



Message from The President and Chief Executive Officer

I am pleased with the Brick Group's year to date and second quarter 2010 financial results, for the period ended June 30, 2010. The first six months of 2010 has generated the highest EBITDA result achieved for this period in our history. This result is based on our near-record second quarter results added to the record first quarter. In the second quarter of 2010, we achieved consolidated EBITDA of \$16.3 million. Included in this EBITDA is \$1.2 million in non-cash expenses related to the Brick Group's newly introduced stock-based compensation plan. Excluding these expenses, the \$17.5 million EBITDA result would be the highest-ever recorded second quarter EBITDA.

Gross margin rates were improved to 41.7% in the second quarter of 2010 from 40.9% in the same period of 2009. For the first six months, gross margin rates were improved to 42.5% in the first half of 2010 from 40.7% in the same period in 2009. Our gross margin rate improvement in both the quarter and year to date is the result of improved gross margin percentage for the furniture category which has benefited from the strength of the Canadian dollar, due to the majority of our furniture inventory purchases being priced in the U.S. dollars. In addition, we maximized the use of early payment discounts which improved the gross margin rate. Our gross margin improvement was also positively affected by the easing of the credit markets which resulted in reduced Brick Card retail financing fees. Further, gross margin percentage also benefited from increased delivery revenue compared to the same quarter of 2009.

Selling, general and administrative expenses (SG&A) remained an area of focus and continued to be closely managed during the second quarter of 2010. Second quarter SG&A expenses were reduced, as a percent of sales, to 36.7% from 44.0% in the same quarter of 2009. For the first half of the year 2010, SG&A expenses were reduced 37.8% of sales from 42.8% of sales for the same period in 2009.

The Brick enjoys a strong financial position. The Fund's balance sheet holds cash reserves totalling \$24.1 million, and we have no borrowings on our asset-based credit facility with \$71.0 million of margined borrowing capacity available.

Overall, the improvements in sales, margins, SG&A and strengthened balance sheet points towards the Brick Group's sustained recovery and growth.

Financial Overview- Year to Date and Second Quarter 2010

Consolidated sales and operating revenue totalled \$326.3 million for the quarter, representing an increase of 27.6% from the same period in 2009. For the first half of 2010, consolidated sales and operating revenue totalled \$632.5 million, an increase of 20.0% over the same period in 2009.

Consolidated EBITDA of \$16.3 million was \$24.0 million higher than the first quarter of 2009 and includes \$1.2 million non-cash expenses related to the newly introduced stock-based compensation plans. The year to date EBITDA result of \$30.2 million represents the highest result achieved in the first half of the year in the Brick Group's history.

Below are some key highlights for the quarter and year to date, compared to the same period in 2009:

Second Quarter	2010	2009	Change
Total Retail Segment Sales and Operating Revenue Growth	28.5%	- 29.8%	+ 58.3 ppts
Corporate Same Store Sales Growth	26.4%	- 33.0%	+ 59.4 ppts
Consolidated EBITDA	\$16.3 million	- \$ 7.7 million	+ \$24.0 million
Net Income	\$6.2 million	- \$ 146.4 million	+ \$152.6 million

Year to Date	2010	2009	Change
Total Retail Segment Sales and Operating Revenue Growth	20.4%	-22.6%	+43.0 ppts
Corporate Same Store Sales Growth	17.3%	-27.0%	+44.3 ppts
Consolidated EBITDA	\$30.2 million	-\$10.1 million	+\$40.3 million
Net Income	\$8.8 million	-\$175.7 million	+\$184.5 million

Looking Ahead

The Brick Group remains cautiously optimistic for the rest of 2010 despite concerns that the global economy may fall back into a recessionary environment.

During the second half of 2010, management intends to build on the Brick's sales growth and earnings generation, while increasing organizational effectiveness and operational efficiencies. To achieve this we will continue to focus on key priorities that consist of:

- Building our core business through increased same store sales
- Implementing our enhanced customer service model
- Gaining efficiencies through investments in information systems and supply chain
- Comprehensive review of our marketing initiatives
- Continue to focus on cost management

Additionally, based on our strong financial position, we have obtained approval from the Toronto Stock Exchange (TSX) for a normal course issuer bid (NCIB) to repurchase a number of our warrants or units making use of positive cash. This repurchase proposal will not cause us to draw on our credit facility and will be weighed carefully against economic factors before proceeding.

I want to personally thank our Brick team of 5,900 dedicated employees, loyal customers, unit-holders and suppliers for their vote of confidence seen in our second quarter 2010 results.

Sincerely,



Bill Gregson
President and CEO