

Interim Consolidated Financial Statements of

THE BRICK GROUP INCOME FUND

(As amended on May 19, 2009, see note 18)

*For the three month period ended March 31, 2009
(Unaudited)*

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

| | March 31, 2009 | December 31, 2008 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 3,337 | \$ 14,419 |
| Accounts receivable | 54,816 | 69,616 |
| Inventory (Note 4) | 159,059 | 207,627 |
| Prepaid expenses and deposits | 3,413 | 3,027 |
| | 220,625 | 294,689 |
| NET INVESTMENT IN LEASE RECEIVABLES | 1,128 | 517 |
| MARKETABLE SECURITIES (Note 5) | 20,360 | 18,912 |
| DEFERRED ACQUISITION COSTS | 25,510 | 25,382 |
| CAPITAL ASSETS (Note 6) | 145,733 | 146,234 |
| GOODWILL | 108,459 | 108,459 |
| INTANGIBLE ASSETS AND DEFERRED CHARGES (Note 7) | 80,253 | 105,869 |
| FUTURE INCOME TAXES | 41 | 48 |
| | \$ 602,109 | \$ 700,110 |
| LIABILITIES | | |
| CURRENT | | |
| Bank indebtedness (Note 12b) | \$ 39,010 | \$ - |
| Accounts payable and accrued liabilities | 161,631 | 251,008 |
| Customers' deposits | 43,930 | 53,401 |
| Unpaid claims reserve | 2,736 | 3,099 |
| Current portion of long-term debt (Note 8) | 81,503 | - |
| | 328,810 | 307,508 |
| DEFERRED SERVICE REVENUE | 12 | 14 |
| DEFERRED LEASE INDUCEMENTS | 24,212 | 21,417 |
| DEFERRED WARRANTY PLAN REVENUE AND UNEARNED INSURANCE REVENUE | 132,869 | 133,757 |
| LONG-TERM DEBT (Note 8) | - | 82,122 |
| FUTURE INCOME TAXES | 13,572 | 20,741 |
| | 499,475 | 565,559 |
| UNITHOLDERS' EQUITY | | |
| Trust units | 528,213 | 528,213 |
| Deficit | (423,204) | (391,144) |
| Accumulated other comprehensive loss | (2,375) | (2,518) |
| | 102,634 | 134,551 |
| | \$ 602,109 | \$ 700,110 |

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

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

| Consolidated Statements of (Loss) Income | March 31, 2009 (3 months) | March 31, 2008 (3 months) |
|---|--|--|
| SALES AND OPERATING REVENUE | \$ 271,599 | \$ 327,919 |
| COST OF SALES (Note 4) | 161,587 | 191,770 |
| GROSS MARGIN | 110,012 | 136,149 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 112,485 | 123,918 |
| | (2,473) | 12,231 |
| OTHER INCOME (EXPENSE) | | |
| Investment and other income | 43 | 248 |
| Other interest | (807) | (835) |
| Interest on long-term debt | (1,425) | (1,390) |
| Amortization (Note 6 & 7) | (6,721) | (6,049) |
| Intangible asset impairment (Note 7) | (25,000) | - |
| | (33,910) | (8,026) |
| (LOSS) INCOME BEFORE INCOME TAXES | (36,383) | 4,205 |
| INCOME TAX (EXPENSE) RECOVERY | | |
| Current | (221) | (176) |
| Future | 7,254 | 347 |
| | 7,033 | 171 |
| NET (LOSS) INCOME | \$ (29,350) | \$ 4,376 |
| Basic and diluted net (loss) income per unit | \$ (0.54) | \$ 0.08 |
| Basic and diluted average number of units outstanding | 54,171,133 | 54,171,133 |
| Consolidated Statements of Comprehensive (Loss) Income | | |
| NET (LOSS) INCOME | \$ (29,350) | \$ 4,376 |
| Other comprehensive income (loss), net of income taxes | | |
| Net increase (decrease) in unrealized fair value of available for sale securities | 116 | (318) |
| Net change in cash flow hedge (Note 12c) | 27 | 28 |
| Other comprehensive income (loss) | 143 | (290) |
| COMPREHENSIVE (LOSS) INCOME | \$ (29,207) | \$ 4,086 |

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, 2009 (3 months) | March 31, 2008 (3 months) |
|---|------------------------------|------------------------------|
| Trust units | \$ 528,213 | 528,213 |
| Deficit | | |
| Balance at beginning of period as previously reported (Note 18) | - | (126,372) |
| Change in accounting policy (Note 3) | - | (6,086) |
| Balance at beginning of period as restated | (391,144) | (132,458) |
| Net (loss) income (Note 3) | (29,350) | 4,376 |
| Distributions declared (Note 9) | (2,710) | (16,251) |
| Balance at end of period | (423,204) | (144,333) |
| Accumulated other comprehensive loss on available for sale securities | | |
| Balance at beginning of period | (1,937) | (330) |
| Unrealized gain (loss) arising during the period (Note 5) | 7 | (558) |
| Income taxes on unrealized (gain) loss arising during the period | (3) | 183 |
| Reclassification of realized losses to net income | 201 | 85 |
| Income taxes on reclassification of realized losses to net income | (89) | (28) |
| Balance at end of period | (1,821) | (648) |
| Accumulated other comprehensive loss on cash flow hedge (Note 12c) | | |
| Balance at beginning of period | (581) | (692) |
| Reclassification of loss on cash flow hedge to net income (net of income taxes of \$NIL) | 27 | 28 |
| Balance at end of period | (554) | (664) |
| Total accumulated other comprehensive loss | (2,375) | (1,312) |
| Total deficit and accumulated other comprehensive loss | (425,579) | (145,645) |
| Total unitholders' equity | \$ 102,634 | \$ 382,568 |

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, 2009 (3 months) | March 31, 2008 (3 months) |
|---|------------------------------|------------------------------|
| OPERATING ACTIVITIES | | |
| Net (loss) income | \$ (29,350) | \$ 4,376 |
| Add (deduct) items not affecting cash | | |
| Amortization (Note 6 & 7) | 6,759 | 6,086 |
| Amortization of deferred lease inducements | (488) | (399) |
| Amortization of deferred warranty revenue | (11,707) | (8,722) |
| Amortization of deferred acquisition costs | 2,140 | 1,426 |
| Amortization of financing fee and transaction costs | 46 | 41 |
| Future income taxes | (7,254) | (347) |
| Reclassification from other comprehensive loss related to hedging activity | 27 | 28 |
| Amortization of preferred share premiums | 23 | 47 |
| Loss (gain) on sale of capital assets | 176 | (26) |
| Loss on sale of marketable securities | 216 | 85 |
| Intangible asset impairment (Note 7) | 25,000 | - |
| Cash received for leasehold inducements | 3,283 | 168 |
| Cash paid for deferred acquisition costs | (2,268) | (2,094) |
| Cash received on warranty and insurance sales | 10,819 | 10,349 |
| | (2,578) | 11,018 |
| Changes in non-cash operating working capital items (Note 11) | (31,629) | (5,796) |
| | (34,207) | 5,222 |
| FINANCING ACTIVITIES | | |
| Increase in bank indebtedness | 39,010 | 13,737 |
| Financing fees paid | (665) | (1) |
| Distributions paid (Note 9) | (5,419) | (16,251) |
| | 32,926 | (2,515) |
| INVESTING ACTIVITIES | | |
| Additions to capital assets | (5,302) | (4,133) |
| Change in accounts payable and accrued liabilities related to capital assets | (2,504) | (551) |
| Additions to marketable securities | (1,912) | (565) |
| Additions to intangible assets | (580) | - |
| Proceeds from sale of marketable securities | 433 | 696 |
| Proceeds on disposal of capital assets | 64 | 26 |
| | (9,801) | (4,527) |
| DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD | | |
| | (11,082) | (1,820) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 14,419 | 8,174 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 3,337 | \$ 6,354 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest and dividends received | \$ 251 | \$ 334 |
| Interest paid | \$ 2,991 | \$ 3,252 |
| Income taxes paid | \$ 209 | \$ 442 |

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)

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 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, 2008.

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, 2008, except as described in Note 3.

In accordance with the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1400, General Standards of Financial Statement Presentation, the Fund is required to assess and disclose its ability to continue as a going concern when preparing financial statements. These interim consolidated 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. These interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts should the Fund be unable to continue as a going concern.

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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BASIS OF PRESENTATION (continued)

On February 18, 2009, the Fund announced that as a result of the continued deterioration in economic conditions and the uncertain outlook for 2009, it was suspending its monthly distribution payments.

On March 13, 2009, the Fund announced amendments to its Credit Facilities and Senior Notes. These amendments served to mitigate the risk of default with respect to financial covenants and were assessed by the Fund to be prudent and proactive in light of the economic downturn and its impact on the retail sector. The amendments included an increase in the maximum ratio of adjusted total debt to earnings before interest taxes depreciation amortization and rent (“EBITDAR”)*, from 4.5 times to 5.0 times for the first three quarters of 2009, after which time the ratio will return to 4.5 times for the remainder of the term.

As well, the Fund has revised its forecasts for financial results and cash flows for 2009. The revised forecasts are based on management’s best estimates of operating conditions in the context of the current economic climate, today’s capital market conditions and the depressed state of retail sector markets in Canada.

Unfortunately, despite taking these proactive measures, due to the continued deterioration in economic conditions impacting the Fund's business, and prior to the impact of a non-cash brand impairment charge discussed below and in Note 7, the Fund expects that it will breach its revised financial covenants at the end of the second quarter of 2009. A failure to meet these financial covenants would constitute a default under the Fund’s Credit Facilities agreement and Senior Notes agreement. This could result in a limitation on the Fund’s ability to access funds under its Credit Facilities, and could cause the Fund’s Credit Facilities and Senior Notes indebtedness to become immediately due and payable. As well, the Fund expects to fully utilize its \$60,000 Operating Credit Facility to meet its liquidity requirements and support its projected business.

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

BASIS OF PRESENTATION (continued)

To deal with the liquidity and financial covenant risks facing the Fund, the Fund is currently proceeding to complete a recapitalization transaction (Note 17). Management and the board of trustees of the Fund believe that the recapitalization transaction will provide the Fund with increased financial flexibility and the capital resources necessary to manage its liquidity requirements for the foreseeable future. In particular, the replacement financing will not have the financial covenants that are present in the Fund's current lending arrangements and as a result, the Fund should have better control over its operations. However, such belief is based on certain assumptions, including, without limitation, the absence of further deterioration in the Fund's consolidated revenues and relationships with suppliers, and the ability to manage costs. Should any of those assumptions prove false, the financial position of the Fund may be materially adversely affected and the Fund may not be able to pay its debts as they become due. As well, the recapitalization transaction is subject to numerous conditions being met. There can be no assurance that such conditions will be satisfied by the closing date, which is anticipated to be May 28, 2009.

In accordance with the terms of the Funds amended Credit Facilities, the Fund requested and received the consent of its lenders to exclude the non-cash brand impairment charge in the covenant calculations, subject to the following conditions: (a) on or before June 3, 2009, the Fund must successfully conclude the recapitalization transaction; (b) the net proceeds from the recapitalization transaction must be utilized to repay and satisfy in full all obligations under the Fund's Credit Facilities and Senior Notes on or before June 3, 2009; and (c) until June 3, 2009, no further borrowings are permitted under the Fund's Acquisition Credit Facility. Prior to this restriction, as at March 31, 2009, the Fund had approximately \$2,000 of undrawn borrowing capacity available under its \$40,000 Acquisition Credit Facility due to margining requirements.

Should the recapitalization transaction not be completed, and further consents not be obtained, the Fund will breach all of its financial covenants for the three month period ended March 31, 2009. This could result in a limitation on the Fund's ability to access funds under its Credit Facilities, and could cause the Fund's Credit Facilities and Senior Notes indebtedness to become immediately due and payable.

Further, because the consent expires less than twelve months from the date of the Fund's interim consolidated financial statements for the three month period ended March 31, 2009, and due solely to cross-default provisions contained in the agreements governing the Senior Notes, and absent the receipt of further consents, or the closing of the recapitalization transaction on or before June 3, 2009, the Fund will also be in default under the Senior Notes trust indenture for the three month period ended March 31, 2009. Accordingly, the Fund has classified the Senior Notes as current liabilities.

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

BASIS OF PRESENTATION (continued)

In recent months, several of the Fund's suppliers have limited, or have expressed an intention to limit, the extended payment terms available to the Fund for its purchases of inventory. Management's belief that the recapitalization transaction will improve the operational and financial condition of the Fund is based on the assumption that current payment terms with the Fund's suppliers, vendors and customers do not change materially and adversely to the Fund. If these assumptions are incorrect and arrangements with the Fund's suppliers, vendors and customers do not stabilize and deteriorate further, the Fund's business, financial condition, liquidity and results of operations would be materially adversely affected and there can be no assurance that the Fund would be able to continue to operate as a going concern.

The outcome of the various matters discussed above cannot be predicted at this time. While management believes the use of going concern assumption is appropriate, there is no assurance that the outcome of the above matters will be successful and any adjustments necessary to the financial statements if the Fund ceases to be a going concern could be material. These financial statements do not include any adjustments or disclosures that may be necessary should the Fund not be able to continue as a going concern.

* EBITDA and EBITDAR are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP, and therefore, may not be comparable to similar measures presented by other issuers.

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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3. CHANGES IN ACCOUNTING POLICIES

Commencing January 1, 2009, the Fund adopted the following new Canadian Institute of Chartered Accountants (“CICA”) accounting standard:

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. This new standard was adopted by the Fund for its fiscal year starting on 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, no amortization in respect of pre-opening costs will be recorded during the year ending December 31, 2009, or thereafter. The change in policy has been applied retroactively. As a result, the Fund has charged certain amounts to deficit as at January 1, 2008, as if the pre-opening costs had not been deferred. These adjustments as at January 1, 2008 resulted in a decrease in intangible assets and deferred charges of \$5,732, a decrease in prepaid expenses and deposits of \$354, and an increase in opening deficit as at January 1, 2008 of \$6,086. In addition, the Fund has restated its 2008 results of operations in order to reflect this change in policy. These adjustments resulted in a decrease in amortization expense of \$661, a decrease in selling, general and administrative expenses of \$30, and a corresponding increase in the net income for the three month period ended March 31, 2008 of \$691. There was no impact to the consolidated statement of cash flow. The impact on basic and diluted net income per unit for the three month period ended March 31, 2008 was an increase of \$0.01 per unit. These pre-opening costs related mainly to the expansion of the Fund’s operations into Quebec in 2004, and to the expansion of its distribution centre infrastructure in 2006.

Pending Changes to Accounting Policy

Section 1582 – Business Combinations

In January 2009, the 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.

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

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.

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.

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.

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

CHANGES IN ACCOUNTING POLICIES (continued)

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, 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 our results of operations, financial position and financial statement disclosures.

As well, the Fund continues to assess the impact of the conversion 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.

4. INVENTORY

The amount of inventory recognized as an expense during the three month period ended March 31, 2009 was \$156,025 (Three month period ended March 31, 2008: \$186,770). This amount is presented within cost of sales on the interim consolidated statements of (loss) 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.

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

5. MARKETABLE SECURITIES

| | March 31, 2009 | | | December 31, 2008 | | |
|--|-----------------------|-------------------|-------------------------------|-----------------------|-------------------|-------------------------------|
| Marketable Securities Carried at Amortized Cost | Amortized Cost | Fair Value | Unrealized (Loss) Gain | Amortized Cost | Fair Value | Unrealized (Loss) Gain |
| Bonds | \$ 109 | \$ 109 | \$ - | \$ 110 | \$ 110 | \$ - |

| Marketable Securities Carried at Fair Value | Fair Value | Amortized Cost | Unrealized (Loss) Gain | Fair Value | Amortized Cost | Unrealized (Loss) Gain |
|--|-------------------|-----------------------|-------------------------------|-------------------|-----------------------|-------------------------------|
| Preferred shares | 17,946 | 19,317 | (1,371) | 16,359 | 17,906 | (1,547) |
| Trust units | 362 | 623 | (261) | 401 | 623 | (222) |
| Common shares | 1,546 | 2,098 | (552) | 1,600 | 2,270 | (670) |
| Exchange traded funds | 397 | 778 | (381) | 442 | 778 | (336) |
| | 20,251 | 22,816 | (2,565) | 18,802 | 21,577 | (2,775) |
| | \$ 20,360 | \$ 22,925 | \$ (2,565) | \$ 18,912 | \$ 21,687 | \$ (2,775) |

The unrealized gain of \$7 recorded as part of other comprehensive income is comprised of unrealized losses of \$328, and unrealized gains of \$335 arising during the three month period ended March 31, 2009. (Unrealized gains and losses arising during the three month period ended March 31, 2008 were \$242 and \$800 respectively, for a net unrealized loss of \$558).

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 (loss) income. Marketable securities are held in part to satisfy regulatory requirements for minimum capital applicable to the Fund's insurance company subsidiaries (Note 14).

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

6. CAPITAL ASSETS

| | March 31, 2009 | | | December 31, 2008 | | |
|--------------------------------|-------------------|-----------------------------|-------------------|-------------------|-----------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Land | \$ 11,954 | \$ - | \$ 11,954 | \$ 11,954 | \$ - | \$ 11,954 |
| Buildings | 31,425 | 7,005 | 24,420 | 29,858 | 6,563 | 23,295 |
| Automotive equipment | 452 | 291 | 161 | 456 | 286 | 170 |
| Equipment | 69,693 | 28,109 | 41,584 | 68,845 | 26,019 | 42,826 |
| Software and development costs | 8,165 | 6,539 | 1,626 | 8,165 | 6,230 | 1,935 |
| Leasehold improvements | 110,227 | 44,239 | 65,988 | 107,146 | 41,092 | 66,054 |
| | \$ 231,916 | \$ 86,183 | \$ 145,733 | \$ 226,424 | \$ 80,190 | \$ 146,234 |

Amortization expense for capital assets for the three month period ended March 31, 2009 was \$5,563 (Three month period ended March 31, 2008: \$4,928).

Included in capital assets is construction in progress of \$7,748 not subject to amortization at March 31, 2009 (December 31, 2008: \$12,271).

The Brick Group Income Fund
Notes to the Interim Consolidated Financial Statements
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(unaudited)

7. INTANGIBLE ASSETS AND DEFERRED CHARGES

| | March 31, 2009 | | | December 31, 2008 | | |
|----------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|-------------------|
| | Cost | Accumulated Amortization | Net Book Value | Cost | Accumulated Amortization | Net Book Value |
| Finite Life: | | | | | | |
| Information systems | \$ 15,158 | \$ 10,871 | \$ 4,287 | \$ 15,158 | \$ 10,293 | \$ 4,865 |
| Leasehold interests | 8,414 | 5,813 | 2,601 | 8,414 | 5,622 | 2,792 |
| Non-competitive agreements | 5,414 | 5,026 | 388 | 5,414 | 4,690 | 724 |
| Customer relationships | 5,100 | 5,089 | 11 | 5,100 | 5,084 | 16 |
| Retail financing fees | 2,464 | 468 | 1,996 | 1,884 | 382 | 1,502 |
| Indefinite life: | | | | | | |
| Brand | 70,970 | - | 70,970 | 95,970 | - | 95,970 |
| | \$ 107,520 | \$ 27,267 | \$ 80,253 | \$ 131,940 | \$ 26,071 | \$ 105,869 |

Amortization of intangible assets and deferred charges for the three month period ended March 31, 2009 was \$1,196, including \$38 (Three month period ended March 31, 2008 Restated (Note 3): \$1,158 including \$37) that is amortization of retail financing fees included in cost of sales in the interim consolidated statements of (loss) income.

The Fund's operating results for the three months ended March 31, 2009 were below management's expectations. As well, the Fund is currently working to complete a recapitalization transaction that will impact the future cash flows of the Fund. As a result of these events, the Fund has made significant revisions to its forecasts for sales, operating results, and cash flows. Taken together, these events triggered an interim review of the Brick's goodwill and indefinite life intangible assets to determine whether an impairment charge is necessary. The Fund performed the interim review as at March 31, 2009, and determined that the carrying values of its brand intangible assets exceeded their fair values. 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 loss for the three month period ended March 31, 2009.

The assessment of fair value for purposes of the goodwill and indefinite life intangible assets impairment test involves assumptions about future conditions for the economy, the length of the recession, capital markets, and specifically, the retail sector. As such, the assessment is subject to a significant degree of measurement uncertainty. It is reasonably possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amount of goodwill or brand intangible assets.

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8. LONG-TERM DEBT

The Fund has outstanding senior secured notes (“Senior Notes”) with an aggregate principal amount of \$83,000. These notes, issued to six institutional investors, bear interest at a fixed annual rate. Interest only payments are required on September 14th and March 14th of each year until maturity on March 14, 2014, at which time the notes are repayable in full.

On March 13, 2009, the trust indenture providing for the issuance of the Senior Notes was amended to maintain alignment on financial covenants and other amendments with those contained in the Credit Facilities amendment (Note 12b). This amendment included an increase in the coupon from 6.431% per annum to 8.000% per annum until December 14, 2009, and a decrease thereafter to 7.25% per annum for the remainder of the term. The effective interest rate under the amendment increased from 6.979% to 8.183%. The effective interest rate includes interest payments together with hedge (Note 12c) and transaction costs.

| | March 31, 2009 | December 31, 2008 |
|---|-----------------------|--------------------------|
| Senior secured notes, net of unamortized transaction costs of \$1,497 (December 31, 2008: \$878), with an aggregate principal amount of \$83,000. | \$ 81,503 | \$ 82,122 |

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 Fund has classified the Senior Notes as current liabilities (Note 2).

Subsequent to March 31, 2009, the Fund announced a recapitalization transaction, anticipated to close on May 28, 2009, which will include the repayment of all amounts owed under the Senior Notes trust indenture by June 3, 2009 (Note 2 and Note 17).

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9. DISTRIBUTIONS DECLARED

Distributions were declared each month to the Class A and Class B Unitholders of record on the last business day of each month. Prior to April 2008, distributions were declared quarterly to the Class B Unitholder 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 became entitled to receive distributions prorata with the Class A units on a monthly basis.

Upon the termination of the subordination of the Class B units in March, 2008, the Class B units became exchangeable at the option of the holder (William H. Comrie) to Class A units on a one-for-one basis. Effective December 8, 2008, all of the Class B units (11,247,117 units) were exchanged on a one-for one basis to Class A units. After the conversion, there are 54,171,133 Class A units outstanding.

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.

On November 19, 2008, the Fund reduced monthly distributions from \$0.10 per unit to \$0.05 per unit for all trust units.

On February 18, 2009, the Fund announced that, as a result of continued deterioration economic conditions and uncertainty regarding the 2009 outlook for the retail sector, it had suspended its monthly distribution payments.

Distributions declared and paid during the three month period ended March 31, 2009, are as follows:

| Period | Record Date | Payment Date | Per Unit | Declared Amount | Paid Amount |
|----------------------|--------------------|---------------------|-----------------|------------------------|--------------------|
| Class A units | | | | | |
| December 2008 | December 31, 2008 | January 15, 2009 | \$ 0.0500 | \$ - | \$ 2,709 |
| January 2009 | January 31, 2009 | February 15, 2009 | 0.0500 | 2,710 | 2,710 |
| | | | | \$ 2,710 | \$ 5,419 |

For the three month period ended March 31, 2008, total distributions of \$16,251 were declared and paid, comprised of \$12,876 on behalf of the Class A Trust Units and \$3,375 on behalf of the Class B Trust Units.

Declared cash distributions of \$NIL are included in accounts payable and accrued liabilities at March 31, 2009 (December 31, 2008: \$2,709).

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10. RELATED PARTY TRANSACTIONS

Included in selling, general and administrative expenses is rent expense of \$257 for the three month period ended March 31, 2009 (Three month period ended March 31, 2008: \$212), paid to a joint venture partially owned by an officer of the Fund.

In May 2008, certain employees of the Fund became owners of a Brick franchise. During the three month period ended March 31, 2009, the Fund sold inventory of \$419 (Three month period ended March 31, 2008: \$NIL) to this franchise.

During 2008, the Fund entered into franchise agreements for six Brick stores with a director serving on the boards of Trans Global Insurance Company, and Trans Global Life Insurance Company. During the three month period ended March 31, 2009, the Fund sold inventory of \$1,277 (Three month period ended March 31, 2008: \$NIL) to these franchises.

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, 2009 is \$400 (December 31, 2008: \$400) for loans made to employees. These loans relate to employee relocation.

11. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

| | March 31, 2009 | | March 31, 2008 |
|--|-----------------------|-----------|-----------------------|
| | (3 months) | | (3 months) |
| Cash provided (used in) by | | | |
| Accounts receivable | \$ 14,800 | \$ | 16,988 |
| Inventory | 48,568 | | 36,806 |
| Prepaid expenses and deposits | (386) | | (110) |
| Accounts payable and accrued liabilities | (89,377) | | (48,742) |
| Corporate income taxes payable | - | | (81) |
| Customers' deposits | (9,471) | | (11,278) |
| Unpaid claims reserve | (363) | | 173 |
| Deferred service revenue | (2) | | (103) |
| | (36,231) | | (6,347) |
| Lease receivables, long-term portion | (611) | | - |
| Accounts payable and accrued liabilities related to distributions | 2,709 | | - |
| Accounts payable and accrued liabilities related to capital assets | 2,504 | | 551 |
| | \$ (31,629) | \$ | (5,796) |

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12. FINANCIAL INSTRUMENTS

Classification and Fair Value of Financial Instruments

As at March 31, 2009 and December 31, 2008, the classification of the Fund's financial instruments, as well as their carrying amounts and fair values, are shown in the tables below.

| | Held for Trading | Available for Sale | Held to Maturity (amortized cost) | Loans and Receivables (amortized cost) | Other Financial Liabilities (amortized cost) | Total Carrying Amount | Fair Value |
|---|---------------------|-----------------------|--|---|--|-----------------------------|------------|
| March 31, 2009 | (fair value) | (fair value) | (cost) | (cost) | (cost) | | |
| Financial Assets | | | | | | | |
| Cash and cash equivalents | \$ 3,337 | \$ - | \$ - | \$ - | \$ - | \$ 3,337 | \$ 3,337 |
| Accounts receivable | - | - | - | 54,816 | - | 54,816 | 54,816 |
| Marketable securities | - | 20,251 | 109 | - | - | 20,360 | 20,360 |
| Financial Liabilities | | | | | | | |
| Bank indebtedness | \$ - | \$ - | \$ - | \$ - | \$ 39,010 | \$ 39,010 | \$ 39,010 |
| Accounts payable and accrued liabilities | - | - | - | - | 161,631 | 161,631 | 161,631 |
| Long-term debt | - | - | - | - | 81,503 | 81,503 | 65,817 |

| | Held for Trading | Available for Sale | Held to Maturity (amortized cost) | Loans and Receivables (amortized cost) | Other Financial Liabilities (amortized cost) | Total Carrying Amount | Fair Value |
|---|---------------------|-----------------------|--|---|--|-----------------------------|------------|
| December 31, 2008 | (fair value) | (fair value) | (cost) | (cost) | (cost) | | |
| Financial Assets | | | | | | | |
| Cash and cash equivalents | \$ 14,419 | \$ - | \$ - | \$ - | \$ - | \$ 14,419 | \$ 14,419 |
| Accounts receivable | - | - | - | 69,616 | - | 69,616 | 69,616 |
| Marketable securities | - | 18,802 | 110 | - | - | 18,912 | 18,912 |
| Financial Liabilities | | | | | | | |
| Bank indebtedness | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable and accrued liabilities | - | - | - | - | 251,008 | 251,008 | 251,008 |
| Long-term debt | - | - | - | - | 82,122 | 82,122 | 70,588 |

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

The fair value of the senior secured notes which comprise 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.

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FINANCIAL INSTRUMENTS (continued)

The yield used to value the long-term debt at March 31, 2009 was based on a benchmark yield of 1.71% plus a credit spread of 11.50% for an all-in yield of 13.21% (December 31, 2008: benchmark yield of 1.70% plus a credit spread of 8.50% for an all-in yield of 10.20%).

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 \$81,503 (December 31, 2008: \$82,122) which is net of unamortized transaction costs at March 31, 2009 of \$1,497 (December 31, 2008: \$878). 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 consolidated statements of (loss) 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

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 consolidated 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 and cash and cash equivalents. 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.

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FINANCIAL INSTRUMENTS (continued)

For our commercial accounts receivable, credit risk is mitigated through customer agreements specifying payment terms and credit limits. For our franchise accounts receivable, personal guarantees are obtained. For our net investment in lease, credit risk is mitigated through customer agreements specifying payment terms and credit limits. As well, liens are placed against the goods and the Fund may repossess goods for non-payment. 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 and net investment in lease balances. In addition, accounts receivable and net investment in lease are managed and analyzed on an ongoing basis to control the Fund's exposure to bad debts.

During the three month period ended March 31, 2009, the Fund recorded an expense for bad debts of \$355 (Three month period ended March 31, 2008: \$378). The accounts receivable balance includes \$4,254 that is past due for more than 60 days as at March 31, 2009 (December 31, 2008: \$3,561). The Fund's allowance for doubtful accounts, established through on-going monitoring of the accounts, was \$3,827 as at March 31, 2009 (December 31, 2008: \$3,674).

At March 31, 2009, there are no financial assets that the Fund deems to be impaired or that are past due according to their terms and conditions, for which allowances have not been recorded.

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.

The Fund manages credit risk for its cash and cash equivalents by maintaining bank accounts with major Canadian banks and investing only in highly rated Canadian and U.S. securities that are traded on active markets and are capable of prompt liquidation.

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FINANCIAL INSTRUMENTS (continued)

(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.

At March 31, 2009, \$39,817 (December 31, 2008: \$NIL) was drawn under the \$60,000 Operating Credit Facility. The Operating Credit Facility includes a Commercial Letter of Credit Facility of \$5,000 of which \$NIL was drawn at March 31, 2009 (December 31, 2008: \$NIL). At March 31, 2009, the Fund's \$60,000 Operating Credit Facility, including the \$5,000 Commercial Letter of Credit Facility, was fully margined and available.

At March 31, 2009 no amount (December 31, 2008: \$NIL) was drawn under the \$40,000 Acquisition Credit Facility. At March 31, 2009, the Fund had approximately \$2,000 of borrowing capacity available under its \$40,000 Acquisition Credit Facility due to margining requirements.

On March 13, 2009, the Fund's credit facilities agreement was amended to increase the maximum ratio of adjusted total debt to Earnings Before Interest Taxes Depreciation Amortization and Rent ("EBITDAR")*, as defined by the credit agreement, from 4.5 times to 5.0 times for the first three quarters of 2009, after which time the ratio will return to 4.5 times for the remainder of the term. The amendment serves to mitigate the risk of default with respect to this financial covenant and was assessed by the Fund to be prudent and proactive in light of the economic downturn and its impact on the retail sector.

* EBITDAR is not an earnings measures 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.

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FINANCIAL INSTRUMENTS (continued)

On February 18, 2009, the Fund announced that, as a result of continued deterioration in economic conditions and uncertainty regarding the 2009 outlook for the retail sector, it had suspended its monthly distribution payments.

Unfortunately, despite taking these proactive measures, due to the continued deterioration in economic conditions impacting the Fund's business, the Fund expects that it will breach its revised financial covenants at the end of the second quarter of 2009. A failure to meet these financial covenants would constitute a default under the Fund's Credit Facilities agreement and Senior Notes agreement. This could result in a limitation on the Fund's ability to access funds under its Credit Facilities, and could cause the Fund's Credit Facilities and Senior Notes indebtedness to become immediately due and payable.

In accordance with the terms of the amended Credit Facilities agreement, the Fund requested and received the consent of its lenders to exclude a non-cash brand impairment charge from the calculation of its financial covenants (Note 7). The consent expires on June 3, 2009. Without this consent, the Fund would have been in breach of all financial covenants under its Credit Facilities for the three month period ended March 31, 2009 (Note 2).

To deal with the liquidity and financial covenant risks facing the Fund, the Fund is currently proceeding to complete a recapitalization transaction (Note 2 and Note 17).

(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.

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.

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FINANCIAL INSTRUMENTS (continued)

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.

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 8), the Fund entered into a bond forward contract to hedge its exposure to changes in the market interest rate.

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 (loss) 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 (loss) income will be reclassified to net income and included in interest expense on long-term debt.

For the three month period ended March 31, 2009, other comprehensive income arising from this cash flow hedge was \$27 comprised of a reclassification of loss to net income of \$27 (Three month period ended March 31, 2008: other comprehensive income of \$28 comprised of a reclassification of loss to net income of \$28). 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 a loss of approximately \$105.

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, 2009, the Fund's average bank indebtedness was \$41,061. Accordingly, a difference during the period of one percentage point in the applicable interest rate would have impacted consolidated net income \$103.

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FINANCIAL INSTRUMENTS (continued)

Currency risk

The Fund is exposed to foreign currency fluctuations to the extent that approximately 18 to 22% of inventory purchases are made in U.S. dollar prices. This risk is mitigated to the extent that increases in product costs due to foreign currency fluctuations can be offset by adjustments to 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.

From time to time, the Fund enters into forward foreign exchange contracts in U.S. dollars. These forward contracts are used 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, 2009 and December 31, 2008, 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, 2009 was \$219 (December 31, 2008: \$240).

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 (loss) income. This risk is managed by the Fund’s investment policies.

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FINANCIAL INSTRUMENTS (continued)

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:

| | <u>1 - 3 Years</u> | <u>4 - 6 Years</u> | <u>> 6 Years</u> | <u>Total</u> |
|--------------------------------|--------------------|--------------------|---------------------|--------------|
| Amortized cost | \$ 15,918 | \$ 2,061 | \$ 1,447 | \$ 19,426 |
| Unamortized (premium) discount | (99) | (31) | (5) | (135) |
| Redemption amount | \$ 15,819 | \$ 2,030 | \$ 1,442 | \$ 19,291 |

Common shares

Historically, the beta of the Fund's portfolio of common shares has been close to 1.00. 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 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, 2009 was 0.86.

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 5.

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13. 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 is economically dependant on the retail segment as the majority of its revenues are derived from sales to customers of the retail segment. 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 consolidated financial statements for the year ended December 31, 2008 and in Note 3.

All inter-company transactions and balances, including inter-company revenues of \$2,749 for the three month period ended March 31, 2009 (March 31, 2008: \$3,003) have been appropriately eliminated.

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SEGMENTED INFORMATION (continued)

| | March 31, 2009 | | | |
|---|--------------------|--------------------|---------------------------|--------------------|
| | 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 | <u>256,216</u> | <u>18,132</u> | <u>(2,749)</u> | <u>271,599</u> |
| Cost of sales | <u>156,025</u> | <u>10,372</u> | <u>(4,810)</u> | <u>161,587</u> |
| 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* | <u>(1,519)</u> | <u>3,082</u> | <u>(3,993)</u> | <u>(2,430)</u> |
| Interest expense | 3,295 | 2,423 | (3,486) | 2,232 |
| Amortization of capital assets (Note 6) | 5,562 | 1 | - | 5,563 |
| Amortization of intangible assets and deferred charges (Note 7) | 1,158 | - | - | 1,158 |
| Intangible asset impairment (Note 7) | <u>25,000</u> | <u>-</u> | <u>-</u> | <u>25,000</u> |
| (Loss) income before income taxes | <u>(36,534)</u> | <u>658</u> | <u>(507)</u> | <u>(36,383)</u> |
| Income tax recovery (expense) | 7,050 | (17) | - | 7,033 |
| Net (loss) income (2) | <u>(29,484)</u> | <u>641</u> | <u>(507)</u> | <u>(29,350)</u> |
| Total intersegment eliminations impacting net (loss) income | <u>(8,892)</u> | <u>8,385</u> | <u>507</u> | <u>-</u> |
| Net (loss) income - consolidated | <u>\$ (38,376)</u> | <u>\$ 9,026</u> | <u>\$ -</u> | <u>\$ (29,350)</u> |
| EBITDA* | <u>\$ (1,519)</u> | <u>\$ 3,082</u> | <u>\$ (3,993)</u> | <u>\$ (2,430)</u> |
| Total intersegment eliminations impacting EBITDA | <u>(9,974)</u> | <u>5,981</u> | <u>3,993</u> | <u>-</u> |
| Consolidated EBITDA* | <u>\$ (11,493)</u> | <u>\$ 9,063</u> | <u>\$ -</u> | <u>\$ (2,430)</u> |
| OTHER INFORMATION | | | | |
| Interest income | \$ 121 | \$ 18 | \$ - | \$ 139 |
| Goodwill | \$ 108,459 | \$ - | \$ - | \$ 108,459 |
| Total assets | \$ 551,575 | \$ 50,534 | \$ - | \$ 602,109 |
| Capital expenditures | \$ 4,462 | \$ 840 | \$ - | \$ 5,302 |
| 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 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.

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SEGMENTED INFORMATION (continued)

| | March 31, 2008 | | | |
|---|-------------------|--------------------|---------------------------|------------------|
| | Retail | Financial Services | Intersegment Eliminations | Consolidated |
| External sales and operating revenue | \$ 313,459 | \$ 14,460 | \$ - | \$ 327,919 |
| Intersegment revenues | 2,165 | 838 | (3,003) | - |
| Total sales and operating revenue | 315,624 | 15,298 | (3,003) | 327,919 |
| Cost of sales | 186,775 | 8,652 | (3,657) | 191,770 |
| Gross margin | 128,849 | 6,646 | 654 | 136,149 |
| Selling, general and administrative expenses | 121,962 | 599 | 1,357 | 123,918 |
| Investment and other income | 2,446 | 1,206 | (3,404) | 248 |
| Intersegment license fee income (expense) (1) | 5,628 | (5,628) | - | - |
| EBITDA* | 14,961 | 1,625 | (4,107) | 12,479 |
| Interest expense | 3,225 | 2,404 | (3,404) | 2,225 |
| Amortization of capital assets (Note 6) | 4,927 | 1 | - | 4,928 |
| Amortization of intangible assets and deferred charges (Note 7) | 1,121 | - | - | 1,121 |
| Intangible asset impairment | - | - | - | - |
| Income (loss) before income taxes | 5,688 | (780) | (703) | 4,205 |
| Income tax (expense) recovery | (9) | 180 | - | 171 |
| Net income (loss) (2) | 5,679 | (600) | (703) | 4,376 |
| Total intersegment eliminations impacting net (loss) income | (8,771) | 8,068 | 703 | - |
| Net (loss) income - consolidated | \$ (3,092) | \$ 7,468 | \$ - | \$ 4,376 |
| EBITDA* | \$ 14,961 | \$ 1,625 | \$ (4,107) | \$ 12,479 |
| Total intersegment eliminations impacting EBITDA | (9,771) | 5,664 | 4,107 | - |
| Consolidated EBITDA* | \$ 5,190 | \$ 7,289 | \$ - | \$ 12,479 |
| OTHER INFORMATION | | | | |
| Interest income | \$ 15 | \$ 56 | \$ - | \$ 71 |
| Goodwill | \$ 305,349 | \$ - | \$ - | \$ 305,349 |
| Total assets | \$ 847,880 | \$ 54,929 | \$ - | \$ 902,809 |
| Capital expenditures | \$ 4,133 | \$ - | \$ - | \$ 4,133 |
| Amortization of deferred warranty revenue | \$ - | \$ 8,722 | \$ - | \$ 8,722 |
| Amortization of deferred acquisition costs | \$ - | \$ 1,426 | \$ - | \$ 1,426 |

(1) Intersegment license fees of \$5,628 are charged by the Retail segment to Financial Services segment for the right to 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
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14. 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 reinstate 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.

| | March 31, 2009 | December 31, 2008 |
|---------------------------|-----------------------|--------------------------|
| Long-term debt | \$ 81,503 | \$ 82,122 |
| Bank indebtedness | 39,010 | - |
| Cash and cash equivalents | (3,337) | (14,419) |
| Net debt | 117,176 | 67,703 |
| Unitholders' equity | 102,634 | 134,551 |
| Total capital | \$ 219,810 | \$ 202,254 |

Prior to March 2009, the Fund's Distribution Committee held regular monthly meetings to review distributions in light of actual and forecast results. Subsequent to the suspension of distributions announced on February 18, 2009, the Distribution Committee was dissolved. The Fund 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. To deal with liquidity and financial covenant risks facing the Fund, the Fund is currently proceeding to complete a recapitalization transaction (Note 2 and Note 17).

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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. In accordance with the terms of the amended Credit Facilities agreement, the Fund requested and received the consent of its lenders to exclude a non-cash brand impairment charge from the calculation of EBITDA (Note 7). The consent expires on June 3, 2009. Without this consent, the Fund would have been in breach of all financial covenants under its Credit Facilities for the three month period ended March 31, 2009 (Note 2).

The Fund holds a portfolio of marketable securities with a fair value at March 31, 2009 of \$20,360 (December 31, 2008: \$18,912). These marketable securities are held in part to satisfy regulatory requirements for minimum capital of \$8,000 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 the Trans Global Insurance Company must maintain base capital of at least \$3,000, and Trans Global Life Insurance Company must maintain base capital of at least \$5,000. Trans Global Insurance Company and Trans Global Life Insurance Company had base capital in excess of their regulatory requirements at March 31, 2009 and December 31, 2008.

15. 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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16. COMPARATIVE AMOUNTS

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

17. SUBSEQUENT EVENT

Subsequent to period end, the Fund announced a recapitalization transaction designed to enhance the Fund's liquidity and operating flexibility. The transaction includes:

- a \$120 million financing (the "Offering") comprised of the sale of debt units (the "Debt Units"), each Debt Unit consisting of \$1,000 principal amount of 12% senior secured debentures (the "Debentures") and 1,000 Class A Unit purchase warrants (the "Warrants"); and
- a new asset-based credit facility (the "Asset-Based Credit Facility") with available borrowings initially expected at \$65 million; and
- the repayment of all of the Fund's outstanding senior indebtedness of approximately \$140 million.

Unfortunately, despite previously announced proactive measures (such as reducing, and then suspending, distributions and revising the financial covenants of the Fund's senior secured credit facilities and senior secured notes), the continued deterioration of economic conditions and the resulting impact on the Fund's financial results over the first quarter of 2009 has severely constrained the Fund's liquidity. On the basis of these difficulties and the limited prospects for any near-term improvement in economic conditions, the Fund determined that the recapitalization transaction was necessary and advisable to provide confidence to the Fund's customers and suppliers and allow the Fund to continue operating for the foreseeable future.

Management and the board of trustees of the Fund believe that the recapitalization transaction will provide the Fund with increased financial flexibility and the capital resources necessary to manage its liquidity requirements for the foreseeable future. In particular, the replacement financing will not have the financial covenants that are present in the Fund's current lending arrangements and as a result, the Fund should have better control over its operations. However, such belief is based on certain assumptions, including, without limitation, the absence of further deterioration in the Fund's consolidated revenues and relationships with suppliers, and the ability to manage costs. Should any of those assumptions prove false, the financial position of the Fund may be materially adversely affected and the Fund may not be able to pay its debts as they become due. As well, the recapitalization transaction is subject to numerous conditions being met. There can be no assurance that such conditions will be satisfied by the closing date, which is anticipated to occur on or about May 28, 2009. The closing of each of the components of the recapitalization transaction is conditional on the closing of the others.

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SUBSEQUENT EVENT (continued)

The Offering will comprise a public offering of up to \$30 million pursuant to a short form prospectus (the “Public Offering”), and an a \$90 million private placement to accredited investors under an exemption from the prospectus requirements of applicable securities laws (the “Private Placement”). After giving effect to the Public Offering and the Private Placement, 174.2 million Class A Units will be outstanding on a fully diluted basis, representing a 221% increase over the current 54.2 million Class A Units outstanding.

The Fund has received commitments from Fairfax Financial Holdings Limited (“Fairfax”) and William Comrie (“Comrie”), the Fund’s two largest existing unitholders, to invest \$45 million and \$20 million under the Private Placement, respectively, and from two other institutional investors to acquire an additional \$25 million of the Private Placement. Fairfax has also agreed to provide a stand-by commitment to purchase up to \$25 million of the securities offered under the Public Offering that are not acquired by public investors for a fee of \$500,000, payable upon the earlier of the closing of the recapitalization transaction (“Closing”) and June 3, 2009. The commitments of Fairfax and Comrie are subject to certain conditions, including the completion of the recapitalization transaction.

The Debentures will mature on May 30, 2014 and will bear interest at a rate of 12% per annum, payable in cash semi-annually in arrears on December 31st and June 30th of each year commencing on December 31, 2009. The Debentures will not be redeemable by the Fund prior to the maturity date. However, upon a change of control of the Fund (which is deemed to occur upon a change in ownership of 66 ⅔ % of the Fund’s Class A Units), the Fund will be required to make an offer to purchase the Debentures, in whole or in part, at a price equal to 110% of the principal amount of the Debentures plus accrued and unpaid interest. The Debentures will be secured by a first charge on all of the real estate and equipment owned indirectly by the Fund, and a security interest, ranking subordinate to the security for the Asset-Based Credit Facility, which covers all other assets, including inventory and accounts receivable.

The Brick Group Income Fund
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SUBSEQUENT EVENT (continued)

Each Warrant will entitle the holder to purchase one Class A Unit, at any time prior to 5:00 p.m. (Eastern time) on May 27, 2014 at a price of \$1.00 per Class A Unit, subject to certain anti-dilution adjustments (including, without limitation, in the event of: (i) a rights offering completed at a price that is less than 95% of the market price of the Class A Units at the time of the rights offering; (ii) if the Fund conducts an issuer bid that is not conducted pursuant to an exemption from the issuer bid requirements of applicable securities legislation and the fair market value of the consideration offered for a Class A Unit under such issuer bid exceeds the closing price of a Class A Unit on the next trading day following the last date deposits could have been made pursuant to such issuer bid; or (iii) if the Fund issues Class A Units (or securities convertible into or exchangeable for Class A Units) pursuant to a non-public offering at a price that is less than 95% of the market price of the Class A Units at the time of such offering). Closing of the Offering is subject to certain conditions, including the receipt of all necessary approvals including regulatory approvals and the approval for listing on the TSX of the Class A Units issuable on exercise of the Warrants. Although the Fund has agreed to use its commercially reasonable efforts to obtain approval from the TSX to list the Debentures and Warrants, closing of the Offering is not conditional on the listing of the Debentures and Warrants. There can be no assurance that a listing of the Debentures and Warrants will be obtained.

The Asset-Based Credit Facility provides for maximum borrowings of up to \$130 million (of which approximately \$65 million is expected by management to be available at Closing to partially fund the repayment of the Fund's outstanding indebtedness and to provide the Fund with enhanced financial flexibility), will have a term of 36 months, will bear interest at the Canadian chartered bank prime rate plus 3.0%, and is subject to the satisfaction of certain conditions, including completion of GE Capital's due diligence, the negotiation, execution and delivery of definitive loan documentation, and the Fund raising at least \$60 million under the Offering. The amount available to be drawn under the Asset-Based Credit Facility will vary from time to time based on the level of the Fund's inventory and accounts receivable.

The Fund has applied to the TSX for an exemption from the requirement to seek unitholder approval for the Public Offering and the Private Placement (which would otherwise be required due to (i) the number of Class A Units potentially issuable pursuant to the exercise of the Warrants; (ii) the exercise price of the Warrants is at a discount to the market price of the Class A Units; (iii) insiders of the Fund are acquiring Warrants exercisable for Class A Units representing greater than 10% of the issued and outstanding Class A Units; and (iv) the recapitalization transaction could materially affect control of the Fund) pursuant to Section 604(e) of the TSX Company Manual on the basis of the Fund's financial hardship. Closing of the recapitalization transaction is conditional on receipt of an exemption from the TSX from the requirement to obtain unitholder approval. The TSX has advised the Fund that reliance on this exemption will automatically result in a TSX de-listing review to confirm that the Fund continues to meet TSX continued listing requirements.

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SUBSEQUENT EVENT (continued)

Management believes that the de-listing review is a routine procedure when using this exemption and the Fund currently complies with applicable TSX listing requirements and expects to continue to comply with such requirements following completion of the recapitalization transaction.

The Fund is also relying on the financial hardship exemption from the requirement for a formal valuation and minority approval contained in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* in connection with a related party transaction.

The impact of the recapitalization transaction on the Fund's financial statements will depend on certain factors at the closing date, which is anticipated to be May 28, 2009. Upon closing, the proceeds will be allocated to the Debentures and Warrants in accordance with GAAP. On the Fund's consolidated balance sheet, the Debentures will be presented as long-term debt and the Warrants will be presented as equity. As well, upon successful completion of the recapitalization transaction, unamortized transaction costs related to the Fund's existing credit facilities and senior secured notes, which were \$2.1 million as at March 31, 2009, would be expensed.

18. AMENDMENT TO 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, the deficit in unitholders' equity, at the beginning of the period, for the comparative period decreased by \$10,580 on the interim consolidated statement of changes in unitholders' equity.