Richelieu

Interim Report

Three-month period ended February 28, 2015

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Message to shareholders

Richelieu posted strong growth in sales and net earnings during the first quarter ended February 28, 2015. Total sales amounted to $159.3 million, an increase of 17.1%, while net earnings attributable to shareholders came in at $10.2 million or $0.51 diluted per share, up 15.3% and 15.9% respectively. This advance stems from the contribution of all our market segments in Canada and the United States. We continued to reap benefits from our innovation and sustained acquisitions strategies, including sales and operations synergies and gains from our operational efficiency improvement initiatives.

Considering that the first quarter is historically the year's weakest period, we are very satisfied with the 9.4% sales increase in our Canadian markets, of which 8.2% is attributable to internal growth and 1.2% to acquisitions made over the past 12 months. We are also pleased with our significant increase of 9.1% in sales in the manufacturers market and our 10.0% increase in the retailers market including renovation superstores, in Canada.

In the United States, sales were up 23.8% (in US$) (37.1% in CA$), with 12.2% coming from internal growth and 11.6% from our 2014 acquisitions. In the manufacturers market, our development and innovation strategies continued to yield the expected results as sales grew by 24.5% (in US$), with internal growth accounting for 12% and acquisitions for 12.5%. We are pursuing our initiatives in the retailers market, including renovation superstores, where our sales rose 16% during the first quarter.

We closed the quarter with a healthy and solid financial position. Working capital amounted to $226.4 million, for a current ratio of 4.4:1, and return on equity to 18.0%, our highest level in five years.

In the months ahead, we will continue to implement our growth strategy centred on innovation, market share gains and further North American acquisitions.

NEXT DIVIDEND PAYMENT

At its meeting on April 2, 2015, the Board of Directors approved the payment of a quarterly dividend of $0.15 per share. This dividend is payable on April 30, 2015 to shareholders of record as at April 16, 2015.

This management's report relates to Richelieu Hardware Ltd.'s consolidated operating results and cash flows for the first quarter ended February 28, 2015 in comparison with the first quarter ended February 28, 2014, as well as the Corporation's financial position at those dates. This report should be read in conjunction with the unaudited consolidated interim financial statements and accompanying notes for the first quarter of 2015 as well as the analysis and notes to the audited consolidated financial statements appearing in the 2014 Annual Report. In this management's report, "Richelieu" or the "Corporation" 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 28, 2015 signed by the Corporation's President and Chief Executive Officer and the 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 April 2, 2015, on which date the unaudited consolidated interim financial statements and interim management's report were approved by the Corporation'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 first quarter ended February 28, 2015 have not been audited or reviewed by the Corporation's auditors.

NON-IFRS MEASURES

Richelieu uses earnings before interest, income taxes and amortization ("EBITDA") because this measure enables management to assess the Corporation's operational performance. This measure is a widely accepted financial indicator of a Corporation'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 Corporation, as an indicator of financial performance or cash flows, or as a measure of liquidities. 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. Therefore, cash flows from operating activities may not be comparable to the cash flows from operating activities 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, 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 Corporation'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 Corporation's 2014 Annual Report (see the "Risk Management" section on page 30 of the 2014 Annual Report available on SEDAR at 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 February 28, 2015

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 Corporation'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 Corporation's product selection consists of **some 100,000 different items** targeted to a base of **more than 70,000 customers** who are served by **66 centres in North America** – 36 distribution centres in Canada, 28 in the United States and two manufacturing plants in Canada.

Main product categories include functional cabinet hardware and assembly products for furniture and kitchen cabinets and for furniture and closet solutions, window and door hardware, high-pressure laminates, decorative and functional panels, ergonomic workstation components and finishing products. Richelieu also specializes in the manufacturing 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, many of the Corporation's products are manufactured according to its specifications and those of its customers.

The Corporation employs over 1,800 people at its head office and throughout the network, close to half of whom work in marketing, sales and customer service. More than 50% 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 Corporation 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)

Quarters ended February 28

(in thousands of $, except per-share amounts, number of shares and data expressed as a %)	**2015** **$**	2014 $	Δ %
Sales	**159,319**	136,108	+ 17.1
EBITDA (1)	**15,706**	13,704	+ 14.6
EBITDA margin (%)	***9.9***	*10.1*	
Net earnings	**10,184**	8,846	+ 15.1
Net earnings attributable to shareholders of the Corporation	**10,216**	8,859	+ 15.3
• basic per share ($)	**0.52**	0.44	+ 18.2
• diluted per share ($)	**0.51**	0.44	+ 15.9
Net margin attributable to shareholders of the Corporation (%)	***6.4***	*6.5*	
Cash flows from operating activities (2)	**12,450**	11,001	+ 13.2
• diluted per share ($)	**0.63**	0.54	+ 16.7
Cash dividends paid to shareholders of the parent Corporation	**2,939**	2,806	+ 4.7
• per share ($)	**0.15**	0.14	+ 7.1
Weighted average number of shares outstanding (diluted) (in thousands)	**19,882**	20,213	

Financial position data

As at	**February 28, 2015 $**	November 30, 2014 $	Δ %
Total assets	**399,614**	390,721	+ 2.3
Working capital	**226,419**	214,866	+ 5.4
Current ratio	***4.4:1***	*4.0:1*	
Equity attributable to shareholders of the Corporation	**323,356**	309,149	+ 4.6
Return on average equity (%)	**18.0**	17.5	
Book value ($)	**16.51**	15.80	+ 4.5
Total debt	**5,393**	5,354	+ 0.7
Cash and cash equivalents	**15,675**	33,721	– 53.5

(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 FIRST QUARTER ENDED FEBRUARY 28, 2015 COMPARED WITH THE FIRST QUARTER ENDED FEBRUARY 28, 2014

For the quarter ended February 28, 2015, Richelieu posted **consolidated sales** of $159.3 million, compared with $136.1 million for the first quarter of 2014, an increase of 17.1%, of which 12.7% from internal growth and 4.4% from acquisitions. If the US exchange rate had been comparable to the first quarter of 2014, the consolidated sales growth would have been 13.4% for the quarter ended February 28, 2015.

Sales to manufacturers amounted to $134,3 million, compared with $113.8 million in the first quarter of 2014, an increase of 18.0%, of which 12.7% from internal growth and 5.3% from acquisitions. All market segments brought a solid contribution to internal growth.

In the hardware retailers and renovation superstores market, the Corporation recorded sales of $25.0 million, compared with $22.3 million for the first quarter of 2014, an increase of 12.1% stemming from internal growth.

Consolidated sales
(in thousands of $)

Quarters ended February 28	2015 $	2014 $	Δ %
Canada	**107,711**	98,478	+ 9.4
United States (CA$)	**51,608**	37,630	+ 37.1
(US$)	**42,804**	34,567	+ 23.8
Average exchange rate	***1.2057***	*1.0886*	
Consolidated sales	**159,319**	136,108	+ 17.1

In Canada, sales totalled $107.7 million for the first quarter of 2015, an increase of 9.4%, of which 8.2% from internal growth and 1.2% from the contribution of acquisitions. Sales to **manufacturers** amounted to $86.2 million, compared with $79.0 million for the first quarter of 2014, an increase of 9.1%, of which 7.6% from internal growth and 1.5% from acquisitions. In the **retailers** and renovation superstores market, Richelieu posted sales of $21.5 million, up 10.0% over the first quarter of 2014, thanks to improved market conditions and new business resulting from market penetration efforts.

In the United States, the Corporation recorded **sales** of US$42.8 million, an increase of 23.8% over the first quarter of 2014, of which 12.2% from internal growth and 11.6% from the contribution of acquisitions. In the **manufacturers** market, sales amounted to US$39.9 million, compared with US$32.0 million in the first quarter of 2014, an increase of 24.5%, of which 12% from internal growth and 12.5% from acquisitions. In the **retailers** and renovation superstores market, sales in US$ were up 16% over the first quarter of 2014. Considering exchange rates, total U.S. sales expressed in Canadian dollars amounted to $51.6 million, compared with $37.6 million for the first quarter of 2014, an increase of 37.1%. They thereby accounted for 32.4% of the period's consolidated sales, whereas U.S. sales for the first quarter of 2014 had represented 27.6% of the period's consolidated sales. If the U.S. exchange rate had been comparable to the first quarter of 2014, sales in the United States would have accounted for 30% of total sales for the first quarter of 2015.

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

Quarters ended February 28	2015 $	2014 $	Δ %
Sales	**159,319**	136,108	+ 17.1
EBITDA	**15,706**	13,704	+ 14.6
EBITDA margin (%)	***9.9***	*10.1*	

Earnings before income taxes, interest and amortization (EBITDA) totalled $15.7 million, up 14.6% over the corresponding quarter of 2014. **The gross margin** remained stable with the first quarter of 2014 and **the EBITDA margin** stood at 9.9%, compared with 10.1% in the first quarter of 2014, due notably to the lower margins of certain prior acquisitions and the higher proportion of sales in the United States where the product mix is different.

Income taxes amounted to $3.6 million, an increase of $0.4 million over the first quarter of 2014.

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

Quarters ended February 28	2015 $	2014 $	Δ %
EBITDA	**15,706**	13,704	+ 14.6
Amortization of property, plant and equipment and intangible assets	**1,985**	1,786	+ 11.1
Financial cost, net	**(84)**	(112)	– 25.0
Income taxes	**3,621**	3,184	+ 13.7
Net earnings	**10,184**	8,846	+ 15.1
Net earnings attributable to shareholders of the Corporation	**10,216**	8,859	+ 15.3
Net margin attributable to shareholders of the Corporation (%)	***6.4***	*6.5*	
Non-controlling interests	**(32)**	(13)	
Net earnings	**10,184**	8,846	+ 15.1

Net earnings grew by 15.1%. Considering non-controlling interests, **net earnings attributable to shareholders** totalled $10.2 million, up 15.3% over the first quarter of 2014. **Net earnings per share** amounted to $0.52 basic and $0.51 diluted, compared with $0.44 (basic and diluted) for the first quarter of 2014, an increase of 18.2% and 15.9% respectively.

Comprehensive income stood at $16.8 million, considering a positive adjustment of $6.6 million on translation of the financial statements of the subsidiary in the United States, compared with $11.3 million for the first quarter of 2014, considering a positive adjustment of $2.4 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)

Trimestres	**1**	**2**	**3**	**4**
2015				
Sales	**159,319**			
EBITDA	**15,706**			
Net earnings attributable to shareholders of the Corporation	**10,216**			
basic per share	**0.52**			
diluted per share	**0.51**			
2014				
Sales	136,108	165,155	167,809	177,837
EBITDA	13,704	19,185	21,054	23,474
Net earnings attributable to shareholders of the Corporation	8,859	13,036	14,554	15,944
basic per share	0.44	0.67	0.74	0.82
diluted per share	0.44	0.66	0.73	0.80
2013				
Sales	126,084	156,240	149,163	155,288
EBITDA	12,893	18,207	19,050	20,223
Net earnings attributable to shareholders of the Corporation	8,158	12,140	12,821	13,284
basic per share	0.39	0.59	0.62	0.65
diluted per share	0.39	0.58	0.62	0.64

Quarterly variations in earnings – The first quarter closed at the end of February 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 28, 2015

Change in cash and cash equivalents and capital resources

(in thousands of $)

Quarters ended February 28	**2015** **$**	2014 $
Cash flows provided by (used for):		
Operating activities	**(12,425)**	(1,562)
Financing activities	**(3,478)**	(27,620)
Investing activities	**(1,865)**	(2,049)
Effect of exchange rate fluctuations	**(278)**	(142)
Net change in cash and cash equivalents	**(18,046)**	(31,373)
Cash and cash equivalents, beginning of period	**33,721**	46,187
Cash and cash equivalents, end of period	**15,675**	14,814
Working capital	**226,419**	187,022
Renewable line of credit (CA$)	**26,000**	26,000
Renewable line of credit (US$)	**6,000**	6,000

Operating activities

Cash flows from operating activities (before net change in non-cash working capital balances) totalled $12,5 million or $0.63 diluted per share, compared with $11.0 million or $0.54 diluted per share for the first quarter of 2014, an increase of 13.2% stemming primarily from the net earnings growth. Net change in non-cash working capital balances used cash flows of $24.9 million, representing the change in inventories ($22.0 million) in anticipation of the second quarter which is historically a busier period and to meet the demand resulting from our market penetration efforts in the retailers market, and the change in accounts payable and other items ($6.6 million), whereas the change in accounts receivable represented a cash inflow of $3.7 million. Consequently, operating activities used cash flow of $12.4 million, compared with $1.6 million for the first quarter of 2014.

Financing activities represented a cash outflow of $3.5 million, compared with $27.6 million for the first quarter of 2014. During the quarter, the Corporation repurchased common shares for $0.4 million under its normal course issuer bid, compared with $27.1 million in the first quarter of 2014. Richelieu paid dividends of $2.9 million to shareholders of the Parent Corporation, up by $0.1 million over the first quarter of 2014, and issued common shares for $0.6 million upon the exercise of options under its stock option plan, compared with $2.2 million in the first quarter of 2014.

Investing activities represented a cash outflow of $1.9 million in the first quarter. These funds were used for equipment needed for operations and operational efficiency improvements as well as the remodeling of certain showrooms.

Sources of financing

As at February 28, 2015, **cash and cash equivalents** totalled $15.7 million, compared with $33.7 million as at November 30, 2014. This variation primarily reflects the significant increase in inventories. The Corporation posted a working capital of $226.4 million for a current ratio of 4.4:1, compared with $214.9 million (4.0:1 ratio) as at November 30, 2014.

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 2015. The Corporation 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 and base rates. In addition, the Corporation estimates it could obtain access to other outside financing if necessary.

Analysis of financial position as at February 28, 2015

Summary financial position
(in thousands of $)

As at	**February 28, 2015 $**	November 30, 2014 $
Current assets	**292,074**	285,394
Non-current assets	**107,540**	105,327
Total	**399,614**	390,721
Current liabilities	**65,655**	70,528
Non-current liabilities	**6,824**	6,640
Equity attributable to shareholders of the Corporation	**323,356**	309,149
Non-controlling interests	**3,779**	4,404
Total	**399,614**	390,721
Exchange rate on translation of a subsidiary in the United States	***1.250***	*1.144*

Assets

Total assets amounted to $399.6 million as at February 28, 2015, compared with $390.7 million as at November 30, 2014, an increase of 2.3%. **Current assets** were up by $6.7 million over November 30, 2014 resulting from a significant increase in inventory in anticipation of the upcoming period.

Net cash
(in thousands of $)

As at	**February 28, 2015 $**	November 30, 2014 $
Current portion of long-term debt	**3,205**	3,352
Long-term debt	**2,188**	2,002
Total	**5,393**	5,354
Cash and cash equivalents	***15,675***	*33,721*
Total cash net of debt	**10,282**	28,367

Total debt amounted to $5.4 million as at February 28, 2015, representing balances payable on acquisitions, of which $3.2 million in short-term debt. Deducting this debt, net cash totalled $10.3 million. Richelieu continues to benefit from a healthy and solid financial position to pursue its business strategy.

Equity attributable to shareholders of the Corporation amounted to $323.4 million as at February 28, 2015, compared with $309.1 million as at November 30, 2014, an increase of 4.6% stemming primarily from a growth in accumulated other comprehensive income of $6.6 million and $6.8 million in retained earnings which totalled $277.7 million. The book value per share was $16.51, compared with $15.80 as at November 30, 2014.

As at February 28, 2015, the Corporation's **share capital** consisted of 19,585,694 common shares (19 566 286 shares as at November 30, 2014). During the first three months of the year, the Corporation issued 27,008 common shares at an average price of $22.32 (109,300 in 2014 at an average price of $20.82) upon the exercise of options under its stock option plan. During the three-month period ended February 28, 2015, the Corporation repurchased 7,600 common shares for cancellation for a consideration of $0.4 million, whereas it had repurchased common shares for a consideration of $27.1 million during the first quarter of 2014. As at February 28, 2015, 641,390 stock options were outstanding (587,198 as at November 30, 2014), considering the 82,300 stock options granted during the first quarter of 2015 (39,100 during the first quarter of 2014).

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 28 of the Corporation's 2014 Annual Report, available on SEDAR at www.sedar.com. For 2015 and the foreseeable future, the Corporation 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 Corporation has a policy of not entering into derivatives for speculative or negotiation purposes and to enter into these contracts only with major financial institutions.

Richelieu also uses equity swaps to reduce the effect of fluctuations in its share price on net earnings in connection with its deferred share unit plan.

In note 6 of the interim consolidated financial statements for the quarter ended February 28, 2015, the Corporation presents the information on the classification and fair value of its financial instruments, as well as on the value and management of the risks arising from their use.

INTERNAL CONTROL OVER FINANCIAL REPORTING

As indicated in the 2014 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 Corporation'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, 2014. 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 February 28, 2015, management ensured that there were no material changes in the Corporation'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 may not prevent or detect misstatements. 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 Corporation's unaudited consolidated financial statements for quarter ended February 28, 2015 have been prepared by management in accordance with IFRS. Note 2 accompanying the consolidated financial statements for the quarter ended February 28, 2015 presents the accounting policies recently issued and applicable in the future.

The interim consolidated financial statements were prepared in accordance with the accounting methods that the Corporation adopted for the establishment of its consolidated financial statements as at November 30, 2014 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 Corporation could take in the future and on other factors deemed relevant and reasonable.

Risk factors are described in the "Risk Management" section on page 30 of Richelieu's 2014 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
President and
Chief Executive Officer

(Signed) Antoine Auclair
Vice-President and
Chief Financial Officer

April 2, 2015

Consolidated statements of financial position

(In thousands of dollars)
(Unaudited)

	Notes	As at February 28, 2015 $	As at November 30, 2014 $
ASSETS			
Current assets			
Cash and cash equivalents		**15,675**	33,721
Accounts receivable		**92,161**	93,874
Inventories		**182,114**	156,488
Prepaid expenses		**2,124**	1,311
		292,074	285,394
Non-current assets			
Property, plant and equipment		**23,507**	22,895
Intangible assets		**21,612**	20,987
Goodwill		**58,404**	57,669
Deferred taxes		**4,017**	3,776
		399,614	390,721
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**62,279**	64,437
Income taxes payable		**171**	2,739
Current portion of long-term debt		**3,205**	3,352
		65,655	70,528
Non-current liabilities			
Long-term debt		**2,188**	2,002
Deferred taxes		**2,763**	2,762
Other liabilities		**1,873**	1,876
		72,479	77,168
Equity			
Share capital	4	**30,559**	29,762
Contributed surplus		**1,521**	1,576
Retained earnings		**277,670**	270,826
Accumulated other comprehensive income	5	**13,606**	6,985
Equity attributable to shareholders of the Corporation		**323,356**	309,149
Non-controlling interests		**3,779**	4,404
		327,135	313,553
		399,614	390,721

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

For the three-month periods ended February 28 (In thousands of dollars, except earnings per share)
(Unaudited)

	Notes	2015 $	2014 $
Sales		**159,319**	136,108
Cost of goods sold, warehousing, selling and administrative expenses	6	**143,613**	122,404
Earnings before amortization, financial costs and income taxes		**15,706**	13,704
Amortization of property, plant and equipment		**1,359**	1,258
Amortization of intangible assets		**626**	528
Financial costs, net		**(84)**	(112)
		1,901	1,674
Earnings before income taxes		**13,805**	12,030
Income taxes		**3,621**	3,184
Net earnings		**10,184**	8,846
Net earnings attributable to:			
Shareholders of the Corporation		**10,216**	8,859
Non-controlling interests		**(32)**	(13)
		10,184	8,846
Net earnings per share attributable to shareholders of the Corporation			
Basic		**0.52**	0.44
Diluted		**0.51**	0.44

See accompanying notes to the interim consolidated financial statements.

Consolidated statements of comprehensive income

For the three-month periods ended February 28 (In thousands of dollars)
(Unaudited)

	Notes	2015 $	2014 $
Net earnings		**10,184**	8,846
Other comprehensive income that will be reclassified to net earnings			
Exchange differences on translation of foreign operations	5	**6,621**	2,441
Comprehensive income		**16,805**	11,287
Comprehensive income attributable to:			
Shareholders of the Corporation		**16,837**	11,300
Non-controlling interests		**(32)**	(13)
		16,805	11,287

See accompanying notes to the interim consolidated financial statements.

Consolidated statements of changes in equity

For the three-month periods ended February 28 (In thousands of dollars)
(Unaudited)

	Attributable to shareholders of the Corporation						
	Share capital $	Contibuted surplus $	Retained earnings $	Accumulated other comprehensive income $	Total $	Non-controlling interests $	Total equity $
Notes	4			5			
Balance as at November 30, 2013	25,288	2,356	258,965	2,236	288,845	4,269	293,114
Net earnings	–	–	8,859	–	8,859	(13)	8,846
Other comprehensive income	–	–	–	2,441	2,441	–	2,441
Comprehensive income	–	–	8,859	2,441	11,300	(13)	11,287
Shares repurchased	(760)	–	(26,303)	–	(27,063)	–	(27,063)
Stock options exercised	3,082	(833)	–	–	2,249	–	2,249
Share-based compensation expense	–	108	–	–	108	–	108
Dividends *(note 9)*	–	–	(2,806)	–	(2,806)	–	(2,806)
Other liabilities	–	–	–	–	–	(8)	(8)
	2,322	(725)	(29,109)	–	(27,512)	(8)	(27,520)
Balance as at February 28, 2014	27,610	1,631	238,715	4,677	272,633	4,248	276,881
Balance as at November 30, 2014	**29,762**	**1,576**	**270,826**	**6,985**	**309,149**	**4,404**	**313,553**
Net earnings	**–**	**–**	**10,216**	**–**	**10,216**	**(32)**	**10,184**
Other comprehensive income	**–**	**–**	**–**	**6,621**	**6,621**	**–**	**6,621**
Comprehensive income	**–**	**–**	**10,216**	**6,621**	**16,837**	**(32)**	**16,805**
Shares repurchased	**(12)**	**–**	**(433)**	**–**	**(445)**	**–**	**(445)**
Stock options exercised	**809**	**(207)**	**–**	**–**	**602**	**–**	**602**
Share-based compensation expense	**–**	**152**	**–**	**–**	**152**	**–**	**152**
Dividends *(note 9)*	**–**	**–**	**(2,939)**	**–**	**(2,939)**	**(596)**	**(3,535)**
Other liabilities	**–**	**–**	**–**	**–**	**–**	**3**	**3**
	797	**(55)**	**(3,372)**	**–**	**(2,630)**	**(593)**	**(3,223)**
Balance as at February 28, 2015	**30,559**	**1,521**	**277,670**	**13,606**	**323,356**	**3,779**	**327,135**

See accompanying notes to the interim consolidated financial statements.

Consolidated Statements of cash flows

For the three-month periods ended February 28 (In thousands of dollars)
(Unaudited))

	Notes	2015 $	2014 $
OPERATING ACTIVITIES			
Net earnings		**10,184**	8,846
Items not affecting cash			
Amortization of property, plant and equipment		**1,359**	1,258
Amortization of intangible assets		**626**	528
Share-based compensation expense		**281**	369
		12,450	11,001
Net change in non-cash working capital balances		**(24,875)**	(12,563)
		(12,425)	(1,562)
FINANCING ACTIVITIES			
Repayment of long-term debt		**(100)**	–
Dividends paid to Shareholders of the Parent Corporation	9	**(2,939)**	(2,806)
Other dividends paid		**(596)**	–
Common shares issued		**602**	2,249
Common shares repurchased for cancellation		**(445)**	(27,063)
		(3,478)	(27,620)
INVESTING ACTIVITIES			
Business acquisition		**–**	(1,350)
Additions to property, plant and equipment and intangible assets		**(1,865)**	(699)
		(1,865)	(2,049)
Effect of exchange rate changes on cash and cash equivalents		**(278)**	(142)
Net change in cash and cash equivalents		**(18,046)**	(31,373)
Cash and cash equivalents, beginning of period		**33,721**	46,187
Cash and cash equivalents, end of period		**15,675**	14,814
Supplementary information			
Income taxes paid		**6,310**	4,280
Interest received, net		**(84)**	(112)

See accompanying notes to the interim consolidated financial statements.

February 28, 2015 and 2014 (Amounts are in thousands of dollars, except per-share amounts)

NATURE OF BUSINESS

Richelieu Hardware Ltd. (the "Corporation") is incorporated under the laws of Quebec, Canada. The Corporation is a distributor, importer, and manufacturer of specialty hardware and complementary products. Its products are targeted to an extensive customer base of kitchen and bathroom cabinet, furniture, and window and door manufacturers plus the residential and commercial woodworking industry, as well as a large customer base of hardware retailers, including renovation superstores. The Corporation's head office is located at 7900 Henri-Bourassa Blvd. West, Montreal, Quebec, Canada, H4S 1V4.

1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Corporation'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 Corporation applied when preparing the annual consolidated financial statements as at November 30, 2014 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 Corporation 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 Corporation 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 the Corporation's annual report for the fiscal year 2014.

2. CHANGES IN ACCOUNTING METHODS

RECENTLY ISSUED

IFRS 15, Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers* which is a replacement of IAS 18 *Revenue, IAS 11, Construction Contracts and related interpretations*. Under IFRS 15 standard, revenue is recognized at the point in time when control of the goods or services transfers to the customer rather than when the significant risks and rewards are transferred. The new standard also requires additional disclosures through notes to financial statements. IFRS 15 shall be applied to fiscal years beginning on or after January 1, 2017. Earlier application is permitted.

IAS 1, Presentation of Financial Statements

In December 2014, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify materiality, order of notes to financial statements, disclosure of accounting policies as well as aggregation and disaggregation of items presented in the statement of financial position, statement of income and statement of comprehensive income. These amendments shall be applied to fiscal years beginning on or after January 1, 2016. Earlier application is permitted.

The Corporation will assess the impact these new standards will have on its consolidated financial statements.

3. BUSINESS ACQUISITIONS

2014

On October 27, 2014, the Corporation purchased the principal net assets of Thruway Hardwood and Plywood Corp. ("Thruway") for a cash consideration of $2,986 ($2,610 US), and a balance of sale of $675 ($590 US). Thruway is a distributor of specialty panels and hardware that operates two distribution centers in New York State, United States.

On September 22, 2014, the Corporation acquired all of the outstanding common shares of XM Export-Import Canada Inc. ("XM") for a cash consideration of $1,163 and a balance of sale of $387. XM is a distributor of specialty hardware that operates in Quebec, Canada.

On June 30, 2014, the Corporation purchased the principal net assets of CabinetWare Inc. ("CabinetWare") for a cash consideration of $2,860 (US$2,500), and a balance of sale of $2,288 (US$2,000). This business serves a customer base of residential and commercial woodworkers and kitchen, bathroom cabinet and furniture manufacturers from its 4 locations in Florida, United States.

On May 5, 2014, the Corporation purchased the principal net assets of Pleasantside distribution Ltd. ("Pleasantside") for a cash consideration of $1,850 and a balance of sale of $450. Pleasantside is a distributor of specialty hardware that operates in the Western Canadian market.

On December 2, 2013, the Corporation acquired all of the outstanding common shares of Procraft Industrial Ltd. ("Procraft") for a cash consideration of $1,350 and a balance of sale of $250. This distributor of finishing products serves a customer base of residential and commercial woodworker's and kitchen cabinet manufacturers, in the Maritime Provinces of Canada.

4. SHARE CAPITAL

Authorized

Unlimited number of:

Common shares, participating, entitling the holder to one vote per share.

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 February 28, 2015	As at November 30, 2014
	$	$
19,585,694 common shares (November 30, 2014 – 19,566,286)	**30,559**	29,762

During the three-month period ended February 28, 2015, the Corporation issued 27,008 common shares (2014 – 109,300) at an average price of $22.32 per share (2014 – $20.82) pursuant to the exercise of options under the share option plan. In addition, during the three-month period ended February 28, 2015, the Corporation, through a normal course issuer bid, purchased 7,600 common shares for cancellation in consideration of $445 which resulted in a premium on the redemption in the amount of $433 recorded in the consolidated statements of retained earnings. (2014 - purchased 601,400 common shares for cancellation in consideration of $27,063 which resulted in a premium on the redemption in the amount of $26,303).

Stock option plan

The Corporation 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 three-month period ended February 28, 2015, the Corporation granted 82,300 options (2014 – 39,100) with an average exercise price of $56.49 per share (2014 – $43.51) and an average fair value of $12.42 per option (2014 – $11.21) as determined using the Black & Scholes option pricing model using an expected dividend yield of 1.05% (2014 – 1.3%), a volatility of 21% (2014 – 25%), a risk free interest rate of 1.48% (2014 – 2.29%) and an expected life of 7 years (2014 – 7 years) and canceled 1,100 options. For the three-month period ended February 28, 2015, the compensation expense charged to earnings for the options granted amounted to $152 (2014 – $108). As at February 28, 2015, 641,390 options were outstanding with exercise price varying from $16.72 to $56.49 for a weighted average of $29.10 (587,198 options as at November 30, 2014 with exercise price varying from $15.89 to $43.51 for a weighted average of $25.36).

February 28, 2015 and 2014 (Amounts are in thousands of dollars, except per-share amounts)

4. SHARE CAPITAL (CONT'D)

Deferred share unit plan

The Corporation 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 $5,003 (November 30, 2014 – $4,463) is presented under the *Accounts payable and accrued liabilities*. The Corporation has entered into equity swaps to reduce its exposure on net earnings related to the fluctuations of the Corporation's share price. The net effect of the equity swaps mostly offsets the impact of the change in the Corporation's share price. As at February 28, 2015, the fair value of the equity swaps amounted to an asset of $411 (2014 – None) and is presented under *Accounts receivable*. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market data. The compensation expense for the DSUs during the three-month period ended February 28, 2015 amounted to $129 (2014 – $261) and is recognized under *Cost of goods sold, warehousing, selling and administrative expenses*.

Share purchase plan

The Corporation has a share purchase plan entitling any employees to purchase shares up to a maximum percentage of their total compensation in cash. The Corporation contributes an amount equivalent to a percentage of any amounts invested by the employee to the purchase of additional shares. The Corporation's contribution is determined annually. Compensation expense related to the share purchase plan amounted to $127 for the three-month period ended February 28, 2015 (2014 – $112) and is recognized under *Cost of goods sold, warehousing, selling and administrative expenses*.

Earnings per share

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

	2015	2014
Weighted average number of shares outstanding – Basic	**19,583**	19,940
Dilutive effect under stock option plan	**299**	273
Weighted average number of shares outstanding – Diluted	**19,882**	20,213

5. ACCUMULATED OTHER COMPREHENSIVE INCOME

The accumulated other comprehensive income, including the following items and the changes that occurred during the three-month period ended February 28, were as follows:

	2015 $	2014 $
Balance at the beginning of the period	**6,985**	2,236
Exchange differences on translation of foreign operations	**6,621**	2,441
Balance at the end of the period	**13,606**	4,677

6. FINANCIAL INSTRUMENTS AND OTHER INFORMATION

Fair value

The carrying value of long-term debt approximates their fair value because of the short maturity on balances of sale payable. The Corporation categorized the fair value measurement in Level 2, as it is derived from observable market data.

Credit risk

The Corporation 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 Corporation. The average days outstanding of accounts receivable, as at February 28, 2015 is acceptable given the industry in which the Corporation operates.

The Corporation performs ongoing credit evaluation of customers and generally does not require collateral. The allowance for doubtful accounts has increased by $ 915 during the three-month period ended February 28, 2015 for a total of $6,850 (November 30, 2014 – $5,935).

Market risk

The Corporation's foreign currency exposure arises from purchases and sales transacted (mainly in U.S. dollars and Euros). Administrative charges included, for the three-month period ended February 28, 2015, an exchange gain of $676 (2014 – gain of $25).

The Corporation'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 Corporation's policy on exchange risk management. The goal of this policy is to protect the Corporation's profits by eliminating the exposure to exchange rate fluctuations. The Corporation's policy does not allow speculative trades.

As at February 28, 2015, a decrease of 5% of the Canadian dollar against the U.S. dollar and the Euro, all other variables remaining the same, would have increased consolidated net earnings by $324 (As at February 28, 2014 – a decrease of 1% would have had no significant impact) and would have increased the consolidated comprehensive income by $5,255 (As at February 28, 2014 – a decrease of 1% would have increased the consolidated comprehensive income by $874) on translation of monetary assets and liabilities. The exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure of the Corporation's financial instruments as at February 28, 2015.

Liquidity risk

The Corporation 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 Corporation 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-month period ended February 28, 2015, the amount relating to inventories recorded as expenses from the distribution, imports and manufacturing activities totals $114,524 (2014 – $98,204). An expense of $605 (2014 – $518) for inventory obsolescence is included in this amount. Salaries and related charges of $25,518 for the three-month period ended February 28, 2015 (2014 – $21,312) are included in the cost of goods sold, warehousing, selling and administrative expenses.

7. CAPITAL MANAGEMENT

The Corporation'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 Corporation 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 Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. As at February 28, 2015 the Corporation achieved the following results regarding its capital management objectives:

- Debt/equity ratio: 1.7% (1.7 % as at November 30, 2014) (Long-term debt/ Equity)
- Return on average shareholder's equity of 18% over the last 12 months (17.5% for the year ended November 30, 2014)

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

8. GEOGRAPHIC INFORMATION

During the three-month period ended February 28, 2015, near 68% of sales had been made in Canada (2014 – 73%). The Corporation's sales to foreign countries, almost entirely directed to the United States, amounted to $51,608 (2014 – $37,630) in Canadian dollars and to $42,804 (2014 – $34,567) in U.S. dollars.

As at February 28, 2015, out of a total amount of $23,507 in property, plant and equipment (November 30, 2014 – $22,895), $2,917 (November 30, 2014 – $3,026) are located in the United States. In addition, intangible assets located in the United States amounted to $12,655 (November 30, 2014 – $11,885) and goodwill to $8,644 (November 30, 2014 – $7,909) in Canadian dollars and to $10,122 (November 30, 2014 – $10,389) and goodwill to $6,913 (November 30, 2014 – $6,913) in US dollars.

9. DIVIDENDS PAID TO SHAREHOLDERS OF THE PARENT CORPORATION

For the three-month period ended February 28, 2015, the Corporation paid a quarterly dividend of $0.15 per share (2014 – quarterly dividend of $0.14 per share) for a total amount of $2,939 (2014 – $2,806).

10. APPROVAL OF FINANCIAL STATEMENTS

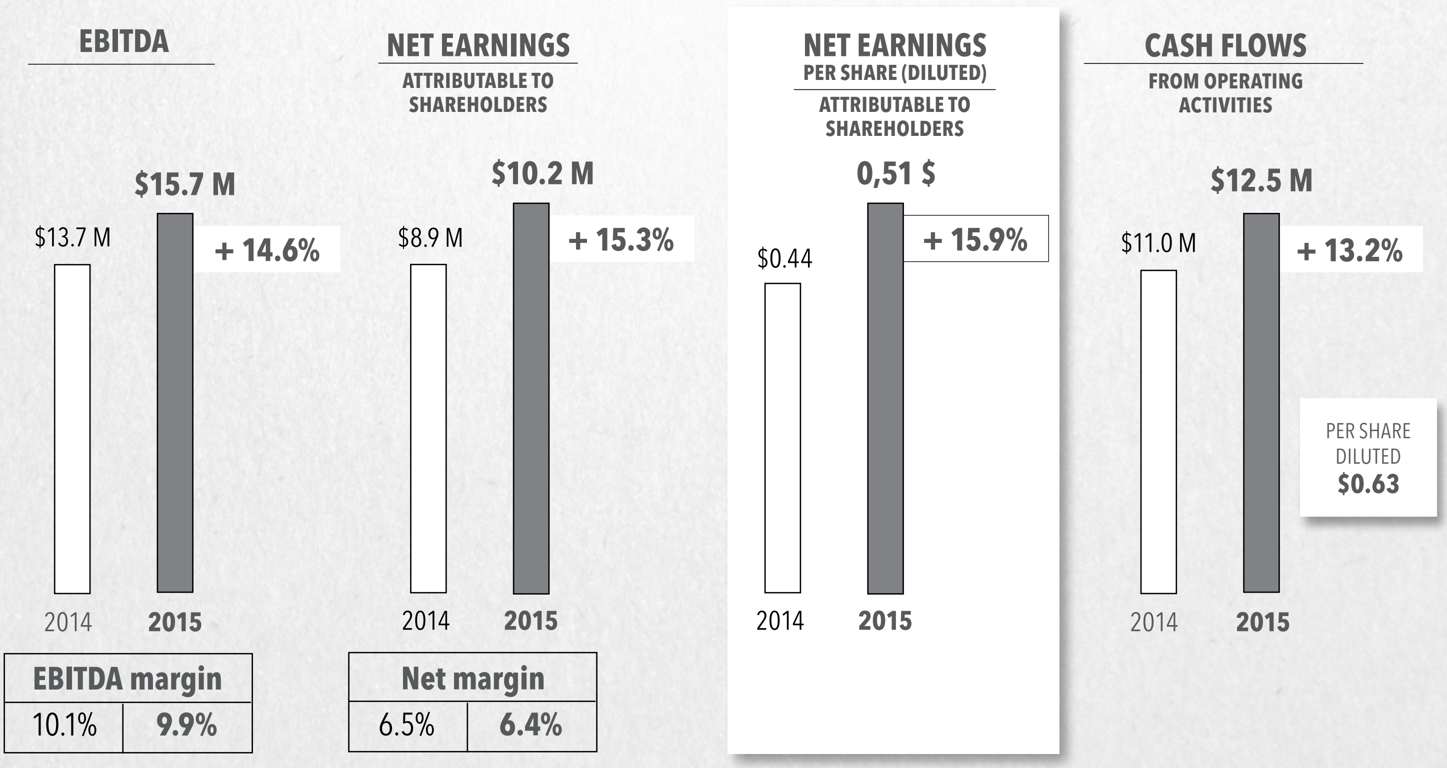
The consolidated financial statements for the three-month period ended February 28, 2015 (including the comparative figures) were approved for issue by the Board of Directors on April 2, 2015.

11. COMPARATIVE FIGURES

Some figures disclosed for the three-month period ended February 28, 2014 have been reclassified to conform to the presentation adopted in the three-month period ended February 28, 2015.

First Quarters

ended on February 28, 2015 and 2014



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