INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

Three-month periods
ended February 29, 2008 and February 28, 2007

1

40 YEARS

Richelieu

CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)

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

	For the three months ended February 29 and 28, 2008 $	2007 $
Sales	**96,082**	94,509
Cost of sales, warehouse, selling and administrative expenses	**85,513**	84,039
Earnings before the following	**10,569**	10,470
Interest on short-term debt, net	**(68)**	(12)
Interest on long-term debt	**95**	245
Amortization of capital assets	**1,011**	903
Amortization of intangible assets	**241**	201
Earnings before income taxes and non-controlling interest	**9,290**	9,133
Income taxes *(Note 3)*	**2,659**	3,151
Earnings before non-controlling interest	**6,631**	5,982
Non-controlling interest	**3**	9
Net earnings	**6,628**	5,973
Earnings per share *(Note 4)*		
Basic	**0.29**	0.26
Diluted	**0.29**	0.26

See accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

(in thousands of dollars)

	For the three months ended February 29 and 28, 2008 $	2007 $
Net earnings	**6,628**	5,973
Other comprehensive income:		
Change in fair value of derivatives designated as cash flow hedges net of income taxes of $27	**18**	(10)
Exchange loss due to change in translation method of foreign operation reclassified as self-sustaining	**(557)**	—
	(539)	(10)
Comprehensive income	**6,089**	5,963

See accompanying notes.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (unaudited)

(in thousands of dollars)

	For the three months ended February 29 and 28, 2008 $	2007 $
Balance, beginning of period	**195,511**	168,020
Net earnings	**6,628**	5,973
	202,139	173,993
Dividends	**(1,849)**	(1,615)
Premium on redemption of common shares for cancellation	**(770)**	—
Balance, end of period	**199,520**	172,378

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands of dollars)

	For the three months ended February 29 and 28, 2008 $	2007 $
OPERATING ACTIVITIES		
Net earnings	**6,628**	5,973
Non-cash items		
Amortization of capital assets	**1,011**	903
Amortization of intangible assets	**241**	201
Future income taxes	**(131)**	(75)
Non-controlling interest	**3**	9
Stock-based compensation expense	**251**	184
	8,003	7,195
Net change in non-cash working capital balances related to operations	**(6,901)**	(9,716)
	1,102	(2,521)
FINANCING ACTIVITIES		
Increase in bank loans	—	138
Repayment of long-term debt	**(206)**	(277)
Dividends paid	**(1,849)**	(1,615)
Issue of common shares	**109**	78
Redemption of common shares for cancellation	**(800)**	—
	(2,746)	(1,676)
INVESTING ACTIVITIES		
Additions to capital assets	**(507)**	(1,432)
	(507)	(1,432)
Effect of exchange rate fluctuations on cash and cash equivalents	**(58)**	—
Net change in cash and cash equivalents	**(2,209)**	(5,629)
Cash and cash equivalents, beginning of period	**7,879**	6,964
Cash and cash equivalents, end of period	**5,670**	1,335
Supplemental information		
Income taxes paid	**4,786**	6,455
Interest paid (received)	**(8)**	155

See accompanying notes.

CONSOLIDATED BALANCE SHEETS (unaudited)

(in thousands of dollars)

	As at February 29, 2008 $	As at February 28, 2007 $	As at November 30, 2007 $
ASSETS			
Current assets			
Cash and cash equivalents	**5,670**	1,335	7,879
Accounts receivable	**56,015**	56,134	60,976
Income taxes receivable	**1,046**	970	—
Inventories	**103,596**	92,664	95,971
Prepaid expenses	**1,234**	535	732
	167,561	151,638	165,558
Capital assets	**19,267**	18,993	19,774
Intangible assets	**12,598**	13,026	12,974
Goodwill	**60,171**	61,580	60,472
	259,597	245,237	258,778
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank loans	**—**	138	—
Accounts payable and accrued liabilities	**36,171**	36,594	37,371
Income taxes payable	**—**	—	1,081
Current portion of long-term debt	**5,553**	6,721	6,111
	41,724	43,453	44,563
Long-term debt	**847**	6,637	860
Future income taxes	**1,619**	1,762	1,751
Non-controlling interest	**2,510**	2,191	2,508
	46,700	54,043	49,682
Shareholders' equity			
Capital stock *(Note 2)*	**17,880**	17,548	17,800
Contributed surplus	**2,233**	1,278	1,982
Retained earnings	**199,520**	172,378	195,511
Accumulated other comprehensive income *(Note 5)*	**(6,736)**	(10)	(6,197)
	212,897	191,194	209,096
	259,597	245,237	258,778

See accompanying notes.

NATURE OF BUSINESS

Richelieu Hardware Ltd. (the "Company") acts as a distributor, importer, and manufacturer of specialty hardware and complementary products. These 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 retailers, including hardware and renovation products superstores.

1) ACCOUNTING POLICIES

a) Accounting policies followed

The unaudited interim consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada and follow the same accounting principles and methods of application as the recent audited annual consolidated financial statements. In the management opinion, these interim financial statements reflect all the adjustments required to fair presentation. These adjustments consist only of normal recurring adjustments. Operating results for the period are not necessarily indicative of the results that may be expected for the full year as the operating level of the Company is subject to seasonal fluctuations. These interim financial statements should be read in conjunction with the audited consolidated annual financial statements and the accompanying notes included in Company's annual report for the fiscal year 2007.

b) New accounting policies adopted

In the first quarter of 2008, the Company adopted three new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535 "Capital Disclosures" establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, summary quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance.

Section 3862 "Financial Instruments – Disclosures" modifies the disclosure requirements for financial instruments that were included in Section 3861 "Financial Instruments – Disclosure and Presentation". The new standards require entities to provide disclosures in their financial statements that enables users to evaluate the significance of financial instruments on its financial position and performance, their nature and extent of risks to which it is exposed during the period and at the balance sheet date and how those risks are managed.

Section 3863 "Financial Instruments – Presentation" carries forward unchanged the presentation requirements of the Section 3861 "Financial Instruments – Disclosure and Presentation".

The adoption of these guidelines did not have any material effect on the Company's results, financial position or cash flows.

2) CAPITAL STOCK

Issued

As at February 29, 2008, capital stock outstanding amounted to 23,077,937 common shares (23,100,737 common shares as at November 30, 2007).

During the three-month period ended February 29, 2008, the Company issued 15,500 common shares (2007 – 15,250) at a weighted average price of $7.06 per share (2007 – $8.69) under the share option plan. In addition, during the period, the Company, through a normal course issuer bid, purchased for cancellation 38,300 common shares for a cash consideration of $800.

Stock option plan

During the three-month period ended February 29, 2008, the Company granted 166,000 options (2007 – 170,500) with a weighted average exercise price of $20.66 (2007 – $24.76) and an average fair value of $5.11 per option (2007 – $7.40) as determined using the Black & Scholes option pricing model using an expected dividend yield of 1.5% (2007 – 1%), a volatility of 20% (2007 – 22%), a risk free interest rate of 3.73% (2007 – 4.17%) and an expected life of 7 years (2007 – 7 years). As at February 29, 2008, 778,500 share options were outstanding (2007 – 688,500) with exercise prices varying from $4.26 to $24.76 (2007 – $4.26 to $24.76) for a weighted average of $20.09 (2007 – $19.24).

For the three-month period ended February 29, 2008, the stock-based compensation expense amounted to $251 (2007 – $184).

3) INCOME TAXES

New Canadian federal basic corporate tax rates were confirmed on December 14, 2007 to take effect on January 1st, 2008 and as a result the combined statutory rates significantly decreased for the period and this was further amplified by the reduction to the effective tax rate in the amount of $226 applicable to the opening balance of future income taxes.

4) EARNINGS PER SHARE

3-MONTH PERIODS ENDED FEBRUARY 29 AND FEBRUARY 28

	2008			2007		
	Earnings $	**Weighted average number of shares (in thousands)**	**Earnings per share $**	Earnings $	Weighted average number of shares (in thousands)	Earnings per share $
Basic net earnings	**6,628**	**23,110**	**0.29**	5,973	23,060	0.26
Dilutive effect of stock options	**—**	**92**	**—**	—	146	—
Diluted net earnings	**6,628**	**23,202**	**0.29**	5,973	23,206	0.26

For the three-month period ended February 29, 2008, outstanding options to purchase 226,000 common shares with weighted average exercise price of $23.98 were excluded from the computation of diluted earnings because their effect would have been anti-dilutive.

5) ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income includes the following items and the changes that occurred during the period were as follows:

	2008	2007
Opening balance	**(6,197)**	—
Translation adjustment of net investment in self-sustaining foreign operation	**(557)**	—
Change in fair value of derivatives designated as cash flow hedges during the period, net of income taxes of $27	**18**	(10)
Balance – end of period	**(6,736)**	(10)

6) FINANCIAL INSTRUMENTS

Foreign currency risk

The Company's exposure arises from purchases and sales transacted mainly in US dollars as worldwide suppliers provide most of its products and also some of its customers manufacture and export a substantial portion of their products to the American market. Slowdown in customers'activities could impact the Company's sales.

The Company through diversification of its customer base and product offering, coupled with further development of its markets, reduces global risks related to certain business segments. The Company is party to forward exchange contracts to diminish its foreign currency exposure associated to payables or to cover forecasted purchase commitments

For the three-month period ended February 29, 2008, a 1% fluctuation in the Canadian dollar in relation to foreign currencies would have no material effect on the Company's net earnings due to price flexibility related to the inventory management and market specialisation. For the three-month period ended February 29, 2008, administrative expenses included an exchange loss of $116 (2007- $57 gain).

6) FINANCIAL INSTRUMENTS (continued)

Credit risk

The Company is also exposed to potential loss resulting from granting of credit to its customers. To mitigate such risk, the Company has adopted a credit policy that defines the credit conditions to be met by its customers. Specific credit limit for each customer is established and regularly revised. Diversification of products and customers ensure protection against credit risk concentration. No customer accounted for over 10% of accounts receivable.

7) GEOGRAPHIC INFORMATION

During the three-month period ended February 29, 2008, more than 82% of sales were made in Canada, while sales to foreign countries, almost entirely in the United States, amounted to $17,229 (2007 – $17,901) in Canadian dollars compared to $17,149 (2007 – $15,432) in US dollars.

As at February 29, 2008, of a total amount of $19,267 in capital assets ($19,774 as at November 30, 2007), $837 ($915 as at November 30, 2007) are located in the USA. In addition, intangible assets located in the USA amounts to $8,554 ($8,815 as at November 30, 2007) and goodwill at $19,034 ($19,336 as at November 30, 2007).

8) MANAGEMENT OF CAPITAL

The Company's objectives are as follows:

- to maintain a low debt ratio to preserve its capacity to pursue its growth both internal and by acquisition;
- to provide an adequate return to its shareholders.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

For the quarter ended February 29, 2008, the Company achieved the following results regarding its capital management objectives:

- a debt/equity ratio: 3.0% (2007 – 7.1%) (interest-bearing debt/shareholders'equity);
- a return on shareholders' equity of 17.1% over the last 12 months (18.2% for the 12 previous months).

The capital management objectives remain the same as for the previous fiscal year. Return on shareholders'equity is down for the last 12 months compared to the previous 12 months mainly due a greater amount of cash and cash equivalents reserved for possible acquisitions or to take advantage of the authorized share purchase programme.

9) SUBSEQUENT EVENTS

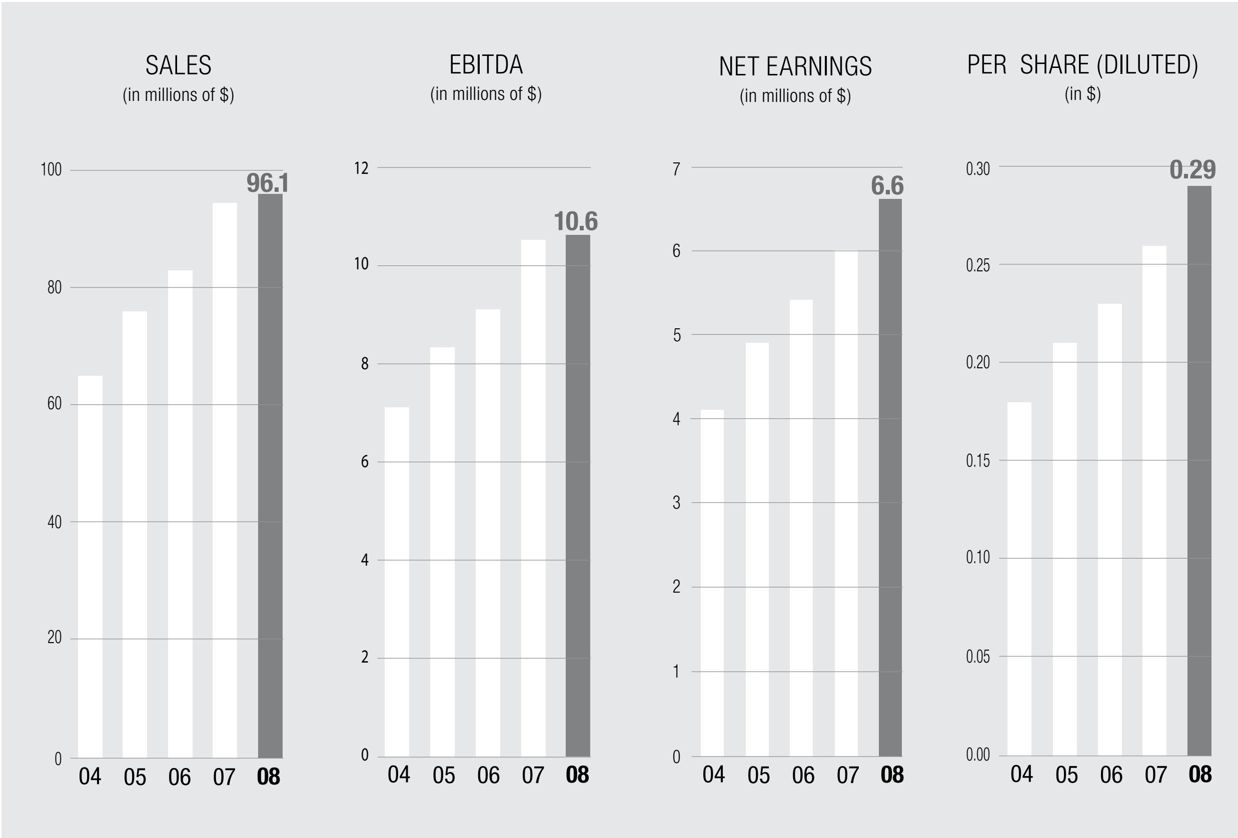
a) Redemption of common shares for cancellation

On March 12, the Company purchased for cancellation 286,500 common shares through a normal course issuer bid for a cash consideration of $5,329.

b) Business acquisition

In March, the Company signed an agreement in principle subject to usual clauses for the acquisition of the operating assets of a specialised hardware distributor in the United States with annual sales of $2.5 millions. The financing of this transaction will be entirely financed from working capital.

First Quarter
ended February 29, 2008



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MANAGEMENT'S DISCUSSION AND ANALYSIS

OF OPERATING RESULTS AND FINANCIAL POSITION FOR THE FIRST QUARTER ENDED FEBRUARY 29, 2008

This management's report relates to Richelieu's consolidated operating results and cash flows for the first quarter ended February 29, 2008, in comparison with the first quarter ended February 28, 2007, as well as its financial position at those dates. This report should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the first quarter of 2008 as well as the analysis and notes to financial statements appearing in the 2007 Annual Report. In this management's report, "Richelieu" or the "Company" designates, as the case may be, Richelieu Hardware Ltd. and its subsidiaries and divisions, or one of its subsidiaries or divisions. Supplementary information, including certificates for the interim period ended February 29, 2008, signed by the Company's President and Chief Executive Officer and Vice-President and Chief Financial Officer, is available on SEDAR's website at www.sedar.com.

The information contained in this management's report accounts for any major event occurring prior to March 27, 2008, on which date the unaudited consolidated financial statements and the management's report were approved by the Company's Board of Directors. Unless otherwise indicated, the financial information presented below, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The interim consolidated financial statements have not been audited or reviewed by the Company's auditors.

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.

FORWARD-LOOKING STATEMENTS

Certain statements set forth in this management's report, including statements relating to the expected sufficiency of cash flows to cover contractual commitments, growth outlook and other statements not pertaining to past events, 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 economic conditions, exchange rate fluctuations, changes in operating expenses, the sufficiency of the Company's deliveries and the absence of unusual events requiring supplementary capital expenditures.

Although management believes these assumptions and expectations to be 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 and product liability, as well as other factors set forth herein and in the "Risk Management" section on page 38 of the Company's 2007 Annual Report. 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.

CHANGES IN ACCOUNTING POLICIES

In December 2006, the CICA issued three new Handbook sections regarding capital and financial instruments, i.e. Sections 1535, 3862 and 3863, which are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The Company applied these new standards in the first quarter ended February 29, 2008. The application of these new sections had no material effect on Richelieu's results and cash flows for the first quarter of 2008 or on its financial position as at February 29, 2008.

GENERAL BUSINESS OVERVIEW
as at February 29, 2008

Richelieu Hardware Ltd. is a leading North American importer, distributor and manufacturer of specialty hardware and related 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**. The residential and commercial renovation industry is the Company's major source of growth.

Richelieu offers customers a broad mix of products sourced from manufacturers worldwide. The solid relationships Richelieu has built with the world's leading suppliers enable it provide customers with the latest innovative products tailored to their business needs. The Company's product selection consists of **more than 55,000 stock-keeping units (SKUs)** targeted to a base of **over 38,000 customers** who are served by **47 distribution centres** in North America – 30 distribution centres across Canada, 15 in the United States, and two manufacturing plants in Canada.

Main product categories include functional cabinet hardware and assembly products for the manufacture of furniture and kitchen cabinets, decorative hardware products, high-pressure laminates, decorative and functional panels, veneer sheets and edgebanding products, kitchen accessories, ergonomic workstation components, ceramic tiles, finishing products, whiteboards and tackboards. Richelieu also specializes in the manufacture of a wide variety of veneer sheets and edgebanding products through its subsidiary Cedan Industries Inc., and of components for the window and door industry and of mouldings through Menuiserie des Pins Ltée. In addition, some of the Company's products are manufactured in Asia according to its specifications and those of its customers.

The Company employs over 1,250 people at its head office and throughout the network, close to half of whom work in marketing, sales and customer service. More than 60% of its employees are Richelieu shareholders.

MISSION AND STRATEGY

Richelieu's mission is to create shareholder value and contribute to its customers' growth and success, while favouring a business culture focused on quality of service and results, partnership and entrepreneurship.

To sustain its growth and remain the leader in its specialty market, the Company continues to implement the strategy that has benefited it until now, with a focus on:

- continuing to strengthen its product selection by introducing every year an average of over 1,000 diversified products that meet its market segment needs and position it as the specialist in functional and decorative hardware for manufacturers and retailers;
- further developing its current markets in Canada and the United States with the support of a specialized sales and marketing force capable of providing customers with personalized service; and
- expanding in North America through the opening of distribution centres and through efficiently integrated, profitable acquisitions made at the right price, offering high growth potential and complementary to its product mix and expertise.

Richelieu's solid and efficient organization, highly diversified product selection and long-term relationships with leading suppliers worldwide position it to compete effectively in a fragmented market consisting mainly of a host of regional distributors who distribute a limited range of products.

OPERATING RESULTS FOR THE FIRST QUARTER ENDED FEBRUARY 29, 2008 COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 28, 2007

SELECTED CONSOLIDATED QUARTERLY INFORMATION (Unaudited)

Quarters ended February 28 and 29 *(in thousands of $, except per-share amounts, ratio and number of outstanding shares)*	**2008**	2007	**Δ (%)**
Sales	**96,082**	94,509	**+ 1.7**
EBITDA	**10,569**	10,470	**+ 0.9**
EBITDA margin (%)	***11.0***	*11.1*	
Net earnings	**6,628**	5,973	**+ 11.0**
• basic per share	**0.29**	0.26	**+ 11.5**
• diluted per share	**0.29**	0.26	**+ 11.5**
Cash flows	**8,003**	7,195	**+ 11.2**
• per share	**0.34**	0.31	**+ 9.7**
Cash dividends paid on shares	**1,849**	1,615	**+ 14.5**
Per share ($)	**0.08**	0.07	**+ 14.3**
Weighted average number of shares outstanding (in thousands)	**23,202**	23,206	

Balance sheet data	**As at February 29, 2008**	As at February 28, 2007
Total assets	**259,597**	245,237
Working capital	**125,837**	108,185
Shareholders' equity	**212,897**	191,194
Return on average equity (%)	**17.1**	18.2
Book value ($)	**9.23**	8.29
Total interest-bearing debt	**6,400**	13,496
Cash and cash equivalents	**5,670**	1,335
Ratio		
Interest-bearing debt/ shareholders' equity (%)	**3.0**	7.1

Consolidated sales totalled $96.1 million, which is an excellent first-quarter result since this period is generally the year's weakest and the Company had to deal with an increase in the Canadian dollar in relation to the U.S. dollar for its U.S. sales expressed in Canadian dollars. They grew by 1.7% over the first quarter of 2007, but excluding the effect of the increase in the Canadian dollar in relation to the U.S. dollar, first-quarter consolidated sales would have grown by 4.5%.

SALES

Quarters ended February 29 and 28 *(in thousands of)*	**2008**	2007	**Δ (%)**
Canada	**78,853**	76,608	**+ 2.9**
United States (CA$)	**17,229**	17,901	**– 3.8**
(US$)	**17,149**	15,432	**+ 11.1**
Average exchange rate	***1.0047***	*1.1670*	
Consolidated sales	**96,082**	94,509	**+ 1.7**

Sales to **manufacturers** amounted to $78.5 million, up 1.3% over the corresponding quarter of 2007. Sales to hardware **retailers**, including renovation superstores, totalled $17.6 million, up 3.4%.

In **Canada**, sales amounted to $78.9 million, an increase of 2.9%, including 2.5% from internal growth and 0.4% from the acquisition of Sasco Products (Nova Scotia), closed in the second quarter of 2007. They accounted for 82% of the period's consolidated sales. This growth was primarily achieved in the kitchen cabinet makers, residential and commercial woodworking and hardware retailers markets including renovation superstores.

Sales in the **United States** totalled US$17.1 million, an increase of 11.1% (in U.S. dollars), of which 3.2% came from internal growth and 7.9% from the acquisition of Village Square Cabinet Supply (Tennessee), closed in the second quarter of 2007. Considering the rise in the Canadian dollar in relation to the U.S. dollar, sales in the United States amounted to $17.2 million, compared with $17.9 million in the first quarter of 2007. They accounted for 18% of the period's consolidated sales.

CONSOLIDATED EBITDA AND EBITDA MARGIN

Quarters ended February 29 and 28 *(in thousands of $)*	**2008**	2007
Sales	**96,082**	94,509
EBITDA	**10,569**	10,470
EBITDA margin (%)	**11.0**	11.1

Earnings before income taxes, interest, amortization and non-controlling interest (EBIDTA) stood at $10.6 million, an increase of approximately 1%. The Company maintained its gross profit and **EBITDA margins** at a most satisfactory level. **The EBITDA margin** was stable at 11.0%.

Interest decreased to $27,000, down from $0.2 million for the comparable quarter of 2007, as interest-bearing debt was reduced by more than half from the first quarter of 2007. **Amortization of capital assets** increased by $0.1 million, whereas **amortization of intangible assets** was unchanged at $0.2 million.

Income taxes totalled $2.7 million, down from $3.2 million in the first quarter of 2007, reflecting the reduction in the Canadian tax rate effective January 1, 2008.

CONSOLIDATED NET EARNINGS

Quarters ended February 29 and 28 *(in thousands of $)*	**2008**	2007
EBITDA	**10,569**	10,470
Amortization of capital and intangible assets	**1,252**	1,104
Interest	**27**	233
Income taxes	**2,659**	3,151
Non-controlling interest	**3**	9
Net earnings	**6,628**	5,973
Net profit margin (%)	**6.9**	6.3
Comprehensive income	**6,089**	5,963

Net earnings increased by 11.0% to $6.6 million. The net profit margin improved to 6.9% of consolidated sales, compared with 6.3% for the first quarter of 2007. **Earnings per share** amounted to $0.29 ($0.29 diluted), up 11.5%, whereas the number of shares and options outstanding did not vary significantly over the past 12 months.

Comprehensive income totalled $6.1 million, on account of latent foreign exchange losses of $0.6 million on translation of the financial statements of the subsidiary in the United States. It should be noted that effective September 1, 2007, Richelieu changed the classification of its U.S. subsidiary from integrated to self-sustaining foreign operations.

SUMMARY OF QUARTERLY FINANCIAL RESULTS (Unaudited)

(in thousands of $, except per-share amounts)

Quarters	**1**	**2**	**3**	**4**
2008				
Sales	**96,082**			
EBITDA	**10,569**			
Net earnings	**6,628**			
basic per share	**0.29**			
diluted per share	**0.29**			
2007				
Sales	94,509	116,331	111,921	113,396
EBITDA	10,470	14,784	15,514	16,333
Net earnings	5,973	8,651	9,110	10,220
basic per share	0.26	0.37	0.39	0.44
diluted per share	0.26	0.37	0.39	0.44
2006				
Sales	82,862	102,604	96,221	103,944
EBITDA	9,060	14,128	14,353	15,517
Net earnings	5,360	8,627	8,779	9,165
basic per share	0.23	0.37	0.38	0.40
diluted per share	0.23	0.37	0.38	0.39

Quarterly variations in earnings – The first quarter ending February 28 or 29 is generally the year's weakest for Richelieu in light of the smaller number of business days due to the end-of-year holiday period and a wintertime slowdown in renovation and construction work. The third quarter ending August 31 also includes a smaller number of business days due to the summer holidays, which can be reflected in the period's financial results. The second and fourth quarters respectively ending May 31 and November 30 generally represent the year's most active periods.

FINANCIAL POSITION

Analysis of principal cash flows for the first quarter ended February 29, 2008

CHANGE IN CASH AND CASH EQUIVALENTS AND CAPITAL RESOURCES

Quarters ended February 29 and 28 *(in thousands of $)*	**2008**	2007
Cash flows provided by (used for):		
Operating activities	**1,102**	(2,521)
Financing activities	**(2,746)**	(1,676)
Investing activities	**(507)**	(1,432)
Effect of exchange rate fluctuations	**(58)**	–
Net change in cash and cash equivalents	**(2,209)**	(5,629)
Cash and cash equivalents, beginning of period	**7,879**	6,964
Cash and cash equivalents, end of period	**5,670**	1,335
Working capital	**125,837**	108,185
Renewable line of credit	**26,000**	26,000

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances related to operations) grew by 11.2% to $8.0 million or $0.34 per share, compared with $7.2 million or $0.31 per share for the first quarter of 2007, mainly reflecting the growth in net earnings. Net change in non-cash working capital balances related to operations used cash flows of $6.9 million due to the increase in inventories in anticipation of upcoming quarters. Consequently, operating activities provided cash flows of $1.1 million, whereas they had used cash flows of $2.5 million in the corresponding period of 2007.

Financing activities

Richelieu paid a total of $1.8 million in shareholder dividends, up from $1.6 million for the first quarter of 2007; this rise reflects the 14.3% dividend rate increase announced on January 31, 2008. The Company repaid $0.2 million in interest-bearing debt, compared with $0.3 million in the first quarter of 2007. Common shares were purchased for a consideration of $0.8 million under the normal course issuer bid, whereas no shares were purchased in the first quarter of 2007. Consequently, financing activities used total cash flows of $2.7 million, compared with $1.7 million for the first quarter of 2007.

Investing activities

Richelieu invested $0.5 million in capital expenditures during the first quarter, mainly for the purchase of equipment and improvement of business premises, compared with $1.4 million for the first quarter of 2007.

Sources of financing

As at February 29, 2008, **cash and cash equivalents** totalled $5.7 million, up from $1.3 million at the end of the corresponding period of 2007. The Company had an excellent working capital of $125.8 million for a current ratio of 4.0:1, compared with $121.0 million and a 3.7:1 ratio as at November 30, 2007.

Richelieu estimates that it has the capital resources needed to fulfill its commitments and respect its ongoing obligations in 2008. Its cash flows from operating activities should suffice for the funding requirements arising from its growth strategy and its financing and investing activities planned for the year. Furthermore, Richelieu has an authorized line of credit of $26.0 million, renewable annually and bearing interest at the bank's prime rate, as well as easy access to other outside financing if necessary.

Balance sheet analysis

SUMMARY BALANCE SHEET As at February 29 and 28 *(in thousands of $)*	**2008**	2007
Current assets	**167,561**	151,638
Long-term assets	**92,036**	93,599
Total	**259,597**	245,237
Current liabilities	**41,724**	43,453
Long-term liabilities	**4,976**	10,590
Shareholders' equity	**212,897**	191,194
Total	**259,597**	245,237

Assets

As at February 29, 2008, total assets amounted to $259.6 million, up from $245.2 million a year earlier, an increase of 5.9%. Current assets grew by 10.5% or $15.9 million, due primarily to a $4.3 million increase in cash and cash equivalents, a $10.9 million rise in inventories related to acquisitions, the new distribution centre located in Barrie, Ontario, the innovations introduced over the past 12 months, the medium and long-term agreements signed with major Canadian renovation chains and to meet future demand.

TOTAL INTEREST-BEARING DEBT As at February 29 and 28, *(in thousands of $)*	**2008**	2007
Bank indebtedness	–	138
Current portion of long-term debt	**5,553**	6,721
Long-term debt	**847**	6,637
Total	**6,400**	13,496
less cash and cash equivalents	***5,670***	*1,335*
Total debt net of cash	**730**	12,161

Richelieu has reduced its **total interest-bearing debt** by $7.1 million over the past 12 months, bringing it to $6.4 million as at February 29, 2008. After deducting cash and cash equivalents, the Company had a total net debt of $0.7 million as at February 29, 2008. Richelieu remains in a healthy and solid financial position, with low indebtedness and substantial cash flows generated every year, enabling it to pursue its growth and expansion, particularly through the acquisition of companies specializing in its business sector.

Shareholders' equity totalled $212.9 million as at February 29, 2008, up from $191.2 million a year earlier, a growth of 11.4% mainly reflecting the increases of $27.1 million in retained earnings which amounted to $199.5 million as at February 29, 2008, and of approximately $1.0 million in contributed surplus, less accumulated comprehensive income of $6.7 million. At the end of the first quarter of 2008, the **book value per share** was $9.23, up from $8.29 as at February 28, 2007.

The total interest-bearing debt/equity ratio stood at 3.0%, compared with 7.1% as at February 28, 2007.

As at February 29, 2008, Richelieu's share capital consisted of 23,077,937 common shares (23,100,737 common shares as at November 30, 2007) due to the issue of 15,500 common shares under the share option plan and 778,500 options (640,000 options as at November 30, 2007) were outstanding.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

On March 12, 2008, the Company purchased 286,500 common shares of Richelieu under its normal course issuer bid, for a cash consideration of $5.3 million.

Also in March 2008, Richelieu signed an agreement in principle to acquire the assets of a specialty hardware product distributor in the United States, which achieves annual sales of US$2.5 million. This transaction is expected to close in April 2008 and will be financed by way of the Company's working capital.

CONTRACTUAL COMMITMENTS

There were no major changes in Richelieu's contractual commitments outside the normal course of business, compared with those set forth in the Company's 2007 Annual Report. For 2008 and the foreseeable future, the Company expects sufficient cash flows from operating activities and other sources of financing to meet its ongoing contractual commitments.

FINANCIAL INSTRUMENTS

Richelieu periodically enters into forward exchange contracts to fully or partially hedge the effects of foreign currency fluctuations related to foreign-currency denominated payables or to hedge forecasted purchase transactions. The Company has a policy of not entering into derivatives for speculative or negotiation purposes and to enter into these contracts only with major financial institutions.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the quarter ended February 29, 2008, there were no changes in the Company's procedures that had or could have a material impact on its internal control over financial reporting.

RISK FACTORS

Risk factors are described in the "Risk Management" section on page 38 of Richelieu's 2007 Annual Report.

GROWTH OUTLOOK

We are confident we will obtain satisfactory results in upcoming quarters. Building on strengthened marketing programs and sales teams, a product mix enhanced with innovations and our value-added service, we are further intensifying our North American market development. We are in excellent financial health and remain on the lookout for acquisition opportunities matching our criteria in both Canada and the United States.

The expectations set forth in this management report consist of forward-looking information based on the assumption that economic conditions and exchange rate will not deteriorate significantly, operating expenses will not increase considerably, deliveries will be sufficient to fulfill the Company's requirements and no unusual events will entail additional capital expenditures. This expectation also remains subject to the risks identified under "Risk Management" on page 38 of the Company's 2007 Annual Report.

SUPPLEMENTARY INFORMATION

Further information about Richelieu, including its latest Annual Information Form, is available on the System for Electronic Document Analysis (SEDAR) website at www.sedar.com.

(Signed) Richard Lord
President and Chief Executive Officer

(Signed) Alain Giasson
Vice-President and Chief Financial Officer

March 27, 2008