



Date: August 6, 2008

Amended and Restated on May 19, 2009 to reflect the correction of an error in the calculation of future income taxes related to the SIFT tax for the three month periods ended June 30, 2007, September 30, 2007 and December 31, 2007. The SIFT tax is further discussed in this MD&A under the heading “Distributable Cash and Distributable Cash Per Unit”.

Management’s Discussion and Analysis of Consolidated Financial Position and Results of Operations for the three and six month periods ended June 30, 2008.

The Brick Group Income Fund assumes the reader of this document has access to, and has read The Brick Group Income Fund’s 2007 Annual Management’s Discussion and Analysis (the “2007 Annual MD&A”). Additional information about The Brick Group Income Fund can also be found in The Brick Group Income Fund’s Annual Information Form dated March 16, 2008 (the “March 2008 AIF”). The 2007 Annual MD&A and the March 2008 AIF can be downloaded in portable document format (PDF) from the SEDAR web site for Canadian regulatory filings at www.sedar.com or from www.thebrickgroup.ca. To request a printed copy, you may contact The Brick Group Income Fund at investor@thebrick.com.

The information in this Management’s Discussion and Analysis (“MD&A”) is supplemental to, and should be read in conjunction with the unaudited interim consolidated financial statements of The Brick Group Income Fund for the three and six month periods ended June 30, 2008, as restated on May 19, 2009. These financial statements can be found at www.sedar.com or www.thebrickgroup.ca. The Brick Group Income Fund’s interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada (“GAAP”). The Brick Group Income Fund’s reporting currency is the Canadian dollar. Per unit amounts are calculated using the weighted average number of units outstanding for the applicable period.

This MD&A contains forward-looking statements. Please see “Note Regarding Forward-Looking Statements” for a discussion of the risks, uncertainties and assumptions relating to those statements. This discussion also makes reference to certain non-GAAP measures to assist in assessing The Brick Group Income Fund’s financial performance. Non-GAAP earnings measures do not have any standard meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers. See “Non-GAAP Financial Measures”.

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1. BUSINESS OVERVIEW

The Brick Group Income Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Alberta. The Brick Group Income 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, the “Brick LP”). The Brick LP owns among other things, 100% of the outstanding limited partnership units of United Furniture Warehouse LP (“United Furniture”) and all of the outstanding shares of First Oceans Trading Corporation. United Furniture owns Trans Global Warranty Corp. and its subsidiaries Trans Global Insurance Company and Trans Global Life Insurance Company. The Brick Group Income Fund and all of its subsidiaries and partnerships will collectively be referred to as the “Brick Group” in this MD&A.

Our Vision

To provide long-term balanced growth of distributable cash to our unitholders

Core Strategy

To drive long-term profitable growth through our furniture, mattress, electronics, and appliance business throughout Canada

Competitive Points of Leverage

Leadership in our price value position

Superior buying power

Retail store/Internet sales base

Distribution centre infrastructure

Commercial and franchise sales group

Financial services

Cost-effective supply chain

Keys to Success

Continue to build loyalty/advocacy with existing/potential customers

Optimize strong relationships with current/future suppliers

Foster an environment that respects valued employees and recognizes excellence

Bottom Line

To be Canada’s Brand of choice in furniture/mattresses/electronics/appliances

Retail Operations

The Brick Group is one of Canada's largest volume retailers of household furniture, mattresses, appliances and home electronics. The Brick Group’s strategy is centered on strengthening its competitive position and increasing its market share through organic growth within its retail banners, The Brick, United Furniture, The Brick Superstore, and The Brick Mattress Store.

The Brick Group, through its first three banners listed above, targets the following three principal markets: the middle-income consumer, the lower-income consumer, and the middle to upper middle-income consumer, respectively.

The Brick Mattress Store banner, which was designed to compete with independent national bedding chains, features mid to high end product lines including national brands and exclusive specialty products.

In addition, through its corporate sales division, the Brick Group services the subdivision, condominium and high-rise builder market.

As at June 30, 2008, The Brick Group operated 211 retail stores (including its 33 franchise locations) in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Prince Edward Island, Nova Scotia and the Yukon Territory.

Financial Services

The Brick Group operates a financial services segment that offers extended product warranties, credit insurance on balances that arise from retail purchase financing made available to retail customers through third party credit providers, and credit and property insurance policies to third parties. Financial services are a stable and significant contributor to EBITDA (see “Non-GAAP Financial Measures”), and a solid and growing source of cash flow. This segment should continue to grow as the underlying retail operations expand across Canada and third party clients are developed.

Reported and Adjusted Results

The July 20, 2004 indirect acquisition of the Brick LP by The Brick Group Income Fund was accounted for using the purchase method of accounting which requires that assets and liabilities acquired be measured at their fair values at the acquisition date. The purchase accounting adjustments required to measure the assets and liabilities acquired at their fair values have no impact on the cash position or cash flow generated by the Brick Group and therefore have no impact on the ability of the Brick Group to distribute cash to the unitholders of the Brick Group.

For simplicity, beginning with the first quarter of 2006, the Analysis of Operating and Financial Results presented in the MD&A has referred to results as reported in our annual and interim financial statements. This change in presentation was not possible prior to the first quarter of 2006 as this was the first quarter for which prior year quarterly and year-to-date comparative results included the effects of purchase accounting.

Prior MD&A's included discussions of adjusted results which are derived by excluding the impact of purchase accounting adjustments from the amounts reported under GAAP. The impact of these purchase accounting adjustments reduces non-cash related revenues and increases non-cash related expenses recorded on the income statement. This impact will diminish over future periods.

The purchase accounting adjustments are described in detail under the heading Purchase Accounting Adjustments in the 2007 Annual MD&A.

Management believes the adjusted results to be important measures as they facilitate comparison to past performance of the business acquired by the Brick Group. To provide continuity, management will continue to provide adjusted results as supplementary information throughout this MD&A where management believes unadjusted results may be misleading. As well, a complete table of results on an adjusted basis is provided as supplementary information under the section heading “Non-GAAP Financial Measures”. The adjusted results do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other issuers.

The calculation of distributable cash continues to be based on adjusted EBITDA.

Same Store Sales

Comparable same store sales are calculated to include merchandise sales for new stores open 14 full calendar months and sales from all relocated and rebannered stores, but exclude stores where significant cannibalization has occurred.

For the 2008 second quarter and year to date results for same store sales growth, 2 stores have been excluded due to cannibalization. On this basis, same store sales as discussed in this MD&A reflect 98.1% in the second quarter, and 97.7% year to date, of the total sales occurring at all stores that have been open 14 full calendar months.

Same store sales, is not an earnings measure recognized by GAAP, and does not have a standardized meaning prescribed by GAAP. Therefore, same store sales as discussed in this MD&A may not be comparable to similar measures presented by other issuers.

In this MD&A, references to same store sales in Western Canada include corporate stores situated in Manitoba, Saskatchewan, Alberta, British Columbia, and the Yukon Territory. References to same store sales in Eastern Canada include corporate stores located in Ontario and Quebec.

Franchise Sales

Franchise sales figures and franchise same store sales figures as discussed in this MD&A refer to results that have not been audited. Sales at franchise stores are not included in the sales and operating revenue figures presented in The Brick Group Income Fund's consolidated financial statements, or in the corporate same store sales figures presented in this MD&A.

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2. SECOND QUARTER HIGHLIGHTS

(000's of \$ except %, and store amounts)	For the three months ended June 30				For the six months ended June 30			
	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Retail Segment - Sales and operating revenue	\$ 338,319	\$ 324,301	14,018	4.3%	\$ 651,778	\$ 640,223	11,555	1.8%
Financial Services Segment - Sales and operating revenue	14,908	11,600	3,308	28.5%	29,368	23,118	6,250	27.0%
Consolidated - Sales and operating revenue	353,227	335,901	17,326	5.2%	681,146	663,341	17,805	2.7%
Franchise Sales	30,693	25,139	5,554	22.1%	60,836	51,092	9,744	19.1%
Consolidated and Franchise Sales and operating revenue	\$ 383,920	\$ 361,040	22,880	6.3%	\$ 741,982	\$ 714,433	27,549	3.9%
Same Store Sales Growth (corporate stores)	2.0%	4.8%			-0.1%	5.7%		
Same Store Sales Growth (corporate and franchise stores)	2.0%	4.4%			-0.2%	5.5%		
Retail Segment - EBITDA	\$ 9,030	\$ 9,301	(271)	-2.9%	\$ 14,088	\$ 13,843	245	1.8%
Financial Services Segment - EBITDA	7,529	6,558	971	14.8%	14,919	12,783	2,136	16.7%
Consolidated - EBITDA	\$ 16,559	\$ 15,859	700	4.4%	\$ 29,007	\$ 26,626	2,380	8.9%
EBITDA as a percentage of sales and operating revenue	4.7%	4.7%			4.3%	4.0%		
Retail Segment - Net loss	\$ (866)	\$ (34,499)	33,633	-97.5%	\$ (4,750)	\$ (38,607)	33,857	-87.7%
Financial Services Segment - Net income	7,631	6,801	830	12.2%	15,200	13,641	1,559	11.4%
Consolidated - Net income (loss)	\$ 6,765	\$ (27,698)	34,463	-124.4%	\$ 10,450	\$ (24,966)	35,416	-141.9%
EBITDA - Adjusted	\$ 17,947	\$ 18,843	(896)	-4.8%	\$ 31,959	\$ 32,009	(50)	-0.2%
Adjusted EBITDA as a percentage of sales and operating revenue	5.1%	5.6%			4.7%	4.8%		
Distributable cash per unit for the three months ended June 30	\$ 0.25	\$ 0.27	(0.02)	-6.5%				
Payout Ratio for the three months ended June 30	118.2%	110.5%						
Distributable cash per unit for the twelve months ended June 30					\$ 1.36	\$ 1.20	0.16	13.0%
Payout Ratio for the twelve months ended June 30					88.4%	99.9%		
Stores at period end	211	203			211	203		

Overview

Management is pleased to report continued growth and strong results for the second quarter ended June 30, 2008.

Consolidated EBITDA of \$16.6 million was the highest ever reported for the second quarter since the Brick Group became an income fund in 2004. Based on regular operations, consolidated EBITDA increased by 17.8%, and was 0.4 pts higher as a percentage of sales and operating revenue, compared to the same quarter last year.

Against a backdrop of challenging economic conditions, we achieved positive same store sales growth of 2.0% for our corporate stores. Our consolidated sales and operating revenue of \$353.2 million represents quarter-over-quarter growth of \$17.3 million, or 5.2%.

In addition to growing our sales, we were able to improve margins and control costs to drive quarter-over-quarter EBITDA growth. Our 17.8% increase in consolidated EBITDA from regular operations excludes the impact of a one-time gain of \$1.8 million recorded in the second quarter of 2007. This one-time gain related to the disposal of a redundant real estate asset. Including the impact of this one-time gain, consolidated EBITDA of \$16.6 million increased by 4.4%.

For the second quarter, consolidated net income was \$6.8 million compared to a loss of \$27.7 million for the same quarter last year. Our 2007 second quarter loss included a one-time charge for future income tax expense of \$34.6 million related to the “Tax Fairness Plan” announced on October 31, 2006 by the Department of Finance (Canada). The impact on comparability of this one-time charge is discussed further under the heading Consolidated Operating and Financial Results.

While concern over the slowing U.S. economy and its impact on Canada continues, management believes it is well positioned with its promotions, mid-market offerings and improved supply chain to continue to drive same store and total sales.

Through the end of June 30, 2008, and for the 47th consecutive month since becoming an income fund, we have continued to meet all of our distribution commitments. This represents \$267 million distributed to our unitholders. Based on the June 30, 2008 closing price of \$7.92 per Class A Trust Unit, our June 2008 distribution of \$0.10 per unit represents an annualized cash-on-cash yield of approximately 15.2%.

The payout ratio for the twelve months ended June 30, 2008 was 88.4%, reflecting an improvement of 11.5 ppts from the same period last year.

Under our alternative view of distributable cash, the payout ratio for the twelve months ended June 30, 2008 was 87.3% compared to 100.3% in the previous year, a 13.0 ppts improvement.

On April 22nd, 2008, The Brick Group announced the closing of the refinancing of its \$100 million revolving credit facility for a 3 year term, with its existing syndicate of lenders. The terms of the credit agreement, including financial covenants, remain substantially unchanged, and the pricing of the credit facilities did not materially increase. The new credit agreement also provides for an additional \$25 million in financing, subject to certain conditions being met. With the long term financing put into place in March 2007, combined with the renewal of the \$100 million revolving credit facility, management believes it is well positioned from both a capital and cash liquidity perspective to drive its strategic initiatives.

Consolidated and Franchise Sales and Operating Revenue

Second quarter consolidated and franchise sales and operating revenue was \$383.9 million, including \$30.7 million of franchise sales, compared to \$361.0 million, including \$25.1 million of franchise sales, in the same quarter last year, representing an increase of 6.3%. Same store sales growth for corporate stores together with franchise stores was 2.0% compared to 4.4% for the second quarter in 2007.

Compared to the same quarter a year ago, sales at our franchise stores increased by 22.1%, to \$30.7 million.

We began the quarter with 32 franchise stores and ended with 33, while in 2007, we began the quarter with 26 and ended with 29 franchise stores.

3. OUTLOOK

Our 2008 outlook builds upon the success and benefits of our prior year key strategic initiatives, rebannered and the distribution centre infrastructure build out. Specifically, management will focus its efforts on driving a more aggressive capital investment program, with an approximate total spend of \$30 million, made up of both growth and maintenance capital, as compared to a total capital spend of \$15.6 million in 2007. We remain confident that we will continue to see strong returns from our investments, both in the near term and long term. More discussion on our capital spend is provided below.

Strategic Levers of The Brick Group

We continue to have many levers to drive down costs and increase EBITDA. Within the retail segment, these include:

- Building the Core...Organic growth through same store sales
- Capital Development ...New builds, relocations and renovations, and select rebannered
- Franchise Expansion ...New Franchise locations
- Corporate Sales Growth...Expansion into hospitality and health care markets

Within our financial services segment, these include:

- Organic Growth...Brick Card credit insurance penetration, warranty attachment rates
- Third party Client Development...New Third Party business

Store Count Continuity

The following chart illustrates our 2008 store count projections:

Store Count Continuity 2008				
	At June 30, 2008	Rebannering to be Completed	Opening / Closing	At Dec 31, 2008
Corporate Stores				
Brick	97	3	4	104
Brick Clearance Centres	9	-1	-1	7
Superstore	3	0	0	3
Mattress Store	26	0	1	27
UFW	43	-2	-1	40
Corporate Subtotal	178	0	3	181
Franchise Subtotal	33	0	14	47
Total Corporate & Franchise Stores	211	0	17	228

Capital Expenditures

In 2008, management expects to invest approximately \$7 million in maintenance capital expenditures and approximately \$25 million in growth capital expenditures, net of tenant inducements. Fiscal 2008 growth capital will be directed to opening 5 new Brick stores and 4 new Brick Mattress stores, and completing 7 new rebannering projects and approximately 15 relocation and renovation projects. As it has in prior years, management will continue to manage the pace of its capital investment program prudently through the year.

Mattress Stores

In the first half of 2008, we opened 3 new Brick Mattress stores. For the remainder of fiscal 2008, management expects to open 1 new Brick Mattress Store, bringing our total number of mattress stores to 27 by the end of 2008. We have been very pleased with the performance of our specialty bedding chain and will continue to pursue its expansion over the coming years.

Rebannering

Management has been very pleased with results of the rebannering initiative. As a result, we will continue to evaluate the option of further rebannering of United Furniture stores, where opportunities present themselves. For all of 2008, we have identified 7 potential locations for rebannering, of which 4 locations were rebannered in the first half of the year.

Relocations and Renovations

Approximately 15 projects have been identified across our banners for either relocation or renovation during 2008. Management is excited to build upon prior years' successful renovation projects with a more aggressive schedule set for this year. We have secured more desirable locations for a number of our older stores where lease terms are nearing expiry. For other older stores with preferred locations, we will invest in renovations to freshen up the look and feel of these stores. We believe the returns on our capital investment will remain strong. The majority of these relocation and renovation projects remain to be completed in the second half of the year.

Retail Installment Financing

The Brick Group began providing customer retail installment financing during the fourth quarter of 2007, on a limited basis. Customers not qualifying for Brick Credit Cards under either of the Brick Group's third party credit providers, have the option of applying for retail installment financing that is provided directly by the Brick Group. For those customers meeting the Brick Group's credit scoring requirements, retail financing for specific individual purchases will provide the customer with an installment payment plan of either 12 or 24 months. Qualifying customers are required to make regular scheduled monthly blended payments of interest and principal. Management believes that this program will offset the potential risk of reduced credit approval rates for the Brick Card by our third party credit providers.

Management will closely monitor the related receivable balances, as well as any reserves for potential bad debts. At June 30, 2008, the receivable balance associated with this program was \$1.0 million. The Brick Group has set the current limit to no more than \$10 million, as the maximum allowable receivable balance it will allow for this program, in order to manage risk appropriately. Management does not at this time anticipate reaching this level in 2008.

Current Income Tax Expense and SIFT Tax

Our anticipated current income tax expense for the 2008 year is estimated at approximately \$1.5 million.

As noted previously, for entities remaining within normal growth limits announced by the Department of Finance (Canada) on December 15, 2006, the SIFT tax will take effect on January 1, 2011. Management anticipates in the 2008 year to begin to formulate its tax planning strategy as it relates to the SIFT tax, but does not anticipate any specific action to convert from an income fund in 2008.

On July 14, 2008, the Department of Finance (Canada) introduced draft legislation which contains proposed conversion rules for income funds. These draft rules are designed to permit income funds to convert into public corporations and wind up without triggering adverse tax consequences to the income fund and its unitholders. The draft legislation is subject to comments by interested parties by September 15, 2008, and will likely be revised before being enacted into law. When enacted, the proposed rules are expected to cover transactions that occur within the period after the Announcement Date (July 14, 2008), and before 2013. Management is considering the impact of this draft legislation on its tax planning strategy, and potential conversion to a public corporation.

Management remains focused on our mission to drive sales, grow profitability, and ultimately maintain a sustainable and stable level of distributions.

We have a clearly defined strategy and a long-term focus to increase our market share. With a strong second quarter in a tough economy, we believe we are making progress against this strategy.

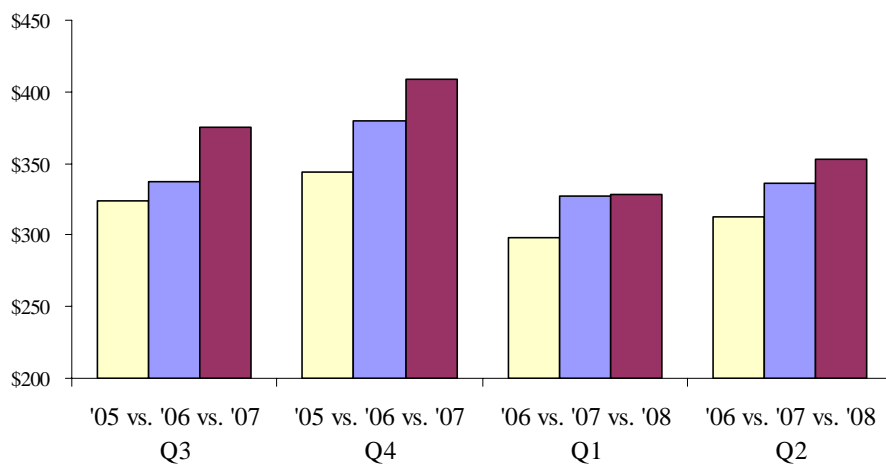
As well, we believe that our geographic and economic diversification will allow us to remain competitive in the short and long term Canadian economy.

For the remainder of the year, we will maintain our aggressive marketing approach to supplying our customers with the best quality and value purchase opportunities, coast to coast, across Canada.

4. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

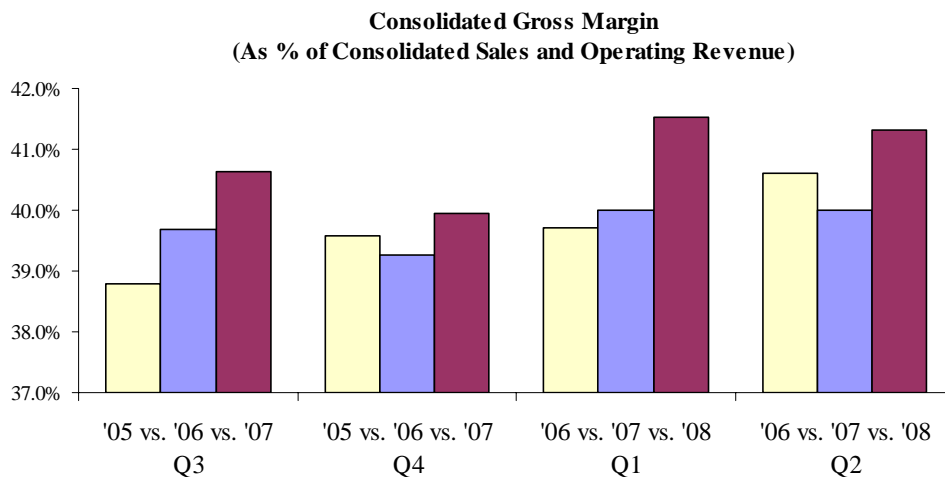
(000's of \$ except %, per unit and store amounts)	For the three months ended June 30				For the six months ended June 30			
	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	\$ 353,227	\$ 335,901	17,326	5.2%	\$ 681,146	\$ 663,341	17,805	2.7%
Cost of sales	(207,565)	(201,503)	6,062	3.0%	(399,335)	(397,978)	1,357	0.3%
Gross margin	145,662	134,398	11,264	8.4%	281,811	265,363	16,448	6.2%
<i>Gross margin as a percentage of sales and operating revenue</i>	41.2%	40.0%			41.4%	40.0%		
Selling, general and administrative expenses (SG&A)	(129,427)	(120,941)	8,486	7.0%	(253,375)	(241,538)	11,837	4.9%
Investment and other income	324	2,402	(2,078)	-86.5%	571	2,801	(2,230)	-79.6%
EBITDA	16,559	15,859	700	4.4%	29,007	26,626	2,381	8.9%
<i>EBITDA as a percentage of sales and operating revenue</i>	4.7%	4.7%			4.3%	4.0%		
Interest expense on long-term and other debt	(2,434)	(2,469)	(35)	-1.4%	(4,691)	(4,518)	173	3.8%
Income tax recovery (expense)	90	(34,353)	34,443	-100.3%	262	(33,737)	33,999	-100.8%
Amortization	(7,450)	(6,735)	715	10.6%	(14,128)	(13,337)	791	5.9%
Net income (loss)	\$ 6,765	\$ (27,698)	34,463	-124.4%	\$ 10,450	\$ (24,966)	35,416	-141.9%
Basic and diluted net income (loss) per unit	\$ 0.12	\$ (0.51)	0.63	-123.5%	\$ 0.19	\$ (0.46)	0.65	-141.3%
Stores at period end	211	203			211	203		
<u>Adjusted results (purchase accounting adjustments removed):</u>								
Sales and operating revenue	\$ 354,496	\$ 338,227	16,269	4.8%	\$ 683,920	\$ 668,254	15,666	2.3%
EBITDA	17,947	\$ 18,843	(896)	-4.8%	31,959	\$ 32,009	(50)	-0.2%
<i>EBITDA as a percentage of sales and operating revenue</i>	5.1%	5.6%			4.7%	4.8%		
Net income (loss)	\$ 9,392	\$ (23,513)	32,905	139.9%	\$ 15,775	\$ (17,378)	33,153	190.8%
Payout ratio for the three months ended June 30	118.2%	110.5%						
Payout ratio for the twelve months ended June 30	88.4%	99.9%						

Consolidated Sales and Operating Revenue (Millions of \$'s)

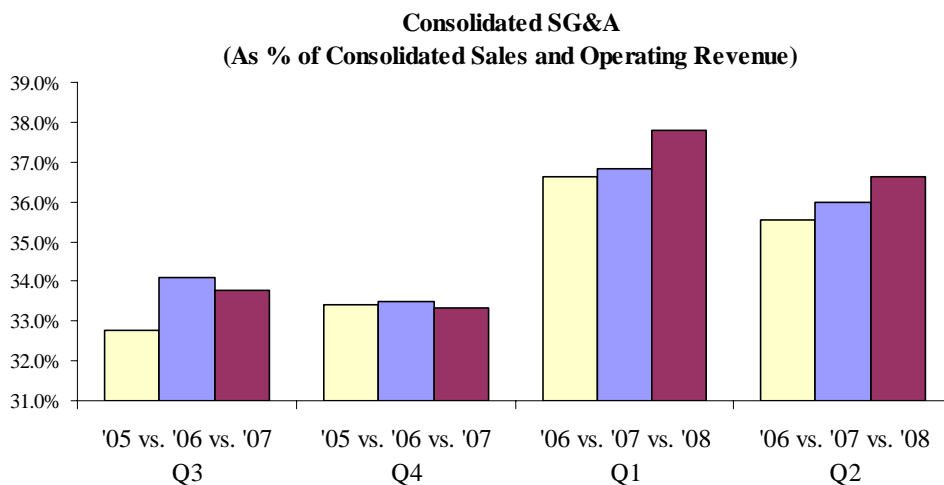


For the quarter ended June 30, 2008, consolidated sales and operating revenue of \$353.2 million increased by \$17.3 million or 5.2% as compared to the same quarter of 2007. Of this increase, \$14.0 million was in the retail segment, and \$3.3 million in the financial services segment. The increase in the retail segment

was due primarily to same store sales growth of 2.0%. In the financial services segment, revenue growth was attributable primarily to our warranty business.

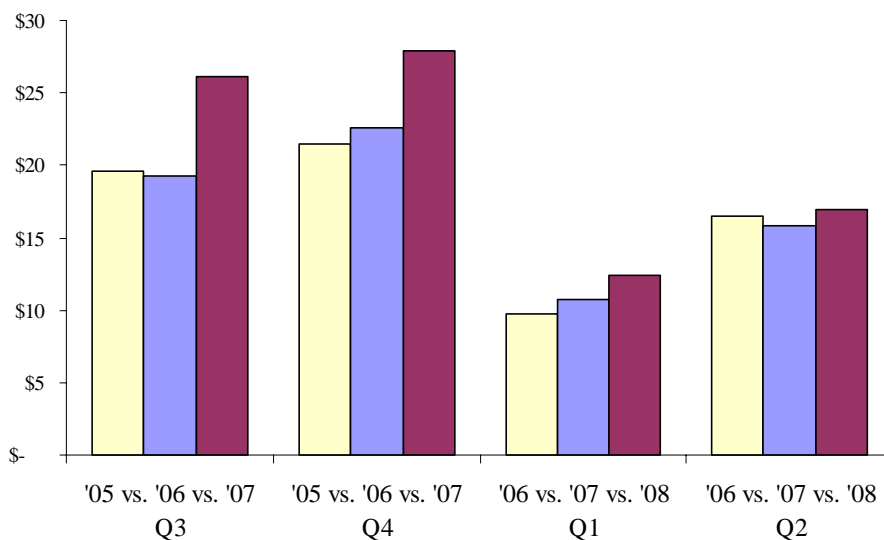


Consolidated gross margin for the quarter was 1.2 pts higher than the second quarter of 2007. Product costs were the main drivers of our second quarter margin improvement. Margin improvement was most significant in the electronics product group with the appliance product group also showing improvement. Consolidated gross margin was also positively impacted by lower financing fees, predominately driven by reduced interest rates as compared to the same quarter last year, for those sales financed using the Brick Card.



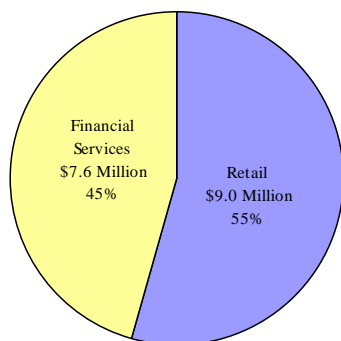
Consolidated selling, general and administrative expenses (SG&A), as a percentage of sales, were 0.6 pts higher in the second quarter of 2008 as compared to the second quarter of 2007. This increase is driven primarily by fixed occupancy and compensation costs.

Consolidated EBITDA (Millions of \$'s)

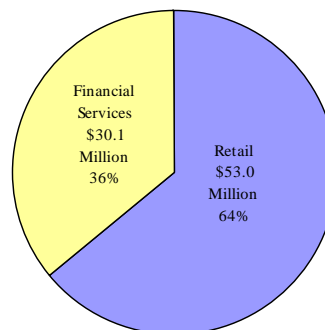


Second quarter consolidated EBITDA of \$16.6 million, increased \$0.7 million or 4.4% over the same quarter last year. Increased gross margins in the quarter more than offset increased SG&A costs and lower investment and other income, resulting in quarter-over-quarter growth in consolidated EBITDA. In the second quarter of 2007, EBITDA included a \$1.8 million gain on disposal of a redundant real estate asset. Normalized to exclude the impact of this gain on disposal, our second quarter consolidated EBITDA from regular operations increased by \$2.5 million or 17.8% as compared to the same quarter last year.

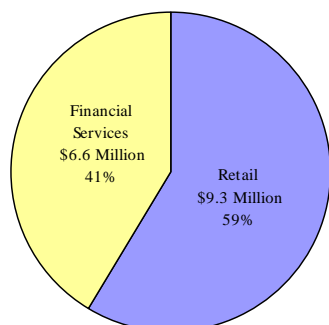
**Consolidated EBITDA by Segment
(Three Months Ended June 30, 2008)**



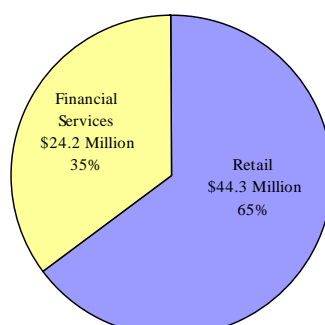
**Consolidated EBITDA by Segment
(Twelve Months Ended June 30, 2008)**



**Consolidated EBITDA by Segment
(Three Months Ended June 30, 2007)**



**Consolidated EBITDA by Segment
(Twelve Months Ended June 30, 2007)**



Due to seasonality, the majority of retail segment EBITDA is earned in the latter half of the year. Relative to the retail segment, financial services segment EBITDA is earned evenly throughout the year. This difference in seasonality, between the segments, causes the relative contribution of financial services to total quarterly EBITDA to trend lower, as we progress from the first to the fourth quarter of the year. On an annual basis, financial services contributes approximately one third of our consolidated EBITDA.

Consolidated Net Income

For the second quarter, consolidated net income was \$6.7 million compared to a loss of \$27.7 million for the same quarter last year. Our 2007 second quarter consolidated loss included a one-time charge for future income tax expense of \$34.6 million related to the “Tax Fairness Plan” announced on October 31, 2006 by the Department of Finance (Canada). For further discussion on this \$34.6 million one-time charge please see the 2007 Annual MD&A. Normalized to exclude the impact of this one-time charge for future income tax expense, our 2007 second quarter consolidated net income would have been \$6.9 million. On this basis, our second quarter 2008 consolidated net income has decreased by \$0.2 million or 2.9% as compared to the same quarter last year.

On a year to date basis, normalized to exclude the impact of the one-time adjustment to future tax income expense discussed above, net income increased by \$0.9 million or 9.4%.

Comparability of consolidated net income for the quarter, and on a year-to-date basis, is also impacted by a gain of \$1.8 million related to the disposal of a redundant real estate asset that was recorded in the retail segment in the second quarter of 2007.

5. SUMMARY OF CONSOLIDATED QUARTERLY AND ANNUAL RESULTS

The table below highlights the variability of quarterly results and the impact of seasonality on quarterly results. The first quarter of the year is typically the slowest period for the Brick Group, with results improving throughout the year. The third and fourth quarters are traditionally the Brick Group's strongest quarters due to seasonality.

(000's of \$ except per unit amounts)	April 1 to June 30, 2008 Q2	January 1 to March 31, 2008 Q1	October 1 to December 31, 2007 Q4	July 1 to September 30, 2007 Q3
Sales and operating revenue	\$ 353,227	\$ 327,919	\$ 409,132	\$ 375,103
EBITDA	\$ 16,559	\$ 12,449	\$ 27,918	\$ 26,134
Net income	\$ 6,765	\$ 3,685	\$ 23,354	\$ 17,145
Basic and diluted net income per unit	\$ 0.12	\$ 0.07	\$ 0.43	\$ 0.32
Distributable cash	\$ 13,754	\$ 10,554	\$ 25,610	\$ 23,569
Distributable cash per unit	\$ 0.25	\$ 0.19	\$ 0.47	\$ 0.44
Cash distributions declared	\$ 16,251	\$ 16,251	\$ 16,252	\$ 16,251

(000's of \$ except per unit amounts)	April 1 to June 30, 2007 Q2	January 1 to March 31, 2007 Q1	October 1 to December 31, 2006 Q4	July 1 to September 30, 2006 Q3
Sales and operating revenue	\$ 335,901	\$ 327,440	\$ 379,684	\$ 337,783
EBITDA	\$ 15,859	\$ 10,767	\$ 22,541	\$ 19,266
Net (loss) income ⁽²⁾	\$ (27,698)	\$ 2,732	\$ 14,628	\$ 11,708
Basic and diluted net (loss) income per unit ⁽²⁾	\$ (0.51)	\$ 0.05	\$ 0.27	\$ 0.22
Distributable cash	\$ 14,707	\$ 9,929	\$ 21,834	\$ 18,587
Distributable cash per unit	\$ 0.27	\$ 0.18	\$ 0.40	\$ 0.34
Cash distributions declared	\$ 16,251	\$ 16,251	\$ 16,253	\$ 16,251

(000's of \$ except per unit amounts)	April 1 to June 30, 2006 Q2	January 1 to March 31, 2006 Q1	October 1 to December 31, 2005 Q4	July 1 to September 30, 2005 Q3
Sales and operating revenue	\$ 313,123	\$ 297,731	\$ 343,547	\$ 323,356
EBITDA	\$ 16,441	\$ 9,712	\$ 21,445	\$ 19,601
Net income ⁽¹⁾	\$ 9,380	\$ 2,214	\$ 13,453	\$ 11,713
Basic and diluted net income per unit ⁽¹⁾	\$ 0.17	\$ 0.04	\$ 0.25	\$ 0.22
Distributable cash	\$ 16,748	\$ 10,083	\$ 22,740	\$ 20,543
Distributable cash per unit	\$ 0.31	\$ 0.19	\$ 0.42	\$ 0.38
Cash distributions declared	\$ 16,251	\$ 16,251	\$ 16,253	\$ 16,251

(1) For the quarter ended June 30, 2006, reported income before extraordinary item was \$9,018 and basic and diluted net income per unit before extraordinary item was \$0.17.

(2) For the quarter ended June 30, 2007, the Brick Group recorded future income tax expense and an increase to its long-term future income tax liability of \$34.6 million. This charge relates to the "Tax Fairness Plan", announced on October 31, 2006 by the Department of Finance (Canada), which was enacted during the quarter. This charge for future income tax expense does not have any impact on our operating decisions, our credit facilities or financial covenants, the carrying values of our assets, our cash flows, our ability to generate cash flow, or our ability to make distributions to our unitholders. Management was required to record this charge in order to be in compliance with GAAP. For the quarter ended December 31, 2007, this amount was reduced to \$30.3 million to reflect a reduction to the tax rate applicable in future years.

6. SEGMENTED INFORMATION – RETAIL OPERATIONS

(000's of \$)	Three months ended June 30				Six months ended June 30			
	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	\$ 338,319	\$ 324,301	\$ 14,018	4.3%	\$ 651,778	\$ 640,223	\$ 11,555	1.8%
EBITDA	9,030	9,301	(271)	-2.9%	14,088	13,843	245	1.8%
Adjusted results (purchase accounting adjustments removed):								
Sales and operating revenue	\$ 338,319	\$ 324,301	\$ 14,018	4.3%	\$ 651,778	\$ 640,223	\$ 11,555	1.8%
EBITDA	9,466	10,526	(1,060)	-10.1%	14,958	15,528	(570)	-3.7%

Sales and Operating Revenue

For the Quarter:

Sales and operating revenue from the retail segment increased by \$14.0 million or 4.3% compared to the same quarter a year ago. This increase was primarily driven by same store sales growth of 2.0%

Same store sales growth in western Canada, while flat, was measured against growth of 8.1% for the same quarter of 2007. In eastern Canada, management was pleased with strong same store sales growth of 3.7%, especially in light of the challenging economic conditions currently facing that region.

Year to Date:

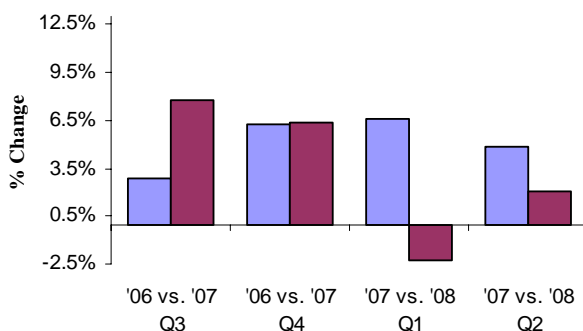
On a year-to-date basis, sales and operating revenue from the retail segment has increased by \$11.6 million or 1.8%. Strong growth in the second quarter more than offset the negative growth we experienced in the first quarter. First quarter results were impacted by severe weather conditions which affected the number of customers coming into our stores to make purchases, and our ability to deliver goods.

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Second Quarter Same Store Sales Change Versus Prior Year		
	2008	2007
Corporate Stores		
Western Canada	0.0%	8.1%
Eastern Canada	3.7%	1.6%
Total Corporate Stores	2.0%	4.8%
Franchise Stores	2.8%	-1.7%
Total Corporate Stores & Franchise Stores	2.0%	4.4%

Year to Date Same Store Sales Change Versus Prior Year		
	2008	2007
Corporate Stores		
Western Canada	-0.6%	8.6%
Eastern Canada	0.3%	2.9%
Total Corporate Stores	-0.1%	5.7%
Franchise Stores	-1.6%	3.2%
Total Corporate Stores & Franchise Stores	-0.2%	5.5%

Corporate Same Store Sales



Year-to-date same store sales as discussed in this MD&A reflect 97.7% of the total sales occurring at all stores that have been open 14 full calendar months.

Franchise Sales

For the Quarter:

Sales at franchise stores increased by 22.1% to \$30.7 million. We began the quarter with 32 franchise stores and ended with 33, while in 2007, we began the quarter with 26 and ended with 29 franchise stores.

Year to Date:

Sales at franchise stores increased by 19.1% to \$60.8 million. We began and ended this period with 33 franchise stores, while in the same period of 2007, we began with 26 and ended with 29 franchise stores.

Gross Margin

For the Quarter:

Gross margin improved by 1.2 ppts over the second quarter of 2007. Product costs were the main drivers of our second quarter margin improvement. We achieved margin improvement in appliances and, most significantly, in electronics. Gross margin was also positively impacted by lower financing fees, predominately driven by reduced interest rates as compared to the same quarter last year, for those sales financed using the Brick Card.

Year to Date:

On a year-to-date basis, gross margin has increased by 1.3 ppts over 2007. In addition to the drivers mentioned above for the quarter, margin improvement on a year-to-date basis has also been positively impacted by increased margins for furniture.

Selling, General and Administrative Expenses

For the Quarter:

For the quarter ended June 30, 2008, SG&A expenses were \$7.9 million higher than in the same quarter a year ago. SG&A as a percentage of sales increased 0.9 ppts from 37.2% in the second quarter of 2007 to 38.1% in the second quarter of 2008.

Approximately \$3.7 million of the increase in SG&A is attributable to variable costs driven by the growth of the business, with the balance of approximately \$4.2 million attributable to fixed costs.

Fixed occupancy and compensation costs each increased approximately \$1.6 million, with other general fixed cost increases contributing the balance of the increase in fixed costs of approximately \$1.0 million.

Year to Date:

On a year-to-date basis, SG&A expenses were \$10.9 million higher than in the same period a year ago. SG&A as a percentage of sales increased 1.1 ppts from 37.6% in the first half of 2007 to 38.7% in the first half of 2008.

Approximately \$3.8 million of the increase in SG&A is attributable to variable costs driven by the growth of the business, with the balance of approximately \$7.1 million attributable to fixed costs.

Fixed occupancy and compensation costs each increased approximately \$2.9 million, with other general fixed cost increases contributing the balance of the increase in fixed costs of approximately \$1.3 million.

Due to seasonality of sales in the retail segment, the impact of increased fixed costs is the greatest in the first half of the year. As we progress further into the fiscal year, the impact of the increase in the fixed cost structure is not anticipated to be as pronounced.

EBITDA

For the Quarter:

In addition to growing our sales, we were able to improve margins and control costs, which drove a 20.4% increase in retail segment EBITDA, from normal operations, as compared to the same quarter last year.

Comparability of retail segment EBITDA for the quarter, and on a year-to-date basis, is impacted by a gain of \$1.8 million related to the disposal of a redundant real estate asset in the second quarter of 2007.

EBITDA in the retail segment of \$9.0 million decreased \$0.3 million quarter-over-quarter. Normalized to exclude the impact of the one-time gain, retail segment EBITDA increased by \$1.5 million or 20.4% compared to the second quarter of 2007.

Year to Date:

On a year-to-date basis, EBITDA in the retail segment of \$14.1 million was \$0.2 million or 1.8% higher than in the same period of 2007. Normalized to exclude the impact of the one-time gain on disposal discussed above, retail segment EBITDA increased by \$2.0 million or 17.0%.

For the quarter and on a year-to-date basis, we were able to achieve higher EBITDA through improved gross margins which have more than offset the increases in SG&A expenses.

Store Continuity

During the second quarter, we added 1 new Brick store in Calgary, Alberta, and rebannered 1 United Furniture store to a Brick franchise in Whitehorse, Yukon Territory. As well, we closed one Brick Clearance Center in Edmonton, Alberta.

The following chart illustrates the Brick Group's store count continuity from March 31, 2008 to June 30, 2008.

Store Count Continuity Q2 2008				
	At Mar 31, 2008	Rebanned	Opened / Closed	At June 30, 2008
Corporate Stores				
Brick	96	0	1	97
Brick Clearance Centres	10	0	-1	9
Superstore	3	0	0	3
Mattress Store	26	0	0	26
UFW	44	-1	0	43
Corporate Subtotal	179	-1	0	178
Franchise Stores	32	1	0	33
Total Corporate & Franchise Stores	211	0	0	211

The following chart illustrates the Brick Group's store count continuity from December 31, 2007 to June 30, 2008.

Store Count Continuity - Year to Date Q2 2008				
	At Dec 31, 2007	Rebanned	Opened / Closed	At June 30, 2008
Corporate Stores				
Brick	92	4	1	97
Brick Clearance Centres	11	-1	-1	9
Superstore	3	0	0	3
Mattress Store	23	0	3	26
UFW	48	-5	0	43
Corporate Subtotal	177	-2	3	178
Franchise Stores	33	1	-1	33
Total Corporate & Franchise Stores	210	-1	2	211

7. SEGMENTED INFORMATION – FINANCIAL SERVICES

The financial services segment offers extended product warranties, credit insurance on balances that arise from retail purchase financing made available to retail customers through third party credit providers, and credit and property insurance policies to third parties. The financial services segment also holds a portfolio of marketable securities upon which it earns investment income.

Our Warranty Business

The Brick Group commenced providing warranties to its customers in 1985. These warranties, underwritten by the Brick Group's wholly-owned subsidiary, Trans Global Warranty Corp. ("TGW"), are offered on all appliances, electronics and upholstered and leather furniture to provide coverage extending beyond the manufacturers warranty period by up to four years. With new technologies emerging, and some products being un-repairable, customers realize the value and peace of mind warranties provide when making a major purchase for their homes. Warranties are sold to customers when they are making their original purchase and take effect after the manufacturers warranty period, which is typically one year, has expired. The warranty contracts provide both repair and replacement service depending upon the problem with the product.

The Brick Group's accounting policy for revenue recognition in connection with the warranty business requires that warranty contract premiums be recorded as deferred revenue and recognized into income over the term of the warranty coverage provided. Warranty contracts sold by the financial services segment provide coverage for periods subsequent to expiration of the manufacturer's warranty coverage period. Consequently, earned warranty revenue recognized in the current period relates to warranty contracts sold in previous years.

The Brick Group's warranty claims costs have remained relatively consistent and predictable over the past number of years, driven by a number of factors, including:

- Diversity and number of products, manufacturers, and models being underwritten;
- No single product model in any one year makes up more than 3.5% of products covered by warranty; and
- Database that allows us to understand and address problem areas with any specific model or manufacturer.

Beyond these factors, maximum claims loss is limited to the replacement value of the product under warranty. Should any claims issues occur, The Brick Group is able to leverage its strong strategic relationships with its vendors to potentially mitigate claims exposure and develop satisfactory solutions to any claims issues determined to exist. Our ability to adjust warranty pricing helps to offset claims costs and maintain long-term profitability within our warranty business.

Our Insurance Business

The Brick Group offers holders of the Brick and United Furniture credit cards (collectively, the "Brick Card"), credit insurance on their Brick Card balances with coverage that includes life, dismemberment, disability, critical illness, involuntary unemployment, property, and family leave of absence.

These credit insurance policies are underwritten by Trans Global Insurance Company ("TGI") and its sister company, Trans Global Life Insurance Company ("TGLI"), both subsidiaries of TGW. TGI and

TGLI commenced operations in November of 1999, and are licensed as insurance companies in all provinces and territories.

These companies, TGI and TGLI, also commenced providing credit insurance to a third party in the first quarter of 2005.

Also in the first quarter of 2005, TGI commenced providing property insurance to a third party which provides coverage against theft of property. On December 31, 2007, TGI's business agreement with this third party matured and was not renewed. This third party accounted for less than 5% of premiums written in the financial services segment in 2007.

Management expects to grow the insurance business by focusing primarily on credit insurance provided to holders of the Brick Card, while also developing and underwriting specialty insurance products tailored to the specific needs of third parties.

The Brick Group's accounting policy for revenue and expense recognition in connection with insurance policies requires that premiums written and policy acquisition costs incurred in an accounting period be recognized over the term of the related coverage. The majority of insurance premiums written relate to coverage provided on a month-to-month basis. However, in 2005, as noted above, the financial services segment also began to provide multi-year property insurance to a third party. Unearned insurance revenues include the portion of premiums written on multi-year coverage policies that relate to the unexpired term of coverage.

TGI and TGLI retain reserves for anticipated claims. The adequacy of these reserves is supported by the opinions obtained from independent actuarial reviews.

With respect to managing risk associated with our credit insurance on the Brick Card, the Brick Group benefits from a number of factors, including:

- Geographic dispersion of accounts;
- Relatively high number of active accounts, with moderate level of balances outstanding;
- Credit risk loss generally limited to account balance;
- Specified maximums to loss payout on any one account (\$10,000);
- Coverage periods of one month; and
- Good history of claims experience.

Beyond these factors, our insurance business is regulated and is subject to oversight by the various insurance regulatory bodies across Canada, its own separate board of directors, and undergoes actuarial reviews of its claims provisions.

With regard to our third party clients, many of the same factors that apply to our Brick customer based insurance and warranty business also apply to similarly mitigate our risk exposure.

Financial Services Operating Results

(000's of \$)	Three months ended June 30				Six months ended June 30			
	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)	2008	2007	\$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	\$ 14,908	\$ 11,600	\$ 3,308	28.5%	29,368	23,118	6,250	27.0%
EBITDA	7,529	6,558	971	14.8%	14,919	12,783	2,136	16.7%
Adjusted results (purchase accounting adjustments removed):								
Sales and operating revenue	\$ 16,177	\$ 13,926	\$ 2,251	16.2%	32,142	28,031	4,111	14.7%
EBITDA	8,481	8,317	164	2.0%	17,001	16,481	520	3.2%

Sales and Operating Revenue

For the Quarter:

For the quarter, sales and operating revenue from the financial services segment increased by \$3.3 million or 28.5% compared to the same quarter a year ago.

The majority of this increase is attributable to the warranty business. The stability of revenues in our financial services segment is supported by the warranty business, as warranty contract premiums are recorded as deferred revenue and recognized into income over the term of the warranty coverage period.

With respect to our insurance business, growth in sales of payment protection plans to Brick card holders also contributed to our quarter over quarter growth in sales and operating revenue. The contribution from our third party insurance business to the quarter over quarter growth in sales and operating revenue was not significant.

Year to Date:

On a year-to-date basis, sales and operating revenue from the financial services segment increased by \$6.2 million or 27.0% compared to the same period a year ago. This growth in sales and operating revenue is due primarily to the warranty business, and is also supported by growth in sales of payment protection plans to Brick card holders in our insurance business. The contribution from our third party insurance business to growth in sales and operating revenue was not significant.

EBITDA

For the Quarter:

The financial services segment EBITDA was \$7.5 million in the quarter compared to \$6.6 million in the same quarter last year, an increase of 14.8%. EBITDA as a percentage of sales and operating revenue was 50.5% compared to 56.5% for the same quarter of 2007.

In our credit insurance business, EBITDA as a percentage of sales and operating revenue was impacted primarily by the amendment of a third party business agreement which occurred in the fourth quarter of 2007. Under the amended terms of this agreement, the amount and variability of Brick Group's underwriting income with respect to this third party client is reduced.

In our warranty business, claims expense as a percentage of revenue was higher than in the same quarter a year ago, but remained at levels consistent with those we experienced in the later half of 2007.

Quarter over quarter, lower investment income also impacted EBITDA.

Year to Date:

On a year-to-date basis, the financial services segment EBITDA was \$14.9 million compared to \$12.8 million in the same period last year, an increase of 16.7%. EBITDA as a percentage of sales and operating revenue was 50.8% compared to 55.3% for the same period of 2007.

As for the quarter, EBITDA as a percentage of sales and operating revenue was impacted on a year-to-date basis primarily by the amendment of a third party business agreement, which has impacted our credit insurance business. This amendment occurred in the fourth quarter of 2007. On a year-to-date basis, EBITDA has also been impacted by lower investment income.

Operations

Key performance indicators for the financial services segment include the amount of premiums written for both the insurance and warranty business, and for the insurance business, the level of credit sales penetration (“CSP”). CSP is the percentage of all retail customer sales financed using the Brick Card.

Consolidated warranty and insurance premiums written by the financial services segment in the second quarter of 2008 of \$17.0 million increased by \$0.5 million or 3.0 ppts as compared the same quarter of 2007. On a year to date basis, consolidated warranty and insurance premiums written have increased by \$0.3 million, or 0.8 ppts, to \$33.1 million.

For the six month period ended June 30, 2008, written premiums have been impacted by the termination of TGI’s business agreement to provide property insurance to a third party client. This agreement matured on December 31, 2007 and was not renewed. This third party accounted for less than 5% of premiums written in the financial services segment in 2007. As third party insurance business delivers a lower gross margin percentage than that earned on Brick business (i.e. Brick credit card insurance and warranty programs), the impact of not renewing this business agreement on future consolidated net income for the Brick Group will not be significant.

For the twelve months ended June 30, 2008, our CSP was relatively flat as compared to the twelve months ended December 31, 2007. Management continually works towards optimizing the CSP rate to maximize insurance premiums written and overall profitability.

8. FINANCIAL POSITION

(000's of \$)	June 30, 2008	December 31, 2007
Total assets	\$ 925,647	\$ 966,371
Total long-term liabilities	258,166	255,555

Assets

Total assets as at June 30, 2008 of \$925.6 million were \$40.8 million lower than the \$966.4 million reported at December 31, 2007. The majority of this change related to decreases in current assets. Cash and cash equivalents decreased by \$5.3 million, accounts receivable decreased by \$4.2 million, and inventory decreased by \$30.0 million. Offsetting changes in other current and long-term asset balances accounted for the remaining \$1.3 million of the total change.

As a result of management's focus on supply chain improvement over the past eighteen months, we are pleased our inventory levels are now on target.

With respect to its long-term assets, an increase in deferred acquisition costs was partially offset by a reduction in the intangible assets and deferred charges balance. The increase in deferred acquisition costs is in direct proportion to the increase in warranty premiums written for the period. The costs incurred in selling warranty contracts and insurance policies are deferred and expensed when the related revenue is recognized in net income. Normal amortization decreased the value of intangible assets and deferred charges on the balance sheet at June 30, 2008.

Long-Term Liabilities

Long-term liabilities increased \$2.6 million to \$258.2 million at June 30, 2008 compared to \$255.6 million at December 31, 2007.

One component of the change in long-term liabilities was an increase in deferred warranty and insurance revenue of \$3.7 million. As the rate at which warranty premiums are written and received continues to exceed the rate at which these premiums are recognized as earned revenue, the balance of deferred warranty plan revenue continues to increase. Warranty premiums are recognized initially as deferred revenue, and recognized as earned revenue over the life of the warranty period.

This increase was offset by a decrease in deferred lease inducements of \$0.2 million, as amortization of prior years' leasehold inducements exceeded leasehold inducements received, and a future tax liability decrease of \$0.8 million.

9. LIQUIDITY AND CAPITAL RESOURCES

The following table provides a summarized statement of cash flows for the three and six month periods ended June 30, 2008 and June 30, 2007.

Source (Use) of Cash (000's of \$)	Three months ended June 30			Six months ended June 30		
	2008	2007	\$ Increase (Decrease)	2008	2007	\$ Increase (Decrease)
Operating activities						
Retail	\$ 4,875	\$ 4,997	(122)	\$ 5,723	\$ 6,750	(1,027)
Financial	10,559	9,886	673	20,699	19,550	1,149
Funds Flow from operations	15,434	14,883	551	26,422	26,300	122
Change in non-cash working capital	14,206	21,146	(6,940)	8,440	242	8,198
	29,640	36,029	(6,389)	34,862	26,542	8,320
Financing activities						
Distributions	(18,502)	(16,251)	(2,251)	(34,753)	(32,502)	(2,251)
Other (Note 1)	(8,634)	(16,666)	8,032	5,102	3,021	2,081
Investing activities	(6,006)	(752)	(5,254)	(10,533)	(5,821)	(4,712)
Increase (decrease) in cash and cash equivalents	\$ (3,502)	\$ 2,360	(5,862)	\$ (5,322)	\$ (8,760)	3,438

Note 1: Other includes changes in bank indebtedness and long-term debt.

Funds Flow from Operations and Changes in Non-Cash Working Capital

For the quarter ended June 30, 2008, funds flow from operations increased by \$0.6 million compared to the second quarter in 2007. Consolidated gross margin in the second quarter of 2008 was higher than in 2007 on increased consolidated sales and operating revenue. This increase was partially offset by increased fixed occupancy and compensation costs included in SG&A for the quarter ended June 30, 2008 as compared to the quarter ended June 30, 2007.

Year to date, funds flow from operations were increased by \$0.1 million compared to the same period in 2007.

For the quarter ended June 30, 2008, changes in non-cash working capital generated cash of \$14.2 million as compared to generating \$21.1 million during the same quarter in 2007. The majority of this \$6.9 million reduction relates to higher inventory purchases in the second quarter of 2008 as compared to the same quarter of 2007.

As well, due to the termination of the subordination arrangements relating to the Class B Trust Units which occurred in March 2008, and beginning with the month of April 2008, cash available to make distributions is now paid monthly to the holders of Class B Trust Units. Prior to April, cash distributions to the holders of Class B Trust Unit were paid quarterly. Consequently, for the quarter ended June 30, 2008, cash distributions paid were \$2.2 million higher than in the same quarter of 2007, and the amount of accrued cash distributions payable at June 30, 2008 was \$2.2 million lower than at the end of previous periods.

On a year to date basis, changes in non-cash working capital generated \$8.4 million compared to \$0.2 million in 2007. The majority of this improvement relates to customers' deposits, as the reduction in this balance during the first half of 2007 was much greater than in the first half of 2008.

Management continues to monitor cash and working capital efficiency given current sales and seasonal variability. The financial services segment contributes a steady cash flow and provides a balance to the seasonal nature of the retail operations.

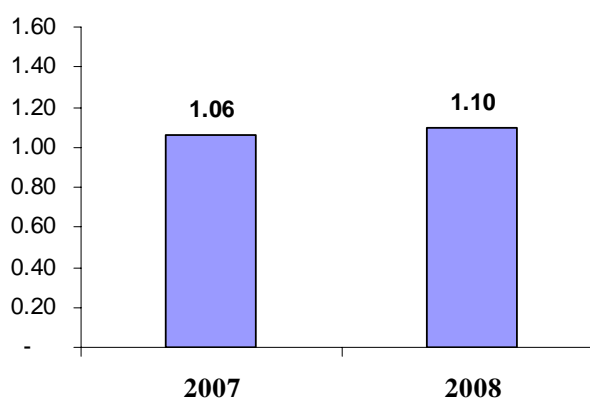
On April 22, 2008, the Brick Group renewed its credit facilities, set to expire on July 2, 2008, with its existing syndicate of lenders for a three year term. (The renewed credit facilities are discussed further under the heading Financing Resources.)

Management believes that the Brick Group has sufficient liquidity to meet all its working capital, distributions, and capital needs for the next twelve months.

Adjusted EBITDA for the twelve months ended June 30, 2008 was \$89.8 million and net debt was \$98.9 million. Net debt includes long-term debt of \$82.0 million and bank indebtedness of \$19.8 million, offset by cash and cash equivalents of \$2.9 million.

Adjusted EBITDA for the twelve months ended June 30, 2007 was \$79.5 million and net debt was \$84.6 million. Net debt included long-term debt of \$81.9 million and bank indebtedness of \$10.4 million, offset by cash and cash equivalents of \$7.7 million.

**Net Debt to Adjusted EBITDA
(Twelve months ended June 30)**



Financing Activities

Distributions

During the second quarter, the Brick Group paid cash distributions to unitholders of \$18.5 million bringing the total cash distributions paid for the six months ended June 30, 2008 to \$34.8 million (Three and six months ended June 30, 2007: \$16.3 million and \$32.5 million respectively).

Due to the termination of the subordination arrangements relating to the Class B Trust Units which occurred in March 2008, and beginning with the month of April 2008, cash available to make distributions is now paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. Prior to April, cash distributions to the holders of Class B Trust Unit were paid quarterly. Consequently, for the quarter ended June 30, 2008, cash distributions paid were \$2.2 million higher than in the same quarter of 2007 and the amount of accrued cash distributions payable at June 30, 2008 was \$2.2 million lower than at previous period ends.

Other

For the second quarter of 2008, other uses of cash for financing activities were driven by a decrease in bank indebtedness of \$8.4 million and \$0.2 million in fees paid to renew the credit agreement.

For the same period of 2007, other uses of cash for financing activities were driven by a decrease in bank indebtedness of \$16.2 million and an additional \$0.4 million in fees related to the first quarter 2007 issuance of senior secured notes.

On a year to date basis in 2008, other sources of cash from financing activities were driven by an increase in bank indebtedness of \$5.3 million offset by \$0.2 million in fees paid to renew the credit agreement.

On a year to date basis in 2007 other financing activities included the refinancing of our long-term debt which, after payments for financing fees and to extinguish our two remaining outstanding mortgages, resulted in a net cash inflow of \$2.3 million. During this same period, our bank indebtedness increased by \$0.7 million.

Investing Activities

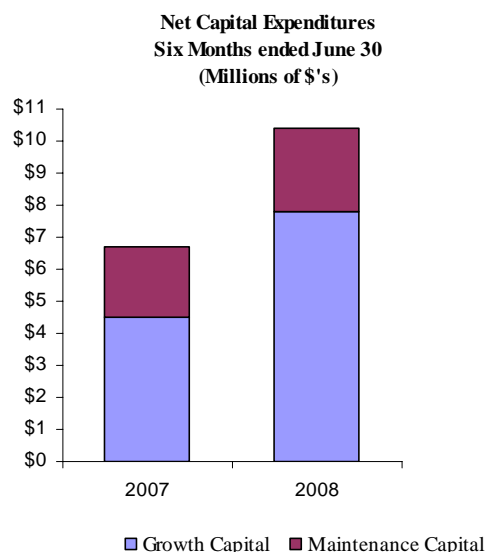
The following table summarizes the Brick Group's investing activities for the three and six month periods ended June 30, 2008 and June 30, 2007.

Investing Activities Source (Use) of Cash (000's of \$)	Three months ended June 30			Six months ended June 30		
	2008	2007	\$ (Increase) Decrease	2008	2007	\$ (Increase) Decrease
	Capital assets additions	\$ (6,868)	\$ (3,032)	(3,836)	\$ (11,001)	\$ (4,094)
Intangible asset additions	-	(1,500)	1,500	-	(1,508)	1,508
Changes in payables related to capital assets	753	312	441	202	(3,233)	3,435
Proceeds from disposal of capital assets	81	2,896	(2,815)	107	2,923	(2,816)
Marketable securities additions	(702)	(1,959)	1,257	(1,267)	(3,011)	1,744
Proceeds from sale of marketable securities	730	2,531	(1,801)	1,426	3,102	(1,676)
	\$ (6,006)	\$ (752)	(5,254)	\$ (10,533)	\$ (5,821)	(4,712)

Capital Expenditures

The Brick Group incurred maintenance capital expenditures for the three and six month periods ended June 30, 2008 of \$1.6 million and \$2.7 million respectively (Three and six month periods ended June 30, 2007: \$1.3 million and \$2.2 million respectively).

Maintenance capital expenditures include those required to maintain and upgrade existing facilities, major roof replacements, information systems, existing distribution infrastructure and equipment. In general, maintenance capital expenditures are undertaken to maintain existing levels of EBITDA. Maintenance capital expenditures may fluctuate year to year based on the rolling life cycle of buildings and equipment.



For 2008, management expects to invest approximately \$7 million in maintenance capital expenditures.

Growth capital expenditures for the second quarter were \$5.3 million, mainly for new and relocated stores. We received tenant inducements of \$0.4 million, bringing our net expenditures on growth capital to \$4.9 million for the quarter.

On a year to date basis, we have spent \$8.3 million on growth capital expenditures, mainly for new and relocated stores, and received tenant inducements of \$0.6 million, for a net investment of \$7.7 million.

In 2007, growth capital expenditures net of tenant inducements for the quarter, and on a year to date basis, were \$1.0 million and \$4.5 million respectively.

Management expects to invest approximately \$25 million in growth capital expenditures, net of tenant inducements in 2008.

Financing Resources

On April 22, 2008, the credit agreement governing the Brick Group's credit facilities was renewed with the existing syndicate of lenders for a three-year term. This Amended and Restated Credit Agreement can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com. The terms of the credit agreement, including financial covenants, remain substantially unchanged, and the pricing of the credit facilities did not materially increase. To better align the credit facilities with the needs of the Brick Group, the Operating Credit Facility was increased to \$60 million (previously \$50 million), and the Acquisition Credit Facility was reduced to \$40 million (previously \$50 million). The new credit agreement also provides for an additional \$25 million in financing, subject to certain conditions being met.

The \$5 million Commercial Letter of Credit Facility was also renewed for a three-year term.

At June 30, 2008, \$21.3 million was drawn under the \$60 million Operating Credit Facility and no amounts were drawn under the \$40 million Acquisition Credit Facility or the \$5 million Commercial Letter of Credit Facility.

The Operating Credit Facility is available to fund unitholder distributions, seasonal fluctuations in working capital requirements, debt service requirements, and to fund growth capital expenditures. The Acquisition Credit Facility is available to fund acquisitions and growth capital expenditures.

On March 14, 2007, the Brick Group issued through a private placement, senior secured notes with an aggregate principal amount of \$83.0 million (the "Senior Notes"). Proceeds of \$81.8 million, net of transaction costs of \$1.2 million, were used to repay the \$70.0 million Term Credit Facility, the two remaining outstanding mortgages, and to fund general operations. The Trust Indenture providing for the Issuance of Senior Secured Notes can be found on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

Interest payments on the Senior Notes are required semi-annually, in March and September.

The credit agreements governing the credit facilities and the Senior Notes respectively require The Brick Group to maintain a maximum ratio of total debt to EBITDA, a minimum fixed charge coverage ratio, and a maximum ratio of adjusted total debt to EBITDAR (defined as EBITDA plus rent). Distributable Cash must remain above certain targets. As at June 30, 2008, The Brick Group was in compliance with all covenants.

In addition to its credit facilities, the Brick Group holds a portfolio of marketable securities with a fair value at June 30, 2008 of \$23.4 million. These marketable securities are held in part to satisfy regulatory requirements for minimum capital of \$11.0 million applicable to the insurance companies as discussed below. The excess of marketable securities over this amount is not restricted by regulatory requirements.

Restriction on the Distribution of Capital from TGI and TGLI

Regulatory requirements stipulate that TGI and TGLI must maintain assets equal to their share capital and contributed surplus which totals \$11.0 million for the two companies. TGI and TGLI have cash and marketable securities in excess of \$11.0 million at June 30, 2008.

10. NON-GAAP FINANCIAL MEASURES

Adjusted results, EBITDA, reported EBITDA, adjusted EBITDA, and distributable cash are not earnings measures recognized by GAAP and do not have standardized meanings prescribed by GAAP. Therefore, adjusted results, EBITDA, adjusted EBITDA, and distributable cash may not be comparable to similar measures presented by other issuers. Investors are cautioned that adjusted results, EBITDA, adjusted EBITDA, and distributable cash should not be construed as alternatives to net income as determined in accordance with GAAP, as indicators of performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows.

In July 2007 the Canadian Institute of Chartered Accountants (“CICA”) published an interpretative release titled “Standardized Distributable Cash in Income Trusts and Other Flow-through Entities”.

The objective of the guidance is to standardize the reporting of distributable cash within the income trust industry. The CICA guidance defines standardized distributable cash as cash provided by operating activities less the purchase of property, plant and equipment and any cash that cannot be distributed as a result of not meeting certain debt covenants. Income trusts may show distributable cash adjustments that are not included in the calculation of standardized distributable cash if they feel those adjustments are pertinent to investors’ understanding of their business.

Management believes that the discussions related to distributable cash in this MD&A are appropriate, and clearly explain issues related to the Brick Group's distributable cash. Accordingly, management has not adopted the guidance in the CICA's interpretive release.

EBITDA

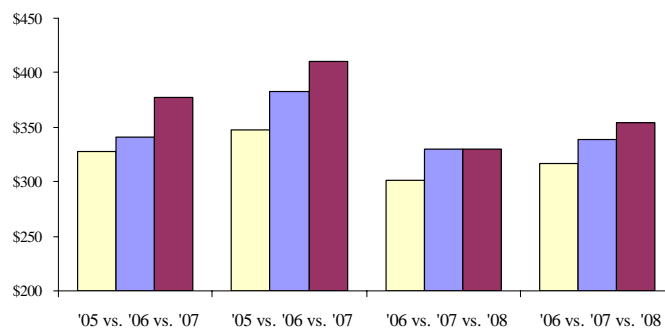
References to “EBITDA” or “reported EBITDA” are to earnings before interest, income taxes and amortization. References to “adjusted EBITDA” are to earnings before interest, income taxes and amortization, adjusted to remove the impact of purchase accounting.

Management of the Brick Group believes that adjusted EBITDA is a useful financial measure as it represents a starting point in the determination of cash available for distribution to unitholders.

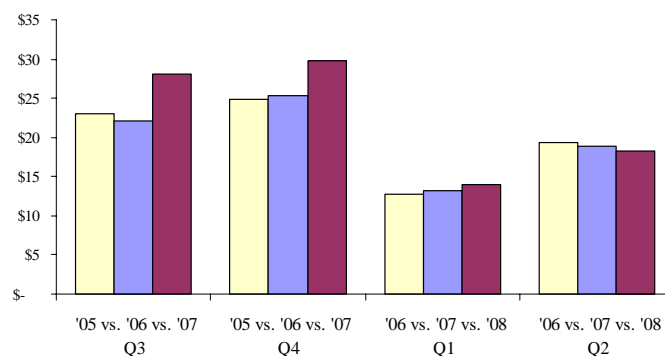
Adjusted Results of Operations

Adjusted Results: (000's of \$ except %, per unit and store amounts)	For the three months ended June 30				For the six months ended June 30			
	2008 Adjusted	2007 Adjusted	\$ Increase (Decrease)	% Increase (Decrease)	2008 Adjusted	2007 Adjusted	\$ Increase (Decrease)	% Increase (Decrease)
Sales and operating revenue	\$ 354,496	\$ 338,227	16,269	4.8%	\$ 683,920	\$ 668,254	15,666	2.3%
Cost of sales	(207,881)	(202,085)	5,796	2.9%	(400,027)	(399,207)	820	0.2%
Gross margin	146,615	136,142	10,473	7.7%	283,893	269,047	14,846	5.5%
<i>Gross margin as a percentage of sales and operating revenue</i>	41.4%	40.3%			41.5%	40.3%		
Selling, general and administrative expenses (SG&A)	(128,991)	(120,481)	8,510	7.1%	(252,505)	(240,619)	11,886	4.9%
Investment and other income	323	3,182	(2,859)	-89.9%	571	3,581	(3,010)	-84.1%
EBITDA	17,947	18,843	(896)	-4.8%	31,959	32,009	(50)	-0.2%
<i>EBITDA as a percentage of sales and operating revenue</i>	5.1%	5.6%			4.7%	4.8%		
Interest expense on long-term and other debt	(2,434)	(2,469)	(35)	-1.4%	(4,692)	(4,682)	10	0.2%
Income tax expense	(204)	(34,949)	(34,745)	-99.4%	(509)	(35,000)	(34,491)	-98.5%
Amortization	(5,917)	(4,938)	979	19.8%	(10,983)	(9,705)	1,278	13.2%
Net income (loss)	\$ 9,392	\$ (23,513)	32,905	-139.9%	\$ 15,775	\$ (17,378)	33,153	-190.8%
Basic and diluted net income (loss) per unit	\$ 0.17	\$ (0.43)	0.60	-139.5%	\$ 0.29	\$ (0.32)	0.61	-190.6%
Stores at period end	211	203			211	203		

Adjusted Sales and Operating Revenue (Millions of \$'s)



Adjusted EBITDA (Millions of \$'s)



11. DISTRIBUTABLE CASH AND DISTRIBUTABLE CASH PER UNIT

Distributable cash is used by income funds as a measure of the cash generated and available for distribution to unitholders. The Brick Group's current measure of reported distributable cash represents adjusted EBITDA, adjusted for debt service obligations, maintenance capital expenditures, and income and capital taxes. As this calculation is not prescribed by GAAP, different income funds calculate this measure using alternative methods.

Pursuant to the Declaration of Trust for The Brick Group Income Fund and various partnership agreements, the Brick Group is required to distribute its distributable cash as calculated pursuant to its EBITDA based calculation of distributable cash (less reasonable reserves determined by the Trustees of the Brick Group to be prudent and in the best interests of The Brick Group Income Fund). The Distribution Committee of the Board of Trustees reviews and approves cash distributions on a monthly basis taking into account its reported distributable cash measure calculated as discussed above, the Brick Group's current and prospective performance, seasonality, and other factors it considers prudent.

The Brick Group's goal is to provide a long-term and stable base of distributable cash growth while paying a regular monthly cash distribution to its unitholders. The amount of the cash distributions paid are based on actual historical and estimated future performance of the Brick Group and are only partially dependent on the distributable cash calculation of a single period. Consequently, cash distributions for a period will not necessarily equal the amount of distributable cash calculated for that same period. For example, the seasonal nature of the retail business will cause distributions to exceed distributable cash during slower periods of the year. In periods where cash distributions exceed distributable cash, the excess of cash distributions over distributable cash are funded from the Brick Group's cash reserves built up in prior periods or from its operating credit facilities. Compared to our net income, our distributions have been higher. Management does not view distributions in excess of net income as an economic return of capital because they include significant amounts of cash flows from our warranty business, which are recorded as deferred revenue and recognized into income in future periods.

Together with Board of Trustees, management has targeted a distributable cash payout ratio in the mid-80s on an annualized basis (based on its EBITDA based calculation of distributable cash) before the Brick Group would consider an increase in monthly distributions.

On October 31, 2006, the Department of Finance (Canada) announced its intention to tax certain income of, and distributions paid by, income trusts and other existing flow through entities that meet the definition of a Specified Investment Flow-Through Entity or "SIFT". On June 22, 2007, Bill C-52, which significantly modifies the income tax rules applicable to the taxation of SIFTs, was enacted (the "SIFT tax"). The impact of the SIFT tax would necessarily be considered before any changes to distributions are made. The impact of the new tax on our distributable cash will be mitigated to the extent that management is successful in growing the business, and the amount of distributable cash generated by it, during the period until the new tax takes effect. For entities remaining within normal growth limits announced by the Department of Finance (Canada) on December 15, 2006, the SIFT tax will take effect on January 1, 2011.

Distributions for the twelve months ended June 30, 2008 resulted in a payout ratio of 88.4% (twelve months ended June 30, 2007: 99.9%). Management is pleased with the improvement in the payout ratio.

The subordination arrangements relating to the Class B Trust Units were entitled to be terminated effective December 31, 2007 if the Brick Group earned adjusted EBITDA for fiscal 2007 of at least \$82.848 million, and paid average monthly distributions of at least \$0.10 per Class A Trust Unit and Class B Trust Unit for fiscal 2007. For the year ended December 31, 2007, the Brick Group earned

adjusted EBITDA of \$89.9 million, and paid average monthly distributions of at least \$0.10 per Class A Trust Unit and Class B Trust Unit.

Accordingly, effective upon the Board of Trustees' approval of the Brick Group's 2007 annual audited consolidated financial statements on March 18, 2008, the subordination in respect of the Class B Trust Units was terminated. As a result, beginning with the month of April 2008, cash available to make distributions is now paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. The Class B Trust Units have become exchangeable for Class A Trust Units of the Brick Group on a one-for-one basis at the option of the holder. As of June 30, 2008, none of the Class B Trust Units have been exchanged for Class A Trust Units.

Distributions on the Class A Trust Units and Class B Trust Units are cumulative, such that the amount of any deficiency from the \$0.10 per unit monthly distribution target will accumulate for 15 months. Any deficiency in respect of a distribution on any units not satisfied within 15 months of the date it arose will cease to be payable. To date, no such deficiencies exist.

Readers of this MD&A are encouraged to refer to the March 2008 AIF which provides further information on the Distribution Policy of the Brick Group.

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Distributable Cash

Reconciliation of Cash Flow from Operating Activities to Distributable Cash

(000's of \$ except per unit amounts)	Notes	Three months ended June 30		Twelve months ended June 30	
		2008	2007	2008	2007
Cash flow from operating activities	1	\$ 29,640	\$ 36,029	\$ 78,767	\$ 98,064
Changes in non-cash operating working capital items	1, 2	(14,206)	(20,991)	11,063	(18,729)
Items not affecting cash	3	790	(33,138)	5,803	(35,784)
Cash items	4	(9,459)	(9,598)	(46,156)	(42,181)
Income before extraordinary item		6,765	(27,698)	49,477	1,370
Interest		2,434	2,469	9,004	7,580
Income tax (recovery) expense		(90)	34,353	(2,904)	31,969
Amortization		7,450	6,735	27,485	27,514
Reported EBITDA		16,559	15,859	83,062	68,433
Elimination of Purchase Accounting Impact	5	1,388	2,984	6,787	11,053
Adjusted EBITDA		17,947	18,843	89,849	79,486
Debt service obligation	6	(2,376)	(2,469)	(8,780)	(8,292)
Maintenance capital expenditures	7	(1,565)	(1,334)	(6,600)	(5,322)
Corporate income taxes - current	8	(252)	(333)	(932)	(816)
Cash available for distribution		\$ 13,754	\$ 14,707	\$ 73,537	\$ 65,056
Cash available for distribution per unit		\$ 0.25	\$ 0.27	\$ 1.36	\$ 1.20
Cash distributions declared		\$ 16,251	\$ 16,251	\$ 65,006	\$ 65,006
Cash distributions declared per unit		\$ 0.30	\$ 0.30	\$ 1.20	\$ 1.20
Weighted average units outstanding during the period		54,171,133	54,171,133	54,171,133	54,171,133
Payout ratio for the periods ended June 30		118.2%	110.5%	88.4%	99.9%

- Cash flow from operating activities and changes in non-cash working capital items are as per the Brick Group's consolidated financial statements.
- The Brick Group's objective is to maintain a stable monthly distribution to its unitholders. The amount of the monthly distributions are based on actual historical and estimated future performance of The Brick Group. Consequently, periodic fluctuations in non-cash working capital are not considered a use or source of funds available for distribution to unitholders. Changes in non-cash working capital include changes in accounts receivable, inventory, prepaid expenses and deposits, accounts payable and accrued liabilities, corporate income taxes payable, customers' deposits, deferred service revenue, and unpaid claims reserve.
- Items not affecting cash includes amortization of the following items: capital assets, intangible assets, deferred lease inducements, deferred warranty revenue, deferred acquisition costs and preferred share premiums. Also included in this amount are future income taxes and the gain or loss on the sale of capital assets and marketable securities.
- Cash items includes cash received for leasehold inducements and from warranty and insurance sales and cash paid for deferred acquisition costs.
- As discussed in this MD&A, purchase accounting adjustments relate to the July 20, 2004 indirect acquisition of the Brick LP by The Brick Group Income Fund. These purchase accounting adjustments have no impact on the cash position or cash flow generated by the Brick Group and therefore, have no impact on the ability of the Brick Group to distribute cash to unitholders of the Brick Group. Consequently, purchase accounting adjustments are excluded from cash available for distribution.
- Payments for scheduled debt service obligations, which include payments of interest and principal, represent a first claim on the cash flows of the Brick Group and as such reduce the amount of cash available to residual interest holders. Non-scheduled repayments of principal made in contemplation of a refinancing, and advances of funds under a borrowing agreement, are not considered components of distributable cash.
- Maintenance capital expenditures include those required to maintain and upgrade existing facilities, major roof replacements, information systems, existing distribution infrastructure and equipment. In general, maintenance capital expenditures are undertaken to maintain existing levels of EBITDA.
- Corporate income taxes represent a priority claim on the cash flows of the Brick Group and as such reduce the amount of cash available to residual interest holders.

An Alternative View of Distributable Cash

As discussed above, as the distributable cash calculation is not prescribed by GAAP, different income funds calculate this measure using alternative methods.

The Brick Group's current calculation for distributable cash and payout ratio starts with EBITDA and does not capture the full impact of cash flows generated by our financial services segment, specifically our warranty and certain insurance cash flows. Under GAAP, these cash flows are deferred and taken into income over the term of the extended warranty or insurance period, even though they are received in the current period. In addition, the current EBITDA based calculation includes revenue recognized from the amortization of lease inducements. Management views lease inducements and their corresponding revenue recognition as a financing activity as opposed to a source of cash available for distribution.

Management has not changed its calculation of reported distributable cash and associated payout ratio. However, since our 2005 Annual MD&A, through this alternative view, we have provided our unitholders a parallel view of our distributable cash that management believes is better aligned with the cash flows generated by the underlying business. As discussed above, our reported EBITDA based calculation of distributable cash is a primary measure the Board of Trustees must consider with respect to the declaration of distributions. However, the Brick Group is entitled to distribute an amount greater than the Brick Group's current reported distributable cash, utilizing the cash flows generated by our financial services segment as discussed above, if the Board of Trustees of the Brick Group considers such distribution to be prudent and in the best interests of The Brick Group Income Fund.

In conjunction with the termination of the subordination of the Class B Trust Units, the Brick Group considered adopting this alternative view of distributable cash as our sole reported distributable cash measure. For the sake of consistency and comparability with prior periods, the Brick Group has chosen in 2008 to continue to provide the alternative measure of distributable cash, in addition to its EBITDA based reported distributable cash measure.

The impact of applying this alternative view results in a second quarter payout ratio of 121.9% compared to our reported second quarter payout ratio of 118.2%. For the twelve months ended June 30, 2008, the payout ratio under this alternative view was 87.3%, as compared to our reported payout ratio of 88.4% for the same period.

Alternative View (000's of \$)	Three months ended June 30		Twelve months ended June 30	
	2008	2007	2008	2007
Cash flow from operating activities	\$ 29,640	\$ 36,029	\$ 78,216	\$ 98,064
Changes in non-cash working capital	(14,206)	(20,991)	11,614	(18,729)
Funds flow from operations	15,434	15,038	89,830	79,335
Cash received for leasehold inducements	(434)	(396)	(6,462)	(4,233)
Increase in claims exposure	(109)	(608)	(2,299)	(4,357)
Scheduled principal repayments	-	-	-	(587)
Maintenance capital expenditures	(1,565)	(1,285)	(6,649)	(5,322)
Distributable Cash	13,326	12,748	74,421	64,836
Distributions	(16,251)	(16,251)	(65,005)	(65,006)
(Shortfall) excess	\$ (2,925)	\$ (3,503)	\$ 9,416	\$ (170)
Payout ratio	121.9%	127.5%	87.3%	100.3%

Changes in Non-Cash Working Capital

The Brick Group's goal is to pay a stable monthly cash distribution to its unitholders. The amount of the monthly cash distributions are based on actual historical and estimated future performance of The Brick Group. Consequently, periodic fluctuations in non-cash working capital are not considered a use or source of funds available for distribution to unitholders.

Funds Flow from Operations

Funds flow from operations is equal to cash from operating activities before changes in non-cash operating working capital items as presented in our consolidated financial statements.

Cash Received for Leasehold Inducements

Management considers cash received for leasehold inducements to be a source of financing for growth capital expenditures as opposed to a source of cash available for distribution. Therefore, in the alternative view, cash received for leasehold inducements is deducted in calculating distributable cash.

Increase in Claims Exposure

The Brick Group's financial services segment sells warranties, as well as certain insurance products, where the customer is provided with warranty or insurance protection for an extended period of time. Cash collected from these sales is included in Funds Flow from operations. Claims and other expenses that will be incurred in the future related to these sales result in a future liability or claims exposure for the Brick Group.

The alternate view calculation deducts an amount from Funds Flow from operations to address the increase in claims exposure (i.e. future warranty and certain insurance claims) of the warranty and insurance portfolios (i.e. unexpired warranty and insurance contracts). In general, any change in claims exposure is driven by two main factors, including a change in the size of the portfolios as well as changes in estimated future claims rates.

In determining the total claims exposure associated with these portfolios, management looks at each type of warranty and insurance product offered and the associated historical claims rates as an indicator of future claims rates. These estimates for future claims rates are applied to the portfolios.

Principal Payments

As interest expense is already deducted in deriving Funds Flow from operations, scheduled principal payments are deducted in the alternative view to ensure all debt servicing is considered.

Maintenance Capital Expenditures

This amount is the same as that which is currently deducted in the reported calculation of distributable cash.

Distributions for the Period

Distributions declared remained unchanged in the second quarter of 2008. For the quarter ended June 30, 2008, the Brick Group met all distribution targets of \$0.10 per unit per month for Class A Trust Units and Class B Trust Units. Total cash distributions declared were \$16.3 million for the quarter as detailed in the table below:

Period	Record Date	Payment Date	Per Unit	Amount
Class A units				
April 2008	April 30, 2008	May 15, 2008	0.1000 \$	4,292
May 2008	May 30, 2008	June 16, 2008	0.1000	4,292
June 2008	June 30, 2008	July 15, 2008	0.1000	4,292
				12,876
Class B units				
April 2008	April 30, 2008	May 15, 2008	0.1000	1,125
May 2008	May 30, 2008	June 16, 2008	0.1000	1,125
June 2008	June 30, 2008	July 15, 2008	0.1000	1,125
				3,375
			\$	16,251

Upon the Board of Trustees' approval of the Brick Group's 2007 annual audited consolidated financial statements, the subordination in respect of the Class B Trust Units was terminated. As a result, beginning with the month of April 2008, cash available to make distributions is now paid monthly to the holders of Class A Trust Units and holders of Class B Trust Units pro rata. The Class B Trust Units have become exchangeable for Class A Trust Units of the Brick Group on a one-for-one basis at the option of the holder. As of June 30, 2008, none of the Class B Trust Units have been exchanged for Class A Trust Units.

12. OUTSTANDING UNIT DATA

At June 30, 2008 and August 6, 2008, the Brick Group had 42,924,016 Class A Trust Units and 11,247,117 Class B Trust Units outstanding. William H. Comrie, a resident of the United States, holds a 39.80% interest in the Brick Group through 10,314,866 Class A Trust Units (19.04%) and 11,247,117 Class B Trust Units (20.76%). As at August 6, 2008, Fairfax Financial Holdings Limited holds 10.96% of all units outstanding, or 5,938,800 Class A Trust Units.

13. CRITICAL ASSUMPTIONS

Off-Balance Sheet Arrangements

For information on off-balance sheet arrangements, see notes 17 and 18 of the audited consolidated financial statements of The Brick Group Income Fund for the year ended December 31, 2007.

Related Party Transactions

Included in SG&A expenses is rent expense of \$0.2 million and \$0.5 million for the three and six month periods ended June 30, 2008 respectively, paid to a joint venture partially owned by an officer of the Brick Group (Three and six months ended June 30, 2007: \$0.2 million and \$0.4 million respectively). These transactions are in the normal course of operations and are measured based on commercial rates established and agreed to by the related parties.

Included in accounts receivable at June 30, 2008 is \$0.3 million (December 31, 2007: \$0.4 million) for loans made to employees. These loans relate to employee relocation.

In May 2008, certain employees of the Brick Group became owners of a Brick franchise. During the three month period ended June 30, 2008, the Brick Group sold inventory of \$462 to this franchise.

Critical Accounting Estimates

The preparation of financial statements, in conformity with Canadian GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The critical accounting estimates are substantially the same as those disclosed in the 2007 Annual MD&A.

Materiality

In preparing this MD&A and the information contained herein, management considers the likelihood that a reasonable investor would be influenced to buy or not buy, or to sell or hold units of The Brick Group if such information were omitted or misstated. This concept of materiality is consistent with the notion of materiality applied to financial statements and contained in the Canadian Institute of Chartered Accountants Handbook.

Financial Instruments

The Brick Group is exposed to financial risks that arise from fluctuation in interest rates and foreign exchange rates and the degree of volatility of these rates.

The Brick Group enters into U.S. dollar forward exchange contracts to minimize a portion of the risk associated with future purchases of U.S. dollar 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 change in the market value is recorded in income or expense when the change occurs. The fair values of these instruments are recorded in accounts payable and accrued liabilities or accounts receivable. There were no foreign exchange contracts outstanding at June 30, 2008, and December 31, 2007.

Accounting Standards Adopted in the Current Year

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

Section 3031 – Inventories

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

Section 1535 – Capital Disclosures

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

Section 3862 – Financial Instruments - Disclosures

Section 3863 – Financial Instruments - Presentation

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

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

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

Pending Changes to Accounting Policy

Section 3064 – Goodwill and Intangible Assets

In February 2008, the CICA issued new Handbook Section 3064, Goodwill and Intangible Assets, replacing Handbook Section 3062, Goodwill and Other Intangible Assets. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Brick Group will adopt the new standards for its fiscal year beginning January 1, 2009. Standards concerning goodwill are unchanged from the standards included in the previous Handbook Section 3062. The new section provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. Accordingly, for its fiscal year beginning January 1, 2009, the Brick Group will adjust the opening balance of each affected component of equity for the earliest prior period presented, and the other comparative amounts disclosed for each prior period presented, as if the pre-opening costs had not been deferred. As at June 30, 2008, the Brick Group had deferred pre-opening costs of \$4.4 million (December 31, 2007: \$5.7 million). These pre-opening costs relate mainly to the expansion of the Brick Group's operations into Quebec in 2004, and to the expansion of its distribution centre infrastructure in 2006.

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. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, differences in accounting policies will need to be addressed. The Brick Group is currently assessing the impact IFRS will have on its financial statements, as well as its information technology systems, internal control over financial reporting, disclosure controls, investor relations, human resources, and other areas that could potentially be impacted. Management plans to have identified the key elements and timing of its IFRS changeover plan by the end of the current fiscal year.

15. RISK FACTORS

The Brick Group's risk factors are substantially the same as those disclosed in the 2007 Annual MD&A and the March 2008 AIF, other than as follows:

PayDay Loan Industry

In early April, 2008 the Public Utilities Board of Manitoba ("PUB") released its decision after a lengthy hearing, with respect to establishing the maximum charges payday lenders in Manitoba may charge their customers. The implications of the order, which sets a sliding scale of charges based on the size of the loan, significantly reduces the maximum charges payday lenders can charge their customers in Manitoba. The PUB also is making a recommendation to the provincial government in Manitoba to amend the existing legislation for payday loans to include the cost of credit insurance premiums in the cost of credit calculations for payday loans. This decision is currently being appealed.

If the appeal is unsuccessful, and the Manitoba government implements the PUB's recommendation regarding the inclusion of credit insurance premiums in cost of credit calculations for payday loans, or if all or some other provinces follow this recommendation, this could negatively impact the ability of TGI and TGLI to maintain or grow its third party business with payday lenders. There is no certainty that either Manitoba or any other province will follow the PUB's recommendation. Management will continue to monitor the legislation regulating the payday loan industry, in order to assess the impact on the Brick Group.

16. CONTROLS AND PROCEDURES

There were no changes in the Brick Group's disclosure controls and procedures, or internal controls over financial reporting, that occurred during the three month period ended June 30, 2008, that have materially affected, or are reasonably likely to materially affect, the Brick Group's internal controls over financial reporting.

17. NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements, within the meaning of applicable securities laws, including (but not limited to) statements about the Brick Group's profitability, the Brick Group's objectives and strategies, outlook for the Brick Group's business or the Canadian economy, the Brick Group's rebanner initiatives, targeted and expected financial results, and new products and services, and similar statements concerning anticipated future events, results, circumstances, performance or expectations, which reflect the Brick Group's current expectations and are based on information currently available to management. The words "may", "will", "should", "believe", "expect", "plan", "anticipate", "intend", "estimate", "predict", "potential", "target", "continue" or the negative of these terms, or other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking matters. These statements speak only as of the date of this MD&A. In particular, this MD&A contains forward-looking statements pertaining to distributable cash and distributions per unit. The actual results could differ materially from those anticipated in these forward-looking statements.

Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Brick Group to differ materially from anticipated future results, performance or achievement

expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, fluctuations in interest rates and currency values, changes in economic and political conditions, legislative and regulatory developments, legal developments, the level of competition in the Brick Group's markets, the occurrence of weather related and other natural catastrophes, the ability to attract and retain key personnel, the ability to complete and integrate acquisitions, changes in tax laws, and those risks and uncertainties detailed in the section entitled "Risk Factors". The preceding list is not an exhaustive list of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. The Brick Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.