officer of the Fund. At March 31, 2010 and December 31, 2009, no amounts were payable to or receivable from this related party.

Certain employees of the Fund are owners of a Brick franchise. During the three month period ended March 31, 2010, the Fund sold inventory of \$460 (Three month period ended March 31, 2009: \$419) to this franchise. Included in accounts receivable at March 31, 2010 is \$241 (December 31, 2009: \$28) for inventory sold to this franchise.

During 2008, the Fund entered into franchise agreements for six Brick stores with a director who was serving at that time on the boards of Trans Global Insurance Company, and Trans Global Life Insurance Company. During the three month period ended March 31, 2010, the Fund sold inventory of \$1,205 (Three month period ended March 31, 2009: \$1,277) to these franchises. Included in accounts receivable at March 31, 2010 is \$467 (December 31, 2009: \$852) for inventory sold to these franchises. This director resigned from the boards of Trans Global Insurance Company, and Trans Global Life Insurance Company effective May 5, 2009.

The above transactions are in the normal course of operations, and are measured based on commercial rates established and agreed to by the related parties.

Included in accounts receivable at March 31, 2010 is \$38 (December 31, 2009: \$145) for loans made to employees. These loans relate primarily to employee relocation.

In conjunction with the May 28, 2009 recapitalization transaction, the Fund issued Debentures and warrants to William H. Comrie ("Comrie"), a resident of the United States, who at March 31, 2010 held a 38.87% interest in the Fund through 21,561,983 Class A Trust Units, and to Fairfax Financial Holdings Limited ("Fairfax"), which at March 31, 2010 held 15.11% of all units outstanding, or 8,380,200 Class A Trust Units. Comrie purchased \$18,000 of Debentures and Fairfax purchased \$45,000 of Debentures. Accrued interest payable for the three month period ended March 31, 2010 related to the Debentures held by Comrie and Fairfax was \$525 and \$1,312, respectively. Further, as a result of the recapitalization transaction, Comrie and Fairfax hold 18,000,000 and 45,000,000 warrants, respectively.

The Fairfax letter of credit facility (the "Fairfax LC"), initially issued in the amount of \$25,000, matured on February 24, 2010 and was extended, at the Fund's option, for a further six month term at a reduced amount of \$4,000. The Fund paid fees of \$200 to Fairfax in conjunction with the extension of the Fairfax LC. These fees were fully recovered from an inventory supplier of the Fund.

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**Notes to the Interim Consolidated Financial Statements**  
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(unaudited)

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**9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS**

	<b>March 31, 2010</b>	<b>March 31, 2009</b>
Cash provided (used in) by		
Accounts receivable	\$ 7,824	\$ 14,800
Inventory	13,463	48,568
Prepaid expenses and deposits	(1,324)	(386)
Accounts payable and accrued liabilities	(30,149)	(86,323)
Customers' deposits	(9,377)	(9,471)
Unpaid claims reserve	316	(363)
	<b>(19,247)</b>	<b>(33,175)</b>
Accounts payable and accrued liabilities related to distributions	-	2,709
Accounts payable and accrued liabilities related to capital assets	1,056	2,504
	<b>\$ (18,191)</b>	<b>\$ (27,962)</b>

**10. GUARANTEES**

The Fairfax LC, initially issued in the amount of \$25,000, matured on February 24, 2010 and was extended, at the Fund's option, for a further six month term at a reduced amount of \$4,000. At March 31, 2010, the Fund had \$4,000 (December 31, 2009: \$17,184) in outstanding standby letters of credit under the Fairfax LC issued to inventory suppliers of the Fund, and \$802 (December 31, 2009: \$10,802) under the Asset-Based Credit Facility issued to service providers of the Fund. No funds have been advanced on these standby letters of credit.

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**11. SEGMENTED INFORMATION**

The Fund's reportable segments are strategic business units that offer different products and services. The Fund has two operating segments: Retail and Financial Services.

The Fund operates retail stores concentrating on the sales of furniture, mattresses, appliances and electronics. Retail customers are offered credit through the Brick Card which is funded and billed by unrelated external service providers.

The Financial Services segment is primarily engaged in providing extended warranty services on products sold to customers of The Brick and credit insurance on balances that arise from customers' use of their Brick Card. Accordingly, the Financial Services segment is economically dependant on the retail segment as the majority of its revenues are derived from sales to customers of the retail segment. Credit balances are insured against the cardholder's loss of life, property or source of income, thereby providing protection to many customers who do not carry other similar insurance policies. The Financial Services segment also offers property and credit insurance products to third parties.

The reportable segments reflect the basis on which management measures performance and makes decisions regarding the allocation of resources.

The accounting policies of the segments are the same as those described in the annual audited consolidated financial statements for the year ended December 31, 2009.

All material inter-company transactions and balances, including inter-company revenues of \$2,778 for the three month period ended March 31, 2010 (Three month period ended March 31, 2009: \$2,749), have been appropriately eliminated.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
(thousands of Canadian dollars except unit and per unit amounts)  
**(unaudited)**

**SEGMENTED INFORMATION (continued)**

	March 31, 2010 (3 months)			
	Retail	Financial Services	Intersegment Eliminations	Consolidated
External sales and operating revenue	\$ 286,571	\$ 19,677	\$ -	\$ 306,248
Intersegment revenues	2,304	474	(2,778)	-
Total sales and operating revenue	288,875	20,151	(2,778)	306,248
Cost of sales	166,670	12,216	(5,555)	173,331
Gross margin	122,205	7,935	2,777	132,917
Selling, general and administrative expenses	115,027	737	3,426	119,190
Investment and other income	66	1,227	(1,082)	211
Intersegment license fee income (expense) (1)	5,370	(5,370)	-	-
EBITDA*	12,614	3,055	(1,731)	13,938
Interest expense	5,327	24	(1,082)	4,269
Amortization of deferred issuance costs	1,654	-	-	1,654
Amortization of capital assets	4,672	1	-	4,673
Amortization of intangible assets and deferred charges	1,438	-	-	1,438
Income before income taxes	(477)	3,030	(649)	1,904
Income tax recovery (expense)	780	(126)	-	654
Net income (2)	303	2,904	(649)	2,558
Total intersegment eliminations impacting net income	(7,432)	6,783	649	-
Net (loss) income - consolidated	\$ (7,129)	\$ 9,687	\$ -	\$ 2,558
EBITDA*	\$ 12,614	\$ 3,055	\$ (1,731)	\$ 13,938
Total intersegment eliminations impacting EBITDA	(8,514)	6,783	1,731	-
Consolidated EBITDA*	\$ 4,100	\$ 9,838	\$ -	\$ 13,938

**OTHER INFORMATION**

Interest income	\$ 64	\$ 2	\$ -	\$ 66
Total assets	\$ 416,599	\$ 46,098	\$ -	\$ 462,697
Capital expenditures	\$ 742	\$ -	\$ -	\$ 742
Amortization of deferred warranty revenue	\$ -	\$ 13,011	\$ -	\$ 13,011
Amortization of deferred acquisition costs	\$ -	\$ 2,206	\$ -	\$ 2,206

(1) Intersegment license fees of \$5,370 are charged by the Retail segment to Financial Services segment for the right to offer warranty and offer warranty and insurance products to customers of the Retail segment. These license fees are in the normal course of business and are recorded at the exchange amounts established by the license fee agreements, which reflect market rates.

(2) Intersegment eliminations affecting net income do not offset as commissions paid in the Retail segment on the sale of warranty products are capitalized as deferred acquisition costs in the Financial Services segment, and charged to earnings over the term of the warranty contract period.

\* References to "EBITDA" are to earnings before interest, income taxes, amortization and non-cash asset impairment charges. EBITDA is not an earnings measure recognized by GAAP, and does not have a standardized meaning prescribed by GAAP, and therefore, may not be comparable to similar measures presented by other issuers. Users of these consolidated financial statements are cautioned that EBITDA should not be construed as an alternative to net income as determined in accordance with GAAP as an indicator of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
(thousands of Canadian dollars except unit and per unit amounts)  
*(unaudited)*

**SEGMENTED INFORMATION (continued)**

	March 31, 2009 (3 months)			
	Retail	Financial Services	Intersegment Eliminations	Consolidated
External sales and operating revenue	\$ 254,156	\$ 17,443	\$ -	\$ 271,599
Intersegment revenues	2,060	689	(2,749)	-
Total sales and operating revenue	256,216	18,132	(2,749)	271,599
Cost of sales	156,025	10,372	(4,810)	161,587
Gross margin	100,191	7,760	2,061	110,012
Selling, general and administrative expenses	109,413	504	2,568	112,485
Investment and other income	2,435	1,094	(3,486)	43
Intersegment license fee income (expense) (1)	5,268	(5,268)	-	-
EBITDA*	(1,519)	3,082	(3,993)	(2,430)
Interest expense	3,295	2,423	(3,486)	2,232
Amortization of capital assets	4,896	1	-	4,897
Amortization of intangible assets and deferred charges	1,824	-	-	1,824
(Loss) income before undernoted items	(11,534)	658	(507)	(11,383)
Intangible asset impairment (Note 5)	25,000	-	-	25,000
(Loss) income before income taxes	(36,534)	658	(507)	(36,383)
Income tax recovery (expense)	7,050	(17)	-	7,033
Net (loss) income (2)	(29,484)	641	(507)	(29,350)
Total intersegment eliminations impacting net (loss) income	(8,892)	8,385	507	-
Net (loss) income - consolidated	\$ (38,376)	\$ 9,026	\$ -	\$ (29,350)
EBITDA*	\$ (1,519)	\$ 3,082	\$ (3,993)	\$ (2,430)
Total intersegment eliminations impacting EBITDA	(9,974)	5,981	3,993	-
Consolidated EBITDA*	\$ (11,493)	\$ 9,063	\$ -	\$ (2,430)
<b>OTHER INFORMATION</b>				
Interest income	\$ 121	\$ 18	\$ -	\$ 139
Goodwill	\$ 108,459	\$ -	\$ -	\$ 108,459
Total assets	\$ 551,575	\$ 50,534	\$ -	\$ 602,109
Capital expenditures	\$ 3,839	\$ 1	\$ -	\$ 3,840
Amortization of deferred warranty revenue	\$ -	\$ 11,707	\$ -	\$ 11,707
Amortization of deferred acquisition costs	\$ -	\$ 2,140	\$ -	\$ 2,140

(1) Intersegment license fees of \$5,268 are charged by the Retail segment to Financial Services segment for the right to offer warranty and offer warranty and insurance products to customers of the Retail segment. These license fees are in the normal course of business and are recorded at the exchange amounts established by the license fee agreements, which reflect market rates.

(2) Intersegment eliminations affecting net income do not offset as commissions paid in the Retail segment on the sale of warranty products are capitalized as deferred acquisition costs in the Financial Services segment, and charged to earnings over the term of the warranty contract period.

\* References to "EBITDA" are to earnings before interest, income taxes, amortization and non-cash asset impairment charges. EBITDA is not an earnings measure recognized by GAAP, and does not have a standardized meaning prescribed by GAAP, and therefore, may not be comparable to similar measures presented by other issuers. Users of these consolidated financial statements are cautioned that EBITDA should not be construed as an alternative to net income as determined in accordance with GAAP as an indicator of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. operating, investing and financing activities as a measure of liquidity and cash flows.

**The Brick Group Income Fund**  
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**12. SEASONAL NATURE OF THE BUSINESS**

The Fund's results for any quarter are not necessarily indicative of the results that may be expected for the full year due to seasonal variations in sales levels. The Fund's subsidiaries historically experience a higher level of sales during the third and fourth quarters, while the first and second quarters experience lower sales levels due to seasonal shopping patterns. Occupancy-related expenses, certain general and administrative expenses, depreciation and amortization, and interest expense remain relatively steady throughout the year.

**13. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified to conform with the current period's presentation.

The comparative amounts on the interim consolidated statements of cash flow reflect a retrospective correction to present separately the change in the long-term portion of deferred rent liabilities which had previously been included in changes in non-cash working capital items. The amount previously included in changes in non-cash working capital items is \$3,054. This correction did not have any effect on net loss, unitholders' equity, cash flows, or externally imposed financial covenants to which the Fund was subject to for the three month period ended March 31, 2009.