



**Press Release**  
**For Immediate Release**

**Strong growth for Richelieu in the third quarter of 2010**

*5 acquisitions since the beginning of 2010*  
*40.6% increase in net earnings for the first nine months*

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- **Net earnings** grew by 16.7% in the third quarter to \$10.3 million or \$0.48 per share, and by 40.6% for the first nine months of the year to \$28.9 million or \$1.33 per share
  - **Consolidated sales** stood at \$116.0 million, an increase of 8.2% for the third quarter, and at \$329.1 million, an increase of 7.2% for the first nine months of the year
  - **Acquisition** of Gordon Industrial Materials Ltd. (Montreal, Qc and Mississauga, Ont.) and New Century Distributors Grp LLC (Avenel, New Jersey)
  - **Cash** totalled \$53.1 million as at August 31, 2010
  - **SUBSEQUENT EVENT** – Acquisition of E. Kinast Distributors, Inc. in the Greater Chicago market, Illinois, U.S.

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**TSX: RCH**

**Montreal, September 30, 2010** — Richelieu achieved strong growth during the third quarter and ended the period as at August 31, 2010 with an excellent balance sheet. With the strength of its organization, its innovation strategy and development initiatives, the Company benefited from the sustained robustness of Canadian markets and won new market share in the United States, where economic conditions remain uncertain. During the quarter, Richelieu closed one acquisition in Canada and another in the United States, and on September 27, it closed its fifth acquisition since the beginning of 2010.

“Our strongest growth was posted in our key customer segments, notably the kitchen cabinet makers niche where sales grew by 18.5% in Canada and 14.2% in the United States, and we recorded significant increases in the Canadian home furnishing and office furniture manufacturers markets. We also highlight the 16.7% growth in our sales in U.S. dollars in the U.S. manufacturers market, attesting to our successful efforts to win new market share. Our consolidated sales totalled \$116.0 million, up 8.2% over the third quarter of 2009, of which 4.6% from internal growth and 3.6% from acquisitions. As for the EBITDA margin, it improved to 14.7%, up from 13.9% in the corresponding quarter of 2009, and for the first nine months of the year, it stood at 14.2%, compared with 11.6% for the first nine months of 2009,” indicated Richard Lord, President and Chief Executive Officer.

## **CENTRE START-UP AND ACQUISITIONS**

During the first quarter, the Company opened a new distribution centre in Raleigh, North Carolina, while also completing the acquisition of Woodland Specialties, Inc. in New York State and Raybern Company in Connecticut – both of which contributed to third-quarter results. On July 14, Richelieu closed the acquisition of Gordon Industrial Materials Ltd., a distributor operating in Quebec and Ontario, which brought a six week contribution to the quarterly results, and on August 30, 2010 came the closing of the acquisition of New Century Distributors Grp LLC in New Jersey. Then on September 27, Richelieu closed the acquisition of E. Kinast Distributors, Inc., with operations in the Greater Chicago market. Another acquisition project (announced in July 2010) is currently undergoing due diligence and negotiation of the acquisition agreement to the satisfaction of both parties. With these five acquisitions and the transaction in progress, Richelieu will increase its sales by some \$70 million annually and, as was the case for previous acquisitions, the Company will focus on creating attractive synergies in upcoming periods.

## **NEXT DIVIDEND PAYMENT**

At its meeting on September 30, 2010, the Board of Directors approved the payment of a quarterly dividend of \$0.09 per share. This dividend is payable on October 28, 2010 to shareholders of record as at October 14, 2010.

## **ANALYSIS OF OPERATING RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2010 COMPARED WITH THOSE OF THE THIRD QUARTER AND FIRST NINE MONTHS ENDED AUGUST 31, 2009**

**Third-quarter consolidated sales** totalled \$116.0 million, up by \$8.8 million or 8.2% over the third quarter of 2009. Richelieu continued to build upon all its product offering and quality of service strengths to benefit from the sustained robustness of its Canadian markets, while successfully making further efforts to win market share in the United States. This sales increase came from a 4.6% internal growth and a 3.6% growth from the acquisition of Paint Direct Inc. (“Paint Direct”) (Calgary, Alberta) and Woodland Specialties, Inc. (“Woodland”) (Syracuse, New York), acquired on November 4 and December 1, 2009 respectively, Raybern Company, Inc. (“Raybern”) (Rocky Hill, Connecticut), acquired on April 26, 2010, and the six-week contribution of Gordon Industrial Materials Ltd. (“Gordon”) (Montreal, Quebec and Mississauga, Ontario), acquired on July 14, 2010.

Richelieu’s sales to **manufacturers** grew by 10.2% to \$96.3 million, up from \$87.4 million for the corresponding period of 2009, an increase of \$8.9 million. The strongest growth was posted in the kitchen and bathroom cabinet makers, residential and commercial woodworking and office furniture manufacturers markets. In the hardware **retailers** and renovation superstore markets, sales remained relatively stable at \$19.6 million, compared with \$19.8 million for the same quarter of 2009.

**In Canada**, Richelieu achieved sales of \$98.1 million, compared with \$90.8 million for the third quarter of 2009, an increase of \$7.3 million or 8.0%, of which 7.3% from internal growth and 0.7% from the contribution of Paint Direct and Gordon. The three Canadian markets remained robust, favouring solid growth over the same quarter of 2009, with more significant increases in Eastern Canada and Ontario.

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**In the United States**, Richelieu's sales grew by 16.7% to US\$17.2 million, an increase of US\$2.5 million, of which 5.2% from internal growth and 11.5% from the contribution of Woodland and Raybern, acquired in the first quarter of the year. The Company won further market share in the United States thanks to its diversified and distinctive product offering and the dynamism of its sales force. Considering the effect of exchange rates, U.S. sales rose 9.1% upon conversion to Canadian dollars; they stood at \$17.9 million, compared with \$16.4 million for the corresponding quarter of 2009, thereby accounting for 15.4% of the quarter's consolidated sales.

**For the first nine months**, Richelieu recorded **consolidated sales** of \$329.1 million, up by \$22.1 million or 7.2% over the corresponding period of 2009, of which 5.0% from internal growth and 2.2% from the acquisition of Paint Direct, Woodland and Raybern as well as Gordon's contribution for a six-week period.

Sales to **manufacturers** totalled \$271.0 million, an increase of \$16.7 million or 6.6% over the first nine months of the previous year. Sales to hardware **retailers** and renovation superstores stood at \$58.1 million, up by \$5.4 million or 10.3% over the corresponding period of 2009.

**In Canada**, Richelieu achieved sales of \$280.5 million, an increase of \$26.2 million or 10.3%, of which 9.6% from internal growth and 0.7% from the contribution of Paint Direct and Gordon. Canadian sales accounted for 85.2% of consolidated sales for the first nine months of 2010.

**In the United States**, sales amounted to US\$46.8 million, up 5.6% – the 7.8% growth from the acquisition of Woodland and Raybern was partially offset by the 2.2% internal decrease due to the major market slowdown during the first two quarters of the year. Considering the effect of exchange rates, U.S sales declined by 7.7% upon conversion to Canadian dollars; they stood at US\$48.6 million, compared with \$52.6 million for the corresponding period of 2009, thereby accounting for 14.8% of consolidated sales for the first nine months of 2010.

**Third-quarter earnings before income taxes, interest, amortization and non-controlling interest (EBITDA)** amounted to \$17.1 million, up 14.2% over the corresponding quarter of 2009. The gross margin was positively affected by the strong Canadian dollar and the product mix sold in Canada. Combined with these positive factors, the increase in consolidated sales and tight cost control measures raised the EBITDA profit margin to 14.7%, up from 13.9% in the third quarter of 2009.

**Income taxes** increased by \$0.8 million to \$5.1 million, due to the period's earnings growth.

**For the first nine months**, **earnings before income taxes, interest, amortization and non-controlling interest (EBITDA)** totalled \$46.7 million, up 31.2% over the first nine months of 2009. The gross margin was positively affected by the strength of the Canadian dollar in 2010 and the product mix sold in Canada during the third quarter, and by the fact that the costs incurred to penetrate the retailers market were lower than last year and the Company is now reaping the benefits of this investment. Combined with these positive factors, the increase in consolidated sales and tight cost control measures raised the EBITDA profit margin to 14.2%, up from 11.6% for the first nine months of the previous year.

**Income taxes** increased by \$3.7 million to \$13.6 million, due to the earnings growth in the first nine months of 2010.

**In the third quarter**, considering the major aforementioned factors for the EBITDA, **net earnings** grew by 16.7% to \$10.3 million. The net profit margin from continuing operations improved to 8.9% of consolidated sales, up from 8.3% for the third quarter of the previous year. **Earnings per share** amounted to \$0.48 (basic and diluted), an increase of 20.0%.

**Comprehensive income** amounted to \$11.3 million, on account of a positive adjustment of \$1.0 million on translation of the financial statements of the self-sustaining subsidiary in the United States, compared with comprehensive income of \$9.0 million for the third quarter of the previous year, on account of a positive adjustment of \$0.1 million on translation of this same subsidiary's financial statements.

**For the first nine months**, **net earnings** totalled \$28.9 million, up 40.6% over the corresponding period of 2009. This growth reflects the various aforementioned factors for the EBITDA as well as an after-tax non-recurring gain of \$0.7 million on the disposal of the ceramics activities during the first quarter of the current fiscal year. The net profit margin improved significantly to 8.8% of consolidated sales, up from 6.7% for the first nine months of the previous year. **Earnings per share** amounted to \$1.33 (basic and diluted), up 43.0% on account of the contribution of the discontinued operations of \$0.03 per share for 2010, compared with a negative effect of \$0.01 per share for 2009.

On account of the positive adjustment of \$0.5 million on translation of the financial statements of the self-sustaining subsidiary in the United States, **comprehensive income** totalled \$29.3 million for the first nine months, whereas comprehensive income for the corresponding period of 2009 stood at \$14.4 million, on account of a negative adjustment of \$6.1 million on translation of this same subsidiary's financial statements.

### **Operating activities**

**Third-quarter cash flows provided by operating activities** (before net change in non-cash working capital balances related to operations) totalled \$12.8 million or \$0.59 per share, up from \$10.9 million or \$0.50 per share for the third quarter of 2009, mainly reflecting the \$1.4 million growth in net earnings for the quarter. Net change in non-cash working capital balances related to operations represented a cash outflow of \$3.6 million due primarily to the increase in inventories, compared with a cash inflow of \$17.1 million for the third quarter of 2009, generated by accounts payable, income taxes, inventories and accounts receivable. Consequently, operating activities provided cash flows of \$9.2 million, compared with \$28.1 million for the third quarter of 2009.

**In the first nine months**, **operating activities provided cash flows** (before net change in non-cash working capital balances related to operations) of \$34.0 million or \$1.56 per share, up from \$26.7 million or \$1.21 per share for the first nine months of 2009, mainly reflecting the \$7.4 million growth in net earnings. Net change in non-cash working capital balances related to operations represented a cash outflow of \$6.2 million, compared with a cash inflow of \$13.9 million for the corresponding period of 2009. This variation is due to an increase in accounts receivable, inventories and prepaid expenses totalling \$14.6 million, whereas accounts payable and income taxes payable represented a variance of \$8.4 million. Consequently, operating activities provided cash flows of \$27.8 million, compared with \$40.5 million for the first nine months of 2009.

### **Financing activities**

**Third-quarter financing activities** represented a cash outflow of \$4.3 million, compared with \$1.8 million for the third quarter of 2009. The Company paid \$1.9 million in dividends to its shareholders, up by \$0.2 million over the third quarter of the previous year considering the 12.5% increase in the quarterly dividend announced on January 28, 2010. In addition, a total of 102,800 common shares were repurchased for cancellation for a consideration of \$2.6 million under Richelieu's normal course issuer bid, whereas no shares were repurchased in the third quarter of the previous year.

**In the first nine months**, **financing activities** represented a cash outflow of \$16.9 million, compared with \$5.4 million for the corresponding period of 2009. The Company paid \$5.8 million in dividends to its shareholders, a growth of \$0.6 million reflecting the 12.5% increase in the quarterly dividend announced on January 28, 2010. In addition, a total of 466,900 common shares were repurchased for cancellation for a consideration of \$11.5 million, compared with a repurchase of 4,000 common shares for a consideration of approximately \$0.1 million during the first nine months of the previous year.

### **Investing activities**

**In the third quarter**, the Company made investments of \$4.8 million, of which \$4.2 million in the acquisition of the principal net assets of Gordon and New Century Distributors Grp LLC ("New Century") (as at August 30, 2010), and the balance in leasehold improvements, equipment to improve the distribution centres' productivity and showrooms.

**In the first nine months**, the Company invested \$8.2 million, of which \$6.0 million in the acquisition of the principal assets of Woodland, Raybern and Gordon, and the balance in various leasehold improvements, equipment to improve the distribution centres' productivity and showrooms.

### **Sources of financing**

As at August 31, 2010, **cash and cash equivalents** totalled \$53.1 million, up from \$37.0 million for the same period of 2009. The Company posted an excellent **working capital** of \$164.0 million for a current ratio of 4.0:1, compared with \$150.5 million and a 4.7:1 ratio as at November 30, 2009.

### **Assets**

As at August 31, 2010, **total assets** amounted to \$313.4 million, up from \$285.2 million a year earlier, a 9.9% growth reflecting the increase in cash and the expansion completed since the beginning of the year. Current assets grew by 15.9% or \$30.0 million over August 31, 2009; this growth is due mainly to the \$16.1 million increase in cash and cash equivalents, a nil amount of income taxes receivable, compared with an amount receivable of \$1.1 million as at August 31, 2009, a \$2.9 million increase in accounts receivable related to acquisitions completed within the last 12 months and a \$12.7 million increase in inventories derived from acquisitions and in response to the greater demand.

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### Net cash

As at August 31 <i>(in thousands of \$)</i>	2010	2009
Current portion of long-term debt	1,536	223
Long-term debt	751	328
<b>Total</b>	<b>2,287</b>	<b>551</b>
<i>Cash and cash equivalents</i>	<b>53,149</b>	<i>37,000</i>
<b>Total net cash</b>	<b>50,862</b>	<i>36,449</i>

After deducting total interest-bearing debt of \$2.3 million, the Company posted total net cash of \$50.9 million as at August 31, 2010, showing that it continues to benefit from a healthy and solid financial position that enables it to pursue its business strategy.

**Shareholders' equity** totalled \$253.5 million as at August 31, 2010, up from \$238.0 million a year earlier; this 6.5% growth mainly reflects the \$16.0 million increase in retained earnings, which amounted to \$235.8 million at the end of the period, and an increase of \$0.5 million in capital stock and of approximately \$0.2 million in contributed surplus, less the \$3.8 million reduction in accumulated comprehensive income. At the close of the first nine months, **the book value per share** stood at \$11.87, compared with \$10.84 as at August 31, 2009.

### Subsequent event

On September 27, 2010, Richelieu closed the acquisition of the net assets of E. Kinast Distributors, Inc. ("EKD"), located in Hannover Park, in the Chicago region, Illinois (U.S.) for a cash consideration of US\$2.4 million and a conditional balance of sale of US\$0.7 million. EKD is a distributor of hardware, laminates, finishing and complementary products targeted to a customer base of kitchen cabinet makers and the residential and commercial woodworking industry.

Through this acquisition, Richelieu establishes its presence in the Greater Chicago Area, increases its sales by some \$10 million annually and adds a new distribution centre to its U.S. network, which now comprises 22 centres. EKD's activities are fully compatible with Richelieu's operations and acquisition criteria and will contribute to the Company's earnings.

### Outlook

The Company remains focused on its innovation strategy, the sales synergies arising from its acquisitions, the opening of new distribution centres, and winning new market share in Canada and the United States. Management expects Richelieu to end the year as at November 30, 2010 with increased results thanks to internal growth, the benefits of the new Raleigh, North Carolina centre and the acquisitions closed during the year.

**Profile as at August 31, 2010**

Richelieu is a leading North American distributor, importer and manufacturer of specialty hardware and complementary products. Its products are targeted to an extensive customer base of kitchen and bathroom cabinet, furniture, and window and door manufacturers plus the residential and commercial woodworking industry, as well as a large customer base of hardware retailers, including renovation superstores. Richelieu offers customers a broad mix of high-end products sourced from manufacturers around the world. Its product selection consists of more than 70,000 different items targeted to a base of over 40,000 customers who are served by 53 centres in North America – 30 distribution centres across Canada, 21 in the United States and two manufacturing plants in Canada, specifically Cedan Industries Inc. which specializes in the manufacture of a wide variety of veneer sheets and edgbanding products, and Menuiserie des Pins Ltée which manufactures components for the window and door industry and a broad selection of decorative mouldings.

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**For information:**

**Richard Lord**

President and Chief Executive Officer

**Alain Giasson**

Vice-President and Chief Financial Officer

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**Notes to readers** — Richelieu uses earnings before income taxes, interest, amortization and non-controlling interest (“EBITDA”) because this measure enables management to assess the Company’s operational performance. This measure is a widely accepted financial indicator of a company’s ability to service and incur debt. However, EBITDA should not be considered by an investor as an alternative to operating income or net earnings, an indicator of operating performance or cash flows, or as a measure of liquidity. Because EBITDA is not a standardized measurement as prescribed by GAAP, it may not be comparable to the EBITDA of other companies. Certain statements set forth in this press release, such as statements about the growth outlook, constitute forward-looking statements. In some cases, these statements are identified by the use of terms such as “may”, “could”, “might”, “intend”, “should”, “expect”, “project”, “plan”, “believe”, “estimate” or the negative form of these expressions or other comparable variants. These statements are based on the information available at the time they are written, on assumptions made by management and on the expectations of management, acting in good faith, regarding future events, including those relating to economic conditions, fluctuations in exchange rates and operating expenses, and the absence of unusual events entailing supplementary expenditures. Although management considers these assumptions and expectations reasonable based on the information available at the time they are written, they could prove inaccurate. Forward-looking statements are also subject, by their very nature, to known and unknown risks and uncertainties such as those related to the industry, acquisitions, labour relations, credit, key officers, supply, product liability, and other factors set forth in the Management’s Report included in the Company’s 2008 Annual Report as well as its Annual Information Form, which are available on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com). Richelieu’s actual results could differ materially from those indicated or underlying these forward-looking statements. The reader is therefore recommended not to unduly rely on these forward-looking statements. Forward-looking statements do not reflect the potential impact of special items, any business combination or any other transaction that may be announced or occur subsequent to the date hereof. Richelieu undertakes no obligation to update or revise the forward-looking statements to account for new events or new circumstances, except where provided for by applicable legislation.

**CONFERENCE CALL – SEPTEMBER 30, 2010 AT 2:30 P.M. (EASTERN TIME)**

Financial analysts and investors interested in participating in the conference call on Richelieu’s results to be held at 2:30 p.m. on September 30, 2010 can dial **1-866-865-3087** a few minutes before the start of the call. For those unable to participate, a taped rebroadcast will be available as of 5:30 p.m. on September 30, 2010 until midnight on October 7, 2010, by dialing **1-800-642-1687**, **access code: 11942791**. Members of the media are invited to listen in.

**Photos are available under “About Richelieu” – “Media” section at [www.richelieu.com](http://www.richelieu.com)**

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**CONSOLIDATED STATEMENTS OF EARNINGS**

(unaudited)

[In thousands of dollars, except earnings per share]

	For the three-month period ended August 31,		For the nine-month period ended August 31,	
	2010	2009 Adjusted <sup>(1)</sup>	2010	2009 Adjusted <sup>(1)</sup>
	\$	\$	\$	\$
<b>Sales</b>	<b>115,957</b>	107,181	<b>329,100</b>	307,005
Cost of sales and warehouse, selling and administrative expenses	<b>98,903</b>	92,252	<b>282,402</b>	271,406
<b>Earnings before the following</b>	<b>17,054</b>	14,929	<b>46,698</b>	35,599
Amortization of capital assets	<b>1,295</b>	1,281	<b>3,851</b>	3,797
Amortization of intangible assets	<b>322</b>	328	<b>974</b>	1,032
Financial costs, net	<b>(94)</b>	(17)	<b>(154)</b>	(64)
	<b>1,523</b>	1,592	<b>4,671</b>	4,765
<b>Earnings before income taxes, non-controlling interest and discontinued operations</b>	<b>15,531</b>	13,337	<b>42,027</b>	30,834
Income taxes	<b>5,049</b>	4,297	<b>13,614</b>	9,879
<b>Earnings before non-controlling interest and discontinued operations</b>	<b>10,482</b>	9,040	<b>28,413</b>	20,955
Non-controlling interest	<b>134</b>	117	<b>220</b>	183
<b>Net earnings from continued operations</b>	<b>10,348</b>	8,923	<b>28,193</b>	20,722
Net profit (net loss) from discontinued operations	<b>—</b>	(53)	<b>659</b>	(248)
<b>Net earnings</b>	<b>10,348</b>	8,870	<b>28,852</b>	20,524
<b>Earnings per share</b>				
<b>Basic</b>				
From continued operations	<b>0.48</b>	0.40	<b>1.30</b>	0.94
From discontinued operations	<b>—</b>	—	<b>0.03</b>	(0.01)
	<b>0.48</b>	0.40	<b>1.33</b>	0.93
<b>Diluted</b>				
From continued operations	<b>0.48</b>	0.40	<b>1.30</b>	0.94
From discontinued operations	<b>—</b>	—	<b>0.03</b>	(0.01)
	<b>0.48</b>	0.40	<b>1.33</b>	0.93

(1) The comparative figures included in the consolidated statements of earnings and cash flows have been adjusted subsequent to the classification of the ceramic sales activities' results as discontinued operations.



**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

(unaudited)

[In thousands of dollars]

	For the three-month period ended August 31,		For the nine-month period ended August 31,	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Net earnings</b>	<b>10,348</b>	8,870	<b>28,852</b>	20,524
Retained earnings, beginning of period	<b>229,938</b>	212,672	<b>223,986</b>	204,591
Dividends	<b>(1,922)</b>	(1,758)	<b>(5,845)</b>	(5,274)
Premium on redemption of common shares for cancellation	<b>(2,521)</b>	—	<b>(11,150)</b>	(57)
<b>Retained earnings, end of period</b>	<b>235,843</b>	219,784	<b>235,843</b>	219,784

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(unaudited)

[In thousands of dollars]

	For the three-month period ended August 31,		For the nine-month period ended August 31,	
	2010	2009	2010	2009
	\$	\$	\$	\$
<b>Net earnings</b>	<b>10,348</b>	8,870	<b>28,852</b>	20,524
<b>Other comprehensive income</b>				
Translation adjustment of the net investment in self-sustaining foreign operations	<b>985</b>	146	<b>496</b>	(6,141)
<b>Comprehensive income</b>	<b>11,333</b>	9,016	<b>29,348</b>	14,383

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

[In thousands of dollars]

	For the three-month period ended August 31,		For the nine-month period ended August 31,	
	2010	2009 Adjusted <sup>(1)</sup>	2010	2009 Adjusted <sup>(1)</sup>
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net earnings from continued operations	10,348	8,923	28,193	20,772
Non-cash items				
Amortization of capital assets	1,295	1,281	3,851	3,797
Amortization of intangible assets	322	328	974	1,032
Future income taxes	515	76	225	226
Non-controlling interest	134	117	220	183
Stock-based compensation expense	177	213	562	673
	<b>12,791</b>	10,938	<b>34,025</b>	26,683
Net change in non-cash working capital balances related to operations	(3,578)	17,136	(6,193)	13,859
	<b>9,213</b>	28,074	<b>27,832</b>	40,542
<b>FINANCING ACTIVITIES</b>				
Reimbursement of long term debt	—	—	—	(36)
Dividends paid	(1,922)	(1,758)	(5,845)	(5,274)
Issue of common shares	197	—	441	—
Redemption of common shares for cancellation	(2,602)	—	(11,521)	(60)
	<b>(4,327)</b>	(1,758)	<b>(16,925)</b>	(5,370)
<b>INVESTING ACTIVITIES</b>				
Business acquisitions	(4,239)	—	(6,006)	—
Additions to capital assets	(591)	(673)	(2,242)	(2,445)
	<b>(4,830)</b>	(673)	<b>(8,248)</b>	(2,445)
Effect of exchange rate fluctuations on cash and cash equivalents	(156)	(8)	(207)	(31)
<b>Net change in cash and cash equivalents from continued operations</b>	<b>(100)</b>	25,635	<b>2,452</b>	32,696
<b>Cash flows from discontinued operations</b>	<b>—</b>	(1,288)	<b>2,255</b>	(1,822)
Cash and cash equivalents, beginning of year	53,249	12,653	48,442	6,126
<b>Cash and cash equivalents, end of year</b>	<b>53,149</b>	37,000	<b>53,149</b>	37,000
<b>Supplemental information</b>				
Income taxes paid	3,113	2,232	10,909	11,945
Interest received, net	(64)	(18)	(115)	(105)

(1) The comparative figures included in the consolidated statements of earnings and cash flows have been adjusted subsequent to the classification of the ceramic sales activities' results as discontinued operations.

**CONSOLIDATED BALANCE SHEETS**  
(unaudited)

[In thousands of dollars]

	As at August 31, 2010 \$	As at August 31, 2009 \$	As at November 30, 2009 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	53,149	37,000	48,442
Accounts receivable	57,604	54,716	55,793
Income tax receivable	—	1,134	—
Inventories	107,804	95,153	87,058
Prepaid expenses	295	800	327
	<b>218,852</b>	<b>188,803</b>	191,620
Capital assets	18,184	20,241	19,569
Intangible assets	12,668	13,138	12,853
Goodwill	63,719	62,979	62,449
	<b>313,423</b>	<b>285,161</b>	286,491
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	49,875	41,154	40,108
Income taxes payable	3,471	—	676
Current portion of long-term debt	1,536	223	351
	<b>54,882</b>	<b>41,377</b>	41,135
Long-term debt	751	328	317
Future income taxes	952	2,478	1,407
Non-controlling interest	3,352	3,021	3,132
	<b>59,937</b>	<b>47,204</b>	45,991
<b>Shareholders' equity</b>			
Capital stock	17,613	17,102	16,916
Contributed surplus	3,858	3,711	3,922
Retained earnings	235,843	219,784	223,986
Accumulated other comprehensive income	(3,828)	(2,640)	(4,324)
	<b>253,486</b>	<b>237,957</b>	240,500
	<b>313,423</b>	<b>285,161</b>	286,491