

*Interim Consolidated Financial Statements of*

**THE BRICK GROUP INCOME FUND**

*(As restated on May 20, 2009, see note 2)*

*For the three month period ended March 31, 2008  
(Unaudited)*

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

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
	<b>Restated (Note 2)</b>	
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 6,354	\$ 8,174
Accounts receivable	55,769	72,757
Inventory (Note 5)	199,897	236,703
Prepaid expenses and deposits	4,552	4,472
	<b>266,572</b>	<b>322,106</b>
MARKETABLE SECURITIES (Note 6)	23,389	24,125
DEFERRED ACQUISITION COSTS	22,612	21,944
CAPITAL ASSETS (Note 7)	131,971	132,766
GOODWILL	305,349	305,349
INTANGIBLE ASSETS AND DEFERRED CHARGES (Note 8)	158,245	160,031
FUTURE INCOME TAXES	66	50
	<b>\$ 908,204</b>	<b>\$ 966,371</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 18)	\$ 28,328	\$ 14,559
Accounts payable and accrued liabilities	175,300	224,042
Corporate income taxes payable	-	81
Customers' deposits	57,584	68,862
Unpaid claims reserve	2,626	2,453
	<b>263,838</b>	<b>309,997</b>
DEFERRED SERVICE REVENUE	80	183
DEFERRED LEASE INDUCEMENTS	18,546	18,777
DEFERRED WARRANTY PLAN REVENUE AND UNEARNED INSURANCE REVENUE	124,499	122,872
LONG-TERM DEBT (Note 9)	81,996	81,955
FUTURE INCOME TAXES	31,282	31,768
	<b>520,241</b>	<b>565,552</b>
<b>UNITHOLDERS' EQUITY</b>		
Trust units (Note 14)	528,213	528,213
Deficit	(138,938)	(126,372)
Accumulated other comprehensive loss	(1,312)	(1,022)
	<b>387,963</b>	<b>400,819</b>
	<b>\$ 908,204</b>	<b>\$ 966,371</b>

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

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

<b>Interim Consolidated Statements of Income</b>	<b>March 31, 2008</b>	<b>March 31, 2007</b>
	<b>(3 months)</b>	<b>(3 months)</b>
SALES AND OPERATING REVENUE	\$ 327,919	\$ 327,440
COST OF SALES (Note 5)	191,770	196,475
GROSS MARGIN	136,149	130,965
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	123,948	120,597
	12,201	10,368
OTHER INCOME (EXPENSE)		
Investment and other income	248	399
Other interest	(868)	(840)
Interest on long-term debt	(1,390)	(1,209)
Amortization (Notes 7 & 8)	(6,677)	(6,602)
	(8,687)	(8,252)
INCOME BEFORE INCOME TAXES	3,514	2,116
INCOME TAX (EXPENSE) RECOVERY		
Current	(176)	(57)
Future	347	673
	171	616
NET INCOME	\$ 3,685	\$ 2,732
Basic and diluted net income per unit	\$ 0.07	\$ 0.05
Basic and diluted average number of units outstanding	54,171,133	54,171,133

**Interim Consolidated Statements of Comprehensive Income**

NET INCOME	\$ 3,685	\$ 2,732
Other Comprehensive (Loss) Income, net of income taxes		
Net change in unrealized gains on available for sale securities	(318)	1,007
Net change in cash flow hedge (Note 13)	28	(775)
Other Comprehensive (Loss) Income	(290)	232
COMPREHENSIVE INCOME	\$ 3,395	\$ 2,964

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' Equity**  
(thousands of Canadian dollars)  
*(unaudited)*

	March 31, 2008 (3 months)	March 31, 2007 (3 months)
	Restated (Note 2)	
<b>Trust units</b>	\$ 528,213	\$ 528,213
<b>Deficit</b>		
Balance at beginning of period	(126,372)	(76,900)
Net income	3,685	2,732
Distributions declared (Note 10)	(16,251)	(16,251)
Balance at end of period	(138,938)	(90,419)
<b>Accumulated other comprehensive loss on available for sale securities</b>		
Balance at beginning of period	(330)	-
Adjustment to market value on January 1, 2007 (net of income taxes of \$592)	-	899
Unrealized (loss) gain arising during the period	(558)	226
Income taxes on unrealized (loss) gain arising during the period	183	(78)
Reclassification of realized losses (gains) to net income	85	(61)
Income taxes on reclassification of realized losses (gains) to net income	(28)	21
Balance at end of period	(648)	1,007
<b>Accumulated other comprehensive loss on cash flow hedge (Note 13)</b>		
Balance at beginning of period	(692)	-
Loss on cash flow hedge of an anticipated transaction (net of income taxes of NIL)	-	(780)
Reclassification of loss on cash flow hedge to net income (net of income taxes of NIL)	28	5
Balance at end of period	(664)	(775)
<b>Total accumulated other comprehensive (loss) income</b>	(1,312)	232
<b>Total unitholders' equity</b>	\$ 387,963	\$ 438,026

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, 2008 (3 months)	March 31, 2007 (3 months)
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 3,685	\$ 2,732
Add (deduct) items not affecting cash		
Amortization	6,714	6,602
Amortization of deferred lease inducements	(399)	(268)
Amortization of deferred warranty revenue	(8,722)	(6,258)
Amortization of deferred acquisition costs	1,426	847
Amortization of financing fee and transaction costs	74	-
Future income taxes	(347)	(673)
Reclassification from other comprehensive loss related to hedging activity	28	5
Amortization of preferred share premiums	47	53
Gain on sale of capital assets	(26)	(4)
Loss (gain) on sale of marketable securities	85	(61)
Cash paid related to hedging activity	-	(780)
Cash received for leasehold inducements	168	249
Cash paid for deferred acquisition costs	(2,094)	(2,106)
Cash received on warranty and insurance sales	10,349	11,079
	<b>10,988</b>	<b>11,417</b>
Changes in non-cash operating working capital items (Note 12)	<b>(5,766)</b>	<b>(17,359)</b>
	<b>5,222</b>	<b>(5,942)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in bank indebtedness	13,737	16,912
Financing fees paid	(1)	-
Distributions paid (Note 10)	(16,251)	(16,251)
Repayment of term credit facility (Note 9)	-	(70,000)
Issuance of senior secured bonds, net of transaction costs (Note 9)	-	82,305
Monthly mortgage principal repayments	-	(239)
Mortgage retirement principal repayments (Note 9)	-	(9,291)
	<b>(2,515)</b>	<b>3,436</b>
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	(4,133)	(4,607)
Change in accounts payable and accrued liabilities related to capital assets	(551)	(3,545)
Additions to marketable securities	(565)	(1,052)
Additions to intangible assets	-	(8)
Proceeds from sale of marketable securities	696	571
Proceeds on disposal of capital assets	26	27
	<b>(4,527)</b>	<b>(8,614)</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>		
	<b>(1,820)</b>	<b>(11,120)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>8,174</b>	<b>16,450</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 6,354</b>	<b>\$ 5,330</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest and dividends received	\$ 334	\$ 357
Interest paid	\$ 3,252	\$ 1,573
Income taxes paid	\$ 442	\$ 517

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. RESTATEMENT OF PREVIOUSLY ISSUED INTERIM CONSOLIDATED FINANCIAL STATEMENTS’**

In the course of preparing the Fund’s 2008 annual consolidated financial statements, the Fund determined that the future income tax expense and liability recognized in fiscal 2007 as a result of the enactment of the SIFT tax was overstated by \$10,580. This error resulted from a miscalculation of the SIFT tax due to the omission of certain information regarding differences between the accounting values and tax bases of certain assets and liabilities held by the Fund.

As a result of the correction of this error, there was no impact to the future income tax expense and net income on the consolidated statement of income and comprehensive income for the three month period ended March 31, 2008. On the interim consolidated balance sheet as at March 31, 2008, the liability for future income taxes decreased by \$10,580 and the deficit in unitholders’ equity decreased by \$10,580. On the interim consolidated statement of changes in unitholders’ equity for the three month period ended March 31, 2008, deficit decreased by \$10,580. There was no impact to the consolidated statement of cash flow or to basic and diluted net income per unit for the three month period ended March 31, 2008.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
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**3. 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 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 annual consolidated financial statements for the year ended December 31, 2007.

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, 2007, except as described in Note 4.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
**(thousands of Canadian dollars except unit and per unit amounts)**  
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**4. CHANGES IN ACCOUNTING POLICIES**

Commencing January 1, 2008, the Fund adopted the following new Canadian Institute of Chartered Accountants (“CICA”) accounting standards:

*Section 3031 – Inventories*

In June 2007, the CICA issued Section 3031, “Inventories”, which replaced existing Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, and also provides guidance on the issues of cost determination and inventory related disclosures. This new standard was adopted by the Fund for its fiscal year starting on January 1, 2008 (Note 5) and had no impact on its financial position or results of operations.

*Section 1535 – Capital Disclosures*

In December 2006, the Canadian Accounting Standards Board (“AcSB”) issued a new accounting standard on disclosures about capital, to converge with recent amendments to International Financial Reporting Standard IAS 1, Presentation of Financial Statements. Section 1535 requires an entity to disclose information about its objectives, policies and processes for managing capital, as well as its compliance with any externally imposed capital requirements. Rather than providing a definition for capital, the Section requires entities to describe and provide quantitative data about what they manage as capital. This new standard was adopted by the Fund for its fiscal year beginning on January 1, 2008 (Note 16) and had no impact on its financial position or results of operations.

*Section 3862 – Financial Instruments - Disclosures*

*Section 3863 – Financial Instruments - Presentation*

In December 2006, the AcSB issued a new accounting standard on disclosures about financial instruments. Section 3862, Financial Instruments — Disclosures, improves upon the disclosure requirements in Section 3861, Financial Instruments — Disclosure and Presentation, and converges with International Financial Reporting Standard IFRS 7, Financial Instruments: Disclosures.

Section 3862, like Section 3861, is based on the fundamental principle that entities should provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments to the entity’s financial position and performance. Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

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

Concurrent with the release of Section 3862, the AcSB also issued Section 3863, Financial Instruments — Presentation, which carries forward unchanged the presentation requirements of Section 3861. Section 3863 provides a companion standard to Section 3862 for entities subject to the latter. These new standards were adopted by the Fund for its fiscal year beginning on January 1, 2008 (Notes 6, 9, and 13) and had no impact on its financial position or results of operations.

**Pending Changes to Accounting Policy**

*Section 3064 – Goodwill and Intangible Assets*

In February 2008, the CICA issued new Handbook Section 3064, Goodwill and Intangible Assets, replacing Handbook Section 3062, Goodwill and Other Intangible Assets. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Fund will adopt the new standards for its fiscal year beginning January 1, 2009. Standards concerning goodwill are unchanged from the standards included in the previous Handbook Section 3062. The new section provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Accordingly, for its fiscal year beginning January 1, 2009, the Fund will adjust the opening balance of each affected component of equity for the earliest prior period presented, and the other comparative amounts disclosed for each prior period presented, as if the pre-opening costs had not been deferred. As at March 31, 2008, the Fund had deferred pre-opening costs of \$5,071 (December 31, 2007: \$5,732). These pre-opening costs relate mainly to the expansion of the Fund's operations into Quebec in 2004, and to the expansion of its distribution centre infrastructure in 2006.

*International Financial Reporting Standards*

In March 2008, 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. 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 Fund is currently assessing the impact IFRS will have on its financial statements.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
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**5. INVENTORY**

Inventory is valued at the lower of cost, determined using the first-in, first-out method, and net realizable value.

The amount of inventory recognized as an expense during the three month period ended March 31, 2008 was \$186,770 (Three month period ended March 31, 2007: \$192,703). This amount is presented within cost of sales on the interim consolidated statements of income.

The entire carrying amount of inventory is pledged as security for the Fund's liabilities relating to its credit facilities, (which include the Operating Credit Facility, the Acquisition Credit Facility and the Commercial Letter of Credit Facility) and its long-term debt, which ranks pari passu with the credit facilities.

**6. MARKETABLE SECURITIES**

	March 31, 2008			December 31, 2007		
Marketable Securities Carried at Amortized Cost	Amortized Cost	Fair Value	Unrealized (Loss) Gain	Amortized Cost	Fair Value	Unrealized (Loss) Gain
Bonds	\$ 114	\$ 114	\$ -	\$ 115	\$ 115	\$ -
Marketable Securities Carried at Fair Value	Fair Value	Amortized Cost	Unrealized (Loss) Gain	Fair Value	Amortized Cost	Unrealized (Loss) Gain
Preferred shares	19,612	20,216	(604)	19,884	20,262	(378)
Trust units	596	623	(27)	612	623	(11)
Common shares	2,422	2,530	(108)	2,798	2,748	50
Exchange traded funds	645	778	(133)	716	778	(62)
	23,275	24,147	(872)	24,010	24,411	(401)
	\$ 23,389	\$ 24,261	\$ (872)	\$ 24,125	\$ 24,526	\$ (401)

Included in other comprehensive loss for the three month period ended March 31, 2008, are unrealized losses arising during the period of \$558 (Unrealized gains arising during the three month period ended March 31, 2007: \$226). Management routinely reviews the Fund's portfolios to assess whether unrealized losses are other than temporary. The majority of the unrealized losses relate to the preferred shares which become redeemable at face value on their respective redemption dates. For the trust units and exchange traded funds, management routinely monitors and reviews the performance of, and outlook for, these securities with the Fund's investment advisors. The common share portfolio is managed according to a scoring model such that underperforming securities are routinely removed from the portfolio. Accordingly, management has assessed these unrealized losses as not other than temporary, and has not reclassified these unrealized losses to net income.

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

	March 31, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 11,954	\$ -	\$ 11,954	\$ 11,954	\$ -	\$ 11,954
Buildings	29,229	5,364	23,865	29,160	5,030	24,130
Automotive equipment	383	328	55	385	324	61
Equipment	54,168	22,202	31,966	52,466	20,520	31,946
Software and development costs	8,165	5,199	2,966	8,165	4,831	3,334
Leasehold improvements	92,260	31,095	61,165	89,904	28,563	61,341
	<b>\$ 196,159</b>	<b>\$ 64,188</b>	<b>\$ 131,971</b>	<b>\$ 192,034</b>	<b>\$ 59,268</b>	<b>\$ 132,766</b>

Amortization of capital assets for the three month period ended March 31, 2008 was \$4,928 (Three month period ended March 31, 2007: \$4,722).

Included in capital assets is construction in progress of \$4,257 not subject to amortization at March 31, 2008 (December 31, 2007: \$3,513).

**8. INTANGIBLE ASSETS AND DEFERRED CHARGES**

	March 31, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Finite Life:						
Information systems	\$ 15,158	\$ 8,557	\$ 6,601	\$ 15,158	\$ 7,977	\$ 7,181
Leasehold interests	8,414	5,034	3,380	8,414	4,791	3,623
Pre-opening costs	12,149	7,078	5,071	12,149	6,417	5,732
Non-competitive agreements	5,164	3,940	1,224	5,164	3,690	1,474
Customer relationships	5,100	5,057	43	5,100	5,042	58
Retail financing fees	1,500	125	1,375	1,500	88	1,412
Indefinite life:						
Brand	140,551	-	140,551	140,551	-	140,551
	<b>\$ 188,036</b>	<b>\$ 29,791</b>	<b>\$ 158,245</b>	<b>\$ 188,036</b>	<b>\$ 28,005</b>	<b>\$ 160,031</b>

Amortization of intangible assets and deferred charges for the three month period ended March 31, 2008 was \$1,786 including \$37 (Three month period ended March 31, 2007: \$1,880 including NIL) that is amortization of retail financing fees included in cost of sales in the interim consolidated statements of income.

**The Brick Group Income Fund**  
**Notes to the Interim Consolidated Financial Statements**  
(thousands of Canadian dollars except unit and per unit amounts)  
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**9. LONG-TERM DEBT**

On March 14, 2007, the Term Credit Facility was refinanced on a long-term basis through the private placement of senior secured notes with an aggregate principal amount of \$83,000. These notes, issued to six institutional investors, bear interest at a fixed annual rate of 6.431%. Interest only payments are required on September 14<sup>th</sup> and March 14<sup>th</sup> of each year until maturity on March 14, 2014, at which time the notes are repayable in full. The effective interest rate is 6.979% and includes interest payments together with hedge (Note 13) and transaction costs. The proceeds were used to repay the \$70,000 Term Credit Facility, the two remaining outstanding mortgages, and to fund general operations.

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
Senior secured notes, net of unamortized transaction costs of \$1,004 (December 31, 2007: \$1,045), with an aggregate principal amount of \$83,000.	<b>81,996</b>	81,955
	<b>\$ 81,996</b>	\$ 81,955

The senior secured notes are secured by substantially all of the Fund's assets, and rank pari passu with the Fund's credit facilities which include the Operating Credit Facility, the Acquisition Credit Facility, and the Commercial Letter of Credit Facility. The operating credit facilities are secured by a first fixed and floating charge on the assets of the Fund.

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

Distributions are declared each month to the Class A Unitholders of record on the last business day of each month, and quarterly to the Class B Unitholders of record on the last business day of each fiscal quarter.

Effective March 18, 2008, the subordination provisions in respect of the Class B units were terminated. Accordingly, beginning with April 2008, the Class B units are now entitled to receive distributions prorata with the Class A units on a monthly basis (Note 14).

The determination to declare and make payable distributions from the Fund is, subject to the terms of the Fund's Declaration of Trust, at the discretion of the Board of Trustees of the Fund and, until declared payable by the Board of Trustees of the Fund, the Fund has no contractual requirement to pay cash distributions to unitholders of the Fund.

Distributions declared during the three month period ended March 31, 2008, are as follows:

<b>Period</b>	<b>Record Date</b>	<b>Payment Date</b>	<b>Per Unit</b>	<b>Amount</b>
<b>Class A units</b>				
January 2008	January 31, 2008	February 15, 2008	\$ 0.1000	\$ 4,292
February 2008	February 29, 2008	March 17, 2008	0.1000	4,292
March 2008	March 31, 2008	April 15, 2008	0.1000	4,292
				12,876
<b>Class B units</b>				
January 1 - March 31, 2008	March 31, 2008	April 15, 2008	0.3000	3,375
				3,375
				\$ 16,251

Declared cash distributions of \$7,667 are included in accounts payable and accrued liabilities at March 31, 2008 (December 31, 2007: \$7,668).

During the three month period ended March 31, 2008, the Fund paid cash distributions to unit holders of \$16,251 (Three month period ended March 31, 2007: \$16,251).

**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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**11. RELATED PARTY TRANSACTIONS**

Included in selling, general and administrative expenses is rent expense of \$212 for the three month period ended March 31, 2008, paid to a joint venture partially owned by an officer of the Fund (Three months ended March 31, 2007: \$212). These 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, 2008 is \$400 (December 31, 2007: \$400) for loans made to employees. These loans relate to employee relocation.

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

	<b>March 31, 2008</b>	<b>March 31, 2007</b>
	<b>(3 months)</b>	<b>(3 months)</b>
Cash (used in) provided by		
Accounts receivable	\$ 16,988	\$ 12,124
Inventory	36,806	11,815
Prepaid expenses and deposits	(80)	711
Accounts payable and accrued liabilities	(48,742)	(20,251)
Corporate income taxes payable	(81)	(446)
Customers' deposits	(11,278)	(24,948)
Unpaid claims reserve	173	(16)
Deferred service revenue	(103)	107
	<b>(6,317)</b>	<b>(20,904)</b>
Accounts payable and accrued liabilities related to capital assets	551	3,545
	<b>\$ (5,766)</b>	<b>\$ (17,359)</b>

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

**13. FINANCIAL INSTRUMENTS**

**Classification and Fair Value of Financial Instruments**

As at March 31, 2008, the classification of the Fund's financial instruments, as well as their carrying amounts and fair values, are shown in the table below.

March 31, 2008	Held for	Available	Held to	Loans and	Other	Total	
	Trading	for Sale	Maturity	Receivables	Financial		
	(fair value)	(fair value)	(amortized cost)	(amortized cost)	(amortized cost)	Carrying	Fair Value
<b>Financial Assets</b>							
Cash and cash equivalents	\$ 6,354	\$ -	\$ -	\$ -	\$ -	\$ 6,354	\$ 6,354
Accounts receivable	-	-	-	55,769	-	55,769	55,769
Marketable securities	-	23,275	114	-	-	23,389	23,389
<b>Financial Liabilities</b>							
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	28,328	\$ 28,328	\$ 28,328
Accounts payable and accrued liabilities	-	-	-	-	175,300	175,300	175,300
Corporate income taxes payable	-	-	-	-	-	-	-
Long-term debt	-	-	-	-	81,996	81,996	81,279

December 31, 2007	Held for	Available	Held to	Loans and	Other	Total	
	Trading	for Sale	Maturity	Receivables	Financial		
	(fair value)	(fair value)	(amortized cost)	(amortized cost)	(amortized cost)	Carrying	Fair Value
<b>Financial Assets</b>							
Cash and cash equivalents	\$ 8,174	\$ -	\$ -	\$ -	\$ -	\$ 8,174	\$ 8,174
Accounts receivable	-	-	-	72,757	-	72,757	72,757
Marketable securities	-	24,010	115	-	-	24,125	24,125
<b>Financial Liabilities</b>							
Bank indebtedness	\$ -	\$ -	\$ -	\$ -	14,559	\$ 14,559	\$ 14,559
Accounts payable and accrued liabilities	-	-	-	-	224,042	224,042	224,042
Corporate income taxes payable	-	-	-	-	81	81	81
Long-term debt	-	-	-	-	81,955	81,955	80,121

For the Fund, fair value is equal to carrying value for all its financial instruments other than long-term debt.

**The Brick Group Income Fund**  
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**FINANCIAL STATEMENTS (continued)**

The fair value of the senior secured notes which comprise our long-term debt has been determined using present value techniques commonly used to price such securities, and reflects the yield on a Government of Canada benchmark bond with a similar maturity, plus a credit spread. The credit spread is based on debt with similar risk and other characteristics. The yield used to value the long-term debt at March 31, 2008 was based on a benchmark yield of 3.11% plus a credit spread of 3.75% for an all-in yield of 6.86% (December 31, 2007: benchmark yield of 3.88% plus a credit spread of 3.25% for an all-in yield of 7.13%).

For the long-term debt, fair value is calculated based on its aggregate principal amount of \$83,000. This amount differs from the carrying value of \$81,996 which is net of unamortized transaction costs at March 31, 2008 of \$1,004 (December 31, 2007: \$1,045). The amortization of these transaction costs, using the effective interest method over the term to maturity, is included in interest on long-term debt in the interim consolidated statements of income. The calculation of fair value does not include consideration of amounts potentially payable if the senior secured notes are redeemed prior to maturity.

**Risk Management of Financial Instruments**

The Fund is exposed to various risks associated with its financial instruments. These risks are categorized as credit risk, liquidity risk, and market risk. The significant risks for the Fund's financial instruments are discussed below.

(a) *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Generally, the carrying amount on the balance sheet of the Fund's financial assets exposed to credit risk represent the Fund's maximum exposure to credit risk. No additional credit risk disclosure is provided, unless the maximum potential loss exposed to credit risk for certain financial assets differs significantly from their carrying amount. The Fund's main credit risk exposure is from its accounts receivable. For the Fund, accounts receivable are comprised mainly of amounts related to its commercial sales division, to its franchise operations, and to vendor rebate programs.

Credit risk is mitigated by performing credit assessments and implementing credit limits for each customer. For our commercial accounts receivable, guarantees are obtained commensurate with the level of risk assessed for a specific account.

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**FINANCIAL STATEMENTS (continued)**

Credit risk is also limited due to the large number of customers and their dispersion across geographic areas, and market sectors i.e.) retail, commercial, and franchise. Accordingly, the Fund believes it has no significant concentrations of credit risk related to its accounts receivable. In addition, accounts receivable are managed and analyzed on an ongoing basis, which means the Fund's exposure to bad debts is not significant.

During the three months ended March 31, 2008, the Fund recorded an expense for bad debts of \$378 (Three months ended March 31, 2007: \$389).

At March 31, 2008, there are no financial assets that the Fund deems to be impaired or that are past due according to their terms and conditions.

The majority of the Fund's retail sales are funded through cash, traditional credit cards and private label credit cards carried on a non-recourse basis by third parties. Accordingly, fluctuations in the availability and cost of credit may have an impact on the Funds retail sales.

(b) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The purpose of liquidity risk management is to maintain sufficient amounts of cash and cash equivalents, and authorized credit facilities, to fulfill obligations associated with financial liabilities. To manage liquidity risk, the Fund prepares budgets and cash forecasts, and monitors its performance against these. Management also monitors cash and working capital efficiency given current sales levels and seasonal variability. The financial services segment contributes a steady cash flow and provides a balance to the seasonal nature of the retail segment operations.

The Fund's accounts payable and accrued liabilities are all current and due within 75 days of the balance sheet date. The Fund's long-term debt is due March 14, 2014.

The Fund's credit facilities, the Operating Credit Facility and the Acquisition Credit Facility, provide the Fund with \$100,000 of available operating credit. At March 31, 2008, \$29,235 was drawn under the \$50,000 Operating Credit Facility and no amount was drawn under the \$50,000 Acquisition Credit Facility. The Fund also has a separate Commercial Letter of Credit Facility of \$5,000 of which \$800 amount was drawn at March 31, 2008.

**The Brick Group Income Fund**  
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**FINANCIAL STATEMENTS (continued)**

The Operating Credit Facility is available to fund unit holder distributions, seasonal fluctuations in working capital requirements, debt service requirements, and to fund growth capital expenditures. The Acquisition Credit Facility is available to fund acquisition requirements and may also be used to fund growth capital expenditures.

These credit facilities were renewed on April 22, 2008 (Note 18).

(c) *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk.

1. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is exposed to cash flow risk on the floating-rate credit facilities, and to fair value risk on the long-term debt, due to fluctuations in interest rates.

As well, the Fund's revenues depend, in part, on supplying financing alternatives to its customers through third party credit providers. The terms of these financing alternatives are affected by changes in interest rates. Therefore, interest rate fluctuations may impact the Fund's financing costs for retail sales financed using these alternatives, and may also impact the Fund's revenues where customers' buying decisions are impacted by their ability or desire to use these financing alternatives.

a. Hedge accounting

During the first quarter of 2007, in conjunction with an anticipated transaction which was the private placement of senior secured notes with an aggregate principal amount of \$83,000 (Note 9), the Fund entered into a bond forward contract to hedge its exposure to changes in the market interest rate.

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**FINANCIAL STATEMENTS (continued)**

This hedge has been accounted for as a cash flow hedge. The loss resulting upon settlement of the bond forward contract has been recorded in other comprehensive income and will be reclassified to net income over the life of the senior secured notes and included in interest expense on long-term debt. The senior secured notes mature on March 14, 2014.

Should the senior secured notes be repaid prior to maturity, the balance of the bond forward settlement amount remaining in accumulated other comprehensive income will be reclassified to net income and included in interest expense on long-term debt.

For the Fund, for the three months ended March 31, 2008, other comprehensive income arising from this cash flow hedge was \$28 comprised of a loss on the hedge of NIL and a reclassification to net income of \$28 (Three months ended March 31, 2007: \$775 comprised of a loss on the hedge of \$780 and a reclassification to net income of \$5). No amount was reclassified to net income due to hedge ineffectiveness. The reclassification from accumulated other comprehensive loss to net income over the next twelve months as a result of this cash flow hedge will be approximately \$110.

b. Sensitivity of bank indebtedness to interest rates

Net income is sensitive to the impact of a change in interest rates on the average balance of bank indebtedness during a period. For the three month period ended March 31, 2008, the Fund's average bank indebtedness was \$36,104. Accordingly, a difference during the period of one percentage point in the applicable interest rate would have impacted net income by \$90.

2. Currency risk

The Fund is exposed to foreign currency fluctuations to the extent that approximately 18 to 20% of inventory purchases are made in U.S. dollar prices. This risk is offset to the extent that foreign currency costs are included in product costs when setting retail prices. Accordingly, the Fund does not believe it has significant foreign currency risk with respect to its inventory purchases made in U.S. dollar prices.

**The Brick Group Income Fund**  
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**FINANCIAL STATEMENTS (continued)**

The Fund enters into foreign exchange contracts in U.S. dollars. These contracts are to minimize a portion of the risk associated with future purchases of foreign currency denominated goods and services with an emphasis on those purchases that are expected to be completed the following month. These derivative contracts, not accounted for as hedges, are marked to market, and any changes in the market value are recorded in income or expense when the changes occur. The fair values of these instruments are recorded in accounts payable and accrued liabilities or accounts receivable.

As at March 31, 2008 and December 31, 2007, no foreign exchange contracts were outstanding.

The Fund is also exposed to foreign currency fluctuations to the extent it has invested in marketable securities denominated in a foreign currency. Certain exchange traded funds (“ETFs”) held in the Fund’s portfolio of marketable securities are denominated in U.S. dollars and therefore have exposure to currency fluctuations. The carrying amount of ETFs denominated in U.S. dollars at March 31, 2008 was \$340 CAD (December 31, 2007: \$368).

3. Other price risk

The Fund is exposed to fluctuations in the market prices of its marketable securities that are classified as available for sale. Changes in the fair value of marketable securities classified as available for sale are recorded, net of income taxes, in other comprehensive income. This risk is managed by the Fund’s investment policies.

a. Preferred shares

The fair value of the Fund’s portfolio of preferred shares is exposed to fluctuations in market prices and also to changes in interest rates. Generally, because the preferred shares held by the Fund pay a fixed dividend, the market price of these shares varies inversely with changes in market interest rates. Market prices for preferred shares with call dates further in the future will generally be more sensitive to interest rate changes. The preferred shares’ next call dates are as follows:

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**FINANCIAL STATEMENTS (continued)**

	1 - 3 Years	4 - 6 Years	> 6 Years	Total
Amortized cost	\$ 16,703	\$ 2,931	\$ 582	\$ 20,216
Unamortized discount (premium)	149	(87)	(3)	59
Redemption amount	\$ 16,852	\$ 2,844	\$ 579	\$ 20,275

b. Common shares

Historically, the beta of the Fund's portfolio of common shares has been close to 1.0. Beta is a commonly used measure of the volatility of a portfolio in relation to the rest of the financial market. Accordingly, changes in the fair value of the Fund's common share portfolio could reasonably be expected to track closely with changes in the Toronto Stock Exchange ("TSX") S&P TSE 60 Total Return Index, such that a 5% change in this index is likely to result in a 5% change in the fair value of this portfolio. The beta of our common stock portfolio at March 31, 2008 was 0.98.

c. Trust units and exchange traded funds

The fair value of the Fund's portfolio of trust units and ETFs is exposed to fluctuations in market prices for these securities and can reasonably be expected to follow the fluctuations of general level of market prices for similar securities.

The Fund's investments in marketable securities are disclosed in Note 6.

**14. TRUST UNITS**

The subordination arrangements relating to the Class B Trust Units were entitled to be terminated effective December 31, 2007 if the Fund earned adjusted EBITDA for fiscal 2007 of at least \$82,848 and paid average monthly distributions of at least \$0.10 per Class A Trust Unit and Class B Trust Unit for fiscal 2007. For the year ended December 31, 2007, the Fund met these requirements.

**The Brick Group Income Fund**  
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**TRUST Units (continued)**

Accordingly, effective upon the Board of Trustees' approval of the Fund's 2007 annual audited financial statements, the subordination in respect of the Class B Trust Units was terminated. As a result, beginning with the month of April 2008, cash available to make distributions is now paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. The Class B Trust Units have become exchangeable for Class A Trust Units of the Brick Group on a one-for-one basis at the option of the holder.

**15. 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.

Financial Services are 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. 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 most recently prepared annual consolidated financial statements for the year ended December 31, 2007. All inter-company transactions and balances, including inter-company revenues of \$3,199 for the three month period ended March 31, 2008, (\$1,358 for the three month period ended March 31, 2007) have been appropriately eliminated.

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**SEGMENTED INFORMATION (continued)**

	March 31, 2008			March 31, 2007		
	(3 months)			(3 months)		
	Retail	Financial Services	Total	Retail	Financial Services	Total
Sales and operating revenue	\$ 313,459	\$ 14,460	\$ 327,919	\$ 315,922	\$ 11,518	\$ 327,440
Net (loss) income	(3,783)	7,468	3,685	(4,108)	6,840	2,732
Interest expense	2,258	-	2,258	2,049	-	2,049
Interest income	15	56	71	24	31	55
Amortization of capital assets	4,928	-	4,928	4,721	1	4,722
Income tax recovery	-	171	171	-	616	616
Goodwill	\$ 305,349	\$ -	\$ 305,349	\$ 305,349	\$ -	\$ 305,349
Total assets	\$ 853,275	\$ 54,929	\$ 908,204	\$ 862,570	\$ 51,132	\$ 913,702
Capital expenditures	\$ 4,133	\$ -	\$ 4,133	\$ 4,607	\$ -	\$ 4,607

**16. CAPITAL**

The Fund's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide distributions to its unitholders and benefits for other stakeholders;
- to maximize returns from capital investments so as to maintain or grow the Fund's capacity to make distributions;
- to ensure compliance with all covenants; and,
- to maintain a capital structure that supports keeping capital costs to a minimum.

For the Fund, capital includes unitholders' equity, long-term debt, and bank indebtedness offset by cash and cash equivalents.

The Fund meets its objective for managing capital through regular monthly meetings of the Distribution Committee to review distributions in light of actual and forecast results. The Fund also meets its objectives for managing capital through both the strategic long-term planning, and annual budgeting processes, and the related capital allocation and capital spend post audit processes, to ensure returns from capital investments are adequate to either maintain, or grow, the Fund's capacity to make distributions.

The Fund manages the capital structure and may make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, and increase or reduce debt.

**The Brick Group Income Fund**  
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**CAPITAL (continued)**

The Fund in its current form is expected to qualify as a SIFT and certain income of, and distributions by, the Fund will become taxable beginning in 2011. This may result in future changes to the capital structure, or the legal form, of the Fund.

Although the Fund is not subject to any externally imposed capital requirements, other than with respect to its insurance subsidiaries, it is required to comply with covenants related to its credit facilities and long-term debt. These covenants require the Fund to maintain certain ratios of debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) and fixed charge coverage ratios, and also place restrictions on the Fund with respect to investments. As at March 31, 2008, the Fund is in compliance with all of its financial covenants.

The Fund holds a portfolio of marketable securities with a fair value at March 31, 2008 of \$23,389. These marketable securities are held in part to satisfy regulatory requirements for minimum capital of \$11,000 applicable to the Fund's insurance company subsidiaries as discussed below. The excess of marketable securities over this amount is not restricted by regulatory requirements.

**Restriction on the Distribution of Capital from Trans Global Insurance Company and Trans Global Life Insurance Company**

Regulatory requirements stipulate that Trans Global Insurance Company and Trans Global Life Insurance Company must maintain assets equal to their share capital and contributed surplus which totals \$11,000 for the two companies. Trans Global Insurance Company and Trans Global Life Insurance Company had cash and marketable securities in excess of the required amount at March 31, 2008.

**17. 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.

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**18. SUBSEQUENT EVENT**

On April 22, 2008, the Fund renewed its \$100 million credit facilities (the Operating Credit Facility, Acquisition Credit Facility, and the Commercial Letter of Credit Facility), set to expire on July 2, 2008, with its existing syndicate of lenders for a three-year term. The terms of the credit facilities remain substantially unchanged. To better align the credit facilities with the needs of the Fund, the Operating Credit Facility was increased to \$60,000 (previously \$50,000), and the Acquisition Credit Facility was reduced to \$40,000 (previously \$50,000). The new credit agreement also provides for an additional \$25,000 in financing, subject to certain conditions being met. The \$5,000 commercial Letter of Credit Facility was also renewed for a three-year term.