Richelieu

Interim Report

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Three and six-month periods ended May 31, 2013

Message to shareholders

Our second-quarter performance once again attests that our growth strategy continues to pay off, while consolidated sales grew by 6.2% to $156.2 million for the quarter and net earnings attributable to shareholders rose to $12.1 million, up 1.2%.

In Canada, sales have remained relatively stable compared with the corresponding quarter of 2012, despite the slowdown we have witnessed notably in the hardware retailers and renovation superstores market. In the United States, our sustained market development and new product launch strategy has fuelled our growth and enabled us to benefit from the improving economic conditions. During the second quarter, we closed our seventh U.S. acquisition since 2010 when we acquired a distributor with operations in Savannah, in the strategic Georgia coastal region. Our U.S. sales for the second quarter of 2013 posted a 32.8% growth, or 30.0% in U.S. dollars, of which 21.2% from internal growth and 8.8% from our recent acquisitions, specifically Savannah and that of CourterCo, closed on May 1st, 2012, which gave us access to the Indiana market and enhanced our presence in Kentucky and North Carolina.

During the second quarter, we repurchased common shares of Richelieu for cancellation purposes for $14.6 million, paid total shareholder dividends of $2.7 million, an increase of 8.4% over the corresponding quarter of 2012, and invested $1.9 million in operational equipment and an acquisition. We closed the first half with an excellent financial position, almost no debt, net cash of $33.9 million and a working capital of $205.8 million.

We will continue to grow and consolidate our North American leadership by pursuing our innovation strategy, operational efficiency and market development initiatives, and by seeking acquisitions consistent with our short and long-term growth criteria. We have just signed an agreement in principle subject to certain conditions to acquire a distributor of speciality hardware products in Canada that would add sales of approximately $5 million.

NEXT DIVIDEND PAYMENT

At its meeting on July 4, 2013, our Board of Directors approved the payment of a quarterly dividend of $0.13 per share. This dividend is payable on August 1, 2013 to shareholders of record as at July 18, 2013.

This management's report relates to Richelieu Hardware Ltd.'s consolidated operating results and cash flows for the second quarter and first six months ended May 31, 2013, in comparison with the second quarter and first six months ended May 31, 2012, as well as the Company's financial position at those dates. This report should be read in conjunction with the unaudited consolidated financial statements and accompanying notes for the second quarter and first six months of 2013, as well as the analysis and notes to the audited consolidated financial statements appearing in the 2012 Annual Report. In this management's report, "Richelieu" or the "Company" designate, 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 May 31, 2013 signed by the Company's President and Chief Executive Officer and Vice-President and Chief Financial Officer, is available on the website of the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The information contained in this management's report accounts for any major event occurring prior to July 4, 2013, on which date the unaudited consolidated financial statements and interim 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 International Financial Reporting Standards ("IFRS"). The consolidated financial statements for the second quarter and first six months ended May 31, 2013 have not been audited or reviewed by the Company's auditors.

Richelieu uses earnings before income taxes, interest and amortization ("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 the net earnings attributable to shareholders of the Company, as an indicator of financial performance or cash flows, or as a measure of liquidity. Because EBITDA is not a standardized measurement as prescribed by IFRS, it may not be comparable to the EBITDA of other companies.

Richelieu also uses cash flows from operating activities and cash flows from operating activities per share. Cash flows from operating activities are based on net earnings plus amortization of property, plant and equipment and intangible assets, deferred tax expense (or recovery) and share-based compensation expense. These additional measures do not account for net change in non-cash working capital items to exclude seasonality effects and are used by management in its assessments of cash flows from long-term operations.

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, to maintain growth and to provide for financing and investing activities, growth outlook, Richelieu's competitive position in its industry, Richelieu's ability to weather the current economic context and access other external financing, the closing of new acquisitions, 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 the assumption that economic conditions and exchange rates will not significantly deteriorate, the Company's deliveries will be sufficient to fulfill Richelieu's needs, the availability of credit will remain stable during the year and no extraordinary events will require 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 in the Company's 2012 Annual Report (see the "Risk Management" section on page 31 of the 2012 Annual Report available on SEDAR at 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.

GENERAL BUSINESS OVERVIEW as at May 31, 2013

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 to provide customers with the latest innovative products tailored to their business needs. The Company's product selection consists of **some 90,000 different items** targeted to a base of **nearly 70,000 customers** who are served by **61 centres in North America** – 34 distribution centres in Canada, 25 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, kitchen accessories, ergonomic workstation components, finishing products, whiteboards and tackboards, and floor protection products. 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 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 about 1,700 people at its head office and throughout the network, close to half of whom work in marketing, sales and customer service. Approximately 65% 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 annually introducing 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.

SELECTED CONSOLIDATED QUARTERLY INFORMATION
(unaudited)

Periods ended May 31

(in thousands of $, except per-share amounts, number of shares and data expressed as a %)	3 months			6 months		
	2013 $	2012 $	Δ %	**2013 $**	2012 $	Δ %
Sales	**156,240**	147,107	+ 6.2	**282,324**	271,190	+ 4.1
EBITDA (1)	**18,207**	18,617	– 2.2	**31,100**	31,897	– 2.5
EBITDA margin (%)	***11.7***	*12.7*		***11.0***	*11.8*	
Net earnings	**12,224**	12,112	+ 0.9	**20,402**	20,140	+ 1.3
Net earnings attributable to shareholders of the Company	**12,140**	11,997	+ 1.2	**20,298**	20,001	+ 1.5
• basic per share ($)	**0.59**	0.57	+ 3.5	**0.98**	0.96	+ 2.1
• diluted per share ($)	**0.58**	0.57	+ 1.8	**0.96**	0.95	+ 1.1
Net margin (%)	***7.8***	*8.2*		***7.2***	*7.4*	
Cash flows from operating activities (2)	**14,412**	14,114	+ 2.1	**24,905**	24,431	+ 1.9
• diluted per share ($)	**0.69**	0.67	+ 3.0	**1.18**	1.16	+ 1.7
Cash dividends paid on shares	**2,717**	2,507	+ 8.4	**5,429**	5,012	+ 8.3
• per share ($)	**0.13**	0.12		**0.26**	0.24	
Weighted average number of shares outstanding (diluted) (in thousands)	**21,029**	21,123		**21,063**	21,080	

Financial position data

As at	**May 31, 2013 $**	November 30, 2012 $	Δ %
Total assets	**353,286**	349,869	+ 1.0
Working capital	**205,754**	200,088	+ 2.8
Current ratio	***4.7***	*4.6*	
Equity attributable to shareholders of the Company	**288,309**	283,835	+ 1.6
Return on average equity (%)	***16.4***	*16.9*	
Book value ($)	**14.01**	13.65	+ 2.6
Total debt	**1,368**	2,563	– 46.6
Cash and cash equivalents	**35,281**	51,587	– 31.6

(1) EBITDA is a non-IFRS measure, as described on page 2 of this report.

(2) Cash flows from operating activities and cash flows per share are non-IFRS measures, as described on page 2 of this report.

ANALYSIS OF OPERATING RESULTS FOR THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2013 COMPARED WITH THE SECOND QUARTER AND FIRST SIX MONTHS ENDED MAY 31, 2012

In the second quarter, Richelieu achieved **consolidated sales** of $156.2 million, an increase of $9.1 million or 6.2% over the corresponding quarter of 2012, of which 4.5% from internal growth and 1.7% from the contribution of CourterCo Inc. ("CourterCo") (Indianapolis, Louisville and Greensboro, U.S.) and CourterCo Savannah LLC ("Savannah") (Savannah, Georgia, U.S.), acquired on May 1, 2012 and March 21, 2013 respectively.

The Company recorded sales to **manufacturers** of $132.7 million, compared with $124.3 million for the corresponding period of 2012, an increase of $8.4 million or 6.7%, of which 4.6% from internal growth registered primarily in the kitchen cabinet makers and residential and commercial woodworking markets, and 2.1% from the aforementioned acquisitions. Sales to hardware **retailers** and renovation superstores amounted to $23.5 million, compared with $22.8 million for the corresponding quarter of 2012, an increase of $0.7 million or 3.1%.

In Canada, the market slowdown witnessed by the Company continued to affect the period's sales. Nevertheless, they totalled $118.3 million, equivalent to those for the second quarter of 2012. Sales to **manufacturers** grew by 0.6% to $97.3 million. As for sales to hardware **retailers** and renovation superstores, they amounted to $21.0 million, a decrease of 3.7% from $21.8 million for the corresponding quarter of 2012.

In the United States, Richelieu continues to benefit from its dynamic and effective growth strategy, which enables it to take advantage of opportunities offered by the improving economic context. Thus, U.S. sales totalled US$37.2 million, compared with US$28.6 million for the corresponding quarter of 2012, an increase of US$8.6 million or 30.0%, of which 21.2% from internal growth and 8.8% from the contribution of the aforementioned acquisitions. Sales to **manufacturers** amounted to US$34.6 million, up 25.8% over the corresponding quarter of 2012 due primarily to the Company's market penetration efforts and favourable economic conditions. Sales to **retailers** and renovation superstores more than doubled over the second quarter of 2012. Considering exchange rate fluctuations, total U.S. sales expressed in Canadian dollars stood at $38.0 million, an increase of 32.8%. They accounted for 24.3% of consolidated sales for the second quarter of 2013, whereas those for the second quarter of 2012 had represented 19.4% of the period's consolidated sales.

Consolidated sales
(in thousands of $, except exchange rate)

Periods ended May 31	3 months 2013 $	3 months 2012 $	Δ %	6 months 2013 $	6 months 2012 $	Δ %
Canada	**118,285**	118,521	– 0.2	**213,251**	216,285	– 1.4
United States (CA$)	**37,955**	28,586	+ 32.8	**69,073**	54,905	+ 25.8
(US$)	**37,175**	28,604	+30.0	**68,375**	54,639	+ 25.1
Average exchange rate	***1.0210***	*0.9994*		***1.0102***	*1.0049*	
Consolidated sales	**156,240**	147,107	+ 6.2	**282,324**	271,190	+ 4.1

First-half consolidated sales totalled $282.3 million, an increase of $11.1 million or 4.1% over the corresponding six months of 2012, of which 2.1% from internal growth and 2.0% from the contribution of CourterCo and Savannah.

Sales to **manufacturers** grew to $237.3 million, up from $227.5 million for the corresponding six months of 2012, an increase of $9.8 million or 4.3%, of which 1.9% from internal growth and 2.4% from the previously mentioned acquisitions. Sales to hardware **retailers** and renovation superstores amounted to $45.0 million, compared with $43.7 million for the first half of 2012, an increase of $1.3 million or 3.0% stemming from the U.S. market.

In Canada, sales totalled $213.3 million, compared with $216.3 million for the first six months of 2012, a decrease of 1.4% reflecting the market slowdown witnessed by the Company since the beginning of the year and the effect of one less business day in the first quarter of 2013. Sales to **manufacturers** stood at $173.6 million, down 0.7% from the first half of 2012. As for sales to hardware **retailers** and renovation superstores, they amounted to $39.6 million, down 4.4% from the corresponding period of 2012.

In the United States, sales grew to US$68.4 million, up from US$54.6 million for the first half of 2012, an increase of US$13.8 million or 25.1%, of which 15.1% from internal growth and 10.0% from the contribution of the aforementioned acquisitions. Sales to **manufacturers** stood at US$63.0 million, up 20.5% over the first six months of 2012 due primarily to the Company's market penetration efforts and favourable economic conditions. Sales to **retailers** and renovation superstores more than doubled over the first half of 2012. Considering exchange rate fluctuations, U.S. sales expressed in Canadian dollars totalled $69.1 million, compared with $54.9 million for the corresponding six months of 2012, an increase of 25.8%. They accounted for 24.5% of consolidated sales for the first half of 2013, whereas they had represented 20.2% of the period's consolidated sales for the first six months of 2012.

Consolidated EBITDA and EBITDA margin
(in thousands of $, unless otherwise indicated)

Periods ended May 31	3 months 2013 $	3 months 2012 $	Δ %	6 months 2013 $	6 months 2012 $	Δ %
Sales	**156,240**	147,107	+ 6.2	282,324	271,190	+ 4.1
EBITDA	**18,207**	18,617	– 2.2	31,100	31,897	– 2.5
EBITDA margin (%)	***11.7***	*12.7*		***11.0***	*11.8*	

Second-quarter earnings before income taxes, interest and amortization (EBITDA) amounted to $18.2 million, a decrease of 2.2% from the same quarter of 2012. **The gross margin** was down from the second quarter of 2012 due mainly to the Canadian market slowdown, especially in the retailers market, as well as the cost of marketing additional products in this business sector, the lower gross margin of some prior acquisitions having a different product mix, and the higher proportion of sales in the United States where the product mix is also different. Thus, **the EBITDA margin** stood at 11.7%, compared with 12.7% for the second quarter of 2012.

Income taxes amounted to $4.2 million, down by $0.5 million from the second quarter of 2012, due primarily to fluctuations in results by region where the Company and subsidiaries are subject to tax rates and tax regulations differing from one another.

First-half earnings before income taxes, interest and amortization (EBITDA) totalled $31.1 million, a decrease of 2.5% from the first six months of 2012. **The gross margin** was down slightly from the first half of 2012 due mainly to the Canadian market slowdown, especially in the retailers market, the lower gross margin of some prior acquisitions having a different product mix and the higher proportion of sales in the United States where the product mix is also different. Added to these factors was the impact of the significant share price appreciation on the compensation expense related to the current deferred share unit plan and of one less business day for the first six months of 2013 than in the same period of 2012. Thus, **the EBITDA margin** stood at 11.0%, compared with 11.8% for the first six months of 2012.

Income taxes totalled $7.2 million, a decrease of $0.9 million from the first six months of 2012 due mainly to fluctuations in results by region where the Company and subsidiaries are subject to tax rates and tax regulations differing from one another.

Consolidated net earnings attributable to shareholders
(in thousands of $, unless otherwise indicated)

Periods ended May 31	3 months 2013 $	3 months 2012 $	Δ %	6 months 2013 $	6 months 2012 $	Δ %
EBITDA	**18,207**	18,617	− 2.2	**31,100**	31,897	− 2.5
Amortization of property, plant and equipment and intangible assets	**1,837**	1,749		**3,711**	3,759	
Financial cost, net	**(95)**	(19)		**(214)**	(65)	
Income taxes	**4,241**	4,775		**7,201**	8,063	
Net earnings	**12,224**	12,112	+ 0.9	**20,402**	20,140	+ 1.3
Net earnings attributable to shareholders of the Company	**12,140**	11,997	+ 1.2	**20,298**	20,001	+ 1.5
Net margin (%)	***7,8***	*8,2*		***7,2***	*7,4*	
Non-controlling interests	**84**	115		**104**	139	
Net earnings	**12,224**	12,112	+ 0.9	**20,402**	20,140	+ 1.3

Second-quarter net earnings grew by 0.9%. Considering non-controlling interests, **earnings attributable to shareholders of the Company** amounted to $12.1 million, up 1.2% over the second quarter of 2012. **Earnings per share** rose to $0.59 basic and $0.58 diluted, compared with $0.57 (basic and diluted) for the corresponding quarter of 2012, an increase of 3.5% and 1.8% respectively.

Comprehensive income totalled $12.5 million, considering a positive adjustment of $0.3 million on translation of the financial statements of the subsidiary in the United States, compared with $14.0 million for the second quarter of 2012, considering a positive adjustment of $1.9 million on translation of the financial statements of the subsidiary in the United States.

First-half net earnings grew by 1.3%. Considering non-controlling interests, **earnings attributable to shareholders of the Company** amounted to $20.3 million, up 1.5% over the first six months of 2012. **Earnings per share** rose to $0.98 basic and $0.96 diluted, compared with $0.96 basic and $0.95 diluted for the first half of 2012, an increase of 2.1% and 1.1% respectively.

Comprehensive income totalled $22.4 million, considering a positive adjustment of $2.0 million on translation of the financial statements of the subsidiary in the United States, compared with $20.8 million for the first six months of 2012, considering a positive adjustment of $0.6 million on translation of the financial statements of the subsidiary in the United States.

SUMMARY OF QUARTERLY RESULTS
(unaudited)
(in thousands of $, except per-share amounts)

Quarters	1	2	3	4
2013				
Sales	**126,084**	**156,240**		
EBITDA	**12,893**	**18,207**		
Net earnings attributable to shareholders of the Company	**8,158**	**12,140**		
basic per share	**0.39**	**0.59**		
diluted per share	**0.39**	**0.58**		
2012				
Sales	124,083	147,107	148,782	145,826
EBITDA	13,280	18,617	19,636	19,630
Net earnings attributable to shareholders of the Company	8,004	11,997	12,761	12,642
basic per share	0.38	0.57	0.61	0.61
diluted per share	0.38	0.57	0.60	0.60
2011				
Sales	113,192	139,178	136,132	135,284
EBITDA	12,018	17,075	19,153	18,903
Net earnings attributable to shareholders of the Company	6,989	10,015	11,411	11,311
basic per share	0.33	0.48	0.54	0.54
diluted per share	0.33	0.47	0.54	0.54

Quarterly variations in earnings – The first quarter closed at the end of February is generally the weakest period of the year 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 historically represent the year's most active periods.

FINANCIAL POSITION

Analysis of principal cash flows for the second quarter and first six months ended May 31, 2013

Change in cash and cash equivalents and capital resources
(in thousands of $)

Periods ended May 31	3 months 2013 $	3 months 2012 $	6 months 2013 $	6 months 2012 $
Cash flows provided by (used for):				
Operating activities	**9,843**	8,830	**4,215**	11,422
Financing activities	**(17,118)**	(930)	**(18,606)**	(5,630)
Investing activities	**(1,101)**	(2,991)	**(1,856)**	(4,093)
Effect of exchange rate fluctuations	**22**	91	**(59)**	(23)
Net change in cash and cash equivalents	**(8,354)**	5,000	**(16,306)**	1,676
Cash and cash equivalents, beginning of period	**43,635**	25,771	**51,587**	29,095
Cash and cash equivalents, end of period	**35,281**	30,771	**35,281**	30,771
	As at May 31, 2013	As at November 30, 2012		
Working capital	**205,754**	200,088		
Renewable line of credit (CA$)	**26,000**	26,000		
Renewable line of credit (US$)	**6,000**	6,000		

Operating activities

Second-quarter cash flows from operating activities (before net change in non-cash working capital balances) totalled $14.4 million or $0.69 per share, compared with $14.1 million or $0.67 per share for the second quarter of 2012, an increase of 2.1% stemming mainly from the growth in net earnings. Net change in non-cash working capital balances used cash flows of $4.6 million, compared with $5.3 million for the second quarter of 2012, due primarily to a cash outflow required by the $6.5 million increase in accounts receivable, whereas other items represented a cash inflow of $1.9 million. Consequently, operating activities provided cash flows of $9.8 million, compared with$8.8 million in the corresponding quarter of 2012.

First-half cash flows from operating activities (before net change in non-cash working capital balances) amounted to $24.9 million or $1.18 per share, compared with $24.4 million or $1.16 per share for the first six months of 2012, an increase of 1.9% stemming mainly from the growth in net earnings. Net change in non-cash working capital balances used cash flows of $20.7 million, compared with $13.0 million in the first six months of 2012, due primarily to a cash outflow required by the increase of $9.4 million in inventories, $7.6 million in accounts receivable and $3.7 million in other items. Consequently, operating activities provided cash flows of $4.2 million, whereas they had provided cash flows of $11.4 million for the first six months of 2012.

Financing activities

Second-quarter financing activities represented a cash outflow of $17.1 million, compared with $0.9 million for the corresponding quarter of 2012. On account of the dividend increase announced in January 2013, the Company paid shareholder dividends of $2.7 million, up 8.4% over the equivalent quarter of 2012. It also repurchased common shares for cancellation purposes for $14.6 million, whereas no shares were repurchased in the same quarter of 2012. In addition, it repaid long-term debt for $0.4 million and issued shares for $0.6 million, compared with a $1.6 million share issue in 2012.

First-half financing activities represented a cash outflow of $18.6 million, compared with $5.6 million for the corresponding first six months of 2012. Richelieu paid shareholder dividends of $5.4 million, up 8.3% over the first half of 2012. The Company also repurchased common shares for cancellation purposes for $14.6 million, compared with a repurchase of $0.3 million during the equivalent six months of 2012. It repaid long-term debt for $0.6 million and issued shares for $2.0 million, compared with a $2.5 million long-term debt repayment and a $2.2 million share issue in 2012.

Investing activities

Second-quarter investing activities totalled $1.1 million for equipment needed for operations and the acquisition of the net assets of Savannah, compared with $3.0 million in the second quarter of 2012, primarily for the acquisition of the net assets of CourterCo and the purchase of software and operational equipment.

First-half investing activities amounted to $1.9 million for equipment needed for operations and the acquisition of the net assets of Savannah, compared with $4.1 million in the first six months of 2012 for the acquisition of the net assets of CourterCo and the purchase of software and operational equipment.

Sources of financing

As at May 31, 2013, **cash and cash equivalents** amounted to $35.3 million, compared with $51.6 million as at November 30, 2012. The Company posted a **working capital** of $205.8 million for a current ratio of 4.7:1, compared with $200.1 million and a 4.6:1 ratio as at November 30, 2012.

Richelieu believes it has the capital resources to fulfill its ongoing commitments and obligations and to assume the funding requirements needed for its growth and the financing and investing activities planned for the second half of 2013. The Company continues to benefit from an authorized line of credit of CA$26 million as well as a line of credit of US$6 million renewable annually and bearing interest respectively at prime rate and at base rate. In addition, the Company estimates it could obtain access to other outside financing if necessary.

Analysis of financial position as at May 31, 2013

Summary financial position
(in thousands of $, except exchange rate)

As at	May 31, 2013 $	November 30, 2012 $
Current assets	**260,873**	256,210
Non-current assets	**92,413**	93,659
Total	**353,286**	349,869
Current liabilities	**55,119**	56,122
Non-current liabilities	**5,706**	5,805
Equity attributable to shareholders of the Company	**288,309**	283,835
Non-controlling interests	**4,152**	4,107
Total	**353,286**	349,869
Exchange rate on translation of a subsidiary in the United States	***1.0368***	*0.9936*

Assets

Total **assets** amounted to $353.3 million as at May 31, 2013, compared with $349.9 million as at November 30, 2012, an increase of 1.0%. **Current assets** grew by $4.7 million or 1.8% over November 30, 2012. This growth came notably from the increase of $10.8 million in inventories, $8.5 million in accounts receivable, $0.9 million in income taxes receivable and $0.8 million in prepaid expenses, whereas cash and cash equivalents decreased by $16.3 million.

Net cash
(in thousands of $)

As at	May 31, 2013 $	November 30, 2012 $
Current portion of long-term debt	**706**	1 743
Long-term debt	**662**	820
Total	**1,368**	2,563
Cash and cash equivalents	***35,281***	*51,587*
Total net cash	**33,913**	49,024

Total debt decreased to $1.4 million, of which a current portion of long-term debt of $0.7 million representing balances payable on prior acquisitions. Deducting this total debt, net cash stood at $33.9 million as at May 31, 2013. The Company continues to benefit from a healthy and solid financial position so as to pursue its business strategy in its sector.

Equity attributable to shareholders of the Company totalled $288.3 million as at May 31, 2013, compared with $283.8 million as at November 30, 2012, an increase of 1.6% stemming from the $0.8 million growth in retained earnings which reached $259.5 million as at May 31, 2013, an increase of $3.8 million in share capital and $2.0 million in accumulated other comprehensive income, less the $2.1 million decrease in contributed surplus. At the close of the first six months, the book value per share was $14.01, compared with $13.65 as at November 30, 2012, an increase of 2.6%.

As at May 31, 2013, the Company's **share capital** consisted of 20,528,111 common shares (20,794,484 shares as at November 30, 2012). During the first six months of the year, the Company issued 110,527 common shares at an average price of $17.96 (103,250 in 2012 at an average price of $21.20) upon the exercise of options under its stock option plan. Also in the first half ended May 31, 2013, the Company repurchased 376,900 common shares for cancellation purposes under its normal course issuer bid. As at May 31, 2013, 725,723 stock options were outstanding (762,000 as at November 30, 2012), notably considering the 78,000 stock options granted during the first six months of 2013 (41,000 in the first half of 2012).

SUBSEQUENT EVENT

Richelieu has signed an agreement in principle to acquire a distributor of specialty hardware products in Canada that would add sales of approximately $5 million to the Company's business volume. This projected acquisition is subject to a due diligence and to other specific conditions.

CONTRACTUAL COMMITMENTS

There were no major changes in Richelieu's contractual commitments outside the normal course of business, compared with those set forth on page 29 of the Company's 2012 Annual Report, available on SEDAR at www.sedar.com. For 2013 and the foreseeable future, the Company expects 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

As indicated in the 2012 Annual Report, available on SEDAR at www.sedar.com, management has designed and evaluated internal controls over financial reporting (ICFR) and disclosure controls and procedures (DC&P) to provide reasonable assurance that the Company's financial reporting is reliable and that its publicly-disclosed financial statements are prepared in accordance with IFRS. The President and Chief Executive Officer and the Vice-President and Chief Financial Officer have assessed, within the meaning of National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, the design and the effectiveness of internal controls over financial reporting as at November 30, 2012. In light of this assessment, they concluded that the design and the effectiveness of internal controls over financial reporting (ICFR and DC&P) were effective.

During the quarter ended May 31, 2013, management ensured that there were no material changes in the Company's procedures that were reasonably likely to have a material impact on its internal control over financial reporting. No such changes were identified.

Due to their intrinsic limits, internal controls over financial reporting only provide reasonable assurance and cannot forecast or detect inaccuracies. In addition, projections of an assessment of effectiveness in future periods carry the risk that controls will become inappropriate as a result of changes in conditions or if the degree of conformity with standards and methods should deteriorate.

SIGNIFICANT ACCOUNTING POLICIES

The Company's unaudited consolidated financial statements for the quarter ended May 31, 2013 have been prepared by management in accordance with IFRS. Note 2 accompanying the consolidated financial statements for the quarter ended May 31, 2013 presents the new accounting policies in effect as of November 30, 2013 year-end.

The interim consolidated financial statements were prepared in accordance with the accounting methods that the Company adopted for the establishment of its consolidated financial statements as at November 30, 2012 as well as for the year ended on that date and require management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and appearing in the accompanying notes, which could be modified. The estimates are based on management's knowledge of current events, on the measures the Company could take in the future and on other factors deemed relevant and reasonable.

Risk factors are described in the "Risk Management" section on page 31 of Richelieu's 2012 Annual Report, available on SEDAR at www.sedar.com.

SUPPLEMENTARY INFORMATION

Further information about Richelieu, including its latest Annual Information Form, is available on SEDAR at www.sedar.com.

(signed) Richard Lord	**(signed) Antoine Auclair**
President and	Vice-President and
Chief Executive Officer	Chief Financial Officer

July 4, 2013

Consolidated statements of financial position

(In thousands of dollars)

(Unaudited)

	Notes	**As at May 31, 2013 $**	As at November 30, 2012 $
ASSETS			
Current assets			
Cash and cash equivalents		**35,281**	51,587
Accounts receivable		**84,222**	75,721
Income taxes receivable		**1,425**	514
Inventories		**138,385**	127,607
Prepaid expenses		**1,560**	781
		260,873	256,210
Non-current assets			
Property, plant and equipment		**22,888**	23,740
Intangible assets		**14,910**	15,601
Goodwill		**51,625**	51,405
Deferred taxes		**2,990**	2,913
		353,286	349,869
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**54,413**	54,379
Current portion of long-term debt		**706**	1,743
		55,119	56,122
Non-current liabilities			
Long-term debt		**662**	820
Deferred taxes		**3,246**	3,246
Other liabilities		**1,798**	1,739
		60,825	61,927
Equity			
Share capital	4	**27,137**	23,349
Contributed surplus		**668**	2,761
Retained earnings		**259,543**	258,775
Accumulated other comprehensive income (loss)	5	**961**	(1,050)
Equity attributable to shareholders of the Company		**288,309**	283,835
Non-controlling interest		**4,152**	4,107
		292,461	287,942
		353,286	349,869

See accompanying notes to the interim consolidated financial statements.

On behalf of the Board:

(signed) Richard Lord
Director

(signed) Mathieu Gauvin
Director

Consolidated statements of earnings

(In thousands of dollars, except earnings per share)

(Unaudited)

	Notes	For the three months ended May 31, 2013 $	2012 $	For the six months ended May 31, 2013 $	2012 $
Sales		**156,240**	147,107	**282,324**	271,190
Cost of goods sold, warehousing, selling and administrative expenses	6	**138,033**	128,490	**251,224**	239,293
Earnings before the undernoted		**18,207**	18,617	**31,100**	31,897
Amortization of property, plant and equipment		**1,279**	1,161	**2,585**	2,596
Amortization of intangible assets		**558**	588	**1,126**	1,163
Financial costs, net		**(95)**	(19)	**(214)**	(65)
		1,742	1,730	**3,497**	3,694
Earnings before income taxes		**16,465**	16,887	**27,603**	28,203
Income taxes		**4,241**	4,775	**7,201**	8,063
Net earnings		**12,224**	12,112	**20,402**	20,140
Net earnings attributable to:					
Shareholders of the Company		**12,140**	11,997	**20,298**	20,001
Non-controlling interests		**84**	115	**104**	139
		12,224	12,112	**20,402**	20,140
Net earnings per share attributable to shareholders of the Company					
Basic		**0.59**	0.57	**0.98**	0.96
Diluted		**0.58**	0.57	**0.96**	0.95

See accompanying notes to the interim consolidated financial statements.

Consolidated Statements of comprehensive income

(In thousands of dollars)

(Unaudited)

	Notes	For the three months ended May 31 2013 $	2012 $	For the six months ended May 31 2013 $	2012 $
Net earnings		**12,224**	12,112	**20,402**	20,140
Other comprehensive income (loss)					
Exchange differences on translation of foreign operations	5	**276**	1,868	**2,011**	648
Comprehensive income		**12,500**	13,980	**22,413**	20,788
Comprehensive income attributable to:		**12,416**	13,865	**22,309**	20,649
Shareholders of the Company		**84**	115	**104**	139
Non-controlling interests		**12,500**	13,980	**22,413**	20,788

See accompanying notes to the interim consolidated financial statements.

Consolidated statements of changes in equity

For the six-month period ended May 31 (In thousands of dollars)
(Unaudited)

	Attributable to shareholders of the Company						
	Share capital $	Contributed surplus $	Retained earnings $	Accumulated other comprehensive income (loss) $	Total $	Non-controlling interests $	Total equity $
Notes	4			5			
Balance as at November 30, 2011	19,714	3,586	229,064	103	252,467	3,720	256,187
Net earnings	–	–	20,001	–	20,001	139	20,140
Other comprehensive loss	–	–	–	648	648	–	648
Comprehensive income (loss)	–	–	20,001	648	20,649	139	20,788
Shares repurchased	(9)	–	(260)	–	(269)	–	(269)
Stock options exercised	3,211	(1,022)	–	–	2,189	–	2,189
Share-based compensation expense	–	225	–	–	225	–	225
Dividends *(note 9)*	–	–	(5,012)	–	(5,012)	–	(5,012)
Other liabilities	–	225		–	–	(48)	(48)
	3 202	(797)	(5 272)	–	(2 867)	(48)	(2 915)
Balance as at May 31, 2012	22,916	2,789	243,793	751	270,249	3,811	274,060
Balance as at November 30, 2012	**23,349**	**2,761**	**258,775**	**(1,050)**	**283,835**	**4,107**	**287,942**
Net earnings	**–**	**–**	**20,298**	**–**	**20,298**	**104**	**20,402**
Other comprehensive income	**–**	**–**	**–**	**2,011**	**2,011**	**–**	**2,011**
Comprehensive income	**–**	**–**	**20,298**	**2,011**	**22,309**	**104**	**22,413**
Common shares repurchased	**(485)**	**–**	**(14,101)**	**–**	**(14,586)**	**–**	**(14,586)**
Stock options exercised	**4,273**	**(2,288)**	**–**	**–**	**1,985**	**–**	**1,985**
Share-based compensation expense	**–**	**195**	**–**	**–**	**195**	**–**	**195**
Dividends *(note 9)*	**–**	**–**	**(5,429)**	**–**	**(5,429)**	**–**	**(5,429)**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**(59)**	**(59)**
	3,788	**(2,093)**	**(19,530)**	**–**	**(17,835)**	**(59)**	**(17,894)**
Balance as at May 31, 2013	**27,137**	**668**	**259,543**	**961**	**288,309**	**4,152**	**292,461**

See accompanying notes to the interim consolidated financial statements.

Consolidated statements of cash flows

(In thousands of dollars)
(Unaudited)

	Notes	**For the three months ended May 31,**		**For the six months ended May 31,**	
		2013	2012	**2013**	2012
		$	$	**$**	$
OPERATING ACTIVITIES					
Net earnings		**12,224**	12,112	**20,402**	20,140
Items not affecting cash					
Amortization of property, plant and equipment		**1,279**	1,161	**2,585**	2,596
Amortization of intangible assets		**558**	588	**1,126**	1,163
Deferred taxes		**–**	(77)	**–**	17
Share-based compensation expense		**351**	330	**792**	515
		14,412	14,114	**24,905**	24,431
Net change in non-cash working capital balances		**(4,569)**	(5,284)	**(20,690)**	(13,009)
		9,843	8,830	**4,215**	11,422
FINANCING ACTIVITIES					
Repayment of long-term debt		**(376)**	–	**(576)**	(2,538)
Dividends paid	9	**(2,717)**	(2,507)	**(5,429)**	(5,012)
Common shares issued		**561**	1,577	**1,985**	2,189
Common shares repurchased for cancellation		**(14,586)**	–	**(14,586)**	(269)
		(17,118)	(930)	**(18,606)**	(5,630)
INVESTING ACTIVITIES					
Business acquisitions		**(297)**	(2,386)	**(297)**	(2,386)
Additions to property, plant and equipment and intangible assets		**(804)**	(605)	**(1,559)**	(1,707)
		(1,101)	(2,991)	**(1,856)**	(4,093)
Effect of exchange rate changes on cash and cash equivalents		**22**	91	**(59)**	(23)
Net change in cash and cash equivalents		**(8,354)**	5,000	**(16,306)**	1,676
Cash and cash equivalents, beginning of period		**43,635**	25,771	**51,587**	29,095
Cash and cash equivalents, end of period		**35,281**	30,771	**35,281**	30,771
Supplementary information					
Income taxes paid		**3,968**	3,958	**8,099**	8,681
Interest received, net		**(95)**	(22)	**(214)**	(71)

See accompanying notes to the interim consolidated financial statements.

For the three and six-month periods ended May 31, 2013 and 2012 (amounts are in thousands of dollars, except per-share amounts)

NATURE OF BUSINESS

Richelieu Hardware Ltd. (the "Company") is incorporated under the laws of Quebec, Canada. The Company is a distributor, importer, and manufacturer of specialty hardware and complementary products. These products target 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 big box home renovation stores. The Company's head office is located at 7900 Henri-Bourassa Blvd, W., Saint-Laurent, Quebec, Canada, H4S 1V4.

1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company's interim consolidated financial statements, presented in Canadian dollars, have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), more specifically with IAS 34, Interim Financial Reporting.

The interim consolidated financial statements were prepared in accordance with the accounting policies that the Company applied when preparing the annual consolidated financial statements as at November 30, 2012, and for the year then ended, and requires management to make estimates and assumptions that affect the amounts reported in the interim consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future and other factors deemed relevant and reasonable. In management's opinion, these interim financial statements reflect all the adjustments required for a fair presentation. These adjustments consist only of normal recurring adjustments. Operating results for the periods 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 2012.

2. CHANGE IN ACCOUNTING METHOD

IAS 1, Presentation of Financial Statements

In June 2011, the IASB issued amendments to IAS 1, Presentation of Financial Statements. Items of other comprehensive income and the corresponding tax are required to be grouped into those that will and will not subsequently be reclassified to earnings. This amendment was applied on December 1st, 2012 and did not have a significant impact on the interim consolidated financial statements of the Company.

3. BUSINESS ACQUISITIONS

On March 21, 2013, the Company purchased the net assets of CourterCo Savannah LLC ("Savannah") for a cash consideration of $297 (US$290). This distributor of speciality and decorative hardware product operates a distribution center based in Savannah (Georgia, United-States) and serves a base of residential and commercial woodworkers customers and kitchen, bathroom cabinet and furniture manufacturers.

On May 1st, 2012, the Company purchased the net assets of CourterCo Inc. ("CourterCo") for a cash consideration of $2,386 (US$2,415), and a balance of sale of $606 (US$613). From its 3 locations in the United States, Indianapolis (Indiana), Louisville (Kentucky), and Greensboro (North Carolina), this business serves a base of residential and commercial woodworkers customers and kitchen, bathroom cabinet and furniture manufacturers.

These transactions were accounted for using the acquisition method and the results of operations are included in the interim consolidated financial statements as of their respective acquisition date.

4. SHARE CAPITAL

Authorized

Unlimited number of:

Common shares

Non-voting first and second ranking preferred shares issuable in series, the characteristics of which are to be determined by the Board of Directors.

Issued

	As at May 31, 2013 $	As at November 30, 2012 $
20,528,111 common shares (November 30, 2012 – 20,794,484)	**27,137**	23,349

During the six-month period ended May 31, 2013, the Company issued 110,527 common shares (2012 – 103,250) at an average price of $17.96 per share (2012 – $21.20) pursuant to the exercise of options under the share option plan. In addition, during the six-month period ended May 31, 2013, the Company, through a normal course issuer bid, repurchased 376,900 common shares for cancellation in consideration of $14,586 which resulted in a premium on the redemption in the amount of $14,101 applied against retained earnings (2012 – 9,000 for a consideration of $269 with a premium on the redemption of $260).

Stock option plan

The Company offers a stock option plan to its directors, officers and key employees. The subscription price of each share issuable under the plan is equal to the market price of the shares five days prior to the day the option was granted and must be paid in full at the time the option is exercised. Options vest at a rate of 25% per year starting one year after grant date and expire on the tenth anniversary of the grant date.

During the six-month period ended May 31, 2013, the Company granted 78,000 options (2012 – 41,000) with an average exercise price of $38.14 per share (2012 – $27.43) and an average fair value of $9.95 per option (2012 – $6.56) as determined using the Black & Scholes option pricing model using an expected dividend yield of 1.34% (2012 – 1.75%), a volatility of 25% (2012 – 25%), a risk free interest rate of 2.01% (2012 – 2.31%) and an expected life of 7 years (2012 – 7 years). The compensation expense charged to earnings for the options granted for the three and six-month periods ended May 31, 2013 amounted to $97 and $195 respectively (2012 – $100 and $225). As at May 31, 2013, 725,723 options were outstanding with exercise price varying from $15.89 to $38.14 for a weighted average of $23.62 (762,000 options as at November 30, 2012 with exercise price varying from $14.50 to $30.68 for a weighted average of $21.36).

Deferred share unit plan

The Company offers a deferred share unit ("DSU") plan to its directors who can elect to receive part or all of their compensation in DSUs. The value of DSUs is redeemable for cash only when a director ceases to be a member of the Board. The financial liability resulting from the plan of $2,756 (November 30, 2012 – $2,159) is presented under the Accounts payable and accrued liabilities. The compensation expense charged to earnings for the DSU during the three and six-month periods ended May 31, 2013, amounted to $254 and $597 (2012 – $230 and $290).

Share purchase plan

The Company has a share purchase plan entitling any employees to purchase shares up to a maximum percentage of their total compensation in cash. The Company contributes an amount equivalent to a percentage of any amounts invested by the employee to the purchase of additional shares. The Company's contribution is determined annually. Compensation expense related to the share purchase plan amounted to $104 and $194 for the three and six-month periods ended May 31, 2013 (2012 – $142 and $232) and is recognized under *Cost of goods sold, warehousing, selling and administrative expenses.*

For the three and six-month periods ended May 31, 2013 and 2012 (amounts are in thousands of dollars, except per-share amounts)

Earnings per share

Basic earnings per share and diluted earnings per share were calculated based on the following number of shares:

	For the three months ended		For the six months ended	
	May 31, 2013 $	May 31, 2012 $	**May 31, 2013 $**	May 31, 2012 $
Weighted average number of shares outstanding – Basic	**20,738**	20,903	**20,781**	20,879
Dilutive effect under stock option plan	**291**	220	**282**	201
Weighted average number of shares outstanding – Diluted	**21,029**	21,123	**21,063**	21,080

The computation of diluted net earnings per share includes all outstanding options (2012 – excludes the weighted average of 15,000 options with an exercise price exceeding the average market share price for the period because of their anti-dilutive effect).

5. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The accumulated other comprehensive income, including the following items and the changes that occurred during the three and six-month periods ended May 31, were as follows:

	For the three months ended		For the six months ended	
	May 31, 2013 $	May 31, 2012 $	**May 31, 2013 $**	May 31, 2012 $
Balance at the beginning of the year	**685**	(1,117)	**(1,050)**	103
Exchange differences on translation of foreign operations	**276**	1,868	**2,011**	648
Balance at the end of the year	**961**	751	**961**	751

6. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

Fair value

The carrying value of the cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities are a reasonable estimate of their fair value because of their short maturity.

The carrying value of long-term debt approximates their fair value either because of the floating rate nature of some loans or because management estimates that the loans payable with fixed interest rates have no significant differences between their fair value and their carrying value, based on rates currently available to the Company on loans with similar terms and remaining maturities.

Credit risk

The Company sells its products to numerous customers in Canada, and in a lesser proportion in the United States. The credit risk refers to the possibility that customers will be unable to assume their liabilities towards the Company. The average days outstanding of accounts receivable as at May 31, 2013 is acceptable given the industry in which the Company operates.

The Company performs ongoing credit evaluation of customers and generally does not require collateral. The allowance for doubtful accounts has increased by $368 and $1,022 during the three and six-month periods ended May 31, 2013 for a total of $6,054 as at May 31, 2013 (As at November 30, 2012 – $5,032).

Market risk

The Company's foreign currency exposure arises from purchases and sales transacted mainly in U.S. dollars and Euros. Administrative charges included, for the three and six-month periods ended May 31, 2013, an exchange gain of $29 and $177 (2012 – gain of $209 and $171).

The Company's policy is to maintain its purchase price and selling prices of its commercial activities by mitigating its exposure by use of derivative financial instruments. To protect its operations from exposure to exchange rate fluctuations, foreign exchange contracts are used. Major exchange risks are covered by a centralized cash flow management. Exchange rate risks are managed in accordance with the Company's policy on exchange risk management. The goal of this policy is to protect the Company's profits by eliminating the exposure to exchange rate fluctuations. The Company's policy does not allow speculative trades.

As at May 31, 2013 and 2012, a decrease of 1% of the Canadian dollar against the U.S. dollar and the Euro, all other variables remaining the same, would have had no significant effect on consolidated net earnings and increased the consolidated comprehensive income by $765 (2012 –$734). The exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Company's financial instruments as at May 31, 2013 and 2012.

Liquidity risk

The Company manages its risk of not being able to settle its financial liabilities when required by taking into account its operational needs and by using different financing tools, if required. During the previous years, the Company has financed its growth, its acquisitions, and its payout to shareholders by using the cash generated by the operating activities.

Current period expenses

During the three and six-month periods ended May 31, 2013, the amount relating to inventories recorded as expenses from the distribution, imports and manufacturing activities totals $111,772 and $202,679 (2012 – $103,793 and $192,316). An expense of respectively $708 and $1,229 respectively (2012 – $595 and $1,073) for inventory obsolescence is included in this amount. Salaries and related charges of $22,362 and $42,533 for the three and six-month periods ended May 31, 2013 (2012 – $20,823 and $40,054) are included in the *cost of goods sold, warehousing, selling and administrative expenses.*

For the three and six-month periods ended May 31, 2013 and 2012 (amounts are in thousands of dollars, except per-share amounts)

7. CAPITAL MANAGEMENT

The Company's objectives are:

- maintain a low debt ratio to preserve its capacity to pursue its growth both internally and through acquisitions;
- provide an adequate return to shareholders.

The Company manages and makes adjustments to its capital structure in light of changes in economic conditions and the risk characteristics of underlying assets. 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. As at May 31, 2013, the Company achieved the following results regarding its capital management objectives:

- Debt/equity ratio: 0.5% (0.9 % as at November 30, 2012) (Long-term debt/ Equity))
- Return on average shareholder's equity of 16.4% over the last 12 months (16.9% for the year ended November 30, 2012)

The Company's capital management objectives remained unchanged from the previous fiscal year.

8. GEOGRAPHIC INFORMATION

During the three and six-month periods ended May 31, 2013, nearly 76% of sales had been made in Canada (2012 – 80%). The Company's sales to foreign countries, almost entirely directed to the United States, amounted to $37,955 and $69,073 respectively (2012 – $28,586 and $54,905) in Canadian dollars and to $37,175 and $68,375 (2012 – $28,604 and $54,639) in U.S. dollars.

As at May 31, 2013, out of a total amount of $22,888 in capital assets (November 30, 2012 – $23,740), $3,297 (November 30, 2012 – $3,301) are located in the United States. In addition, intangible assets located in the United States amounted to $8,008 (November 30, 2012 – $7,996) and goodwill to $4,055 (November 30, 2012 – $3,835) in Canadian dollars and to $7,723 (November 30, 2012 – $8,047) and goodwill to $3,911 (November 30, 2012 – $3,860) in US dollars.

9. DIVIDENDS

For the three and six-month periods ended May 31, 2013, the Company paid a quarterly dividend of $0.13 per common share (2012 – quarterly dividend of $0.12 per share) for a total amount of $2,717 and $5,429 (2012 – $2,507 and $5,012).

10. APPROVAL OF FINANCIAL STATEMENTS

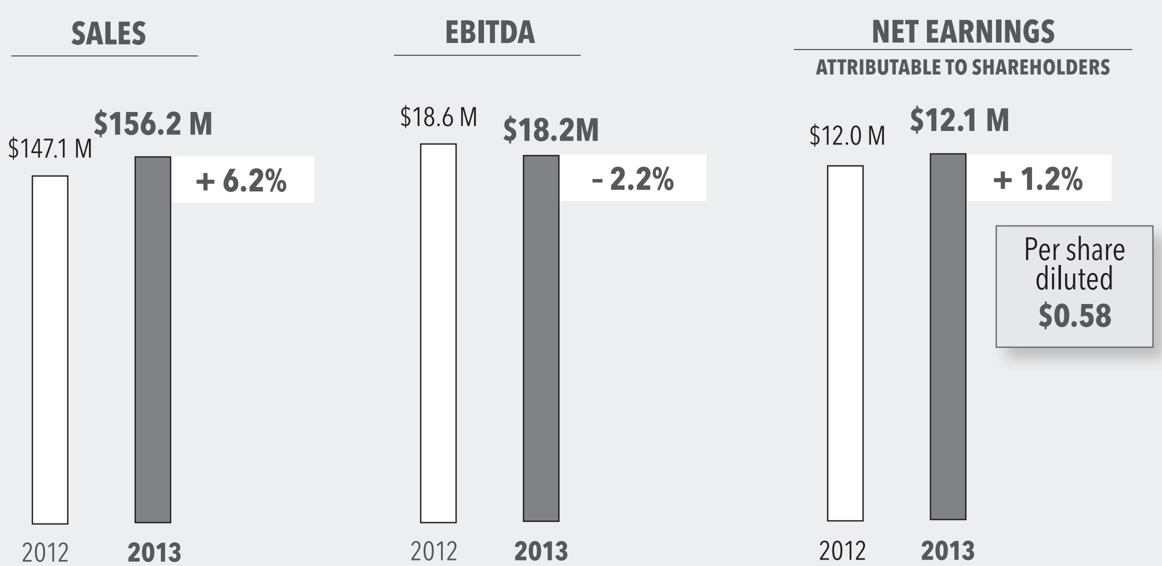
The consolidated financial statements for the three and six-month periods ended May 31, 2013 (including the comparative figures) were approved for issue by the Board of Directors on July 4, 2013.

11. COMPARATIVE FIGURES

Some figures disclosed for the three and six-month periods ended May 31, 2012 and for the year ended November 30, 2012 have been reclassified to conform to the presentation adopted in the three and six-month periods ended May 31, 2013.

Second quarters

ended on May 31, 2012 and 2013



EBITDA margin	
12.7%	**11.7%**

Net margin	
8.2%	**7.8%**

Transfert Agent and Registrar
Computershare Trust Company of Canada

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