

*Interim Consolidated Financial Statements of*

**THE BRICK GROUP INCOME  
FUND**

*Three month period ended March 31, 2006*

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

	March 31, 2006	December 31, 2005
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 2,227	\$ 29,201
Accounts receivable	41,403	54,192
Inventory	196,158	193,670
Prepaid expenses and deposits	7,180	7,310
	<b>246,968</b>	<b>284,373</b>
MARKETABLE SECURITIES	26,151	26,465
DEFERRED ACQUISITION COSTS	11,597	10,223
CAPITAL ASSETS (Note 4)	131,331	128,426
GOODWILL	305,349	305,349
INTANGIBLE ASSETS AND DEFERRED CHARGES (Note 5)	169,632	168,466
FUTURE INCOME TAXES	683	598
	<b>\$ 891,711</b>	<b>\$ 923,900</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ 7,836	\$ 6,670
Accounts payable and accrued liabilities	184,269	198,466
Corporate income taxes payable	993	776
Customers' deposits	51,642	60,862
Unpaid claims reserve	3,191	3,186
Current portion of long-term debt	8,289	8,253
	<b>256,220</b>	<b>278,213</b>
DEFERRED SERVICE REVENUE	518	593
DEFERRED LEASE INDUCEMENTS	11,867	12,756
DEFERRED WARRANTY PLAN REVENUE AND UNEARNED INSURANCE REVENUE	79,090	72,952
LONG-TERM DEBT	72,910	73,217
FUTURE INCOME TAXES	6,755	7,780
	<b>427,360</b>	<b>445,511</b>
COMMITMENTS AND CONTINGENCIES (Note 8)		
GUARANTEES (Note 9)		
<b>UNITHOLDERS' EQUITY</b>		
Trust units	528,213	528,213
Accumulated distributions declared (Note 6)	(120,407)	(104,155)
Accumulated earnings	56,545	54,331
	<b>464,351</b>	<b>478,389</b>
	<b>\$ 891,711</b>	<b>\$ 923,900</b>

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

**The Brick Group Income Fund**  
**Consolidated Statements of Earnings and Accumulated Earnings**  
**For the three months ended March 31**  
(thousands of Canadian dollars except unit and per unit amounts)  
*(unaudited)*

	<b>March 31, 2006 (3 months)</b>	<b>March 31, 2005 (3 months)</b>
SALES AND OPERATING REVENUE	<b>\$ 297,731</b>	\$ 254,233
COST OF SALES	<b>179,433</b>	154,990
	<b>118,298</b>	99,243
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	<b>109,051</b>	94,357
	<b>9,247</b>	4,886
OTHER EARNINGS (EXPENSES)		
Investment and other income	<b>465</b>	427
Interest on other debt	<b>(268)</b>	(161)
Interest on long-term debt	<b>(919)</b>	(1,241)
Amortization	<b>(6,633)</b>	(6,811)
	<b>(7,355)</b>	(7,786)
EARNINGS BEFORE INCOME TAXES	<b>1,892</b>	(2,900)
INCOME TAXES RECOVERY (EXPENSE)		
Current	<b>(788)</b>	(1,001)
Future	<b>1,110</b>	1,564
	<b>322</b>	563
NET EARNINGS (LOSS)	<b>2,214</b>	(2,337)
ACCUMULATED EARNINGS, BEGINNING OF PERIOD	<b>54,331</b>	22,327
ACCUMULATED EARNINGS, END OF PERIOD	<b>\$ 56,545</b>	\$ 19,990
Basic and diluted earnings (loss) per unit	<b>\$ 0.04</b>	\$ (0.04)
Basic and diluted average number of units outstanding	<b>54,171,133</b>	54,171,133

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

**The Brick Group Income Fund**  
**Consolidated Statements of Cash Flow**  
**For the three months ended March 31**  
**(thousands of Canadian dollars except unit and per unit amounts)**  
(unaudited)

	<b>March 31,</b> <b>2006</b>	<b>March 31,</b> <b>2005</b>
	<b>(3 months)</b>	<b>(3 months)</b>
<b>OPERATING ACTIVITIES</b>		
Net earnings (loss)	\$ 2,214	\$ (2,337)
Add (deduct) items not affecting cash		-
Amortization	6,633	6,811
Amortization of deferred lease inducements	(445)	(42)
Amortization of deferred warranty revenue	(3,571)	(1,920)
Amortization of deferred acquisition costs	305	-
Future income taxes	(1,110)	(1,564)
Amortization of preferred share premiums	52	33
Loss (gain) on sale of capital assets	197	(127)
Loss (gain) on sale of marketable securities	(60)	6
Cash received for leasehold inducements	8	-
Cash paid for deferred acquisition costs	(1,680)	(1,537)
Cash received on warranty and insurance sales	9,708	9,501
	12,251	8,824
Changes in non-cash operating working capital items (Note 7)	(13,288)	(6,317)
	(1,037)	2,507
<b>FINANCING ACTIVITIES</b>		
Financing fees	(505)	-
Distributions paid (Note 6)	(16,251)	(21,234)
Promissory note payments	-	(2,177)
Mortgage principal payments	(271)	(170)
	(17,027)	(23,581)
<b>INVESTING ACTIVITIES</b>		
Additions to capital assets	(8,362)	(2,716)
Additions to marketable securities	(815)	(1,397)
Additions to intangible assets	(3,127)	(90)
Proceeds from sale of marketable securities	1,136	1,336
Proceeds on disposal of capital assets	1,092	153
	(10,076)	(2,714)
<b>DECREASE IN CASH AND CASH EQUIVALENTS FOR THE PERIOD</b>	<b>(28,140)</b>	<b>(23,788)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>22,531</b>	<b>10,083</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ (5,609)</b>	<b>\$ (13,705)</b>
<b>CASH AND CASH EQUIVALENTS IS COMPRISED OF:</b>		
Cash and cash equivalents, end of period	2,227	\$ 4,818
Bank indebtedness, end of period	(7,836)	(18,523)
<b>CASH AND CASH EQUIVALENTS NET OF BANK INDEBTEDNESS, END OF PERIOD</b>	<b>\$ (5,609)</b>	<b>\$ (13,705)</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest and dividends received	\$ 370	\$ 323
Interest paid	\$ 1,945	\$ 1,413
Income taxes paid	\$ 468	\$ 505

The accompanying notes are an integral part of these 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 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, 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 and property insurance plans.

**2. CHANGES IN AND ADOPTION OF ACCOUNTING POLICIES**

*Section 3831 – Non-Monetary Transactions*

In June 2005, the AcSB issued Handbook Section 3831, Non-Monetary Transactions, replacing Section 3830 of the same title. The new accounting standard, effective for non-monetary transactions initiated in periods beginning on or after January 1, 2006, requires all non-monetary transactions be measured at fair value unless certain conditions are satisfied.

The Fund has determined that there is no impact on the financial statements resulting from the adoption of Section 3831.

*Implicit Variable Interests Under AcG-15*

In October 2005, the Emerging Issues Committee of the CICA (the “EIC”) issued Abstract No. 157, Implicit Variable Interests under AcG-15 (EIC-157), to address whether a company has an implicit variable interest in a VIE or potential VIE when specific conditions exist. An implicit variable interest acts the same as an explicit variable interest except it involves the absorbing and/or receiving of variability indirectly from the entity (rather than directly). The identification of an implicit variable interest is a matter of judgment that depends on the relevant facts and circumstances. EIC-157 became effective in the first quarter of 2006.

The Fund has determined that adoption of EIC-157 under AcG-15 does not have any effect on its financial position, results of operations or cash flows in the current period or the prior period presented.

**THE BRICK GROUP INCOME FUND**  
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**CHANGES IN AND ADOPTION OF ACCOUNTING POLICIES (continued)**

*Definite Life Intangible Assets – Distribution Centre Pre-Opening Costs*

During the three month period ended March 31, 2006, the Fund began an expansion of its distribution centre infrastructure in an existing region with the opening of a new distribution centre. Accordingly, the Fund has adopted the following policy with regard to pre-opening costs associated with distribution centres in existing regions. Pre-opening costs related to distribution centres will be deferred and amortized on a straight-line basis over a period of five years.

The AcSB has recently issued Exposure Draft *Internally Developed Intangible Assets*. If approved, the revised standards will limit the deferral of certain expenditures, including pre-opening costs. The revised standards are expected to be effective for fiscal years beginning on or after October 1, 2006, and will require retroactive restatement. As a result, effective January 1, 2007, the Fund may be required to retroactively restate its financial statements to eliminate the deferral of pre-opening costs. As at March 31, 2006, the Fund had deferred pre-opening costs of \$7,610.

**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 Brick Group Income Fund and its wholly owned subsidiaries, including The Brick Trust, The Brick Warehouse LP, United Furniture Warehouse LP, 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 financial statements for the year ended December 31, 2005.

These financial statements follow the same accounting policies and methods of application as the most recent annual financial statements for the year ended December 31, 2005, except as described in Note 2.

**THE BRICK GROUP INCOME FUND**  
**Notes to the Interim Consolidated Financial Statements**  
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**4. CAPITAL ASSETS**

		March 31, 2006		December 31, 2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 15,249	\$ -	\$ 15,249	\$ 15,249
Buildings	32,139	2,984	29,155	29,460
Automotive equipment	456	335	121	135
Equipment	38,001	4,639	33,362	29,002
Software and development costs	2,000	1,098	902	1,015
Leasehold Improvements	67,535	14,993	52,542	53,565
	<b>\$ 155,380</b>	<b>\$ 24,049</b>	<b>\$ 131,331</b>	<b>\$ 128,426</b>

Amortization of capital assets for the three month period ended March 31, 2006 was \$4,167 (March 31, 2005 - \$4,207).

Included in capital assets is construction in progress of \$8,621 not subject to amortization at March 31, 2006 (March 31, 2005 - \$6,268).

**5. INTANGIBLE ASSETS AND DEFERRED CHARGES**

		March 31, 2006		December 31, 2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Definite Life:				
Information systems	15,157	3,930	11,227	11,806
Leasehold interests	8,414	2,582	5,832	6,196
Pre-opening costs	10,570	2,960	7,610	5,441
Non-competitive agreements	5,164	1,847	3,317	3,564
Customer relationships	5,100	4,601	499	681
Customer contracts	6,450	6,371	79	158
Financing fees	585	68	517	69
Indefinite life:				
Brand	140,551	-	140,551	140,551
	<b>\$ 191,991</b>	<b>\$ 22,359</b>	<b>\$ 169,632</b>	<b>\$ 168,466</b>

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**INTANGIBLE ASSETS AND DEFERRED CHARGES (continued)**

Amortization of intangible assets and deferred charges for the three month period ended March 31, 2006 was \$2,466 (2005 - \$2,604).

During the three month period ended March 31, 2006, the Fund capitalized \$2,685 of pre-opening costs related to the opening of a new distribution centre.

**6. ACCUMULATED 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. Distributions declared during the three month period ended March 31, 2006, 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 2006	January 31, 2006	February 15, 2006	\$ 0.1000	\$ 4,292
February 2006	February 28, 2006	March 15, 2006	0.1000	4,292
March 2006	March 31, 2006	April 17, 2006	0.1000	4,292
<b>Class B units</b>				
January 1 - March 31, 2006	March 31, 2006	April 17, 2006	0.3000	3,375
				\$ 16,251

Declared cash distributions of \$7,667 are included in accounts payable and accrued liabilities at March 31, 2006 (December 31, 2005 - \$7,669).

During the three month period ended March 31, 2006, the Fund paid cash distributions to unit holders of \$16,251. Distributions paid in the first quarter of 2005 of \$21,234 included a special distribution of \$4,983 declared in December 2004.

**THE BRICK GROUP INCOME FUND**  
**Notes to the Interim Consolidated Financial Statements**  
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**7. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS**

	<b>March 31, 2006</b>	<b>March 31, 2005</b>
	<b>(3 months)</b>	<b>(3 months)</b>
Cash provided by (used in)		
Accounts receivable	\$ 12,779	\$ (2,349)
Inventory	(2,488)	3,837
Prepaid expenses and deposits	130	(568)
Accounts payable and accrued liabilities - trade	(14,637)	(14,187)
Corporate income taxes payable	217	(503)
Customers' deposits	(9,220)	7,796
Deferred service revenue	(74)	(607)
Unpaid claims reserve	5	264
	\$ (13,288)	\$ (6,317)

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**8. COMMITMENTS**

Property leases for new product distribution centres have caused the Fund's minimum lease payments to increase.

Minimum lease payments over the remainder of 2006, the next four years, and thereafter to end of term under lease arrangements are as follows:

Remainder of 2006	\$ 45,991
2007	63,010
2008	59,162
2009	56,275
2010	53,076
2011 - 2025	396,284
	\$ 673,798

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**9. GUARANTEES**

*Limited recourse liability*

The Fund is exposed to risks of default on Brick Card balances owned and underwritten by an unrelated external service provider. This limited recourse liability relates only to the unique situation whereby the service provider initially declines to accept the customer's credit application, but subsequently accepts the application upon the Fund's authorization. The customer account balances outstanding related to this arrangement as at March 31, 2006 total \$6,600 (December 31, 2005 - \$7,435). Based on historical collection experience, The Fund estimates that its portion of the total collection defaults on these outstanding account balances to be \$1,750 (December 31, 2005 - \$656) and, therefore, has accrued a liability in respect of this obligation in these financial statements.

**10. FINANCIAL INSTRUMENTS**

*Currency risk*

The Fund is exposed to foreign currency fluctuations to the extent that approximately 15% 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.

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 or accounts receivable.

As at March 31, 2006, a foreign exchange contract with a notional maturity amount of \$2,261 CAD was outstanding with a term to maturity of 6 days and an unrealized gain of \$74 CAD.

**THE BRICK GROUP INCOME FUND**  
**Notes to the Interim Consolidated Financial Statements**  
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**11. SEGMENTED INFORMATION**

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

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

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 product 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 financial statements for the year ended December 31, 2005. All inter-company transactions and balances have been appropriately eliminated.

	<b>March 31, 2006</b>			<b>March 31, 2005</b>		
	<b>(3 months)</b>			<b>(3 months)</b>		
	<b>Retail</b>	<b>Financial Services</b>	<b>Total</b>	<b>Retail</b>	<b>Financial Services</b>	<b>Total</b>
Sales and operating revenue	\$ 289,530	\$ 8,201	\$ 297,731	\$ 248,851	\$ 5,382	\$ 254,233
Net earnings (loss)	(3,117)	5,331	2,214	(5,362)	3,025	(2,337)
Interest expense	1,187	-	1,187	1,402	-	1,402
Interest income	17	28	45	10	56	66
Amortization of capital assets	4,166	1	4,167	4,206	1	4,207
Income tax recovery	-	322	322	-	563	563
Goodwill	\$ 305,349	\$ -	\$ 305,349	\$ 305,349	\$ -	\$ 305,349
Total assets	847,447	44,264	891,711	804,030	40,430	844,460
Capital expenditures	\$ 8,362	\$ -	\$ 8,362	\$ 2,716	\$ -	\$ 2,716

**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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**SEGMENTED INFORMATION (continued)**

The Fund's consumer credit department arranges retail purchase financing through unrelated external service providers. Management views and manages the consumer credit department as a support function within retail operations. Previously, net earnings from consumer credit department had been included in the Financial Services segment. Segmented information for the three month period ended March 31, 2005 has been restated accordingly.

**12. SEASONAL NATURE OF THE BUSINESS**

The Fund's results for the period 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.