BRAMPTON BRICK Limited

ONE Trusted Source

ANNUAL REPORT 2018

corporate profile

Brampton Brick is Canada's second largest manufacturer of clay brick, serving markets in Ontario, Quebec and the Northeast and Midwestern United States from its brick manufacturing plants located in Brampton, Ontario and near Terre Haute, Indiana.

To complement the clay brick product line, the Company also manufactures a range of concrete masonry products, including concrete brick and block as well as stone veneer products.

Concrete interlocking paving stones, retaining walls, garden walls and enviro products are manufactured in Markham, Hillsdale, Brockville, Cambridge and Brampton, Ontario, in Boisbriand, Quebec, and in Wixom, Michigan and sold to markets in Ontario, Quebec, Michigan, New York, Pennsylvania, Ohio, Kentucky, Illinois and Indiana under the Oaks™ and Boehmers ™ trade names.

The Company's products are used for residential construction and for industrial, commercial and institutional building projects.

BRAMPTON BRICK Limited

OAKS LANDSCAPE PRODUCTS

contents

Cover images:
top: Pavers: Presidio Marble Grey with Onyx accent
mid-top: Stone; Bonneville, Cloudburst & Twilight
mid-bottom: Pavers: Presidio, Marble Grey & Onyx
bottom: Brick: Historic Series, Westmont
Stone: Finesse, Ebony

Financial Overview

(In thousands of Canadian dollars, except per share amounts)

	2018	2017
OPERATIONS		
Revenues	**$ 159,885**	$ 156,244
Operating Income	**19,347**	12,004
Net income	**13,444**	5,944
Cash provided from operations	**18,922**	21,960
Purchase of property, plant and equipment	**5,254**	7,333
SHARE DATA		
Net income per share	**$ 1.23**	$ 0.54
Book value per share	**15.69**	14.22
Weighted average number of shares outstanding (thousands)	**10,968**	10,969
FINANCIAL POSITION		
Working capital	**$ 57,547**	$ 48,365
Total assets	**251,516**	240,383
Total liabilities	**79,396**	84,393
Shareholders' equity	**172,120**	155,990
Total liabilities to shareholders' equity	**0.46:1**	0.54:1

SHARES OUTSTANDING

The Company has 10,961,654 common shares outstanding as at December 31, 2018 comprised of 9,223,023 Class A Subordinate Voting shares and 1,738,631 Class B Multiple Voting shares. The Class A Subordinate Voting shares trade on the Toronto Stock Exchange under the ticker symbol "BBL.A".

ANNUAL MEETING

The Annual General Meeting of the Shareholders of the Company will be held on May 22, 2019 at 9:30 a.m. at the Company's head office, 225 Wanless Drive, Brampton, Ontario.

ANNUAL REPORT

Additional copies of the 2018 Annual Report may be obtained from the Vice-President, Finance, Brampton Brick Limited, 225 Wanless Drive, Brampton, Ontario L7A 1E9.

President's Message

The momentum established in Brampton Brick's business over the last few years continued through 2018 in both our masonry and landscape products' operations. Overall revenues increased by 2.5% to $160 million, reflecting both increases in volumes and improved operational efficiencies. This increased performance resulted in net income increasing to $13.4 million for the year.

Our Canadian markets remained buoyant in 2018, even though year-over-year growth did slow for single-family housing starts in the latter half of the year. Nevertheless, we did achieve record performance levels in many aspects of our operations, which should support both our masonry and landscape businesses in 2019.

Our landscape operations had a record year, as we realigned our plant manufacturing network in order to limit certain individual plant capacity constraints. Our marketing initiatives were reinforced through the introduction of a number of new products and services as we strive to differentiate Brampton Brick's overall competitive position in the market place.

In early 2019, the Company purchased the assets of Hargest Block Ltd. operating under the trade name Boehmer's based in Cambridge, Ontario. Boehmer's is a concrete block manufacturer producing concrete, lightweight and architectural block serving primarily the Southwestern Ontario market. Known as a long term quality manufacturer, Boehmer's is a key supplier of block products to the commercial mason contractors in their area. This strategic acquisition will further expand our geographic footprint into Southwestern Ontario and strengthen the distribution capabilities of our other masonry products and enhance market positions in Quebec and the Western provinces.

Starts for Canadian single-family homes are expected to decline in 2019 due to the introduction of mandated fiscal measures adopted in the Canadian mortgage market as well as the Non-resident speculation tax imposed in the province of Ontario to curtail overheated housing market conditions. In this regard, cost reduction initiatives are being put in place to offset, as much as is possible, any further declines in 2019 residential activity.

In our U.S. clay brick market, sales of masonry products continue to be impacted by industry wide capacity under-utilization and a difficult pricing environment. In early 2018, we introduced a number of manufacturing enhancements to improve production efficiency and to reduce operating costs. These changes resulted in a significant year-over-year improvement and we remain optimistic that 2019 will build on these trends.

During April 2018, the Company closed a transaction purchasing the remaining 50% of Universal Resource Recovery Inc. from its joint venture partner. The assets of this business includes a 65-acre site in Welland, Ontario and two large scale facilities of 400,000 and 200,000 square feet respectively. It is the company's intention to develop this site as part of our ongoing strategy to further enhance the Company's masonry and landcape businesses, but at this time, no specific plans have been finalized.

While 2019 will present a variety of both market and operational challenges, we, as a Company, are committed to take the actions necessary to produce a stronger and more focused business going forward.

/s/Jeffrey G. Kerbel

Jeffrey G. Kerbel

President and Chief Executive Officer

FOR THE YEAR ENDED DECEMBER 31, 2018
PREPARED AS OF MARCH 19, 2019

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the year ended December 31, 2018, should be read in conjunction with the Company's accompanying Consolidated Financial Statements, including the summary of significant accounting policies, and the Annual Information Form dated March 19, 2019, which may be found on SEDAR at www.sedar.com. All amounts are stated in thousands of Canadian dollars, except per share amounts, unless otherwise indicated.

DISCUSSION OF OPERATIONS

YEAR ENDED DECEMBER 31, 2018

For the year ended December 31, 2018, the Company recorded net income of $13,444, or $1.23 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding, compared to net income of $5,944, or $0.54 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding in 2017. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding were 10,968,227 and 10,969,180 in 2018 and 2017, respectively.

Impacting the year-over-year comparative results were certain non-recurring factors in 2017 and 2018. When excluded, net income for the year ended December 31, 2018 increased to $12,682, or $1.16 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding in 2018 compared to $10,354, or $0.94 per Class A Subordinate Voting share and Class B Multiple Voting share outstanding for the year ended December 31, 2017.

These items were:

- an asset impairment charge of $6,285 on the Farmersburg, Indiana clay brick plant was recorded in 2017, as described in Note 8 to the Consolidated Financial Statements;
- an impairment reversal of $2,143 and a provision for income taxes of $268 on the loan receivable from Universal Resource Recovery Inc. ("Universal") was recognized in 2017, as described in Note 9 to the Consolidated Financial Statements; and
- a net gain of $762 was recognized in April 2018 on the acquisition of the remaining 50% interest in the Universal joint venture as described in Note 9 to the Consolidated Financial Statements.

Revenues for the year ended December 31, 2018 increased to $159,885 from $156,244 for the corresponding period in 2017. Higher shipments in the first half of 2018 were supported by mild weather conditions, the carry-forward of the backlog in residential construction from 2017 and an increase in multi-family housing construction in Ontario, Canada. In addition, 2018 first-quarter landscape revenues were higher under the 2017-2018 dealer winter booking program due to a deferral of the 2017 fourth-quarter shipments to 2018 because of production capacity constraints in 2017. However, during the second half of 2018, the momentum in residential construction eased off from the high levels experienced in the prior year, due, in part, to fiscal measures introduced in Ontario to moderate the recent rapid appreciation in house prices in the province. This decrease was partially offset by an increase in landscape product shipments under the Company's 2018-2019 dealer winter booking program during the fourth quarter of 2018.

Cost of sales for the year ended December 31, 2018 increased to $120,289 from $118,307 for the corresponding period in 2017 due to higher shipments and higher freight costs for product transfers to facilitate customer deliveries. This increase was offset, in part, by lower natural gas costs, efficiencies in electric power consumption and a reduction in certain plant-related expenditures from 2017 levels.

Selling expenses for the year ended December 31, 2018 increased to $13,390 from $12,625 in 2017. This increase was due to marketing costs for product promotional displays in the Company's expanding Eastern Canadian markets, as well as marketing costs to improve the customer experience on the Company's social media platforms, and higher cloud-based application costs for improved customer online interactivity.

General and administrative expenses for the year ended December 31, 2018 decreased to $7,964 from $9,003 for the prior year. This decrease was mainly due to the 2017 cash settlement of certain employee stock options which amounted to an expense of $771 compared to a credit of $13 to share-based compensation cost recognized in 2018. Upon settlement of these employee stock options, the increase (decrease) in the settlement-date fair market value ("FMV") from the grant-date FMV is recognized as an expense (income) in share-based compensation cost. In addition, compensation cost recognized on share appreciation rights amounted to $112 (2017 – $452), for the year ended December 31, 2018. Compensation costs on share appreciation rights are measured at fair value at each reporting period and are impacted by estimated changes in the Company's exchange-traded share price. These transactions are described in more detail in Note 16 to the Consolidated Financial Statements.

On April 2, 2018, the acquisition of the remaining 50% interest in Universal was accounted for as an effective sale of the existing 50% interest in the joint venture and the acquisition of a 100% interest in Universal at fair value on the acquisition date. Based on the fair valuation of the underlying property in Universal, which was estimated to be $13,000, the Company recognized a net gain of $762. This gain effectively represented the Company's partial recovery of the previously recorded impairment charges on its investment in the joint venture.

As at December 31, 2017, the estimated fair value of the secured, non-interest bearing, non-current loan receivable from Universal was estimated at $6,393. This amount exceeded its carrying value of $4,250. Accordingly, an impairment reversal of $2,143 and a provision for income taxes of $268 was recognized as at December 31, 2017 to write up the loan receivable to its fair value. This transaction is discussed in Note 9 to the Consolidated Financial Statements.

For the year 2018, the asset impairment evaluation on the property, plant and equipment of the Farmersburg, Indiana clay brick plant, cash generating unit ("CGU") did not result in any impairment charge. An impairment charge of $6,285 was recorded for the prior year. The asset impairment tests resulted from an assessment of the Company's U.S. residential and commercial markets, which indicated continuing uncertain economic conditions in 2018. This is described in greater detail in Note 8 to the Consolidated Financial Statements. Management's assessment of the external and internal indicators of impairment, as per IAS 36, Impairment of Assets, ("IAS 36") determined that there was no indication that the Brampton clay brick plant, the Canadian concrete plants and the Michigan concrete plant may be impaired.

Other income of $294 for the year ended December 31, 2018 compared to an expense of $120 for the prior year was primarily due to the translation of foreign currency transactions as a result of currency exchange fluctuations between the Canadian and U.S. dollar during the year.

Operating income increased to $19,347 for the year ended December 31, 2018, from operating income of $12,004 in 2017. Excluding the non-recurring transactions described above, operating income for the year ended December 31, 2018 increased to $18,585 from $16,146 for the prior year.

Finance expense for the year ended December 31, 2018 was $1,114 compared to a finance expense of $666 in 2017. Excluding the unrealized loss on the interest rate swap of $31 (2017 – unrealized gain of $596), finance expense for the current year decreased to $1,083 compared to $1,262 for the corresponding prior year. The decrease in finance expense was due to a decrease in debt balances outstanding as a result of scheduled repayments totaling $1,950, in each of 2018 and 2017.

The provision for income taxes amounted to $ 4,789 for the year ended December 31, 2018, compared to a provision of $5,394 for the 2017 fiscal year. No deferred tax assets were recorded with respect to the potential deferred tax benefit pertaining to non-capital losses carried forward by the Company's U.S. operations.

FOURTH QUARTER ENDED DECEMBER 31, 2018

For the fourth quarter ended December 31, 2018, the Company recorded net income of $991, or $0.09 per Class A Subordinate Voting share and Class B Multiple Voting share, compared to a net loss of $3,066, or $0.28 per Class A Subordinate Voting share and Class B Multiple Voting share, for the fourth quarter of 2017. The aggregate weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding was 10,960,130 and 10,973,754 for the fourth quarter of 2018 and 2017, respectively.

Excluding the impact of the asset impairment charge of $6,285 and the impairment reversal on the Universal loan receivable of $1,875, net of taxes, as discussed above, the Company's net income for the fourth quarter of 2017 was $1,344, or $0.12 per Class A Subordinate Voting share and Class B Multiple Voting share.

For the fourth quarter of 2018, revenues were $34,244 compared to $36,567 for the same period in 2017. The decrease in shipments in the Masonry Products business segment was partially offset by an increase in the Landscape Products business segment compared to the corresponding prior period. Costs of sales and freight costs also decreased primarily due to lower shipments. Although lower production volumes increased per unit costs, lower natural gas costs recorded in the fourth quarter of 2018, partially offset these increases.

As a result, operating income for the fourth quarter of 2018 was $2,136, compared to an operating loss of $1,920 for the corresponding quarter in 2017. Excluding the non-recurring transactions, noted above, the operating income for the fourth quarter of 2017 was $2,222.

For the fourth quarter of 2018, finance expense amounted to $501 compared to $159 for the corresponding period of 2017. Excluding the unrealized loss on the interest rate swap of $283 (2017 – unrealized gain of $123), finance expense for the fourth quarter of 2018 decreased to $218 compared to $282 for the corresponding quarter of 2017.

A more detailed discussion with respect to each operating business segment follows:

MASONRY PRODUCTS

For the year ended December 31, 2018, revenues increased to $111,570 from $110,433 in 2017. Higher shipments in the first half of 2018 were supported by higher multi-family housing starts, a reduction in the backlog of residential construction carried forward from 2017 and higher demand for new products. However, in the second half of 2018, the pace of home construction in Ontario pared back following the introduction of fiscal measures to curb the rise in housing demand.

Cost of sales decreased to $82,895 from $85,799 in 2017. The cost of sales from higher shipments was offset by the favourable impact of lower required repair and maintenance costs in 2018, lower natural gas costs and improved efficiencies in electric power consumption, largely attributed to the Brampton clay brick facility. In addition, higher production volumes and cost effective improvements in the product mix at the Farmersburg, Indiana clay brick plant positively contributed to lower per unit production costs. In the Company's masonry concrete plant network higher production volumes had a favourable impact on cost of sales. However, this benefit was offset, in part, by higher freight costs for product transfers to facilitate customer deliveries.

No asset impairment charge was recorded during 2018 (2017 - $6,285).This analysis is discussed in more detail in Note 8 to the Consolidated Financial Statements.

Operating income from the Masonry Products business segment for the year ended December 31, 2018 increased to $14,275 compared to an operating income of $3,502 in 2017. Excluding the impairment loss of $6,285 on the Farmersburg, Indiana clay brick plant in 2017, the operating income for the prior year was $9,787.

For the fourth quarter of 2018, revenues were $22,326 compared to $26,069 for the corresponding quarter in 2017. Fourth-quarter shipments of 2018 were affected by the moderated pace of residential construction following the introduction of mandated fiscal measures adopted in the Canadian mortgage market as well as the *Non-Resident Speculation Tax* imposed in the Province of Ontario to curtail overheated housing market conditions in Ontario.

Cost of sales for the fourth quarter of 2018 decreased to $18,448 from $21,009 for the corresponding prior quarter of 2017. The decrease in cost of sales from lower shipments was partially offset by higher per unit manufacturing costs on lower production volumes.

The operating income for the fourth quarter of 2018 was $429 compared to operating loss of $4,995 for the corresponding quarter in 2017. Excluding the impact of the asset impairment charge of $6,285, the operating income for the fourth quarter of 2017 was $1,290.

LANDSCAPE PRODUCTS

Revenues of the Landscape Products business segment for the year ended December 31, 2018 increased to $48,212 from $45,811 in 2017 due to a significant increase in shipments. This increase was supported by strong first-half shipments under the 2017-2018 dealer winter booking program that were deferred from the fourth quarter of 2017 due to production capacity constraints in the Company's landscape product facilities in 2017. The winter booking program is a landscape sales program designed to help the Company's dealer network pre-order landscape inventory in the fourth quarter of the year to ensure that dealer inventory levels are optimized prior to the commencement of the seasonal sales increase in the spring and summer months.

Unfavourable weather conditions in the spring and the subdued pace of economic activity impacted landscape shipments in the second-half of 2018. These decreases were offset by higher revenues under the 2018-2019 dealer winter booking program during the fourth quarter of 2018.

Cost of sales for the year ended December 31, 2018 increased to $36,841 compared to $32,508 in 2017. The increase was due to higher shipments but was favourably impacted by lower per unit manufacturing costs on comparatively higher production volumes. Higher freight costs on product transfers to meet customer demand and higher selling expenses were incurred as described under the discussion of operations for the year ended December 31, 2018.

For the year ended December 31, 2018, the operating income of the Landscape Products business segment decreased to $4,734 from $6,359 for the prior year.

The operating income of the Landscape Products business segment was $1,702 for the fourth quarter of 2018 on revenues of $11,883 compared to operating income of $932 on revenues of $10,498 for the fourth quarter of 2017.

CASH FLOWS

For the year ended December 31, 2018, cash provided from operating activities decreased to $18,922 from $21,960 in 2017. The decrease in cash provided from operating activities was primarily due to higher disbursements of trade payables. This decrease was offset by an improvement in operating income, production plant efficiencies, higher collections of trade and other receivables and lower income tax payments in 2018. Final income tax remittances for 2016, as well as 2017 income tax instalment payments were paid in 2017.

Cash utilized for purchases of property, plant and equipment totaled $5,254 in 2018, compared to $7,333 in 2017. This amount includes additions in 2018 totaling $6,290 (2017 - $6,608) and net amounts paid relating to capital expenditures in the prior year. Non-cash capital expenditure relating to estimated future quarry rehabilitation costs amounted to $186 (2017 - $116). Additions included $4,133 (2017 - $5,149) for production equipment and $1,646 (2017 – 1,035) for mobile equipment, of which $707 was financed by finance leases in 2018 (2017 - $323).

The purchase of the remaining shares in Universal Resource Recovery Inc. ("Universal") totaled $6,500. This transaction closed on April 2, 2018, and represented the acquisition of the remaining 50% interest in the company. As noted earlier, this transaction is described in greater detail in Note 9 to the Consolidated Financial Statements.

Scheduled and other principal repayments were made on term loans during 2018 in accordance with the terms of the Company's credit agreement and amounted to $1,959 (2017 - $1,960).

FINANCIAL CONDITION

The Company's Masonry Products and Landscape Products business segments are seasonal in nature. The Landscape Products business is affected by seasonality to a greater degree than the Masonry Products business. As a result of this seasonality, operating results are impacted accordingly and cash requirements are generally expected to increase through the first half of the year and decline through the second half of the year.

Cash and cash equivalents totaled $27,043 and $22,010 at December 31, 2018 and December 31, 2017, respectively. As a result, bank operating advances were nil at the end of each of 2018 and 2017.

Trade payables totaled $17,429 at December 31, 2018 compared to $20,485 at December 31, 2017.

The ratio of total liabilities to shareholders' equity was 0.46:1 at December 31, 2018 compared to 0.54:1 at December 31, 2017. The decrease in this ratio from December 2017 to December 2018 was primarily due to higher retained earnings resulting from the improvement in operating results in 2018, a decrease in trade payables, lower income taxes payable, lower term debt outstanding, and an increase in the foreign currency translation gain included in 'Accumulated other comprehensive income', due to the relative strengthening of the U.S. dollar as at December 31, 2018.

As at December 31, 2018, the Company's current ratio is 3.33:1, representing working capital of $57,547, compared to 2.74:1 and $48,365, respectively, as at December 31, 2017. The increase in working capital was primarily due to an increase in cash and cash equivalents, higher inventories and a decrease in trade payables and income taxes payable. This increase was partially offset by a decrease in trade and other receivables.

On the purchase of the remaining 50% interest in Universal on April 2, 2018, the secured, non-interest bearing, loan payable by Universal to its former 50% joint venture owner totaling $5,691, became payable to the Company. As a result, the secured, non-interest bearing, non-current loan payable by Universal totaled $12,084 as at December 31, 2018 (December 31, 2017 - $6,393). In accordance with IAS

10, *Consolidated Financial Statements*, inter-company assets and liabilities held by the Company and its wholly-owned subsidiaries are eliminated upon consolidation and therefore are not presented in the Consolidated Financial Statements. As at December 31, 2017, the Company's 50% investment in Universal was accounted for using the equity method of accounting. Accordingly, the loan receivable outstanding balance was presented in the Consolidated Balance Sheet as at that date.

Effective April 2, 2018, rental revenues, related expenses, as well as individual assets and liabilities of Universal are included in the Consolidated Financial Statements and the investment in joint venture and related income (loss) from investment in joint venture no longer exist.

On February 4, 2019, the Company acquired a concrete block plant located in Southwestern Ontario for a purchase consideration of $7,500. The concrete block production facility will increase the masonry concrete production capacity of the Company's plant network and provide greater proximity to the Southwestern Ontario market. The purchase consideration was settled by a cash payment of $2,500 on February 4, 2019, and a vendor take-back loan in the form of two non-interest bearing promissory notes totaling $5,000, payable in equal instalments over five years.

The Company's bank credit agreement provides for operating borrowings up to $22,000 based on margin formulae for trade receivables, certain other qualified receivables and inventories, less priority claims. It is a demand facility secured by a general security agreement over all assets. The agreement contains certain financial covenants. As at December 31, 2018 and 2017, the Company was in compliance with all the financial covenants under its term financing agreement and operating credit facility and anticipates that it will maintain compliance throughout 2019. The term financing agreement was amended on October 2, 2018 to extend the maturity date of the committed term A and committed term B credit facilities to January 29, 2021 from December 29, 2019, under prevailing terms and conditions. The Company's credit facilities are discussed in greater detail in Note 12 to the Consolidated Financial Statements.

The Company expects that future cash flows from operations, cash and cash equivalents on hand and the unutilized balance of its operating credit facility will be sufficient to satisfy its financial obligations as they become due.

A summary of the Company's contractual obligations over the next five years and thereafter, determined as at December 31, 2018, is as follows:

	2019	2020 - 2021	2022 - 2023	Thereafter	Total
Debt[1]	$ 3,348	$ 33,234	$ -	-	$ 36,582
Finance lease obligations[2]	$ 479	$ 434	$ -	-	$ 913
Other obligations[3]	$ -	$ 387	$ 1,618	$ 6,232	$ 8,237
Trade payables[4]	$ 22,268	$ 431	$ 40	-	$ 22,739
Operating leases[5]	$ 128	$ 142	$ 7	-	$ 277
Purchase obligations[6]	$ 3,744	$ 313	$ -	-	$ 4,057
Total contractual obligations	**$ 29,967**	**$ 34,941**	**$ 1,665**	**$ 6,232**	**$ 72,805**

(1) Debt reflects the aggregate amount of future payments including interest, and includes all debt items listed in Note 12 to the Consolidated Financial Statements, except finance lease obligations.

(2) Finance lease obligations disclosed above reflect the aggregate amount of future payments including principal and interest.

(3) Other obligations represent the undiscounted estimated future costs for the decommissioning provisions with respect to the Company's shale quarries. These obligations are discussed in more detail in Note 14 to the Consolidated Financial Statements.

(4) Trade payables represents vendor accounts and includes accrued liabilities, other liabilities and provisions for share appreciation rights.

Off Balance Sheet Commitments

(5) Operating leases represent future aggregate minimum lease payments (mobile equipment and vehicles), which are off balance sheet transactions. Effective January 1, 2019, the Company will adopt the new IFRS 16, Leases accounting standard in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The new standard eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17, Leases.
For operating leases, a lessee is required to recognize:

a) assets by recognizing either the present value of the lease payments or an amount equal to the lease liability, adjusted for prepaid or accrued lease payments;
b) liabilities by recognizing its obligation to make future payments; and
c) depreciation of lease assets separately from interest on lease liabilities in the income statement.

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The impact of this standard on the Opening Balance Sheet as at January 1, 2019 will increase property, plant and equipment and lease obligations as follows:

	January 1, 2019
Future aggregate minimum payments	$ 277
Less: Finance costs (interest)	14
Cost of Right-of-use assets (operating leases)	**$ 263**
Current operating lease obligations	$ 119
Non-current operating lease obligations	$ 144
Operating lease obligations	**$ 263**

(6) Off balance sheet commitments include purchase obligations relating to natural gas supply and transportation contracts totaling $1,863 and commitments to purchase property, plant and equipment, and consultancy services from vendors totaling $2,194. These commitments are described in more detail in Note 22 to the Consolidated Financial Statements.

SELECTED ANNUAL FINANCIAL INFORMATION

The following is a summary of selected annual financial information of the Company for each of the three most recently completed financial years prepared in accordance with IFRS:

	2018	2017	2016
Revenues	**$ 159,885**	$ 156,244	$ 143,026
Total assets	**$ 251,516**	$ 240,383	$ 236,387
Total non-current financial liabilities	**$ 32,402**	$ 34,180	$ 36,114
Cash dividends declared per share	**$ –**	$ –	$ –
Net income	**$ 13,444**	$ 5,944	$ 7,474
Net income per share			
Basic	**$ 1.23**	$ 0.54	$ 0.68
Diluted	**$ 1.20**	$ 0.53	$ 0.66

The major factors which affect the comparability of the above data are as follows:

REVENUES

Revenues in 2018 increased from 2017 due to higher masonry product shipments on strong multi-family housing construction in the first-half of 2018 and from higher landscape product shipments recorded under the Company's dealer winter booking program. However, the introduction of fiscal measures to moderate demand for housing impacted housing starts, partially offsetting the growth in the Company's masonry and landscape business operations. In 2017, revenues increased by 9% over 2016 on the continuing strength in residential and commercial construction and the positive impact of the Company's marketing initiatives and expanded product offerings.

TOTAL ASSETS

Total assets in 2018 increased due to higher cash and cash equivalents and inventories. On April 2, 2018, the Company acquired the remaining 50% interest in Universal. Accordingly, rental revenues, related expenses, as well as individual assets and liabilities of Universal are included in the Consolidated Financial Statements from that date. The fair value of land and buildings acquired was estimated to be $13,000 and is included in property, plant and equipment ("PP&E"). Other additions to PP&E include equipment upgrades at certain Canadian plants and both U.S. facilities.

The increase in total assets in 2017 compared to 2016 was due to the increase in cash and cash equivalents, inventories held and the increase in the loan receivable outstanding due to the impairment reversal recognized as at December 31, 2017 as described in Note 9 to the Consolidated Financial Statements. The decrease in PP&E, partially offset the increase in total assets primarily due to the asset impairment charge described in Note 8 to the Consolidated Financial Statements. Additionally, the decrease in depreciation expense and the PP&E of the Company's U.S. subsidiaries on translation to the Canadian dollar as the December 31, 2017 exchange rate also offset, in part, the increase in total assets.

TOTAL NON-CURRENT FINANCIAL LIABILITIES

The non-current portion of debt decreased in 2018 from 2017 and in 2017 from 2016 due to the reclassification to current liabilities for repayments of scheduled and other term debt, as well as finance leases in 2019 and 2018, respectively.

CASH DIVIDENDS DECLARED PER SHARE

The Board of Directors did not declare any dividends in 2018, 2017 and 2016. Declaration of the amount and payment of future dividends will be subject to the discretion of the Board of Directors and will be dependent upon the results of operations, financial condition, cash requirements and other factors deemed relevant by the Board of Directors.

NET INCOME AND EARNINGS PER SHARE

The increase in net income for 2018 from 2017 was due, in part, to the following non-recurring factors:

- the recognition of an asset impairment charge of $6,285 on the Farmersburg, Indiana clay brick plant in 2017 as described in Note 8 to the Consolidated Financial Statements;
- an impairment reversal on the Loan receivable of $2,143, and a provision for income taxes of $268 was recognized as at December 31, 2017 and is described in Note 9 to the Consolidated Financial Statements; and
- a net gain of $762 was recognized in April 2018 on the acquisition of the remaining 50% interest in the Universal joint venture as described in Note 9 to the Consolidated Financial Statements.

Excluding the impact of these non-recurring transactions, net income for the year ended December 31, 2018 increased to $12,682, compared to $10,354 for the year ended December 31, 2017. Higher revenues from an increase in shipments of both masonry concrete and landscape products, and operating cost efficiencies largely attributed to the Brampton and Farmersburg clay brick plants, supported this increase in net income.

The decrease in net income in 2017 from 2016 was primarily due to the non-recurring transactions of 2017 noted above. Excluding the impact of the two non-recurring transactions, net income as at December 31, 2017 was $10,354, compared to $7,474 for the corresponding prior year.

In 2017, a significant increase in shipments in both the Masonry Products and the Landscape Products business segments contributed to the increase in revenues compared to 2016. The costs of sales benefited from the decrease in per unit costs of production on higher production volumes and were partially offset by higher maintenance expenses incurred in certain Canadian manufacturing plants and storage yards.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following is a summary of selected quarterly financial information for each of the eight most recently completed quarters (in thousands of dollars, except per share amounts):

TOTAL OPERATIONS	December 31		September 30		June 30		March 31	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Revenues	$ 34,244	$ 36,567	$ 49,832	$ 50,194	$ 50,852	$ 47,814	$ 24,957	$ 21,669
Net income (loss)	$ 991	$ (3,066)	$ 5,359	$ 7,232	$ 8,043	$ 4,679	$ (949)	$ (2,901)
Net income (loss) per share								
Basic	$ 0.09	$ (0.28)	$ 0.49	$ 0.66	$ 0.73	$ 0.43	$ (0.09)	$ (0.26)
Diluted	$ 0.09	$ (0.28)	$ 0.48	$ 0.64	$ 0.72	$ 0.41	$ (0.09)	$ (0.26)

Due to changes in the weighted average number of shares outstanding during the year or due to rounding, the basic and diluted net income (loss) per share by quarter may not add up precisely to the total for each year.

The quarterly financial information presented reflects the seasonal nature of the Company's Masonry Products and Landscape Products business segments. Historically, sales of these business segments are greater in the second and third quarters of each year than in the first and fourth quarters. Consequently, the results of operations and cash flows reported each quarter are not necessarily indicative of the results for the year, and the financial condition of the Company at the end of each quarter reflects these seasonal fluctuations.

Major factors affecting the comparability of the quarterly results are as follows:

QUARTERS ENDED DECEMBER 31

Revenues for the fourth quarter of 2018 decreased compared to the corresponding quarter of the prior year. Unfavourable weather conditions and the introduction of fiscal measures to moderate housing demand slowed the pace of residential construction in Ontario, Canada. Higher shipments of landscape products and masonry concrete products partially offset this decrease in shipments. Cost of sales in the last quarter of 2018 were below costs incurred for the corresponding prior quarter. Operating efficiencies attributed largely to the Brampton and Farmersburg, Indiana clay brick plants were partially offset by lower production volumes which increased per unit costs.

The increase in net income for the fourth quarter of 2018 was due to the recognition of an asset impairment charge of $6,285 on the Farmersburg, Indiana plant in 2017. This decrease was offset, in part, by an impairment reversal on the Loan receivable of $1,875, net of taxes recognized as at December 31, 2017. These transactions are discussed in more detail under the caption 'Discussion of operations' for the year ended December 31, 2018. Excluding the impact of these non-recurring transactions, net income for the fourth quarter of 2018 was $991, compared to $1,344 for the corresponding quarter of the prior year.

QUARTERS ENDED SEPTEMBER 30

Revenues in the third quarter of 2018 were impacted by lower housing starts in the single-family detached housing and multi-family housing units. The pace of growth in the home buyers' market moderated slightly after the introduction of mandated fiscal measures adopted in the Canadian mortgage market as well as the *Non-Resident Speculation Tax* imposed in the Province of Ontario to curtail overheated housing market conditions in Ontario. The increase in revenues for the third quarter of 2017 was supported by the continuing momentum in residential construction during that period.

Costs of sales increased due to higher per unit production costs on lower production volumes to optimize inventory levels and higher freight costs incurred on product transfers to meet customer demand. These increases in costs were partially offset by higher production volumes at the Farmersburg, Indiana clay brick plant, which favourably impacted per unit production costs. In addition, the increase in the value of the average U.S. dollar exchange rate during the third quarter of 2018 increased operating costs of the Company's U.S. operations.

Additionally, an unrealized gain on the change in fair value of the interest rate swap, amounting to $142, was recorded for the third quarter of 2018 compared to a gain of $388 in the comparative quarter of 2017.

As a result, net income for the quarter ended September 30, 2018 decreased to $5,359, from $7,232 for the corresponding prior quarter.

QUARTERS ENDED JUNE 30

For the second quarter of 2018, revenues increased in the Masonry Products business segments, compared to the same quarter of 2017. The continuing strength in multi-family housing construction in Ontario, as well as strength in commercial and other development activity supported the increase in masonry product revenues. Relatively unfavourable weather conditions in April 2018, affected shipments of landscape products resulting in slightly lower revenues compared to the corresponding quarter of 2017.

The increase in costs of sales due to higher shipments was only partially offset by lower per unit costs on higher production volumes in the masonry products operations, lower natural gas costs and greater efficiencies in electric power consumption during the second quarter of 2018, as well as higher repairs and maintenance scheduled in the second quarter of 2017. In addition, a decrease in the U.S. dollar exchange rate during the second quarter of 2018, favourably impacted operating costs of the U.S. operations.

General and administrative costs decreased during the second quarter of 2018 compared to the same period of 2017, due to the exercise of certain cash-settled stock options in the second quarter of 2017. Share-based compensation costs recorded on the increase in fair market value of certain employee stock options, on exercise and cash-settlement thereof, totaled $771 during the second quarter of 2017. Share-based compensation costs recorded on share appreciation rights, measured at fair value, totaled $39 in the three months ended June 30, 2018 compared to $298 during the corresponding period of 2017, due to differences in timing of recognition.

The Company's share of income from its joint venture interest in Universal amounted to $762 for the quarter ended June 30, 2018. This transaction is described in more detail under the discussion of operations for the year ended December 31, 2018.

As a result, net income for the quarter ended June 30, 2018 increased to $8,043, compared to $4,679 for the same period in 2017.

QUARTERS ENDED MARCH 31

During the first quarter of 2018, revenues increased in both the Masonry Products and Landscape Products business segments. Despite unfavourable weather conditions in the first two months of the year, higher masonry product shipments were supported by the reduction of some of the backlog in residential construction carried forward from 2017 in the Greater Toronto Area. In addition, landscape product shipments increased during the first quarter of 2018 compared to the corresponding quarter of 2017 due to timing differences in shipments made under the Company's dealer winter booking program to meet the anticipated seasonal demand, as well as greater demand for the Company's expanded product portfolio.

The improvement in operating results was due to the positive impact of lower per unit manufacturing costs on higher production volumes, as well as the strength in the Canadian dollar compared to the same quarter of 2017 relating to the Company's U.S. operations.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

JUDGMENTS

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company evaluates the carrying value of property, plant and equipment to determine whether there is any indication that an asset may be impaired. Impairment is measured as the amount by which the carrying value of the property, plant and equipment exceeds the recoverable value. In deriving the recoverable value of the property, plant and equipment, management makes judgments such as what are the appropriate cash generating units ("CGUs"), based on the lowest group of assets to which cash flows can be reliably attributed and the estimated future cash flows and discount rates to be used in the impairment models. Management has determined that the Brampton clay brick plant, the Canadian concrete facilities (Markham, Hillsdale, Brockville, Brampton and Boisbriand), the Farmersburg, Indiana clay brick plant and the Wixom, Michigan concrete facility were the CGUs for the purposes of asset impairment testing.

Management's judgments are based on significant industry experience and expectations of future economic conditions.

DEFERRED TAXES

Management makes judgments in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

The Company is subject to taxation in a number of jurisdictions. There are many transactions and calculations for which the ultimate tax determination requires judgment. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Changes in rates of taxation, changes in the estimated timing or realization of reversals and differences in interpretation by tax authorities could result in higher or lower income tax amounts paid or deducted against future tax payables.

ESTIMATES

DEPRECIATION

Depreciation is measured as the economic benefit consumed from the use of the Company's property, plant and equipment. This amount is determined by apportioning the cost, net of residual value, over the useful life of the individual assets according to an appropriate depreciation method. Estimates of the useful lives of the components of property, plant and equipment and the residual values are based on industry practice and expected utilization.

IMPAIRMENT OF NON-FINANCIAL ASSETS

An impairment of property, plant and equipment is measured as the excess of its carrying value over the recoverable amount. The recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. The recoverable amount is the higher of an asset's: fair value less costs to sell; and value in use (being the present value of the expected future cash flows of the relevant asset).

Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In the absence of an arm's length transaction, fair value for assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Value in use is determined as the present value of estimated future cash flows arising from continued use and eventual disposition of the asset, which excludes future capital expenditures that would increase the service potential of the asset. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset.

To the extent that future cash flows or discount rates differ from management estimates at the balance sheet date, the impairment results may be subject to change.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, the Company must determine the fair value of the non-interest bearing loan advanced to Universal in order to assess its recoverability and the resulting impairment, if any. The recoverability of the loan from Universal is determined, in part, by calculating the estimated fair value of Universal's property, plant and equipment ("PP&E"). These fair value estimates were based on a range of technical and economic factors and conditions. Changes to these factors or conditions in future periods could alter the fair value assessment of these assets. A decrease in the estimated revenues would increase the potential shortfall in cash inflows required to repay the loan.

As at December 31, 2018, the Universal loan receivable was eliminated, as the Company recognizes Universal as a wholly-owned subsidiary (refer to Note 9, Investment in Universal Resource Recovery Inc.). In accordance with IAS 10, *Consolidated Financial Statements*, inter-company assets and liabilities held by the Company and its wholly-owned subsidiaries are eliminated upon consolidation and therefore are not presented in the Consolidated Financial Statements.

DECOMMISSIONING PROVISIONS

The Company is obligated to rehabilitate its operating shale quarry properties in Cheltenham, Ontario and Farmersburg, Indiana as a condition of its licenses to mine shale. Significant estimates and assumptions are made in determining the provision for quarry rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, cost increases due to inflation, and changes in the appropriate discount rate. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents the Company's best estimate of the present value of the future rehabilitation costs required.

RISKS AND UNCERTAINTIES

The Masonry Products business is cyclical in that it fluctuates in accordance with the level of new residential and commercial construction within the Company's primary market areas. Sales of new homes are influenced by many factors, including general economic conditions, interest rates and the availability of serviced land in urban areas. This business segment is also seasonal. Sales are greatest in the second and third quarters of each year and less in the first and fourth quarters.

The principal raw material in the manufacture of clay bricks is shale. The Company owns its own quarries in Cheltenham, Ontario and Farmersburg, Indiana, which it believes contain sufficient reserves to supply its requirements at full production capacity levels for these manufacturing plants for approximately the next 21 years and 39 years, respectively. In 2006, an additional 86-acre property was acquired in Brampton, Ontario. The application for re-zoning and licensing this property for shale extraction was withdrawn in April 2018. The Company may resume the application process at a future date subject to regional plans for land development. The shale quarry operations in both Ontario and Indiana are outsourced. The contracted services include quarry preparation, earthmoving and shale excavation.

Major production costs include natural gas, labour, electricity and depreciation of plant and equipment. As at December 31, 2018, the Company had contracted for its estimated 2019 Canadian natural gas supply requirements at an aggregate estimated cost of $737, forecasted by the supplier, none of which was at fixed prices, and for its estimated 2019 Canadian transportation requirements at an aggregate estimated cost of $1,126, of which 84% was at fixed prices.

The Cap and Trade Program under the *Climate Change Mitigation and Low-carbon Economy Act, 2016*, was revoked in the Province of Ontario in 2018. The Company's Brampton clay brick manufacturing facility was subject to this regulation that came into effect on January 1, 2017. Effective January 1, 2019, the Company's Brampton clay brick manufacturing facility is subject to carbon pricing under the *Pan-Canadian Framework on Clean Growth and Climate Change*, which introduces a carbon price in jurisdictions with no carbon pricing mechanism that aligns with federal standards. The actual cost of this program will vary with the plant's production volumes, plant greenhouse gas emissions and changes in legislated carbon prices.

From time to time, the Company may enter into swap contracts to fix the price of its electricity requirements. No such contracts were in effect as at December 31, 2018. The Company may enter into such contracts in the future if it deems it appropriate to do so.

The Masonry Products business segment requires significant capital investment in property, plant and equipment. In addition, due to the nature of the operation of its kilns, the clay brick business can be characterized as a relatively high, fixed-cost business. Consequently, large fluctuations in production levels may have a material impact on per unit manufacturing costs and gross margins.

The Landscape Products business is cyclical in that it fluctuates in accordance with the level of industrial, commercial and institutional construction and consumer spending. This business segment is highly seasonal.

The principal raw materials utilized in the manufacture of concrete paving stone, retaining wall and masonry concrete products are cement, aggregates (including sand and stone of various sizes) and pigments. Some of the cement and aggregate requirements are purchased under long-term supply contracts. However, there are no minimum purchase requirements under these contracts. Prices are negotiated annually and the Company retains the right to solicit tenders from alternative suppliers. Pigments are usually purchased under blanket purchase orders covering estimated annual usage.

The Landscape Products business also requires significant capital investment in property, plant and equipment. Consequently, large fluctuations in production levels may have a material impact on per unit manufacturing costs and gross margins.

The Company has exposure to exchange rate fluctuations as a result of its investment in U.S. businesses and from holding monetary assets and liabilities denominated in U.S. dollars. All foreign currency denominated assets and liabilities are translated at the current exchange rates in effect at the balance sheet date. Revenue and expense transactions are translated at average exchange rates prevailing during the period. Gains and losses on translation of transactions are included in income. A strengthening in the value of the U.S. dollar against the Canadian dollar results in higher revenues and earnings or losses, as the case may be, when translated into Canadian dollars.

In 2018, approximately 12% (2017 – 11%) of the Company's revenues were earned in the U.S. or through exports to the U.S. Foreign currency forward purchase contracts are occasionally utilized to manage the foreign currency exchange exposure resulting from significant, anticipated future cash inflows and/or outflows denominated in a foreign currency. There were no such contracts outstanding at December 31, 2018.

Interest rate swap agreements are utilized to reduce interest rate risk arising from fluctuations in interest rates and to manage the fixed and floating interest rate mix of the Company's total debt portfolio and the related overall cost of borrowing. On December 31, 2018, the Company had in effect a floating-to-fixed interest rate swap with a notional value of $24.1 million to hedge its exposure to fluctuating cash flows from changes in interest rates. Further details regarding this swap contract are discussed in more detail in Note 13 to the Consolidated Financial Statements.

The Company has a transportation contract with a third party to outsource shale transport from the quarry to the

Brampton clay brick plant and delivery of finished products from its plants in Ontario, Canada. Customers may also make their own arrangements to pick up finished products.

The Company has not experienced any disruption in deliveries of either shale or finished products as a result of the outsourcing arrangement and does not anticipate any disruption in its future transportation requirements.

The Company, due to the nature of its masonry and landscape products manufacturing operations, is subject to various environmental laws and regulations. The Company maintains ongoing monitoring and testing by its own staff and selective external environmental consultants and must remain in compliance as a condition of retaining its Certificates of Approval to operate. In an effort to ensure environmental compliance, the Company has established an Environmental Management System that includes procedures on those processes and preventive maintenance plans for equipment that is listed in its Certificates of Approval, as well as emergency spill response and compliant handling processes.

The Company does not anticipate any material costs or any significant impact on its operations to remain in compliance with current environmental regulations.

The Company owns its own quarries in Cheltenham, Ontario and Farmersburg, Indiana, in order to provide shale for the manufacture of clay brick. Quarry operations are required to comply with environmental standards established by provincial and state regulatory authorities, as the case may be. Among other things, these standards require the Company to undertake rehabilitation activities when mining operations are completed. Rehabilitation activities typically take place in phases over the life of the quarry. Estimated costs to rehabilitate the quarries are reflected in Note 14 to the Consolidated Financial Statements.

OTHER

Information relating to changes in accounting standards issued but not yet applied may be found in Note 2 to the Consolidated Financial Statements.

The aggregate number of issued and outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares as at December 31, 2018 is disclosed in Note 15 to the Consolidated Financial Statements. There were no other changes to share capital during the interim period from December 31, 2018 to the date of this MD&A.

On September 5, 2018, the TSX accepted a Notice of intention (the "Notice") filed by the Company to make a Normal Course Issuer Bid ("NCIB"). The Notice provided that the Company, could purchase on the TSX up to 461,431 Class A Subordinate Voting shares in total, being approximately 5% of the total number of Class A Subordinate Voting shares outstanding as of August 31, 2018, during the 12-month period which commenced on September 7, 2018 and ends on September 6, 2019. A copy of the Company's Notice filed with the TSX can be obtained by the shareholders, without charge, by contacting the Company. Repurchases of Class A Subordinate Voting shares in 2018 are discussed in Note 15 to the Consolidated Financial Statements. During the interim period from December 31, 2018, to the date of this MD&A, the Company has not repurchased any Class A Subordinate Voting shares under this NCIB.

The aggregate number of outstanding stock options and share appreciation rights as at December 31, 2018 that were fully vested and exercisable by plan participants are disclosed in Note 16 to the Consolidated Financial Statements for the year ended December 31, 2018. On exercise, stock options are convertible to Class A Subordinate Voting shares, whereas share appreciation rights are settled in cash. There have been no changes to the number of stock options and share appreciation rights outstanding during the interim period from December 31, 2018 to the date of this MD&A.

All related party transactions are accounted for at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Company has determined which of its customers are related to the Company via common directors or shareholders. Sales to these customers are made under competitive terms and conditions. These customers accounted for 4.5% (2017 – 4.5%) of revenues in aggregate for the year ended December 31, 2018, with none accounting for more than 1.6% (2017 – 2.6%). Purchases from related parties amounted to $24 for the year ended December 31, 2018 (2017 - $12).

As at December 31, 2018, the trade receivable balance from related customers was $14 (2017 - $26). Trade payables to related parties, including payables for rebates was $176 as at December 31, 2018 (2017 - $46).

Information on the compensation of key management personnel comprising of the Company's directors and executive officers is discussed in Note 23 to the Consolidated Financial Statements.

CONTROLS AND PROCEDURES

In compliance with National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*", management is filing certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

The CEO and the CFO have designed disclosure controls and procedures in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out as at December 31, 2018, under the supervision of the CEO and the CFO, of the design and effectiveness of the Company's disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The internal controls are not expected to prevent and detect all misstatements due to error or fraud.

The CEO and CFO are responsible for establishing and maintaining internal control over financial reporting and, under their supervision, an evaluation was conducted on the effectiveness of the Company's internal control over financial reporting based on the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, the Company's certifying officers concluded that as at December 31, 2018, the Company's internal control over financial reporting was effective.

There have been no changes to the Company's internal control over financial reporting during the quarter ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK FOR 2019

The Company's Masonry Products and Landscape Products business segments are cyclical. Demand for masonry products fluctuates in accordance with the level of new residential construction as well as industrial, commercial and institutional construction activity. Demand for landscape products fluctuates in accordance with the level of industrial, commercial and institutional construction activity, as well as consumer spending patterns.

Both business segments are seasonal with the Landscape Products business affected to a greater degree than the Masonry Products business.

As the conditions for growth in the Canadian residential construction market began to slow in 2018, the weakness in housing starts was primarily evident in the low-rise residential sector of the Company's Canadian masonry markets. For 2019, housing starts are expected to remain relatively soft as the market continues to adjust to mandated fiscal measures adopted in the Canadian mortgage market as well as the *Non-Resident Speculation Tax* imposed in the Province of Ontario to curtail overheated housing market conditions.

The landscape business saw gains in 2018 due, in part, to favourable market conditions and by the ability to now provide the Company's entire range of products into Eastern Ontario and segments of the Quebec market place through an enhanced distribution structure. In aggregate, 2019 business activity for concrete products across the Company's market region is anticipated to improve upon 2018 results.

The purchase of a concrete block manufacturing plant on February 4, 2019, in Southwestern Ontario will expand the masonry concrete plant production network, allow for improved overall operating efficiencies, and improve the Company's profile in that region as well as other market regions in Canada.

Throughout 2018, the Company's U.S. clay brick plant operated at the appropriate capacity utilization levels to service its commercial and residential product segments, resulting in an improved cost structure for that facility and lower per unit costs. This improved production capacity utilization, compared to prior years, is expected to continue for 2019. At the same time, the Company's results could still be impacted by historically low industry capacity utilization levels in its related market regions.

The Company purchased the remaining 50% interest in Universal from its joint venture partner during 2018. The Universal assets consist primarily of a 65-acre property containing two industrial buildings totaling approximately 600,000 square feet located in Welland, Ontario. It is the Company's intention to develop this site as part of its ongoing strategy to further enhance its masonry and landscape businesses, but at this time, no specific plans have been finalized.

Additional information about the Company, including the Company's Annual Report for the year ended December 31, 2017 and Annual Information Form for the year ended December 31, 2018, may be found on SEDAR at www.sedar.com. The Company's Annual Report for the year ended December 31, 2018, and the Management Information Circular issued in connection with the Annual General Meeting of Shareholders to be held on May 22, 2019, will later be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained herein constitute "forward-looking statements". All statements that are not historical facts are forward-looking statements, including, among others, statements regarding the expected repayment of the loan receivable from Universal and the expected self-sufficiency on a cash basis of Universal, forecasts of sufficient cash flows from operations and other sources of financing, anticipated compliance with financial covenants under debt agreements, anticipated sales of masonry and landscape products, anticipated results of strategic acquisitions and other statements regarding future plans, objectives, production levels, costs, productivity, results, business outlook and financial performance. There can be no assurance that such forward-looking statements will prove to be accurate.

Such forward-looking statements are based on information currently available to management, and are based on assumptions and analyses made by management in light of its experience and its perception of historical trends, current conditions and expected future developments, including, among others, assumptions regarding pricing, weather and seasonal expectations, production efficiency, and there being no significant disruptions affecting operations or other material adverse changes.

Such forward-looking statements also involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: changes in economic conditions, including the demand for the Company's primary products and the level of new home, commercial and other construction; large fluctuations in production levels; fluctuations in energy prices and other production costs; changes in transportation costs; foreign currency exchange and interest rate fluctuations; legislative and regulatory developments; as well as those assumptions, risks, uncertainties and other factors identified and discussed above under "Risks and Uncertainties" and those identified and reported in the Company's other public filings (including the Annual Information Form for the year ended December 31, 2018), which may be accessed at www.sedar.com.

The forward-looking information contained herein is made as of the date hereof. Other than as specifically required by law, the Company undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements.

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Independent Auditor's Report

To the Shareholders of Brampton Brick Limited:

OPINION

We have audited the consolidated financial statements of Brampton Brick Limited and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- The information included in Management's Discussions and Analyses of Financial Condition and Results of Operations.

Our opinion on the consolidated financial statements does not cover the other information and do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussions and Analyses of Financial Condition and Results of Operations prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Daniel Hlavacek, CPA, CA.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
March 19, 2019
Toronto, Ontario

Consolidated Balance Sheets

(in thousands of Canadian dollars)	Notes	December 31, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 27,043**	$ 22,010
Trade and other receivables	5, 25	**18,137**	21,287
Inventories	6	**35,583**	31,666
Other assets		**1,210**	1,065
Income tax recoverable		**119**	-
Loan receivable		**64**	94
Current derivative financial instrument	13	**77**	-
		82,233	76,122
Non-current assets			
Loans receivable	9	**-**	6,457
Property, plant and equipment	7, 24	**169,075**	157,365
Non-current derivative financial instrument	13	**129**	258
Other assets		**79**	181
		169,283	164,261
Total assets	24	**$ 251,516**	$ 240,383
LIABILITIES			
Current liabilities			
Trade payables		**$ 17,429**	$ 20,485
Income tax payable	19	**-**	746
Current portion of debt	12	**2,418**	2,129
Current derivative financial instrument	13	**-**	21
Current provision on share appreciation rights	16	**402**	308
Decommissioning provisions	14	**-**	31
Other liabilities		**4,437**	4,037
		24,686	27,757
Non-current liabilities			
Non-current portion of debt	12	**32,241**	34,037
Non-current provision on share appreciation rights	16	**161**	143
Decommissioning provisions	14	**6,974**	6,571
Deferred tax liabilities	19	**15,334**	15,885
		54,710	56,636
Total liabilities		**$ 79,396**	$ 84,393
EQUITY			
Share capital	15	**$ 33,909**	$ 33,915
Contributed surplus	16	**3,218**	3,146
Accumulated other comprehensive income		**10,947**	8,240
Retained earnings	15	**124,046**	110,689
Total equity		**$ 172,120**	$ 155,990
Total liabilities and equity		**$ 251,516**	$ 240,383

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

Approved by the Board of Directors **/s/Jeffrey G. Kerbel** Jeffrey G. Kerbel, Director **/s/John M. Piecuch** John M. Piecuch, Director

Consolidated Statements of Comprehensive Income

		Year ended December 31	
(in thousands of Canadian dollars, except per share amounts)	**Notes**	**2018**	2017
Revenues	23, 24	**$ 159,885**	$ 156,244
Cost of sales	6, 7, 18, 24	**120,289**	118,307
Selling expenses	18, 24	**13,390**	12,625
General and administrative expenses	7, 16, 18, 24	**7,964**	9,003
(Gain) loss on disposal of property, plant and equipment	18, 24	**(49)**	43
Share of income from joint venture interest	9	**(762)**	-
Impairment reversal on loan receivable	9, 18, 24	**-**	(2,143)
Asset impairment	8, 18, 24	**-**	6,285
Other (income) expense	18, 24	**(294)**	120
		140,538	144,240
Operating income	24	**19,347**	12,004
Finance expense	11, 12, 13	**(1,114)**	(666)
Income before income taxes		**18,233**	11,338
(Provision for) recovery of income taxes	19		
Current		**(5,342)**	(5,395)
Deferred		**553**	1
		(4,789)	(5,394)
Net income for the year		**$ 13,444**	$ 5,944
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Foreign currency translation gain (loss)		**$ 2,707**	$ (2,589)
Total comprehensive income for the year		**$ 16,151**	$ 3,355
Net income per Class A Subordinate Voting share and Class B Multiple Voting share			
Basic	20	**$ 1.23**	$ 0.54
Diluted	20	**$ 1.20**	$ 0.53

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

Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)	Notes	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Equity
Balance – January 1, 2017		**$ 33,755**	**$ 3,101**	**$ 10,829**	**$ 104,745**	**$ 152,430**
Net income for the year					5,944	5,944
Other comprehensive loss (net of taxes, $nil)				(2,589)		(2,589)
Total comprehensive (loss) income for the year		**–**	**–**	**(2,589)**	**5,944**	**3,355**
Cash-settled, share-based compensation	16		(167)			**(167)**
Stock options exercised	16	160	(25)			**135**
Share-based compensation	16		237			**237**
Balance – December 31, 2017		**$ 33,915**	**$ 3,146**	**$ 8,240**	**$ 110,689**	**$ 155,990**
Balance – January 1, 2018		**$ 33,915**	**$ 3,146**	**$ 8,240**	**$ 110,689**	**$ 155,990**
Net income for the year					13,444	13,444
Other comprehensive income (net of taxes, $nil)				2,707		2,707
Total comprehensive income for the year		**–**	**–**	**2,707**	**13,444**	**16,151**
Cash-settled, share-based compensation	16		(17)			**(17)**
Stock options exercised	16	62	(16)			**46**
Share-based compensation	16		105			**105**
Repurchase of Class A Subordinate Voting shares	15	(68)			(87)	**(155)**
Balance – December 31, 2018		**$ 33,909**	**$ 3,218**	**$ 10,947**	**$ 124,046**	**$ 172,120**

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

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)	Notes	2018	2017
		Year ended December 31	
Cash provided by (used for)			
Operating activities			
Net income for the year		**$ 13,444**	$ 5,944
Items not affecting cash and cash equivalents			
Depreciation	7	**9,795**	10,316
Current tax provision	19	**5,342**	5,395
Deferred tax recovery	19	**(553)**	(1)
(Gain) loss on disposal of property, plant and equipment		**(49)**	43
Share of income from joint venture investment	9	**(762)**	–
Unrealized foreign currency exchange (gain) loss		**(521)**	460
Impairment reversal on loan receivable	9	**–**	(2,143)
Asset impairment	8	**–**	6,285
Net interest expense	11, 12	**1,083**	1,262
Derivative financial instrument loss (gain)	13	**31**	(596)
Other	16	**203**	688
		28,013	27,653
Changes in non-cash items			
Trade and other receivables		**3,362**	(369)
Inventories		**(2,977)**	(3,247)
Other assets		**–**	(513)
Trade payables		**(3,390)**	5,797
Other liabilities		**135**	126
		(2,870)	1,794
Income tax payments		**(6,206)**	(7,471)
Payments for decommissioning of assets	14	**(15)**	(16)
Cash provided by operating activities		**18,922**	21,960
Investing activities			
Purchase of property, plant and equipment	7	**(5,254)**	(7,333)
Purchase of investment in Universal	9	**(6,500)**	–
Cash acquired on purchase of investment in Universal		**769**	–
Proceeds from repayments of loans receivable		**94**	89
Proceeds from disposal of property, plant and equipment		**224**	245
Cash used for investing activities		**(10,667)**	(6,999)
Financing activities			
Payment of term loans	12, 21	**(1,959)**	(1,960)
Interest paid	11, 12	**(992)**	(1,206)
Payments on obligations under finance leases	21	**(267)**	(732)
Proceeds from exercise of stock options	16	**46**	135
Repurchase of Class A Subordinate Voting shares	15	**(155)**	–
Cash used for financing activities		**(3,327)**	(3,763)
Foreign exchange on cash held in foreign currency		**105**	(111)
Increase in cash and cash equivalents		**5,033**	11,087
Cash and cash equivalents at the beginning of the year		**22,010**	10,923
Cash and cash equivalents at the end of the year	4	**$ 27,043**	$ 22,010

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

1. GENERAL INFORMATION

Brampton Brick Limited and its subsidiaries, together referred to as the ("Company"), manufacture and sell masonry and landscape products. The Company has clay brick manufacturing plants located in Brampton, Ontario and in Farmersburg, Indiana. Facilities located in Markham, Hillsdale, Brampton and Brockville, Ontario, Boisbriand, Quebec and Wixom, Michigan manufacture and distribute concrete masonry and landscape products.

On April 2, 2018, the Company increased its 50% investment in Universal Resource Recovery Inc. ("Universal"), a joint venture entity, to 100% and recognized the entity as a wholly-owned subsidiary as of that date. This transaction is described in more detail in Note 9, Investment in Universal Resource Recovery Inc.

On February 4, 2019, the Company acquired a concrete block manufacturing plant located in Southwestern Ontario for a purchase consideration of $7,500. This transaction is described in greater detail in Note 27, Subsequent event.

Brampton Brick Limited is incorporated and domiciled in Canada. The address of its registered office is 225 Wanless Drive, Brampton, Ontario.

The Company's Class A Subordinate Voting shares trade on the Toronto Stock Exchange under the ticker symbol "BBL.A". The Company's Class B Multiple Voting shares do not trade on any public market.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements are based on the accounting policies as described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on March 19, 2019.

BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value through profit or loss.

BASIS OF CONSOLIDATION

The Company consolidates an entity when it exercises power over the entity and is exposed, or has rights, to variable returns and has the ability to affect those returns through its control. These entities are deconsolidated from the date that control ceases.

These consolidated financial statements include the accounts of Brampton Brick Limited and its wholly-owned subsidiaries, Brampton Brick Inc., Oaks Concrete Products Inc., 1813435 Ontario Limited and of Universal Resource Recovery Inc. from April 2, 2018.

All significant intercompany transactions, balances and gains and losses from intercompany transactions are eliminated on consolidation.

BUSINESS COMBINATIONS

Acquisition of a business or entity by the Company is reported as a business combination, applying the acquisition method. Under this method, assets, liabilities and contingent liabilities acquired are brought into the Company's consolidated financial statements at the fair value as of the acquisition date. Transaction costs are expensed as incurred.

INVESTMENT IN JOINT VENTURE

Prior to April 2, 2018, the Company's interest in Universal, a 50/50 joint venture of the Company, was accounted for using the equity method of accounting. Upon acquisition of the remaining 50% interest, the Company recognizes its investment in Universal as a wholly-owned subsidiary.

Under the equity method of accounting, the consolidated balance sheet carrying amount of the investment in Universal was increased or decreased to recognize the Company's share of the profit or loss of Universal. The Company's share of the profit or loss of Universal was recognized in the consolidated statement of comprehensive income (loss). If the Company's share of losses equaled or exceeded its interest in Universal, including unsecured advances, the Company did not recognize further losses, unless it had incurred obligations or made payments on behalf of Universal. Dividends, if any, received from Universal reduced the carrying amount of the investment. Additional advances to Universal increased the carrying amount of the investment.

The Company assessed at each reporting period whether there is objective evidence that its interest in Universal was impaired. If impaired, the carrying value of the Company's share of the underlying assets of Universal was written down to its estimated recoverable amount (being the higher of fair value less costs to sell and value in use) and charged to the consolidated statement of comprehensive income (loss). Reversals of impairments are recognized when the estimated recoverable amount exceeds the carrying value of underlying assets.

FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity of Brampton Brick Limited are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Canadian dollars, which is Brampton Brick Limited's functional currency. The financial statements of the Company's U.S. subsidiaries, (Brampton Brick Inc. and Oaks Concrete Products Inc.) which have the U.S. dollar as the functional currency are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the balance sheet statement date, and income and expenses – at the average rate of the reporting period (as this is considered a reasonable approximation of actual rates). All foreign currency differences are recognized in other comprehensive income.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at month-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in 'Other expense (income)' in the consolidated statement of comprehensive income (loss).

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are defined as cash and short-term deposits with original maturities of three months or less that are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value.

FINANCIAL INSTRUMENTS

On January 1, 2018, the Company adopted IFRS 9, *Financial Instruments*. The adoption of this standard, within the scope of the Company's financial instruments, did not impact the consolidated financial statements on transition at January 1, 2018 or for the prior year. The new classification of the Company's financial instruments is disclosed in Note 25.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are subsequently measured at:

a) amortized cost, where the assets are held to collect contractual cash flows;

b) fair value through other comprehensive income, where the assets are held to collect proceeds from sales or from contractual cash flows; or

c) fair value through profit or loss, for assets not classified as above or have been designated as such.

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred, and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are subsequently measured at amortized cost with the exception of certain transactions specified within the standard.

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The Company classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

a) Fair value through profit or loss:
A financial asset or liability is classified at fair value through profit or loss if it is a derivative financial instrument or is designated as such upon initial recognition. Derivatives are included in this category unless they are designated as hedges. The interest rate swap contract and the provision for share appreciation rights are measured at fair value through profit or loss.

b) Amortized cost:
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market comprise of trade and other receivables, loans receivable and cash and cash equivalents. Such assets are recognized initially at the amount expected to be received, less, when material, a loss allowance at an amount equal to expected lifetime credit losses.

Financial liabilities measured at amortized cost include trade payables, other liabilities, bank debt, term debt and decommissioning provisions. Trade payables and other liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payable to fair value. Subsequently, these liabilities are measured at amortized cost using the effective interest method. Bank debt, term debt and decommissioning provisions are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets: At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired.

Under the expected credit loss approach, a loss allowance equal to the twelve-month expected credit losses may be recognized at the reporting date, unless the credit risk on a financial instrument has increased significantly requiring expected lifetime credit losses to be recognized. Alternatively, under the simplified approach, a loss allowance may be recognized for expected lifetime credit losses, regardless of changes in credit risk.

Expected credit losses of a financial instrument are measured to reflect a range of probability-weighted outcomes, the time value of money and reasonable information about past, current and future economic conditions.

If evidence of credit risk exists, the Company recognizes an impairment loss, as the difference between the carrying value and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for goods sold or services performed in the normal course of business, net of any allowance for doubtful accounts and sales discounts.

INVENTORIES

Inventories of manufactured items and work-in-process are recorded at the lower of cost, determined on an average production cost basis, and net realizable value.

Raw materials and resale inventories are recorded at the lower of cost, determined on a first-in, first-out basis, and replacement cost for raw materials and net realizable value for resale inventory.

Average production cost comprises raw materials, direct labour, other direct costs and related production overheads, based on normal production capacity, including applicable depreciation on property, plant and equipment. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling cost. If the carrying value exceeds the net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of comprehensive income (loss) during the period in which they are incurred.

Depreciation

Asset classes are sub-divided into major components to recognize differences in the useful life of the components identified. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and each component is depreciated separately. Residual values, the method of depreciation and useful lives of assets are reviewed annually and adjusted if appropriate.

Depreciation is provided on a straight-line basis at rates designed to write off the property, plant and equipment components over their estimated useful lives, as follows:

Land improvements	10 to 20 years
Buildings	10 to 40 years
Machinery and equipment	3 to 40 years
Mobile equipment	4 to 10 years

Quarries are amortized on the unit of production method based on shale extraction and estimated remaining shale reserves.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are presented as '(Gains) losses on disposal of property, plant and equipment' in the consolidated statement of comprehensive income (loss).

IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment are assessed at the end of each reporting period to determine whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment charge. For the purpose of measuring recoverable amounts, assets are grouped into cash-generating units or "CGUs". These are the lowest levels at which there are separately identifiable cash flows. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment charge is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Company evaluates impairment charges for potential reversals when events or circumstances warrant such consideration.

LEASES

Leases are classified as finance or operating depending upon the terms and conditions of the contracts. Leases that transfer substantially all of the risks and rewards of ownership of the asset and to which the criteria as described under IAS 17, Leases, apply are classified as finance leases and are accounted for as an acquisition of a non-current asset and an assumption of an obligation at the inception of the lease, measured at the present value of minimum lease payments. Asset values recorded under finance leases are amortized on a straight-line basis over the period of expected use. Obligations recorded under finance leases are reduced by lease payments net of imputed interest.

Other leases are operating leases and are not recognized in the Company's balance sheet and are expensed over the lease term on a straight-line basis.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the normal course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

PROVISIONS

Provisions, where applicable, are recognized when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

BORROWING COSTS

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the consolidated statement of comprehensive income (loss) in the period in which they are incurred.

DECOMMISSIONING PROVISIONS

The cost of the Company's obligation to rehabilitate its shale quarries is estimated based on the present value of expected future rehabilitation costs and is recognized in the period in which the obligation is incurred. The present value of these costs is added to the cost of the associated asset and amortized over its useful life, while the corresponding liability will accrete to its future value over the same period.

The present value of the rehabilitation liability is determined based on a pre-tax discount rate that takes into account the time value of money and the risks specific to the liability. The liability is reviewed at each reporting date to determine if the discount rate is still applicable and to determine if changes are required to the original estimate.

Changes to estimated future costs are recognized on the balance sheet by either increasing or decreasing the rehabilitation liability and rehabilitation asset if the initial estimate was originally recognized as part of an asset measured in accordance with IAS 16, *Property, Plant and Equipment*. Any reduction in the rehabilitation liability and therefore any deduction from the rehabilitation asset may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the consolidated statement of comprehensive income (loss).

INCOME TAXES

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income (loss) or directly in equity, in which case the tax is also recognized in other comprehensive income (loss) or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized, using the liability method, in respect of temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is calculated on a non-discounted basis using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and are expected to be in effect in the periods in which the deferred tax assets and liabilities are expected to be realized or settled.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority or either the same taxable group company; or different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

SHARE CAPITAL

Class A Subordinate Voting shares and Class B Multiple Voting shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

DIVIDENDS

Dividends on Class A Subordinate Voting shares and Class B Multiple Voting shares are recognized in the Company's consolidated financial statements in the period in which the dividends are approved by the Board of Directors of the Company.

REVENUE RECOGNITION

On January 1, 2018, the Company adopted IFRS 15, *Revenue from Contracts with Customers*. The adoption of this standard, within the scope of the Company's revenue recognition framework, did not impact the consolidated financial statements as at January 1, 2018, under the cumulative effect method which requires the cumulative effect of adjustments to be recorded in retained earnings.

Revenues reflect the consideration to which the Company expects to be entitled to, in exchange for the transfer of promised goods or services. The five-step model is applied to all customer contracts.

For masonry and landscape products, sales revenue is recognized when the sales price can be measured reliably and collectibility is reasonably assured. These criteria are generally met at the time the product is shipped to the customer or picked up by the customer.

Revenues are recognized based on contractual performance obligations. Shipments arranged by the Company are sold Free On Board ("F.O.B.") job site. Customers therefore take ownership and assume the risk of loss upon delivery at final destination, and all products are invoiced on the same date as they are shipped. Pick ups arranged by the customer are sold F.O.B. plant. Customers take ownership and assume the risk of loss upon the shipment leaving the Company's yard.

The timing of revenue recognition is determined by when performance obligations have been satisfied. Cartage charges are invoiced at the time of shipment. If ultimate delivery is arranged by the Company, cartage is charged and revenue for cartage is recognized at the time of delivery.

The Company does not record a provision for product returns or defective products at the time of sale as the amounts are not significant.

Sales discounts, including volume rebates, sales incentives and prompt payment discounts are classified in revenues. Volume rebates and sales incentive credits are computed quarterly, on a customer by customer basis, and the provision is adjusted as required. Credit notes are issued quarterly and processed against the applicable customer account. Prompt payment discounts offered are material on sales under the Winter Booking Program. A provision is computed quarterly, based on historical payment patterns. For other sales, the prompt payment discount is recorded at the time payment is received. A general provision, based on historical payment patterns, is reviewed quarterly and adjusted as required.

COST OF SALES

Cost of sales includes cost of finished goods sold, costs related to shipping, handling of product and inventory write-downs.

EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the period by the weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of Class A Subordinate Voting shares and Class B Multiple Voting shares outstanding to assume conversion of all dilutive outstanding stock options. The number of shares outstanding is increased by the number of additional shares that would be issued upon the exercise of "in-the-money" stock options, if dilutive, and is reduced by the number of shares that could be repurchased, at the average market price, with the cash proceeds therefrom.

SHARE-BASED COMPENSATION

Stock options are accounted for under the fair value method. Each tranche in a grant is considered a separate grant with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Forfeitures are estimated for the purposes of determining the fair value of each tranche. Compensation expense is recognized over the vesting period of each tranche, based on the number of options expected to vest, with a corresponding credit to contributed surplus. The number of options expected to vest is reviewed at least annually, with any impact being recognized immediately. For forfeitures, no compensation expense is recognized for options that do not ultimately vest and previously recognized compensation expense is reversed. For expired and cancelled options, compensation expense is not reversed and the related credit remains in contributed surplus.

When options are exercised, the Company issues new Class A Subordinate Voting shares. The proceeds received are credited to share capital, together with the related amounts previously added to contributed surplus.

Share appreciation rights are measured at fair market value ("FMV") using the Black-Scholes option pricing model. Compensation expense is recorded for the increase in the FMV of the share appreciation rights over the base price as specified in the Share Appreciation Rights Grant Agreement until settlement or expiration. The offsetting liability is recognized as Current and Non-Current based on the estimated timing of settlement. Compensation expense is recognized for share appreciation rights over the vesting period. Each vesting period represents a tranche, which is treated as a separate grant. Forfeitures are estimated in the determination of vested rights.

EMPLOYEE BENEFITS — DEFINED CONTRIBUTION PENSION PLANS

The Company's employee pension plans are defined contribution plans. The Company pays contributions into separate entities and does not have any legal or constructive obligation to pay further amounts. The obligations are recognized as an employee benefit expense in the consolidated statement of comprehensive income (loss) in the periods during which services are rendered by employees.

ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED

The following is a brief overview of accounting standard changes and amendments that the Company will be required to adopt in future years.

IFRS 16 *Leases* is effective for annual periods beginning on or after January 1, 2019. It eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17, Leases. It establishes principles for the recognition, measurement, presentation and disclosure of leases with the objective of ensuring that lessees and lessors provide relevant information for all leases with a term of more than twelve months, unless the underlying asset is of low value for those transactions.

The standard introduces a single lessee accounting model which requires a lessee to recognize:

a) assets by recognizing either the present value of the lease payments or an amount equal to the lease liability, adjusted for prepaid or accrued lease payments;

b) liabilities by recognizing its obligation to make future payments; and

c) depreciation of lease assets separately from interest on lease liabilities in the income statement.

Under the standard, the following approaches may be applied by a lessee:

a) The Full Retrospective method requires retrospective application of the standard to each prior reporting period presented; or

b) The Modified Retrospective method requires the retrospective cumulative effect of initially applying the standard at the date of initial application.

Upon adoption of the standard on January 1, 2019, the Modified retrospective method was applied by the Company. The application of this method resulted in additional right-of-use assets and offsetting lease obligations impacting the opening consolidated balance sheet as at January 1, 2019 as follows:

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

	January 1, 2019	December 31, 2018	December 31, 2017
Cost of Right-of-use (ROU) assets:			
ROU assets - finance leases	$ 763	$ 763	$ 271
ROU assets - operating leases	$ 263	–	–
Total Cost of Right-of-use assets	**$ 1,026**	**$ 763**	**$ 271**
Lease obligations:			
Current finance lease obligations	$ 468	$ 468	$ 170
Current operating lease obligations	$ 119	–	–
	$ 587	**$ 468**	**$ 170**
Non-current finance lease obligations	$ 426	$ 426	$ 272
Non-current operating lease obligations	$ 144	–	–
	$ 570	**$ 426**	**$ 272**
Total lease obligations	**$ 1,157**	**$ 894**	**$ 442**
Retained Earnings (impact of lease accounting)	**$ (131)**	**$ (131)**	**$ (171)**

The transitional provisions on adoption of this standard will have disclosure requirements in the consolidated financial statements.

IFRS 23 *Uncertainty over income tax treatments* is effective for annual periods beginning on or after January 1, 2019 and clarifies the approach to help determine the accounting treatment for uncertain income tax outcomes under IAS 12, *Income taxes*. The interpretation requires that an entity:

a) apply judgment in ascertaining if the tax treatment would collectively or individually impact associated transactions;

b) assume that the taxation authority would have full knowledge of all relevant information;

c) ascertain the probability that the relevant taxation authority will accept the tax treatment applied;

d) based upon the best prediction for the resolution of the uncertainty, should apply the corresponding income tax treatment; and

e) in case of any changes to facts and circumstances should require a reassessment of judgments and assumptions to be considered.

This standard provides enhanced guidance for the application of IAS 12, *Income taxes*. No significant changes to the consolidated financial statements are expected to result from the adoption of the standard.

Amendment to IAS 23 *Borrowing costs* is effective for annual periods beginning on or after January 1, 2019. Under the standard when an entity borrows funds in the ordinary course of business and uses them to purchase a qualifying asset, the capitalization rate used to determine borrowing costs eligible for capitalization is the weighted average borrowing cost of all borrowings outstanding during the period. However, the amendment clarifies that an entity shall exclude from this calculation those borrowing costs incurred specifically towards obtaining a qualifying asset until substantially all activities necessary to prepare the asset for its intended use are completed.

This amendment is not expected to impact the consolidated financial statements.

3. SUMMARY OF CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The following are the judgments and estimates applied by management that most significantly affect the Company's consolidated financial statements:

Judgments

i) Impairment of non-financial assets

At each reporting date, the Company evaluates the carrying value of property, plant and equipment to determine whether there is any indication that an asset may be impaired. Impairment is measured as the amount by which the carrying value of the property, plant and equipment exceeds the recoverable value. In deriving the recoverable value of the property, plant and equipment, management makes judgments such as determining the cash generating units ("CGUs"), based on the lowest group of assets to which cash flows can be reliably attributed, the estimated future cash flows and discount rates to be used in the impairment models. Management has determined that the Brampton clay brick plant, the Canadian concrete facilities (Markham, Hillsdale, Brampton, Brockville and Boisbriand), the Farmersburg, Indiana clay brick plant and the Wixom, Michigan facility were the cash generating units ("CGUs") for the purposes of asset impairment testing.

Management's judgments are based on significant industry experience and expectations of future economic conditions.

ii) Deferred taxes

Management makes judgments in determining whether deferred tax assets are recognized on the balance sheet. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the probability that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets.

The Company is subject to taxation in a number of jurisdictions. There are many transactions and calculations during the course of business for which the ultimate tax determination requires judgment. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Changes in rates of taxation, changes in the estimated timing or realization of reversals and differences in interpretation by tax authorities could result in higher or lower income tax amounts paid or deducted against future tax payables.

Estimates

i) Depreciation

Depreciation is measured as the economic benefit consumed from the use of the Company's property, plant and equipment. This amount is determined by apportioning the cost, net of residual value, over the useful life of the individual assets according to an appropriate depreciation method. Estimates of the useful lives of the components of property, plant and equipment and the residual values are based on industry practice and expected utilization.

ii) Impairment of non-financial assets

An impairment of property, plant and equipment is measured as the excess of its carrying value over the recoverable amount. The recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset).

Fair value less costs to sell is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In the absence of an arm's length transaction, fair value of assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Value in use is determined as the present value of estimated future cash flows arising from continued use and eventual disposition of the asset, which excludes future capital expenditures that would increase the service potential of the asset. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks to the specific asset.

To the extent that future cash flows or discount rates differ from management estimates at the balance sheet date, the impairment results may be subject to change.

(iii) Impairment of financial assets

At each reporting date, the Company must determine the fair value of the non-interest bearing loan advanced to Universal in order to assess its recoverability and the resulting impairment, if any. The recoverability of the loan from Universal is determined, in part, by calculating the estimated fair value of Universal's property, plant and equipment ("PP&E"). These fair value estimates were based on a range of technical and economic factors and conditions. Changes to these factors or conditions in future periods could alter the fair value assessment of these assets. A decrease in the estimated revenues would increase the potential shortfall in cash inflows required to repay the loan.

As at December 31, 2018, the Loan receivable was nil, as the Company recognizes Universal as a wholly-owned subsidiary (refer to Note 9, Investment in Universal Resource Recovery Inc.). In accordance with IAS 10, *Consolidated Financial Statements*, inter-company assets and liabilities held by the Company and its wholly-owned subsidiaries are eliminated upon consolidation and therefore are not presented in the Consolidated Financial Statements.

Trade and other receivables are assessed for impairment at each reporting date based on expected lifetime credit losses under the Simplified Expected Credit Loss approach as described in Note 2. An allowance for bad debt is recognized for expected losses based on an evaluation of each past-due customer account balance and future expectations of recoverability.

iv) Decommissioning provisions

The Company is obligated to rehabilitate its operating shale quarry properties in Cheltenham, Ontario and Farmersburg, Indiana, as a condition of its licenses to mine shale. Significant estimates and assumptions are made in determining the provision for quarry rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent and costs of rehabilitation activities, cost increases due to inflation and changes in the discount rate. These uncertainties may result in future actual expenditures differing from the amounts currently provided. The provision at the reporting date represents the Company's best estimate of the present value of the future rehabilitation costs required.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

4. CASH AND CASH EQUIVALENTS

	December 31, 2018 $	December 31, 2017 $
Cash on hand and balances with banks	**27,043**	22,010
Cash and cash equivalents	**27,043**	22,010

5. TRADE AND OTHER RECEIVABLES

	December 31, 2018 $	December 31, 2017 $
Trade receivables	**18,269**	21,382
Less: Allowance for doubtful accounts (note 25)	**(155)**	(148)
Trade receivables – net	**18,114**	21,234
Other receivables	**23**	53
Trade and other receivables	**18,137**	21,287
Trade receivables from related parties (included above)	**14**	26

6. INVENTORIES

	December 31, 2018 $	December 31, 2017 $
Merchandise	**29,779**	25,657
Raw materials and production supplies	**5,804**	6,009
Inventories	**35,583**	31,666

The cost of inventories recognized as an expense and included in cost of sales was $96,908 (2017 - $97,375), which includes inventories written off primarily for damaged product, and inventory valuation and cycle count adjustments in the amount of $1,827 (2017 - $2,205).

7. PROPERTY, PLANT AND EQUIPMENT

	Land and Land Improvements	Buildings	Machinery and Equipment	Mobile Equipment	Total
As at December 31, 2016					
Cost	89,462	35,774	159,149	7,712	292,097
Accumulated depreciation and impairment loss	(18,807)	(17,859)	(79,239)	(6,120)	(122,025)
Net book value	**70,655**	**17,915**	**79,910**	**1,592**	**170,072**
For the year ended December 31, 2017					
Additions	424	–	5,149	1,035	6,608
Disposals	–	–	(245)	(43)	(288)
Depreciation	(1,294)	(1,040)	(6,990)	(992)	(10,316)
Asset impairment (see note 8)	(414)	(1,117)	(4,754)	–	(6,285)
Exchange differences	(341)	(405)	(1,663)	(17)	(2,426)
	(1,625)	**(2,562)**	**(8,503)**	**(17)**	**(12,707)**
As at December 31, 2017					
Cost	89,075	34,855	159,051	7,982	290,963
Accumulated depreciation and impairment loss	(20,045)	(19,502)	(87,644)	(6,407)	(133,598)
Net book value	**69,030**	**15,353**	**71,407**	**1,575**	**157,365**
For the year ended December 31, 2018					
Additions	467	44	4,133	1,646	6,290
Assets acquired on purchase of investment in Universal	2,500	10,500	–	–	13,000
Disposals	–	–	(174)	-	(174)
Depreciation	(1,185)	(1,241)	(6,541)	(828)	(9,795)
Exchange differences	347	384	1,615	43	2,389
	2,129	**9,687**	**(967)**	**861**	**11,710**

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

As at December 31, 2018					
Cost	93,087	46,548	167,202	9,140	315,977
Accumulated depreciation and impairment loss	(21,928)	(21,508)	(96,762)	(6,704)	(146,902)
Net book value	**71,159**	**25,040**	**70,440**	**2,436**	**169,075**

For the year ended December 31, 2018, depreciation expense totaled $9,795 (2017 - $10,316) of which $9,504 (2017 - $9,988) was included in Cost of sales and $291 (2017 - $328) was included in General and administrative expenses. Refer to Note 18, 'Expenses by nature'.

No asset impairment charge or reversal was recorded for the year ended December 31, 2018 (2017 – $6,285) on the Farmersburg, Indiana plant, as is described in Note 8 below.

On April 2, 2018, assets acquired on purchase of the remaining 50% interest in Universal totaled $13,000. This transaction is discussed below in Note 9.

During 2018, property, plant and equipment were acquired at an aggregate cost of $6,290, (2017 – $6,608) of which $707 (2017 - $323), were acquired by means of finance leases. Capital expenditures incurred in prior years and unpaid in the current year was $143 (2017 – $1,164 paid).

Non cash capital expenditure relating to estimated future quarry rehabilitation costs amounted to $186 (2017 – $116).

Net cash flow used for the purchase of property, plant and equipment was $5,254 (2017 - $7,333).

Mobile equipment and machinery and equipment includes the following amounts acquired by means of finance leases:

	December 31, 2018	December 31, 2017
Cost – finance leases	**$ 1,388**	$ 1,237
Accumulated depreciation	**(625)**	(966)
	$ 763	$ 271

8. ASSET IMPAIRMENT

The Company has determined that the Brampton clay brick plant, the Canadian concrete plants (Markham, Hillsdale, Brampton, Brockville and Boisbriand), the Farmersburg, Indiana clay brick plant and the Wixom, Michigan concrete plant were the cash generating units ("CGUs") for the purposes of asset impairment testing. Management's assessment of the external and internal indicators of impairment, as per IAS 36, *Impairment of Assets*, ("IAS 36") determined there was no indication that the Brampton clay brick plant, the Canadian concrete plants and the Michigan concrete plant may be impaired. Management also assessed the indicators of impairment for the Indiana clay brick plant and concluded that impairment testing was necessary.

As at December 31, 2018, an assessment of the Company's U.S. residential and commercial markets indicated continuing uncertain economic conditions in 2018. Based on this assessment, an asset impairment evaluation was required to determine any potential impairment of the property, plant and equipment at the Farmersburg, Indiana, clay brick plant.

An impairment of property, plant and equipment is measured as the excess of its carrying value over the recoverable amount. The recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. The recoverable amount is the higher of an asset's: fair value less costs to sell; and value in use (being the present value of the expected future cash flows of the relevant asset).

For the year ended December 31, 2018, the impairment tests did not result in any impairment charge or reversal (2017 - $6,285 impairment charge). An impairment results in a decrease in property, plant and equipment with a corresponding charge to the consolidated statement of comprehensive income (loss). The impairment charge is recorded on a pro-rata basis to the individual depreciable assets of the CGU. The recoverable amount was estimated using the approved business plan for a period of five years. The forecasted cash flows assume revenue growth in future periods with cash flows beyond five years extrapolated using an estimated growth rate of 1.50% (2017 - 1.50%). The forecasted cash flows assume a pre-tax discount rate of 14.30% (2017 - 15.02%). The assumptions are subject to sensitivity and a reduction of revenue by 1% would reduce the carrying value by $832 and an increase of pre-tax discount rate by 1% would reduce the carrying value by $2,226.

9. INVESTMENT IN UNIVERSAL RESOURCE RECOVERY INC.

On April 2, 2018, the Company acquired the remaining 50% interest in Universal, a 50% joint venture entity, for a purchase consideration of $6,500. This acquisition increased the Company's investment in Universal to 100%.

The acquisition of the remaining 50% interest in Universal is accounted for as an effective sale of the existing 50% interest in the joint venture and the acquisition of a 100% interest in Universal at fair value on the acquisition date. Based on the fair valuation of the underlying property in Universal, which was estimated to be $13,000, at the date of acquisition of the remaining 50% interest, the Company recognized a net gain of $762. This gain effectively represented the Company's partial recovery of the previously recorded impairment charges on its investment in the joint venture.

On purchase of the remaining 50% interest in Universal, the secured, non-interest bearing, loan payable by Universal to its former 50% joint venture owner totaling $5,691, as at April 2, 2018 became payable to the Company. As a result, the secured, non-interest bearing, non-current loan payable by Universal totaled $12,084 as at December 31, 2018 (December 31, 2017 - $6,393). In accordance with IAS 10, *Consolidated Financial Statements*, inter-company assets and liabilities held by the Company and its wholly-owned subsidiaries are eliminated upon consolidation and therefore are not presented in the Consolidated Financial Statements.

Effective April 2, 2018, rental revenues, related expenses, as well as individual assets and liabilities of Universal are included in the Consolidated Financial Statements and the investment in the joint venture and related income (loss) from investment in joint venture no longer exist.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

As at December 31, 2017, the Company's 50% investment in Universal was accounted for using the equity method of accounting. Accordingly, the loan receivable outstanding balance is presented in the Consolidated Balance Sheet as at that date. As at December 31, 2017, the Company estimated the fair value of its secured, non-interest bearing, non-current loan receivable at the recoverable amount of Universal's property, plant and equipment. The recoverable amount was determined by the then proposed purchase and sale agreement, effective April 2, 2018, to purchase the remaining 50% interest in Universal from its joint venture partner for $6,500. This amount along with the book values of other assets and liabilities exceeded the carrying value of the loan receivable of $4,250 and accordingly an impairment reversal of $2,143 and a provision for income taxes of $268 was recognized as at December 31, 2017 to write up the loan receivable to its fair value of $6,393.

10. INTERESTS IN SUBSIDIARIES

The Company's interest in subsidiaries as at December 31, 2018 are detailed below. These subsidiaries have share capital consisting of common shares and are held by the Company as noted below. The proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business/ country of incorporation	Parent	% of ownership interest held by the parent	% of ownership interest held by non-controlling interests	Principal activities
Oaks U.S. Holdings Inc.	United States	Brampton Brick Limited	100	0	Holding company
Brampton Brick Inc.	United States	Oaks U.S. Holdings Inc.	100	0	Manufacture of clay brick
Oaks Concrete Products Inc.	United States	Oaks U.S. Holdings Inc.	100	0	Manufacture of concrete paving stones, retaining and garden walls
Universal Resource Recovery Inc.	Canada	Brampton Brick Limited	100	0	Commercial leasing
1813435 Ontario Limited	Canada	Brampton Brick Limited	100	0	Non-operating

11. LOANS RECEIVABLE

The Company's operating credit facility provides for borrowings up to a maximum of $22,000 (2017 - $22,000) based on margin formulae for trade receivables and inventories, less priority claims. It is a demand facility secured by a general security agreement over all assets. The agreement contains certain financial covenants. As at December 31, 2018 and 2017, the Company was in compliance with all the financial covenants.

As at December 31, 2018, the borrowing limit available based on the margin formulae was at the maximum available amount of $22,000 (2017 - $22,000). The utilization was $386 (2017 - $356) and comprised only of outstanding letters of credit.

As at December 31, 2018, the rate of interest on the current account overdraft is based on the Canadian bank prime rate plus a credit spread of 0.25%.

12. DEBT

Debt consists of the following:

		December 31, 2018 $	December 31, 2017 $
Committed term A credit facility – monthly instalments commenced July 2017 to November 2020, maturing January 29, 2021	(a)	**24,100**	25,550
Committed term B credit facility – monthly instalments commenced July 2017 to November 2020, maturing January 29, 2021	(b)	**9,665**	10,165
Other term loans	(d)	**–**	9
	(e)	**33,765**	35,724
Obligations under finance leases	(f)	**894**	442
		34,659	36,166
Less: Payments due within one year – current portion		**2,418**	2,129
Non-current portion of debt		**32,241**	34,037

The credit agreement is secured by a general security agreement over all assets and a first-priority mortgage over certain properties located in Canada. Pursuant to the acquisition of certain concrete block manufacturing assets in early 2019, certain payments are restricted between the parties to the purchase agreement and / or payments in the form of dividends, under the Company's credit facility. There are no other restrictions on the Company's ability to use the assets and settle the liabilities of the subsidiary companies. However, until the credit facilities are repaid in full and cancelled, without the prior consent of the bank, the Company may not permit substantially all of its assets to be acquired by another person or entity; or permit any reorganization or change in ownership or corporate structure; or conduct the purchase or sale of any assets outside the normal course of business.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

Effective October 2, 2018, this credit agreement was amended to extend the maturity date of the committed term A and term B credit facilities to January 29, 2021 from December 29, 2019 under prevailing terms and conditions.

The credit facilities available are as follows:

(a) The committed term A credit facility is a non-revolving term loan, which bears interest at the bankers' acceptance rate plus 1.60%. The term loan requires monthly interest payments for its duration and is to be repaid by way of principal repayments of $290 per month during the months of July to November from 2017 each year to maturity date.

(b) The committed term B credit facility is a non-revolving term loan, bearing interest at the bankers' acceptance rate plus 1.60%. The term loan requires monthly interest payments for its duration and is to be repaid by way of principal repayments of $100 per month during the months of July to November each year from 2017 to maturity date.

(c) The committed capital expenditure credit facility is a revolving term loan, which provides up to a maximum amount of $5,000, none of which had been utilized, as at December 31, 2018.

The agreements for these loans contain certain financial covenants. As at December 31, 2018, the Company was in compliance with all the financial covenants.

(d) Other term loans represent vendor financing to acquire certain production assets.

(e) Repayments on debt (excluding finance leases) include the following:

	$
2019	1,950
2020	1,950
2021	29,865
	33,765

(f) Obligations under finance leases include the following:

Future minimum lease payments	$
2019	480
2020	289
2021	144
Total minimum lease payments	**913**
Less: Amount representing interest	**19**
	894

The weighted average effective interest rate for obligations under finance leases during 2018 was approximately 2.56% (2017 – 3.1%).

13. DERIVATIVE FINANCIAL INSTRUMENT

The Company has a floating-to-fixed interest rate swap with a notional value of $24,100, as at December 31, 2018 (December 31, 2017 - $25,550), to minimize its exposure to fluctuations in cash flows from changes in interest rates on term debt of the same amount. The swap notional value decreases proportionately with the outstanding balance of the underlying committed term A credit facility as scheduled repayments are made over its duration. As a result of this transaction, the Company's interest rate for the committed term A credit facility is fixed at 3.48%.

The Company has not applied hedge accounting for the year ended December 31, 2018 or in the prior year. The change in fair value of the interest rate swap recognized in 'Finance expense' on the Consolidated Statement of Comprehensive Income (Loss) for the year ended December 31, 2018 amounted to an unrealized loss of $31 (2017 – $596 unrealized gain). The fair value of the interest rate swap derivative in the amounts of $77 (December 31, 2017 - $21, current financial liability) and $129 (December 31, 2017 - $258, non-current financial asset) were classified as a current derivative financial asset and a non-current derivative financial asset, respectively.

14. DECOMMISSIONING PROVISIONS

The Company makes a provision for the future rehabilitation of its shale quarries. The present value of the obligations was estimated using discount rates ranging from 1.92% to 2.15% (2017 – 1.39% to 2.20%). The total undiscounted amount of the estimated cash flows required to settle the obligations at December 31, 2018 is $8,237 (2017 - $7,934). These obligations are expected to be settled over a fourteen year period (2017 – one to fifteen year period) and are expected to be funded from general Company resources.

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the decommissioning provisions:

	2018 $	2017 $
Balance at the beginning of the year	**6,602**	6,459
Increase in provision	**186**	116
Payments during the year	**(15)**	(16)
Unwinding of the discount and effect of changes in the discount rate	**93**	121

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

Impact of currency exchange on opening balance	**108**	(78)
Balance at the end of the year	**6,974**	6,602
Less: Payments due within one year – current portion	**–**	(31)
	6,974	6,571

15. SHARE CAPITAL

The authorized capital of the Company consists of an unlimited number of Preference shares, Class A Subordinate Voting shares and Class B Multiple Voting shares. The Class B Multiple Voting shares are convertible into Class A Subordinate Voting shares on a share-for-share basis at any time. Class A Subordinate Voting shares may be converted into Class B Mutiple Voting shares in certain circumstances in connection with a takeover bid. Class A Subordinate Voting shareholders are entitled to one vote per share and Class B Multiple Voting shareholders are entitled to ten votes per share at any meeting of shareholders. The shares issued do not have a specified par value.

No dividends were paid in 2018 and 2017.

On July 12, 2017, the Toronto Stock Exchange (the "TSX") accepted a notice of intention (the "Notice") filed by the Company to make a Normal Course Issuer Bid ("NCIB"). The Notice provided that the Company, could purchase on the TSX up to 461,756 Class A Subordinate Voting shares in total, being approximately 5% of the total number of Class A Subordinate Voting shares outstanding as of July 10, 2017, during the 12-month period which commenced on July 17, 2017 and ended on July 16, 2018. Under this NCIB, 6,500 Class A Subordinate Voting shares were repurchased at an average market price of $8.19 and subsequently cancelled on September 28, 2018.

On September 5, 2018, the TSX accepted a notice of intention filed by the Company to make a NCIB. The Notice provided that the Company, could purchase on the TSX up to 461,431 Class A Subordinate Voting shares in total, being approximately 5% of the total number of Class A Subordinate Voting shares outstanding as of August 31, 2018, during the 12-month period which commenced on September 7, 2018 and ends on September 6, 2019. Under this NCIB, 12,000 Class A Subordinate Voting shares were repurchased at an average market price of $8.36 and subsequently cancelled.

As at December 31, 2018 issued and outstanding share capital consisted of 9,223,023 Class A Subordinate Voting shares (December 31, 2017 – 9,235,123) and 1,738,631 Class B Multiple Voting shares (December 31, 2017 – 1,738,631).

Changes to issued and outstanding share capital during the current and prior years due to the exercise of stock options are discussed in Note 16.

Changes to share capital during 2018 and 2017 were as follows:

Class A Subordinate Voting shares	**December 31, 2018**		**December 31, 2017**	
	Number of shares (thousands)	**Stated capital $**	**Number of shares (thousands)**	**Stated capital $**
Balance at the beginning of the year	**9,235**	**33,914**	9,209	33,754
Stock options exercised for Class A Subordinate Voting shares	**6**	**46**	27	135
Repurchase of Class A Subordinate Voting shares	**(18)**	**(68)**	–	–
Transfer from contributed surplus on exercise of stock options	**–**	**17**	–	25
Balance at the end of the year	**9,223**	**33,909**	9,235	33,914

Class B Multiple Voting shares	**December 31, 2018**		**December 31, 2017**	
	Number of shares (thousands)	**Stated capital $**	**Number of shares (thousands)**	**Stated capital $**
Balance at the beginning of the year	**1,739**	**1**	1,739	1
Balance at the end of the year	**1,739**	**1**	1,739	1

16. SHARE-BASED COMPENSATION

a) Equity-settled stock options:

Under the Brampton Brick Limited Stock Option Incentive Plan ("the Plan"), the Company may grant stock options to the officers, full-time employees and directors of the Company and its subsidiaries up to an aggregate of 1,680,965 (December 31, 2017 – 1,680,965) Class A Subordinate Voting shares. The exercise price of each stock option is equal to the volume-weighted average trading price of the Company's Class A Subordinate Voting shares for the five trading days immediately preceding the date of the grant and the maximum term of each option is ten years. As at December 31, 2018, a total of 255,065 (December 31, 2017 – 148,065) stock options were available for grant under the Plan. There were no stock options granted during the year ended December 31, 2018 and the prior year. A total of 4,000 stock options were forfeited in 2018 (2017 – 1,800).

During 2018, 6,400 stock options were exercised at an average price of $7.12. Proceeds from the issue of an equal number of Class A Subordinate Voting shares amounted to $46. In addition, 6,000 stock options with an average exercise price of $7.90 were exercised and cash-settled in the amount of $3. Compensation cost previously recognized on these stock options totaled $17, of which $14 was credited to stock option compensation cost in 2018.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

In 2017, 26,500 stock options were exercised at an average price of $5.08. Proceeds from the issue of an equal number of Class A Subordinate Voting shares amounted to $135.

During 2017, 173,700 stock options were exercised and cash-settled in the amount of $938, of which $167 was previously recognized over the vesting period of these stock options. Cash paid in excess of the fair market value ("FMV") at grant date amounted to $771 and was expensed to compensation cost. No Class A Subordinate Voting shares were issued on exercise of these options.

For the year ended December 31, 2018, the total compensation cost charged against income with respect to all stock options granted was $91 (2017 - $1,008).

Information with respect to stock option transactions in each of the past two years and stock options outstanding at the end of the year is as follows:

	2018		2017	
	Number of stock options	**Weighted average exercise price $**	**Number of stock options**	**Weighted average exercise price $**
Balance at the beginning of the year	**1,086,500**	**6.44**	1,372,500	**6.57**
Exercised during the year	**(12,400)**	**7.49**	(200,200)	**4.87**
Forfeited during the year	**(4,000)**	**7.90**	(1,800)	**7.90**
Cancelled during the year	**–**	**–**	(10,000)	**6.59**
Expired during the year	**(103,000)**	**10.51**	(74,000)	**13.00**
Balance at the end of the year	**967,100**	**5.99**	1,086,500	**6.44**

At December 31, 2018 and 2017, outstanding stock options were as follows:

		Number of shares	
Year of expiry	**Option price $**	**2018**	**2017**
2018	**10.51**	-	103,000
2019	**4.99**	47,500	47,500
2020	**5.76**	69,200	69,200
2021	**5.10**	66,500	66,500
2022	**3.60**	86,500	86,500
2022	**4.61**	30,000	30,000
2023	**5.52**	151,500	151,500
2024	**5.60**	158,500	159,300
2025	**6.90**	177,300	180,500
2026	**7.90**	180,100	192,500
		967,100	**1,086,500**

As at December 31, 2018, an aggregate of 967,100 (December 31, 2017 – 1,086,500) stock options were outstanding, of which 858,000 (December 31, 2017 – 864,700) were fully vested and exercisable by the holders thereof at a weighted average exercise price of $5.79 (December 31, 2017 - $6.24) per share.

b) Share appreciation rights:

Under the Brampton Brick Limited Share Appreciation Rights Plan (the "SARs Plan"), the Company may grant share appreciation rights to all executive officers, certain employees and to all non-management members of the Board of directors of the Company. The base price of each share appreciation right is determined by the Board of Directors and cannot be less than the volume weighted average trading price ("VWAP") of the Company's Class A Subordinate Voting shares for the five trading days immediately preceding the effective date of the grant, and the maximum exercise term of a share appreciation right is ten years. Upon exercise of the share appreciation right, the excess of the FMV, being the five-day VWAP, as of the day preceding the date of exercise, over the base price will be payable to the participant.

On March 28, 2018 and on March 31, 2017, the Company granted share appreciation rights to all executive officers, certain employees and to all non-management members of the Board of directors of the Company. Share appreciation rights in each grant vest as follows: 20% on the date immediately following the date of the grant; and an additional 20% on each anniversary of the grant date thereof until fully vested.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

Date of grant	March 28, 2018	March 31, 2017
Number of share appreciation rights granted	**207,500**	**205,500**
Base price	**$ 8.48**	**$ 9.01**
Fair value of each share appreciation right as at December 31, 2018	**$ 2.23**	**$ 2.19**
Assumptions:		
Risk-free interest rate	**1.85%**	**1.85%**
Expected life	**6.25 years**	**6.5 years**
Volatility (determined by reference to historically observed prices of Class A Subordinate Voting Shares)	**30.99%**	**31.86%**
Expected dividend yield	**0.0%**	**0.0%**
Expected forfeitures	**Nil**	**Nil**

No share appreciation rights were exercised during 2018. 15,000 share appreciation rights were forfeited during the second quarter of 2018.

In 2017, 600 share appreciation rights were exercised and settled in cash, for the increase in FMV over the Base price amounting to $1. A total of 2,400 share appreciation rights were forfeited in 2017.

For the year ended December 31, 2018, total compensation cost recorded was $112 (2017 – $452). As at December 31, 2018, an aggregate of 395,000 (December 31, 2017 – 202,500) share appreciation rights were outstanding, of which 117,500 (December 31, 2017 – 40,500) were fully vested and exercisable. The fair value of the share appreciation rights recognized, in the amounts of $402 (December 31, 2017 – $308) and $161 (December 31, 2017 – $143), were classified as current and non-current provisions for share appreciation rights, respectively.

17. PENSION PLAN EXPENSE

The Company has a defined contribution pension plan covering all participating Canadian employees and a 401(k) plan covering all participating U.S. employees. The Company's pension plan expense in 2018 totaled $918 (2017 - $872).

18. EXPENSES BY NATURE

Year ended December 31, 2018

	Personnel expenses	Cost of Materials	Cost of Energy	Depreciation	Freight	Other expense	Share of Joint Venture Income	Total
Cost of sales	**$ 26,378**	**$ 58,606**	**$ 7,786**	**$ 9,504**	**$ 13,369**	**$ 4,646**	**–**	**$ 120,289**
Selling expenses	**8,313**	**483**	**–**	**–**	**20**	**4,574**	**–**	**13,390**
General and administrative expenses	**4,653**	**325**	**–**	**291**	**52**	**2,643**	**–**	**7,964**
Gain on disposal of property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(49)**	**–**	**(49)**
Share of income from joint venture interest	**–**	**–**	**–**	**–**	**–**	**–**	**(762)**	**(762)**
Other income	**–**	**–**	**–**	**–**	**–**	**(294)**	**–**	**(294)**
	$ 39,344	**$ 59,414**	**$ 7,786**	**$ 9,795**	**$ 13,441**	**$ 11,520**	**(762)**	**$ 140,538**

Year ended December 31, 2017

	Personnel expenses	Cost of Materials	Cost of Energy	Depreciation	Freight	Other expense	Impairment (reversal)	Total
Cost of sales	$ 26,435	$ 55,713	$ 9,361	$ 9,988	$ 12,907	$ 3,903	–	$ 118,307
Selling expenses	7,676	586	–	–	26	4,337	–	12,625
General and administrative expenses	5,656	355	–	328	69	2,595	–	9,003
Loss on disposal of property, plant and equipment	–	–	–	–	–	43	–	43
Other expense	–	–	–	–	–	120	–	120
Impairment reversal on loan receivable	–	–	–	–	–	–	(2,143)	(2,143)
Asset impairment	–	–	–	–	–	–	6,285	6,285
	$ 39,767	**$ 56,654**	**$ 9,361**	**$ 10,316**	**$ 13,002**	**$ 10,998**	**4,142**	**$ 144,240**

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

19. INCOME TAX

The Company computes an income tax provision in each of the jurisdictions in which it operates. The operations in Canada and the United States are subject to income tax at the following rates 26.5% (2017 – 26.5%) in the Canadian jurisdictions and from 21.0% to 23.2% (2017 – 34.0% to 36.5%) in the U.S. jurisdictions.

The provision for income taxes recorded in the consolidated statements of operations differs from the statutory federal and provincial income tax, as follows:

	2018		2017	
	$	%	$	%
Income before income taxes	**18,233**		11,338	
Income tax provision calculated at statutory federal and provincial income tax rates – 26.50% (2017 – 26.50%)	**(4,832)**	**(26.5)**	(3,005)	(26.5)
(Increase) decrease in rate resulting from:				
Manufacturing and processing profits deduction	**279**	**1.5**	306	2.7
Tax rate and other differences in foreign subsidiaries	**365**	**2.0**	865	7.6
Change in deferred tax assets not recognized	**(1,829)**	**(10.0)**	11,138	98.2
Change in unrecognized deferred tax assets due to changes in U.S. deferred income tax rates	**–**	**–**	(12,613)	(111.3)
Change in unrecognized deferred tax assets due to changes in exchange rates	**1,573**	**8.6**	(2,057)	(18.1)
Other non-taxable and non-deductible items	**(345)**	**(1.9)**	(28)	(0.2)
Total change in income tax rates	**43**	**0.2**	(2,389)	(21.1)
Effective provision for income taxes	**(4,789)**	**(26.3)**	(5,394)	(47.6)

The movement in deferred tax liabilities is as follows:

	2018	2017
As at January 1	**$ (15,885)**	$ (15,889)
Recovery of (provision for) deferred income taxes	**553**	1
Impact of exchange rate on change in deferred tax liabilities	**(2)**	3
As at December 31	**$ (15,334)**	$ (15,885)

Deferred taxes applicable to temporary differences are as follows:

	December 31, 2018 $	December 31, 2017 $
Depreciable property, plant and equipment	**(11,115)**	(11,545)
Losses available for carry-forward	**21,828**	20,153
IFRS transition adjustment, January 1, 2010 - land	**(4,432)**	(4,432)
Other	**(1,302)**	(1,577)
	4,979	2,599
Less: Deferred tax assets not recognized	**(20,313)**	(18,484)
Deferred tax liability	**(15,334)**	(15,885)

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

Deferred tax assets were not recorded on the following non-capital losses carried forward relating to the U.S. subsidiaries:

Year of expiry	$
2024	**3,046**
2025	**4,487**
2026	**4,065**
2027	**2,048**
2028	**4,855**
2029	**14,076**
2030	**14,964**
2031	**12,360**
2032	**9,184**
2033	**7,016**
2034	**5,741**
2035	**4,521**
2036	**8,203**
2037	**2,815**
2038	**20**
	97,401

20. NET INCOME PER SHARE

Earnings per share is calculated on net income using the weighted average number of shares outstanding for the year. As referred to in Note 2, the diluted earnings per share is calculated to reflect the dilutive effect of the exercise of the outstanding stock options on earnings per share.

The weighted average number of outstanding Class A Subordinate Voting shares and Class B Multiple Voting shares utilized in the calculations of earnings per share is as follows:

	Year ended December 31					
	2018			**2017**		
	Net income $	**Shares (thousands)**	**Per share amount $**	**Net Income $**	**Shares (thousands)**	**Per share amount $**
Net income	**13,444**	**10,968**	**1.23**	5,944	10,969	0.54
Dilutive effect of options		**244**	**(0.03)**		323	(0.01)
Diluted income per share		**11,212**	**1.20**		11,292	0.53

In determining the diluted earnings per share, for the year ended December 31, 2018, 20,600 options to purchase Class A Subordinate Voting shares were considered anti-dilutive (2017 – 120,815).

21. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

For the years ended December 31, 2018 and December 31, 2017, cash provided by (used for) financing activities resulted in the following changes to the Company's financing liabilities:

	Term		**Finance Leases**	
	Current	**Non-current**	**Current**	**Non-current**
Balance as at December 31, 2016	**$ 1,960**	**$ 35,724**	**$ 678**	**$ 186**
Cash flows:				
Payments during the year	(1,960)		(732)	
Changes from cash flows	**(1,960)**		**(732)**	
Non-cash changes:				
Increase in financial obligations			110	213
Impact of currency exchange rates			(4)	(9)
Other non-cash movements	1,959	(1,959)	118	(118)
Non-cash changes	**1,959**	**(1,959)**	**224**	**86**
Balance as at December 31, 2017	**$ 1,959**	**$ 33,765**	**$ 170**	**$ 272**

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

	Term		Finance Leases	
	Current	Non-current	Current	Non-current
Balance as at December 31, 2017	**$ 1,959**	**$ 33,765**	**$ 170**	**$ 272**
Cash flows:				
Payments during the year	(1,959)		(267)	
Changes from cash flows	**(1,959)**		**(267)**	
Non-cash changes:				
Increase in financial obligations			231	476
Impact of currency exchange rates			2	10
Other non-cash movements	1,950	(1,950)	332	(332)
Non-cash changes	**1,950**	**(1,950)**	**565**	**154**
Balance as at December 31, 2018	**$ 1,950**	**$ 31,815**	**$ 468**	**$ 426**

22. COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position or liquidity.

The future aggregate minimum lease payments under operating leases, (mobile equipment and vehicles) are as follows:

	$
2019	**128**
2020	**89**
2021	**53**
2022	**7**
	277

Effective January 1, 2019, these operating leases were recognized as Right-of-Use assets in property, plant and equipment (refer to Note 2), with an offsetting lease obligation at the present value of their future lease payments as follows:

	$
Cost of Right-of-Use assets (operating leases)	**263**
Add: Interest cost	**14**
	277

As at December 31, 2018, the Company entered into commitments to purchase property, plant and equipment, and consultancy services from vendors totaling $2,194.

The Company normally enters into supply and transportation contracts for natural gas to satisfy its future requirements. As at December 31, 2018, the Company had contracted for its estimated 2019 Canadian natural gas supply requirements at an aggregate estimated cost of $737, forecasted by the supplier, none of which was at fixed prices, and for its estimated 2019 Canadian transportation requirements at an aggregate estimated cost of $1,126, of which 84% was at fixed prices. The potential unrealized gain on the fixed price transportation contracts was approximately $227 (2017 – unrealized gain of $170), which was not taken to income since these are supply contracts that will be charged to operations in the period the gas is consumed.

Letters of credit are issued by the Company's lender to provide security to certain service providers and in connection with certain governmental operating permits. The aggregate amount of letters of credit outstanding as at December 31, 2018 was $386 (2017 - $356).

23. RELATED PARTIES

a) *Compensation of key management personnel*

	Year ended December 31	
	2018	2017
Salaries, incentives, short-term benefits and pension expense	**$ 4,143**	$ 4,159
Share-based payments	**203**	1,460
Total	**$ 4,346**	$ 5,619

Key management personnel is comprised of the Company's directors and executive officers.

b) *Other related party transactions*

The Company has determined which of its customers are related to the Company via common directors or shareholders. Sales to these customers are made under competitive terms and conditions. These customers accounted for 4.5% (2017 – 4.5%) of revenues in aggregate for the year ended December 31, 2018, with none accounting for more than 1.6% (2017 – 2.6%). Purchases from related parties amounted to $24 (2017 - $12) for the year ended December 31, 2018.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

All related party transactions are accounted for at the exchange amount which is the amount of consideration established and agreed to by the related parties.

c) ***Other related party balances***

As at December 31, 2018, the trade receivable balance from related customers was $14 (2017 - $26). Trade payables to related parties, including payables for rebates was $176 as at December 31, 2018 (2017 - $46).

24. OPERATING SEGMENTS

The Company considers that for purposes of operating decision making and assessing performance it operates within two dominant business segments: Masonry Products and Landscape Products. Although the Company operates several plants, the nature of products, production methods and type of customers for their products and services, share similar economic characteristics within each segment.

MASONRY PRODUCTS

Manufacture of clay brick and a range of concrete masonry products including stone veneer, concrete brick and block for use in residential construction and institutional, commercial and industrial building projects.

LANDSCAPE PRODUCTS

Manufacture of concrete paving stones, retaining walls, garden walls and sales of accessory products for use in residential construction and institutional, commercial and industrial building projects.

OTHER

Other business operations and assets consist primarily of the Company's share of income from its joint venture investment in Universal prior to April 2, 2018, as well as post-acquisition rental revenues, related costs and assets of the wholly-owned subsidiary. The purchase transaction on April 2, 2018, is described in Note 9, 'Investment in Universal Resource Recovery Inc.' In 2017, 'Other assets' comprised primarily of the loan receivable from Universal.

Segmented information, with comparative information for 2017, is as follows:

	Masonry $	Landscape $	Other $	2018 Total $
Revenues	**111,570**	**48,212**	**103**	**159,885**
Cost of sales	**82,895**	**36,841**	**553**	**120,289**
Selling expenses	**8,535**	**4,855**	**–**	**13,390**
General and administrative expenses	**5,852**	**2,138**	**(26)**	**7,964**
Gain on disposal of property, plant and equipment	**(32)**	**(17)**	**–**	**(49)**
Share of income from joint venture interest	**–**	**–**	**(762)**	**(762)**
Other expense (income)	**45**	**(339)**	**–**	**(294)**
	97,295	**43,478**	**(235)**	**140,538**
Operating income	**14,275**	**4,734**	**338**	**19,347**
Finance expense				**(1,114)**
Income before income taxes				**18,233**
Income tax provision				**(4,789)**
Net income for the year				**13,444**
Depreciation of property, plant and equipment	**7,251**	**2,229**	**315**	**9,795**

	Masonry $	Landscape $	Other $	2017 Total $
Revenues	110,433	45,811	–	156,244
Cost of sales	85,799	32,508	–	118,307
Selling expenses	8,311	4,314	–	12,625
General and administrative expenses	6,782	2,221	–	9,003
Loss on disposal of property, plant and equipment	20	23	–	43
Other (income) expense	(266)	386	–	120
Impairment reversal on loan receivable	–	–	(2,143)	(2,143)
Asset impairment	6,285	–	–	6,285
	106,931	39,452	(2,143)	144,240
Operating income	3,502	6,359	2,143	12,004
Finance expense				(666)
Income before income taxes				11,338
Income tax provision				(5,394)
Net income for the year				5,944
Depreciation of property, plant and equipment	8,146	2,170	–	10,316

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

Certain non-current assets are used for both the Masonry Products and Landscape Products business segments. Assets and liabilities do not form a part of management's evaluation of performance of individual business segments and therefore are not reported on a segmented basis.

			2018
	Masonry and Landscape $	**Other $**	**Total $**
Additions to property, plant and equipment	**6,290**	**–**	**6,290**
Consolidated total assets	**238,113**	**13,403**	**251,516**

			2017
	Masonry and Landscape $	**Other $**	**Total $**
Additions to property, plant and equipment	6,608	–	6,608
Consolidated total assets	233,987	6,396	240,383

Geographical information is as follows:

		2018		2017
	Revenues $	**Property, plant and equipment $**	**Revenues $**	**Property, plant and equipment $**
Canada	**141,476**	**136,833**	139,407	127,237
United States	**18,409**	**32,242**	16,837	30,128
	159,885	**169,075**	156,244	157,365

25. FINANCIAL INSTRUMENT DISCLOSURES

MEASUREMENT CATEGORIES

Financial assets and liabilities have been classified into categories which determine the basis of measurement. Those categories are: fair value through profit or loss; loans and receivables; available for sale assets; financial liabilities measured at amortized cost; and financial liabilities at fair value through profit or loss. The following table shows the carrying values and fair values of assets and liabilities for each of these categories at December 31, 2018 and 2017.

Assets	**Fair Value Hierarchy Level**	**December 31, 2018**		**December 31, 2017**	
		$ Carrying values	**$ Fair values**	$ Carrying values	$ Fair values
Loans and receivables					
Cash and cash equivalents	**1**	**27,043**	**27,043**	22,010	22,010
Trade and other receivables	**2**	**18,137**	**18,137**	21,287	21,287
Loans receivable	**2**	**64**	**64**	6,551	6,551
Financial assets at fair value through profit or loss					
Derivative financial instrument	**2**	**206**	**206**	237	237
Liabilities					
Financial liabilities at amortized cost					
Trade payables	**2**	**17,429**	**17,429**	20,485	20,485
Other liabilities	**2**	**4,437**	**4,437**	4,037	4,037
Debt	**2**	**34,659**	**34,659**	36,166	36,166

The carrying values of the cash and cash equivalents, trade and other receivables, trade payables and other liabilities approximate their fair values due to the short term nature of these financial instruments.

The fair values of the loans receivable and debt approximate their carrying values and were determined based on expected cash flows and observable market data for similar instruments which is considered comparable for the estimation of fair values.

The derivative financial instrument comprising the interest rate swap is measured at fair value based on observable market data for similar instruments considered to be comparable for the estimation of its fair value.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

FAIR VALUE HIERARCHY

Fair value measurements recognized in the consolidated balance sheets are categorized in accordance with the following levels:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3** – Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The Company's overall risk management program seeks to minimize potential adverse effects on the company's financial performance.

a) Credit Risk

The Company has credit risk exposure with respect to trade receivables, cash and cash equivalents and the counterparties to its financial instruments.

i) Trade receivables

The Company grants credit to its customers in the normal course of business on terms that are consistent with the industries in which it operates. Credit evaluations are performed on a regular basis taking into consideration the customer's financial position, past experience and other factors which form part of the ongoing credit evaluations. Based on these evaluations, credit limits were established for each customer and are monitored and amended as appropriate throughout the year. The financial statements take into account an allowance for bad debts. At December 31, 2018, four customers represented approximately 27.5%, in aggregate, (2017 - four customers – 32.4%) of the Company's trade receivables at year-end. Sales to these customers represented 16.3% (2017 – 14.1%) of the Company's revenues.

The Masonry Products business segment is characterized by a relatively small number of customers with higher average balances outstanding. Trade receivables attributable to this business segment represented 64.5% (2017 – 75.6%) of consolidated trade and other receivables outstanding as at December 31, 2018.

The Landscape Products business segment is characterized by a larger number of customers with lower average balances outstanding. This business segment represented 34.2% (2017 – 24.4%) of consolidated trade and other receivables outstanding as at December 31, 2018.

The remaining 1.3% represents receivables outstanding from Universal's business operations as at December 31, 2018.

In aggregate, 92.8% (2017 – 92.6%) of the trade and other receivables balance was due in Canadian dollars and 7.2% (2017 – 7.4%) was due in U.S. dollars.

Accounts receivable that were past due as at December 31, 2018 totaled $4,503 (2017 - $10,340), of which $3,286 (2017- $9,605) was less than three months past due, $1,210 (2017 - $496) was more than three months but less than six months past due and $7 (2017 - $239) was more than six months but less than one year past due.

Of the past due amount, accounts totaling $155 (2017 - $148) were considered to be impaired and were recorded in the allowance for doubtful accounts and charged to general and administrative expenses in the consolidated statements of comprehensive income (loss).

Changes in the allowance for doubtful accounts were as follows:

	2018 $	**2017 $**
Balance at the beginning of the year	**148**	153
Accounts added	**69**	23
Accounts removed	**(37)**	(28)
Accounts written off during the year as uncollectible	**(27)**	–
Foreign exchange translation gain	**2**	–
Balance at the end of the year	**155**	148

ii) Cash and counterparties

The Company's credit risk with respect to its cash and cash equivalents and counterparties to its financial instruments is minimized substantially by seeking to ensure that these financial instruments are placed with well-capitalized financial institutions and other creditworthy counterparties.

b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in discharging its financial liabilities as they become due. The Company manages liquidity risk by maintaining cash balances, adequate borrowing facilities and monitoring forecast and actual cash flows.

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

The summary of financial obligations and contractual maturities relating to undiscounted non-derivative financial liabilities is as follows:

	2018 $	2017 $
Not later than 3 months	**22,720**	25,186
Later than 3 months and not later than 12 months	**3,375**	2,942
Later than one year and not later than five years	**34,139**	35,325
	60,234	63,453

Non-derivative financial liabilities include trade payables and accrued liabilities, other liabilities, provision for share appreciation rights, debt and finance lease commitments.

The summary of contractual maturities relating to undiscounted derivative financial (assets) liabilities is as follows:

	2018 $	2017 $
Not later than 3 months	**(22)**	24
Later than 3 months and not later than 12 months	**(56)**	(3)
Later than one year and not later than five years	**(134)**	(271)
	(212)	(250)

At December 31, 2018, the Company had a borrowing limit of $22,000, on an operating credit facility of $22,000, of which $386 had been utilized. The Company's operating credit facility is further described in Note 11.

The Company expects that future cash flows from operations, cash and cash equivalents on hand and the unutilized balances of its credit facilities will be sufficient to satisfy these obligations as they become due.

c) Market Risk

i) Foreign exchange risks

The Company has exposure to exchange rate fluctuations as a result of holding monetary assets and liabilities denominated in U.S. dollars.

Currency exchange rate conversions utilized in the preparation of the consolidated financial statements are as follows:

	USD $1 =
December 31, 2017	1.2571 CAD
December 31, 2018	1.3639 CAD
High – 2018	1.3639 CAD
Low – 2018	1.2308 CAD
Average – 2018	1.2967 CAD

Variances in the rate of exchange of USD $0.10 are considered reasonably possible.

At December 31, 2018, the Company had net monetary liabilities denominated in U.S. dollars totaling USD $266. A variance of USD $0.10 in the December 31, 2018 rates of exchange would have resulted in the total comprehensive income (loss) before income taxes being approximately $27 higher or lower, as the case may be.

For the year ended December 31, 2018, the Company's U.S. dollar revenues amounted to USD $14,170. A variance of USD $0.10 in average rates of exchange during 2018 would have resulted in the revenues being approximately $1,417 higher or lower, as the case may be.

Foreign currency forward purchase contracts are occasionally utilized to manage the foreign currency exchange exposure resulting from future cash flows. There were no contracts outstanding as at December 31, 2018 or December 31, 2017.

ii) Interest rates

The Company has exposure to interest rate fluctuations as a result of having variable interest rate bearing financial liabilities.

The Canadian bank prime interest rate was 3.95% on December 31, 2018. At December 31, 2018, the Company had a total of $9,665 of variable interest rate bearing debt outstanding. A variance of 0.25% in the rate of interest would have resulted in the income before income taxes being approximately $24 higher or lower, as the case may be, on an annualized basis.

The Company utilizes a floating-to-fixed interest rate swap to minimize its exposure to fluctuations in cash flows from changes in interest rates on the committed term loan of the same amount. The interest rate swap contract as at December 31, 2018 is described further in Note 13. As a result of this transaction, the Company's interest rate for the committed term A credit facility is fixed at 3.48%.

The Company has not applied hedge accounting for the years ended December 31, 2018 and December 31, 2017. The change in fair value of the interest rate swap recognized in 'Finance expense' on the Consolidated Statement of Comprehensive Income (Loss) amounted to an unrealized loss of $31 for the year ended December 31, 2018 (December 31, 2017 – $596 unrealized gain).

December 31, 2018 and 2017 (in thousands of Canadian dollars, unless otherwise stated)

iii) *Energy contracts*

The Company occasionally enters into fixed price swap contracts to fix the price of its electricity requirements. Settlements on the swap contracts are made monthly and recorded in the consolidated statements of comprehensive income (loss). There were no swap contracts outstanding as at December 31, 2018 or December 31, 2017.

26. CAPITAL MANAGEMENT

The Company's primary business segments are both seasonal and cyclical. The Company manages its capital structure to reflect the underlying risk characteristics of the industries in which it operates. Its strategy is to maintain a conservatively structured balance sheet in order to secure access to financing at a reasonable cost.

The Company monitors capital on the basis of the total liabilities to tangible net worth ratio. This ratio is calculated as total liabilities divided by tangible net worth. Tangible net worth is the total of shareholders' equity reduced by the loan receivable from Universal as shown in the consolidated balance sheets.

The Company's objective is to maintain the total liabilities to tangible net worth ratio at less than 2.00:1. The net adjusted funded debt to shareholders equity ratios at December 31, 2018 and December 31, 2017 are as follows:

	December 31, 2018 $	**December 31, 2017 $**
Total liabilities	**79,396**	84,393
Share capital	**33,909**	33,915
Contributed surplus	**3,218**	3,146
Accumulated other comprehensive income	**10,947**	8,240
Retained earnings	**124,046**	110,689
Shareholders equity	**172,120**	155,990
Less: Loan receivable from Universal	**–**	(6,393)
Tangible Net Worth	**172,120**	149,597
Total Liabilities to Tangible Net Worth ratio	**0.46:1**	**0.56:1**

As at December 31, 2018 and December 31, 2017, the Company's objective with respect to the total liabilities to tangible net worth ratio was achieved.

27. SUBSEQUENT EVENT

On February 4, 2019, the Company acquired a concrete block manufacturing plant located in Southwestern Ontario for a purchase consideration of $7,500. The purchase consideration was settled by a cash payment of $2,500 on February 4, 2019, and a vendor take-back loan in the form of two non-interest bearing promissory notes totaling $5,000, payable in equal instalments over five years. The Company is evaluating the accounting treatment of these assets to determine if they constitute a business combination or a purchase of assets.

Five Year Financial Review

(in thousands of Canadian dollars, except per share amounts)

Operations	2018	2017	2016	2015	2014
Revenues	**$ 159,885**	$ 156,244	$ 143,026	$ 127,028	$ 110,329
Net Income (loss)	**13,444**	5,944	7,474	4,820	(13,961)
Depreciation	**9,795**	10,316	9,749	9,119	8,215
Cash provided by operations	**18,922**	21,960	19,975	14,281	8,713
Payments for purchase of property, plant and equipment	**5,254**	7,333	11,306	4,441	11,377
Financial Position					
Current Assets	**$ 82,233**	$ 76,122	$ 61,907	$ 56,091	$ 47,244
Working Capital	**57,547**	48,365	36,382	27,125	8,878
Property, plant and equipment (net)	**169,075**	157,365	170,072	168,091	165,236
Total assets	**251,516**	240,383	236,387	229,129	217,680
Non-current portion of debt	**32,241**	34,037	35,910	32,970	26,064
Shareholders' equity attributable to Brampton Brick Limited	**172,120**	155,990	152,430	145,842	133,177
Financial Ratios					
Current ratio	**3.33:1**	2.74:1	2.43:1	1.94:1	1.23:1
Total liabilities (excluding non-controlling interests) to shareholders' equity attributable to Brampton Brick Limited	**0.46:1**	0.54:1	0.55:1	0.57:1	0.63:1
Return on average shareholders' equity attributable to shareholders of Brampton Brick Limited(%)	**8.2**	3.9	5.0	3.3	-10.1
Share Data					
Net income (loss) per share	**$ 1.23**	$ 0.54	$ 0.68	$ 0.43	$ (1.28)
Book value per share	**15.69**	14.22	13.92	13.33	12.17
Dividends per share	**–**	–	–	–	–
Weighted average number of shares outstanding (thousands)	**10,968**	10,969	10,947	10,944	10,940

Notes

Notes

corporate directory

directors

Christopher R. Bratty*†

Jim V. De Gasperis

P. David Grant, CPA, CA*

Howard C. Kerbel

Jeffrey G. Kerbel

Adam K. Peterson

John M. Piecuch*†

Peter R. Smith

Kenneth M. Tanenbaum*†

*Member of Audit Committee
†Member of Compensation Committee

senior officers

Jeffrey G. Kerbel
President and Chief Executive Officer

Trevor M. Sandler
Vice-President, Finance and Chief Financial Officer

David R. Carter
Chief Operating Officer

Bradley S. Cobbledick
Vice-President, Technical Services

J. Bradley Duke
Senior Vice-President, Manufacturing

George S. Housh
Vice-President, Manufacturing, Concrete Products

Marilia Macias
Controller

Antonio M. Neves
Vice-President, Sales, Concrete Products

Judy H. Pryma
Vice-President, Sales, Clay Products

corporate office

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investor relations

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stock listing

Toronto Stock Exchange

share symbol

"BBL.A"

registrar & transfer agent

AST Trust Company (Canada)
Halifax, Montreal, Toronto, Calgary and Vancouver

shareholder enquiries

of AST Trust Company (Canada)

Toll free in Canada and United States: 1-800-387-0825
In Toronto: 416-682-3860

general counsel

Fogler, Rubinoff LLP

auditors

BDO Canada LLP

operations

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3007 County Road 29, Brockville, Ontario
1038 Rife Road, Cambridge, Ontario
4200, Marcel-Lacasse, Boisbriand, Québec

Brampton Brick Inc.
1256 East County Road 950 North,
Farmersburg, Indiana

Oaks Concrete Products Inc.
51744 Pontiac Trail, Wixom, Michigan

Universal Resource Recovery Inc.
615 Rusholme Road, Welland, Ontario

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